



STATUS OF MWRA BUDGETS

FY1999 First Quarter Update (Through September 1998)

FY99 Current Expense Budget

Accrued spending through September 1998 reached \$110.9 million, or 1.6% over the \$109.1 million budgeted for the quarter. Direct Expenses were \$1.37 million or 3.1% above the \$43.33 million budgeted for the period, while Indirect Expenses were \$0.47 million or 0.7% above the \$65.7 million budgeted.

Direct Expenses came to \$44.7 million for the three month period. Just over 53% of direct spending is for *labor-related costs* (as compared to the 59% these expenses have been representing for several years). Filled positions number 1,704 (as compared to 1,734 at this time last year), with 145 positions vacant. The total number of authorized positions (including 3 in the Retirement Program) is 1,849 (41 fewer than at the end of the first quarter in FY98). The decline in the number of filled and authorized positions continues a pattern over the last three years.

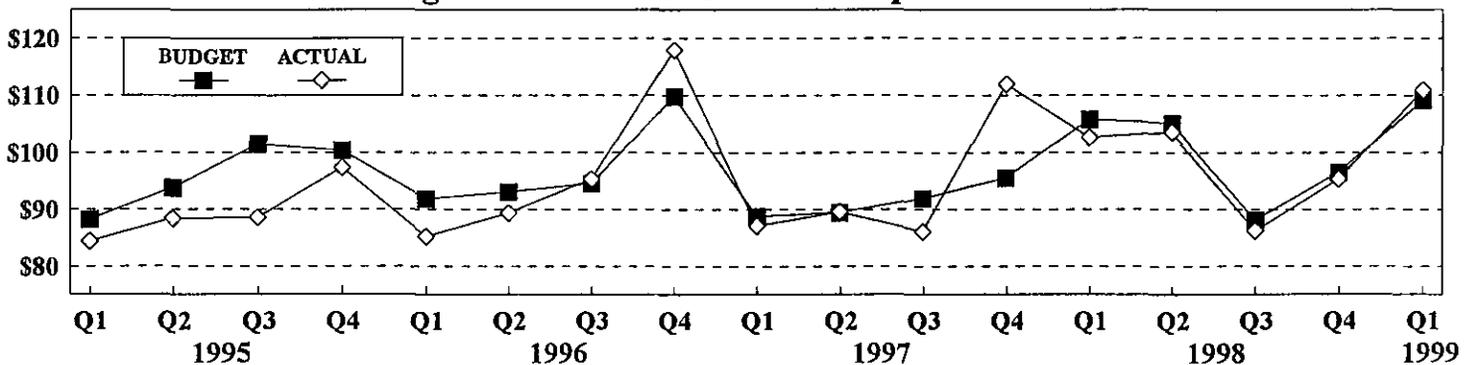
Just over 56% of all direct expense spending continues to be for *Sewerage Division* operations. Some \$17.2 million or 38% of all direct expense spending for the first quarter is for the costs associated with the *Deer Island treatment plant* (the Nut Island treatment plant ceased operations in July, with the transfer of flows to Deer Island for treatment) and the *Residuals program*, including the pelletizing operations at Fore River. Spending on pellet plant operations and maintenance is \$2.0 million or nearly 50% above the amount budgeted for the quarter, due to higher quantities of sludge (as well as production and disposal costs of sludge cake) than assumed in the budgeted amounts. Nearly one-third of the program's budget has been accrued during the first quarter of the year. The Authority anticipates the pace of greater than budgeted spending will slow, but the gap between budgeted and actual spending will bear watching.

Overtime spending is \$134,513 or 14% greater than budgeted, primarily in the Transport and Waterworks Operations departments. Overspending in Transport is related to the startup of the Nut Island Headworks, and higher than anticipated vacation usage during July and August. In Waterworks Operations, greater than budgeted spending is related to bringing the Cambridge system online, and to shift coverage.

Chemicals spending is \$225,000 or 8% below budgeted amounts primarily due to less than anticipated use of sodium hypochlorite: secondary treatment (which requires less chemical for disinfection) was provided to more flow than previously assumed. **Utilities** spending at Deer Island was nearly \$282,000 greater than budgeted, reflecting greater than budgeted use of diesel fuel to generate heat for the Deer Island plant until the thermal plant is fully operational. Spending was somewhat offset by greater than anticipated use of the CTGs and earlier than planned accrual of credits relating to STG operation.

Indirect Expenses were \$466,175 or 0.7% greater than budgeted for the period. **Capital Financing** expenses were \$547,000 greater than budgeted because the SRF issuance in July had a 20-year maturity rather than the 30-year maturity assumed in the budget.

MWRA Budgeted and Actual Current Exepenses: FY1995 - FY1999



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FY99 Capital Improvement Program

Accrued spending through September 1998 came to \$127.6 million, or 14.6% below the \$149.5 million budgeted for the period. Accruals for the month were \$39.4 million, nearly 21% below the \$49.9 million budgeted.

Spending on the *Boston Harbor Project* came to \$51.9 million or 41% of all capital spending for the fiscal year to date (as compared to 53% for the first quarter of FY98, and 67% for the first quarter of FY97, and 85% of all capital spending during FY96). Spending for the first quarter was \$10.8 million (or 17%) below the \$62.7 million budgeted for the Boston Harbor Project for the year to date. Accruals for September were \$16.5 million, or 21% below the \$20.9 million budgeted for the month.

Much of the quarter's spending continues to be related to secondary construction and the corrosion control program. Nearly 38% (\$19.6 million) of all Boston Harbor Project spending for the quarter was for construction of *Secondary Battery C*. Another \$2.7 million was for continuing work on *corrosion control and concrete repair*. *Construction management services* costs for the quarter were \$5.3 million.

Other significant *Wastewater* project spending was for the *CSO project* (\$2.4 million); *North Metropolitan Trunk Sewer project* (\$1.16 million); *Braintree-Weymouth Relief Facilities design* (\$0.77 million); and the *Residuals expansion project* (\$0.6 million).

Spending on *Waterworks* projects continues to increase and, at nearly \$70 million for the quarter, is 55% of first quarter accruals, as compared to 31% at this time a year ago and 20% of FY97 first quarter spending. Nearly 57% of all Waterworks spending (\$39.6 million) is for the *MetroWest Water Supply Tunnel* project. (Thus far, spending on the MetroWest project since its inception has been \$226.2 million.) Other significant spending during the first quarter was for the *Nash Hill Covered Storage project* (\$5.1 million); *Walnut Hill Treatment Plant design* work (\$3.5 million); *Holden and West Boylston Sewers - Watershed Protection* (\$2.5 million); *Boston Low Service Pipe and Valve Rehabilitation* (\$2.4 million); and the *Fells Covered Storage project* (\$2.0 million).

As of the end of September, the Construction Fund balance stood at just below \$94 million. Federal grant and SRF proceeds have added \$56.3 million to the fund for the year to date; an additional \$40.2 million was borrowed through the Commercial Paper program. Spending, on a cash basis, came to \$42.2 million for the month, and \$137.7 for the fiscal year to date.

MWRA Budgeted and Actual Capital Improvement Program Expenses: FY1995 - FY1999

