



The ADVISORY BOARD

NEWSLETTER

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MWRA Prepares for FY93 Change in Billing Frequency

The MWRA is charged with a statutory duty to provide wholesale water and sewer services to member communities. The collection process is achieved through an annual billing cycle. Originally, the MWRA had a semi-annual billing cycle which soon gave way to a billing cycle that provided for collection four times a year.

The largest source of revenue for operating expenses is collected from wholesale assessments. In Fiscal Year 1991 rate revenue provided 87% of the operating expenses. In FY 91 projections for collection of wholesale rate assessments from communities revealed the likelihood of cash deficits during certain months in the years to come. The Authority's operating expenses follow a relatively regular disbursement pattern throughout the year, primarily due to requirements in the General Bond Resolution. Presently, the largest components of the budget are monthly accruals for debt service and certain reserve deposits. These components will be increasing on an annual basis creating a more equitable distribution of expenses. The even flow of the Authority's monthly expenditures when balanced against the uneven income from communities creates the cash flow deficits.

The MWRA, in an attempt to rectify the problem, designed five alternative billing cycles and presented them to the Advisory Board Operations Committee in July 1990. The different alternatives proposed ranged from a level quarterly payment at the present dates in September, November, March, and May, to an extreme alternative of monthly billing. Each of the five alternatives provided incremental amounts of relief to the Authority's cash deficit problem.

Last March, Ken Wissman, the Authority's Treasurer, appeared before the full Advisory Board to explain the proposed change in the primary billing cycle to cities and towns. Prior to Mr. Wissman's presentation, the Advisory Board persuaded the MWRA to implement the change in FY93 rather than FY91 or FY92, as had been originally proposed, pointing out that communities should have the benefit of at least one fiscal year to prepare for a change in billing frequency. The new plan was unveiled and set for implementation in FY93.

BILLING FREQUENCY CHANGE <small>effective July 1, 1992</small> PAYMENT SCHEDULE			
Percentage of Annual Billable Amount Due		Due Date	
present	FY93	present	FY93
17.5%	25%	September 15	August 15
27.5%	25%	November 15	November 15
22.5%	25%	March 15	February 15
32.5%	25%	May 15	May 15
OR			
10 monthly Installments of 10% each.		The 1st of every month except July and January.	

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July 1st of 1992, the first day of FY93, now just three months away, is the date for implementation of the new Quarterly Billing cycle. Payments are to be made by communities to the Authority on a quarterly basis due on August 15, November 15, February 15 and May 15. Cities, Towns and Commissions will be billed 45 days prior to the due date. Late payments will be subject to an interest charge of 1% per month.

An alternative plan is also available to communities. This plan would bill communities 10% of the annual assessment on the first of every month, except July and January. This plan may appeal to those communities with enterprise funds in place. However, the only community to show an interest in this alternative, so far, is the city of Boston.

The plan will help the MWRA ameliorate its cash flow problem. However, the Authority's benefit may negatively impact some communities as cities and towns will obviously relinquish some of their own financial flexibility. Those communities with enterprise funds will be less affected.

**APRIL
ADVISORY BOARD MEETING
AGENDA HIGHLIGHTS**

The next Advisory Board meeting is scheduled for April 23rd at 11:30 in Boston.

On the agenda:

- MWRA Treasurer Ken Wissman will be on hand to discuss the upcoming change in billing frequency.
- Discussion of the Advisory Board comments on the MWRA's proposed FY93 Current Expense Budget

FEEDBACK

The obvious trend in wholesale assessments, by the MWRA, is toward more frequent billing. The impact of this trend will inevitably pressure municipal retailers to consider an increase in billing frequency at the local level. Some argue that a more frequent and smaller bill will benefit ratepayers and help to improve cash flow on a municipal basis. Yet, others maintain that increased administrative costs and difficulty in reading meters would make a more active schedule difficult if not prohibitive. The extremist in the crowd may even suggest the MWRA assume the role of retailer and bill ratepayers directly!

We want to know what you think. Please send us your thoughts by mailing a response to:

FEEDBACK

Advisory Board
11 Beacon Street
Suite 1010
Boston, MA 02108

Municipal Retail billing cycles of member communities:

<u>Quarterly</u>	<u>Bimonthly</u>	<u>Semi-annually</u>
Belmont	Norwood	Arlington
Boston	Wellesley	Ashland
Braintree		Bedford
Brookline	<u>3x annually</u>	Burlington
Cambridge	Canton	Clinton
Chelsea	Framingham	Hingham
Chicopee	Weymouth	Holbrook
Dedham		Lexington
Everett		Lynnfield Water District
Leominster		Malden
Lynn		Marblehead
Marlborough		Medford
Natick		Melrose
Needham		Milton
Newton		Nahant
Peabody		Northborough
Quincy		Randolph
Reading		Revere
Somerville		Saugus
South Hadley Fire District #1		Stoughton
Southborough		Swampscott
Stoneham		Watertown
Wakefield		Weston
Walpole		Wilbraham
Waltham		Woburn
Westwood		
Wilmington		
Winchester		

MWRA ISSUES \$717.6 MILLION IN BONDS

On March 18, the Authority issued \$717,590,000 million in general revenue bonds at an all-inclusive interest cost of 6.98%. The closing date is expected to be April 7, 1992. The Authority's bond ratings remained unchanged at single A by Moody's Investors Service, single A minus by Standard & Poor's Corp., and A by Fitch Investors Service, Inc.

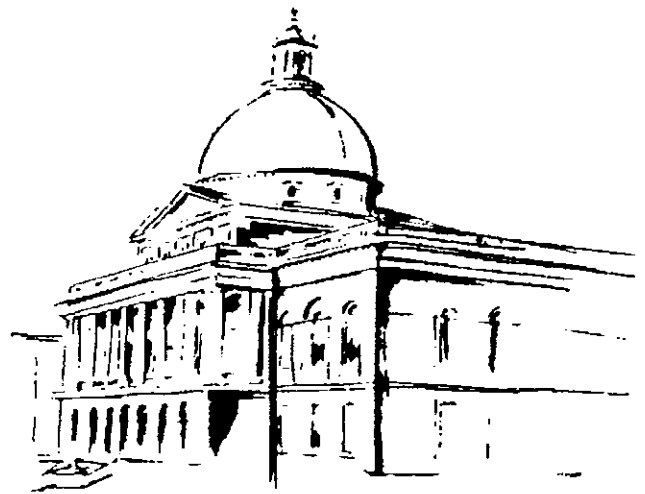
After deposits to the debt service reserve fund, cost of issuance fund, accounting for the underwriters' discount and the original issue discount, \$609.2 million will be deposited in the construction fund. The next borrowing is planned for February 1993 and is presently estimated to be \$625 million.

The Advisory Board is addressing the implications of these borrowings on debt service requirements, as part of the ongoing review of the Authority's proposed Current Expense Budget for FY93. The Executive Committee will be reviewing the draft Comments and Recommendations at its April 17 meeting. A vote of the full Advisory Board is scheduled for April 23rd, with transmittal of final Comments to the Authority on April 24th.

LEGISLATIVE ACTION

In August the Advisory Board introduced three repeal bills through a member community legislator. These bills represent the second prong of the Advisory Board's attack on the unlawful section of the Commonwealth's FY92 budget. The bills languished in the House Committee on Natural Resources and were refiled in November for the 1992 session.

During the autumn of 1991, MWRA service area representatives, at the Advisory Board's request, formed an MWRA legislative caucus. The caucus is chaired by former MWRA Advisory Board member, Robert DeLeo of Winthrop.



In February, one week after Justice Wilkins voiced his opinion favoring the standing of most of the parties involved in the Advisory Board lawsuit, the subject matter of one of the bills in the Natural Resources Committee was given new life. A repeal of the \$120 million was moved out of the House Ways and Means Committee and onto the floor of the House where it passed by an overwhelming margin, 119 to 29 and then moved to the Senate.

The bill itself was not acted upon in the Senate, however, Senator Richard Tisei of Wakefield, read language very similar to the bill that passed the House into the Senate's supplemental budget. The amendment to the FY92 supplemental budget would repeal the \$120 million prepayment of the debt and revert back to the payment method outlined in the MWRA's Enabling Act.

The supplemental budget is now in the House/Senate Joint Conference Committee where differences in House and Senate versions of the supplemental budget will be debated and resolved before returning to the House and Senate Floors for a final legislative vote, and then, ultimately, reaching the Governor's desk.

At this time it is unsure how long the process will take. It has been a long uphill battle and there is still a sizeable distance to travel. The Advisory Board is hopeful that a legislative solution to the \$120 million prepayment of MDC debt will be found this fiscal year, even in the face of a gubernatorial veto.

April 12 - May 23

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Apr 12	Apr 13 7:00pm Public Hearing - Clinton	Apr 14 8:30am MWRA Waterusers Meeting	Apr 15 WSCAC Meeting - Quabbin	Apr 16 8:30am Operations Committee - Brookline	Apr 17	Apr 18
Apr 19	Apr 20	Apr 21	Apr 22	Apr 23 11:30am Advisory Board Meeting - Boston	Apr 24 CEB comments to the MWRA	Apr 25
Apr 26	Apr 27	Apr 28	Apr 29 Board of Directors Meeting	Apr 30	May 1 Wastewater Advisory Committee	May 2
May 3	May 4	May 5	May 6	May 7	May 8	May 9
May 10	May 11	May 12	May 13 Board of Directors Meeting	May 14 8:30am Operations Committee Meeting - Brookline	May 15 8:15am Executive Committee Meeting Board of Directors - CEB Hearing	May 16
May 17	May 18	May 19	May 20	May 21 7:30pm Advisory Board Meeting - Wellesley	May 22	May 23

EDITORIAL

"Tearing Down the Walls"

by Joe Favaloro
Executive Director, MWRA Advisory Board

We all remember vividly the fall of the "Iron Curtain." Images of the crumbling Berlin Wall flashed through the international media as the communist Soviet Empire lost its grip on Eastern Europe. These images will stand as a symbol of far reaching and fundamental change for centuries to come.

One may ask how such an international event could possibly impact MWRA ratepayers? On further reflection, the answer is clear. The fall of communism has reclassified the nations of the globe into a new world order. This kind of fundamental change necessarily calls for a redefinition of our national goals and needs.

Our goals will be adjusted to a world without communism, where economic challenges will replace the possibility of worldwide military conflict. This process will be achieved by adjusting the implement of our national goals and policies, the federal budget. It is here that the battle must be joined by the Advisory Board and the MWRA. Like the Berlin Wall itself, the walls constructed in the federal budget must also be torn down.

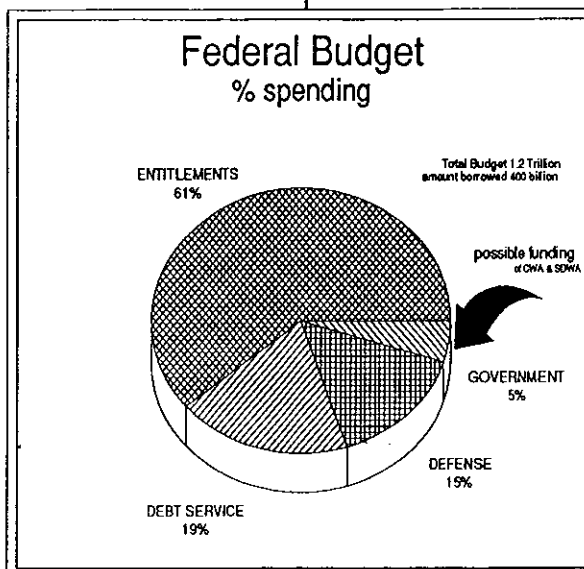
There exists a nation-wide need for \$100 billion dollars to fund the Clean Water Act. The projected FY93 federal budget will spend only 5% on government as we know it. This amount includes any possible funding for the Clean Water Act, Safe Drinking Water Act, and infrastructure programs in general. The federal budget dynamics will be changing

as our world wide goals of past decades have been achieved. Resources must now be channeled to investment at home.

Recently Congress declined to remove the walls placed in the present budget agreement allowing the type of transfer necessary to adequately fund the Clean Water Act. This action is discouraging to those who have been waiting for years for the Federal Government to meaningfully fund its mandates. Congress must act this year. The need is real and the rate ceiling is fast approaching.

Beyond the just nature of the demand to fund the Clean Water Act, the Congress must realize that enormous economic benefits are also at risk. The Boston Harbor Project itself is one of the largest economic turbines in the New England area. However, this turbine will slow to a stop in direct proportion to the inability of families to pay ever increasing water and sewer bills. More and more, business, industry and families are encouraged to locate outside the service area. If properly funded on the federal level, the Boston Harbor Project could be an economic draw instead of a terminal affliction.

We live in a new age of international dependency and relations. As we contemplate the effect of the changing circumstances on local challenges we face every day, it is not hard to envision a transformation of the concrete and steel, exposed during the destruction of the Berlin Wall, into the federal funding necessary to provide the concrete and steel of which this nation's infrastructure is so sorely in need.



LITIGATION UPDATE

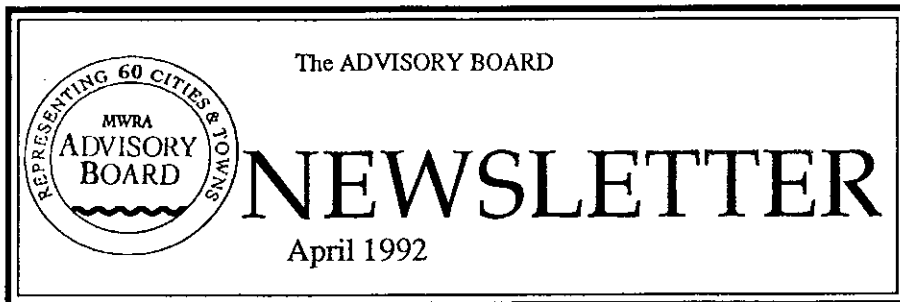
On March 27th, the Advisory Board the MWRA and the state met for a brief session before Justice Wilkins. The Advisory Board and the MWRA submitted a joint statement of agreed upon facts while the state submitted its own. Justice Wilkins found very little agreement between the parties. The judge asked the parties if there had been any movement on the part of the legislature to resolve the issues involved in the suit. Pierce Cray, for the state, told the judge that a repeal of the \$120 million had passed the House and the Senate and was contained in the supplemental budget now before the House\Senate Joint Conference Committee.

Attorney Cray continued with a request that the court stay the proceeding for 30 days pending a possible resolution by the Governor and the General Court. Justice Wilkins asked if this statement meant that the state wanted the court to delay deciding the Motions to Dismiss, to which Mr. Cray responded in the affirmative. The judge was disinclined to allow the Motions to Dismiss lie any longer and stated that he would

be reviewing the briefs and would make a decision on the Motions in the coming weeks.

Advisory Board counsel, Chet Janiak, pointed out the fact that even if the \$120 million issue were resolved there would still be two issues outstanding; namely the "furlough" payment and more importantly the per gallon tax. Attorney Janiak also reported that there are fewer factual issues contained in these two issues and that if the \$120 million were dropped there would be a greater likelihood of an agreement on relevant facts. Therefore, the questions of law could be handled by the Supreme Judicial Court and the case could avoid being sent down to Superior Court.

Justice Wilkins adjourned the hearing and restated his intention to render a decision on the Motions to Dismiss. He also requested that counsel contact him when the legislature acts on the supplemental budget, which is expected to be some time in the next three weeks. At that time the parties will meet in front of Justice Wilkins again to determine the fate of the suit.



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