



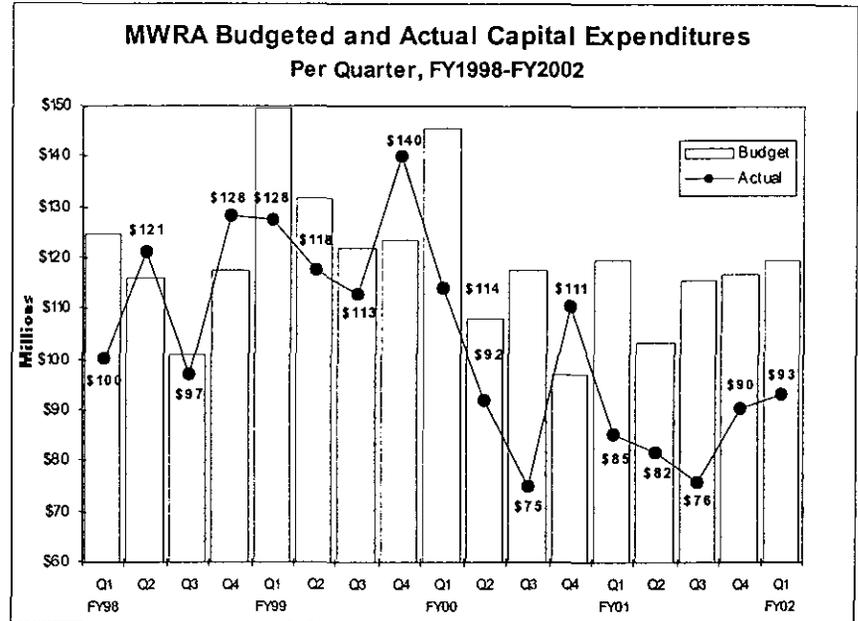
STATUS OF MWRA BUDGETS

FY2002 First Quarter Update (through September 2001)

FY02 Capital Improvement Program and Budget

Accrued spending through September 2001 came to just under \$93 million, or \$26.5 million (22%) below the \$119.5 million budgeted for the three-month period (net of contingency fund allowances). Even though this year's budget of \$409.8 million is 10% lower than the \$455.5 million budgeted in FY01, spending for the first quarter of FY02 is 9% greater than the \$85.2 million for the same period one year ago.

Spending on **Waterworks** projects has continued to increase, and, at \$55.3 million, is nearly 60% of all first quarter accruals. The *Walnut Hill Water Treatment Plant* (\$21.6 million), the *MetroWest Water Supply Tunnel* (\$18.6 million), and the *Norumbega Covered Storage project* (\$6.8 million) account for 85% of all Waterworks spending for the quarter.



Even with lower than budgeted distributions under the *Local Water Pipeline Improvement Program* (at \$1.15 million as compared to the \$7.0 million budgeted), spending on all Waterworks projects was within 4% of the amount budgeted for the period.

The **Boston Harbor Project** now represents just 10% (\$9.4 million) of all spending for the quarter. The most active remaining contracts are *Final Paving and Landscaping* (\$5.2 million) and *Construction Management* (\$2.0 million).

Spending on **Other Wastewater Projects** totaled \$27 million for the quarter, as construction progressed on the *Braintree-Weymouth Tunnel and related contracts*. Spending on this group of contracts reached \$13.2 million for the period, and together with the *Framingham Extension Relief Sewer* (\$3.3 million) and work on the *West Roxbury Tunnel* contract (\$1.0 million), spending on these three projects totaled \$17.6 million, 65% of all non-Boston Harbor Project Wastewater spending for the period. Later than budgeted distributions for *community-management CSO projects* accounted for \$15.6 million of the \$20.2 million of lower than budgeted Other Wastewater spending.

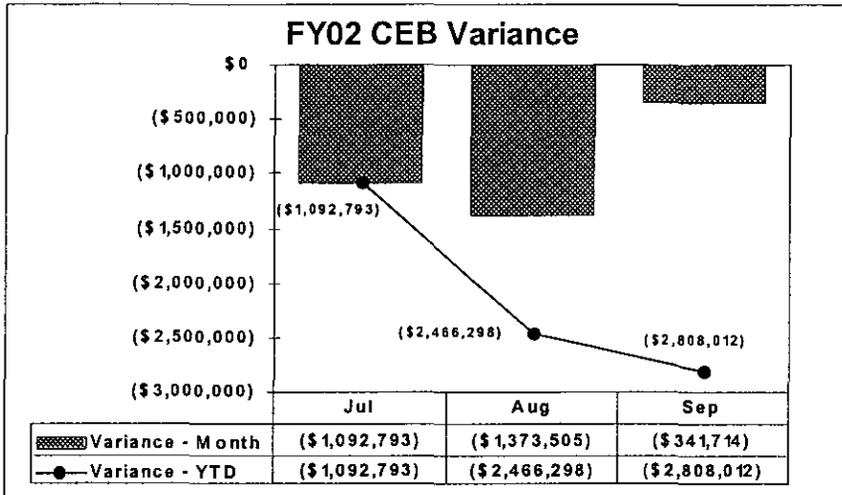
The **Construction Fund balance** as of the end of September stood at \$147.2 million. In late September the Authority issued \$180 million in variable rate debt (of which nearly \$119 million was deposited into the construction fund and \$60 million of the proceeds were used to pay tax exempt commercial paper notes). The Authority also closed on an SRF borrowing of \$25 million. Capital spending (on a cash basis) came to nearly \$28.7 million for the month.

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FY02 Current Expense Budget

Accrued spending through September 2001 reached \$114.7 million or 2.4% (\$2.8 million) below the \$117.5 million budgeted for the quarter. Capital financing expense of \$62.6 million (net of anticipated debt service assistance receipts for the quarter of \$9.6 million) accounts for 55% of all year to date expenses.



Direct Expense accruals came to \$43.5 million for the three-month period, 4% or \$1.8 million below the \$45.3 million budgeted. Nearly 59% (\$23.6 million) of all direct expense spending is for **labor-related costs**, an amount comparable to recent years but higher than the 55.6% of the first quarter one year ago. Below budgeted spending on labor-related costs accounts for just under \$300,000 of the year to date variance. Filled positions (according to the September personnel report) now

number 1,532 as compared to 1,601 one year ago. Total authorized positions is 1,660 or 151 fewer than the 1,811 of a year ago, continuing a decline in the number of filled and authorized positions over the last six years.

Spending on the **Deer Island and Residuals programs** totaled \$13.65 million for the quarter, as compared to \$16.7 million for the same period last year, reflecting the benefits of the renegotiated pelletizing contract as well as lower labor, sodium hypochlorite, and maintenance related spending, despite sharply higher electricity and polymer expense than for the first quarter of last year. In October the Authority entered into a new power purchase agreement for Deer Island that should result in measurable savings in electricity related expense between now March 31, 2003.

Maintenance spending totaled \$3.28 million as compared to the \$3.92 million budgeted, with slower than budgeted spending for wastewater operations and Deer Island as well as waterworks operations spending. **Professional Services**, at \$1.38 million was nearly 30% below the \$1.94 million budgeted, due in part to later billings for the outfall monitoring work. Underspensing for **Other Services** was due to late completion of the new Maintenance building in Chelsea, resulting in lower rent payments, and later payments to agencywide memberships in national organizations. These variances should close as the year progresses.

Indirect Expenses totaled \$71.2 million for the quarter, or 1.4% below the \$72.2 million budgeted.

Debt Service costs, at \$62.6 million, were \$1.66 million below the \$64.3 million budgeted and were the major contributor to the variance. Debt service was \$8.23 million more than for the same period last year. **Mitigation** payments reached \$974,000 nearly triple the amount budgeted for the period, with greater than budgeted accruals for the City of Quincy.

Revenue through September was \$111 million or \$866,300 below budgeted amounts. Lower fund balances, due to the later than budgeted borrowing, as well as lower interest rates contributed to the lower than planned receipts for investment income.

July. +522,753
 Aug. - 430,209
 Sept. - 346,668

Cum: -866,263