



STATUS OF MWRA BUDGETS

through December 1995
 FY1996 Mid-Year Summary

FY96 Capital Improvement Program

The Authority ended the first half of FY96 with spending at \$240 million, nearly 90% of the planned spending of \$270 million. Despite the nearly quarter billion dollars accrued, the level of spending represents a declining pace of spending, as major portions of the Boston Harbor Project reach completion and major new waterworks spending approaches but is not yet under way. Even so, the *Boston Harbor Project* continues to dominate the capital program, at 86% of spending for the year to date. The \$23.7 million variance in Boston Harbor Project spending represents just over 80% of the \$29.4 million variance. The underspending would have been more pronounced if the Authority had not incurred an additional \$10 million in change orders and settlements in connection with the inter-island and outfall tunnels. Spending for the six-month period was just over \$100 million for the two tunnels and three major secondary treatment contracts.

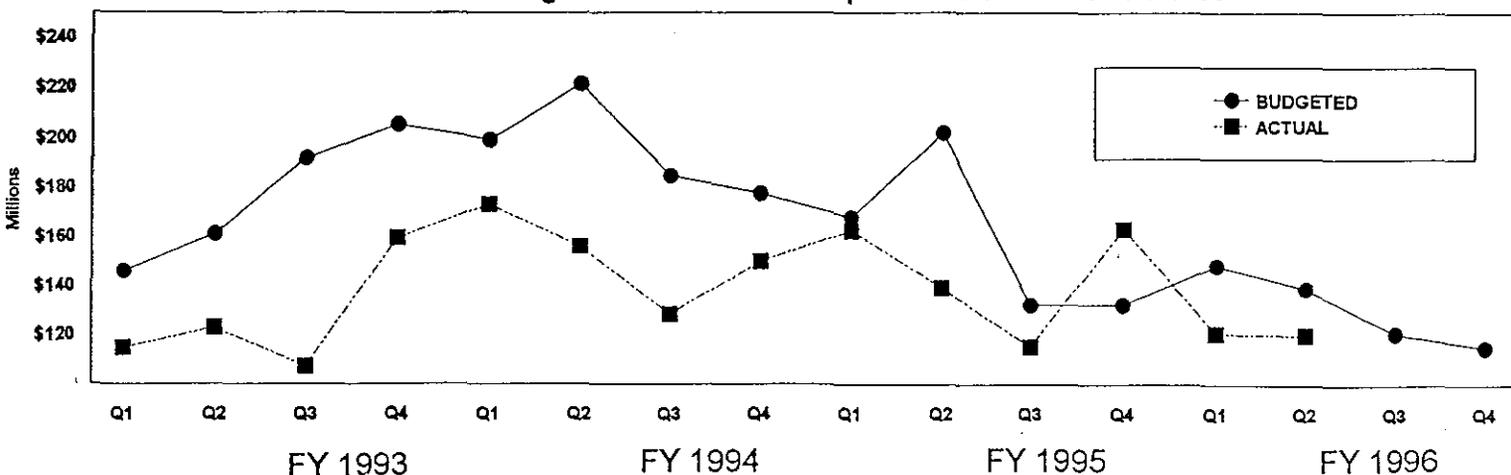
The Authority spent \$10.7 million for wastewater interceptor repair projects, nearly 95% of the \$11.4 million budgeted. Most of the spending was for the *New Neponset Valley relief* and *Wellesley extension replacement sewer* projects.

Waterworks project spending reached \$15.7 million, just over 75% of the \$20.3 million budgeted for the period. Much of the spending was for the *Interim Corrosion Control facility*, due for start-up this spring, and for the initial stages of the *MetroWest Tunnel* project.

Construction Fund Balance

The Construction Fund balance as of the end of December stood at \$21.8 million. The proceeds from the early December borrowing of \$300 million will be reflected in the January report. Federal grant receipts came to \$30 million for the month and have totaled \$120 million for the fiscal year to date. Total disbursements (on a cash basis) were \$47.1 million for the month.

MWRA Budgeted and Actual CIP Expenditures: FY 1993 - FY 1996



FY96 Current Expense Budget

Accrued spending through December 1995 reached \$174.4 million, nearly 95% of the \$184.7 million budgeted for the period. Of the \$10.3 million variance, direct expenses account for \$3.1 million and indirect expenses \$7.2 million.

Direct Expenses come to \$79 million or less than 4% below the \$82.1 million budgeted for the six-month period. Nearly 58% of the spending is for labor-related costs. Filled positions now number 1,753 (just one more than as of the end of November), with 170 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*.

Monthly expenses in these programs have increased as new components of the *Deer Island facility* have come on line, including the huge primary residuals treatment complex (in August) and the new disinfection basins (in December). Some of these increases have been offset through the efficiencies gained by better instrumentation and controls. In particular, sodium hypochlorite expense has declined for the third month, as better removal rates and improved controls have reduced the use of disinfection chemicals. Electricity and diesel fuel expenses have continued to run well below the budgeted amounts, even as the plant has experienced some wet and colder weather in the past month.

Difficulty at the *Nut Island facility* in processing sludge has continued another month. Barging, dewatering, and disposal costs associated with the heavy sludge cake produced from the Nut Island material have caused year-to-date expenses to rise to more than \$1.7 million or 44% over the amount budgeted for pelletizing sludges from both Deer and Nut Islands for the period. The Nut Island plant was originally scheduled to be decommissioned by the summer of 1995, but delays in the inter-island tunnel project have postponed the transfer of the south system flows to the new Deer Island plant until the spring of 1997. Sludge problems have also resulted in increased maintenance expense. The Authority anticipates that Nut Island sludge processing problems should be resolved in the coming month or two.

Indirect Expenses came to \$95.4 million, \$7.2 million or 7% below the \$102.6 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. The borrowing was sized at \$300 million instead of the \$200 million budgeted; the gap in debt service accruals should begin to close in January and by June spending should approach the year's budgeted amount.

MWRA Budgeted and Actual Current Expenses: FY 1993 - FY 1996

