



**MSD 2026 Budget Presentation
to
Budget & Finance Committee**

December 8, 2025





2026 Operating Budget Request

MSD At A Glance

We think about wastewater, so you don't have to. We're here 24/7, keeping our waterways clean and addressing your needs as a customer.



160 million gallons of
wastewater treated daily



9 treatment plants & 100
pump stations

3,000 miles of sewer pipe



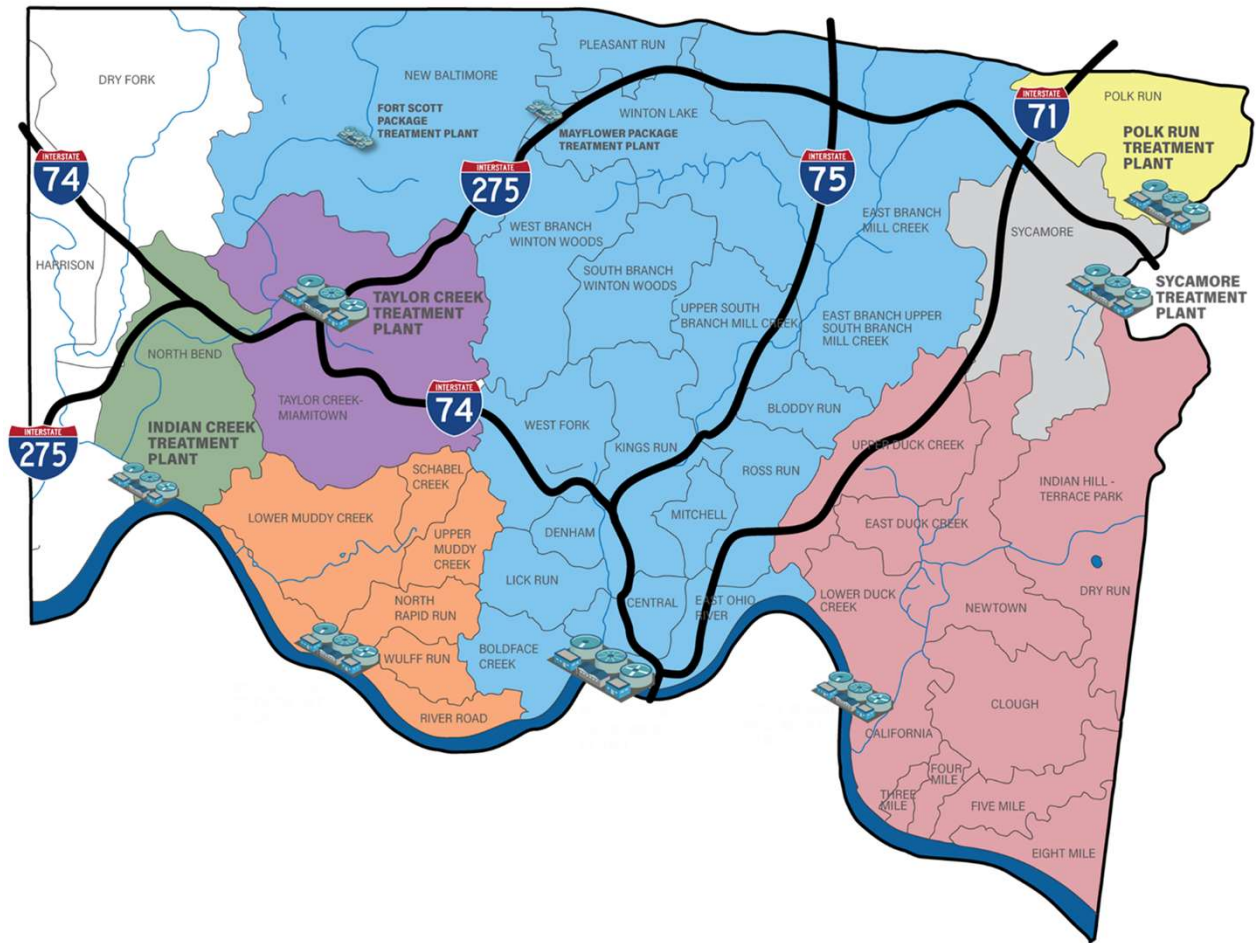
750,000 residential,
commercial, industrial
customers

44 acres of green
infrastructure



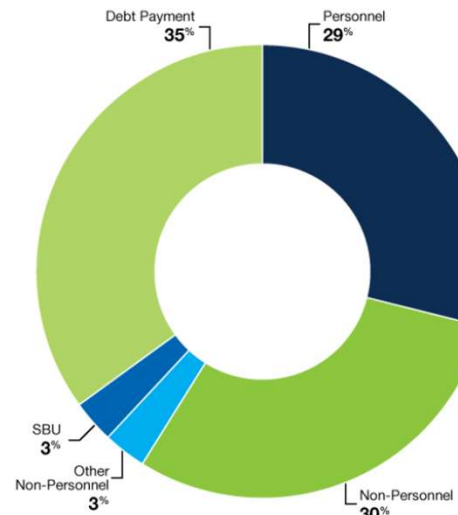
9 wet weather facilities

MSD At A Glance



2026 Operating Budget Request

DEPT.	2026 Request
Personnel	\$74,647,156
Office of the Director (OOD)	\$2,144,223
Wastewater Engineering (WWE)	\$5,939,117
Wastewater Administration (WWA)	\$5,749,033
IT Division (IT)	\$4,221,312
Wastewater Treatment (WWT)	\$30,046,047
Wastewater Collection (WWC)	\$18,072,302
Compliance Services (CS)	\$7,592,907
Sewer Backup Program (SBU)	\$882,215
Non-Personnel (without SBU)	\$77,293,031
Office of the Director	\$788,605
Wastewater Engineering	\$5,744,039
Wastewater Administration	\$8,224,369
IT Division	\$5,176,812
Wastewater Treatment	\$41,183,260
Wastewater Collection	\$11,145,022
Compliance Services	\$5,030,924
Other Non-Personnel	\$6,861,000
Non-Departmental (ERIP)	\$564,000
GFOH	\$3,200,000
FLEET	\$1,852,000
OTEA	\$1,200,000
Subtotal (w/o SBU & Debt Payment)	\$158,756,187
SBU	\$8,213,263
Debt Payment	\$89,000,000
Grand Total	\$255,969,450



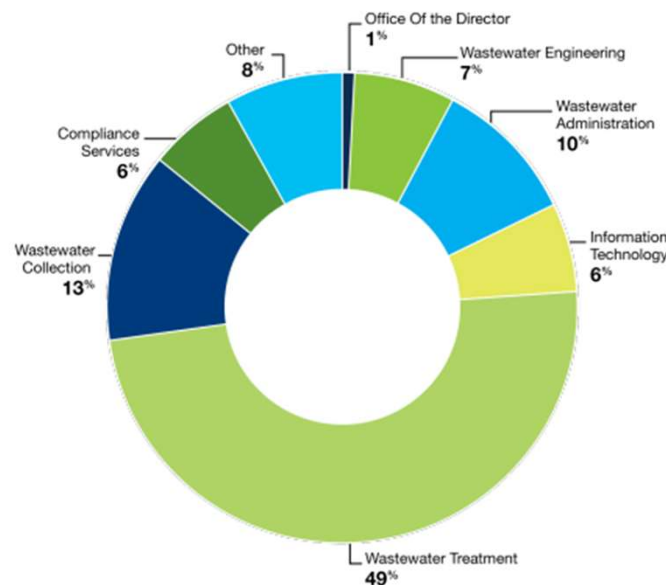
2024	2025	2026
\$237.9M	\$240.9M	\$255.9M



6.3% Increase over 2025

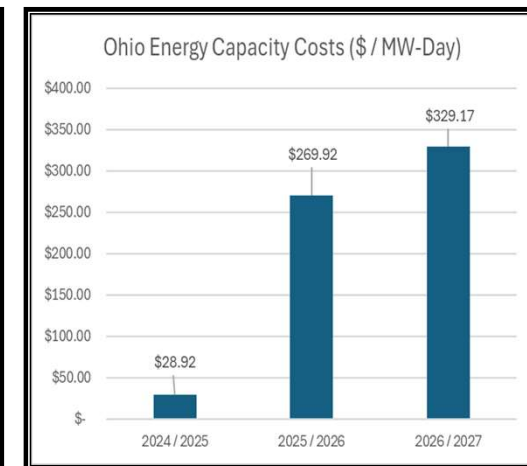
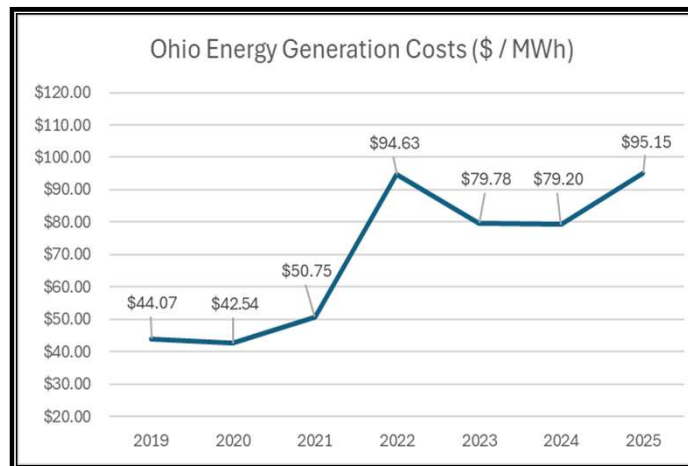
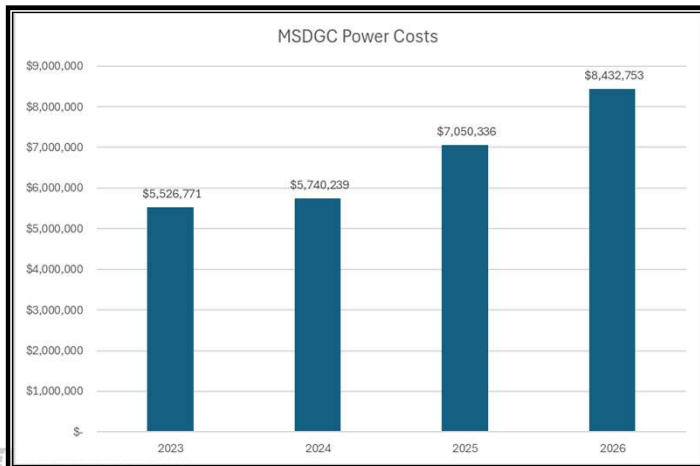
2026 Operating Budget Highlights

- Recommended Operation & Maintenance Budget is \$158.7M, a \$12M increase (8.2%) from the 2025 O&M Budget
- Personnel is projected to require an increase of \$8.0M or 12% from 2025
- Non-personnel is projected to require an increase of \$4.0M or 5.5% from 2025
- Other non-personnel is projected to decrease -\$9K or -0.1% from CY 2025



Power Generation & Capacity Costs

- The 2026 Operating Budget Request includes an increase for power of **\$1.38M** compared to 2025.
- A year-ago, capacity auction prices shot up by more than 800%, rising to \$269.92 per megawatt-day from the previous year as data center demand increases.
- Power generation costs have also increased by 27%, as the retirement of older power plants and the long lead time for building new plants have reduced available energy supply.

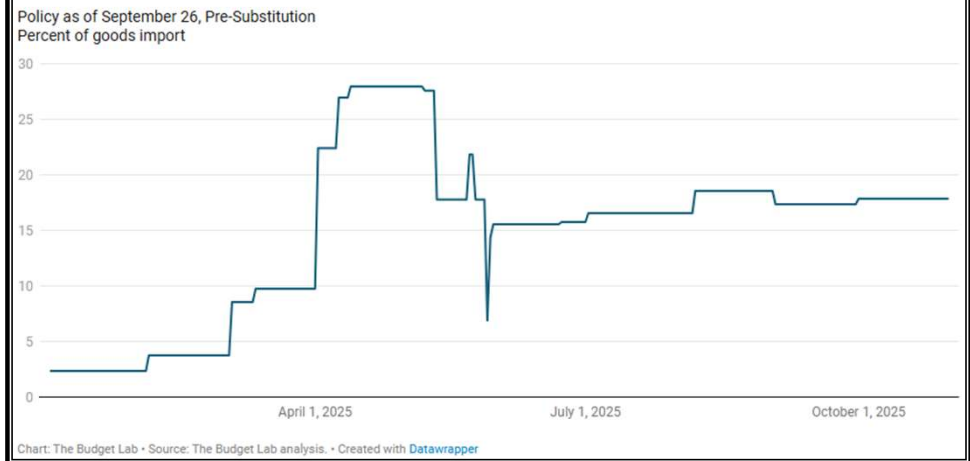


Tariff Policy Impacts

- The heavy industrial nature of wastewater treatment results in MSD being dependent on global supply chains for specialty parts, general supplies, and finished machinery.
- Due to the complex and interconnected nature of these supply chains, there is no single, uniform consequence. For example, prices related to several basic parts and industrial supplies increased between 10% and 20%, while the costs related to some specialty finished machinery products increased by 100%.
- Current Tariff Rate: Consumers face an overall average effective tariff rate of 17.9%, the highest since 1934, and an increase of more than 15% vs 2024.

Parts - Supplies - Machinery				
Object Description	2025 Budget	2026 Budget	\$ Increase	% Increase
Building Repairs- Equipment	940,886	1,317,896	377,010	40%
Mechanical And Plant Supplies	2,675,206	2,953,886	278,680	10%
Technical Equipment Parts	1,556,629	1,797,449	240,820	15%
Plumbing Machinery Parts	724,811	956,022	231,211	32%
Electrical Machinery	356,547	514,822	158,275	44%
Pumping Machinery	690,029	795,152	105,123	15%
Building Equipment Parts	272,567	355,653	83,086	30%
Electrical Machinery Parts	921,615	1,003,157	81,542	9%
Pipes Valves & Fittings < 4"	158,729	233,974	75,245	47%
Building	167,579	228,107	60,528	36%
Masonry And Road Materials	269,251	294,251	25,000	9%
Pipes Valves & Fittings > 4"	435,068	452,075	17,007	4%
Structural Metals	27,212	42,962	15,750	58%
Grand Total	\$ 9,196,129	\$ 10,945,406	\$ 1,749,277	19%

Figure 3. U.S Average Effective Tariff Rate Since January 1, 2025



Facility & Infrastructure Maintenance

- **Aging Infrastructure**
 - MSD maintains a vast array of important public infrastructure that has been in high use for 60+ years and is experiencing inevitable wear from decades of constant use.
- **Rising Costs & Budget Constraints**
 - The state of MSD's aging infrastructure has required increased maintenance costs to sustain current operations.
 - Consent Decree mandated projects limit capital resources available for more permanent maintenance solutions.
- **MSD's additional costs related to facility maintenance requirements include but are not limited to:**

Expense Item	Description	Cost Increase
Bypass Pumping Services	Increased use of temporary pumps/piping to redirect wastewater flow due to aging infrastructure needing repair/replacement.	+\$370,000
Holding Tank Maintenance	Extensive repair needed at Little Miami WWTP due to interior paint decay.	+\$500,000
Power Substation Maintenance	Significant contract increase for specialist maintenance of high-voltage lines/equipment at Mill Creek WWTP.	+\$89,000

Sewer Backup Program

2026 SBU Program Budget - \$8.8M

\$5.7M Spent Thru Oct 2025


SBU Services Provided:

- 24/7 reporting at 513-352-4900
- Investigation to determine eligibility

Eligible Properties Receive:

- Cleaning services
- Reimbursement of damages
- Protection from future sewer backups



 METROPOLITAN SEWER DISTRICT OF GREATER CINCINNATI		Total for 2025 through 10/31/25
Sewer Backup Response		
Sewer Backup Investigations		2,011
Cleaning Services Offered		139
Cleaning Services Accepted		103
Cleaning Services (includes estimates)	\$	363,928
Cleanouts Installed at the Right-of-Way		361
MSD SBU Program Labor	\$	869,733
SBU Customer Service	\$	237,983
Sewer Backup Prevention Program		
Properties Contacted		61
Properties Protected		35
Design Consultant Costs	\$	460,433
Contractor Construction Costs	\$	2,618,141
Contractor Maintenance Costs	\$	723,687
Sewer Backup Claims		
Settlement Checks Disbursed		33
Average Settlement Processing Time (days)		50
Sewer Backup Claim Settlements Paid	\$	466,501
Annual Program Expenditures		
	\$	5,740,405
Program Expenditures (2004–2025 YTD)		\$ 172,554,939



2026 Capital Budget Request

Consent Decree Progress

Wet Weather Improvement Program

Accomplishments since 2006¹

8.1 billion gallons
of sewer overflows eliminated

Improved water quality
in ~120 miles of local streams

180 wet weather projects
completed to date

86 CSOs
eliminated or controlled

83 SSOs
eliminated or controlled

¹As of 2025, 3rd quarter

2026 Capital Budget Request

Total 2026 Capital Budget: \$153,604,637

Appropriation upon Passage: \$84,418,116

- Planning/Design/Easement: **\$40.2M**
 - 10 Projects + 8 Allowances (Exhibit A)
- Construction Allowances: **\$44.2M**
 - 5 Allowances (Exhibit B)



Balance for Construction Projects: \$69,186,521

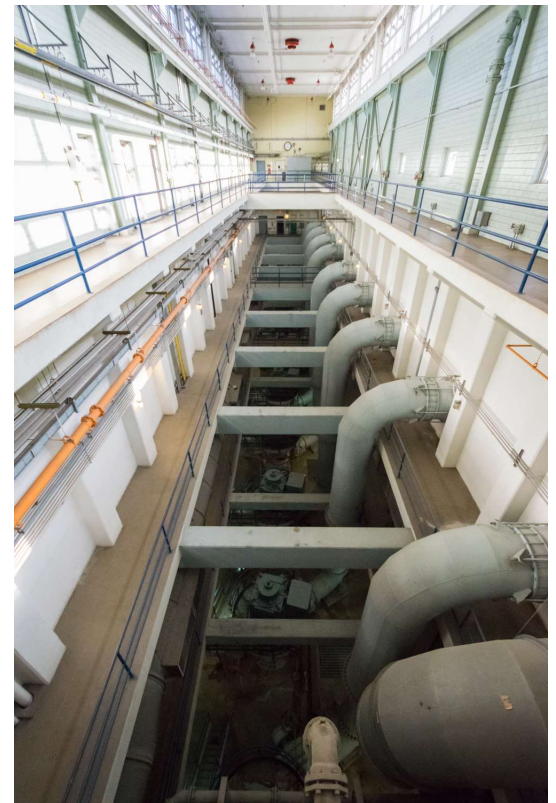
- 12 projects to be approved by BOCC later in 2026

2022	2023	2024	2025	2026
\$136.1M	\$140.5M	\$133.4M	\$786.8M	\$153.6M

2026 Capital Budget Highlights

Phase 2B of Consent Decree Set

- Regulators approved the County's 2024 Proposed Phase 2B Plan, locking in WWIP projects for next 10 years. For 2026:
 - LMWWTP HRT Facility receives additional planning funding (\$216,000)
 - LMWWTP Electrical, Primary, and Secondary Improvements Project receives additional design funding (\$510,000)
 - LMWWTP Solids Disposal with Odor Control Project receives additional construction funding (\$2,797,479)
 - EBORI Extension-CSO 489 and 432 Separation Project receives its construction funding (\$33,320,922)



2026 Capital Budget Highlights

Critical System Repairs and Replacements

- Construction starting on gravity sewers to replace 5 aging pump stations; design starting to replace 2 others
- Construction starting on 7 major sewer replacement projects across the County
- Continuing the design of upgrades and conversions to the TCWWTP and SCWWTP to improve performance and avoid permit violations



2026-2030 Capital Improvement Program

5-Year Plan, Submitted Annually

- MSD is currently managing 138 capital projects with a total value of \$2.23B
- Founded on systematic condition assessment
- Informed by risk-based prioritization
- Considers current and future regulatory requirements
- Completed with a long-term planning horizon
- Adjusts to dynamic environmental and economic forces

Year	Capital Budget	No. of Projects
2026	\$153.6M	22
2027*	\$262.8M	9
2028*	\$179.9M	4
2029*	\$137.1M	6
2030*	\$523.8M	8

*Out-years are subject to ongoing engineering efforts and affordability considerations. The number and costs of projects may change.



in the 1800s

2026 Revised Rates

2026 Revised Rates

- Proposed adjustment to rate structure to improve rate equity
 - May 5 memo; July 15 staff meeting presentation on feasible alternatives to the previously studied Wet Weather Impervious Surface Charge (WWISC)
- “I/I” = all unbilled flow, including flow associated with groundwater and wet weather
- Update historical I/I allocation from 75% customer / 25% volume to 43% customer / 57% volume
 - Consistent with industry guidelines
- Improves rate equity by better aligning the rates with the cost of service
- Recommended system-wide increase of 4.5%
- Anticipated modest decrease for residential and increase for commercial and industrial customers

2026 Revised Rates

Sewer Base Charge (up to 3 Ccf)

Meter Size	Existing	4.5% increase + cost of service update with I/I re-allocation
5/8"	\$43.06	\$43.06
3/4"	\$55.52	\$55.52
1"	\$76.11	\$76.11
1.5"	\$129.33	\$129.33
2"	\$183.19	\$183.19
3"	\$470.16	\$470.16
4"	\$778.65	\$778.65
6"	\$1,538.45	\$1,538.45
8"	\$2,295.57	\$2,295.57
10"	\$3,067.52	\$3,067.52
12"	\$3,541.72	\$3,541.72

Sewer Consumption Charge (>3 Ccf)

Water Usage	Existing	4.5% increase + cost of service update with I/I re-allocation
> 3 Ccf – 50 Ccf	\$6.471	\$6.277
> 50 Ccf	\$5.174	\$6.277*

* charge all water usage over 3 Ccf at a single rate (i.e., 2nd tier will be removed)



It's All About Clean Water

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

