



STATUS OF MWRA BUDGETS

FY1998 First Quarter Update (Through September 1997)

FY98 Current Expense Budget

Accrued spending through September 1997 reached \$102.6 million, 3% below the \$105.8 million budgeted for the quarter. Direct expenses were \$2.9 million or 6.5% below the amount budgeted for the period, while Indirect Expenses were \$0.3 million or 0.5% below the nearly \$62.1 million budgeted.

Direct Expenses came to \$40.8 million for the three month period (exactly the same as the spending for the first quarter of FY97). Nearly 59% of direct expense spending continues to be for *labor-related costs*. Filled positions number 1,734 with 156 positions vacant. The total number of authorized positions is 1,890 (five fewer than as of the end of FY97); the Authority anticipates ending this fiscal year at 1,873 authorized positions, continuing a slow three-year decline in the number of filled and authorized positions.

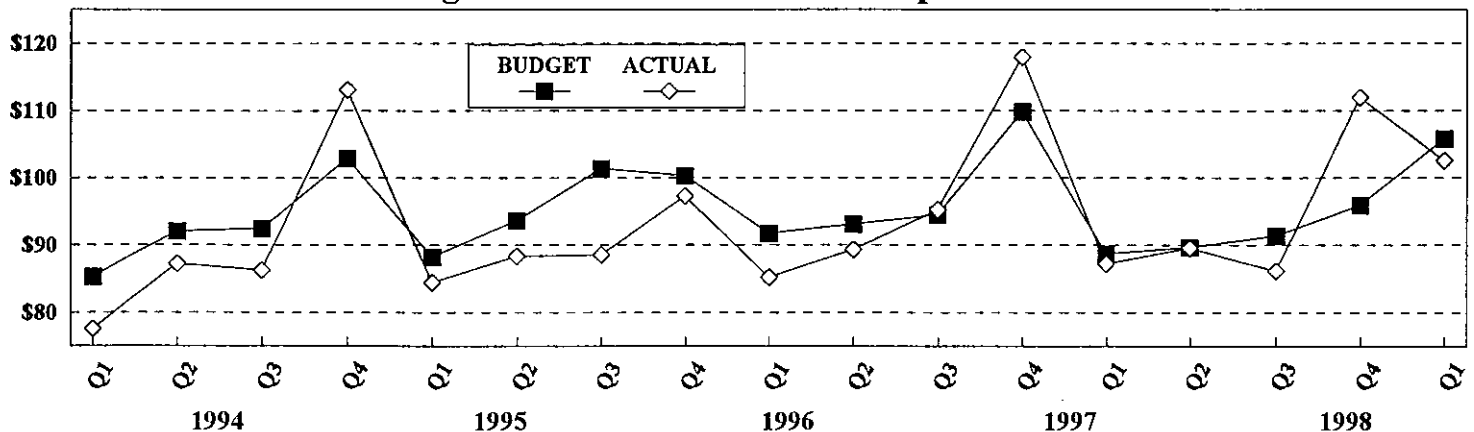
Nearly 56% of all direct expense spending continues to be for *Sewerage Division operations*. Nearly \$14.6 million or 36% of all direct spending for the year to date is for the costs associated with the *Deer Island and Nut Island treatment facilities and the Residuals program* including the pelletizing operations at Fore River. Spending on pellet plant operations and maintenance is \$1.1 million (or 20%) below the amount budgeted for the quarter due to slower than anticipated ramp up of secondary sludge production and to ongoing construction at the plant. However, this variance is already closing, as production picked up in September. At Deer Island, electricity expense is \$619,000 (48%) more than budgeted, primarily due to lower credits relating to combustion turbine generator use, pending negotiations with BECo. On the other hand, spending on diesel fuel at Deer Island is \$470,000 below budgeted amounts due to delays in the completion of the thermal plant.

Overtime spending is \$185,000 (17%) greater than budgeted for the quarter, primarily in the Transport and Deer Island departments. The gap, however, has been closing and much of the variance may have been due to how the budgeted expenses were spread over the summer months.

Chemicals spending in the Waterworks Division is \$204,000 under budget for the quarter primarily because raising the pH at the interim corrosion control facility has required less chemicals than the engineering estimates on which the budget was based. Spending on *Workers' Compensation* was \$77,000 (or 42%) greater than budgeted due to an increased number of claims filed.

Indirect Expenses came to \$61.7 million, just under the \$62.1 million budgeted for the quarter. The variance was due primarily to lower than budgeted spending for *Insurance* premiums, claims, and fees; accruals were \$240,000 or 60% below the amount budgeted both for premiums and claims payments. Accruals for *Capital Financing* expenses were \$52.6 million, the budgeted amount; first quarter spending on capital financing was more than one-third higher than the \$38.5 million of just a year ago.

MWRA Budgeted and Actual Current Expenses: FY1994 - FY1998



FY98 Capital Improvement Program

Accrued spending through September 1997 came to \$100.4 million, or 19% below the \$124.7 million budgeted for the period. Accruals for the month were \$33.3 million, nearly 20% below the \$41.6 million budgeted.

Spending on the *Boston Harbor Project* came to \$53.5 million, or 53% of all capital spending for the fiscal year to date (as compared to 67% for the first quarter of FY97, and 85% of all capital spending during FY96). Spending for the first quarter was \$13.9 million or 21% below the \$67.4 million budgeted for the Boston Harbor Project for the year to date. Accruals for September were \$16.3 million, 27% below the \$22.5 million budgeted for the month.

Much of the quarter's spending has been related to secondary construction and the corrosion control program. More than one-fifth of all spending for the quarter, \$11.5 million, was for Secondary Battery C. Spending on the corrosion control program, including lining and coatings work in the inter-island tunnel and at the Nut Island Headworks, was over \$13.3 million. Expenses for the effluent outfall tunnel and related tunnel muck removal were \$3.56 million. Construction management services costs for the quarter were \$6.8 million.

Other significant *Wastewater* project spending was for the *Framingham Extension Relief Sewer project*, \$4.5 million; the *Braintree-Weymouth Relief Facilities project*, where work on the Mill Cove project is being conducted this fall, at \$2.0 million; and the *North Metropolitan Trunk Sewer project*, \$1.47 million.

Spending on *Waterworks* projects continues to increase and is now 31% of the first quarter accruals, as compared to just under 20% at the end of the first quarter a year ago and 9% at the close of FY96. Of the nearly \$31 million in spending, \$18.2 million (nearly 60% of all Waterworks spending) is for the *MetroWest Water Supply Tunnel project*. (Thus far, spending on the MetroWest project since its inception has been nearly \$112 million.) Other significant spending during the first quarter was for *Drinking Water Quality Improvements at the Wachusett Reservoir*, \$2.7 million; *Spot Pond Pump Station Rehabilitation*, \$3.0 million; and disbursements under the *Local Water Infrastructure Rehabilitation loan program*, \$5.4 million.

As of the end of September, the **Construction Fund balance** stood at \$146.95 million. Federal and State grant and SRF proceeds have added \$69.8 million to the fund for the year to date; no funds were borrowed through the commercial paper program for the first quarter. Spending, on a cash basis, came to \$30.8 million for the month and \$104.3 million for the fiscal year to date.

MWRA Budgeted and Actual Capital Improvement Program Expenses: FY1994 - FY1998

