

STATUS OF MWRA BUDGETS THROUGH OCTOBER 1992

FY93 Current Expense Budget

Spending for the first four months of the fiscal year totaled \$100.6 million, or 93% of the \$107.95 million budgeted for the period. Nearly forty percent of the \$7.3 million variance, or nearly \$2.9 million, is the result of less than budgeted direct expense spending, while the almost \$4.5 million in indirect expense variance is mostly the result of not paying (or accruing) the budgeted debt service on the MDC debt.

Accrued expenses for a number of direct expense items is close to \$2.87 million less than the amounts budgeted:

. Regular Pay is now \$1.2 million under budget, somewhat offset by spending for temporary help and interns that is \$250,000 more than budget. Of the 1,786 currently authorized positions, 201 are vacant. During the year, the Authority plans to reduce the number of positions from a high of 1,790 to 1,751 through early retirement, reorganizations, and attriting some positions vacated when current employees fill new positions for the new Deer Island plant.

. Sodium hypochlorite accruals are catching up to budget, and at \$1.9 million are within 6.7% or \$135,000 of the budgeted amount.

. Utility expense at Deer Island is now nearly \$500,000 under budget, due primarily to continued use of the diesel engines and methane mixture to meet energy needs, as compared to the budgeted amounts which reflect the possible requirement to use more expensive electric energy from the cross harbor cable.

. Maintenance materials and services spending at Deer Island is 50% or \$388,000 under budget, much of it still due to completed but unbilled work on Digester #3.

. Pelletizing plant accruals are nearly \$280,000 under budget but billings are increasing as sludge cake production, though less energy intensive than pelletizing, is proving to be more expensive due to much higher transportation and tipping costs associated with disposing of the bulky sludge cake.

Indirect expense accruals are nearly \$4.5 million under the budgeted amounts.

. More than \$3.6 million of the variance relates to amounts budgeted for payment of the MDC debt, which has not been paid or accrued. Since the budget was finalized, the state Legislature approved a provision which requires the Authority to pay \$80 million in FY93, in lieu of any further debt service payments on the water and sewer debt incurred by the MDC prior to the creation of the MWRA. The Authority is continuing to investigate approaches to making the \$80 million payment.

. Another \$700,000 of the variance reflects less than budgeted accruals for debt service on the Authority's revenue bonds due to a change in the way debt service is accrued.

FY93 Capital Budget

Accrued spending for the first four months of the fiscal year came to \$153.1 million more than \$100 million less or 60% of the \$258.4 million budgeted in the FY92-94 CIP. Using the Authority's revised (but not formally adopted) budget of \$195.7 million for the first four months, the accrued spending came to 78.2% of the amount projected to have been spent.

The \$42.6 million difference between actual accruals and revised projections is still due mainly to continuing delays in bringing the tunnel boring machine up to full production speed (now \$20.7 million less than the rejections of just six months ago). The Authority now projects production to pick up in November, although the most recent, October 15, report to the Court states that "intermittent problems continue to be experienced with the TBM and final assembly of support equipment."

Other Boston Harbor projects account for another \$ million of the variance: less than planned spending on the North System Headworks, of nearly \$6.6 million; Construction Management Services, nearly \$5.1 million; Secondary Facility Design, \$3.9 million;

Construction Fund Balance. The balance in the Construction fund as of the beginning of November was \$592.225 million, much higher than had been expected at the time of the Authority's last borrowing in March 1992. The fund's level reflects the lower than planned spending during recent months, which since the start of the fiscal year has averaged \$1.3 million per day as compared to the nearly \$2.1 million per day (on an accrual basis) that was planned for the period (in the FY92-94 CIP).

The Authority plans on spending another \$303.4 million (excluding contingency spending) between November 1 and March 30; and a total of \$509.6 million between now and June 30.

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- . prepared for November 19, 1992 Advisory Board meeting
 - . based on MWRA's capital budget variance report through October 1992