



STATUS OF MWRA BUDGETS

through October 1994

FY95 Capital Improvement Program

Accrued spending through the first four months of the fiscal year came to \$215.1 million, only 8.5% below the nearly \$235.3 million budgeted for the period. Accruals for the month of October came to \$52.6 million, nearly \$15 million below the \$67.4 million budgeted for the month.

Spending on the *Boston Harbor Project* remains at a consistent 92% of all capital spending. The largest accrual for the year to date is \$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. The next largest accrual for the year to date is \$19 million for Secondary Reactor Batteries A & B, followed by \$18.5 million for the eight egg-shaped digester and related facilities complex. Also over \$10 million in year to date accruals are: \$14.3 million for the secondary residuals module of four more digesters, \$11.6 million for the construction manager contract, and \$10.9 million for Secondary Clarifier Batteries A & B. Even though accruals for the long outfall tunnel are close to the budgeted amounts for October, spending for this and the related tunnel muck processing contract (which includes removal of the inter-island tunnel muck as well) are more than \$11 million below budgeted amounts for the first four months of this fiscal year. Also at 50% below budgeted amounts is the Nut Island Headworks project. Spending on the inter-island tunnel, which will carry south system flows from Nut Island to the new Deer Island treatment plant, is running 35% more than budget, reflecting the impact of several costly change orders following the contractor's encounter with very unstable, crumbling ground conditions and excessive groundwater intrusion.

Spending on the *New Neponset Valley Relief, Wellesley Extension Replacement, and Residuals Management Facilities* projects accounted for most of the rest of the \$13.4 million accrued for other wastewater projects. Wastewater projects accounted for 98% of all capital spending for the four-month period.

Construction Fund Balance

The Construction Fund balance at the end of October accounting period stood at \$148.5 million, or \$52.4 million lower than the \$200.9 million balance as of the end of September. Disbursements, on a cash basis, were \$63.3 million and grant receipts were \$10.4 million. The Authority has budgeted nearly \$135 million in expenses for the next two months, and plans on implementing a tax-exempt commercial paper program shortly to provide the next increments of capital funding (beyond grant and SRF receipts) that will be needed to support the capital program.

FY95 Current Expense Budget

Accrued spending through October 1994 reached \$112.6 million, or nearly 96% of the \$117.7 million budgeted for the period. Of the \$5.1 million variance, *Direct Expenses* account for about \$1.6 million of the under budget spending and *Indirect Expenses* about \$3.5 million.

Direct Expenses totaled \$48.0 million, or 3% of the \$49.6 million budgeted for the first four months of the fiscal year.

Nearly half of the direct expense spending, or \$23.2 million, is for *Wages and Salaries*. Filled positions now number 1,692 (eleven more than as of the end of September). Another 180 positions remain vacant, of which 22 are scheduled to be filled later in the fiscal year. Forty percent of the vacancies are in the Deer Island/Nut Island and Central Laboratory departments. Another eight positions have been eliminated, bringing the total number of authorized positions to 1,872 (twelve fewer than at the start of the fiscal year). The Authority has committed to reducing some positions at Deer Island and in the Transport Department, as others are created to staff the new Deer Island plant.

The second largest category of direct expense spending is *Other Services*. Of the \$6.6 million of expenditures, half is for the costs of sludge pelletization (net of utility and chemical costs which are paid separately) and the reservation fee for potential use of the back-up landfill. Costs of pelletization are running 6% less than the amount budgeted for the period; tonnages have been somewhat below budgeted amounts, and unit prices for other utility and chemical charges have also been less than earlier assumed.

However, spending for all *Chemicals* has been slightly more than the \$3.4 million budgeted for the period. Sodium hypochlorite, used at the Deer Island plant, accounts for 70% of the Chemicals budget. Spending to date has been nearly 11% greater than the \$2.4 million budgeted; for October alone, accruals are 40% over the amount budgeted, reflecting price increases. Spending has been partially offset by less than budgeted spending on chlorine, the disinfectant used at Nut Island.

Spending on *Utilities* has been 12% under the \$3.2 million budgeted for the first four months of the fiscal year. Contributing to the under budget spending has been the continuing generation and use of methane gas which substitutes for fuel oil use at Deer and Nut Islands, as well as moderate fall temperatures.

Spending on *Maintenance* is running nearly \$0.5 million under the \$4.7 million budgeted. Contributing to the variance continues to be less than budgeted spending in the Waterworks' Distribution Department where pipeline materials and services expense is being accrued later than budgeted, reflecting revised schedules for construction and repair work.

Indirect Expenses came to \$64.6 million, \$3.5 million or 5.1% below the \$68.1 million budgeted through October. Nearly \$2.4 million of the under budget variance reflects lower *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, and benefited from a favorable interest rate climate. 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.

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