

STATUS OF MWRA BUDGETS THRU DECEMBER 1991

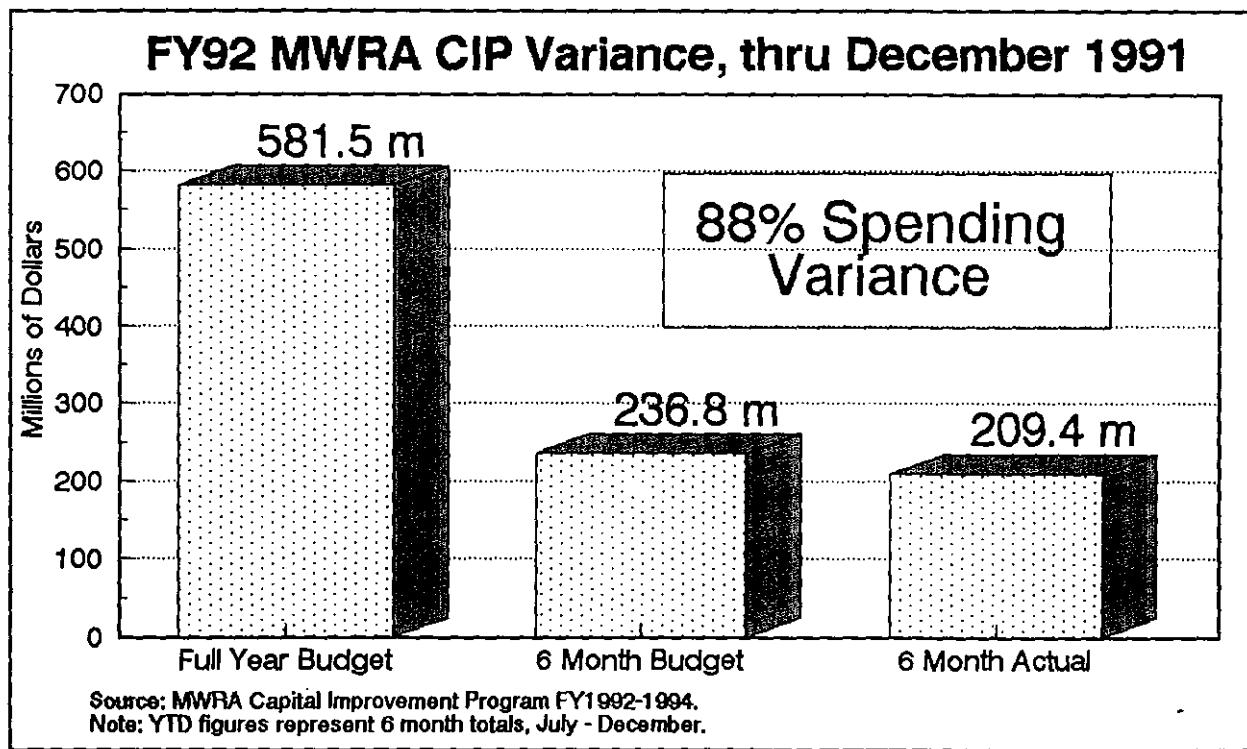
FY92 CAPITAL BUDGET

Spending through the first six months of FY92 is 88% of budgeted amounts: \$209.4 million as compared to \$236.8 million planned. This compares to spending through the first five months at 84% of budget.

Accrued expenses during December reached \$43.4 million, of which \$37.5 or 86% of total spending was for the Deer Island Treatment Plant. Through the first six months of FY92, Deer Island is \$2.6 million ahead of budget. The Authority plans to spend \$419.1 million for Deer Island during FY92.

The \$27.3 million underspending for the past six months can be attributed to the following projects: Residuals (\$9.1), Wellesley Extension (\$1.9), Deer Island Upgrade (\$1.6), Braintree/Weymouth (\$1.5), New Neponset (\$1.1), and the East Boston Facilities (\$1.0).

Nearly 60% of the \$581.5 million capital budget is planned to be spent in the last six months of FY92. Budgeted spending for the last six months of FY92 is projected at \$344.8 million compared to \$236.8 million for the first six months. The Authority has budgeted more than \$2.1 million per day during the fourth quarter of FY92.



CAPITAL BORROWING

At the January 10th Executive Committee meeting, the Authority staff announced its intentions to issue up to \$1 billion in general revenue bonds. This would consist of approximately \$750-\$800 million in 30 year fixed rate bonds and \$200-\$250 in variable rate bonds. The Authority expects to go to the market this spring sometime in March or April and expect to achieve an overall interest rate of 6.80%.

FY92 CURRENT EXPENSE BUDGET

Spending through December reached \$109.6 million, or 88.3% of the amount budgeted for the period. The \$14.5 million variance is nearly evenly split between direct and indirect expenses.

Accrued spending for a number of direct expense items is close to \$7.4 million less than planned:

. Wages and Salaries spending (which includes payments for interns and temporary help, shift differential and holiday pay) is \$1.4 million under budgeted amounts, reflecting greater than expected vacancies and later than expected implementation of some step and union increases.

. Another \$1.86 million was budgeted (mostly under Other Services, with a smaller portion under Maintenance) for the cleaning of Digester #3 at Deer Island, a project expected to start up this winter at a cost much lower than what had been planned.

. Maintenance spending throughout the Authority is now \$2.2 million less than planned for the six-month period. Just over \$1 million reflects late accruals for maintenance in Wasterwater Collections, mostly for interceptor repairs. The Nut Island and MIS programs each spent \$250,000 less than budgeted.

. Other Materials spending is nearly \$1 million under budget. Over half, \$558,000, is explained by late accruals for vehicles and related expenses. Work clothes accounts for another \$101,000 in less than planned spending.

The Authority has accrued \$7.1 million less than budgeted on **indirect expenses** for the first six months. Debt service accounts for nearly \$8.6 million of the amount (much of it the suspended payments for Commonwealth debt, which was to have been replaced by the \$120 million payment). Offsetting this amount somewhat is the accrual, under Reimbursements, of \$1.3 million for the possible furlough payment (although the requirement to make the furlough payment is now expected to be dropped by the state).

Spending through the first six months totals 40% of the year's total budget. Another \$163.3 million is available for the second half of the year.

On the **revenue** side, the Authority budgeted \$29.6 million for the year. In addition, in connection with the first bond issue (in October), the Authority revised the Bond Resolution to allow interest on the capital Construction Fund to be applied to the current expense budget, instead of being reinvested in the Construction Fund. At the time, the Authority estimated this action would result in an additional \$14.878 million in interest income for FY92.