



STATUS OF MWRA BUDGETS

through October 1993

Prepared for the November 18, 1993 meeting of the MWRA Advisory Board

FY94 Current Expense Budget

Accrued spending through October 1993, one-third of the way through the fiscal year, reached \$104.7 million, or 91% of the \$115.2 million budgeted for the period. Of the nearly \$10.5 million variance, direct expenses accounted for \$3.9 million and indirect expenses for \$6.5 million.

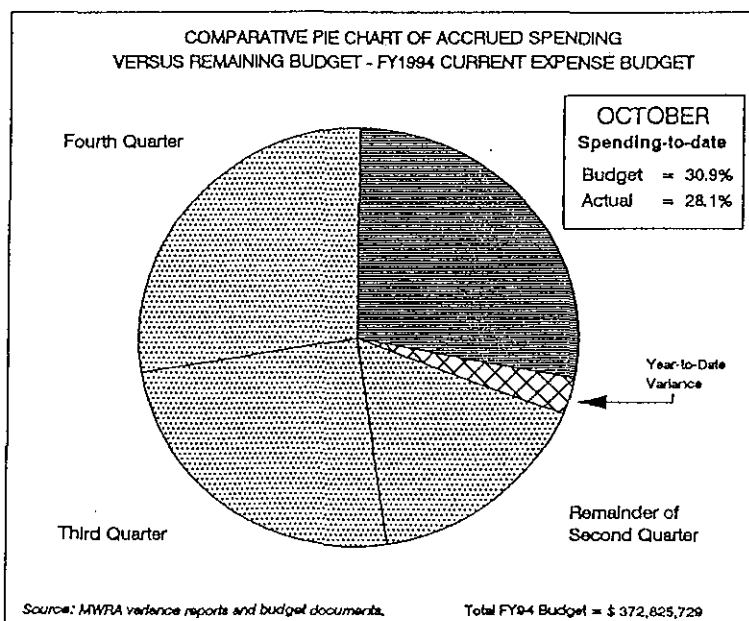
Direct Expenses totaled \$42.5 million, nearly 92% of the \$46.4 million budgeted. Just over half of the \$3.9 million variance is the result of less than budgeted spending for *Wages and Salaries*. Filled positions now number 1,629. Another 161 positions are vacant as of the end of October, 94 of them in the Sewerage Division; and 76 more positions are planned to be filled later in the fiscal year, nearly all of them in support of the start up of the new Deer Island treatment facilities, for a total of 1,866 authorized positions in FY94. *Wages and Salaries* spending accounts for half of all direct expenses to date. In addition, *Fringe Benefits* accruals are just over \$0.3 million below the amount budgeted for the period. Spending on Temporary Help, however, continues to run over the amounts budgeted; as of the end of the October accounting period, spending was \$0.11 million or 34% over the amount budgeted.

The next largest category of spending is *Other Services*, including the costs of sludge pelletization. Spending is \$0.3 million under budget, primarily due to less than budgeted spending for the pelletizing plant and grit and screenings removal.

Spending on *Utilities* is now nearly \$0.8 million, or 25% under the budgeted amount of \$3.1 million. Much of the variance is due to less than budgeted spending for Deer Island operations, and for the natural gas costs of sludge pelletization.

Professional Services spending continues to run well under the amount budgeted, with a variance of nearly \$0.5 million or nearly 20% under the \$2.4 million budgeted. However, the gap has closed somewhat from the wider variance recorded in September, as accruals have increased in the Harbor Studies Unit. Later than planned spending for monitoring studies accounts for nearly \$0.4 million of the variance.

Indirect Expenses came to \$62.2 million, nearly 10% under the \$68.8 million budgeted for the period. The \$6.6 million variance is due to a later schedule for the fall borrowing, which took place November 15 [see next page].



FY94 Capital Improvement Program

Accrued spending through the October 23rd reporting period reached \$217.8 million, \$55.4 million or 20% less than the \$273.2 million budgeted for the first four months of the fiscal year. Accruals for the month of October came to \$44.5 million, as compared to \$44.7 million in September, \$72.8 million in August, and \$56.1 million in July. The budgets for the first and second quarters of this fiscal year are the largest of all planned capital spending between now and FY 2003.

Spending on the Boston Harbor Project continues to dominate the capital program at \$41.9 million or 94% of the accruals for the month and \$201.9 million or 93% of the accruals for the year to date. The project also accounts for \$36.9 million or two-thirds of the overall variance to date.

All eight of the egg-shaped digesters have been delivered to the residuals complex, the project representing the greatest amount of spending this fiscal year. Just over \$33 million has been accrued in FY94. The second largest project in FY94 is the outfall tunnel, with accruals of \$16.6 million so far this year, nearly one-third less than the \$24 million budgeted for the period. The Authority has announced to the Court this week that construction of the outfall tunnel will extend at least six months beyond the July 1995 scheduled completion date. Also below budgeted amounts are accruals for the inter-island tunnel, the disinfection building, primary clarifier batteries C & D, and the administration/laboratory building.

Construction Fund Balance and Capital Borrowing

The Construction Fund balance at the end of the October accounting period stood at \$204.1 million. Earlier this week, the Authority sold \$449 million in revenue bonds at an interest rate of 5.66%. Of that amount, nearly \$300 million was new funding, and just under \$150 million was for refunding existing debt at more favorable interest rates. The Authority announced anticipated savings of \$2 million per year over the life of the issue, the result of the low interest rate climate and an upgrade of its bond rating by Standard & Poor's from A- to A. The debt restructuring is also expected to result in an additional savings of \$18 million, primarily in the FY95-97 timeframe.

