

Massachusetts Infrastructure Funding Legislation

[Water Infrastructure Finance Commission | Senator Eldridge](#)

State House News Service reported that Senate President Murray “told the News Service a substantially rewritten proposal by the Committee on Environment, Natural Resources and Agriculture to address water infrastructure needs would probably look closer to the bill she proposed with Sen. Jamie Eldridge when it comes out of the Senate. “It will come out of the Senate very different than we received it,” Murray said. With the committee adding roughly \$450 million in borrowing to the bill, Murray said, “I know why they think they had to put all that funding in there but the treasurer’s made it very clear to us that that’s problematic, which we knew, which is why we didn’t do it.” She continued, “I’m not comfortable - too much borrowing, and we have a limit in how much we can bond. That would put us way over that limit.”

DRAFT OF Water Infrastructure Letter to Legislative Decision Makers 1/02/14

Dear (various decision-makers)

As members of the Water Infrastructure Alliance, a diverse collaborative of stakeholders formed to advance the basic tenets of the Water Infrastructure Finance Commission (WIFC) report, we are writing to express our deep appreciation and enthusiastic support for the additional robust funding and progressive policy measures contained in key legislation currently under consideration by the legislature.

While no single piece of legislation can unilaterally solve the 20-year, \$39.4 billion challenge identified in the WIFC report, we welcome this new level of support from legislative leaders as an encouraging and visionary step forward. This signals a clear recognition that, along with transportation infrastructure, the Commonwealth’s ability to bolster its competitive edge and grow its economy for the widest and deepest benefit will depend on its ability to maintain and improve its water and wastewater infrastructure.

In addition to its powerfully symbolic and strategic recognition of the often forgotten water and wastewater infrastructure, this broad legislative initiative addresses various and equally important elements of the collective challenge we face, including:

- Promoting realistic, efficient, innovative, and sustainable approaches to preserving and improving the Commonwealth’s invaluable water resources
- Increasing critical aid to communities for the maintenance and repair of water and wastewater systems

- Protecting the rich environmental assets that highlight the Commonwealth’s attractiveness for residents, businesses and visitors
- Ensuring significant capacity for economic growth by assisting communities’ efforts to join the Massachusetts Water Resources Authority and other regional authorities
- Strengthening the durable partnership between the Commonwealth and its cities and towns, all of whom continue to cope with extraordinary recession-induced fiscal challenges

In sum, we ask that you support these new robust funding and progressive policy measures. They continue the realistic and forward-thinking approach that has enabled Massachusetts to maintain its competitive economic, environmental, and innovative advantage – an approach that honestly confronts important challenges today in order to create a healthy and prosperous future for generations to come.

Senate Proposal: Water and Wastewater Infrastructure Reform

The bill sponsored by Senate President Therese Murray (D-Plymouth) and Senator James B. Eldridge (D-Acton) combines reform with increased commitments from the Commonwealth to improve our existing partnerships with cities and towns, increase municipal options while incentivizing best management practices and deal sensibly and realistically with the challenges in water and wastewater infrastructure.

The bill works within the Commonwealth’s existing framework for managing wastewater and drinking water.

- The Department of Environmental Protection (“DEP”) is primarily responsible for water management in Massachusetts, both drinking water and wastewater.
- An inter-agency Water Resources Commission, consisting of the Secretary of Energy and Environmental Affairs (“EEA”), the four commissioners of the environmentally focused departments in EEA and the five additional gubernatorial appointments, coordinates the EEA agencies’ initiatives that affect water supply and quality.
- The Massachusetts Water Resources Authority (“MWRA”) provides wholesale water and sewer services to its member communities, including the City of Boston. 61 communities are members, including 51 for drinking water purposes and 43 for wastewater purposes. The MWRA’s member communities still operate their own local distribution networks, which connect to the MWRA.
- The Massachusetts Water Pollution Abatement Trust, in the State Treasurer’s Office, manages the State Revolving Funds for clean water and drinking water. These programs match federal assistance from the Environmental Protection Agency with “contract assistance” appropriated by the state. These proceeds together enable the Trust to issue bonds and lend the proceeds to cities, towns and other districts like the MWRA. These loans carry a 2% interest rate, with only one very limited exception – a zero percent offering for nitrogen and phosphorus reduction projects.

The initiatives in this bill fall into three categories:

- Financing
- Reform
- System Performance

Many of these initiatives were identified by the Water Infrastructure Commission in its 2012 report, which identified a 20-year collective shortfall of approximately \$21 B to keep drinking and wastewater systems in a state of adequate repair.

Financing

- **Water Pollution Abatement Trust:** Significantly expands the Water Pollution Abatement Trust's capacity, while incentivizing best practices and prioritizing critical needs projects.
 - Increasing the statutory caps on WPAT spending from \$88 M to \$138 M, while imposing a floor on spending of 80% of the statutory cap
 - Allows the WPAT to create a sliding scale interest rate, from 0 to 2%, on loans for qualifying projects or systems, enabling the Trust to improve its flexibility while incentivizing best management practices
 - Allows the WPAT to establish a principal forgiveness program for qualifying projects that satisfy more demanding criteria
 - Require the establishment of an enterprise fund as a condition of receiving assistance from the WPAT

- **Technical Assistance for Communities:** Proposes a technical assistance program, both for development of asset management plans and for identifying green infrastructure opportunities in local communities
- **Innovation and Green Infrastructure funding:** Dedicated grant funding, to be proposed as part of the environmental bond bill, for innovative water management pilot projects and green infrastructure projects
- **Sustainable water resource funds ("water banking"):** Local option for cities and towns to impose an additional charge to fund mitigation measures for increased water withdrawals
- **Infiltration/inflow financial assistance program:** Would require the Commonwealth to reimburse the MWRA for its assistance program for cities and towns to enhance their collection systems
- **Extension of MWRA service:** In addition to the principal forgiveness option above, assistance to defray via a supplemental appropriation the MWRA's entry fee which acts as a barrier to entry for cities and town

Reform

- **Eligibility criteria for State Grants:** In addition to the criteria outlined above, require WPAT to issue guidelines for best management practices for municipal systems
- **Public-Private Partnerships:** Give the PPP Oversight Commission established in chapter 6C (for transportation) authority to assist in evaluating proposals for public-private partnerships received by cities and towns
- **Title V Paperwork:** Simplify the regulatory burden of complying with Title V
- **Inter-Basin Transfers:** Exempts transfers from donor basins to needy recipient basins from the current approval process upon receiving a determination of public benefit from DEP
 - Would require the determination to be issued within a time certain, or else it would be deemed approved

System Performance

- **Drinking Water Leaks:** Establishes a leak classification system for water pipes, ensuring that high-hazard leaks are identified and mitigated
- **Water Conservation:** Requires system interruption devices on irrigation systems