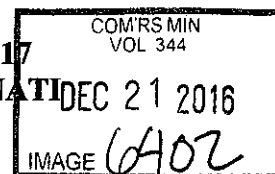


On motion of Mr. Monzel, seconded by Mr. Deters the resolution was adopted.

9
**RESOLUTION ADOPTING AN OPERATING BUDGET FOR FY 2017
THE METROPOLITAN SEWER DISTRICT OF GREATER CINCINNATI
HAMILTON COUNTY, OHIO**



WHEREAS, the Director of the Metropolitan Sewer District of Greater Cincinnati (MSD) and the City of Cincinnati Department of Sewers has submitted to the Board of County Commissioners of Hamilton County, Ohio (Board) a proposed operating budget for FY 2017 for the Metropolitan Sewer District; and

WHEREAS, this Board has reviewed said FY 2017 MSD Operating Budget, and held duly noticed public hearings on December 7, 2016 and December 14, 2016 for the FY 2017 MSD Operating Budget; and

WHEREAS, this Board did, on December 14, 2016 conclude the public hearings on the proposed FY 2017 MSD Operating Budget; and

WHEREAS, estimated operating revenues for the fiscal 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 FY 2017 MSD Operating Budget.

NOW THEREFORE BE IT RESOLVED, by the Board of County Commissioners of Hamilton County, Ohio, that the MSD Operating Budget for fiscal year beginning January 1, 2017 through December 31, 2017, is hereby adopted and appropriated as follows:

Department	Personnel	Non-Personnel	Total Budget
OOD	\$1,976,169	\$1,262,478	\$3,238,647
WWE	\$7,544,602	\$776,251	\$8,320,853
WWA	\$6,568,596	\$8,855,127	\$15,423,723
WWT	\$18,698,411	\$25,030,462	\$43,728,873
WWC	\$9,977,638	\$9,805,752	\$19,783,390
RCS/DIW	\$4,867,237	\$1,727,989	\$6,595,226
Watershed Operations /SBU	\$2,026,185	\$6,010,211	\$8,036,396
City Indirect Overhead		\$2,958,000	\$2,958,000
County Direct Overhead		\$301,420	\$301,420
County Indirect Overhead		\$181,892	\$181,892

COMRS MIN
VOL 344
DEC 21 2016
IMAGE 62903

Vehicles		\$100,000	\$100,000
Office, Technical & Operating Equipment		\$2,204,936	\$2,204,936
O&M Budget	\$51,658,838	\$59,214,518	\$110,873,356
Debt Service		\$114,387,617	\$114,387,617
Total Budget	\$51,658,838	\$173,602,135	\$225,260,973

BE IT FURTHER RESOLVED, by the Board of County Commissioners of Hamilton County, Ohio, that the following items in Table A will be available for appropriation during 2017 only after relevant policy is adopted. Table A items are specifically excluded from the appropriated 2017 operating budget. See Table A.

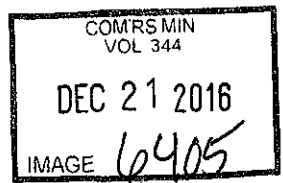
Table A – Funds Available for Future Appropriation within Operating Budget

ITEMS	DEPARTMENT— ACCOUNT	DESCRIPTION	AMOUNT
1.	OOD---Services	Financial Management Support including Rate Study	\$805,000
2.	WWA---Services	Jurisdictional billing costs	\$1,300,000
3.	Watershed Operations--- Additional Services	Specialized hydraulic modeling support to enable MSD to address key issues that are related to Consent Decree requirements, SCADA Maintenance, Water quality monitoring, odor monitoring, air release valve monitoring, I/I investigation including micro monitoring, Watershed remote monitoring and control (Little Miami), Post construction monitoring, Contract services for Mill Creek Bioassessment - sampling for NPDES permit, and Technical Equipment Parts.	\$1,000,000
4.	Personnel Costs	Additional hires / transfers	\$1,774,035
5.	Vehicles	Vehicle purchases	\$700,000

	Total Available for Future Appropriation		\$5,579,035
--	--	--	-------------

BE IT FURTHER RESOLVED, by the Board of County Commissioners of Hamilton County, Ohio, that the following terms, conditions, and restrictions apply to all public monies legislated for the operating budget of MSD. These measures are required to facilitate the Board's direction and control of the MSD budget:

1. MSD shall provide the County unfettered access to all operating budget contracts, task orders, master services agreements, accounts payable records, invoices, ID bills, memorandums of understanding (MOUs) and any other similar documents that explain the use of operating budget funds.
2. This budget considers that all of the Organizations, services and activities that MSD has performed and participated in during 2016 will be continued during 2017. The approved Operating Budget does not approve any contributions to organizations where there is not a direct link to rate payer benefits or for professional development for MSD staff.
3. MSD is to provide an accounting of the full time equivalent employees (FTE's) existing within its organization to the County on a quarterly basis. Information will be reported for each employee by position, title, department, and salary. The first report is due by January 31, 2017. By the end of January 2017, MSD shall provide copies of, or access to, the W-2s, or equivalent information, for all employees in order to allow for an audit of existing personnel to be conducted by the County. Only social security numbers are to be redacted.
4. MSD is expected to manage its activities within the budget provided and released for use by the Board or its designee. No additional funding will be entertained by the Board except for those items in Table A, an extraordinary circumstance or where justified by a comprehensive business case analysis. In the case of an extraordinary circumstance, MSD will be expected to fully explain and justify why the circumstance could not have been reasonably anticipated, and what measures MSD took to manage the situation within current resources.
5. Budget Management
 - a. MSD is to provide the Board with a monthly budget within two weeks of the annual budget being approved by the Board of County Commissioners. The monthly budget is to be prepared at the department and object code level. MSD will track its monthly expenditures against monthly budgets at this detail level. MSD shall provide a monthly status report no later than 20 days after the end of each month in a format acceptable to the County. The Report shall include the year-end projection that incorporates the actual spending and the future monthly spending based on the monthly budget provided, with any deviations noted and explained. Any deviations by more than 10% or \$50,000, whichever is greater, from the budget for object codes shall have an explanation for the deviation.
 - b. Each quarter, MSD will meet with the County to discuss its actual spending for the quarter compared to budget, and the projected spending, by month, for the remaining part of the year. Deviations from the monthly budget shall be explained and justified. Should certain



budget trends forecast an over budget condition by year end, MSD is expected to decide how that over budget condition will be recovered by curtailing that unit code's activities, or by rebalancing budgets within the enterprise with Board approval as required. The meeting is to take place on or before the 20th of the month following the quarter at the County's discretion. The Board's expectation is that MSD will operate the entire year within its approved budget.

6. MSD is to ensure that Budget Fiscal Year (BFY) data is properly recorded for all operating expenses in the City Financial System (CFS), MSD's accounting system of record. BFY transactions recorded in the current year for a prior calendar year are to be reconciled to year end accrued payable journal entries prior to the annual audit of MSD financial statements, but no later than March 31. The only exception is for capital items purchased under the Office and Technical Equipment Account (OTEA) and Vehicle Account categories. MSD is to provide a planned to actual purchases for 2016 for the OTEA and Vehicles accounts no later than 1/1/17.

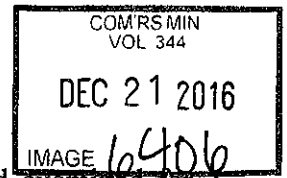
7. For all OTEA and Vehicle purchases exceeding \$100,000, MSD will present to the County Administration a justification memorandum for the expenditure and obtain County Administration approval prior to making the purchase.

8. For the Vehicle Account, MSD is to provide an inventory of all vehicles to County Administration by January 31, 2017. The inventory is to identify the make and model, year, VIN identification number, Ohio license plate number, total mileage and 2016 mileage for each on-road vehicle. For all other vehicles, the make, model, and year shall be provided.

9. For the Vehicle Account, no passenger vehicles (Cars, Pick-up Trucks, SUVs or Vans) shall be purchased until a comprehensive Vehicle Utilization Study has been performed and reviewed and approved by the County. The Vehicle Utilization Study is to provide recommendations for the purchase of vehicles.

10. No later than January 31, 2017, MSD will report to the County its planned annual expert services program. The report will include the scope of services required, the reason for the services, justification for performing the services, the firm that will provide the services, if known, and the likely cost of the services.

11. Legal services and associated fees that are incurred in the operation of the MSD shall be paid for by the funds covered by the City Overhead account. Special legal services and associated fees for projects shall be charged directly to the projects. Legal services and fees in support of the SBU program shall be charged to that program. Legal services and associated fees in support of the Consent Decree shall be either charged to the specific project or to the Wet Weather Program Management and Support Allowance. The City of Cincinnati, agent, shall not use any MSD funds to advance legal positions contrary to that of the Board of County Commissioners, its principal. Any legal services which have been funded by MSD dollars are the property of the Board of County Commissioners. The City shall make all work products of legal services purchased with MSD funds available to the County immediately upon request. Attorney-Client privilege cannot be utilized by the agent to bar the principal from reviewing legal services purchased with MSD funds. Any violation of this provision will be referred to the



Board for the determination as to pursuing against the City's general fund and examined for breach of the 1968 operating agreement.

12. The funds included in Services in the operating budget for billing amount to \$6.1 Million. This amount includes the cost for jurisdiction reimbursement for billing services of \$1.3 Million, which is included in Table A and which requires separate approval, quarterly and monthly GCWW billing services of \$4.4 Million, and the cost for the programming for monthly billing of \$330,000 and an amount for monthly billing of \$106,502 which is included in Table B and is conditionally approved. These costs are included in the funding amount for WWA.

13. MSD shall provide a staffing plan that identifies the positions planned to be filled, the timing for filling the positions, the projected salary and benefits cost and the resulting savings in expert services and or other services categories. This staffing plan is to be submitted to the County for review and approval before additional staff is added. This staffing plan shall be updated quarterly to reflect the progress on its implementation, and a report provided to the County documenting the status of the plan. The personnel funding amount included in the budget recognizes the staffing level as of November 23, 2016 and salary increases for 2017. It is anticipated that the need for any permanent staff above that level will be justified based on the work to be performed, the need for and justification of the additional staff, the long term need for the position and the cost savings to MSD resulting from the permanent position. The Board will not fund any increase to personnel funds absent review and approval of a comprehensive staffing plan from MSD.

14. Operating expenses incurred but not paid during the calendar year are to be invoiced and recorded as an accrual no later than January 31 of the subsequent year. MSD is to provide to the County Administration a listing of all accruals within three business days following January 31. Invoices received after January 31 are to be applied against the subsequent year's budget and will be reflected as a reconciling item within the budget to financial statement reconciliation. All accrual entries are to be properly tracked by department. The reconciliation between budget and financial statements is to be prepared not only in total, but also by department and by personnel / non-personnel expense. For OTEA and Vehicles, purchase orders must be placed prior to and provided to the County by the end of the calendar year to be applied against that year's budget.

BE IT FURTHER RESOLVED, that the projects and activities listed on attached Table B are conditionally approved as part of the appropriated 2017 operating budget. Prior to the release of these funds, MSD is required to submit for review and approval: the scope, schedule and cost of services; or a Business Case Evaluation (BCE) for each item. Once the conditional item has been reviewed and approved, the County will release the funds through written authorization.

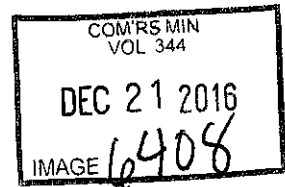
Table B – Conditional Funds within Operating Budget Requiring Written Release from County.

ITEMS	DEPARTMENT—ACCOUNT	DESCRIPTION	AMOUNT
1.	OOD---Services	Provide scope for expert services not defined in budget detail.	\$238,890

DEC 21 2016

IMAGE 6207

2.	WWA---Services	Requested services submitted without sufficient definition and or justification. Services do not appear to reflect a reduction in costs resulting from additional internal staff additions.	\$830,000
3.	WWA---Additional Services	Additional costs to implement monthly billing for fourth quarter of 2017.	\$106,502
4.	WWA---Additional Services	Energy Rider requires additional information and analysis.	\$375,000
5.	WWE---Services	Services above 2016 level that require explanation and justification.	\$240,034
6.	WWT---Services	Phosphorus Study, Sludge Hauling of Dewatered cake to landfill, and Sludge Hauling & Disposal. Other Services above historic levels that require explanation and justification.	\$500,000
7.	WWC---Services	Services such as sewer assessment and cleaning do not appear to reflect a reduction in costs resulting from additions to internal staff.	\$1,000,000
8.	DIW---Services	Little Miami WWTP Auxiliary Outfall Mixing Zone Study	\$200,000
9.	Watershed Operations--Services	CSO Monitoring and reporting above 2016 levels that require explanation and justification.	\$300,000
10.	Watershed Operations--Materials	Additional funding above the historical levels that requires explanation and justification.	\$200,000
11.	Watershed Operations--Fixed	Additional funding above the historical levels that requires explanation and justification.	\$247,734
12.	OTEA	OTEA purchases for office related items.	\$1,104,936
	Total Conditional Funds		\$5,343,096



BE IT FURTHER RESOLVED, that the Clerk of this Board be and hereby is directed to certify copies of this resolution to Jeff Aluotto, Hamilton County Administrator; John Cranley, Mayor, City of Cincinnati; the Council of the City of Cincinnati in care of the Clerk of Council; the Cincinnati City Manager; and Gerald Checco, Director of the Metropolitan Sewer District of Greater Cincinnati.

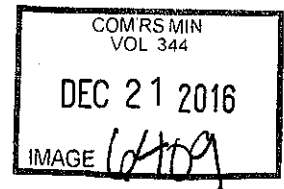
BE IT FURTHER RESOLVED, that this Board of County Commissioners hereby finds and determines that all formal actions relative to the adoption of this Resolution were taken in an open meeting of the Board of County Commissioners, and that all deliberations of this Board of County Commissioners and of its committees, if any, which resulted in formal action were taken in meetings open to the public, in full compliance with applicable legal requirements, including Section 121.22 of the Ohio Revised Code.

ADOPTED at a regularly adjourned meeting of the Board of County Commissioners of Hamilton County, Ohio, this 21st day of December, 2016.

Mr. Monzel YES

Mr. Deters YES

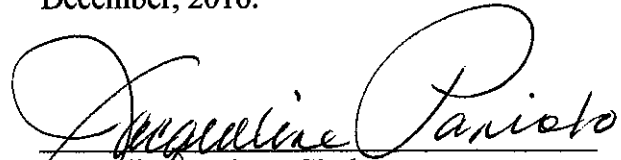
Mr. Portune YES



CERTIFICATE OF CLERK

IT IS HEREBY CERTIFIED that the foregoing is a true and correct transcript of a resolution adopted by the Board of County Commissioners in session this 21st day of December, 2016.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of the Office of the Board of County Commissioners of Hamilton County, Ohio, this 21st day of December, 2016.


Jacqueline Panioto, Clerk
Board of County Commissioners
Hamilton County, Ohio