



STATUS OF MWRA BUDGETS

through December 1994

FY95 Capital Improvement Program

Accrued spending through the first half of the fiscal year came to \$301.8 million, 18% below the \$370 million budgeted for the period. Accruals for the month of the December slowed to \$46.6 million, nearly \$21 million (or 31%) below the \$67.4 million budgeted for the month.

Spending on the *Boston Harbor Project* continues at a consistent 92% of all capital spending, for the month and the half year. Six contracts account for nearly half of all spending for the year to date: the secondary reactor batteries, \$26.7 million; the primary digester complex, \$24.1 million; the BECo combustion turbine generators, \$21.7 million; secondary digester complex, at \$20.6 million; secondary clarifier batteries, at \$17.5 million; and construction management services, at \$16.8 million.

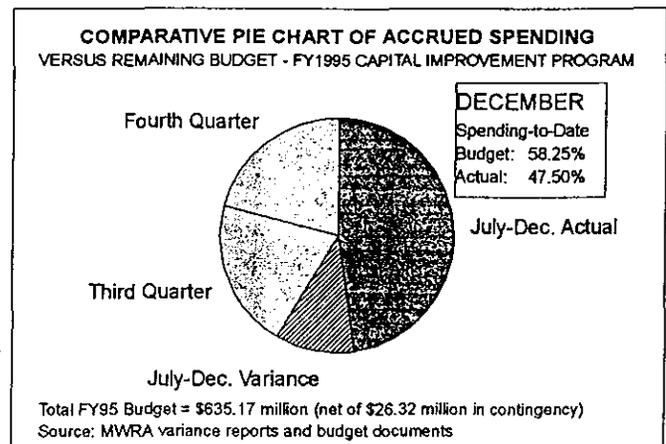
Accruals for the Boston Harbor Project are also more than \$52 million below the budgeted amount for the first six months. The capital charge for the BECo generators is more than one-third less (or nearly \$13 million) than the budgeted amount. Delays in the long outfall tunnel and the Nut Island headworks project contributed more than \$22 million in under budget spending. Later than budgeted spending on the infection/hydropower project and secondary digester complex contributed another \$9 million, and the on-site power plant, \$5.5 million to the variance. However, spending on the inter-island tunnel, which will carry south system flows from Nut Island to the new Deer Island treatment plant, is now running nearly two-thirds (or \$5.5 million) over the amount budgeted for this fiscal year's spending, reflecting the impact of several costly change orders following the contractor's encounter with very unstable, crumbling ground conditions and groundwater intrusion.

Spending on the *New Neponset Valley Relief, Wellesley Extension Replacement, Framingham Extension Relief, CSO master planning, and the Residuals Management Facilities* projects accounted for most of the rest of the \$17.4 million accrued for other wastewater projects. Wastewater projects accounted for 98% of all capital spending for the first half of the fiscal year.

Construction Fund Balance

The Construction Fund balance at the end of December stood at \$53.5 million, as compared to \$93 million at the end of November and \$148.5 million at the end of October. Disbursements, on a cash basis, were \$43.7 million. The first increments of the \$250 million of recently-authorized federal grants are anticipated in the coming months. The Authority has budgeted \$132.3

million for third quarter spending, and plans on implementing the tax-exempt commercial paper program in January.



FY95 Current Expense Budget

Accrued spending through December 1994 reached \$172.7 million, or 95% of the \$181.9 million budgeted for the period. Of the \$9.2 million variance, *Direct Expenses* account for about \$2.5 million of the under budget spending and *Indirect Expenses* about \$6.7 million.

Direct Expenses totaled \$72.9 million, or 3% below the \$75.3 million budgeted for the first half of the year. Nearly half of the Direct Expense spending, or \$35.7 million is for *Wages and Salaries*. Filled positions now number 1,713 (21 more than as of the end of October, and 30 more than the beginning of the fiscal year). Another 157 positions remain vacant, of which 11 are scheduled to be filled later in the year. Forty percent (or 63) of the vacancies are in the Deer Island/Nut Island and Central Laboratory departments.

The second largest category of direct expense spending is *Other Services*. Of the \$9.6 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 continue to be 6% less than the amount budgeted for the year to date; 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 *Chemicals* is now more than \$700,000 greater than the \$4.4 million budgeted for the period. Sodium hypochlorite, used at the Deer Island plant, accounts for 70% of the Chemicals budget. Spending to date is now more than 25% greater than the \$3.1 million budgeted, and for December alone is nearly double the amount budgeted for the month. The overage is due to price increases, and the Authority anticipates a budget reallocation will be required to cover the increased spending through the rest of the fiscal year. Additional funding will also be required for Waterworks Division chemical spending for the second half of the year.

Spending on *Utilities* has been \$744,500 under the \$5.1 million budgeted for the first half of the year. Continuing to contribute to the under budget spending have been the ongoing generation and use of methane gas which substitutes for fuel oil use at the Deer and Nut Island plants, as well as moderate fall temperatures. Spending on *Maintenance* is now \$900,000 below the \$7.3 million budgeted. Continuing to contribute to the variance is less-than-budgeted spending in Waterworks Distribution where pipeline materials and services expense is being accrued later than budgeted, reflecting revised schedules for construction and repair work.

Indirect Expenses came to \$99.8 million, or 6% below the \$106.6 million budgeted through December. Most of the \$6.7 million variance is due to lower *Debt Service payments*, the result of later borrowing date, and lower amount and interest rate than assumed when the budget was finalized. Also below budget have been 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. However, in the last two months, delayed HEEC payments have begun to increase, and the gap should close during the second half of the year.

