



STATUS OF MWRA BUDGETS

through September 1994

FY95 Current Expense Budget

Accrued spending through September 1994 reached \$84.4 million, or 95.7% of the \$88.2 million budgeted for the period. Of the \$3.8 million variance, direct expenses account for about \$1 million of the under budget spending, and indirect expenses, \$2.8 million.

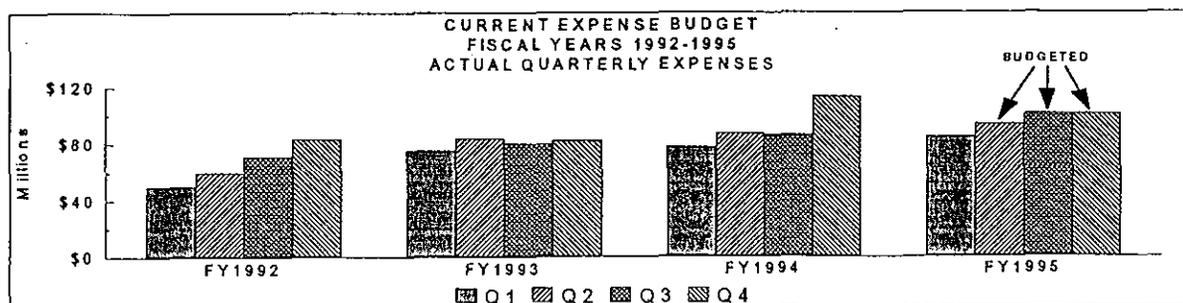
Direct Expenses totaled \$36.5 million, or 3% under the \$37.5 million budgeted for the first quarter. Nearly half the spending, or \$17.8 million, is for *Wages and Salaries*. Filled positions now number 1,681 (six fewer than as of the end of August). Another 199 positions remain vacant, 34 of which are scheduled to be filled later in the fiscal year. One-third of the vacancies are in the Deer Island/Nut Island Department. The total number of authorized positions is now 1,880 or four fewer than as of the start of the fiscal year.

Spending on *Overtime* came to \$1.2 million, 21% more than the \$1.0 million budgeted for the period. Most of the overage was in the Sewerage Division, and was due primarily to additional maintenance at Deer Island and the breakdown of two pumps at the Braintree-Weymouth pump station earlier in the summer. Spending on *Health Insurance Benefits* was closer to budget than in previous months but was still \$140,000 more than planned, reflecting an ongoing accrual factor. *Workers' Compensation* spending is \$263,000 or nearly 80% below the \$337,000 budgeted, as claims reserves required to date have been less than expected.

The second largest category of direct expense spending is *Other Services*. Of the \$5.1 million of expenditures, nearly half is for the cost of sludge pelletization and the reservation fee for potential use of the back-up landfill. Costs of pelletization (net of utility and chemical costs which are paid separately) came to \$2.2 million for the quarter, about 7% less than the amount budgeted. Unit prices and tonnages have been below budgeted amounts.

Other variance highlights are less than budgeted spending in the Sewerage Division for *Professional Services*, where payments for several harbor and outfall studies are now expected in the second quarter; and in the Waterworks Division for *Maintenance*, where pipeline materials and services expense in the Distribution Department are being accrued later than budgeted, reflecting revised schedules for construction and repair work.

Indirect Expenses came to \$47.9 million, \$2.8 million or 5.5% below the \$50.7 million budgeted for the first quarter. Nearly \$2 million of the under budget variance reflects lower than budgeted *debt service payments*, due to the later than budgeted timing of the most recent capital borrowing. The Authority also borrowed less than the amount assumed when the budget was finalized before the start of the fiscal year, and achieved a lower than budgeted interest rate. Also less than assumed were payments for *Insurance expense* and for the *HEEC agreement capacity charge*, to repay a subsidiary of the Boston Edison Company for the supply of electric power to Deer Island. Payments can be expected to increase as the year progresses.



FY95 Capital Improvement Program

Accrued spending through the first full quarter of the fiscal year came to \$162.5 million, only 3% below the nearly \$168 million budgeted for the period. Accruals for the month of September came to \$65.5 million, nearly \$10 million greater than the budget for the month.

The principal reason for the greater than budgeted spending was the accrual in this first quarter (instead of the second quarter) of \$21.7 million for the combustion turbine generators which are part of the back-up electric generation equipment in the On-Site Thermal/Power Plant on Deer Island. In addition, the Authority approved in August a \$4.9 million change order for the inter-island tunnel to cover some of the additional costs incurred due to unexpectedly high groundwater levels in the tunnel. In the absence of these two items, accrued expenses in the first quarter would have been \$136 million, or 81% of planned spending.

Spending on the *Boston Harbor Project* continued to dominate the capital program, at \$148.9 million or nearly 92% of all capital spending for the first quarter. In addition to the combustion turbines, discussed above, projects with more than \$10 million in accrued spending for the quarter included the secondary reactor batteries A & B, the primary residuals module of eight egg-shaped digesters and related facilities, and the secondary residuals module of four more digesters and associated facilities and equipment. The next highest level of spending is for construction management, at \$8.6 million for the quarter. Even with the restart of activity in the long outfall tunnel at the beginning of September, spending was barely one-third of the \$12.5 million planned for the quarter.

Spending on the *New Neponset Valley Relief, Wellesley Extension Replacement, and Residuals Management Facilities* projects accounted for most of the rest of the \$10.4 million accrued for other wastewater projects. Wastewater projects accounted for 98% of all capital spending for the three-month period.

Construction Fund Balance

The Construction Fund balance at the end of the September accounting period stood at \$200.9 million, as compared to the \$232 million as of the end of August. Disbursements (on a cash basis) for the month were \$58.1 million, while receipts were nearly \$26 million. The Authority has budgeted spending of \$202.1 million for the next quarter, and plans to implement a tax exempt commercial paper program in the fall. Federal grants totaling \$250 million have been appropriated in recent weeks, \$150 million from the FY94 federal budget and \$100 million from the FY95 budget. Receipts reimbursing the Authority for expenditures on eligible capital projects should begin later this fiscal year.

