



STATUS OF MWRA BUDGETS

Summary of FY00 CIP and CEB

FY00 Capital Improvement Program and Budget

Capital spending for the year just past totaled \$391.7 million, \$76.5 million lower than the \$468.2 million budgeted (net of contingency allowances), a variance of 16.3%. Lower or later than assumed spending on several key projects accounted for most of the variance: the *MetroWest Water Supply Tunnel*, the *Braintree-Weymouth shaft and tunnel*, *Residuals Facility* expansion, and several *CSO* contracts. Greater or faster than budgeted spending on the *Walnut Hill Water Treatment Plant* and the *Effluent Outfall Tunnel* partially offset the lower than budgeted spending for other capital projects. Not counting the \$20 million budgeted for a MWRA/Commonwealth revolving trust fund for water pipeline loans to MWRA communities, the capital budget variance was 13%. (In the absence of legislative approval for the trust, the MWRA will fund these loans through its tax-exempt commercial paper program beginning in FY01.)

FY00 Capital Improvement Program Expenditure Variances by Program Area Millions				
Program Area	FY00 Budget	FY00 Actual	Variance Amount	Variance Percent
Boston Harbor Project	\$133.3	\$140.1	\$6.8	5.1%
Wastewater System Improvements	100.1	59.2	(41.0)	(40.9%)
Waterworks System Improvements	229.4	188.3	(41.1)	(17.9%)
Business and Operations Support	5.4	4.1	(1.3)	(24.1%)
Total	\$468.2	\$391.7	(\$76.5)	(16.3%)

The construction fund balance as of the close of the year stood at \$140 million. FY01 capital spending (net of contingency allowances) is budgeted at \$456.8 million in FY01, with the first six months budgeted at \$223.5 million. A new borrowing of \$150 million is planned for the fall, followed by \$75-85 million to be borrowed from the SRF, and a \$200 million bond issue planned for the spring of 2001.

Joseph E. Favaloro, Executive Director

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FY00 Current Expense Budget

The Authority ended the year with expenses of \$418.7 million and revenue of \$434.9 million, for a surplus of \$16.1 million. The surplus amount is the sum of \$4.6 million in lower than budgeted spending, and \$11.5 million in greater than budgeted revenue, primarily from investment income. The \$16.1 million surplus is just \$2.1 million below the FY00 rate revenue increase of \$18.2 million. The Authority plans to transfer the surplus to the bond redemption fund for use in future years to ease rate increases.

FISCAL YEAR 2000 YEAR-END REVENUE AND EXPENSE SUMMARY CURRENT EXPENSE BUDGET				
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>%</u>
<u>Current Revenue & Income</u>				
Rate Revenue	\$363,691,906	\$363,691,906	\$0	0.0%
Other User Charges	11,635,000	12,576,207	941,207	8.1%
Other Revenue*	5,442,425	4,711,067	(731,358)	-13.4%
Rate Stabilization	3,700,000	3,700,000	0	0.0%
Interest Income (including SWAP)	<u>38,893,000</u>	<u>50,191,194</u>	<u>11,298,194</u>	<u>29.0%</u>
TOTAL REVENUE	\$423,362,331	\$434,870,374	\$11,508,043	2.7%
<u>Current Expenses</u>				
Wages & Salaries	\$87,791,174	\$89,053,107	\$1,261,933	1.4%
Overtime	3,379,941	3,442,937	62,996	1.9%
Fringe Benefits	9,835,743	9,951,353	115,610	1.2%
Workers' Compensation	1,046,606	1,642,205	595,599	56.9%
Chemicals	9,870,291	8,491,440	(1,378,851)	-14.0%
Energy and Utilities	21,013,295	20,562,493	(450,802)	-2.1%
Maintenance	16,469,157	16,152,230	(316,927)	-1.9%
Training & Meetings	533,870	454,757	(79,113)	-14.8%
Professional Services	6,288,074	5,486,351	(801,723)	-12.7%
Other Materials	5,860,604	5,264,493	(596,111)	-10.2%
Other Services	<u>23,451,401</u>	<u>22,816,817</u>	<u>(634,584)</u>	<u>-2.7%</u>
<i>Subtotal Direct Expenses</i>	\$185,540,156	\$183,318,183	(\$2,221,973)	-1.2%
Insurance	\$1,147,000	\$997,632	(\$149,368)	-13.0%
Watershed/PILOT Payments	18,781,000	17,829,381	(951,619)	-5.1%
Capital Financing	203,100,181	203,593,768	493,587	0.2%
BECo Payment	5,695,000	5,660,684	(34,316)	-0.6%
Mitigation	5,064,000	4,649,689	(414,311)	-8.2%
Additions to Reserves	1,360,000	0	(1,360,000)	-100.0%
Retirement Fund	<u>2,675,000</u>	<u>2,699,791</u>	<u>24,791</u>	<u>0.9%</u>
<i>Subtotal Indirect Expenses</i>	\$237,822,181	\$235,430,945	(\$2,391,236)	-1.0%
TOTAL CURRENT EXPENSES	\$423,362,337	\$418,749,128	(\$4,613,209)	-1.1%
TOTAL FY00 SURPLUS			(\$16,121,252)	-3.8%
*Other Revenue includes late charges, hydropower revenue, permit fees, fees, surcharges, penalties, payments from the Commonwealth, miscellaneous revenues, and profits from disposal of equipment.				

Direct Expenses totaled \$183.3 million, \$2.2 million (or 1.2%) below the \$185.5 million budgeted for the year. Direct Expense spending is 44% of the Current Expense Budget. Contributing to lower than budgeted spending were: \$1.4 million in lower *Chemicals* spending (due to reduced sludge quantities, less than budgeted use of water treatment chemicals, and lower quantities used for treatment and odor control at several wastewater facilities); lower *Electricity* spending of \$1.3 million (again due to lower sludge quantities, changes in sewerage treatment operating strategy, and fuel credits from Boston Edison); reduced *Lab and testing* spending of \$0.64 million (in part due to later than planned spending on harbor monitoring due to changes in outfall tunnel startup); and lower quantities and prices of \$0.27 million for *grit and screenings removal*. Lower sludge quantities resulted in reduced charges of \$1.7 million for sludge pelletization (under *Other Services*, were largely offset by greater than budgeted landfill use charges of \$1.6 million for landfilling some sludge cake due to construction delays at the pelletizing plant). Contributing to greater than budgeted spending were: *Wages and Salaries*, at \$1.3 million greater than budgeted; *Diesel Fuel* prices, resulting in spending of nearly \$0.9 million greater than budgeted; and additions to the *Workers' Compensation* claims reserve of \$0.6 million greater than budgeted.

Indirect Expenses totaled \$235.4 million or \$2.4 million below the \$237.8 million budgeted for the year. At 49% (or \$203.6 million) of all Current Expense spending, the largest category of spending is *Capital Financing* (within \$0.5 million of the \$203.1 million budgeted). Lower than budgeted spending for *insurance*, *MDC Watershed Division*, and reduced *insurance reserve deposit* requirements contributed to the Indirect Expense surplus.



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