

Water Infrastructure Alliance

March 15, 2016

Kristen Lepore, Secretary
Executive Office for Administration and Finance
State House, Room 373
Boston, MA 02133

RE: Support for Water Infrastructure Funding

Dear Secretary Lepore:

The undersigned organizations are part of the Water Infrastructure Alliance, a diverse group of stakeholders working to increase funding for water infrastructure in the Commonwealth. We writing to ask the Executive Office of Administration and Finance to appropriate funding from Chapter 286 of the Acts of 2014 (Environmental Bond) which will help support additional investments in drinking water infrastructure.

Section 39 of Chapter 286 of the Acts of 2014 reauthorized line item 2200-7018 from the 2008 Environmental Bond which created a drinking water infrastructure grant program. In February 2012, the Massachusetts Water Infrastructure Finance Commission found that the Commonwealth and its municipalities have a \$21 billion funding gap in meeting their drinking and wastewater infrastructure needs. This not only potentially presents significant public health and environmental concerns, but directly impacts the Commonwealth's ability to create meaningful economic development opportunities. Water and Wastewater utilities understand the magnitude of this problem and are doing all they can at the local level to get support for funding infrastructure improvement projects, but they are also facing increasing unfunded federal and state mandates which make it harder to find funds for more proactive improvements in their systems. While water and sewer rates have been on the rise and will continue to rise, communities and ratepayers cannot fund the improvements alone. Support at the state and federal level for grants to offset these expenses is much needed. The grant program created by the Environmental Bond incentivizes drinking water systems to implement financial and operational Best Management Practices by requiring them to have an enterprise fund which would remain in effect for at least 10 years after the award of the grant and a comprehensive upgrade and maintenance plan for their infrastructure. The language reads:

2200-7018.. For a grant program to assist municipalities, water districts and water commissions, hereinafter referred to as water suppliers, with preserving drinking water quality and reliability; provided, that the program shall provide grant funding to water suppliers to upgrade or replace their water infrastructure; provided further, that as a condition of receiving grant funding pursuant to this program, a water supplier shall certify in writing to the department that the water supplier has a comprehensive upgrade and maintenance plan for its water infrastructure; provided further, that the comprehensive upgrade and maintenance plan shall include the following information:

(1) a detailed financial forecast of facility replacement improvement requirements for the next 20 years including, but not limited to, the principal components of the water system such as reservoirs, dams, treatment plants, pipes, valves, fire hydrants, pumping stations, storage facilities, pumping and well equipment, interconnections and water mains and each financial forecast shall analyze the condition and life expectancy of the existing facilities, prioritize needed repairs and replacements and amortize such improvement requirements on an annual basis over the next 20 years; provided, that water suppliers which have in effect infrastructure improvement or rehabilitation programs and mechanisms for funding approved by their appropriate governing bodies may submit their existing programs for complete or partial compliance with this clause; and (2) a method that establishes and maintains fiscal controls and accounting depreciation standards; provided, that a water supplier that is also a municipality shall additionally certify in writing to the department that it has adopted a water supply utility enterprise fund pursuant to section 53F1/2 of chapter 44 of the General Laws; provided further, that the municipal water supplier shall further certify that it shall maintain its water supply utility enterprise fund in accordance with said section 53F1/2 of said chapter for 10 years from the date the grant is approved, or longer as determined by the department \$25,000,000

Water and wastewater utilities are among the most capital-intensive of all utility services. Cities across North America have an enormous investment in water, wastewater, and drainage infrastructures. While more recently there has been attention on this issue due to the unfortunate circumstances in Flint, Michigan, often water systems do not draw much attention because most of their assets are in the form of pipes that are buried from view. Even the surface components, such as pumping stations and treatment plants, are scattered and often in obscure locations where they are not visible to most customers. Other public assets such as schools, roads, and recreational facilities are easier to appreciate because they are so visible. But our water and wastewater assets require far more capital investment. As citizens, we all share in this extraordinarily large public investment in water and wastewater infrastructure assets. Each of us has a stake in how well these assets are managed in our communities. The reliability and performance of these systems are an essential underpinning of all economic activity and property value. If our water systems deteriorate, public health, fire protection, environmental protection, economic development and quality of life will be affected. From an economic standpoint, every \$1 invested in water/wastewater infrastructure generates almost \$15 of private investment, leverages \$2 of other public funds and adds \$14 to the local property tax base. For all of these important reasons, we respectfully ask your agency to support this line item in your forthcoming capital budget.

Please do not hesitate to contact Abbie Goodman (ACEC MA) or Jennifer Pederson (MWWA) if you would like more information.

Sincerely,

cc: Deborah Goldberg, Treasurer
Matthew Beaton, Secretary, EEA
Martin Suuberg, Commissioner, MassDEP