

# NEWS RELEASE

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## Reports Find Discrepancies in Newport News Water Revenue Bonds Prospectus

### **King William Reservoir Opponents Analysis Shows City's numbers don't add up and water rates would have to skyrocket to pay for the unneeded project**

(Richmond) The Alliance to Save the Mattaponi and the Sierra Club released a report today that claims the Newport News water and population projections that support the city's 2007 \$40 million dollar water revenue bond are erroneous and misleading. This report comes after two other reports in 2008 showed that the city's actual population growth and Peninsula water demand were far short of the projections the city had presented to various permitting authorities when seeking project approval.

"The implications of the erroneous projections are that the predicted revenues will not materialize to pay off the 2007 water revenue bond. That means that water rates and hookup fees would have to rise significantly to satisfy the city's financial obligations" said Dr. Donald Phillips, the report's author and a retired scientific researcher at NASA Langley.

The report also notes that Newport News' bond prospectus claimed that "there is no litigation pending or, to its knowledge and belief, threatened which would have a material adverse effect on the operations or financial condition of the System." Opponents of the project point out that, in fact, they are engaged in litigation in federal court due to a number of project violations of important environmental laws. Additionally, the Chesapeake Bay Foundation has challenged the legality of the project's Virginia state permit extension in state court. In addition to the litigation, the State Water Control Board must renew the project's permit by 2012, which is uncertain. In 2006 the Water Board declared a construction moratorium on the project and the Chairman said it was clear that the project needed a "top down review".

Tom Rubino, Co-Chair of the Alliance to Save the Mattaponi, one of the plaintiffs in federal court said, "This further confirms that all King William Reservoir permits and their underlying assumptions need to be reviewed by the various permitting authorities. The Virginia Health Department never suggested that Newport News should build a massively oversized reservoir that population and water demand doesn't justify."

Another project opponent, Kelly Place of York County said, “This is the worst water project ever proposed in Virginia. There has never been a water project for which the permitting process has taken so long and there is a reason for that. It is costly, environmentally damaging and unnecessary. When permitting agencies such as the Corps and VMRC refused to permit the project, that should have been it. Only political maneuvering and overpaid lawyers have enabled the project to stay alive. If citizens knew what they were funding they would be outraged. The city needs to tell Peninsula citizens what this will actually cost them and who it will benefit.”

Various project permits have been denied over the years by permitting authorities only to have the decisions reversed after controversial legal actions. The Norfolk District Army Corps of Engineers, the Virginia Marine Resources Commission and the State Water Control Board were pressured to reverse various denials of Newport News’ permit requests.

“The need for the King William Reservoir is predicated on a projected growth in demand for water that has not been realized,” said Glen Besa, Virginia Director of the Sierra Club. “The Federal Environmental Impact Statement completed in 1997 predicted that water sales would be 61.2 million gallons per day by 2010. Given that we are only two years away from 2010 and that water use will not increase significantly during that period, it is clear that Newport News has made a 17 million gallon mistake – one that the citizens of Newport News will have to pay for if the reservoir is built. Under the circumstances, the City owes it to its water customers to re-evaluate the need for the reservoir.”

All the reports can be found on the Alliance’s website at [www.savethemattaponi.org](http://www.savethemattaponi.org)