

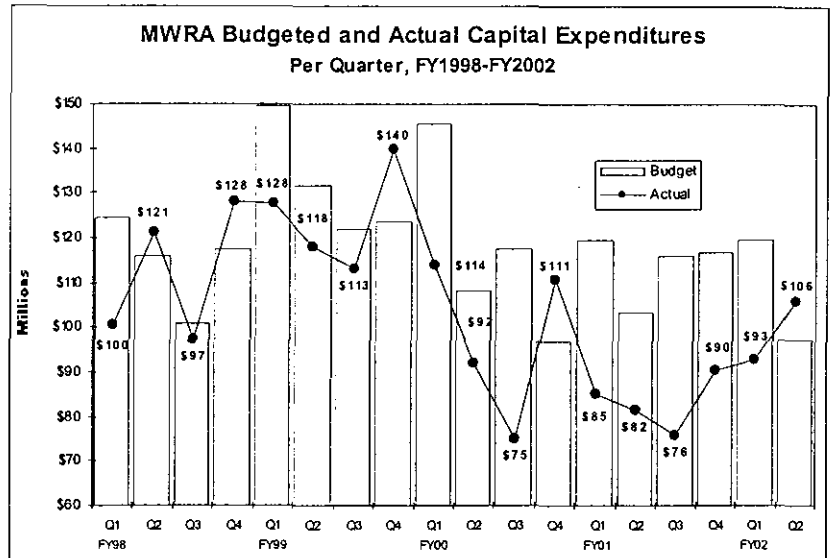


STATUS OF MWRA BUDGETS

FY2002 Second Quarter Update (through December 2001)

FY02 Capital Improvement Program and Budget

Accrued spending through December 2001 came to \$198.8 million, just 8% (or \$18.2 million) within the \$217 million budgeted for the period (net of contingency fund allowances). This compares to the \$167 million accrued for the first six months of FY01 and \$206 million accrued for the same period two years ago. Accruals for the month of December were \$31.4 million, just 3% below the \$32.5 million budgeted. The Authority has budgeted \$191.55 million for the third and fourth quarters combined, and assumes in its proposed FY03-05 CIP that FY02 spending will reach \$392.55 million or \$193.75 million for the second half of the year (85% of all budgeted spending or nearly 96% of the FY02 budget net of contingency calculations).



Nearly 62% of all spending this fiscal year has been in support of **Waterworks projects**. Spending reached \$122.9 million, \$11.1 million (9%) greater than the \$111.8 million budgeted. Accruals for the *Walnut Hill Water Treatment Plant* totaled \$47.4 million, \$5.4 million more than budgeted for the period and nearly one quarter of all spending for the year to date. The *MetroWest Water Supply Tunnel* project accounted for \$37.8 million in spending, \$7.5 million more than budgeted and nearly 20% of all spending so far this year. The *Norumbega Covered Storage* project, the Authority's fifth largest project in the CIP for FY02, reached \$16.7 million, just over the \$16.6 million budgeted for the year to date. Together, spending on these three projects totaled nearly \$102 million, just over half of all year to date spending. Distributions under the *Local Water Pipeline Improvement Loan Program* totaled \$8.7 million (no change from November, but still just above budget assumptions for the period).

Spending on the **Boston Harbor Project** totaled \$16.5 million for the six-month period, less than half the spending for the comparable period one year ago, and just 8% of year to date spending. Half the spending, \$8.0 million, was in support of the *Final Paving and Landscaping* contract which reached substantial completion as of the end of November. Other significant spending included \$4.2 million for *Construction Management Services* (18% greater than budgeted), and \$1.4 million for *Outfall Administration*.

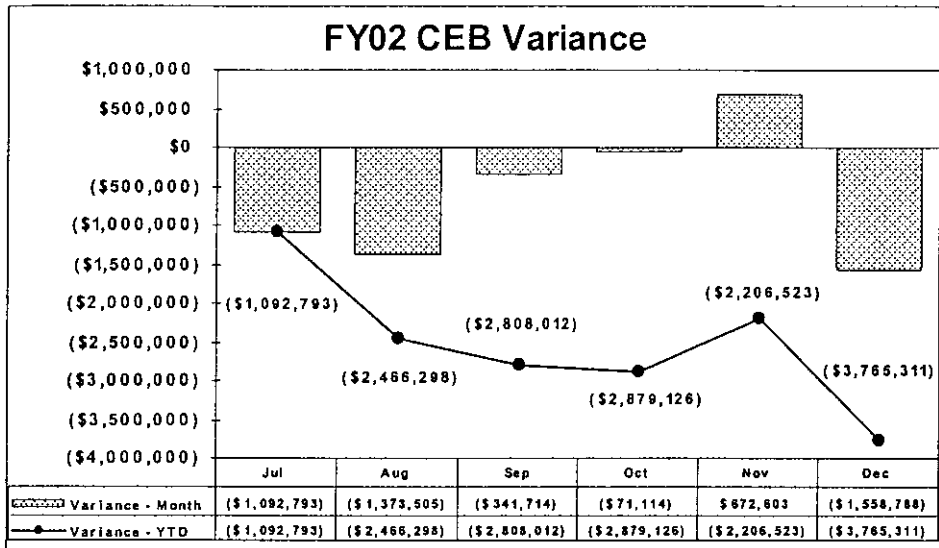
Spending on **Other Wastewater Projects** came to \$72.7 million through December, 25% below the \$98 million budgeted. The largest Wastewater project this year is the *Braintree-Weymouth Relief Facilities* project, with year to date spending at \$29.3 million (within 5% of the amount budgeted). Other significant spending includes: \$6.1 million for the *Framingham Extension Relief Sewer*; \$4.8 million for the *West Roxbury Tunnel*; \$4.1 million for distributions under the *I/I Financial Assistance Program*; and \$3.9 million for the *Quincy Pump Facilities* project. CSO Control Program spending totaled just under \$6 million, well below the \$23 million budgeted for the period. Reimbursements to Cambridge and Boston for work on sewer separation projects managed by those communities have been later than assumed in the budget, but work is progressing.

The **Construction Fund balance** as of the end of December stood at \$65.7 million. Construction spending (on a cash basis) for the month was \$35 million. The Authority plans to borrow \$180 million in March.

Joseph E. Favaloro, Executive Director

FY02 Current Expense Budget

Accrued spending through December 2001 reached \$226.8 million, \$3.8 million (1.6%) below the \$230.5 million budgeted. This compares to the \$212.9 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 December was \$36.1 million, \$1.6 million (4.1%) below the \$37.6 million budgeted.



Lower spending for **Direct Expenses** account for most of the below budgeted spending. Accruals came to \$87.7 million, \$3.3 million below the \$91 million budgeted. Spending for the first six months of FY01 was \$89.7 million, and \$91 million for the comparable period of FY00. The largest variances are due to lower spending for **Wages and Salaries** of \$1.32 million (due to higher than budgeted vacancy rates); lower spending for **Other Services** (\$1.28

million below the \$13.1 million budgeted), much of it due to late completion of the new maintenance building in Chelsea, resulting in a delayed start for rent payments; and lower than budgeted spending on **Maintenance** of \$1.2 million below the \$8.1 million budgeted due in part to continued reduction of excess inventory and delayed service contract renewals at Deer Island.

However, **Workers' Compensation** payments are \$290,000 greater than budgeted, resulting from new claims and adjustments to old claims. **Utilities** spending is \$431,000 greater than budgeted, due mainly to higher than budgeted electricity pricing. A new supply contract at Deer Island is expected to contribute to the reduction of this variance. **Chemicals** spending is now \$771,000 greater than budgeted, primarily due to higher dosages at Deer Island of sodium hypochlorite, polymer, activated carbon, and sodium hydroxide.

Filled positions now number 1,520 as compared to 1,570 at this time a year ago. The number of filled positions is now 255 positions below the peak of 1,775 five years ago. Participation in the early retirement program is expected to result in further reductions between now and June.

Indirect Expenses totaled \$139.1 million or \$0.45 million (0.3%) below the \$139.56 million budgeted for the period. The largest component of this category is **Debt Service**, which came to \$122 million, or \$1.7 million below the \$123.7 million budgeted (due to a later borrowing this fall, the result of later than anticipated legislative action on the debt cap). **Mitigation** payments to the City of Quincy reached \$1.6 million, \$1.25 million greater than the \$0.348 million budgeted.

Revenue through December totaled \$225.83 million, just 0.2% greater than budgeted. But **Investment Income** has been declining, and is now nearly \$2.5 million below budget, with staff projecting a \$7.5 million shortfall by the end of June. Nearly 86% of all income (net of debt service assistance which is treated as an offset of debt service) is rate revenue.