

PRESS RELEASE

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MSD Proposes Revised 2016 Budget to Hamilton County Commissioners

CINCINNATI – The City of Cincinnati, operator of the Metropolitan Sewer District of Greater Cincinnati (MSD), proposed a revised 2016 budget to the Board of County Commissioners of Hamilton County today. The revised budget was negotiated in collaboration with the Hamilton County Monitor.

The Commissioners will likely vote on the budget and a proposed rate increase in December. Formal public hearings will be scheduled in November or December as part of the approval process.

Proposed 2016 Operating Budget Request

MSD's proposed 2016 operating budget request is about \$230 million.

About \$119 million of the request covers everyday costs to run MSD, including electricity, chemicals and personnel. The remaining ~\$111 million goes to pay MSD's debt service (principal and interest payments on bonds sold to fund capital improvements).

The 2016 request is about 1.5% less than MSD's 2015 request, and about 7.5% higher than the 2015 budget approved by the Commissioners.

The proposed budget increase for 2016 is largely due to short-term, critical budget items that include the following:

- Solids hauling from the Little Miami treatment plant, ~\$1.2 million (These funds are needed if MSD is not able to operate the Little Miami incinerator after March 2016, due to new U.S. EPA air emission standards. However, City and County officials are working with U.S. EPA on a compliance plan that would allow the incinerator to continue operating and negate the need to haul the solids to a landfill.)
- Odor management and control for the Mill Creek treatment plant, ~\$150,000
- Security enhancements at the Mill Creek treatment plant, ~\$70,000
- A new inspection program for main sewer lines, ~\$3 million

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- SCADA wet weather system advancements, ~\$2.1 million (This is computer technology to better operate our sewer system and reduce overflows in real time during wet weather.)

In addition, the proposed 2016 operating budget also redirects some MSD resources from contractual services to in-house work, which is anticipated to lead to additional savings.

“Bringing these staff positions in house positions MSD well for the performance of Phase 2 of the Consent Decree with U.S. EPA, while at the same time putting the agency on firm financial footing,” said MSD Director Gérald Checco.

2016 Proposed Capital Improvement Program (CIP) Budget

Our proposed 2016 Capital Improvement Project (CIP) budget request is about \$331 million and includes 90 projects ranging from new sewers and treatment plant upgrades to watershed studies. Our CIP budget is primarily funded by bond issues.

About 62% of the total is for wet weather projects required by MSD’s Consent Decree. The remainder includes about 20% (or \$80 million) for asset management to keep our sewer system in working condition.

“MSD has been so focused on complying with its federal Consent Decree that we have made insufficient investments in maintaining our aging collection and treatment systems,” said Director Checco. “The vast majority of our sewer lines are more than 100 years old and many are in need of repair or replacement. We are now renewing our focus on asset management.”

Proposed Rate Increase for 2016

Final analysis about sewer rates is not yet complete, as it depends on the final budget decision of the County Commissioners. However, it is expected that the sewer rates for 2016 will increase no more than the 5.5% anticipated a year ago. The proposed rate increase will be presented to the Commissioners later this month.

“MSD works every day to protect our environment, always mindful of keeping sewer rates affordable for our ratepayers,” said Director Checco.

MSD is the recipient of the 2015 Platinum Excellence in Management award from the National Association of Clean Water Agencies (NACWA). The Platinum award is the highest honor a utility can receive, and MSD is one of three utilities to receive it nationally. MSD has earned an excellence in management designation multiple times since 2006.