



STATUS OF MWRA BUDGETS

through January 1995

FY95 Capital Improvement Program

Accrued spending through January 1995 came to \$344.4 million, or 17% below the \$414.1 million budgeted for the period. Accruals for the month of January came to \$42.6 million, lower than for December but within 3% of the \$44.1 million budgeted. Planned spending for the third quarter is \$132.2 million, just under 21% of the total year's budget. With Deer Island related spending continuing at a high pace and augmented by un-budgeted change orders and settlements, spending during this quarter should be much closer to the budgeted amounts than before.

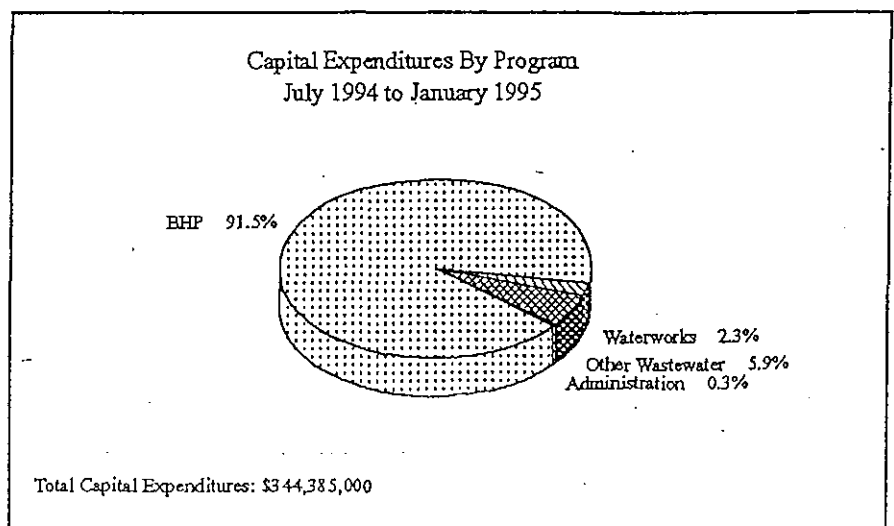
Spending on the *Boston Harbor Project* continues at nearly 92% of all capital spending. Cumulative accruals for the Boston Harbor Project are more than \$51 million below the amount budgeted for the first seven months, although spending in January is 3% over the budget for the month. The Authority now projects transfers from the contingency fund to approach \$90 million for the year, and while not all the amounts eventually authorized will be spent this fiscal year, the project increases can be expected to bring spending measurably closer to the budgeted amounts by June.

Contributing to the underspending for the year to date are delays for the outfall tunnel (over \$15 million less than the amount budgeted to date), and the Nut Island Headworks (nearly \$8 million under budget), the third module of digester construction (\$6 million under budget), and the disinfection facility (\$5.7 million under the amount budgeted), as well as savings in the capital charge for the BECo generators (\$11.8 million below budget). Factors contributing to greater than budgeted spending during January are change orders on the inter-island tunnel project (now \$2 million over January's budget, and \$7.8 million for the year to date) and the primary digester complex (\$1.4 million over the month's budget and \$2.8 million greater than the budget for the year to date).

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 remaining \$20.1 million accrued for other wastewater projects. Wastewater projects accounted for 97% of all capital spending for the year to date.

Construction Fund Balance

The Construction Fund balance at the end of January stood at \$60.6 million, as compared to \$53.5 million at the end of December. Disbursements, on a cash basis, were \$29.8 million, the lowest in two years. The first increments of the \$250 million of recently-authorized Federal grants are anticipated in the coming months, and the commercial paper program was activated during January.



Accrued spending through January 1995 reached \$201.4 million, or 94% of the \$214.5 million budgeted for the period. Of the \$13.1 million variance, *Direct Expenses* account for just under \$3.1 million of the under budget spending and *Indirect Expenses* nearly \$10.1 million.

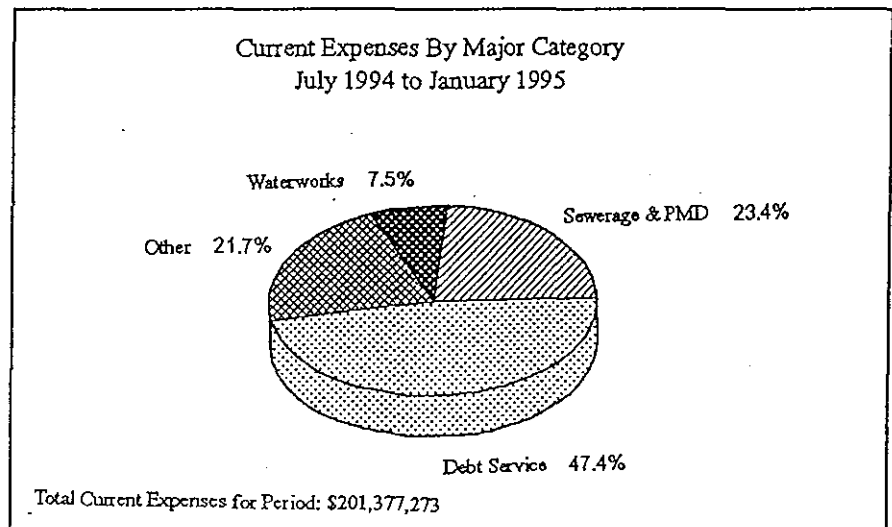
Direct Expenses totaled \$84.7 million, or 3% below the \$87.8 million budgeted for the seven-month period. Nearly half of the direct expense spending, or \$41.5 million is for *Wages and Salaries*. Filled positions now number 1,724, eleven more than as of the end of December and 41 more than as of the beginning of the fiscal year. Another 145 positions remain vacant, of which 54 are in the Deer Island/Nut Island and Central Laboratory departments.

The second largest category of direct expense spending is *Other Services*. Of the \$11.1 million of expenditures, half continues to be for the back-up landfill reservation fees and for the costs of sludge pelletization (net of utility and chemical costs which are paid separately). Costs of pelletization continue to be about 6% less than the amount budgeted for the year to date, while tonnages to date have been less than predicted.

Chemicals spending, however, is now \$792,000 or 16% more than the \$4.8 million budgeted for the period. Sodium hypochlorite, used at the Deer Island plant, accounts for 71% of the Chemicals budget. Spending to date is nearly 25% greater than the \$3.4 million budgeted. The overage is due to price increases, and the Authority anticipates a budget reallocation will be required to cover the increased costs through the rest of the fiscal year.

Spending on *Utilities* is now \$1.4 million or 21% below the \$6.66 million budgeted for the seven-month period. Contributing to the under-spending are moderate temperatures, and the ongoing generation and use of methane gas which substitutes for fuel oil use at the Deer and Nut Island plants. Spending on *Maintenance* is now \$1.06 million below the \$8.2 million budgeted. Contributing to the variance are revised construction and repair schedules in the Waterworks Division which have resulted in under-spending for pipeline materials and services.

Indirect Expenses came to \$116.7 million, or nearly 8% below the \$126.75 million budgeted through January. Most of the \$10.1 million variance is due to lower *Debt Service payments*, the result of a later borrowing date, and a lower amount and interest rate for the summer's borrowing than assumed when the budget was finalized. In addition, the implementation of the tax-exempt commercial paper program and the authorization of \$250 million in federal grants this fall has resulted in the postponement of the planned January borrowing. Also below budget have been the 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, HEEC payments have increased in the 1st several months, and the gap should close during the second half of the year.



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