



STATUS OF MWRA BUDGETS

FY1998 Second Quarter Update (through December 1997)

FY98 Capital Improvement Program

Accrued spending through December 1997 came to \$221.6 million, or less than 8% below the \$240.5 million budgeted for the period. Accruals for the month were \$38.3 million, within 1% of the \$38.6 million budgeted.

Spending on the *Boston Harbor Project* came to \$112.7 million, or 50.8% of all capital spending for the fiscal year to date (as compared to 53% for the first quarter of FY98, 61% for all of FY97, and 85% for FY96). Accruals for December were \$16.15 million, 18% below the \$19.6 million budgeted for the month.

Much of the year-to-date spending continues to be for *secondary construction and the corrosion control program*. Nearly one quarter of all Boston Harbor Project spending for the year to date has been for construction of Secondary Battery C, at \$26.8 million. Spending on the corrosion control program, including lining and coatings work in the inter-island tunnel and at the Nut Island Headworks, was nearly \$22 million. Combined with ongoing work on Battery B and the secondary Residuals/Centrifuge complex, secondary construction and corrosion work accounts for 50% of the Boston Harbor Project spending for the first six months of FY98.

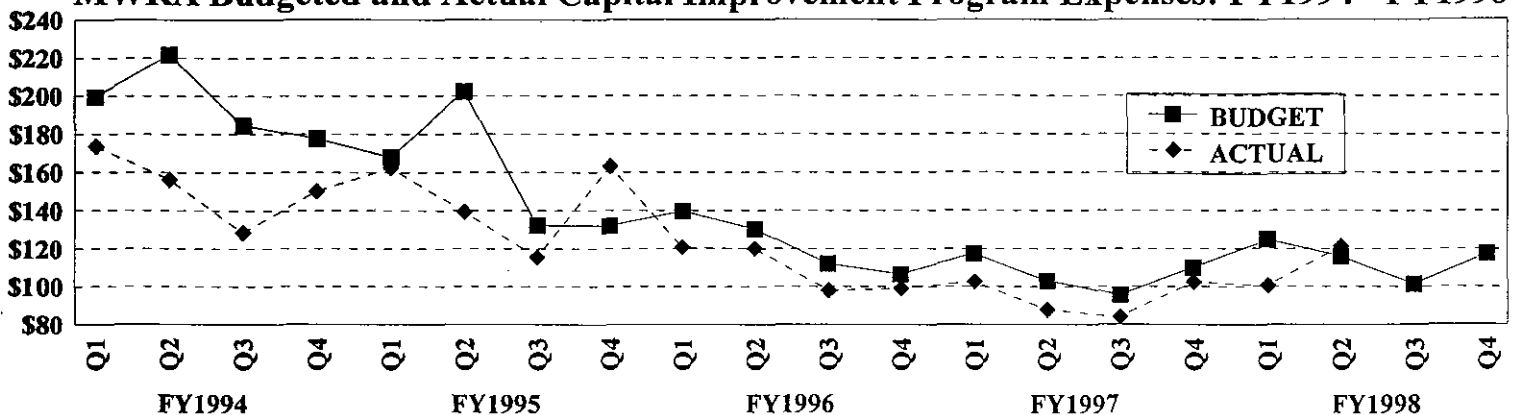
Other measurable spending on the Boston Harbor Project includes: \$2.95 million on Western Shoreline Protection; \$4.8 million on the outfall tunnel and related tunnel much removal; \$4.2 million for the Back-Up Power/Thermal facility; \$14.2 million for construction management and lead design engineering services; and \$4 million on bus and water transportation services.

Other significant *Wastewater* project spending for the year to date has been for the *Residuals/Pelletizing Plant expansion and improvements*, \$12.4 million; *Framingham Extension Relief Sewer project*, \$7.05 million; *CSO Control Program*, \$4.6 million; *Braintree-Weymouth Relief Facilities project*, \$4.5 million; and *North Metropolitan Trunk Sewer project*, \$3.4 million.

Spending on *Waterworks* projects continues to increase, and is now 33.6% of all capital spending for the year to date (as compared to 31% at the end of the first quarter, nearly 25% for FY97, and 9% for FY96). Of the \$74.4 million in spending, \$44.7 million (60% of all Waterworks spending for the year to date) is for the *MetroWest Water Supply Tunnel project*. (Spending on the MetroWest Tunnel projects since its inception now totals \$138.4 million.) Other significant spending during the first half of the fiscal year has been for the *Walnut Hill Treatment Plant design and related expenses*, \$5.4 million (the Authority has spent \$17.3 million on this project); *Drinking Water Quality Improvements at the Wachusett Reservoir*, \$3.2 million; *Fells Reservoir Covered Storage project*, \$4.1 million; and disbursements under the *Local Water Infrastructure Rehabilitation program*, \$8.7 million.

As of the end of December, the **Construction Fund balance** stood at \$59.75 million. Spending, on a cash basis, was \$47.97 million during December and \$235.1 million for the fiscal year to date. In January, the Authority sold \$310 million of 40-year revenue bonds at an average interest cost of 5.04%, the lowest since its first issue in 1990.

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



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FY98 Current Expense Budget

Accrued spending through December 1997 reached \$206.1 million, 2.2% below the \$210.8 million budgeted for the first half of the fiscal year. Direct Expenses were \$5.1 million or 5.7% below the \$87.7 million budgeted for the period, while Indirect Expenses were \$0.3 million over the \$123.1 million budgeted.

Direct Expenses were \$82.6 million for the six-month period, less than the \$83.3 million for the first six months of FY97. Nearly 58% of direct expense spending is for *labor-related costs*. Filled positions number 1,712 with 177 vacancies. The total number of authorized positions is presently 1,889; by the end of the fiscal year, the Authority will reduce the number to 1,873, 22 less than at the end of FY97.

Nearly 57% of all direct expense spending continues to be for the *Sewerage Division operations*. Just over \$29.75 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 \$1.65 million or 15% below the amount budgeted for the six month period due to slower than anticipated ramp up of secondary sludge production and to ongoing construction at the pelletizing plant. The variance has been closing during the last several months, as secondary sludge production has increased. At Deer Island, electricity expense is \$740,400 (22%) 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 \$681,100 below the amount budgeted, due to more limited use of the CTGs and to charge backs to the CIP for start-up testing.

Overtime spending is \$311,000 (or 15.8%) greater than budgeted, primarily in the Transport and Deer Island departments. The gap continues to close, however, and at least some of the variance may have been due to how the budgeted expenses were spread over the summer months.

Chemicals spending in the Waterworks Division continues to be well under budgeted amounts. Spending is now \$359,000 or 24% below budget 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.

Professional Services spending is now \$393,000 (or 12.3%) below the amounts budgeted, due to delays in harbor monitoring deliverables (\$135,000), deferred BECo services for the STGs at Deer Island (\$116,000), lower outside legal services expense in the Law Division (\$47,000), and lower outside lab services spending at the Central Lab at Deer Island (\$49,000).

Indirect Expenses came to \$123.45 million, just over the \$123.1 million budgeted for the six months. Accruals for capital financing expenses were \$104.86 million, \$634,400 over the \$104.23 million budgeted for the period. The greater than budgeted spending was partially offset by less than budgeted spending for Insurance expenses and for payments to BECo for the capacity and O&M charges relating to the under harbor cable which supplies electricity to Deer Island.

MWRA Budgeted and Actual Current Expenses: FY1994 - FY1998

