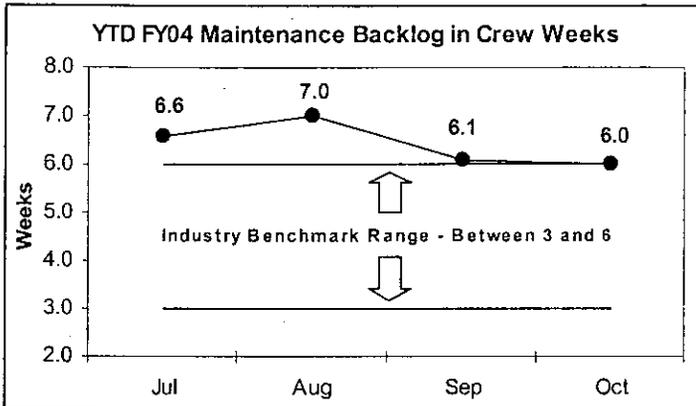


MWRA PROGRAM AND BUDGET UPDATE

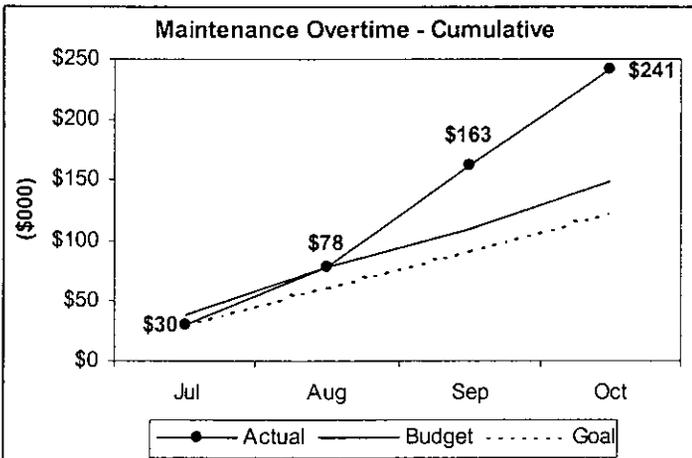
Through October 2003



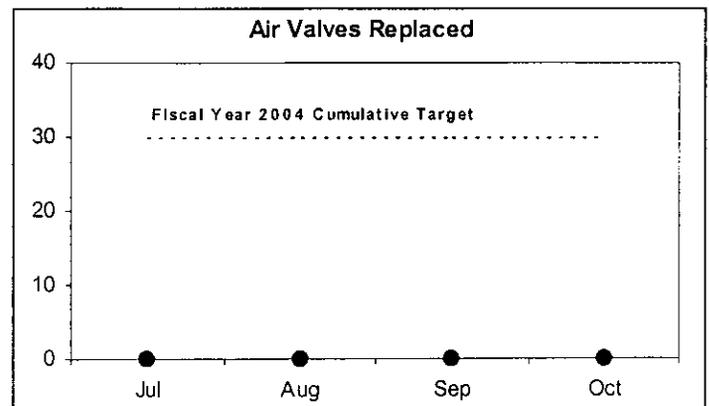
With this issue of the Green Sheet, the Advisory Board is introducing a new format and coverage of a wider range of issues facing the MWRA. Many, although not all, of these topics will draw from the Authority's Management Indicator reports, which are prepared by the MWRA staff to track a variety of MWRA performance measures for review by the agency's management and the Board of Directors. We expect the new format will continue to evolve and that subsequent issues will address different topics as they arise. Each issue will continue to include a section on the status of the Authority's Current Expense and Capital Improvement Program budgets.



Maintenance. As the Authority moves from a focus on large capital project construction to the operation of a number of new and rehabilitated facilities, attention is increasingly being directed to the subject of equipment and facility maintenance, how to identify and prioritize maintenance projects, and how to measure results. One such measure is *maintenance backlog*, in terms of crew weeks. At Deer Island, several productivity and proactive initiatives are being pursued to increase efficiency and tighten expenses. Over the last twelve months, the Authority has maintained a maintenance backlog squarely within the industry standard of three to six weeks. But as filled positions declined in the second half of FY03 due to attrition (particularly early retirements), the backlog increased and by the fourth quarter was over the industry standard. During the first few months of FY04, the Authority has begun to fill targeted maintenance positions and to use *maintenance overtime* to bring the backlog down to acceptable ranges. By the fall, the average backlog had fallen to six weeks, but for certain understaffed groups, the backlog remained in the eight to ten week range. For the first time in more than a year, maintenance overtime expense exceeded the budgeted amount; staff report that the increase in overtime spending will continue in order to adjust for understaffing in certain trade groups until vacancies are filled.

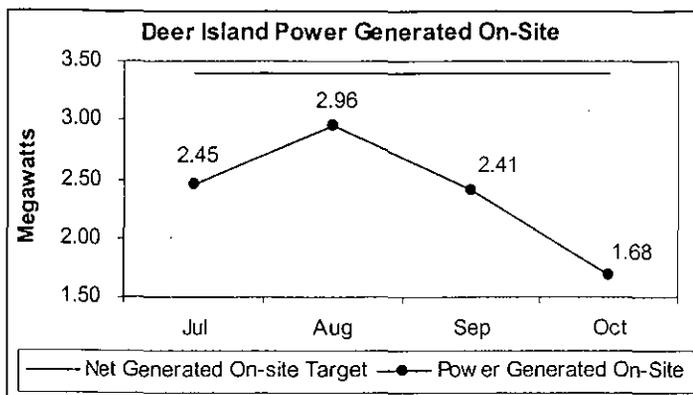


Another category of maintenance reporting is *water distribution system valves*. Staff report that valves are exercised, rehabilitated or replaced in order to improve their operating condition, usually during the spring, summer and fall when ground conditions make it possible to access the valves. Data on the number of valves and the operable percentages has recently been updated. The Authority has targeted 1,100 *main line valves* for exercising in FY04; through October, 111 of these valves have been exercised. Another 20 are targeted for replacement; through October, just five have been replaced. Of the ten *blow off valves* to be replaced in FY04, five have been replaced during the first four months of the year. Thirty *air valves* have



Joseph E. Favaloro, Executive Director

been targeted for replacement in FY04, but through October, the number still stood at zero. In FY03, none of the four targets were met although main line valve replacements came closest to target. For the 2004 fiscal year to date, the Authority achieved operable percentages close to the levels reached for FY03 as a whole. Staff report that following the winter season and the hiring of new staff, replacement levels should increase.



Electricity. One of the largest non-personnel related expenses is *Electricity*. The FY04 CEB includes \$13.6 million for this expense, of which \$9.1 million is for Deer Island. Power generated on the Island, using methane gas, the combined turbine generators, or the hydropower facilities, reduces the amount of purchased electricity. Through the first four months of FY04, power generation fell short of the roughly 3 megawatts targeted per month. Lower than budgeted generation was due to lower gas production in the digester process area and to a planned equipment shutdown; hydropower

production was lower than target as well.

CSO Control Program. The largest wastewater program, now that the Deer Island plant and related residuals facilities are complete, is the *Combined Sewer Overflow Control Program*. Currently budgeted at \$645 million, the Control Program includes 25 projects, 20 of which are complete or are in construction. To date, the Authority has spent \$236 million on projects in the Program, \$22.8 million during the first four months of FY04 alone. Just over half of the unspent CSO budget is for the North Dorchester Bay/Reserved Channel project.

Five of the projects are currently or have recently undergone a reassessment to review project goals, control alternatives and schedules. Just completed during the summer of 2003 was the review of the *Fort Point Channel Notice of Project Change* resulting in the issuance of a Secretary's Certificate authorizing the project to move forward with no further MEPA review. Next, the *Alewife Brook/Upper Mystic River Final Variance Report* review period closed October 31st, and the Department of Environmental Protection is to consider comments and publish a recommendation for the water quality standard and level of CSO control. During December, the Authority plans to submit the *Final Variance Report for the Cottage Farm Facility* on the Charles River, recommending a water quality standard and associated CSO control. Two other *Reassessment Reports* are due in the coming months for the *East Boston CSO Control Project* and the *South Boston CSO Control Project* (North Dorchester Bay/Reserved Channel).

Status of FY04 MWRA Budgets. Through October 2003, accrued spending on the *Capital Program* came to \$82.5 million, 8% below the \$89.7 million budgeted. The Authority has budgeted \$237 million for the FY04 capital program (net of contingency allowances). Areas of significant spending for the year to date are: *Drinking Water Quality Improvements* (\$26.1 million), including the *Walnut Hill Water Treatment Plant* (\$18.2 million) and the *Norumbega Covered Storage Facility* (\$7.1 million); the *CSO Control Program* (\$22.8 million); *Wastewater Interception and Pumping* projects (\$10.3 million), including the *Braintree-Weymouth Relief Facilities* project (\$9.1 million); and the *MetroWest Tunnel* (\$5.9 million).

For the *FY04 Current Expense Budget*, accrued spending through October reached \$150.4 million. The budgeted amount for the year is \$475.8 million, net of debt service offsets. *Direct Expense* accruals totaled \$53.55 million, 4.4% below the \$56 million budgeted. Lower than budgeted spending on *Personnel* costs and *Maintenance* contributed to \$2.0 million of the variance. Accruals of \$1.7 million for *Sludge Pelletization* expense in October, more than double the \$0.83 million budgeted for the month, were the result of the recent settlement of a claim. *Indirect Expenses* totaled \$96.8 million, within 3% of the \$99.8 million budgeted. Lower *Debt Service* accruals were the principal cause of the variance.