



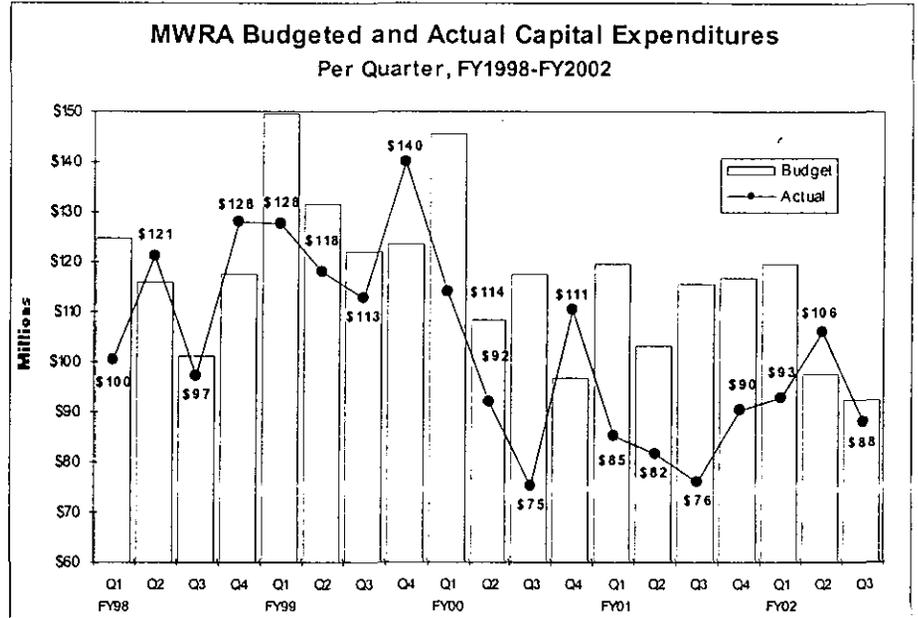
STATUS OF MWRA BUDGETS

FY2002 Third Quarter Update (through March 2002)

FY02 Capital Improvement Program and Budget

Accrued spending through March 2002 came to \$286.75 million, just 7% below the \$309.4 million budgeted for the period (net of contingency fund allowances). Spending for the month of March was \$34.56 million, 12% over the \$30.8 million budgeted. Spending for the third quarter was nearly \$88 million; third quarter spending is usually the lowest of each year, and has been for at least the past five years.

The Authority assumes in its proposed FY03-05 CIP that FY02 spending will reach \$392.55 million (85% of all budgeted spending and nearly 96% of the FY02 budget net of contingency calculations). The assumption translates to \$105.8 million in spending for the fourth quarter, or \$35 million per month.



Waterworks spending continues to dominate the capital program. Spending reached more than \$167 million (58% of the year's total). Accruals for the *Walnut Hill Water Treatment Plant* continued to run nearly 10% over budget and reached \$63.9 million for the year to date, primarily due to better than planned contractor performance. The second largest Waterworks project, in terms of this year's spending, is the *MetroWest Tunnel*, with year to date accruals at \$50 million, 5% greater than budgeted; spending has been faster than budgeted for the middle and eastern tunnel segments. Spending on the *Norumbega Covered Storage* project reached \$23.4 million, 13% greater than assumed for the period; recent change orders have contributed to the greater than planned spending this year. More than \$15 million has been spent on a number of *distribution and pumping improvements*, and \$13.6 million has been distributed under the *Local Water Pipeline Improvement Program* so far this year.

Wastewater project spending came to more than \$115 million for the year to date, 16% below the \$138.3 million budgeted. The largest project is the *Braintree-Weymouth Relief Facilities* group of contracts, including the tunnel from Weymouth to the Nut Island Headworks; spending reached \$44.58 million or 2% greater than the amount budgeted. Tunnel mining is recently completed, and change order activity has increased.

Spending on the *Boston Harbor Project*, the second largest Wastewater project in this year's capital program, totaled \$20.6 million for the nine-month period, 17% greater than budgeted. Over 80% of the spending for the year to date has been for three contracts: \$7.6 million for continuing work on the *Final Paving and Landscaping contract* (which reached substantial completion as of the end of November), \$5.9 million on *Construction Management Services*, and \$3.38 million on *Outfall Administration*.

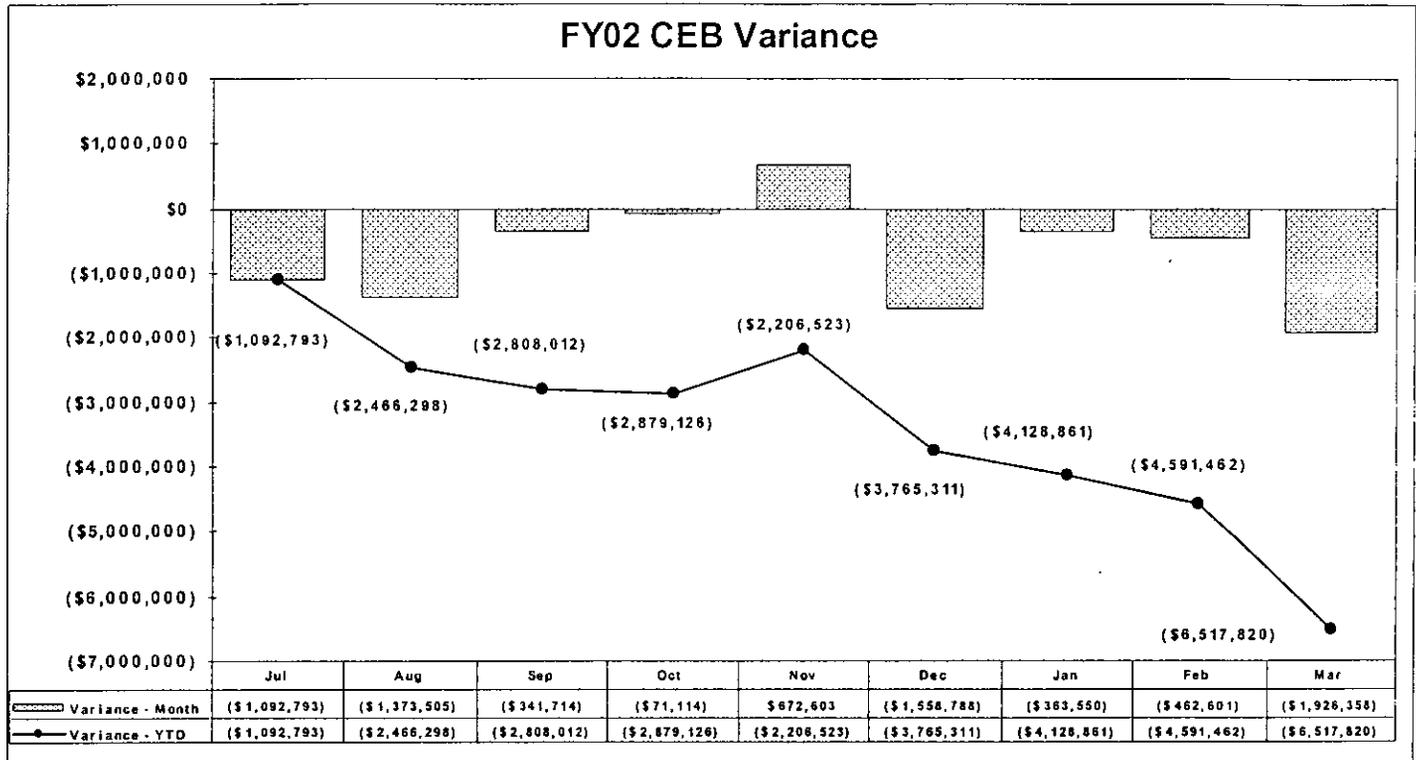
The third largest Wastewater project this fiscal year is the *CSO Control Program*. Just over \$21 million has been accrued so far this year, nearly 40% below the \$34.8 million budgeted for the period. More than \$15 million of the total has been for reimbursements to the City of Boston for community managed sewer separation projects. Three other large Wastewater projects are: *Framingham Extension Relief Sewer* (\$7.6 million); *West Roxbury Tunnel* (\$6.3 million); and *Quincy Pump Facilities* project (\$6.1 million).

The **Construction Fund balance** as of the end of March was \$157.6 million. Construction spending (on a cash basis) for the month was \$27.3 million. The Authority completed a new borrowing during March for \$180 million.

Joseph E. Favaloro, Executive Director

FY02 Current Expense Budget

Accrued spending through March 2002 reached \$333.3 million or 1.9% (\$6.52 million) below the \$339.79 million budgeted for the period. This compares to \$314.9 million spent for the comparable period one year ago; increases in debt service and for payments to the MDC (including PILOT payments) account for the increases while direct expense spending continues its downward trend. Spending for the month of March was \$34.6 million, 5.3% below the \$36.55 million budgeted.



Lower spending for **Direct Expenses** account for two-thirds of the below budgeted spending. Accruals came to \$130.9 million, or 3.2% below the \$135.2 million budgeted. Spending for the period is \$2.5 million below the \$133.4 million accrued for the same period one year ago. The largest variances are due to lower spending for *Wages and Salaries* of \$2.1 million (due to continuing higher than budgeted vacancy rates); lower spending on *Other Services* of \$1.58 million (primarily the result of the delay in moving to the maintenance building in Chelsea); and lower *Maintenance* expense of \$0.53 million (due to delays in the replacement of wastewater meters and purchase of SCADA equipment, less than budgeted need for plant and machinery services at several wastewater facilities, and a delay in carbon tray filter replacement at Deer Island).

Filled positions numbered 1,463 (including three Retirement Board positions), as compared to 1,520 at the end of December. The number of filled positions is now 312 below the peak of 1,775 five years ago. Participation in the early retirement program is expected to contribute to further reductions between now and the end of June.

Indirect Expenses totaled \$202.36 million, 1.1% below the \$204.6 million budgeted for the period. The largest component of this category is *Debt Service*, which came to \$177.57 million, 1.8% or \$3.34 million below the \$180.9 million budgeted. Debt service accruals were \$20.9 million more than the amount for the same nine-month period one year ago. The second largest category of indirect expense spending is reimbursement to the MDC for *Watershed related expense*: \$16.13 million was accrued. The largest area of greater than budgeted spending was for *Mitigation* payments to Quincy totaling \$1.67 million, more than three times the \$522,000 budgeted.

Revenue through March totaled \$337.67 million, \$0.87 million below the \$338.5 million budgeted. Greater than budgeted receipts from *Other User Charges* of \$8.2 million (\$3.0 million greater than the \$5.2 million budgeted) were more than offset by lower *Investment Income*, which fell 15% (\$4.5 million) below the \$30.4 million budgeted for the period as interest rates continued to hold at levels lower than assumed in the budget.