



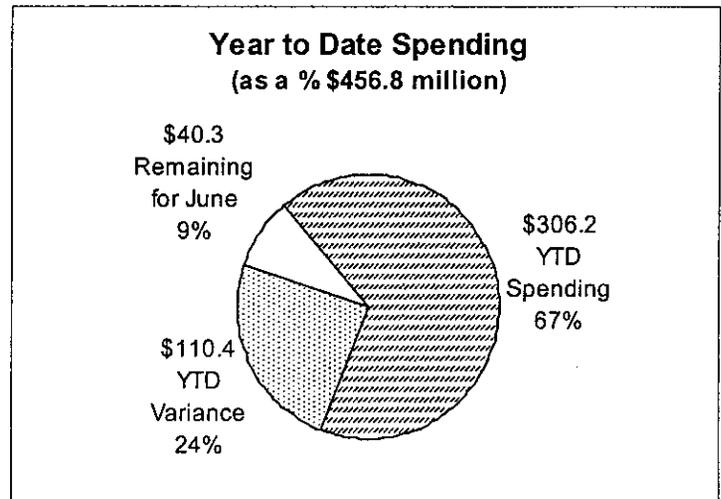
STATUS OF MWRA BUDGETS

FY2001 (through May 2001)

Focus on the FY 2001 Capital Improvement Program and Budget

Capital spending through May 2001 came to \$306.2 million, or 26% (\$110.4 million) below the \$416.6 million budgeted for the eleven-month period. Accruals for the month (a five-week accounting period) totaled \$38.6 million, or just 1% below the nearly \$39 million budgeted. Spending in June is projected to be close to the \$39 million budgeted for the third month of the quarter.

Slow progress on **Other Wastewater Projects** accounts for more than half of the \$110.4 million variance. Accruals of \$135.7 million are 31% (\$62.4 million) below the \$198.1 million budgeted for the year to date. Work on the *Braintree-Weymouth Relief Facilities project* had been slow through the winter, and with the later than budgeted award of the Intermediate Pump Station contract, spending for this group of contracts has been \$20.5 million below the \$48.5 million budgeted for the period. Spending has picked up measurably in the past two months.



Spending on the fifteen projects that currently make up the *CSO Control Program* totaled \$39.25 million, \$7.15 million below the \$46.4 million budgeted (even with \$5.0 million in greater than budgeted spending on the Chelsea CSO project).

While physical progress continues, reimbursements to Boston (for the Stony Brook project) and Cambridge (for sewer separation work relating to Alewife Brook water quality improvements) have been later than assumed in the capital budget.

Accruals for the *Residuals facility expansion project* at Fore River totaled \$5 million, just half the \$10 million budgeted for the year to date. A later start for two pump station contracts, part of the *Quincy Pump Station project*, accounts for \$3.1 million of the year to date variance. A later start and lower contract award account for lower spending of \$1.9 million for the *Framingham Extension Relief Sewer rehabilitation contract*. Slower spending on the *Deer Island Plant Optimization project* and the *Deer Island Facilities Asset Management Program* account for another \$3.7 million in later than budgeted spending.

Accruals for the **Boston Harbor Project** totaled \$54.7 million, \$14 million below the \$68.7 million budgeted for the year to date. However, \$6 million of the variance reflects credit payments for the Thermal/Power Plant design and construction contracts. Spending on the Boston Harbor Project has dropped to 18% of all capital spending. The most active contracts have been the outfall tunnel and related startup contracts, the final site completion contract, completion of the Thermal/Power Plant, and the ongoing construction management services contract.

Waterworks spending for the year to date accounts for just over 50% of the budgeted amount and 54% of all spending for the period. Three of the largest capital projects budgeted during this fiscal year are the MetroWest Water Supply Tunnel, the Walnut Hill Water Treatment Plant, and the Norumbega Covered Storage project. Spending on these three projects came to \$130 million for the year to date, 43% of all spending.

Contributing to the \$44.1 million variance in Waterworks spending has been lower than budgeted spending on the *Walnut Hill Water Treatment Plant project* of \$25.5 million. Unfavorable weather conditions earlier in the

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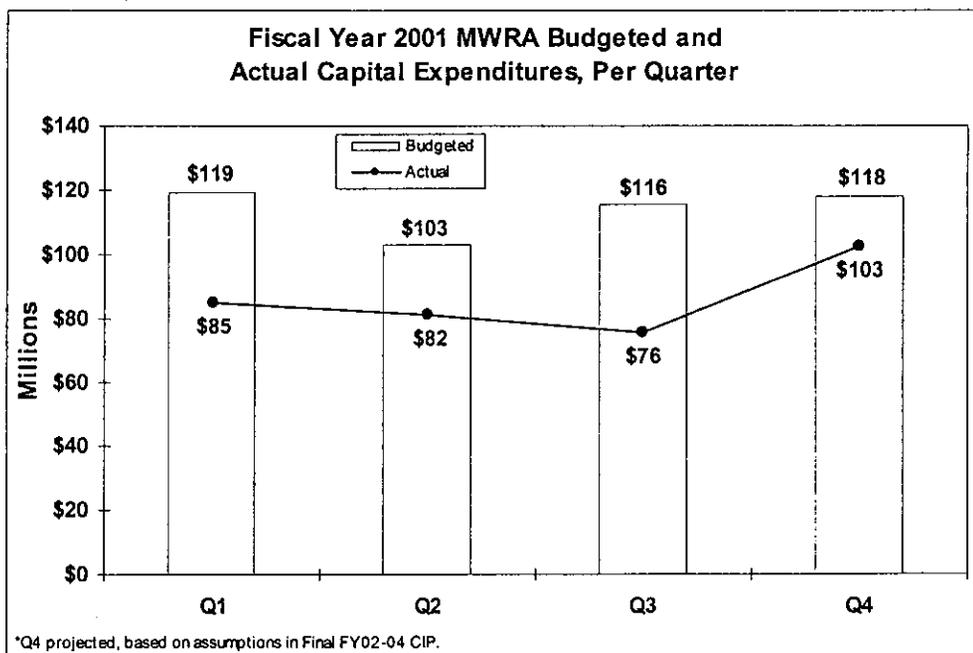
fiscal year led to delays in starting the concrete pour for the water storage tanks. With improved weather over the most recent months, the contractor has begun to recapture lost time. The Cosgrove/Wachusett Aqueduct Rehabilitation contract continues to experience delays resulting primarily from the sluice gates at the Cosgrove Intake requiring more repairs than anticipated and the need to utilize construction divers for extended periods. Spending through June is expected to remain well below the planned cashflows.

Later accruals for the *MetroWest Water Supply Tunnel project* account for another \$4.3 million of the lower than budgeted spending. However, at \$71.3 million in year to date spending, this project dominates FY01 capital spending (spending is 30% greater than the next largest major capital project in FY01, the Boston Harbor Project). The Middle Tunnel Segment is being resequenced to reflect the increased quantity of consolidation grouting. All construction phases continue to track close to anticipated schedules. Concrete liner installation rates continue to improve within the Western Tunnel segment. Construction on the Loring Road Covered Storage Tank is essentially complete, and MWRA staff anticipated bringing the tank online within the next month. Spending for the year is expected to reach budgeted amounts by the end of June. Staff are also making progress in developing a schedule for bringing the MetroWest Water Supply Tunnel, Norumbega Covered Storage Tank and Walnut Hill Water Treatment Plant on line in a coordinated manner (anticipated for FY 2003).

Greater than budgeted accruals of \$3.7 million on the *Norumbega project* have somewhat offset lower than budgeted spending on a number of other projects, including \$6.7 million in lower than planned spending for the *Local Water Pipeline Infrastructure program*.

Projected Spending

The Authority's most recent projections for year-end capital spending put accruals by June 30 at \$345 million, for a variance from the \$456.8 million budgeted of nearly \$112 million (24%).



Construction Fund Balance

The Construction Fund Balance, as of the end of May, stood at \$90 million. Spending during May (on a cash basis) was \$40.3 million for the five-week accounting period. The Authority now plans on a new borrowing later this summer of up to \$180 million in subordinate lien variable bonds. The borrowing will be used to repay short-term borrowing construction loans and is expected to support capital spending through January 2002. In addition, the Authority plans to participate early this summer in a SRF pool financing that will provide \$8.4 million for the Walnut Hill Water Treatment Plant.