

MSD Public Hearing Fact Sheet

METROPOLITAN
SEWER DISTRICT
of greater
CINCINNATI



NATIONAL ASSOCIATION OF CLEAN WATER AGENCIES
EXCELLENCE IN
Management
AWARD

Gérald R. Checco
Director
12/7/2016

PROJECT

2017 OPERATING BUDGET

IDENTIFIERS:

METROPOLITAN SEWER DISTRICT OF GREATER CINCINNATI

LEGISLATIVE ACTION REQUESTED:

- DESIGN¹
 ADD'L DESIGN²
 EASEMENT OR REAL PROPERTY APPROPRIATION³
 CONSTRUCTION⁴
 ADD'L CONST⁵
 AMEND CIP⁶
 OTHER⁷: Resolution approving and appropriating funds for 2017 MSD Operating Budget

PROJECT TYPE:

- PROJECT GROUNDWORK / WWIP
 PG / WWIP Activity ID: _____ PG / WWIP Milestone Dates: _____
 PROJECT GROUNDWORK / ASSET MANAGEMENT
 SUSTAINABLE INFRASTRUCTURE
 OTHER: MSD Operating Budget

PROJECT PURPOSE:

Listed below is the City of Cincinnati-recommended 2017 operating budget for the Metropolitan Sewer District of Greater Cincinnati. Estimated operating revenues for the calendar year beginning January 1, 2017 through December 31, 2017 and unappropriated funds available for use by MSD are sufficient to meet the requirements of the aforesaid operating budget.

| OPERATION | 2017 PERSONNEL SERVICES | 2017 NON-PERSONNEL EXPENSES | 2017 TOTAL BUDGET (without Exceptions) | Exceptions | 2017 TOTAL BUDGET (with Exceptions) |
|--------------------------------------|-------------------------|-----------------------------|--|--------------------|-------------------------------------|
| OFFICE OF DIRECTOR | \$1,976,169 | \$2,067,479 | \$4,043,648 | | \$4,043,648 |
| WASTEWATER ENGINEERING | \$7,752,205 | \$776,251 | \$8,528,456 | | \$8,528,456 |
| WASTEWATER ADMINISTRATION | \$6,812,776 | \$9,545,625 | \$16,358,401 | \$694,827 | \$17,053,228 |
| WASTEWATER TREATMENT | \$19,393,502 | \$27,470,567 | \$46,864,069 | | \$46,864,069 |
| WASTEWATER COLLECTION | \$10,348,545 | \$9,855,753 | \$20,204,298 | | \$20,204,298 |
| INDUSTRIAL WASTE | \$5,048,171 | \$2,035,493 | \$7,083,664 | \$200,000 | \$7,283,664 |
| WATERSHED MANAGEMENT | \$2,101,506 | \$9,916,851 | \$12,018,357 | \$1,179,910 | \$13,198,267 |
| OFFICE, TECHNICAL & OPERATING EQUIP. | | \$2,204,936 | \$2,204,936 | | \$2,204,936 |
| VEHICLES | | \$1,277,000 | \$1,277,000 | | \$1,277,000 |
| DEBT SERVICE | | \$114,387,617 | \$114,387,617 | | \$114,387,617 |
| INDIRECT CITY OVERHEAD | | \$2,958,000 | \$2,958,000 | | \$2,958,000 |
| DIRECT COUNTY OVERHEAD | | \$301,420 | \$301,420 | | \$301,420 |
| INDIRECT COUNTY OVERHEAD | | \$181,892 | \$181,892 | | \$181,892 |
| TOTAL | \$53,432,874 | \$182,978,884 | \$236,411,758 | \$2,074,737 | \$238,486,495 |

1. **Design** = 1 resolution - authorizing preparation of detailed plans, specifications, and estimate of cost and appropriating funds for the same.
2. **Add'l Design** = 1 resolution - appropriating additional funds for design.
3. **Easement/Real Property Appropriation** = 3 resolutions - approving detailed plans, specifications and estimate of cost; declaring project necessity and intent to proceed with construction; appropriating easements or full fee takes.
4. **Construction** = 4 resolutions - approving detailed plans, specifications and estimate of cost; declaring project necessity and intent to proceed with construction; appropriating funds for construction; authorizing project advertisement & bid.
5. **Add'l Construction** = 3 resolutions - amending approved detailed plans, specifications and estimate of cost; amending project necessity and proceed resolutions; appropriating add'l funds for construction.
6. **Amend CIP** = 1 resolution - adding proposed project to program year Capital Improvement Plan.
7. **Other** = Resolutions not covered above. Purpose is listed.

PROJECT PURPOSE (cont.):

The submitted 2017 operating budget reflects that:

- The budget is presented as a “base” budget totaling \$236.4M and a series of budget “exceptions” requests totaling \$2M.
- The 2017 operating budget, including the exceptions, is only \$482,495 or 0.20% higher than the 2016 approved budget.
- About 48% or \$114.4M of the operating budget is allocated to pay debt service related to consent decree driven and other capital improvements;
- \$46.9M or 20% of the requested budget is allocated to MSD’s wastewater treatment operation (“WWT”)
- \$20.2M or 8% of the requested budget is allocated to MSD’s wastewater collection operation (“WWC”)
- The MSD personnel budget request reflects the management efforts in hiring staff to eliminate the use of supplemental staff (+2.23M), several rounds of salary adjustments per union contracts negotiation and as approved by Cincinnati City Council (+2.96M), and vacancy credit reduction (-\$1.6M)
- The non-Personnel base budget is decreased by \$0.6M comprised of -\$3M savings due to eliminations of supplemental staff and +\$2.4M increase due to cost of services.
- The non-Personnel exceptions budget request totaling \$2M reflects the following, most of which are new mandates or funds previously appropriated as part of the MSD capital budget:
 - +\$.32M Monthly billing requirement
 - +\$.38M New Duke Energy Rider as approved by the PUCO – mandate
 - +\$.44M New Hydraulic Modeling previously paid out of Capital Funds
 - +\$.15M Water Quality sampling, required by OEPA under NPDES permit
 - +\$.395M Monitoring and Maintenance of new assets
 - +\$.143 SCADA Maintenance
 - +\$.20M Mixing zone sampling at Little Miami; and

The proposed operating budget *without* debt service is \$124,098,878.

The Board will hold public hearings on the MSD 2017 Operating Budget on December 7, 2016 and December 14, 2017, thereby affording all interested parties the opportunity to comment. The hearings were advertised in the Cincinnati Enquirer on November 26, 2016 and December 3, 2016.

BACKGROUND DATA, SCHEDULES, AND BUDGET:

PRIOR LEGISLATION:

N/A

FUTURE LEGISLATION

-
- | | |
|---|---|
| <input type="checkbox"/> Approving detailed plans, specifications, and estimate of cost | <input type="checkbox"/> Necessity / Proceed Resolution |
| <input type="checkbox"/> Appropriating funds | <input type="checkbox"/> Advertise and bid |
| <input checked="" type="checkbox"/> OTHER: NONE ANTICIPATED AT THIS TIME | |
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BACKGROUND DATA, SCHEDULES, AND BUDGET (cont.):

CONSTRUCTION:

N/A

FUNDING REQUEST

| | | |
|------------------------------|---------------|----------------------|
| Total Estimated Cost: | \$236,411,758 | (without exceptions) |
| | \$238,486,495 | (with exceptions) |

| | | |
|-------------------------|----------------------|---------------------------|
| Current Request: | \$238,486,495 | (for 2017 MSD operations) |
|-------------------------|----------------------|---------------------------|

Programmatic Contingency YES NO

BUDGET SPECIFICS:

N/A