



# STATUS OF MWRA BUDGETS

*FY2001 Update (through January 2001)*

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## Focus on the FY2001 Current Expense Budget

For the seven months through January 2001, current expense spending came to \$244.2 million or \$7.9 million (3.1%) below the \$252.1 million budgeted for the period. **Direct Expense** spending accounted for most of the lower than budgeted spending: \$7.0 million (6.4%) below the \$110.0 million budgeted. **Indirect Expense** accruals were \$141.15 million, \$0.9 million (0.6%) below the \$142.06 million budgeted. Spending for both direct and indirect expense categories was lower than for the same period a year ago. All current expense spending for the year to date was \$5.2 million less than for the same period a year ago.

For the month of January, spending was \$31.3 million, \$1.54 million (4.7%) below the \$32.85 million budgeted. Direct Expense spending was \$13.3 million, \$1.27 million (8.7%) below the \$14.56 million budgeted. Indirect Expense accruals were \$18.01 million, \$0.276 million below the \$18.29 million budgeted for the period. The variance rates for both direct and indirect expenses grew during January, suggesting that the variances for the year to date will continue as the year advances. The Authority projected in January that year-end spending will be \$12.1 million below budgeted amounts.

Contributing to the below budget variance have been lower spending for residuals processing at the Fore River pelletizing facility, reduced maintenance related spending, lower wages and salaries costs, and lower chemicals and utilities spending.

At \$2.37 million below budgeted amounts, **Maintenance** spending accounts for the largest variance for the year to date. The Authority reports that \$1.0 million of the underspending is due to lower spending at Deer Island for service contracts. Underspending of \$0.323 million at the pelletizing plant, primarily for the plant and machinery materials category. Savings for metering equipment maintenance as well as delays for some equipment and materials purchases account for over \$0.6 million in lower spending in the Transport Department. Underspending for maintenance materials came to \$0.264 million, resulting from inventory drawdown. Underspending for Waterworks Operations of \$0.137 million is due to differences between spending and budget spread assumptions, and will close by the end of the year.

The second largest variance for the year to date is for **Personnel related costs**: \$2.9 million for lower than budgeted spending on Wages and Salaries, Overtime, Fringe Benefits, and Workers' Compensation. Overtime spending is running more than 10% below budgeted amounts. January spending for all personnel related costs is 8.7% below budget, as compared to the 4.8% for the year to date, suggesting that year-end variances will grow. Staffing levels as of the end of January fell to 1,563, the lowest in several years, and are expected to continue to decline.

Joseph E. Favaloro, Executive Director

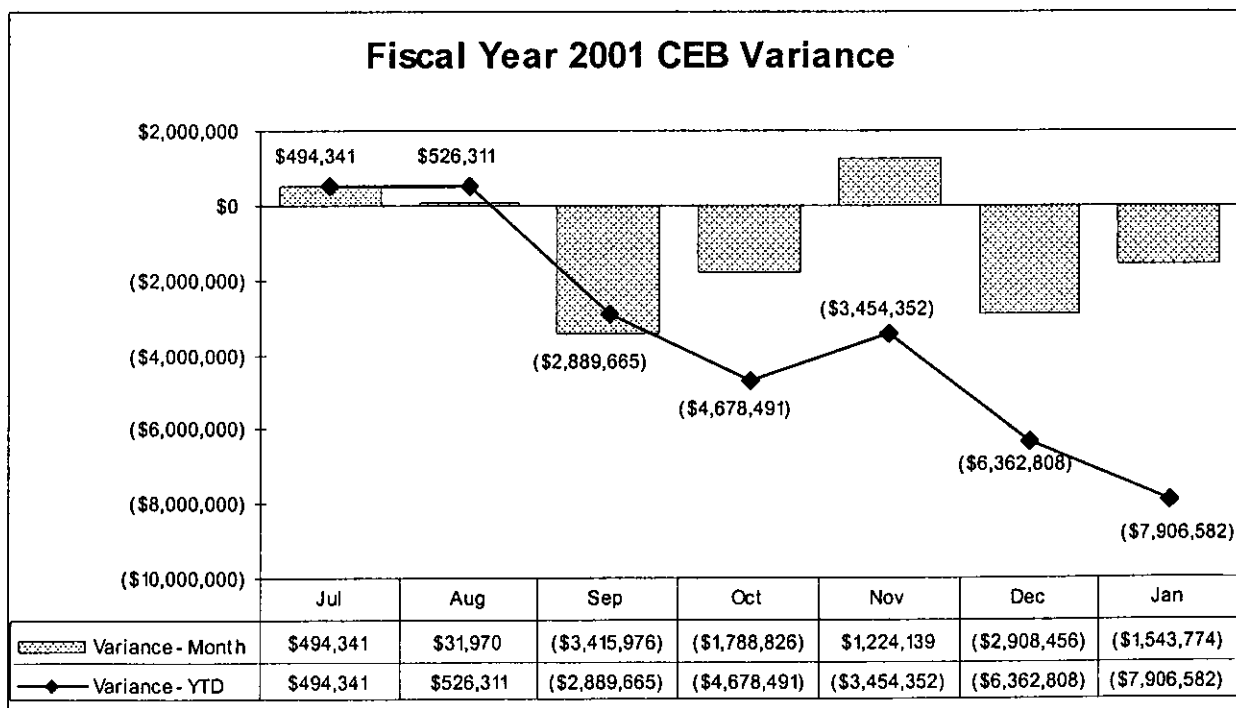
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Improvements in processing efficiencies at the Fore River pelletizing plant following installation of new processing equipment have translated into below budgeted spending for the **Residuals Department** for the year to date of \$1.25 million. (However, increased sludge quantities (more than 50% more than the December amounts) processed during January, as well as an increase over December in the amount of material landfilled, have resulted in spending at the budgeted levels for the month, with no increase in the year to date variance.) Measurable reductions in monthly accruals should show in the March variance report, reflecting the start of the new contract period for processing services, as well as improving efficiencies resulting from the installation of the new processing equipment.

**Utilities** spending is now 4.9% or \$0.61 million below budgeted amounts. However, increasing prices for electricity is expected to close this variance in the coming months. **Chemicals** spending is \$0.45 million below the budgeted amounts, primarily due to less than budgeted dosages of soda ash for corrosion control (in the Waterworks Operations Department) and reduced pricing for sodium hypochlorite at Deer Island.

**Indirect Expenses** totaled \$141.15 million for the year to date, 0.6% or \$0.9 million below the \$142.06 million budgeted. The largest component of this category is **debt service**, which came to \$121.8 million or \$0.35 million below the \$122.1 million budgeted. Lower than budgeted spending was also recorded for **insurance claims** (\$0.186 million), **HEEC agreement expenses** (\$0.176 million), and **pension expense** (\$0.189 million).

**Revenue** through January was \$5.4 million or 2.1% greater than budgeted, due to higher than budgeted **investment income** (\$4.0 million more than the \$25.3 million budgeted), greater than budgeted **other user charges** (by \$1.3 million), and greater than budgeted **permit fee** and **hydropower revenues**.





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