



# STATUS OF MWRA BUDGETS

## through May 1994

Prepared for the June 16, 1994 meeting of the MWRA Advisory Board

### FY94 Current Expense Budget

Accrued spending through May 1994 reached \$308 million, or 91% of the \$338.3 million budgeted for the period.

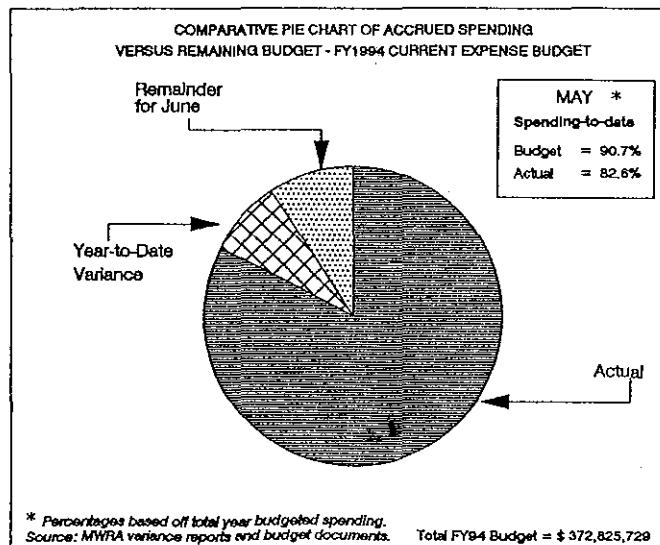
Direct Expenses totaled \$124.8 million, 94.5% of the \$132.0 million budgeted for the eleven-month period. Nearly 45% of the \$7.3 million variance is the result of less than budgeted spending for *Wages and Salaries*. Filled positions now number 1,669 (five more than for April). Another 173 positions remain unfilled, 105 of them in the Sewerage Division. The total number of authorized positions is now 1,842 or two fewer than the month before and 27 fewer than as of the start of the fiscal year. The Authority plans to reduce the number of authorized positions to 1,820 by the end of June, reflecting the continuing reorganization and consolidation of the Transport Group and the transfer of some personnel to the new Deer Island plant. Wages and Salaries accounts for nearly half of all direct expense spending.

Spending on *Overtime* was \$273,040 more than budgeted. The Authority reports that spending is linked to the vacancy rate, and to operating emergencies such as storms, equipment failure, and the April water supply pump station failure. The other major over budget variance continues to be *Workers' Compensation*, which even with a \$200,000 reallocation, is \$271,242 more than budgeted. The Authority reports that the overage is due to a higher incidence of new claims than anticipated, as well as changes in accounting treatment and billing delays.

The second largest category of spending is *Other Services*, including the New England Fertilizer Company costs of sludge pelletization. Costs of this service (not including utility and chemical costs) are virtually on budget, at \$7.5 million (or \$683,000 per month, on average). Recent approval of a number of reallocations have brought the \$2 million accrual of the Utah landfill fee within revised budgeted amounts.

The largest variance, after Wages and Salaries, is *Maintenance*, now \$1.8 million or 16% below the \$11.1 million budgeted for the period. The Authority reports that this continues to be due mostly to underspending for pipeline services in the Waterworks Division. The Authority expects the variance to decrease as the weather improves and the division accelerates the mainline valve replacement program.

Indirect Expenses came to \$183.2 million, 11% under the \$206.3 million budgeted through May. The \$23.1 million variance is for *Debt Service*, due primarily to the later schedule for the fall borrowing which took place in mid-November instead of September, and to delays in a planned borrowing this spring. Legislation raising the bond cap, necessary for the next borrowing, has not yet been passed but is now being considered as part of the state budget deliberations. Over budget is *Insurance*, with accruals \$500,000 greater than planned due to payments and claims associated with the Spring Street water pump station rupture.



## FY94 Capital Improvement Program

Accrued FY94 spending through the May accounting period reached \$552.6 million, reflecting increased spending in May but still 24% or \$171.4 million short of the \$724 million budgeted for the period. Accruals for the month of May came to \$52.99 million, just 10.5% below the \$59.2 million budgeted for the month.

Spending on the *Boston Harbor Project* picked up in May, with accruals reaching \$48.5 million, 92% of the month's accruals. Cumulative spending for the eleven months of the fiscal year reached \$507.0 million, also 92% of all capital spending. The cumulative effects of the severe winter weather has put project spending \$116.3 million or nearly 20% below the amount budgeted for the year to date (or just over two-thirds of the total variance to date). Despite the overall progress on the primary and secondary treatment complexes, the bad weather and delays on several contracts have contributed and will continue to contribute to less than planned spending.

The *effluent outfall and inter-island tunnels* now account for \$33.2 million of the year-to-date variance. Outfall tunnel construction has continued relatively steadily in the last several months, with over half the weeks since the start of the calendar year at 300 feet of production or greater. But the inter-island tunnel continues to encounter serious problems which have slowed drilling operations considerably. Outfall tunnel spending is still 30% below the amount budgeted for the period, and inter-island tunnel spending has fallen to 45% below the budget. Accruals for the *egg-shaped digester complex* (the contract for which the largest amount of spending has been budgeted for FY94) have picked up in May, but are still \$14 million or 20% below the \$70 million budgeted through May. The next largest variances are the *disinfection facilities, phase I/hydropower plant*, now \$13.3 million or 70% below the \$19.1 million budgeted for the period; and the *construction management contract*, \$12.6 million or 30% below the \$41.9 million budgeted through May.

Other projects contributing measurably to the variance are the *New Neponset Valley Relief Sewer*, at \$12.5 million or 73% below the \$17.2 million budgeted; the *Residuals Management project*, at \$10.9 million below the \$13.6 million budgeted (primarily due to the decision to utilize the Utah landfill as the back-up sludge disposal site); the *Wellesley Extension Replacement Sewer project*, at \$4.5 million or 57% below the \$7.8 million budgeted; and the *North Maintenance Facilities project*, at \$2.6 million or 100% below budget (due to a delay in acquisition of a site for a new distribution maintenance facility). *Waterworks Division* spending totaled \$17.5 million for the year to date, \$7.2 million or 29% below the amount budgeted.

### Construction Fund Balance

The Construction Fund balance at the end of the May accounting period stood at \$225.2 million. Disbursements (on a cash basis) for the month were \$59.2 million, reflecting increased construction activity on Deer Island as well as the longer (five-week) accounting period.

