



MSD Consent Decree and Cost Efficiency Update

Neighborhoods and Public
Services Committee
November 1, 2005



Partial Interim Decree

- First of Two Consent Decrees
Negotiated with USEPA, OEPA,
Department of Justice
- Primarily related to Sanitary Sewer
Overflows in Separate Sewer System
- Lodged with the Federal Court 2/15/02
- Entered by Federal Judge 6/9/04
- Clock on deliverables began on 2/15/02



Requirements / Accomplishments

- Major Remedial Measures (17 Highly Active Sanitary Sewer Overflow Projects)
- SSO 700 Construction
- Permanent SSO 700 Measures
- 15 Projects Substantially Complete, 1 project under construction, 1 project req'd additional work
- Project under construction
- Notice due to EPA by 12/31/05 on COE Project



Requirements / Accomplishments

- Sanitary Sewer System Hydraulic Model
- Capacity Assessment Plan / Report
- Capacity Assurance Program Plan
- Completed
- Completed
- Plan completed, being integrated into "Wet Weather Plan"



Requirements / Accomplishments

- SSO Monitoring and Reporting Plan
- Sewer Overflow Response Plan
- Operation and Maintenance Plan
- Completed, Monitoring and reporting “on-going”
- Completed, Response “on-going”
- Completed, Plan in use



Requirements / Accomplishments

- Industrial Waste SSO/CSO Discharge Minimization & Management Program
- Pump / Lift Station O&M Procedures
- Short Term Adequate Capacity Plan (Sewer Credits)
- Completed, implementation "on-going"
- Completed, implementation "on-going"
- Completed, implementation "on-going"



"Global Consent Decree"

- Second of Two Decrees negotiated with USEPA, OEPA and Department of Justice
- Primarily related to CSOs, Treatment Plant Issues, and Development and Implementation of "Wet Weather Plan"
- Lodged with the Federal Court on 12/3/03
- Entered by the Federal Judge 6/9/04
- Clock on deliverables began on 12/3/03



Requirements / Accomplishments

- Major Remedial Projects (Combined Sewers / Treatment Plant)
- Long Term Control Plan Update
- 17 Projects, 7 completed, 10 in progress
- Work continuing, public participation meetings continuing, regulatory update meetings continuing, work to merge LTCPU into “Wet Weather Plan” continuing



Requirements / Accomplishments

- Implementation of Capacity Assurance Plan
- Completion of Construction Deadlines
- Post Construction Monitoring Study
- Projects and schedules to be identified under the "Wet Weather Plan"
- Wet Weather Plan not submitted until 6/1/06
- Design / Construction not to start until after Wet Weather Plan approved



Requirements / Accomplishments

- Remedial Measures Addressing Nine Minimum Controls
- CSO O&M Plan complete, activity “on-going”
- CSO Public Notification Program, signage complete, email notification “on-going”



Requirements / Accomplishments

- Remedial Measures Addressing Nine Minimum Controls (con't)
- Non-High Water Dry Weather CSO's: Report submitted and approved
- Control of Solids and Floatable Materials in CSO's: Report Submitted and approved



Requirements / Accomplishments

- Compliance with Plant NPDES Permits
- Water-in-Basement Prevention Program
- Water-in-Basement Customer Response Program
- 1000 limits per quarter, 99% compliance
- 308 prevention measures installed in first 21 months of program
- 6195 Responses, In Compliance 98.6%



Requirements / Accomplishments

- Water-in-Basement Claims Process Plan
- Supplemental Environmental Projects
- 532 Claims, \$1,088,000 In compliance
- Projects in design, extension requested at Center Hill Landfill due to additional testing, project costs under review



Requirements / Accomplishments

- Civil Penalty
- \$1.2 Million paid on 6/24/04



Anticipated Revenue Impacts

- CD requires spending up to \$1.5 Billion through 2022, if costs more, additional time granted
- Revenue increases needed for:
 - Consent Decree
 - Analyzed for \$1.5 Billion
 - Asset Management
 - Projects not covered under CD
 - Estimated at \$51 Million / year

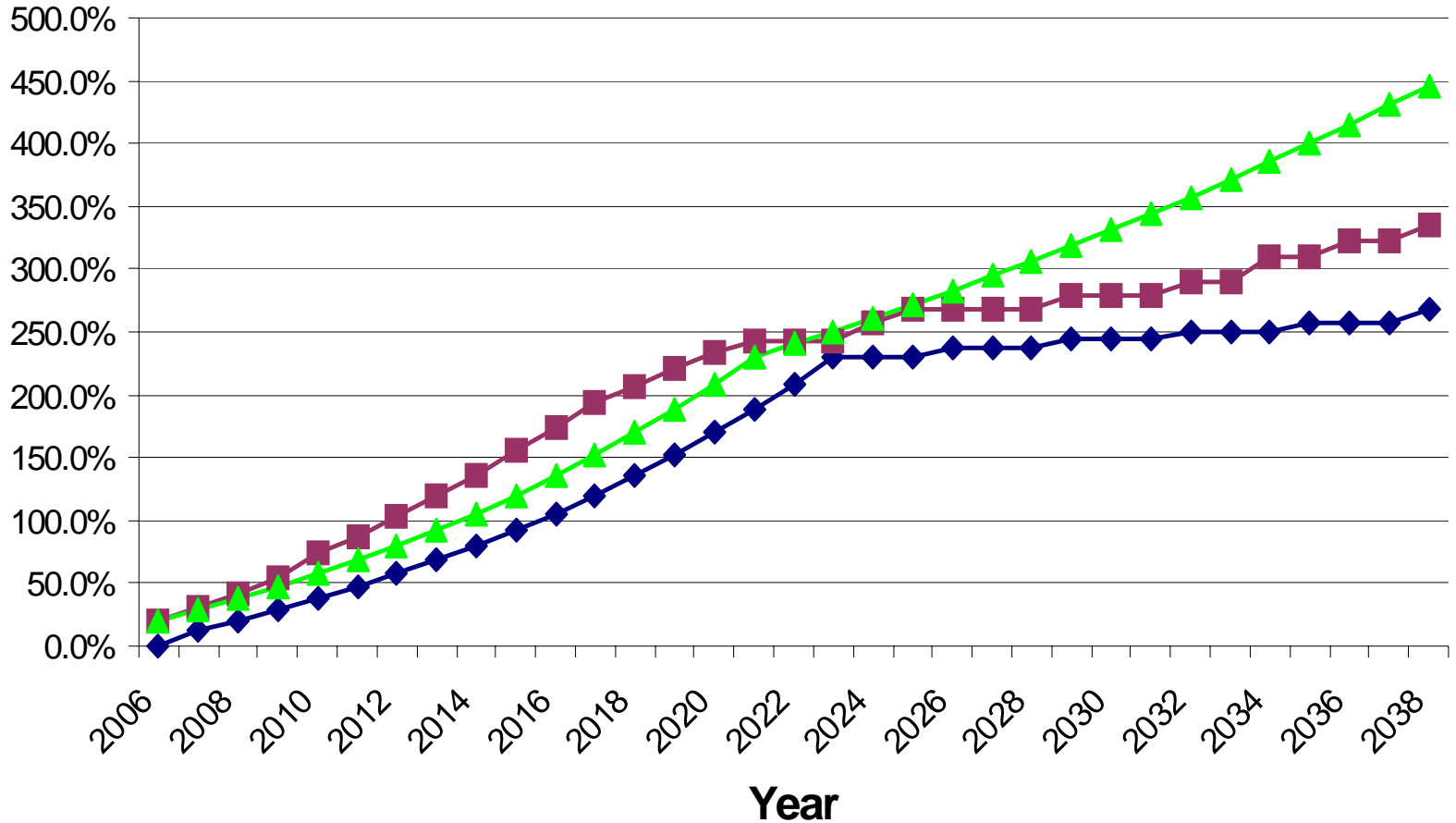


User Rate Impacts

- Difficult to predict to 2022
- Based on Growth in Hamilton County
- Based on water usage
- Based on mix of residential and industrial customers
- If one category of customer changes or growth increases / decreases, other categories charges change

Exhibit 3

Projected Cumulative System Revenue Increase Requirement



◆ Scenario 1 ■ Scenario 2 ▲ Scenario 3



Upcoming Public Meetings

- Purpose is to obtain better understanding of local concerns and issues
- November 15, 5 – 8 PM
 - Pleasant Ridge Presbyterian Church
- November 16, 5 – 8 PM
 - Delhi Lodge @ Delhi Park
- November 29, 5 – 9 PM
 - MSD Administration Building, 1081 Woodrow

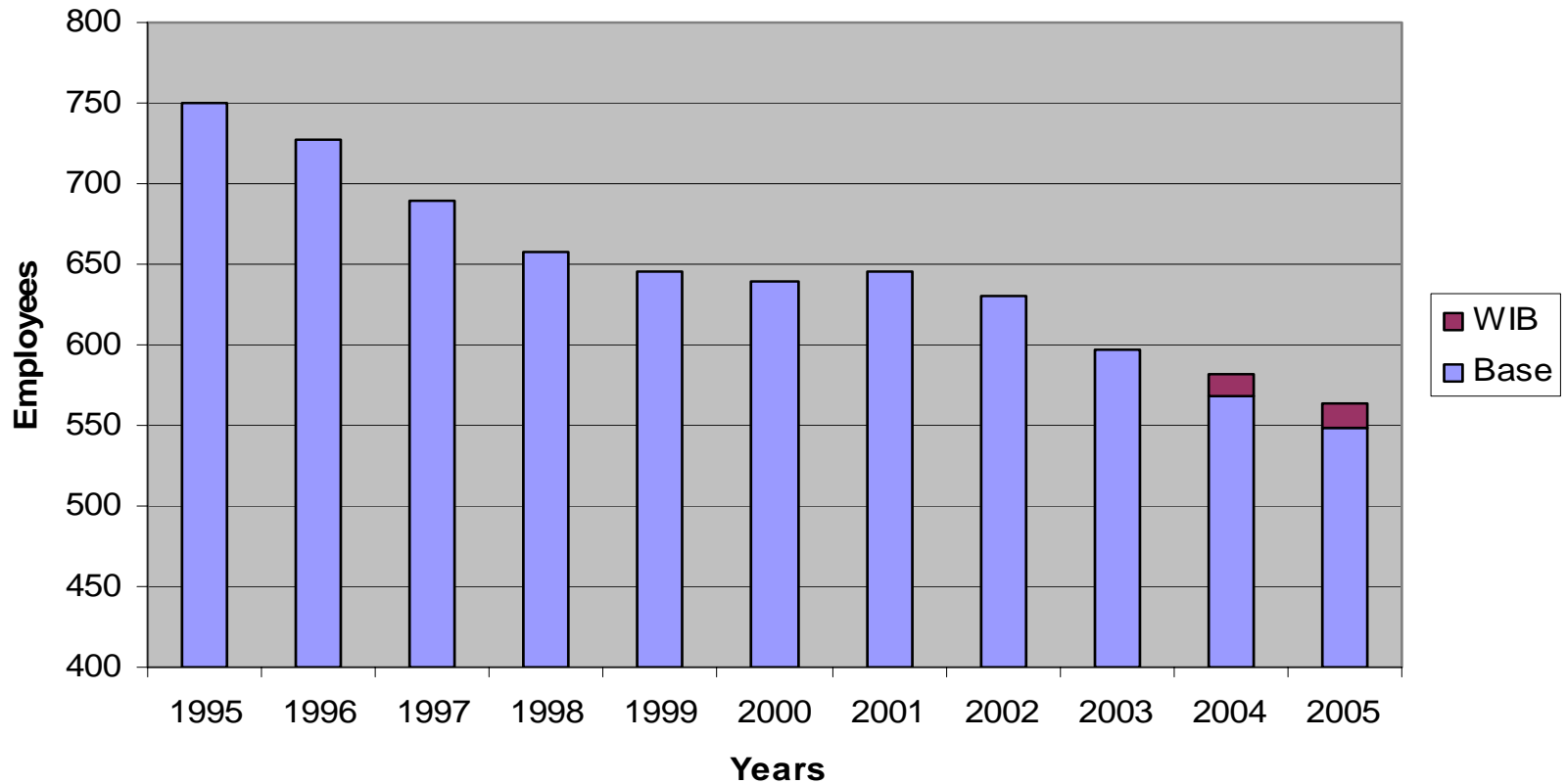


What is MSD doing to gain Efficiency?

- Long Term Efforts
 - Staffing Reductions
 - Staffing Costs
 - Treatment Costs
- Process Improvement Study
 - Current Status
- Innovative Service Solutions
- SMU

Staffing Issues

MSD Staffing Levels





Staffing Costs

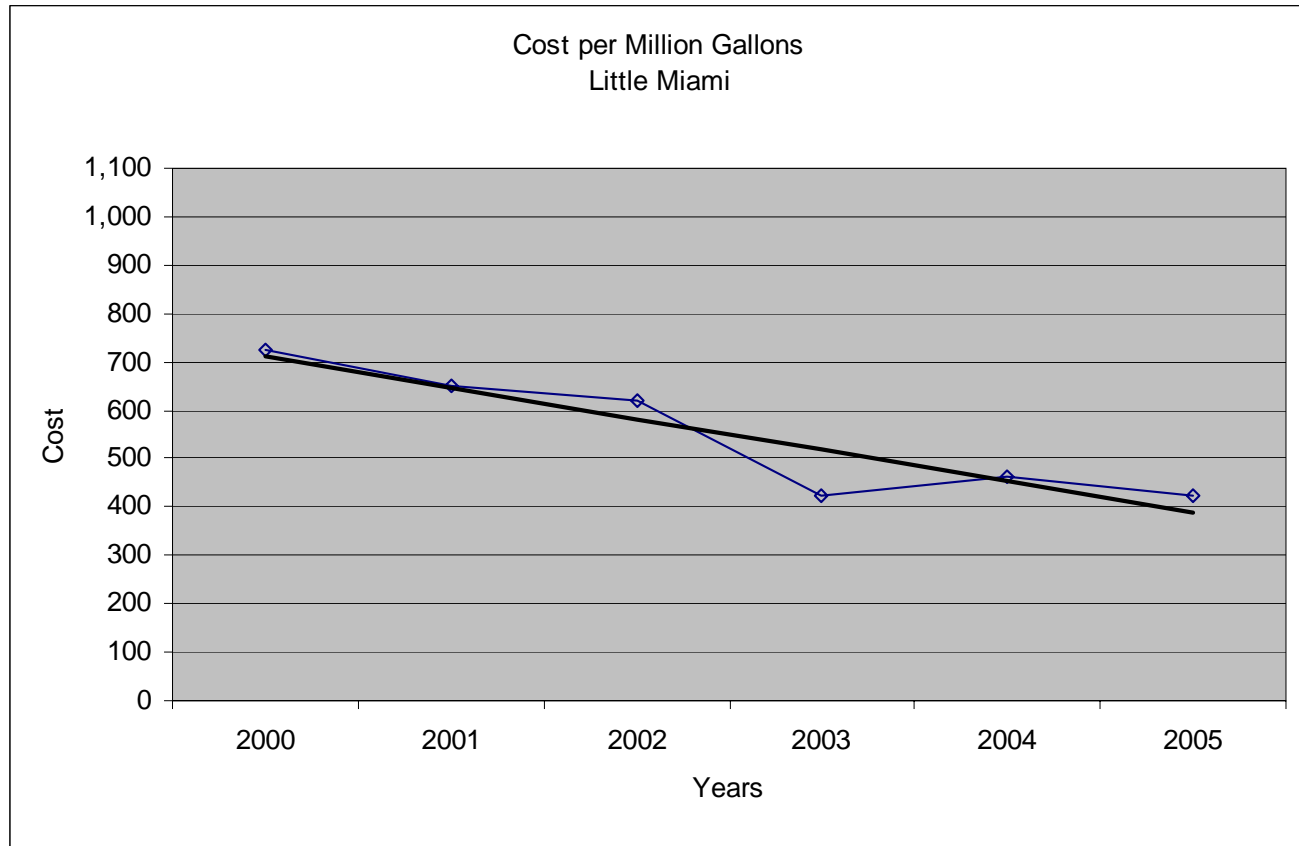
- Staffing Costs are the single largest expense
- Amounts to 42.4% of 2005 Budget
- Total Staff = Base Staffing as of 6/30/03 + WIB
- MSD has reduced base staffing levels by 201 FTE since December of 1995



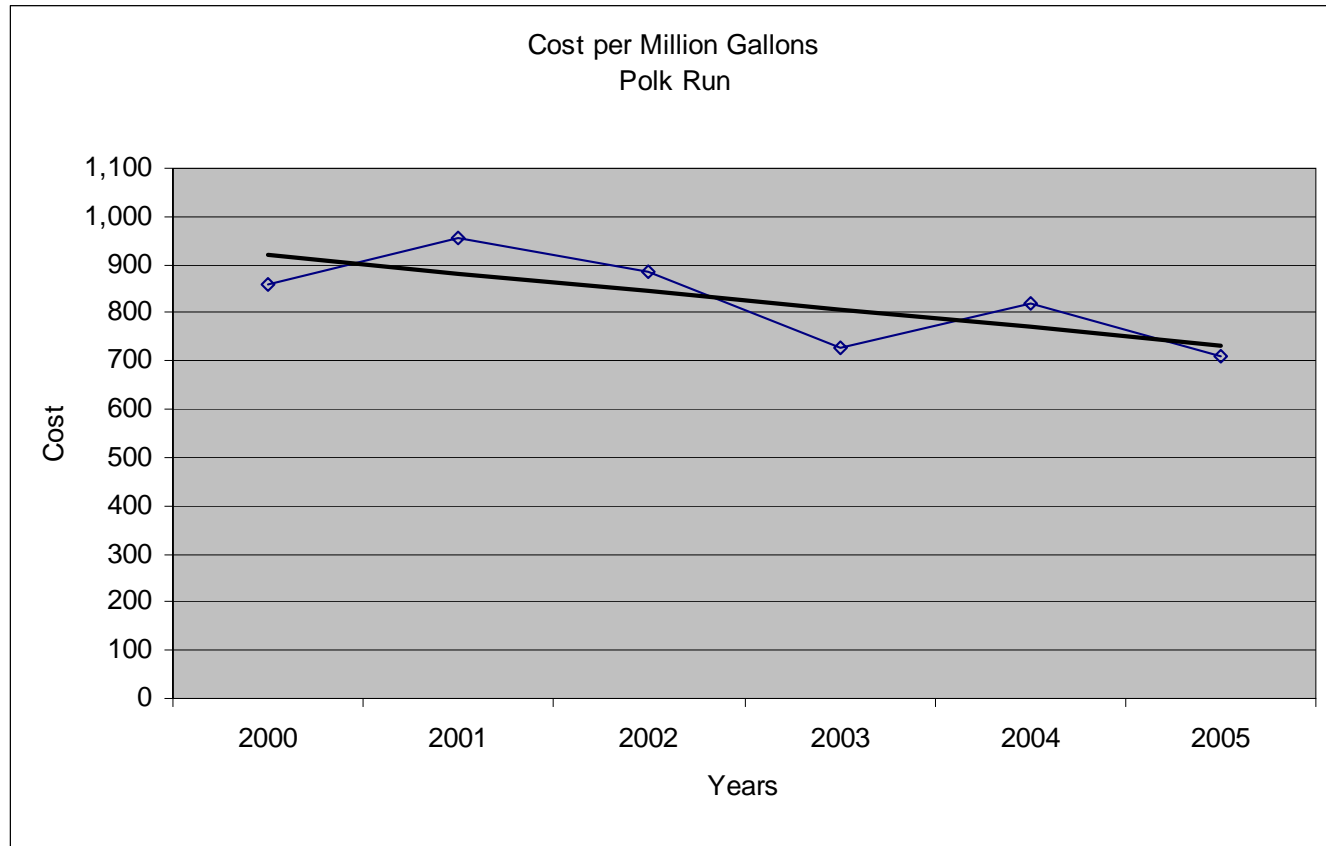
Staffing Cost Reduction

- If MSD had not reduced it's staff by 201 FTE's the 2005 payroll would have to be \$10,491,000 larger than it actually was.

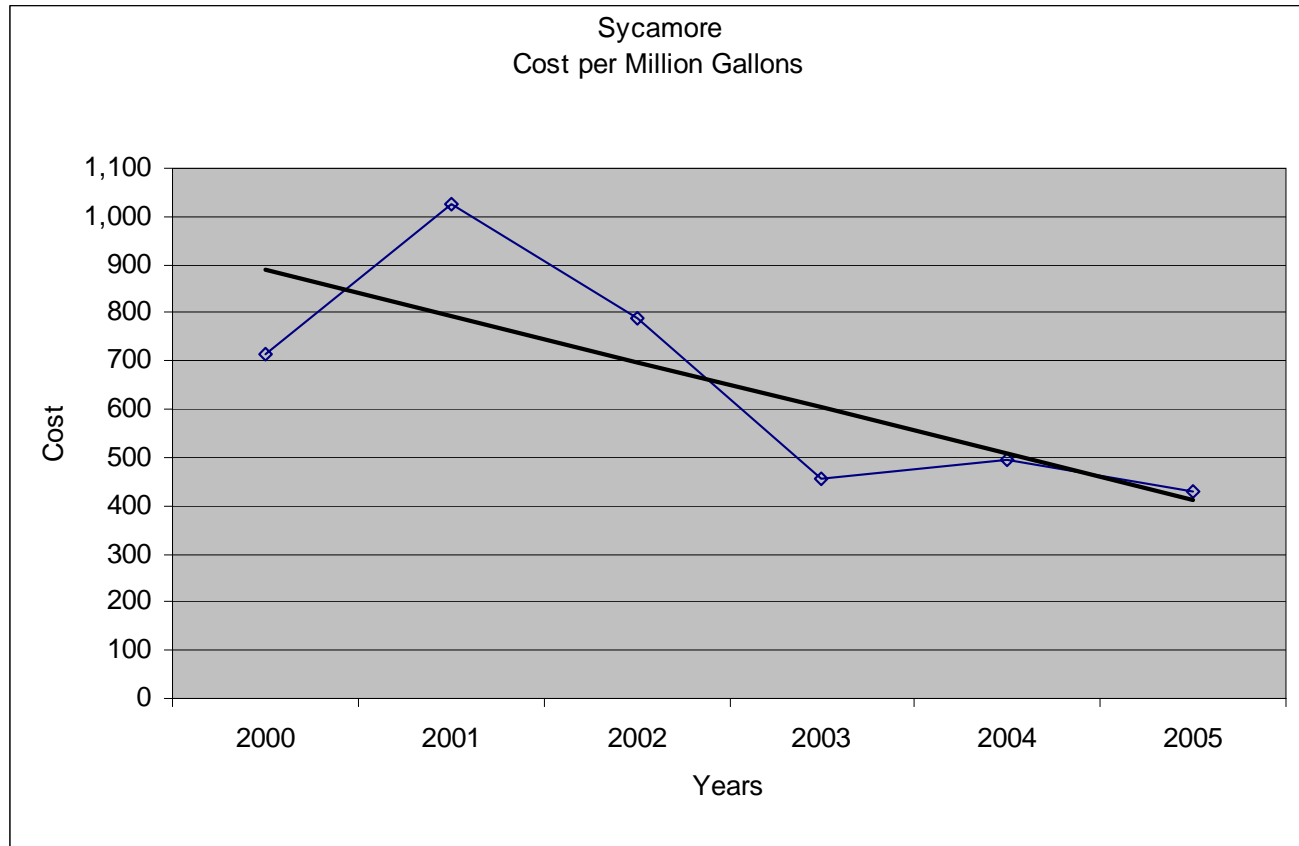
Little Miami Treatment Costs



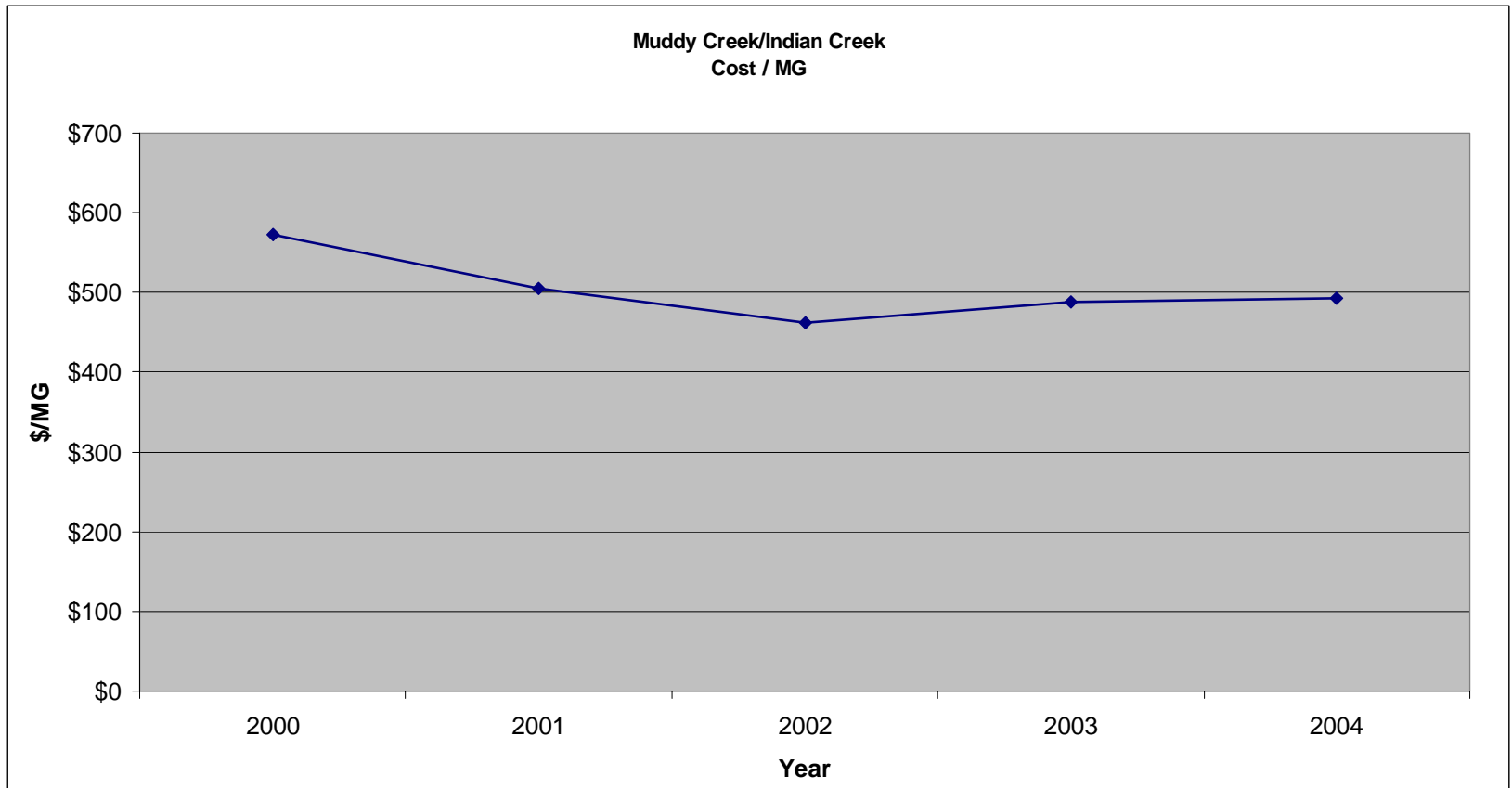
Polk Run Treatment Costs



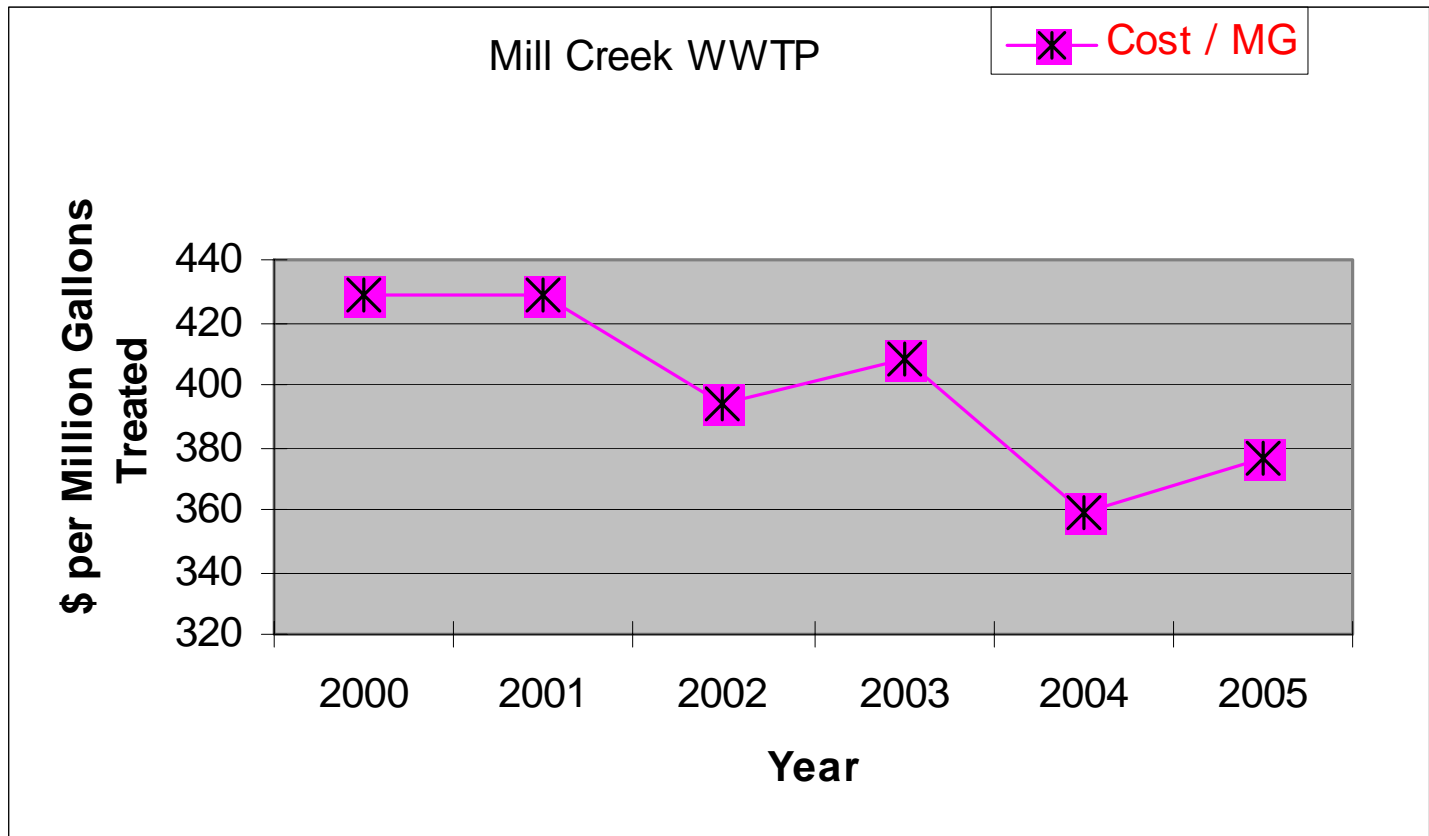
Sycamore Treatment Costs



Muddy Creek Treatment Costs

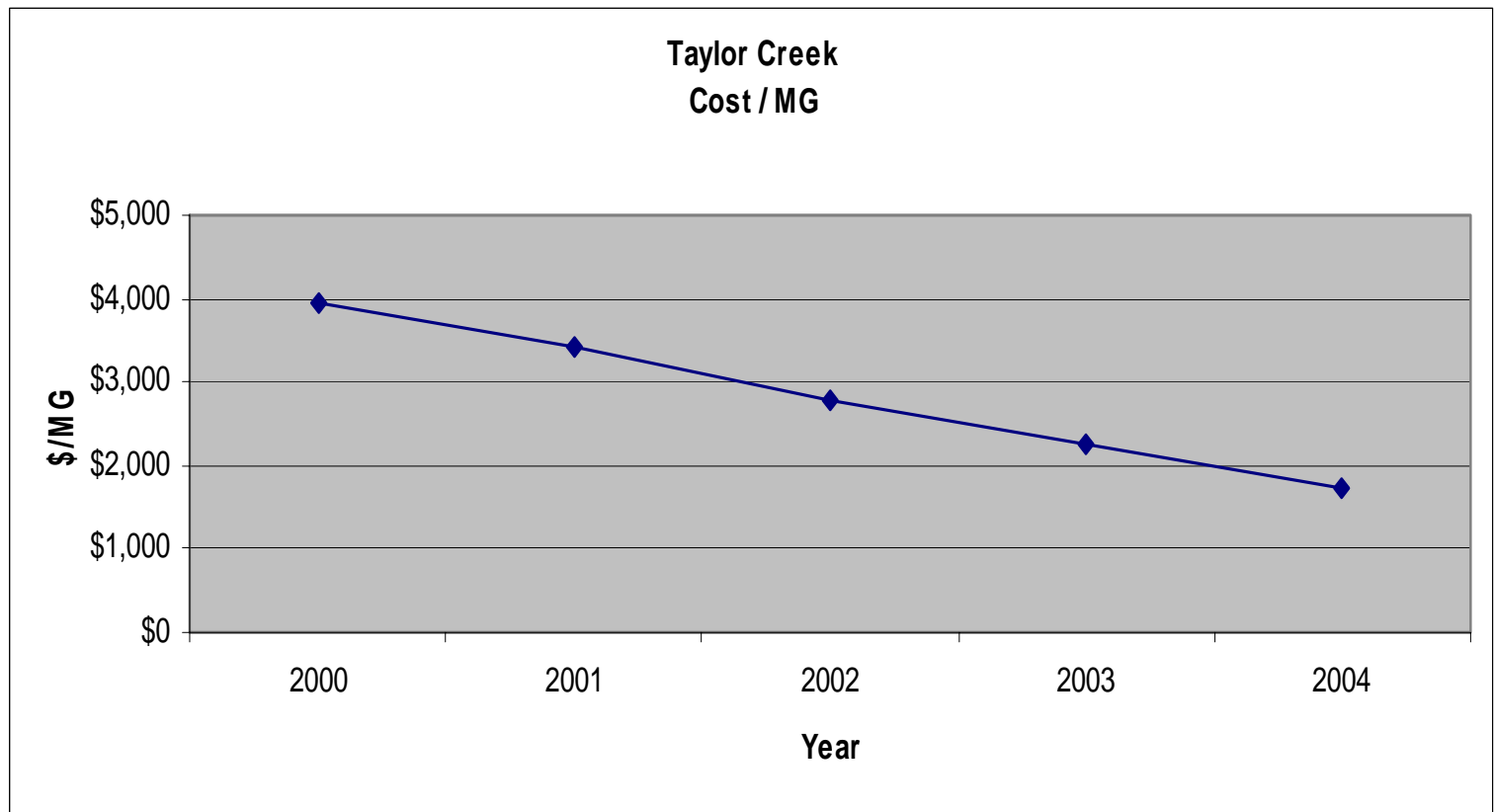


Millcreek Treatment Costs





Taylor Creek Treatment Costs





Process Improvement Update

- Recent status of Process Improvement Study
 - 219 Recommendations Made
 - 100 Recommendations Completed
 - 5 Recommendations No Longer Valid
 - Of the 114 Valid Recommendations, 98 in Process
 - 23 Recommendations are “Continuous Improvement”



City of Cincinnati Innovative Service Solutions

- MSD Easement Acquisition Process
- Team from MSD and the Law Department
- Committed to reducing the time for acquisition of easements for Capital Improvement Projects
- Process recommendations reduced the time by 50%
 - 10 months to 5 months



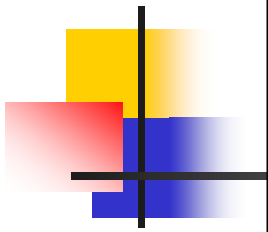
SMU Cost Efficiency Issues

- Reorganized Beginning in 1999
- Efforts to reduce duplication of efforts between MSD and SMU
- Capitalize on MSD technology advancements
- Increase the amount of system maintenance performed



Technology Advancements

- Improved Inspection Techniques
 - Camera on a Stick
- Implementation of Automated Work Order System
 - Also being used by Public Services for SMU maintenance activities
- Reduced having SMU and MSD employee respond to same issue



FRAME

FINE

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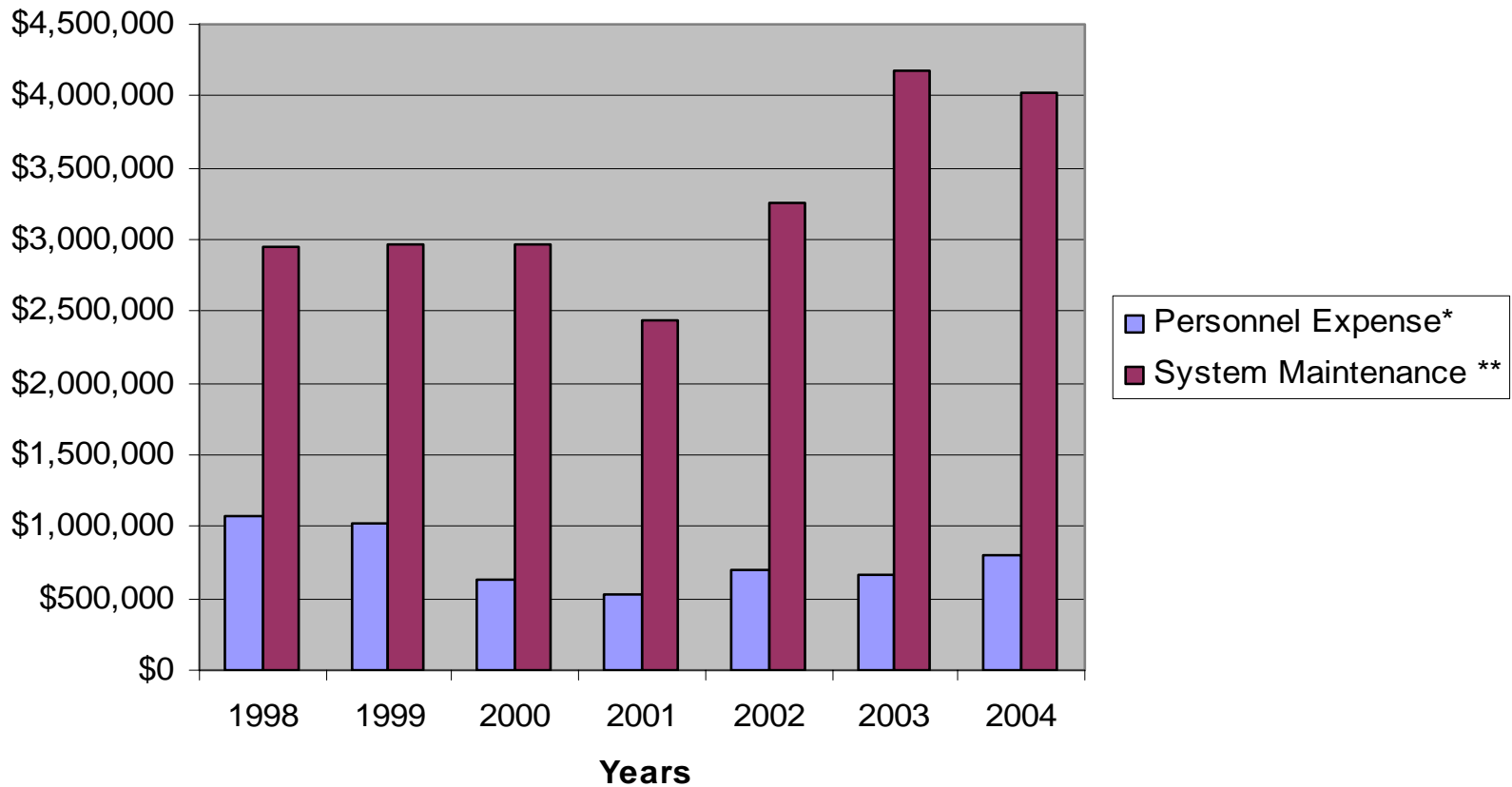


MENU



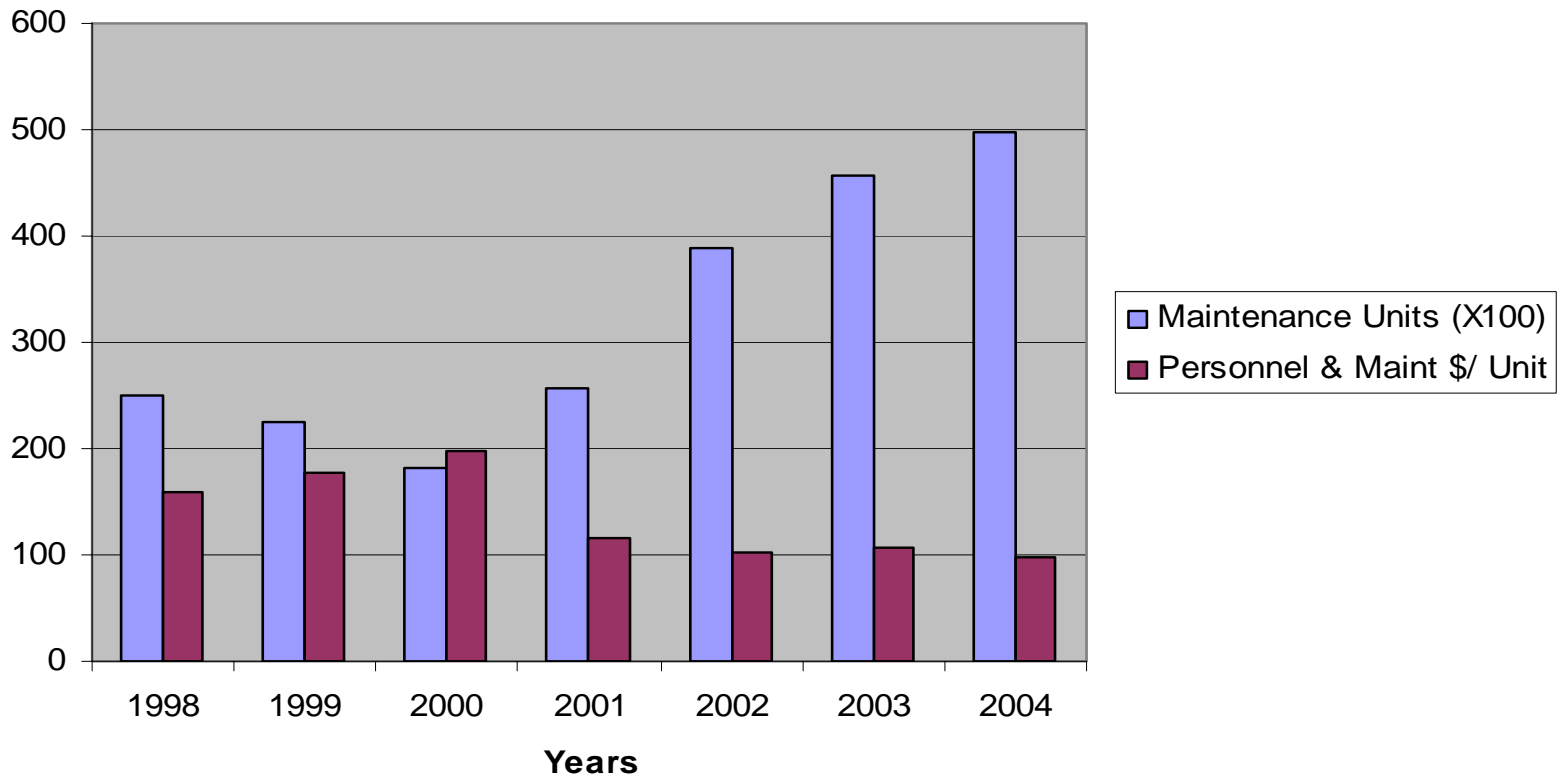
SMU Cost Center Trends

Maintenance Vrs Personnel Costs



SMU Maintenance Improvements

Maintenance Production and Cost





Thank You!

Questions?