



# STATUS OF MWRA BUDGETS

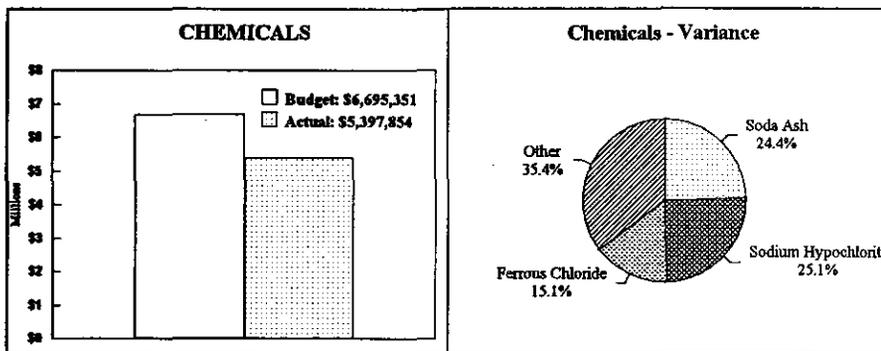
## *through January 1997*

### **Focus on The FY97 Current Expense Budget**

Through January 1997, Current Expense Budget spending came to nearly \$205 million, or 1.3% below the \$207.7 million budgeted for the seven-month period. Of the \$2.8 million variance, \$0.9 million was the result of lower than budgeted spending for Direct Expenses and \$1.9 million was for lower spending for Indirect Expenses. Spending for the month of January came to \$28.3 million, or \$1.26 million (4.2%) below the \$29.5 million budgeted. Direct Expense spending for January was \$13.1 million or 4% below the budgeted amount, and Indirect Expense spending was \$15.2 million or 4.3% below the budget for the month.

**Direct Expenses** reached \$96.3 million or 0.9% below the \$97.2 million budgeted for the year to date. Spending on **Wages and Salaries** through the month of January reached \$46.6 million, or 1.7% below the \$47.4 million budgeted for the period. The decision to accrue for vacation and related reimbursable comp time and sick leave eligible for the buy back program has narrowed the difference between budgeted and accrued Wages and Salaries expense during FY97. In previous years, these vacation and sick leave accruals were made at the close of the fiscal year.

**Overtime** spending is now \$2.86 million or 19% greater than the \$2.4 million budgeted for the period. The variance has been reduced from the 32% of October. Of the \$467,000 in overspending to date, \$269,000 has been in wastewater Transport, due to wet weather conditions (especially in October). Also contributing to higher levels of spending in the Sewerage Division were the need to provide coverage for vacant positions and community assistance projects. Above budget spending in Waterworks was primarily due to increased water quality sampling and the need to add a sampling line at the interim corrosion control facility which has delayed the conversion of the facility from 24-hour staffing to one shift staffing.

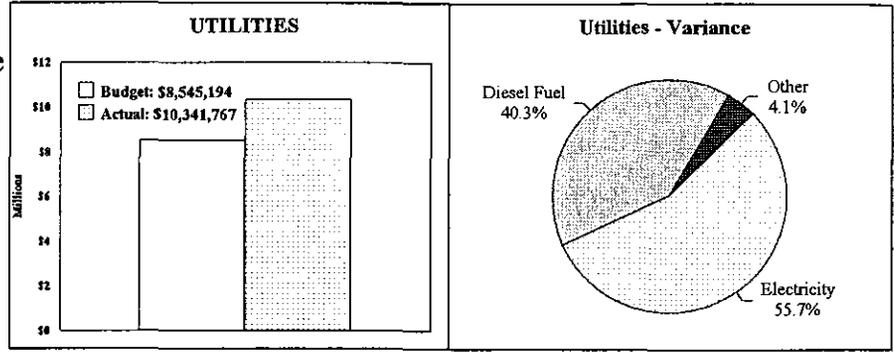


On the other hand, accrued spending for **Chemicals** is \$1.3 million or 19% below budgeted amounts. Underspending of \$744,000 in Sewerage is due to less than budgeted spending for testing at Deer Island of chemicals to be used in the corrosion and odor control pretreatment program, plus less use of sodium hypochlorite for disinfection. Lower than budgeted spending of \$554,000 in

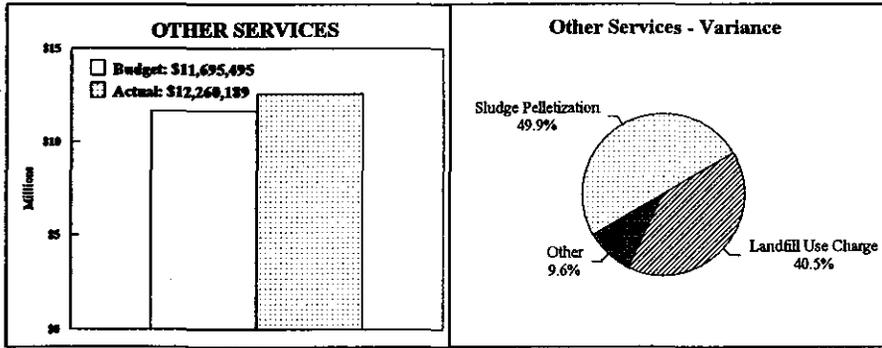
Waterworks continued for soda ash and carbon dioxide as pH and alkalinity levels at the Interim Corrosion Control facility are refined, requiring lower levels than budgeted.

Spending over budgeted amounts for **Utilities** is growing, especially for diesel fuel as well as for electricity. The variance is now \$1.8 million or 21% over the \$8.5 million budgeted for the year to date. The delay in the startup of the steam turbine generators in the thermal facility at Deer Island has resulted in \$531,000 in greater than budgeted spending in January alone. While some of the overspending is due to increased boiler testing, which

will be chargeable in part to the capital budget, the variance is expected to continue to grow through the rest of the fiscal year. Electricity expense is now \$1.0 million greater than budgeted and has been over budget for much of the year to date. Unusually heavy rains, higher than average flows, pump testing, and the availability of increased pumping capacity have pushed power usage at Deer Island to higher than budgeted levels.



Spending on *Professional Services* is \$641,000 or 17% greater than the \$3.7 million budgeted for the year to date. Two-thirds of the variance is in Sewerage, primarily due to Deer Island underspending for BECo services and training related to the delayed thermal/power plant, and continued underspending for Harbor Studies lab and testing services. Support Services spending was \$136,000 less than budgeted, primarily due to later than planned spending for an energy consultant and deferred non-technical and technical training programs (now planned for the spring).



*Other Services* expenses were \$925,000 or 8% greater than budgeted. Spending on pelletizing operations and disposal of problem sludge cake from the Nut Island plant have resulted in \$836,000 of over budgeted spending for the year to date. Also contributing to the higher spending for pelletizing operations is a shift in the startup schedule for secondary treatment facilities, resulting in later than planned

digester seeding (a process which results in a temporary reduction in sludge and pellet production). Continued delay in scheduled startup of secondary treatment (beyond the digester seeding period) will reduce the over budget variance due to the less than planned quantities of sludge produced.

**Indirect Expenses** came to \$108.7 million for the year to date, \$1.9 million or 1.6% below the \$110.5 million budgeted. **Capital Financing** expenses were \$1.99 million less than budgeted due to the delay of SRF borrowing that had been scheduled for November. **Insurance** expenses were \$309,000 less than budgeted due primarily to continuing settlement of claims for less than reserved amounts and differences in the timing of premium payments and the budget spread. Accruals for **BECo payments** were \$393,000 more than budgeted, due to accruals pending settlement of negotiations with BECo over contract terms.

