



STATUS OF MWRA BUDGETS

through October 1998

Focus on the FY99 Current Expense Budget

For the first third of the fiscal year, spending came to \$147.2 million or just over \$3 million (2.1%) greater than the \$144.1 million budgeted for the period. **Direct Expense** spending reached \$59.2 million or 4% over the \$56.85 million budgeted. **Indirect Expense** accruals were \$88.0 million, or nearly 1% over the \$87.3 million budgeted for the first four months of the fiscal year.

For the month of October, spending was \$36.3 million or 3.2% above the nearly \$35.15 million budgeted. Direct Expense spending was \$14.47 million or 6.4% over the \$13.6 million budgeted. Indirect Expense accruals were \$21.8 million, or 1.1% above the \$21.6 million budgeted for the month.

Spending on *Wages and Salaries* through the month of October was \$26.4 million or 1.6% below the \$26.9 million budgeted for the period (and the same level at this time a year ago). Filled positions number 1,703 with 146 positions vacant. The total number of authorized positions is now 1,849 (including 3 in the Retirement Program), as compared to 1,907 at the end of FY97.

Overtime spending through the first third of the year was \$1.43 million or 17% over the \$1.2 million budgeted (but \$130,000 lower than at this time a year ago). Most of the greater than budgeted spending is in the Transport Department, due in part to transfer of south system flows and the operation of the new Nut Island Headworks facility, and in Waterworks Operations, related to Cambridge coming on line during the first quarter. In the Central Support Department, Overtime expense has been more than twice the amount budgeted for the period, and in the Engineering and Construction Division, greater than budgeted spending is expected to be offset by lower levels of spending during the winter months.

Spending on *Chemicals* came to \$3.3 million or 7.5% below the \$3.6 million budgeted. Lower than budgeted spending is due almost entirely to less than expected use of sodium hypochlorite: spending for the year to date was 25% below the amount budgeted and was related to the initiation of the dilution process during the summer months and to provision of secondary treatment (which requires less sodium hypochlorite) to more flow than anticipated. Partially offsetting the under budget spending was overspending for soda ash related to increasing alkalinity and pH levels to better control the leaching of lead into drinking water, and higher than budgeted spending for polymer, used to dewater sludge.

Overall *Utilities* spending was \$7.5 million, nearly 12% over the \$6.7 million budgeted for the period. Even though electricity expense was \$570,000 below the \$5.15 million budgeted, greater than budgeted spending for water and sewer services at the Fore River pelletizing plant more than offset the lower electricity spending. Overspending on diesel fuel was related to the use of the steam turbine generator (STG) to generate heat for the Deer Island facilities until the thermal plant becomes fully operational and uses methane gas produced in the digesters.

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Maintenance spending reached \$5.2 million, or \$422,600 greater than budgeted, primarily due to residual processing maintenance which had been planned to have been completed during FY98.

Professional Services spending totaled \$1.9 million, nearly \$120,000 greater than budgeted. Overspending is due to extension of the BECo service contract for CTG and STG equipment which was extended into FY99 due to delays in starting up the thermal plant. Additional overspending in the Transport Department is due to the hiring of engineering services to analyze odor and corrosion problems in the Framingham Extension sewer.

Contributing the largest component of greater than budgeted spending through October, has been sludge processing related expense, under the category of **Other Services**. Sludge pelletization fees and the landfill use charge resulted in \$1.67 million of overspending for the period, the result of limited capacity at the Fore River plant to pelletize sludge inventories that built up do to the emptying of Deer Island digesters for equipment modifications, greater than budgeted sludge volumes, and the testing of upgraded dryer trains at the residuals plant. Landfilling excess sludge volumes is expected to continue through the second quarter.

Indirect Expenses were \$717,000 (or 0.8%) greater than budgeted: **capital financing expenses** were more than budgeted because the SRF issuance in July had a 20-year maturity rather than the budgeted 30-year maturity. Anticipated lower interest rates for the next borrowing, plus the potential for refunding existing debt and the recent SRF borrowing are expected to contribute to spending by year end that will be within budgeted amounts for the year. Also contributing to greater than budgeted Indirect Expense spending is **Pension Expense**, which for October was 26% above the budgeted amount.

