



2022 Operating Budget Request & 2022 – 2026 Capital Budget Request

MSD Presentation to Cincinnati City
Council

December 2, 2021



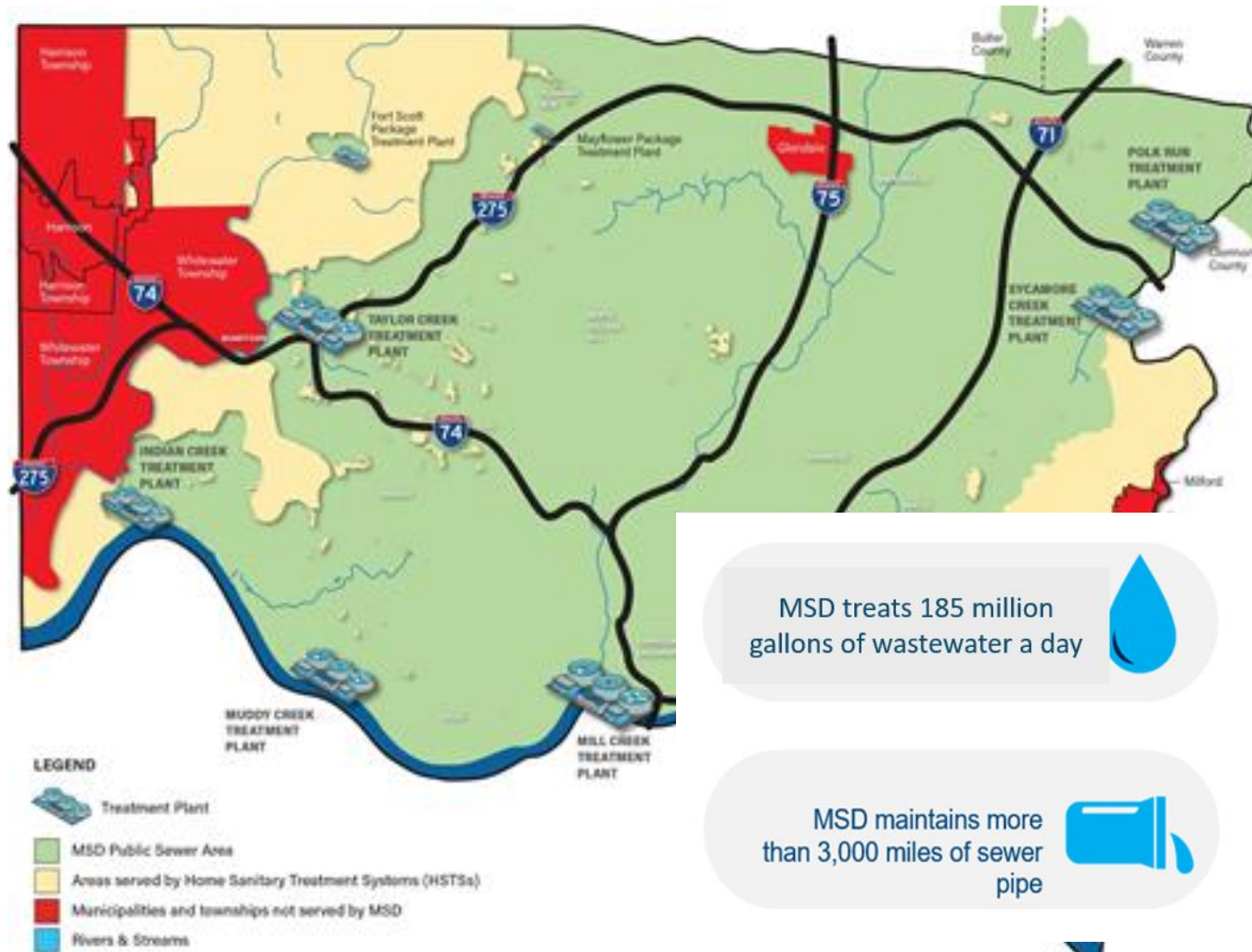
Agenda

1. 2021 Operational Highlights
2. 2022 Operating Budget Request
 - Personnel
 - Non-Personnel
 - Capital Outlay – OTEA & Fleet
3. 2022-2026 CIP Budget Request
4. Revenue Projections



Operational Highlights

2021 Operational Highlights



MSD treats 185 million gallons of wastewater a day



MSD has 9 treatment plants

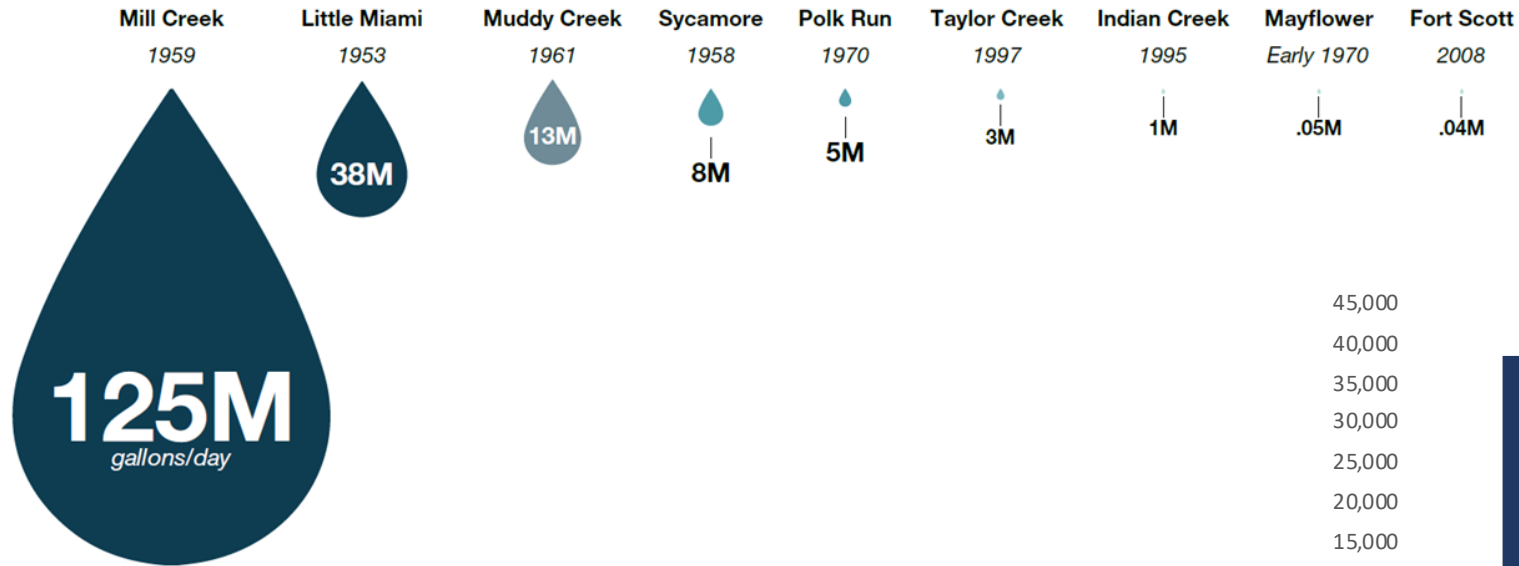
MSD maintains more than 3,000 miles of sewer pipe



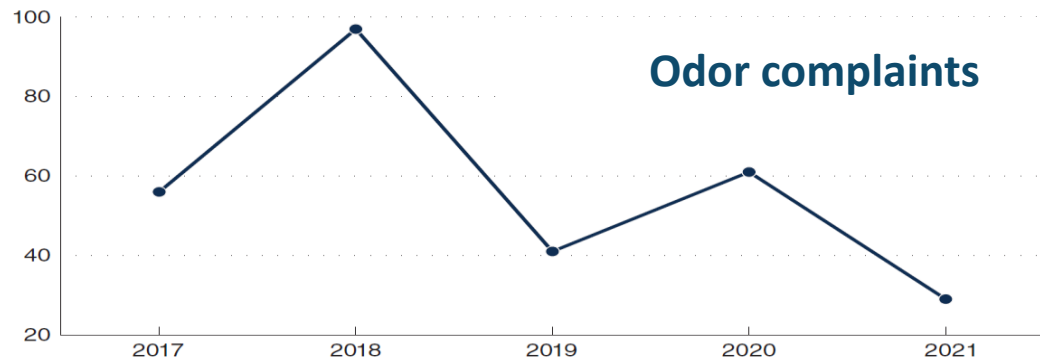
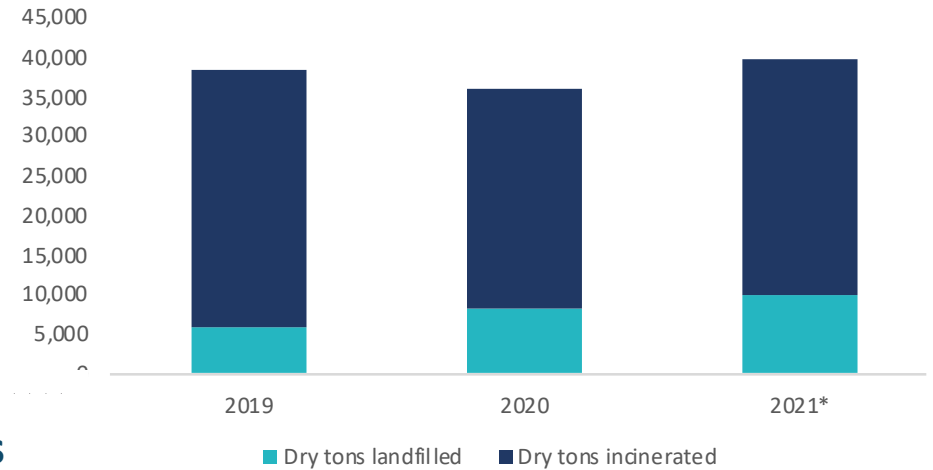
MSD serves >225,000 residential, commercial and industrial customers

2021 Operational Highlights

Average Daily Clean Water Returned to Environment



Biosolids Produced & Disposed



More 2021 Highlights

Jennifer,

Today I had the pleasure of meeting Kyle Scott and Donnet Street.

Wow these two guys are above and beyond. They went out of their way to try to auger my sewer line via my front yard clean out. Did I mention it was pouring rain! The auger tip got stuck because the line was damaged, no fault of their own. They helped me locate the right of way and sewer line depths and really just made me feel like I was paying for them to be there. I deal with the city from time to time and this was hands down my best experience. Good job if you hired them and they deserve a raise for sure.

Thanks,
Eric

I just wanted to say thank you for your swift response — and I've also told the Stakeholder representative at 3CDC how great you guys were.

Thanks again from a grateful neighborhood!

Sue B.

Hello,

I just wanted to let someone know that I had a wonderful experience with 2 of your employees today. They were very professional and did a thorough job not only evaluating the issue itself but then also helping me understand what was going on. They cleaned up after themselves and sectioned off the area for safety. They worked very well together and overall did a great job. I have shared my experience with several family and friends today and thought I should let someone there know as well.

Thanks for the great service!

Jennifer B.

Dear MSD Managers,

We recently had a crew of MSD workers repairing a sewer line break in front of our house. We were so impressed by the professionalism and courtesy these workers showed during their time on our street.

Despite the difficulty of the task, your MSD crew worked tirelessly, staying well past 6:30pm on two nights to get the job done. We owe a big thank you to the following workers:

Marlon Wiggins
Zach Vanhook
Tim Sewell
Connie Daniels
Phil Freeman

Please let them know how much we appreciate their hard work. And thank you for serving Cincinnati so well.

Sincerely,

Alan and Jo H.



Cincinnati, Ohio Intelligent Urban Watershed Technology

OWNER	LOCATION	INCEPTION
Metropolitan Sewer District of Greater Cincinnati	Cincinnati, Ohio	2015

KEY FEATURES

- Overflow volumes reduced by 247 MG annually.
- Cost reduced more than 90 percent compared to initial capital work estimated at \$38 million.
- CSO mitigation achieved at a price of less than \$0.01/gallon.

PROJECT DESCRIPTION

The MSD of Greater Cincinnati serves an Ohio population of more than 850,000 spread out across 290 square miles. Like many large cities, Cincinnati has combined and sanitary sewer systems, some of which were built more than a century ago. Whether by design or due to 1/1 of stormwater, these systems tend to overflow, discharging untreated sewage into local waterways or flooding streets and basements.



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LICK RUN GREENWAY GRAND OPENING ON TUESDAY, MAY 18, 2021

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Lick Run Greenway Grand Opening on Tuesday, May 18, 2021
May 12, 2021

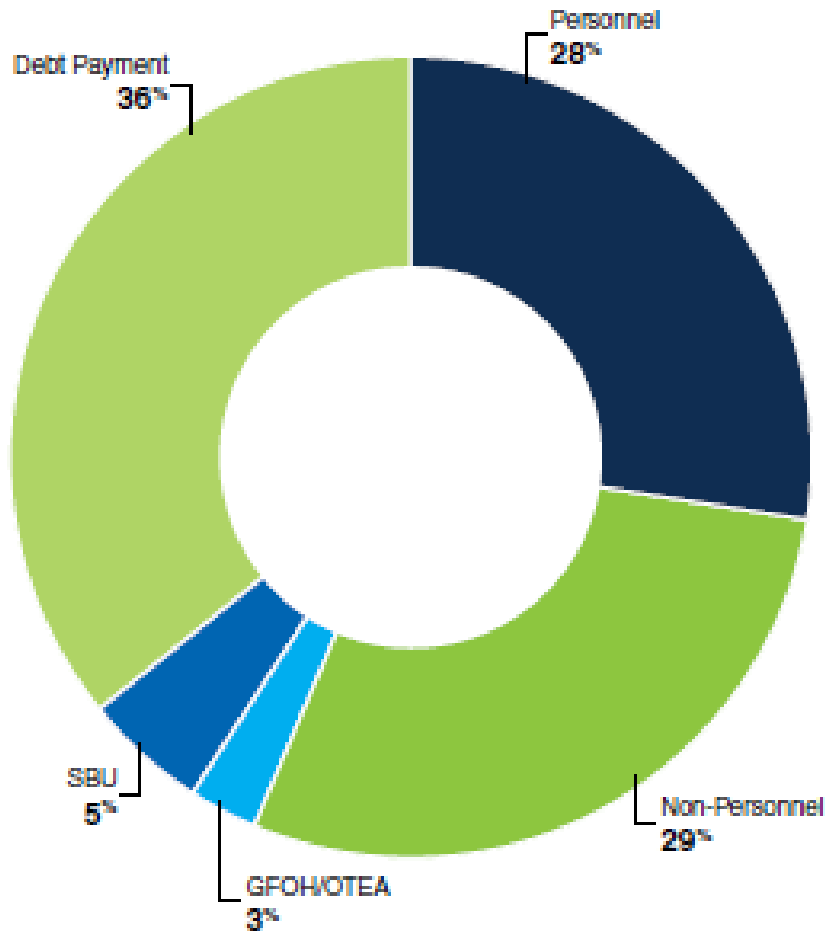
First Daylighted Stream in the Nation to Control Sewer Overflows



Operating Budget Request

2022 Operating Budget Request

Overall Request by Category



2022 Operating Budget Request is an increase of \$14.2M (6%) over the approved 2021 budget.

DEPT.	2022 Request
Personnel	\$65,431,020
Office of the Director (OOD)	\$2,607,330
Wastewater Engineering (WWE)	\$8,211,744
Wastewater Administration (WWA)	\$4,947,237
IT Division (IT)	\$2,435,301
Wastewater Treatment (WWT)	\$25,332,415
Wastewater Collection (WWC)	\$13,431,143
Compliance Services (CS)	\$7,512,352
Sewer Backup Program (SBU)	\$953,498
Non-Personnel (without SBU)	\$69,101,648
Office of the Director	\$1,218,739
Wastewater Engineering	\$864,088
Wastewater Administration	\$7,231,156
IT Division	\$4,449,255
Wastewater Treatment	\$35,215,466
Wastewater Collection	\$12,281,674
Compliance Services	\$7,841,270
Other Non-Personnel	\$6,266,000
GFOH	\$2,600,000
FLEET	\$2,016,000
OTEA	\$1,650,000
Subtotal (w/o SBU & Debt Payment)	\$140,798,667
SBU	\$11,213,263
Debt Payment	\$85,000,000
Grand Total	\$237,011,930

2021 Operating Budget: Personnel

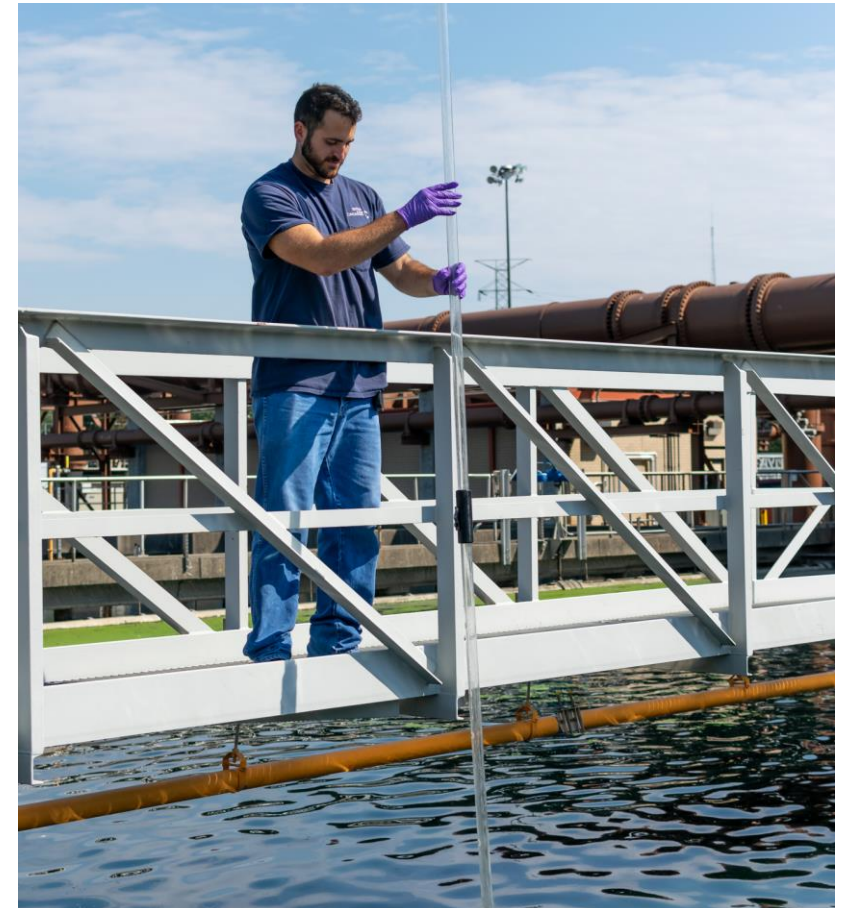
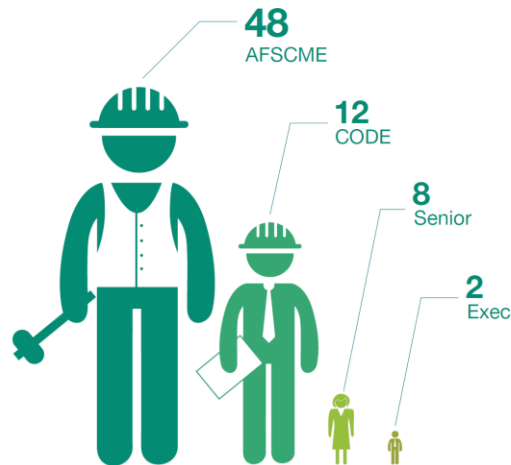
The **Personnel request of \$65,431,020** is \$3.4M or 5.5% greater than the 2020 approved budget. **Why?**

- 5% health care increase
- 2% COLA increases (estimated, negotiations resulted in 5% COLA for AFSCME)
- 3% Merit increases (where eligible)
- Up to 4.0 new FTE in Treatment, all AFSCME positions for basic services

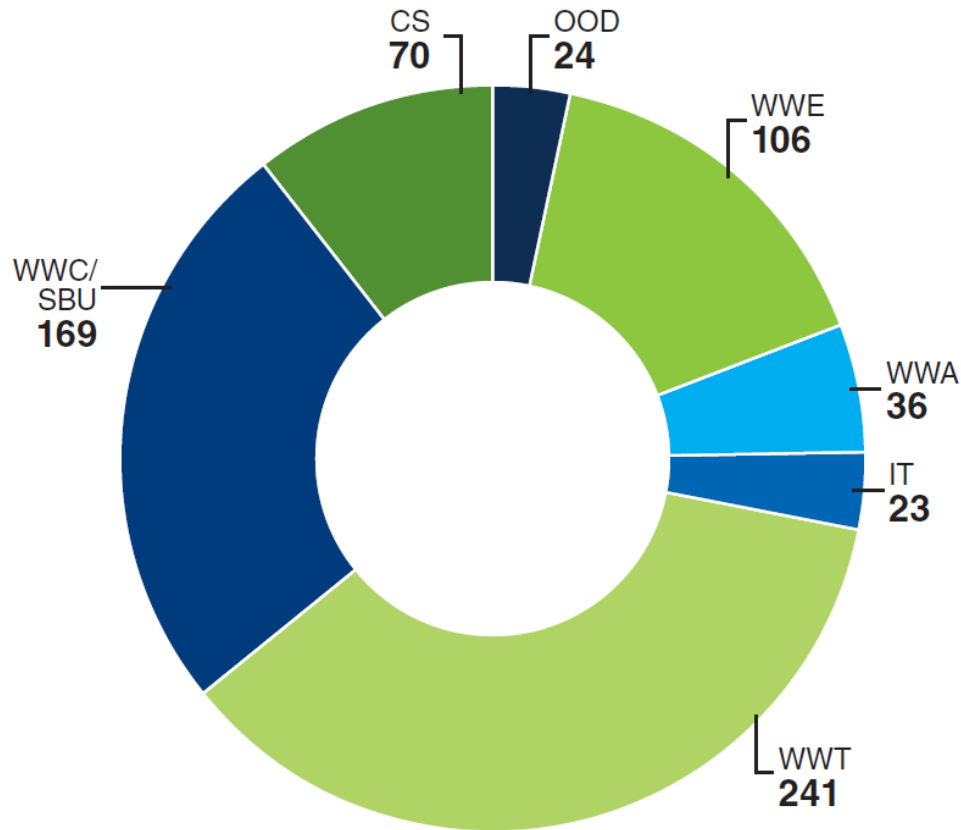
\$3.4M

MSD carefully monitors the personnel budget to fill vacancies as they arise.

2020 Hired or Promoted across all MSD divisions



MSD's 7 Divisions to Deliver Clean Water



OOD

Legislation | Legal | Public Records | Communications | Budget | Community Outreach | Special Projects | Grants | CAP |

WWE

Planning | Design | GIS | Project Management | Construction | Surveying | QA/QC | Development Services | CIP | PMT

WWA

Payroll | Labor Relations | Training | Accounts Payable | Workforce Development | Small Business Enterprise

IT

Datacenter | Helpdesk | Business Applications | Cybersecurity

CS

Flow Monitoring | Industrial Waste | Emergency Response | Security | Safety | Laboratory | Regulatory Compliance

WWT

Wet Weather Facilities | Treatment Plants | Pump Stations | NPDES | Aeration | Incinerators

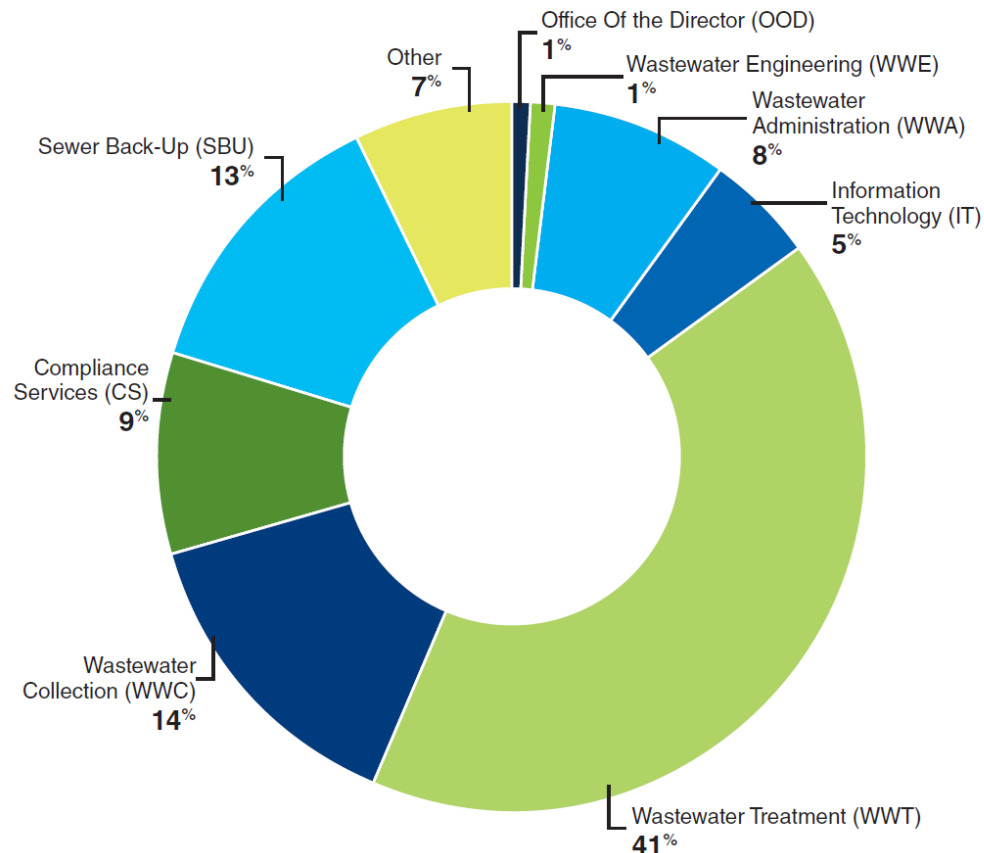
WWC

Local Sewers | Main Sewers | interceptors | CSO outfalls | SBU Response | Green Infrastructure | Fleet |

2021 Operating Budget: Non-personnel

The Non-personnel request is **\$69M*** with **\$55M (80%)** attributed to core operating divisions: WWT, WWC, CS. This is about **\$9M** higher than 2021.

Non-Personnel Request by Division



Increases attributed to:

[See Page 20-21 of Budget Book](#)

- Chemical Cost Increases
- O&M of New Wet Weather Assets
- Wet Well & Digester Tank Cleaning
- Critical Parts Needed for Process Areas
- Increases to Hauling & Disposal
- Increased Power Costs
- Contracts and Supply Chain Impacts
- Green Infrastructure Support
- Electric Vehicle Evaluation

*Exclusive of SBU and Other Non-personnel

Fleet & Office Technology Equipment Allowance (OTEAA)

MSD's fleet value is over \$21 million with most having a 10-year life cycle.

- When determining fleet replacement needs, each year MSD looks at the following:
 - Age of equipment
 - Life to Date Cost of repairs
 - Mileage/hours
 - Overall condition
 - Criticality to the operation

Fleet & OTEAA budgets have been underfunded

- Fleet Replacement Request: \$2.016M
- OTEAA Request: \$1.65M (>\$3M need)

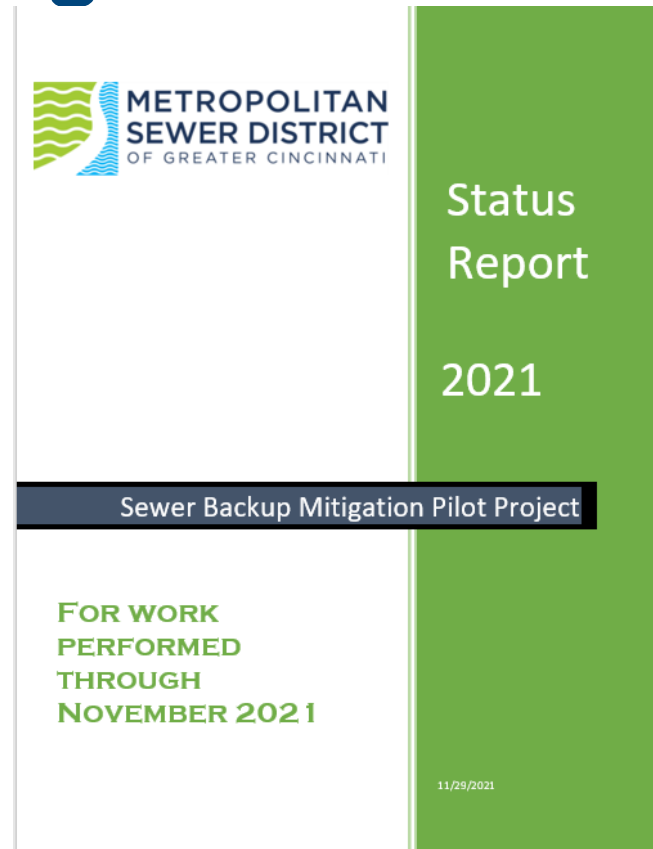
Year	Requested Fleet Budget	Approved Fleet Budget	Percentage of Requested Budget Approved
2021	\$1,777,000	\$1,777,000	100%
2020	\$1,970,200	\$1,100,000	56%
2019	\$1,369,800	\$1,101,000	80%
2018	\$1,591,000	\$1,080,000	67%
2017	\$1,383,500	\$800,000	58%
2016	\$2,037,000	\$1,277,000	66%



2021 Sewer Backup Mitigation - Pilot

LRIFA Operational Controls

- Operational Controls Pilot Study initiated in February 2021 with installation of “Hobbit Doors”
- Restrict stormwater from entering the combined sewer adjacent to SBUs
- 16 Hobbit Doors installed in 6 LRIFA areas as of July 1, 2021



MSD installed the first Float Controlled Operational Control device. It has passed initial tests and will undergo a few minor modifications before additional installations.



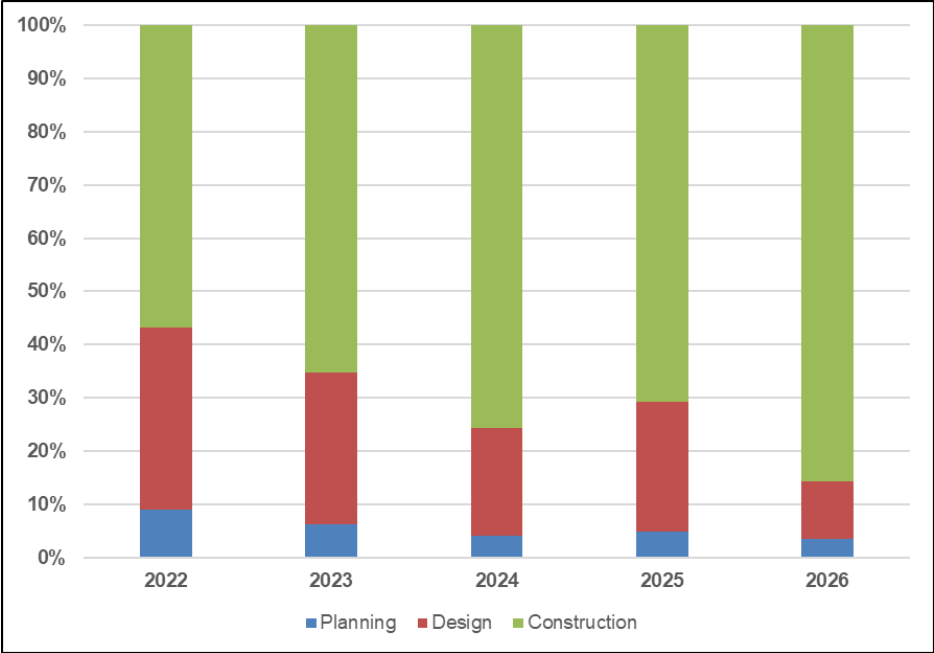


Capital Budget Request

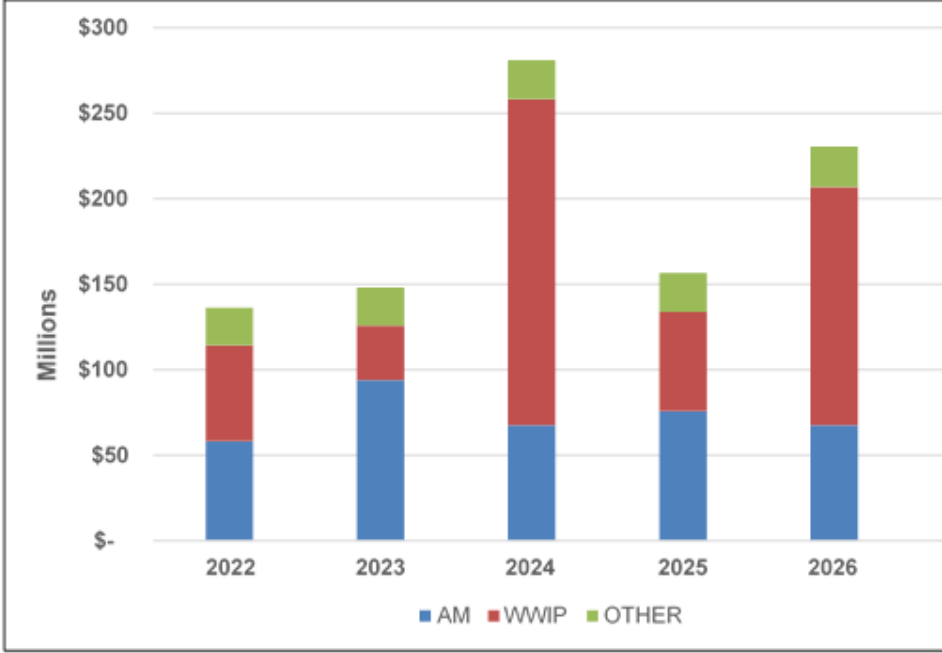
Capital Improvement Program (CIP) 2022-2026

CIP Category	2022	2023	2024	2025	2026	Total
AM	\$ 58,165,989	\$ 94,058,358	\$ 67,689,985	\$ 75,911,291	\$ 67,635,865	\$ 363,461,488
WWIP	\$ 56,097,524	\$ 31,721,214	\$ 190,565,185	\$ 57,774,786	\$ 139,346,176	\$ 475,504,885
OTHER	\$ 22,024,000	\$ 22,357,640	\$ 22,701,215	\$ 23,055,029	\$ 23,419,396	\$ 113,557,280
Subtotal	\$ 136,287,513	\$ 148,137,212	\$ 280,956,385	\$ 156,741,106	\$ 230,401,437	\$ 952,523,653

Budget breakdown by Project Phase

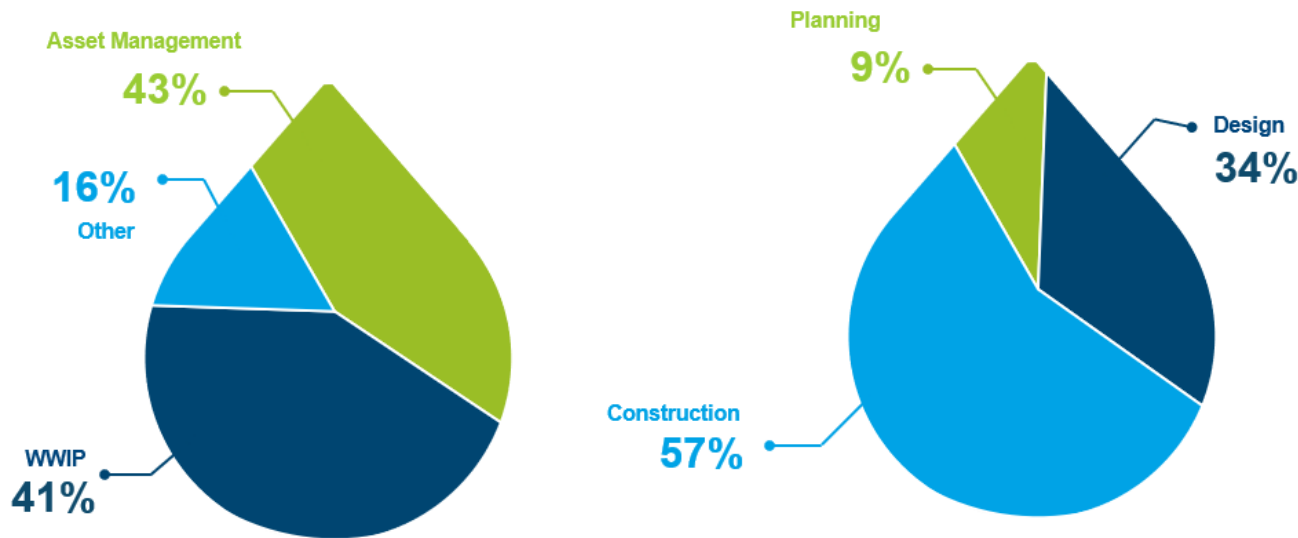


Budget breakdown by CIP Category



2022 CIP Budget Request Highlights

- Represents 10% increase over approved 2021 CIP Budget primarily due to needs at Mill Creek and Little Miami WWTPs.
- WWIP Phase 2A projects pending regulatory approval.
- Includes 59 specific projects balanced across the planning, design, and construction phases



2022 CIP Key Priorities

Wet Weather Improvement Program (WWIP):

- Post construction monitoring of Phase 1 projects
- Mill Creek WWTP HRT Pump Station Design (\$14M)
- Little Miami WWTP Solids Disposal Design (\$5.7M)
- Little Miami WWTP Standby Power Construction (\$23.8M)
- Pleasant Run Pump Station Design (\$1.4M)
- CSO 182 Planning (Mt. Washington)

Asset Management:

- Mill Creek WWTP Standby Power Construction (\$6.2M)
- Mill Creek WWTP Loop Improvements Construction (\$5.9M)

Capital Allowances:

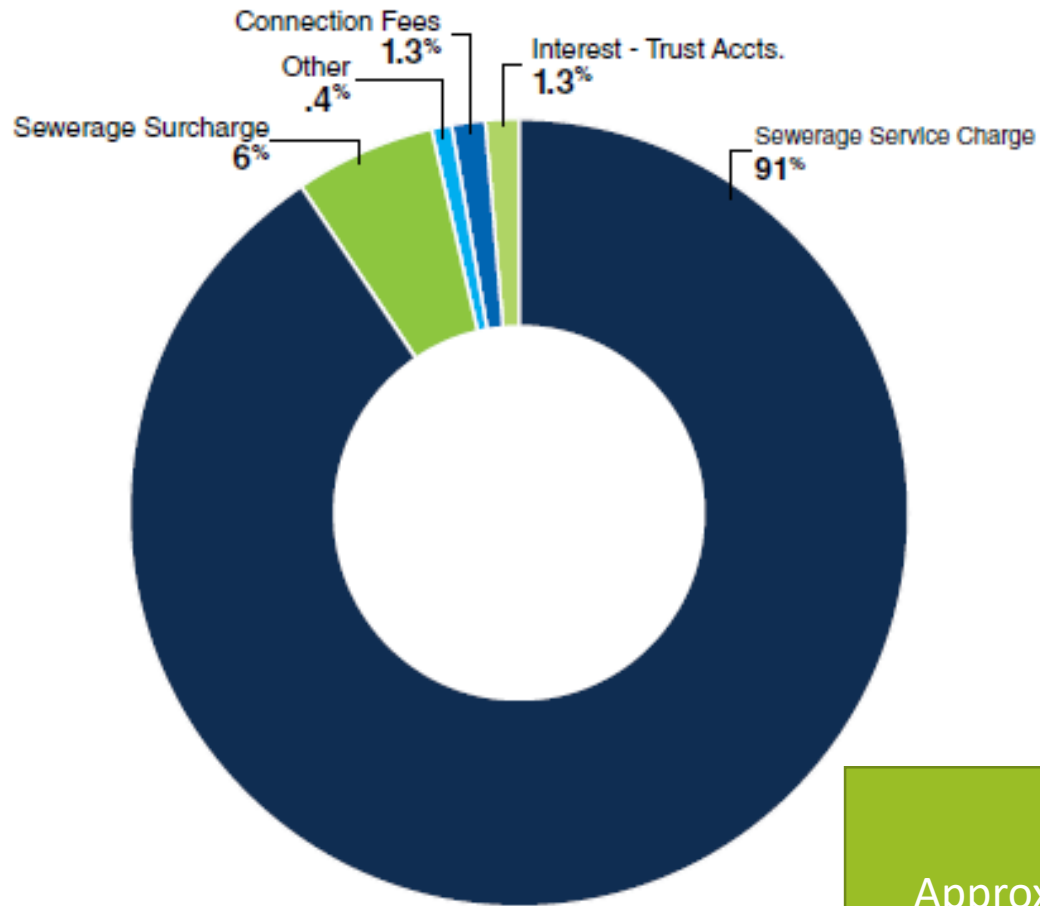
- Prioritized WW Collection System Improvements (\$20M)
- Continued Phase 2A Planning (\$2.6M)



Revenue Projections

2021 & 2022 Revenue Projections

Revenue Projections for 2022



Description	2020	2021	2022
	Actuals	Projected	Projected
Sewerage Service Charge	\$239,935,595	\$242,324,539	\$245,645,585
Sewerage Surcharges	\$ 15,433,357	\$ 15,433,357	\$ 15,433,357
Septic Tank Disposal	\$ 1,571,469	\$ 1,587,184	\$ 1,603,056
Pretreatment Monitoring	\$ 223,974	\$ 226,214	\$ 228,476
Subtotal	\$ 257,164,396	\$ 259,571,294	\$ 262,910,474
Rental Income	\$ 146,850	\$ 148,319	\$ 149,802
Tap Permits-Licenses	\$ 29,920	\$ 30,219	\$ 30,521
Inspection-Plan Review	\$ 234,727	\$ 237,074	\$ 239,445
Other (a)	\$ 574,088	\$ 579,829	\$ 585,627
Total Other Operating Revenue	\$ 985,585	\$ 995,441	\$ 1,005,395
Connection Fee Revenue (b)	\$ 3,448,617	\$ 3,483,103	\$ 3,517,934
Interest-Trust Accounts (c)	\$ 3,415,783	\$ 3,059,313	\$ 3,441,438
Total Revenue	\$ 6,864,400	\$ 6,542,416	\$ 6,959,372
Build America Bond Discount	\$ 1,437,985	\$ -	\$ -
Homestead CAP	\$ (189,500)	\$ (266,000)	\$ (272,000)
Total Operating Revenue	\$ 266,452,366	\$ 267,109,151	\$ 270,875,241

MSD Customer Assistance Program

Approximately 2,250 enrolled. MSD expects enrollment in this program to continue to increase as MSD's outreach efforts continue.

MSD Rates Not Adjusted Since 2015

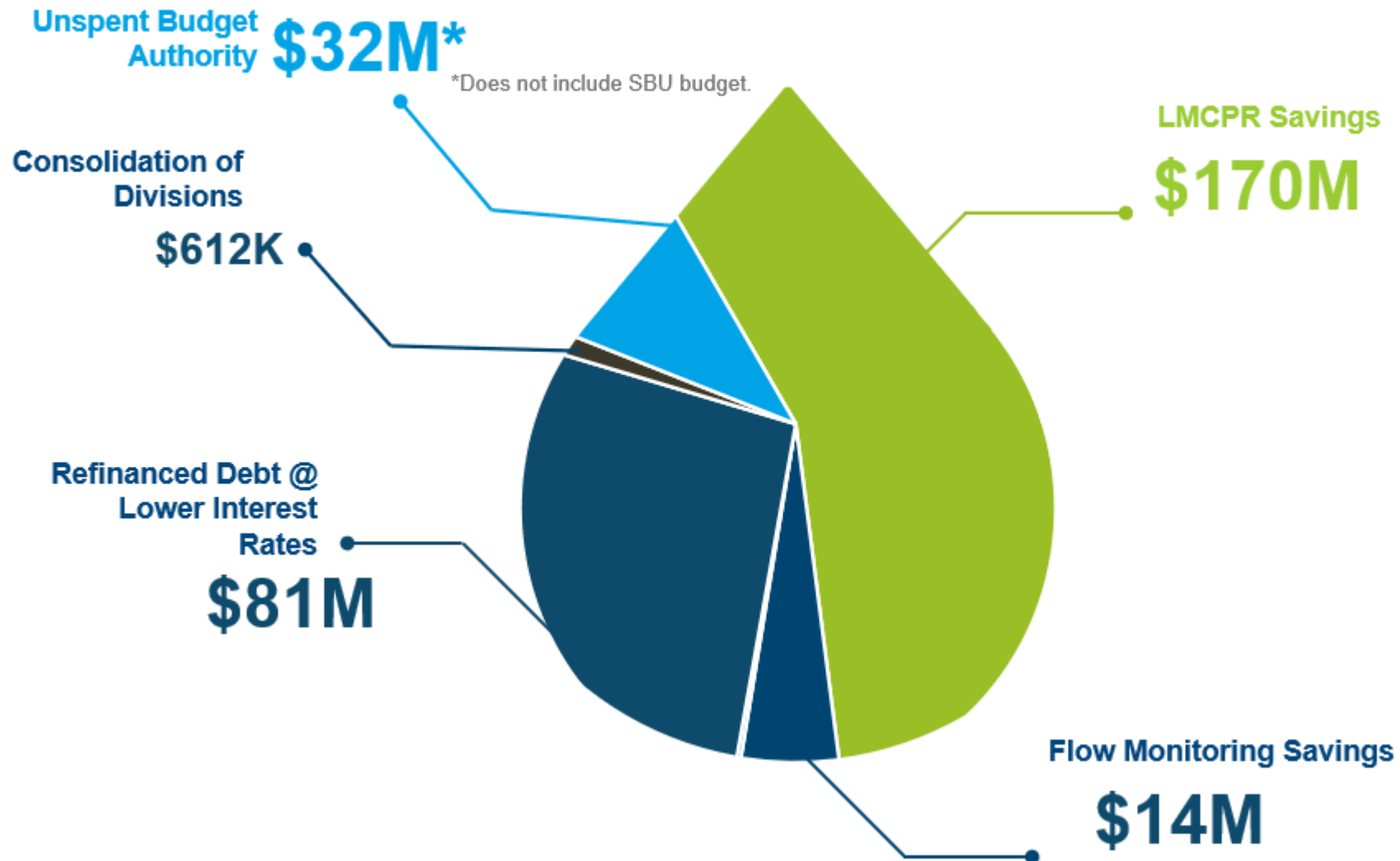
- The average user pays \$610/year based on average water usage.
- CPI has risen 16% since 2015
- MSD has added new assets during Phase 1 that must be operated and maintained
- Aging infrastructure needs repair and reinvestment
- MSD is evaluating enhancements to its rate structure
- MSD is managing costs, sometimes deferring improvements

How Does MSD Finance its Capital Projects?

- low interest loans
- cash reserves
- sale of revenue bonds
- annual connection fees
- interest earnings from construction fund



MSD Cost Control Measures amount to \$302M from 2014-2021



MSD Rate Restructuring Initiatives

Enhanced Rate Structure

- Began in February 2021
- MSD working in collaboration with County to recommend an impervious surface charge for wet weather costs using imperviousness throughout the entire district
- Update to BOCC in late January with recommendation to BOCC anticipated in late 1st Q 2022
 - 18–24-month implementation schedule to follow, upon Board approval

Revision of Hauled Waste Cost Recovery

- MSD recommends evaluating a tiered waste structure to charge based on waste strength and cost to treat; may enhance equity of recovery of cost of service.

Holistic Rate Restructuring

- Evaluation of volumetric charge, minimum charge, hauled waste rates
- Timeframe could align with Impervious Surface Fee implementation

It's All About Clean Water

MSD collects, treats, and manages wastewater from Greater Cincinnati communities, protecting the environment and public health by returning clean water to local rivers and streams.





Questions