



# STATUS OF MWRA BUDGETS

*Summary of FY2003 Capital and Current Expense Budgets  
Capital and Current Expense Budgets for FY04*

## FY03 Capital Improvement Program and Budget

Capital spending for the year just past (on an accrual basis) totaled \$297.0 million, just \$6.4 million (2%) below the \$303.4 million budgeted. Accruals were the lowest in a dozen years (since FY91).

Spending included \$105.9 million for **wastewater projects**, including \$30.4 million for the CSO Control Program; \$167.8 million for **waterworks projects**; \$3.4 million for **administration and security projects**; and a net of \$19.9 million for **community loan programs**. Not counting payment of \$25.8 million for the outfall tunnel claim payment, spending was \$271.2 million, \$32.2 million below the \$303.4 million budgeted, a variance of 10.6%.

More than half of all capital spending in FY03 (55%) was for four projects: the *Walnut Hill Water Treatment Plant* (\$69.9 million); the *MetroWest Tunnel* (\$35.5 million); the *Braintree-Weymouth Relief Facilities* project (\$34.1 million); and the *Norumbega Covered Storage* project (\$23.9 million).

The **Construction Fund Balance**, as of the close of the fiscal year, stood at \$90.4 million. A new borrowing of \$165 million is planned for late fall, with a second new borrowing anticipated for late spring.

**Capital Improvement Program Budgets: FY03 and FY04**  
\$ Millions

<i>Program Area</i>	<i>FY03 Budget</i>	<i>FY03 Actual</i>	<i>Variance Amount</i>	<i>Variance Percent</i>	<i>FY04 Budget</i>
Wastewater System Improvements	\$112.0	\$117.2	\$5.3	5%	\$99.6
Waterworks System Improvements	178.1	176.4	(1.8)	(1%)	127.8
Business and Operations Support	13.3	3.4	(9.9)	(74%)	9.6
<b>Total</b>	<b>\$303.4</b>	<b>\$297.0</b>	<b>(\$6.4)</b>	<b>(2.1%)</b>	<b>\$237.0</b>

*Net of contingency allowances. Wastewater and Waterworks program spending includes community loan programs.*

## FY04 Capital Improvement Program and Budget

For FY04, the Authority has budgeted capital spending at \$237 million, \$66 million or 27% lower than the amount budgeted for FY03, primarily the result of markedly lower waterworks spending. Even so, spending on **waterworks projects** is budgeted at \$127.8 million, 54% of planned spending for FY04 and nearly \$30 million more than the \$99.5 million budgeted for **wastewater projects**. At \$48.5 million, spending on the CSO Control Program is half of all wastewater spending for FY04; the *Braintree-Weymouth Relief Facilities* project is budgeted at \$29 million and *Deer Island Optimization and Asset Protection* spending is set at \$8.4 million. **Waterworks** spending includes \$48 million for the *Walnut Hill Water Treatment Plant*, \$12 million for the *Norumbega Covered Storage* project, \$10 million for the nearly-completed *MetroWest Tunnel*, and \$28 million for *Distribution and Pumping*

projects. Spending on **Business and Operations Support** projects is budgeted at \$9.6 million, including \$7.54 million on *Security Equipment and Installation*.

Also part of the FY04 CIP is a new definition of the capital spending cap: a **five-year cap of \$1.134 billion** for the years FY04 through FY08, with specific caps for each year. In any one year, actual spending could vary by plus or minus 20%, as long as total spending for the five-year period is no more than the \$1.134 billion cap.

**FY03 Current Expense Budget**

The Authority ended the fiscal year with a surplus of \$2.1 million, a variance of less than half of one percent. In dollar terms, the surplus is the second smallest in MWRA's 18-year history. Measured as a percent of revenues and expenses, the surplus is MWRA's smallest ever.

Revenue and Income were nearly \$490 million, just over \$2 million more than budgeted. Expenses reached \$487.3 million, \$0.23 million more than budgeted. Of that amount, Direct Expenses totaled \$175.1 million, \$4.4 million over budget, primarily due to greater than budgeted expense for *Workers' Compensation and Unemployment Insurance, Utilities* (primarily for Electricity and prepurchase of diesel fuel for Deer Island), and *Capital Lease* costs associated with recognizing \$2.4 million of future lease payments for Building 34, which was vacated during FY03. Indirect Expenses came to \$33.6 million, \$3.6 million more than the budget due to higher *Insurance* costs. Spending on Debt Service was \$278.6 million or \$7.77 million below budget, virtually offsetting the greater than budgeted spending elsewhere.

<b>Current Expense Budget: FY03 and FY04</b>				
	<i>FY03 Budget</i>	<i>FY03 Actual</i>	<i>Variance Amount</i>	<i>FY04 Budget</i>
Direct Costs	\$170,713,000	\$175,110,732	\$4,397,732	\$172,959,278
Indirect Costs	29,984,946	33,586,695	3,601,749	31,293,954
Debt Service	286,415,647	278,645,409	(7,770,238)	271,540,976
<b>Total</b>	<b>\$487,113,593</b>	<b>\$487,342,836</b>	<b>\$229,243</b>	<b>\$475,794,208</b>

**FY04 Current Expense Budget**

The Authority's budget for FY04 totals \$475.8 million, including \$173 million for Direct Expenses, \$31.3 million for Indirect Expenses (including \$21.0 million for the *Division of Watershed Management*); and \$271.5 million for Debt Service, net of \$33.6 million in bond redemption savings and variable rate savings. More than 90% or \$435 million of the \$475 million in revenue is to come from ratepayers, an increase of 3.9% over the FY03 amended budget. Direct Expense spending of \$173 million is \$2 million more than the nearly \$171 million in the amended budget, but \$2.15 million less than the \$175 million actually accrued in FY03.