



# STATUS OF MWRA BUDGETS

FY 1999 Second Quarter Update (through December 1998)

## FY99 Capital Improvement Program

Accrued spending through December 1998 came to \$245.45 million, \$35.8 million or 12.7% below the \$281.23 million (net of contingency fund allowances) budgeted for the period. Accruals for the month were \$41.5 million, or 5.4% below the \$43.9 million budgeted.

Spending on the *Boston Harbor Project* came to \$97.1 million, just under 40% of all capital spending for the fiscal year to date (as compared to 51% for the first half of FY98, 61% for all of FY97 and 85% of FY96). Spending for the first half of this year was \$18.8 million or 16.2% below the \$115.9 million budgeted for the Boston Harbor Project for the year to date. Accruals for the month of December were \$15.1 million, or 15% below the \$17.7 million budgeted for the month.

Much of the year-to-date spending continues to be related to secondary construction and the corrosion control program. More than 36% (\$35 million) of all Boston Harbor Project spending for the six-month period was for construction of *Secondary Battery C*. Another \$6.5 million was for continuing work on *corrosion control and concrete repair*. *Construction management services* costs for the six months were \$10.4 million.

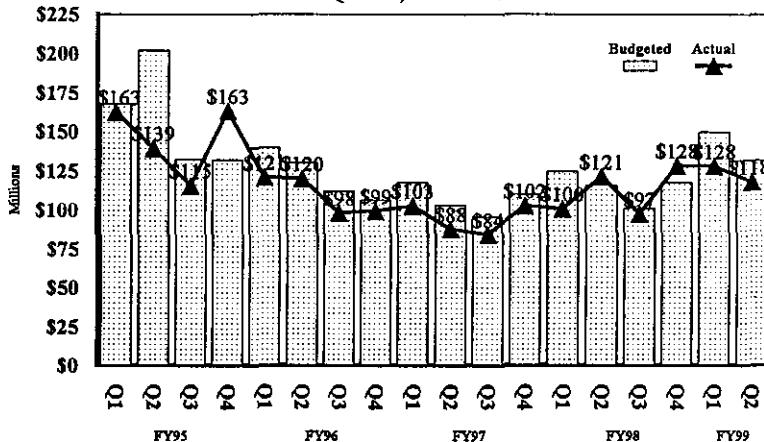
Other significant *Wastewater* project spending was for the CSO Program (\$8.2 million); *Infiltration/Inflow Local Financial Assistance Program* (\$2.65 million); *North Metropolitan Trunk Sewer project* (\$1.97 million); *Braintree-Weymouth Relief Facilities* (\$1.77 million); *Residuals Expansion project* (\$1.66 million); and *Quincy Pump Facilities project* (\$1.17 million).

Spending on *Waterworks* projects continues to increase and, at \$129.3 million for the year to date, is 53% of the six-month accruals. Nearly 60% of all FY99 Waterworks spending (\$77.5 million) is for the *MetroWest Water Supply Tunnel* project. (Total spending on the MetroWest project has been \$264 million.) Other significant spending during the first half of the year was for the *Walnut Hill Water Treatment Plant* design work (\$8 million); *Nash Hill Covered Storage Project* (\$6.6 million); *Boston Low Service Pipe and Valve Replacement* (\$5.2 million); *Weston Aqueduct Supply Main 4* (\$4.1 million); and the *Fells Reservoir Covered Storage project* (\$3.8 million).

## Construction Fund Balance

As of the end of December, the *Construction Fund Balance* stood at \$77 million. Spending during December (on a cash basis) was \$44.9 million for the four-week accounting period, and \$262.6 million for the fiscal year to date. Receipts during December totaled \$34.9 million. For the year to date, receipts have totaled \$205.8 million and include \$37.2 million in federal grant receipts, \$60.7 million in loans from the SRF, and \$100.5 million in borrowings through the Authority's commercial paper program. The Authority has just completed a refunding of \$200 million of outstanding debt, and has also borrowed \$195 million to support the ongoing costs of the Boston Harbor Project, the MetroWest Water Supply Tunnel, and other projects. The Authority reported that attractive market conditions and the use of floating-to-fixed rate swaps resulted in long-term debt service savings of \$27 million.

**MWRA Budgeted and Actual Capital Expenditures  
Per Quarter, FY1995-FY1999**



## FY99 Current Expense Budget

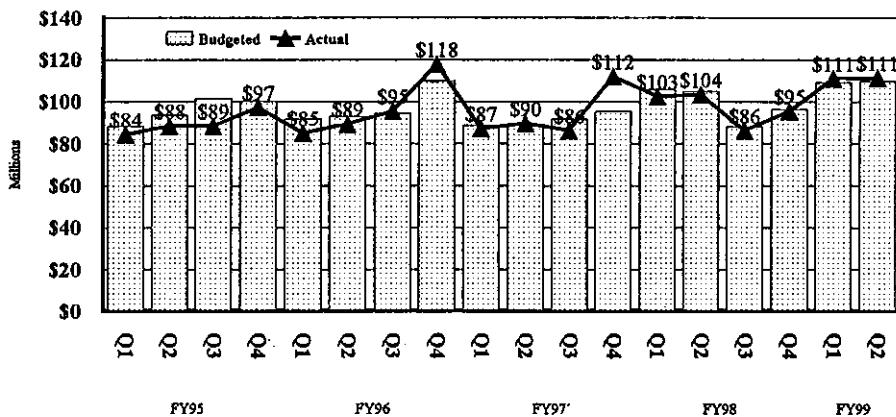
Accruals through December 1998 reached \$222.4 million, or 1.6% (\$3.6 million) greater than the \$218.8 million budgeted for the period. Direct Expenses were \$2.9 million, 3.3% above the \$86.5 million budgeted, while Indirect Expenses were \$0.67 million greater than the \$132.3 million budgeted. Total six-month spending is \$16.3 million greater than for the same period in FY98.

**Direct Expenses** came to \$89.45 million for the year to date, \$2.9 million or 3.3% greater than the amount budgeted. Compared to the second quarter of FY97, six month spending is \$6.85 million greater than the \$82.6 million for Direct Expenses at this time one year ago.

At 56% of all Direct Expenses, *Sewerage Division* operations continues to dominate the budget. Just over \$33.65 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 \$4.1 million increase over the same period for FY97).

Spending on pellet plant operations and maintenance came to \$12.4 million, \$4 million or nearly 50% greater than the amount budgeted. In finalizing the FY99 budget, the Authority assumed the low end of the range of sludge quantities that would be created during a full year of secondary operation. The Authority is in the process of reprojecting sludge quantities and spending for the second half of the fiscal year.

**MWRA Budgeted and Actual Current Expenses**  
Per Quarter, FY1995-FY1999

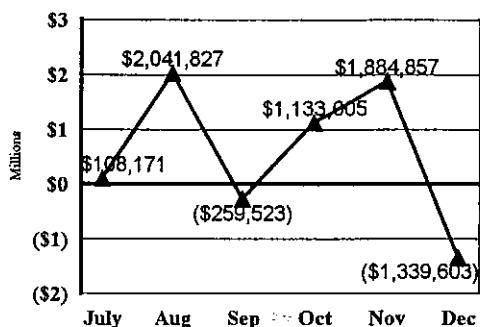


*Overtime* spending totaled \$2.05 million or \$217,400 (12%) greater than the amount budgeted. However, agency-wide spending for the month of December was 9% below the budgeted amounts.

*Chemicals* spending was \$4.7 million for the six-month period, nearly 10% below the \$5.25 million budgeted. Much of the below budget spending is 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.

**Indirect Expenses** came to \$132.9 million, or \$0.674 million more than the amount budgeted for the period; spending is \$9.8 million greater than the six month total one year ago. Accruals for *debt service* reached nearly \$116 million, \$11.1 million greater than for the same period a year ago, and \$752,000 greater than the amount budgeted for the year to date. The greater than budgeted spending was partially offset by less than budgeted spending for *Insurance* expense; but *Pension* expense was \$41,300 greater than budgeted. The Authority anticipates savings in the budgeted amounts for capital finance expense for the second half of the year; refunding and lower interest rates for the new borrowing in January will result in lower than budgeted spending in the coming months.

## **FY99 CEB Variance, By Month**



Just under 54%, or \$48.2 million, of all Direct Expense spending is for *labor-related costs* (including *Wages and Salaries, Overtime, Fringe Benefits, and Workers' Compensation*), as compared to nearly 58% as of this time a year ago. Filled positions number 1,703 with 144 vacancies (as compared to 1,712 filled positions and 177 vacancies as of the end of December 1997). The total number of authorized positions is 1,848 or 41 fewer than at this time one year ago.