



STATUS OF MWRA BUDGETS

FY1997 Second Quarter Update (through December 1996)

FY97 Capital Improvement Program

Accrued spending through December came to \$190.3 million or 13.7% below the \$220.6 million budgeted for the period. Accruals for the month came to \$27.9 million or 19% below the \$34.4 million budgeted, despite the \$2.1 million in greater than budgeted accruals for the Boston Harbor Project. Accruals for the second quarter, at \$87.7 million, is the lowest quarterly spending in more than four years.

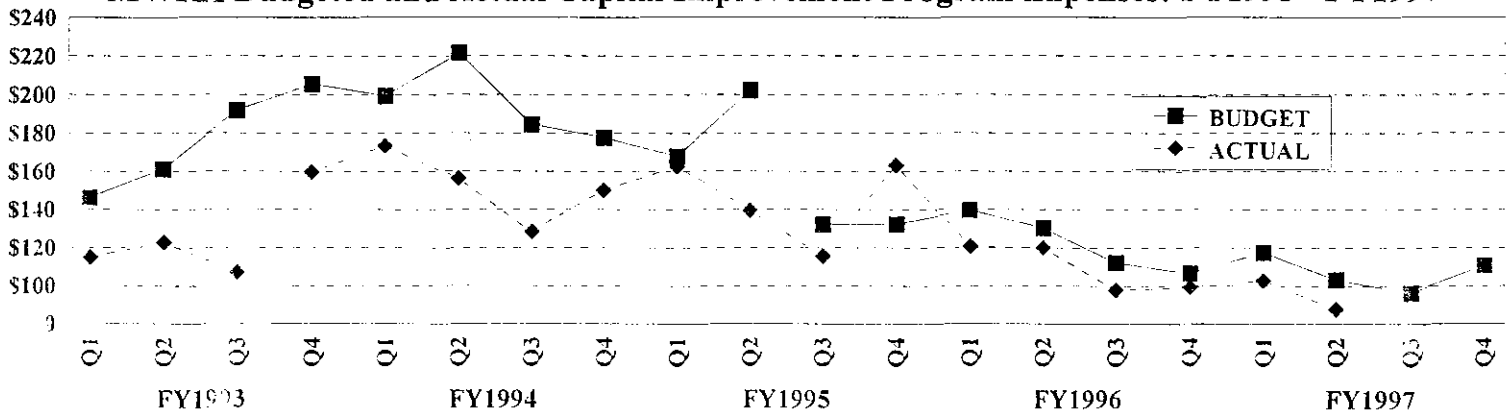
Spending on the *Boston Harbor Project* came to \$130.3 million, or 68% of all capital spending for the year to date (as compared to 85% of capital spending during FY96), and \$5.7 million or 4% below the amount budgeted for the project for the year to date. Accruals for December were \$22.5 million, 10% above the \$20.4 million budgeted. Accruals in December for the Inter-Island Tunnel were \$2.7 million greater than the budgeted amount, reflecting approval in November of four change orders totaling over \$2.6 million to cover additional costs associated with excess water and unexpectedly soft ground conditions during tunnel drilling and lining. Spending is also greater than planned for the secondary clarifier and residuals facilities, reflecting the slower pace of construction during FY96 and continuing work in recent months to bring the secondary facilities on line.

Spending on *Waterworks projects* is now 18% of the six month accruals as compared to 9% at the close of FY96. Of the nearly \$35 million accrued for the year to date, \$19.7 million or 56% has been for the MetroWest Water Supply Tunnel. Other active Waterworks projects are Spot Pond Pump Station Rehabilitation (\$5.55 million); Southern Service Improvements (\$2.5 million); Lexington Street Pump Station Rehabilitation (\$1.7 million); and Sluice Gate Rehabilitation (\$1.4 million).

Other important *Wastewater projects* are the CSO Control Program (\$5.4 million); Residuals Management Program (\$8.4 million; the variance has grown to 35% with the delay in the award of Phase III construction); the Framingham Extension Relief Sewer project (\$6.2 million, with a 54% variance primarily due to delays in the pump station project); and design work for the Braintree-Weymouth Relief Facilities project (\$1.2 million).

As of the end of December, the **Construction Fund balance** stood at \$130.7 million. The fund increased by \$31.4 million, including \$30 million from the commercial paper program. Disbursements came to \$29.5 million, much of which (\$25.9 million) was to support the wastewater program (including the Boston Harbor Project).

MWRA Budgeted and Actual Capital Improvement Program Expenses: FY1993 - FY1997



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FY97 Current Expense Budget

Accrued spending through December reached \$176.7 million, less than 1% below the \$178.2 million budgeted for the period, the smallest midyear variance in several years. Direct Expenses were just \$0.33 million or 0.3% below the amount budgeted for the period, while Indirect Expenses were \$1.17 million or 1.2% below the amount budgeted, for a total variance of \$1.5 million.

Direct Expenses came to \$83.3 million for the six-month period. Just under 57% of all direct expense spending continues to be for *labor-related costs* (Wages and Salaries, Overtime, and Fringe Benefits). Filled positions number 1,768 with 127 positions vacant. The total number of authorized positions is still 1,895 reflecting the elimination of a net of 14 positions (29 positions eliminated and 17 added) as of the start of the fiscal year in July.

Nearly 57% of all direct expenses continues to be for *Sewerage Division operations*. Just over \$29 million, or 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*. Spending on pelletizing operations and disposal of problem sludge cake from the Nut Island plant have resulted in more than \$1.1 million of over budgeted spending in the first six months of the fiscal year. Also contributing to the higher spending 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).

Spending on *Overtime* is nearly 30% or \$600,000 above the amount budgeted for the six-month period. Contributing to the greater than planned spending are the dramatic rains of October, which, when added to the already saturated conditions from September's storms, resulted in severe surcharging throughout the system and round-the-clock activity for a number of Sewerage Division personnel. For the Waterworks Division, increased water quality sampling and delays in completing construction of the interim corrosion control facility have led to increased Overtime spending.

On the other hand, accrued spending for *Chemicals* is \$1.3 million or 21% below budgeted amounts, primarily in the Sewerage Division. Much of the variance is due to less than planned spending for chemicals testing at Deer Island and lower than expected use of sodium hypochlorite, also at Deer Island. The extreme wet weather conditions of the late fall have resulted in increased monthly spending on sodium hypochlorite and chlorine, closing the variance somewhat from the 26% of the first quarter.

Nearly matching the Chemicals underspending is more than \$1.2 million in greater than budgeted spending for *Utilities*. Most of this spending is at the Deer Island plant, where electricity costs are nearly 40% over budget for the year to date, and 140% over budgeted amounts for December alone, due in part to pump testing at Deer Island. Spending for diesel fuel was \$588,000 as compared to the \$70,000 budgeted for the month, partially the result of use of the fuel associated with testing at Deer Island.

Indirect Expenses came to \$93.4 million, within 1% of the \$94.6 million budgeted for the period. Spending for *debt service payments* was \$78.2 million, 1.6% below the \$79.5 million budgeted for the year to date. Spending on *Insurance premiums, claims, and fees* total \$335,730 or 37% below the \$537,800 budgeted. Accruals for the capacity charge for electricity provided by a subsidiary of the Boston Electric Company have been \$4.4 million or 10% above the amount budgeted for the period; payments are under discussion.

MWRA Budgeted and Actual Current Expenses: FY1993 - FY1997

