



STATUS OF MWRA BUDGETS

through October 1995

FY96 Capital Improvement Program

Accrued spending through October came to \$164.7 million, or 10% below the \$183.1 million budgeted for the period. Accruals for the month of October came to \$44.1 million, 1.6% more than budgeted for the month.

Spending on the *Boston Harbor Project* continued to dominate the capital program at \$142.6 million. Spending on the secondary clarifier batteries A and B rose to \$21.7 million for the period, as the contractor continues to work multiple shifts to recover delays to the schedule. The contract with the next highest spending is the inter-island tunnel at \$14.9 million for the period; the tunnel boring is now complete and the project will now move to the sealing and lining phase. Spending on the third module of digesters reached \$12.6 million for the four month period. Spending on the outfall tunnel reached \$12.5 million for the period; the contractor is 615 feet away from the first diffuser and is now conducting "face borings" on an anticipated stretch of problematic soil. Some 7,265 feet of drilling remain. The next highest level of spending is for construction management services, at \$11.4 million for the period.

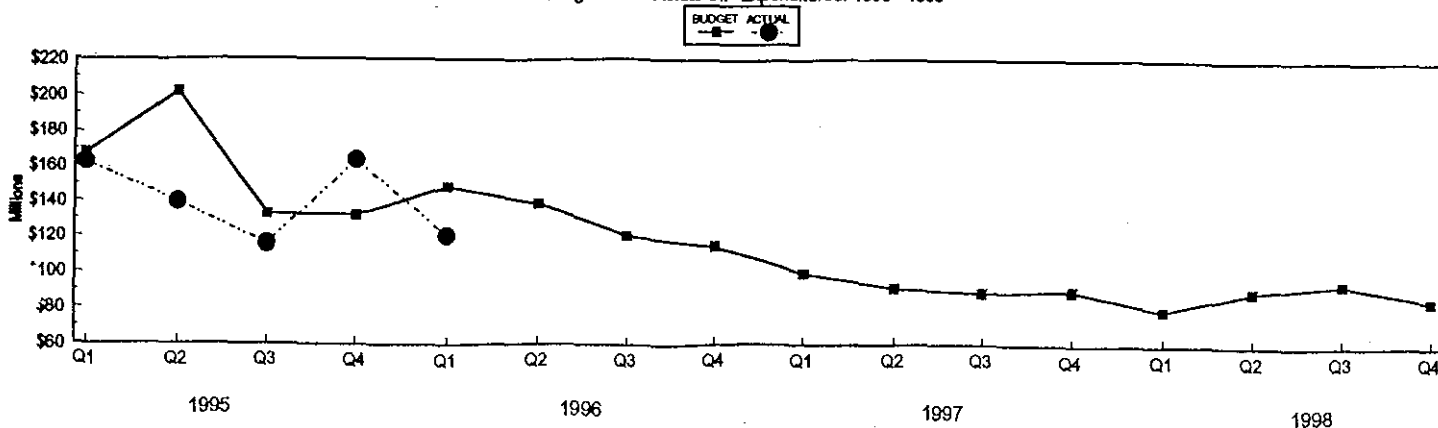
Spending on the *New Neponset Valley Relief sewer project*, the *Interim Corrosion Control facility* (due for start-up later this fiscal year), and the *Spot Pond Pump Station Rehabilitation project* account for much of the other capital spending to date.

As the graph below demonstrates, budgeted spending is slowing over the next three fiscal years, compared to spending as recently as a year ago. By the year 2000, spending is projected to rise again to over \$500 million as the Waterworks program projects enter peak construction.

Construction Fund Balance

The Construction Fund Balance as of the end of October stood at \$26.7 million. Total disbursements, on a cash basis, were \$33.2 million during October. Total receipts for the month were \$4.8 million, primarily in the form of WPAT borrowing.

Budgeted and Actual CIP Expenditures: 1995 - 1998



Joseph E. Favaloro, Executive Director

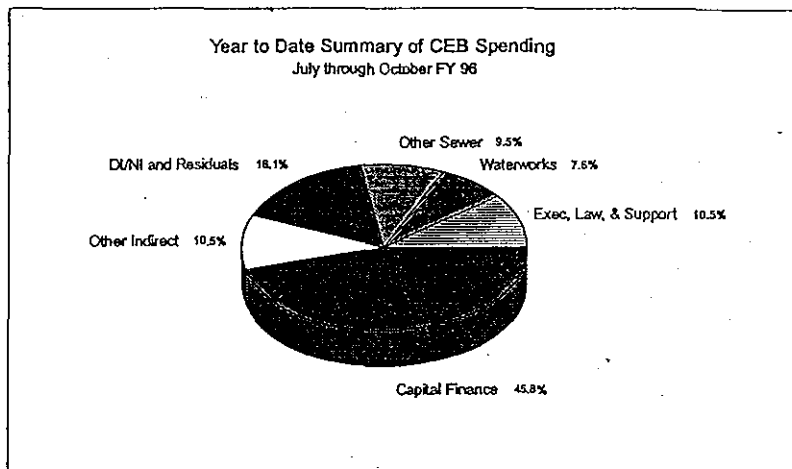
11 Beacon Street - Suite 1010 - Boston, MA 02108-3002 - Telephone: (617) 742-7561 - Fax (617) 742-4614

FY96 Current Expense Budget

Accrued spending through October 1995 reached \$114 million or 94% of the \$121.8 million budgeted for the period. Of the \$7.8 million variance, direct expenses account for \$2.9 million, and indirect expenses \$4.9 million.

Direct Expenses come to nearly \$51 million, or 5.4% under the \$53.9 million budgeted for the first four months of the fiscal year. Just over one-third of that amount, or \$18 million, is for the costs associated with running the *Deer Island, Nut Island, and pelletizing programs*.

Expenses in these programs have been rising as new components of the Deer Island facility have come on line, most recently the huge primary residuals treatment complex. Some of these increases have been offset by better treatment and instrumentation: in particular, sodium hypochlorite expense is less than budgeted for the month, as better removal rates and improved controls have tightened the use of disinfection chemicals. On the other hand, increased storm events this fall and the need to continue to test the new north system pumps have increased the use of electricity beyond the budgeted amount for the month.



Difficulty at the Nut Island facility in processing sludge has resulted in continued sludge cake production in October, with associated barging and dewatering costs. Through October, costs associated with sludge barging and processing have been 40% or nearly \$1 million greater than the amount budgeted for the period.

At Deer Island, wages and salaries spending as a percent of Deer Island costs continues to rise as new positions are filled in anticipation of start-up of the next set of facilities. In the meantime, following the decision to reduce the overall size of the secondary facility complex, the Authority is reassessing the eventual number and configuration of staffing for the Deer Island facility.

Spending in the *Waterworks Division* is \$800,000 below the amounts budgeted for the period, reflecting underspending in pipeline services: the work on the Dorchester Corridor valve replacement program, planned for early FY96, was accelerated during the last quarter of FY95. In addition, some special equipment and materials scheduled for delivery during the first quarter is now due later in the second quarter.

Workers' Compensation expense is now nearly \$300,000 below budgeted amounts reflecting a successful effort to close open lost time claims, which resulted in credit adjustments to FY96 expenses. Offsetting these adjustments somewhat are increases to reserves for medical payments.

Indirect Expenses came to \$63 million, \$4.9 million or 7% below the \$67.8 million budgeted for the year to date. Over \$5 million of the under budget variance reflects lower than budgeted *debt service payments*: the planned August borrowing is now expected to take place later in the fall and is expected to be approximately \$300 million rather than the budgeted \$200 million. *Charges for Deer Island power* through the cross harbor cable continue to run under budget, but are somewhat offset by greater than budgeted expenses for *mitigation* payments reflecting the extension of the Braintree MOU for six months.