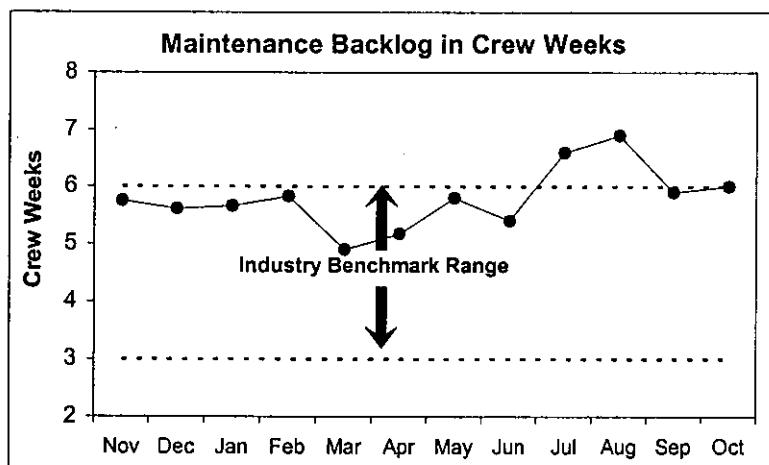
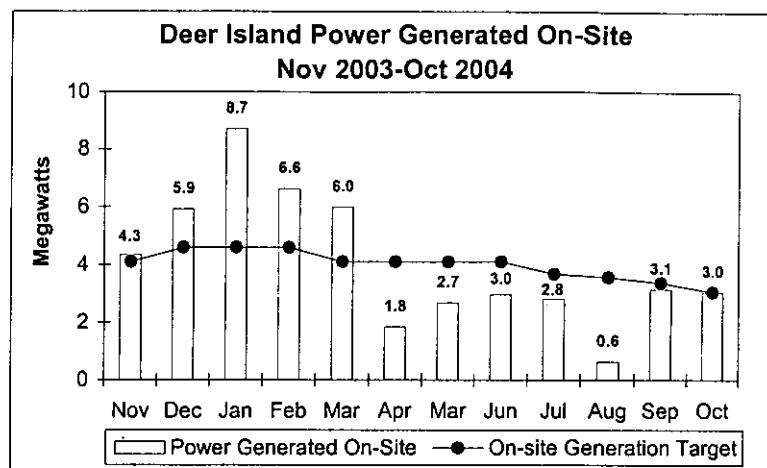


# MWRA PROGRAM AND BUDGET UPDATE

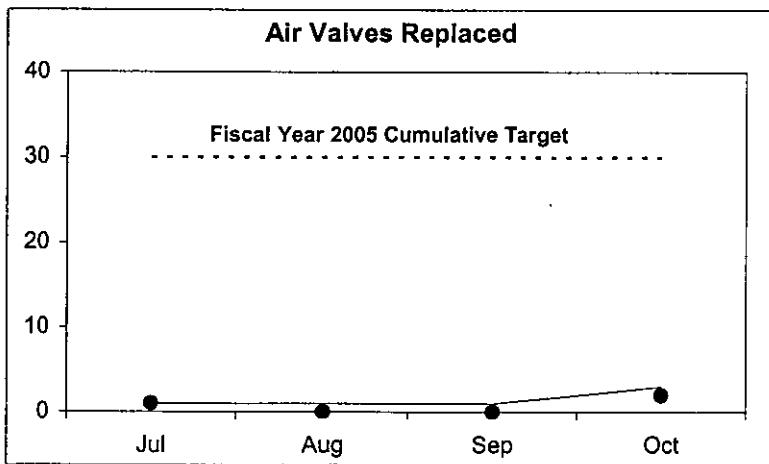
## October/November 2004



**Electricity.** One of the largest non-personnel related expenses is *Electricity*. The FY05 CEB includes \$15.35 million for this expense, of which \$9.3 million is for Deer Island. Power generated on the Island, using methane gas and the steam turbine generator, the combined turbine generators, or the hydropower facilities, reduces the amount of purchased electricity. For FY05, the Authority has assumed that 22% of the power required at Deer Island will be generated on site. However, earlier and more extensive maintenance for the STG, as well as hydropower equipment failure, have resulted in lower production. The current electricity supply contract for Deer Island expires at the end of November. Bids on the next contract were high, reflecting current market volatility; the Authority now plans to buy all purchased electricity for Deer Island on the spot market and rebid the contract in several months.



**Maintenance.** FY05 marks the tenth year of service for major components of the "new" Deer Island facility. **Maintenance** is an important and growing component of the annual budget and totals \$8.9 million for FY05. Several proactive and productivity measures are being pursued to increase efficiency and control expenses. One such measure is *maintenance backlog*, in terms of crew weeks. Over the last year or more, the Authority has been at the high range, or just over the industry standard of three to six weeks, and after the most recent reduction of staff due to the second early retirement program in June, the backlog increased again this summer. However, as several vacant positions were filled in recent months, the backlog has moved back within the benchmark range. During the period of hiring to backfill vacant positions, the Authority has used maintenance overtime to bring the backlog down to acceptable ranges. Through October, *Overtime* spending was under budgeted amounts but, at 5.1% of the *Wages and Salaries* budget, was slightly over the goal of 5%.



the year MWRA exercises, rehabilitates and replaces valves to ensure operability. Through October, the operable percentage rates for *main line*, *blow off*, *air release* and *control valves* are all above 80%.

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11 Beacon Street • Suite 1010 • Boston, MA 02108-3002 • Telephone: (617) 742-7561 • Fax: (617) 742-4614

MWRA continues to struggle with valve maintenance due primarily to staff being assigned to higher priority projects. Specifically, MWRA has targeted 30 *main line valves* to be replaced in FY05; as of October, only three have been swapped out. Exercising of *main line valves* is also lagging well behind targeted objectives with only 191 main line valves having been exercised through October compared to the FY05 objective of 1100. Accordingly, MWRA is considering reducing some of the FY05 cumulative targets for water distribution system valves. The valve group recently became fully staffed after an extended period of manpower shortages within the work crews. Monthly performance levels are thus anticipated to improve throughout the remainder of FY05. The mission of the water valve maintenance group is important. MWRA should utilize the opportunity to review the FY05 targets to develop more realistic objectives while maintaining an aggressive work load for the department.

**Shaft C Leak at Walnut Hill Water Treatment Plant.** A one MGD leak developed in early October at Shaft C during the initial testing phase of the *Walnut Hill Water Treatment Plant (WHWTP)*. The leak is in the inter-connection between the Cosgrove Tunnel and the *WHWTP*, constructed during the winter of 2003-2004. The leak occurred as the contractor raised pressure within the new section of pipe to provide flow for the first time to the *WHWTP*.

The inter-connection leak has forced the contractor to delay functional testing of the *WHWTP* and to revert to use of the *Wachusett Aqueduct*. With the *Wachusett Aqueduct* online, the contractor was able to shut down the *Cosgrove Tunnel* and send a diver into the inter-connection to inspect the leak. The diver located a leaking joint and found a circumferential crack about eight inches from the joint. In a subsequent review by a team of engineers, the group inspected all 61 joints within the interconnection and determined that the leak was isolated to the defects identified during the initial examination. The contractor subsequently re-welded the area around the joint and as of early December, began running water through the repaired inter-connection to the treatment facility. Pressure has been raised to peak capacity of 405 MGD absent any identifiable leaks. During the testing phase, a backflow preventor valve blew off in the *WHWTP* causing flooding within the sub-basement of the facility. The impacted area was pumped out and flow was soon restored. Pressure testing of the piping is now complete with the objective of returning the *Cosgrove Tunnel* into service by mid-December. The contractor has been able to perform a number of tests and construction tasks that could proceed independent of the absence of flow during the repair period. The subsequent impact upon the critical path schedule is estimated to be relatively minimal. MWRA currently maintains liability for the repair and all affiliated costs are the responsibility of the contractor.

**Status of FY05 MWRA Budgets.** Through October 2004, accrued spending on the **Capital Program** came to \$73.45 million nearly \$3 million more than the \$70.47 million budgeted primarily due to increased spending on the *Braintree-Weymouth* project and larger distributions under the *Infiltration/Inflow Financial Assistance* and *Local Water Pipeline Improvement Loan* programs. Areas of significant spending (over \$3 million) include: the *CSO Control Program* (\$22.1 million); *Walnut Hill Water Treatment Plant* (\$9.1 million); *Local Water Pipeline Improvement Loan* program (\$8.4 million); *Braintree-Weymouth Relief Facilities* (\$8.1 million); *Weston Aqueduct Supply Mains* (\$3.2 million); and *Southern Spine Distribution Mains* (\$3.1 million). One third of all planned spending in FY05 is in support of the *CSO Control Program* (\$69 million of the \$208 million budgeted).

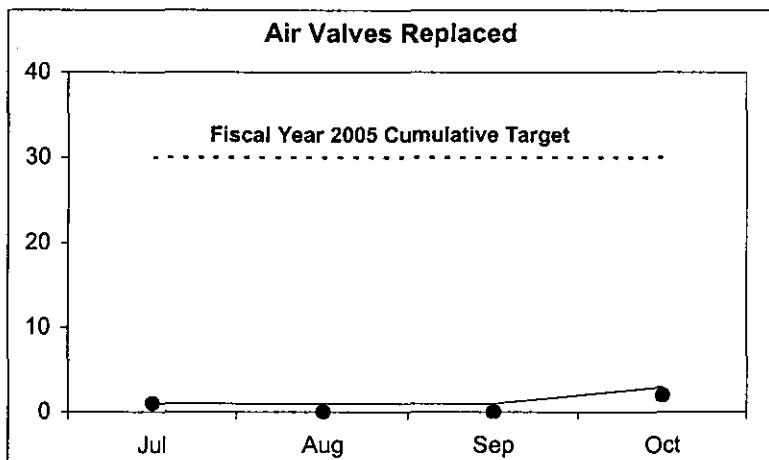
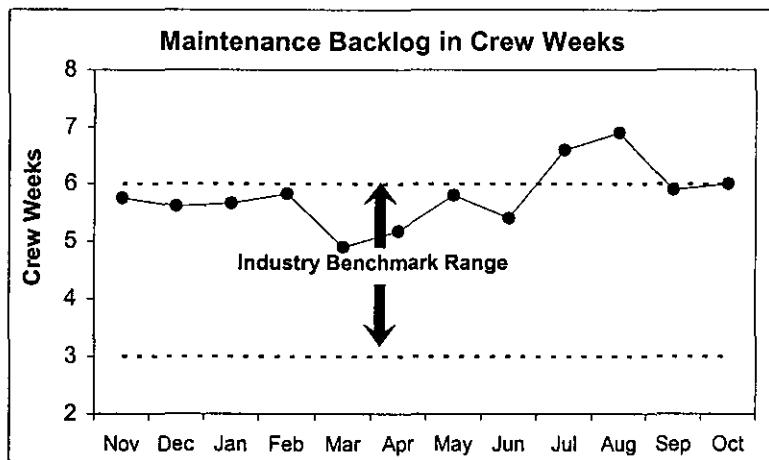
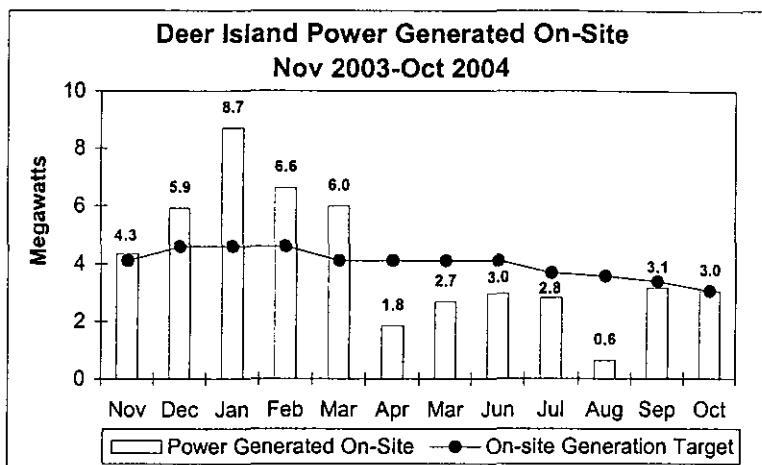
For the FY05 **Current Expense Budget**, accrued spending through October reached \$151.8 million, 4.6% or \$7.35 million below the \$159.1 million budgeted for the period. **Direct Expense** accruals totaled \$54.6 million, 2.9% or \$1.6 million below the \$56.2 million budgeted. Lower than budgeted *Personnel* costs contributed \$1 million to the variance. **Indirect Expenses** totaled \$97.2 million, 4.6% or \$5.7 million below the \$102.9 million budgeted, due to lower *Variable Rate Debt* expense and to initial accruals for *Debt Service Assistance* (which is treated as an offset to *Debt Service* expense). Lower accruals for **Rate Revenue** receipts balances the *Debt Service Assistance* accruals. A total of \$492.6 million is budgeted for *Current Expenses* in FY05. *Debt Service* expense of \$291 million (before offsets) is 40% more than the entire capital budget for FY05.

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The MWRA Operations Division is responsible for the maintenance of *water distribution valves*. Throughout the course of

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