



STATUS OF MWRA BUDGETS

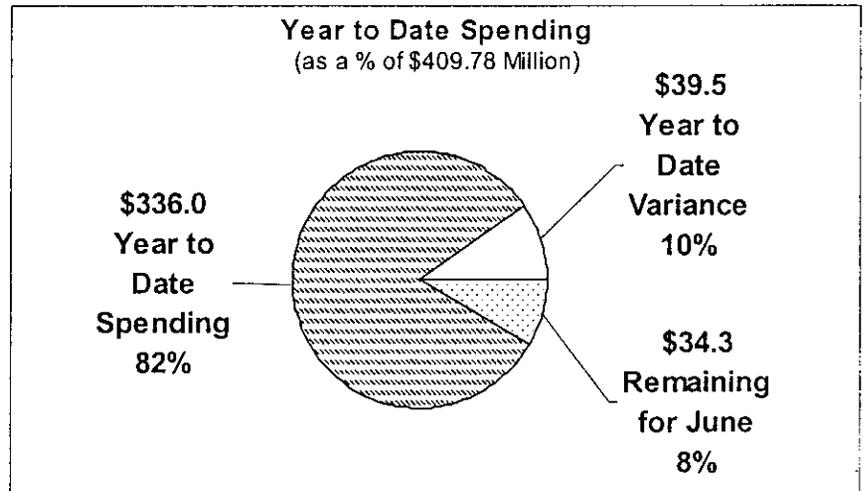
FY2002 (through May 2002)

Focus on the FY 2002 Capital Improvement Program and Budget

Capital spending through May 2002 came to \$336 million, or 10% (\$39.5 million) below the \$375.5 million budgeted for the eleven-month period. Accruals for the month (a five-week accounting period) were \$26.8 million, or 18% below the \$33.05 million budgeted.

Lower than budgeted spending for a number of **Wastewater Projects** accounts for \$27.55 million of the \$39.5 million year-to-date variance. Accruals of \$130 million (including the *Boston Harbor Project*) are 17% below the \$157.6 million budgeted for the period. Later than budgeted spending on the *Framingham Extension Relief Sewer* project, and virtually every other *Interception and Pumping* project, resulted in \$6 million of the lower spending.

Spending on the fourteen active projects that currently make up the *CSO Control Program* reached \$23.2 million, 35% (\$12.6 million) lower than the \$35.8 million budgeted. Later and lower distributions to Boston and Cambridge for the community-managed sewer separation projects account for much of the lower than budgeted accruals. Lower levels of community participation in the Infiltration/Inflow Grant/Loan Program contributed to another \$8.5 million of the variance; \$5.6 million has been accrued for the I/I program so far this year.



Year to date accruals for the **Boston Harbor Project** reached \$23.64 million, \$5.2 million more than the amount budgeted. Contributing to the greater than budgeted spending were the three contracts with the greatest spending for the period: \$7.76 million for the *Final Paving and Landscaping* contract; \$6.57 million for *Construction Management Services*; and \$5.2 million for *Outfall Administration Services* (in connection with claims filed by the outfall pipeline construction contractor).

Waterworks spending of just under \$200 million accounts for nearly 60% of capital spending for the year to date. 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 \$163.3 million, nearly 50% of all capital spending for the year to date.

Spending on the *Walnut Hill Water Treatment Plant* reached \$76.1 million, or 5% more than the nearly \$72 million budgeted for the period, as the contractors continued to recover lost time due to unfavorable weather conditions earlier in the fiscal year. The *Cosgrove/Wachusett Aqueduct*

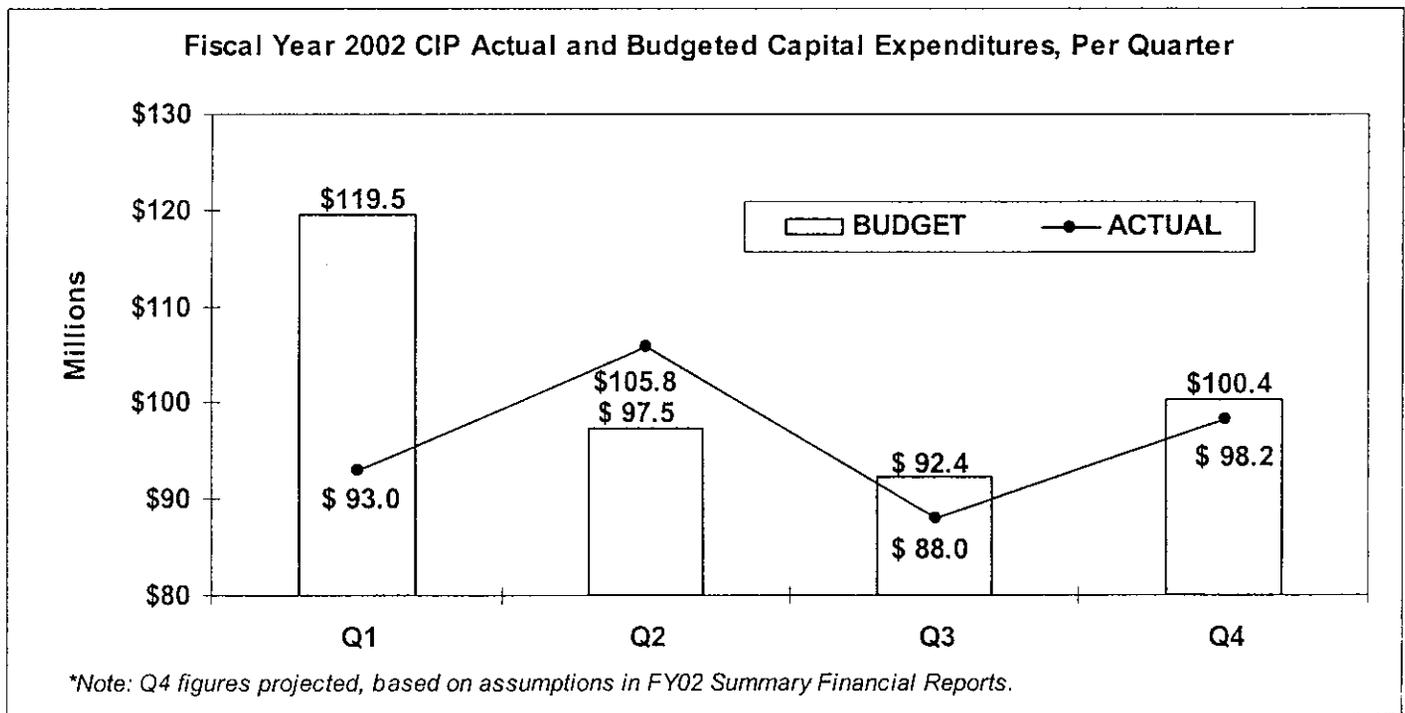
Rehabilitation contracts also experienced gains in physical progress in recent months, decreasing negative variances.

The *MetroWest Water Supply Tunnel* project posted accruals of \$59.5 million for the year to date, 1% over the amount budgeted. Physical progress gained on several contracts, putting the overall project slightly ahead of schedule. Spending on the *Norumbega Covered Storage* project came to \$27.7 million, 2% greater than the amount budgeted; physical progress is ahead of schedule. The Authority reports that the three projects (which comprise the Integrated Water Supply Improvement Program) are scheduled to reach substantial completion in late 2003 and early 2004, followed by an extended period of testing prior to the *Walnut Hill Water Treatment Plant* being placed into service.

These greater than budgeted accruals have been somewhat offset by lower accruals for several *Distribution and Pumping* projects (\$8.8 million below the \$28.5 million budgeted). Distributions under the *Local Water Pipeline Improvement Loan Program* increased to \$16.7 million for the year to date (within \$3.6 million of the \$20.3 million budgeted for the year through May).

Projected FY02 Year-End Spending

The Authority's most recent projections for year-end capital spending place accruals by June 30 at an estimated \$385 million for an anticipated variance of just under \$25 million or 6%.



Construction Fund Balance

As of the end of May, the **Construction Fund balance** stood at \$122.2 million. Spending during May (on a cash basis) was \$26.7 million for the five-week accounting period. In March, the Authority completed a borrowing of \$180 million of fixed rate revenue bonds (on a competitive basis). The borrowing is being used to finance the *MetroWest Water Supply Tunnel*, other water capital projects, wastewater capital projects, and to retire \$30 million of commercial paper. Future financing transactions include a refunding issue during the summer and new SRF and fixed rate borrowings in the late fall.