



STATUS OF MWRA BUDGETS

through February 1995

FY95 Current Expense Budget

Accrued spending through February 1995 reached \$233.7 million, or 94% of the \$249.9 million budgeted for the period. Of the \$16.2 million variance, *Direct Expenses* account for \$2.6 million of the under budget spending and *Indirect Expenses* account for \$13.6 million.

Direct Expenses totaled \$99.6 million, or 2.5% below the \$102.2 million budgeted for the eight-month period. Nearly half the direct expense spending, or \$48.5 million is for *Wages and Salaries*. Filled positions now number 1,731, seven more than as of the end of January and 48 more than as of the beginning of the fiscal year. Another 138 positions remain vacant, of which 49 are in the Deer Island/Nut Island and Central Laboratory departments, reflecting a slower schedule for hiring and the more extended schedule for construction completion and plant start-up.

The second largest category of direct expense spending is *Other Services*. Of the \$12.7 million of expenditures, half continues to be for the back-up landfill reservation fee and for the costs of sludge pelletization (net of utility and chemical costs which are paid separately). Costs of pelletization continue to be about 5% less than the amount budgeted for the year to date, since tonnages have been less than predicted.

Chemicals spending, however, has been running one-sixth above budget, most notably for sodium hypochlorite (used at the Deer Island plant) which accounts for nearly three-fourths of the Chemicals budget. With a reallocation of \$1.17 million to this category, spending for both sodium hypochlorite and the chemicals category as a whole is now close to budgeted for the year to date.

A reduction of the same amount from the *Utilities* budget reflected ongoing under budget spending so far this year. Contributing to the under spending were 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 closer to budget, with increased spending on MIS-related maintenance to enhance and advance the Authority's ongoing system upgrades.

Indirect Expenses came to \$134.1 million, or 9% below the \$147.7 million budgeted through February. Most of the \$13.6 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 borrowing. 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 last several months, and the gap should close during the second half of the year.

FY95 Capital Improvement Program

Accrued spending through February 1995 came to \$381.7 million, or one-sixth below the \$458.2 million budgeted for the period. Accruals for the month of February came to \$37.35 million, lower than for the months of January and December, and 15% below the amount budgeted. With Deer Island related spending continuing at a high pace and augmented by unbudgeted change orders and settlements, spending during this quarter should be much closer to the budgeted amounts than in previous periods.

Spending on the *Boston Harbor Project* continues at nearly 91% of all capital spending. Cumulative accruals for the Boston Harbor Project reached \$347.2 million for the first eight months of the fiscal year, within 14% of the budgeted amount. 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 (\$11.3 million less than the amount budgeted), the Nut Island headworks facility (\$8 million below the budgeted amount), the third module of digester construction (\$7.1 million under budget), the disinfection facility (\$6.1 million under the amount budgeted), the secondary reactor batteries A and B (\$5.6 million under budget), as well as savings in the capital charge for the BECo generators (\$9.67 million below budget). Factors contributing to greater than budgeted spending through February are change orders on the inter-island tunnel project (which have resulted in spending \$6.9 million over budget even with the delayed progress on distances mined), the primary digester complex (\$4.9 million greater than the budget to date), the North System headworks project (\$3.3 million more than the budgeted amount), and the secondary clarifier batteries A and B (where spending is \$2.6 million more than the amount budgeted through February).

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 \$25 million accrued for *Other Wastewater Projects*. Wastewater project spending accounted for 97.5% of all capital spending for the year to date.

Construction Fund Balance

The Construction Fund balance at the end of February stood at \$45.6 million, as compared to the \$60.6 million at the end of January. Disbursements, on a cash basis, were \$54.0 million, nearly twice the spending of January. The first increments of the \$250 million of recently-appropriated federal grants are anticipated in the coming months, and the commercial paper program was activated in January.