



# STATUS OF MWRA BUDGETS

## *Through October 1997*

---

### Focus on the FY98 Current Expense Budget

For the *first third of the fiscal year*, spending came to \$136.0 million or 2.8% below the \$139.95 million budgeted for the period. **Direct expenses** reached \$53.8 million or 6.6% below the \$57.6 million budgeted. **Indirect Expense** accruals were \$82.2 million, within 0.1% of the \$82.3 million budgeted for the first four months of the fiscal year.

For the *month of October*, spending was \$33.4 million or 2.1% below the nearly \$34.2 million budgeted. **Direct expense** spending was nearly \$13.0 million or 7% below the \$13.9 million budgeted. **Indirect expense** accruals were nearly \$20.5 million, or 1.2% above the \$20.2 million budgeted for the month. The difference is due primarily to **Insurance** expense, under which accruals for premiums expense was nearly four times the \$65,000 budgeted. The accruals had been anticipated earlier in the fiscal year, and spending for the year to date is now \$456,764 or 7.5% under the amount budgeted. Also below budgeted amounts are accruals for the **BECo payment** (a variance of \$170,000 or 6.4%) in part due to MWRA's settlement with BECo on lower O&M charges for calendar year 1997.

Spending on **Wages and Salaries** through the month of October reached \$26.4 million, 3.3% or \$927,000 below the \$27.3 million budgeted. Spending during October was \$6.3 million or 1.6% below the budgeted amount. Filled positions number 1722 with 167 positions vacant. The total number of authorized positions is now 1889 with a net of 6 positions eliminated since June (including one in the past month). The FY98 year-end target is 1,873 positions, 16 positions below the present number, continuing a three-year decline in the number of filled and authorized positions.

**Overtime** spending through the first third of the year was \$1.56 million or 15% over the \$1.36 million budgeted. Most of the overspending is in the Transport and North/South Wastewater treatment departments, due in part to secondary startup. Year to date spending is less than the \$1.8 million spent for the same period a year ago (when extreme wet weather conditions in October 1996 pushed spending well over the budget), and the budgeted amount for the year to date is also below last year's \$1.37 million. October spending decline, and at \$299,437 is within 7.9% of the \$277,464 budgeted.

Credits of \$152,788 during October for **Workers' Compensation** expense brought year to date accruals to \$242,500 or 42% below the amount budgeted. The Authority adjusted the reserve amounts exceeding \$250,000 for claims consistent with the agency's liability limit.

Spending on **Chemicals** stood at \$3.6 million or 7.3% below the \$3.9 million budgeted. However, October spending was 9% or \$83,855 above the \$913,073 budgeted for the period, as spending of nearly \$450,000 on sodium hypochlorite at Deer Island was nearly double the amount budgeted for the month primarily due to greater than budgeted use for odor control. Also climbing was spending on sodium hydroxide: October accruals of \$70,383 was nearly four times the amount budgeted for the month.

Joseph E. Favaloro, Executive Director

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

Overspending on electricity-related expense closed in October as accruals of \$1.0 million were just over the budgeted amount. Accruals for the year to date are now 15% or \$582,000 over the budgeted amount of \$3.9 million. Over-budgeted accruals have been offset by less than budgeted spending for natural gas, diesel fuel, and sewer services (for return of sludge filtrate from the pelletizing plant). Overall *Utilities* spending of \$5.65 million is 8.3% below the \$6.16 million budgeted for the year to date.

*Maintenance* spending on a number of materials and services is 24% below the budgeted amount of \$4.1 million for the year to date. Spending of just over \$1.0 million in October was within 20% of the \$1.26 million budgeted for the month. Nearly \$230,000 of the under spending reflects delays in replacement of the regenerative thermal oxidizers (RTOs) at the pelletizing plant due to ongoing construction expanding the plant; another \$162,500 reflects delays in the Sewerage Transport Department's maintenance program. At the Deer Island and Nut Island treatment plants, \$330,000 of under spending, 21% below the budgeted amounts, reflects lower spending at Deer Island for computer maintenance and upgrades and the recent determination that planned maintenance of a Nut Island sedimentation tank is now unnecessary.

*Professional Services* spending is 22% or \$455,000 below the \$2.0 million budgeted for the first four months of the fiscal year. More than \$368,500 is related to lower than budgeted accruals for the Environmental Quality department due to delays in lab and testing services deliverables, and \$120,000 in less than budgeted spending in the Legal Division reflecting the settlement of a number of litigation cases.

Spending on *Other Services* came to \$7.4 million, or 7% below the \$7.98 million budgeted for the year to date. The \$544,800 variance is primarily due to a slower ramp up of secondary sludge production than assumed when the budget was set; less than budgeted spending for printing/duplicating of nearly \$87,000 also contributed to the variance. However, spending on pelletizing expense is closing, with October accruals within 7.7% of the budgeted amounts as compared to the 10% below accruals for the year to date.

