

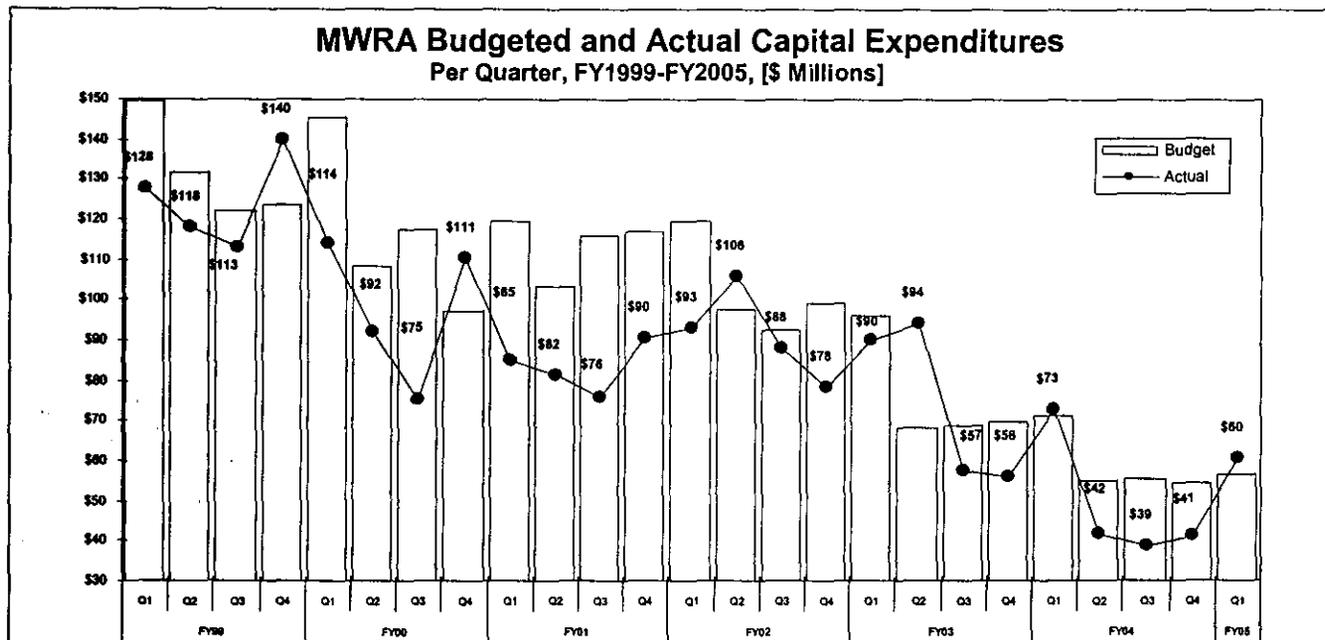
# STATUS OF MWRA BUDGETS

FY 2005 First Quarter Update (through September 2004)



## FY05 Capital Improvement Program and Budget

Through September 2004, accrued spending on the capital program came to \$60.38 million, 6% more (\$3.9 million) than the \$56.5 million budgeted for the quarter (net of contingency fund allowances). First quarter capital spending continued its downward trend, and was the lowest first quarter amount in more than a dozen years. Just two years ago first quarter spending was \$90 million. The Authority has budgeted \$208.2 million for the FY05 capital program; including contingency fund allowances of \$15.4 million, the capital budget for FY05 is \$223.6 million.



Spending totaled \$34.5 million for **Wastewater** projects, \$25.1 million for **Waterworks** projects, and \$0.7 million for **Administrative** projects. The greater than budgeted spending is largely the result of earlier than budgeted distributions under the *Local Water Pipeline Improvement Loan Program* and greater than budgeted spending on several contracts under the *Braintree-Weymouth Relief Facilities* project (particularly the Fore River Siphons and the Intermediate Pump Station).

The largest category of spending was the *CSO Control Program*, with \$20.68 million for the first quarter, 34% of all capital spending for the year to date. Other areas of significant spending included: \$8.4 million for the *Local Water Pipeline Improvement Loan Program*, \$7.2 million for the *Braintree-Weymouth Relief Facilities* project, \$6.2 million for the *Walnut Hill Water Treatment Plant*, \$6.5 million for a number of *Water Distribution and Pumping* projects, and \$2.9 million for *Deer Island Optimization and Asset Protection* projects.

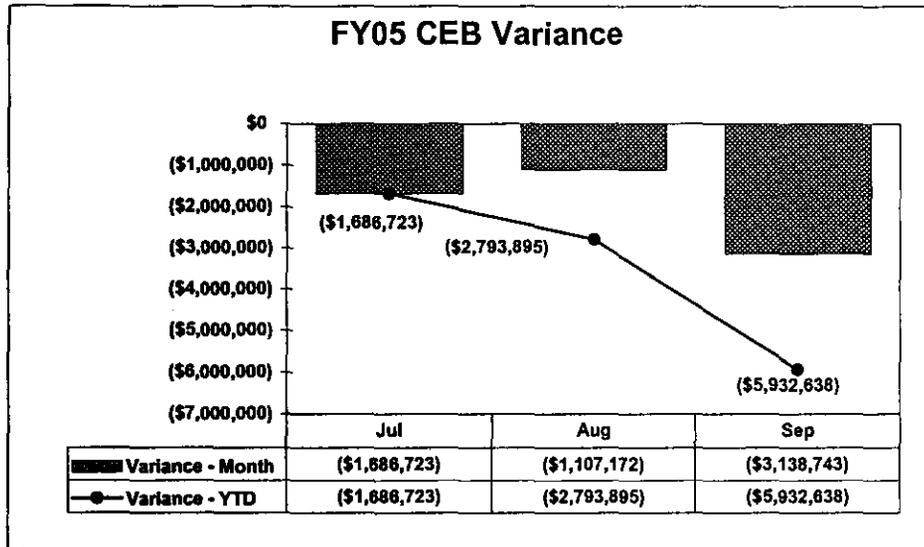
The **Construction Fund Balance**, as of the close of the September reporting period, stood at \$72 million. The balance reflected spending (on a cash basis) of \$61 million. The Authority anticipates borrowing up to \$120 million through the SRF program later this fall. The Authority also plans a new borrowing of \$100 million in late spring 2005.

Joseph E. Favaloro, Executive Director

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

## FY05 Current Expense Budget

Accrued spending through September 2004 reached \$114.9 million or \$5.9 million (4.9%) below the \$120.8 million budgeted for the quarter. Spending was 23% of the total year's budget of \$492.6 million.



**Direct Expense** accruals came to \$40.9 million for the three-month period, 2.9% or \$1.2 million below the \$42.1 million budgeted. Spending was \$2.9 million lower than for the first quarter of FY03, just two years ago, but \$0.46 million greater than for the first quarter of FY04. Lower spending for labor-related costs (as the number of filled positions continues to fall) and for *Chemicals* and *Professional Services* have been more than offset by higher levels of

spending for *Utilities*, *Maintenance* and *Other Services* expenses, as compared to the same period one year ago.

Just under 54% (\$22.05 million) of all Direct Expense spending is for *Labor-Related expense*. Lower spending on *Wages and Salaries*, *Fringe Benefits* and *Workers' Compensation* have contributed to the decline in *Labor-Related expense* as a percentage of total Direct Expenses (from 57% just a year ago). Filled positions as of the end of September number 1,265 as compared to 1,304 a year ago and 1,371 two years ago; four years ago filled positions totaled 1,601.

Spending on *Chemicals* reached \$1.89 million for the first quarter, 14.8% below the \$2.22 million budgeted. Much of the difference was due to fewer deliveries and lower usage of *Sodium Hypochlorite* at Deer Island, where greater than budgeted use of *Activated Carbon* for odor control also contributed to the difference. *Utilities* expense came to \$4.29 million for the quarter, nearly \$0.2 million below the \$4.49 million budgeted. Lower *Electricity* expense of \$3.77 million made up most of this category of spending (including \$2.42 million for Deer Island operations), \$0.23 million below the \$3.99 million budgeted for the quarter.

*Maintenance* spending came to \$4.8 million, \$0.48 million (11%) more than the \$4.3 million budgeted for the quarter primarily due to several maintenance projects at Deer Island, which were more complex than assumed in the budget and were carried out earlier than budgeted. *Professional Services* accruals were \$0.14 million less than budgeted, due in part to later deliverables for *Lab and Testing Analysis* and *Security Services*. *Other Services* spending, the second largest category of expense after *Wages and Salaries*, came to \$5.7 million, within 1.5% of the nearly \$5.8 million budgeted. Nearly half of *Other Services* spending is for *Sludge Pelletization*.

**Indirect Expenses** totaled \$73.97 million for the quarter, 6% below the \$78.68 million budgeted. Lower *Debt Service* expense is the primary reason for the below budgeted spending, at \$65.5 million as compared to the \$70.0 million budgeted. Lower *Variable Rate Debt Service* expense accounts for \$2.3 million of the lower spending, due to variable interest rates lower than assumed in the budget. Initial accruals for *Debt Service Assistance* accounts for \$2.18 million of the lower *Debt Service* expense; this amount is exactly offset by lower *Rate Revenue* accruals of \$2.18 million.