



STATUS OF MWRA BUDGETS through January 1996

FY96 Capital Improvement Program

Accrued spending through January came to \$266.2 million or 13% below the \$307.3 million budgeted for the period. Accruals for the month of January came to \$25.7 million or 31% lower than the \$37.4 million budgeted for the month. The lower than usual accruals for January reflected the several snow and rain storms that occurred during January and late December (and is also the result of \$2.5 million in credits correcting some accruals from previous months).

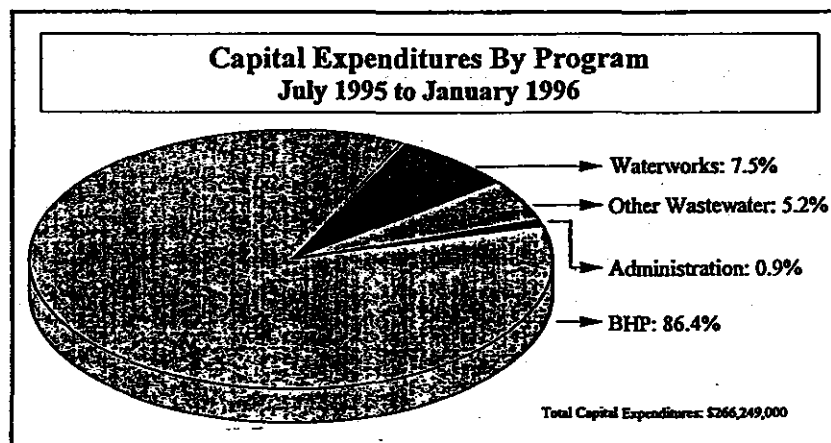
Spending on the *Boston Harbor Project* reached \$230.1 million for the year to date, or 86% of all capital spending during FY96. Accruals for January were \$23.3 million, 20% below the \$29.1 million budgeted. Spending on the two tunnels accounted for \$10.3 million of the accruals for the month, as grouting costs added to the ongoing costs of drilling in the outfall tunnel and lining costs started for the inter-island tunnel. Another \$3.2 million was accrued for the lead design engineer and construction manager costs. Spending slowed considerably for the three new secondary facilities under construction, most notably for the clarifier batteries and the new residuals complex.

Spending for the *Wachusett Reservoir EIR, the Interim Corrosion Control Facility and the Spot Pond Pump Station rehabilitation project* account for much of the other capital project accruals for the month. Waterworks spending represented 7.5% of all accruals for the year to date and 26% for the month of January.

Construction Fund Balance

The Construction Fund balance as of the end of January stood at \$200.9 million. The proceeds from the early December borrowing of \$300 million contributed \$191.5 million to the fund, and allowed the Authority to repay \$75 million in tax exempt commercial paper borrowings. No additional federal grants were received

during the month; grant receipts for the year to date totaled \$120 million. Total disbursements (on a cash basis) were \$19 million for the month, the lowest in more than three years.



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FY96 Current Expense Budget

Accrued spending through the month of January reached \$205.2 million, 95% of the \$214.9 million budgeted for the period. Of the \$9.7 million variance, direct expenses account for \$4.5 million and indirect expenses \$5.2 million.

Direct Expenses came to \$90.6 million or 4.7% below the \$95.1 million budgeted for the seven-month period. Over 57% of the spending is for *labor-related costs*. Filled positions now number 1,756 with 167 positions vacant.

More than 56% of all direct spending is to support the operations of the *Sewerage Division*, and nearly 35% of all direct spending for the year to date is for the costs associated with the *Deer Island and Nut Island treatment facilities and the pelletizing operations at Fore River*. Chemicals, utilities, and services expenses have been the largest areas of cost in operating the new facilities at Deer Island and the related sludge processing facilities. Utilities costs at Deer Island have been rising during the winter months, although at a somewhat slower pace as methane gas offset some fuel oil use. Electricity expense continues to run well under budget (conservatively set prior to having actual operating data), with a year to date surplus of \$1.1 million. Sodium hypochlorite expense has declined for the third month, and accruals for the year to date are \$1 million below the amount budgeted.

Other Services spending continues to be the second highest category of direct expense spending, after labor costs. Of the \$12.9 million in expenditures for the year to date, more than \$7 million is for the cost of *sludge processing and the landfill reservation fee and use charges*. Through January, the Authority has accrued \$1.7 million more than the amount budgeted, in large part due to the difficulty in processing sludge at Nut Island. Staff report that operations at Nut Island are stabilizing, and that much if not all the sludge material can now be pelletized, although some of the pellets produced do not meet size or uniformity requirements that would allow all the material to be beneficially reused. In addition, sludge processing at Deer Island continues to result in a much more liquid product being shipped to Fore River, with associated barging costs.

Indirect Expenses came to \$114.6 million for the year to date, \$5.2 million or 4% below the \$119.8 million budgeted for the year to date. Nearly all the under budget variance reflects lower than budgeted *debt service payments*. The planned August borrowing took place in early December, but was sized at \$300 million instead of the \$200 million assumed in the budget. Accruals will be larger than budget for the coming months, and the variance is expected to close by the end of the year.

