



STATUS OF MWRA BUDGETS

FY2002 Update (through April 2002)

Focus on the FY2002 Current Expense Budget

For the ten months through April 2002, current expense spending came to \$368.7 million or \$7.23 million (1.9%) below the \$375.98 million budgeted for the period. **Direct Expense** spending accounted for most of the lower than budgeted spending: at \$144.0 million, spending is nearly \$5.47 million (3.7%) below the \$149.5 million budgeted. **Indirect Expense** accruals reached \$224.7 million, \$1.76 million (0.8%) below the \$226.5 million budgeted.

Compared to the same period one year ago, Direct Expense spending was \$4.1 million below the \$148 million spent during the first ten months of FY01. Spending on most categories of Indirect Expenses was greater than FY01 spending for the period, particularly for watershed related expense and especially for capital financing, which was \$24.3 million (14%) more than for the comparable period one year ago.

For the month of April, spending was \$35.47 million, \$0.7 million (2%) below the \$36.19 million budgeted. Direct Expense spending was \$13.1 million, 8.3% (\$1.12 million) below the \$14.3 million budgeted. Indirect Expense accruals came to \$22.36 million or \$0.48 million (2.0%) more than the \$21.88 million budgeted for the month. The Authority has recently updated its year-end projections: even with underspending in direct expenses of nearly \$11 million, shortfalls in investment income and debt service assistance receipts will shrink the surplus to \$4.5 million.

Contributing to the below budget variances have been lower wages and salaries costs, reduced (or later than budgeted) maintenance expenses, lower utilities costs, and later lease costs due to the delayed move into the Chelsea maintenance facility.

The largest variance for the year to date has been for **Personnel** related costs: \$2.84 million in lower than budgeted spending on the category that includes *Wages and Salaries, Overtime, Fringe Benefits, and Workers' Compensation*. Year to date spending came to \$83 million. April spending on all personnel related costs is 10% below budgeted amounts, as compared to 3.3% for the year to date, suggesting that year-end variances will grow. Staffing levels as of the end of April fell to 1,460, the lowest in several years and 84 fewer than at this time last year. Participation in the state's early retirement incentive program is projected to result in the reduction of nearly 10% of the Authority's filled positions between January and the end of June.

The second largest variance is for **Other Services**; spending was \$19.6 million or \$1.8 million (8.5%) below the \$21.4 million budgeted. Nearly \$1.3 million is related to lower *lease costs* primarily due to the later than scheduled move into the new maintenance facility in Chelsea. Costs of *sludge pelletizing* have been \$190,000 below budgeted amounts, as quantities produced and shipped from Deer Island have dropped over the

last several months. On the other hand, increased costs for *police details and security* (under *Professional Services*) have been more than \$500,000 over budgeted amounts.

Utilities spending totaled \$13.8 million for the year to date, \$0.78 million (5%) below the \$14.6 million budgeted. *Diesel fuel* expense has been more than 40% below budgeted amounts, due largely to considerably lower use at Deer Island due to reduced heating requirements and increased methane use. The Authority continues to benefit from lower unit prices for *electricity* at Deer Island, the result of the new supply contract which went into place in November.

Chemicals spending reached \$5.66 million or \$0.821 million (17%) more than the \$4.84 million budgeted for the year to date. Greater than budgeted use of *sodium hypochlorite* at Deer Island and higher unit prices for Field Operations facilities contributed \$350,000 to the over budget variance. Greater than budgeted use of other chemicals at Deer Island (including *sodium bisulfite*, *activated carbon*, *polymer*, and *sodium hydroxide*) also contributed to the variance.

Indirect Expenses totaled \$224.7 million for the year to date, 0.8% or \$1.76 million below the \$226.5 million budgeted. The largest component of this category of spending is **Debt Service**, which came to \$197.5 million or \$2.8 million below the \$200.34 million budgeted. Over budgeted amounts include **Mitigation** payments to the City of Quincy: payments reached \$1.69 million, more than \$1.1 million greater than the \$0.575 million budgeted for the period.

Revenue through April totaled \$372 million, or \$1.167 million (0.3%) below the \$373.2 million budgeted. **Investment Income** continues to decline, and is now \$5.575 million below budget, with staff projecting a \$6.867 million shortfall by the end of June. The shortfall is partially offset by unanticipated **other user charges and other revenue** from the *City of Cambridge* (\$2.6 million) resulting from the use of MWRA water during the temporary shutdown of its water treatment plant, more than budgeted receipt of *permit fees* (\$68,000), receipt of more than budgeted *user charges from service communities* (\$400,000), and higher than budgeted *miscellaneous revenue* (\$461,000).

