

Five-Year Report Panel

2004 Panel

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In its two-decade existence, MWRA has built an enviable record of accomplishment: it has constructed billions of dollars of facilities to repair, replace, and modernize an aging infrastructure, on time and within budget. It has put in place operational practices to minimize pollutant discharges to our waterways and to ensure safe and reliable drinking water.

Over the last five years alone, MWRA successfully concluded the \$3.8 billion Boston Harbor Project, completed major components of a comprehensive \$1.7 billion drinking water system program, reached consensus with litigation parties and project neighbors on a \$300 million plan to clean up South Boston beaches, and witnessed the signing of landmark legislation to better protect the sources of MWRA's drinking water.

Today MWRA ratepayers see real public health and environmental results. This report documents those dramatic results that investment in infrastructure and attention to operation has brought, from drinking water quality that meets all federal and state drinking water standards, to a clean Boston Harbor with opportunities for public enjoyment.

Few appreciate the scope of investment required to sustain often buried and unseen water and wastewater infrastructure. Since its creation, MWRA has built more than \$6 billion of essential new facilities, with another \$1.6 billion planned for the near future. In addition to the new treatment plants, pump stations and tunnels, MWRA owns hundreds of miles of water and sewer pipes, which would cost almost \$3 billion if they were built today. All totaled, the replacement value of MWRA's assets approaches the \$12 billion mark.

But water and sewer service cannot be provided by the MWRA without its municipal community partners. Each community maintains sewer and water systems that connect with MWRA. In total, these amount to more than ten thousand miles of local pipelines plus ancillary facilities, with an enormous replacement value estimated to approach \$10 billion. All these facilities must also be maintained and replaced at various intervals.

The previous Citizen Panel convened to assist in the 1995-1999 Progress Report noted that there would be increased pressure to curtail spending on maintenance in less prosperous times; they urged MWRA to continue to invest in maintenance. They were right and we can't emphasize this imperative enough: the job is not done and in a very real sense can never be completed. Adequate investment is required to avoid a repeat of the past, when neglect and deferral of proper maintenance and inadequate funding to MWRA's predecessor agency, the MDC, led to the failure of the regional wastewater system.

MWRA has incurred a huge amount of debt in playing catch-up, in undertaking long overdue improvements and maintenance. While the Authority must plan for proper maintenance expenditures, it cannot ignore the burden that rising rates put on area homeowners and business. Ever increasing water and sewer rates add to the costs of housing, and the costs of doing business locally. This makes the region less and less competitive compared to other areas of the country, and is one element that could serve to dampen the recovery of the local economy. Several opportunities for rates management will soon present themselves and the MWRA must take every advantage of these opportunities.

In the coming years, MWRA's investments must continue to deliver real public health and societal benefits. We applaud MWRA for devising a solution for control of combined sewer overflows in North Dorchester Bay, and at the same time questioning what is the appropriate and cost-effective level of investment elsewhere. In this same tradition, MWRA sought a waiver from filtration for treatment of its drinking water, suggesting that the excellent quality of its source reservoirs argued against filtration for filtration's sake and that money could be better spent on distribution system improvements. The Federal Court affirmed the MWRA's view in a 2001 decision, saving ratepayers hundreds of million of dollars. Going forward, it is appropriate for MWRA to continue to question new regulations and new policy, and to push back when the costs outweigh the benefits.

The state and other interested parties should partner with MWRA to define its role as a regional water supplier and steward of pristine water sources. Water conservation initiatives within the existing MWRA service area have resulted in a water supply abundance. While rich in water, the service area's rates are increasingly expensive. It is time for closer consideration as to whether or not extension of the MWRA service area might address a number of priorities - responding to water needs in water constrained areas where smart growth might occur, reducing withdrawals in the more stressed rivers of the Commonwealth, and expanding MWRA's rate base so that fixed costs, such as the costs of watershed protection, are shared amongst a greater number.

Finally, as the state's budgetary situation improves, cuts made to the Commonwealth's rate relief program should be fully restored. The reduction in rate relief affected many water and sewer departments throughout the state; it compelled MWRA to delay capital investments and to draw heavily on reserves. The state's economic outlook is improving at the same time that MWRA's rate outlook points to significant rate increases, suggesting that now is the perfect time to assist wastewater service providers in addressing critical infrastructure needs.

We hope you will consider our recommendations.


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