



# STATUS OF MWRA BUDGETS

through March 1996

## FY96 Capital Improvement Program

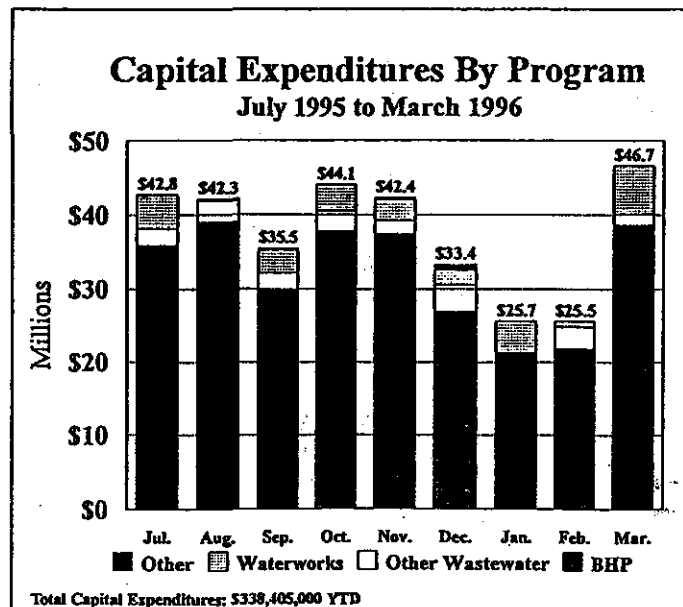
Accrued spending through March came to \$338.4 million or 11% below the \$382.0 million budgeted for the period. Accruals for the month of March came to \$46.6 million, or 25% greater than the \$37.4 million budgeted, and closing the third quarter variance to within 13% of the \$112.1 million (net of contingency fund allowances) budgeted for the quarter. The monthly accrual is the highest since the start of the fiscal year (although, spending last July and August was the highest of the year, on a cash basis), reflecting the accrual of \$8 million of an anticipated settlement for the outfall tunnel.

Spending on the *Boston Harbor Project* reached \$290.6 million for the year to date, still 86% of all capital spending during FY96 but only 8.4% below the amount budgeted for the year to date. Accruals for March came to \$38.7 million, 33% above the \$29.1 million budgeted for the month. Accruals were nearly \$15 million for the outfall tunnel, \$5.2 million for secondary clarifier batteries A and B, \$3.2 million for construction management services, \$2.8 million for the secondary residuals complex, \$2.4 million for the inter-island tunnel, \$1.4 million for late site preparation work and demolition of the old plant (including the removal of accumulated sludge from the old digesters), and \$1.0 million for the Nut Island Headworks.

Accruals on the MetroWest Tunnel Project (\$4.0 million), Spot Pond Pump Station (\$1.7 million), Safe Drinking Water improvement projects (Wachusett EIR and the Interim Corrosion Control projects, \$0.6 million), pellet plant expansion (\$0.6 million), and CSO control program (\$0.4 million) account for much of the other capital project accruals for the month. *Waterworks* spending has reached \$27.4 million, or 8.1% of all accruals for the year to date.

## Construction Fund Balance

The Construction Fund balance as of the end of March stood at \$173.7 million. Federal grant and SRF proceeds added \$11.9 million to the fund, plus \$18.8 million from additional commercial paper borrowing in support of waterworks projects (the December borrowing was all in support of the wastewater program). Spending, on a cash basis totaled \$26.6 million, as compared to the \$45.1 million of February and \$19 million of January.



Joseph E. Favalaro, Executive Director

## FY96 Current Expense Budget

Accrued spending through the month of March reached \$269.7 million, 97% of the \$278.5 million budgeted for the period. Of the \$8.7 million variance, direct expenses accounted for \$4.8 million and indirect expenses nearly \$4 million.

Direct Expenses came to \$117.85 million or 3.8% below the \$122.6 million budgeted for the nine-month period. Actual direct expense spending was just under 44% of all current expense budget spending for the year to date. Over 58% of the direct expense spending is for labor-related costs. Filled positions now number 1,751 with 167 positions vacant, for a total number of positions of 1,918. Five positions were eliminated during March.

Over 55% of all direct spending supports the operations of the *Sewerage Division*. Over \$40 million or 34% 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*. Spending on *chemicals* at Deer Island continue to run approximately 20% or \$1 million under budget, due to lower than expected use. Use declined in March for the fifth consecutive month. However, staff have reported an extensive corrosion problem, due to higher than anticipated hydrogen sulfide levels at the plant, a problem that should require increased use of the chemical during the warm weather months (and into FY97). Spending on *electricity* at Deer Island continues to run under the originally budgeted amount, but use has been rising over the past three months.

*Maintenance* spending is \$1.2 million of 14.5 % less than budgeted due primarily to early completion of the Waterworks Dorchester Corridor project and delays and rescheduling of Transport pipeline rehabilitation projects.

*Professional Services* spending is \$1 million less than budgeted. Delays in training for the startup of the backup power facility, and delays in some Wastewater Engineering projects, the shift of the odor control study to the CIP, the postponement into FY97 of the wastewater characterization study, and revisions to the scope and schedule of the outfall monitoring contract contributed to the underspending.

Indirect Expenses came to \$151.9 million for the year to date, \$3.95 million or 2.5% below the \$155.8 million budgeted. Nearly all the under budget variance reflects lower than budgeted *debt service payments*: capital financing costs were \$3.8 million less than budgeted, closing the gap between budgeted numbers since the bond offering last December. Staff state that they expect to finish the year close to budget. Payments to a subsidiary of the *Boston Electric Company* for the cross harbor cable were \$325,000 less than budgeted due to less than projected actual monthly charges.

