



STATUS OF MWRA BUDGETS

FY1999 Third Quarter Update (through March 1999)

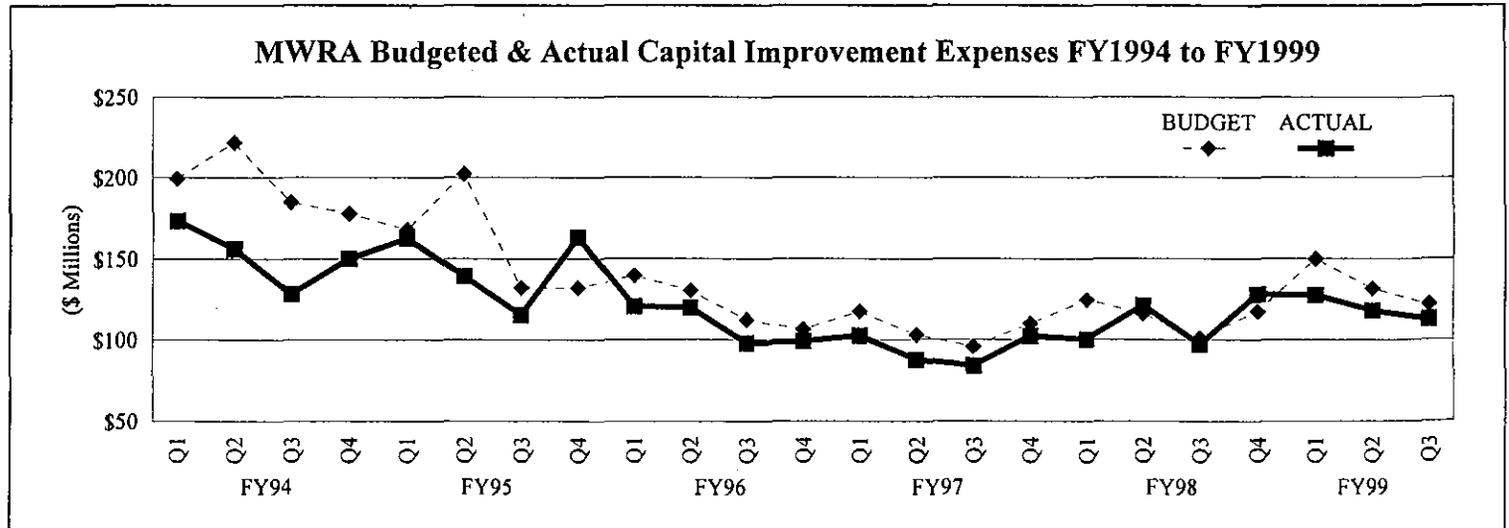
FY99 Capital Improvement Program

Accrued spending through March 1999 came to \$358.4 million or 11% below the \$403.3 million budgeted for the period. Accruals for the month totaled \$32.1 million, or 21% below the \$40.7 million budgeted.

Spending on the *Boston Harbor Project* reached \$150.15 million or 42% of all capital spending for the year to date (as compared to 49% at the same time a year ago, 61% for all of FY97, and 85% for all of FY96). Accruals for the month of March totaled \$13.3 million, within 1% of the \$13.4 million budgeted for the period. Much of the spending continues to be related to secondary construction and the corrosion control program: nearly 33% (\$48.4 million) of all Boston Harbor Project spending for the nine-month period was for *Secondary Battery C*. Another \$9.9 million was for continuing work on *corrosion control and concrete repair*. *Construction Management Services* costs were \$15.8 million (now 16% greater than the amount budgeted for the period). Other active contracts have been: *Western Shoreline Protection* (\$5.3 million); payments on the *Inter-Island Tunnel* (totaling \$6.9 million during FY99); continuing work on the *Nut Island Headworks* (\$10.7 million); and *Ancillary Modifications, Phase III* (\$12.2 million).

Other significant Wastewater project spending was for the *CSO Control Program* (\$11.3 million); *Infiltration/Inflow Local Financial Assistance Program* (\$1.7 million); *North Metropolitan Trunk Sewer project* (\$3.0 million); *Braintree-Weymouth Relief Facilities project* (\$1.9 million); *Residuals Expansion project* (\$1.8 million, as compared to the \$9.4 million budgeted for the period); and *Quincy Pump Facilities project* (\$3.0 million).

Spending on *Waterworks* projects reached \$182.15 million, 4.8% below the \$191.35 million budgeted for the period, and 51% of all capital spending for the year to date. Slower than budgeted spending of \$111.2 million on the *MetroWest Water Supply Tunnel Project* contributed to \$20.2 million of the \$44.9 million variance for the capital program for the year to date; a failed bearing on one of the tunnel boring machines has since been repaired, but delayed progress by several weeks. Other major project spending has been: \$17.8 million for the *Walnut Hill Water Treatment Plant* (\$7.6 million more than budgeted for the period); \$2.5 million for the *Watershed Protection Study*; \$4.6 million for *Fells Reservoir Covered Storage project*; and \$6.75 million for the *Nash Hill Covered Storage project*.



As of the end of March, the **Construction Fund Balance** stood at \$106.05 million. Spending during March (on a cash basis) was \$24.8 million for the four-week accounting period and \$384 million for the year to date. Receipts during March were just \$1.8 million, and reached \$357.3 million for the year to date including \$238.9 million in bond/commercial paper proceeds, \$66.7 million in SRF borrowings, and \$41.5 million in federal grant receipts. A borrowing of \$150 million is planned in May.

FY99 Current Expense Budget

Accruals through March 1999 reached \$311.8 million or 0.7% (\$2.2 million) greater than the \$309.6 million budgeted for the period. Direct Expenses totaled 2.5% above the \$130.7 million budgeted. Indirect Expense accruals reached \$177.8 million, within 0.6% of the \$178.9 million budgeted. Total nine-month spending is \$19.5 million greater than at the same period in FY98.

Direct Expense spending came to \$134 million for the year to date, \$3.3 million or 2.5% greater than the amount budgeted. Compared to the third quarter of FY98, nine-month spending is \$7.08 million greater than the \$126.9 million accrued for Direct Expenses at this time a year ago. Some 54% of all direct expense spending is for **labor-related costs** (Wages and Salaries, Overtime, Fringe Benefits and Workers' Compensation). Filled positions number 1,692 with 156 vacancies.

At \$75.1 million, **Sewerage Division** spending is 56% of all Direct Expense spending. Nearly \$50.4 million or 37.6% of all Direct Expense spending for the year to date is for the costs associated with the *Deer Island treatment facilities and the Residuals program*, including sludge processing at Fore River (a \$4.9 million increase over the same period in FY98). Spending on *pellet plant operations and maintenance* came to \$18.2 million, \$4.47 million or 32.5% greater than the amount budgeted. In finalizing the FY99 budget, the Authority assumed the low end of the range of sludge quantities that could be created during a full year of secondary operation. Even though greater than budgeted spending is now lower than in previous months, the Authority projects that residuals spending will be \$4.8 million greater than budget by June 30, and has submitted to the Advisory Board an amendment for review.

Overtime spending totaled \$2.92 million or 7.9% greater than budgeted. However, agency-wide spending for the month was nearly 10% below the amount budgeted.

Chemicals spending was \$7.2 million, or \$0.5 million below the amount budgeted. Much of the below budget spending continues to be the result of lower use of sodium hypochlorite at Deer Island, where more flow received secondary treatment than had been assumed; secondary treatment requires less sodium hypochlorite for disinfection than primary treatment.

Indirect Expenses came to \$177.8 million, or \$1.1 million below the \$178.9 million budgeted for the nine-month period. Almost all the variance, \$1.05 million, has been for **debt service**, the result of later than planned SRF borrowing and lower interest rates for new bonds and existing variable rate debt. Spending on debt service through March reached \$152.4 million, as compared to the \$138 million for the nine-month period in FY98. Also below budgeted amounts is **Insurance expense**, at nearly \$850,000, as compared to the \$900,000 budgeted for the year to date.

