

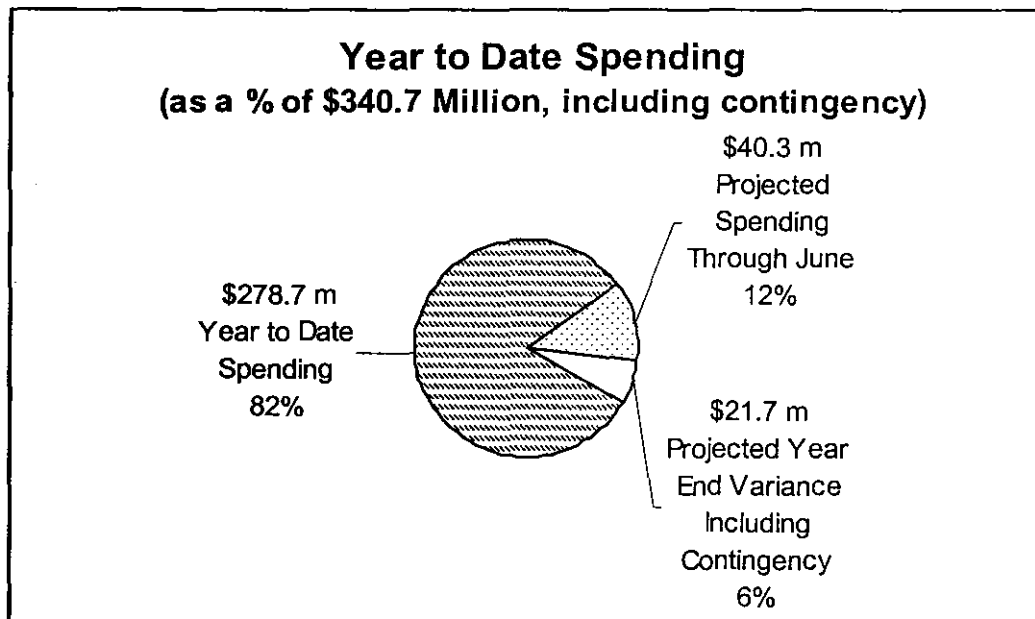


STATUS OF MWRA BUDGETS

FY2003 Update (through May 2003)

Focus on the FY 2003 Capital Improvement Program and Budget

Capital spending through May 2003 came to \$278.7 million, within \$400,000 of the \$279.1 million budgeted for the year to date. Accruals for the month of May came to \$20.2 million, 12% (or \$3.0 million) below the \$23.2 million budgeted. Slower spending in recent months has helped to continue to close the greater than budgeted spending through December when accruals were \$20 million more than the year to date budget (net of contingency fund allowances). Spending had increased with the \$25.8 million claim settlement payment related to the effluent outfall tunnel, which is covered by the \$37.3 million FY03 contingency budget.



Nearly 60% of all spending this fiscal year has been for **Waterworks Projects**. Spending through May totaled \$164.2 million, just \$278,000 more than the \$163.9 million budgeted for the period. Three of the largest capital projects budgeted during this fiscal year are the *Walnut Hill Water Treatment Plant*, the *MetroWest Water*

Supply Tunnel and the *Norumbega Covered Storage* project. Spending on these three projects came to \$119.6 million through the month of May, 43% of all capital spending for the year to date.

Accruals for the *Walnut Hill Water Treatment Plant* reached \$65.2 million, \$7.4 million (12%) more than budgeted, primarily due to faster than budgeted construction progress. Also contributing to the greater than budgeted spending are a number of change orders reflecting the size and complexity of the water treatment plant, which will be one of the largest of its type in the country.

The *MetroWest Water Supply Tunnel* project posted accruals of \$32.6 million for the year to date, 8% or \$2.5 million more than the amount budgeted. Additional costs for extension of the construction management contract and the owner-controlled insurance program (linked to an overrun in labor payroll) contributed to the greater than budgeted spending. All tunnel construction contracts are substantially complete and the Authority is moving through an

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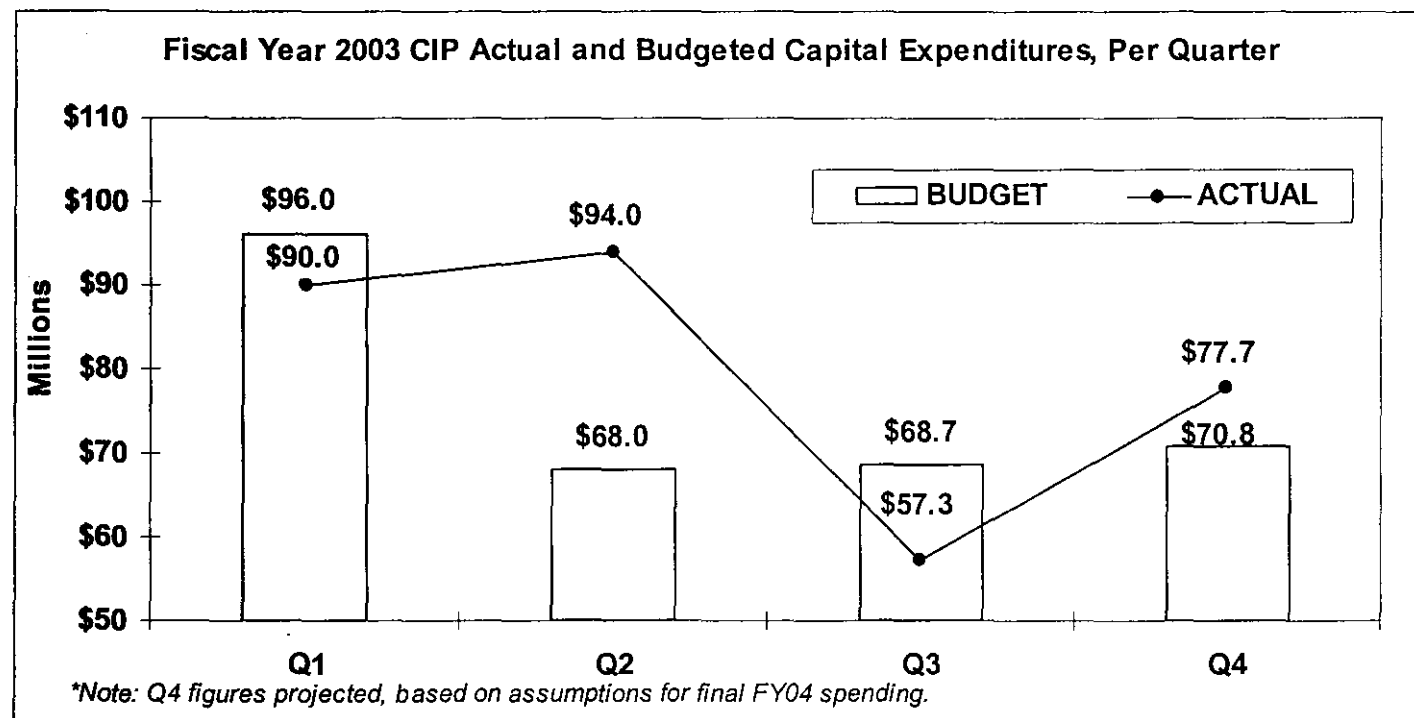
extended period of testing prior to placing the new tunnel into service in November 2003 to support the shut down of the Cosgrove Tunnel/Hultman System to the Wachusett Aqueduct/MetroWest Tunnel System.

Spending on the *Norumbega Covered Storage Facility* came to \$21.7 million or 3% more than the \$21.0 million budgeted through May. Construction is nearly 80% complete and leakage testing is under way for Tanks 2 and 3, which are scheduled to be placed into service in September 2003.

Spending on **Wastewater Projects** reached \$111.5 million for the year to date, \$7.8 million (7%) more than the \$103.7 million budgeted for the period. The \$25.8 million settlement of the *effluent outfall tunnel claim* pushed spending over the budgeted amount and is covered by the contingency allowance. Spending on the *Braintree-Weymouth Relief Facilities* project came to \$31.1 million as compared to the \$41.3 million budgeted, a variance of \$10.2 million (24%). Staff report that work has been delayed on the Intermediate Pump Station contract and the Fore River Siphons contract award was later than anticipated. A delayed start for the *Wastewater Meter System Replacement Program* resulted in a \$2.0 million variance. Slower than scheduled spending for the *Deer Island Plant Optimization and Facility Asset Management Program* came to \$3.6 million, \$3.25 million below the \$6.8 million budgeted for the period. Spending and disbursements under the *CSO Control Program* totaled \$27.4 million, \$5.0 million below the \$32.4 million budgeted through May.

Projected FY03 Year-End Spending

The Authority's most recent projections for year-end capital spending place accruals by June 30th at an estimated \$319 million, as compared to the budgeted amount (net of contingency fund allowances) of \$303.4 million. The budgeted amount, including contingency, was \$340.7 million.



Construction Fund Balance

As of the end of May, the **Construction Fund balance** stood at \$91.6 million. Spending (on a cash basis) during April was \$11.5 million and \$25.8 million in May. Current borrowing plans are for a \$165 million fixed rate issue in November.