



# Metropolitan Sewer District of Greater Cincinnati Budget Hearing

Board of County Commissioners  
Hamilton County, Ohio

Nov. 14 & 19, 2024



**At MSD, caring for the environment isn't just our job. It's our priority. Rivers and streams depend on us to help keep them clean.**



## Agenda

- Budget Overview
- Proposed Operating Budget
- Proposed Capital Budget & 5-Year Capital Improvement Program (CIP)

# 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



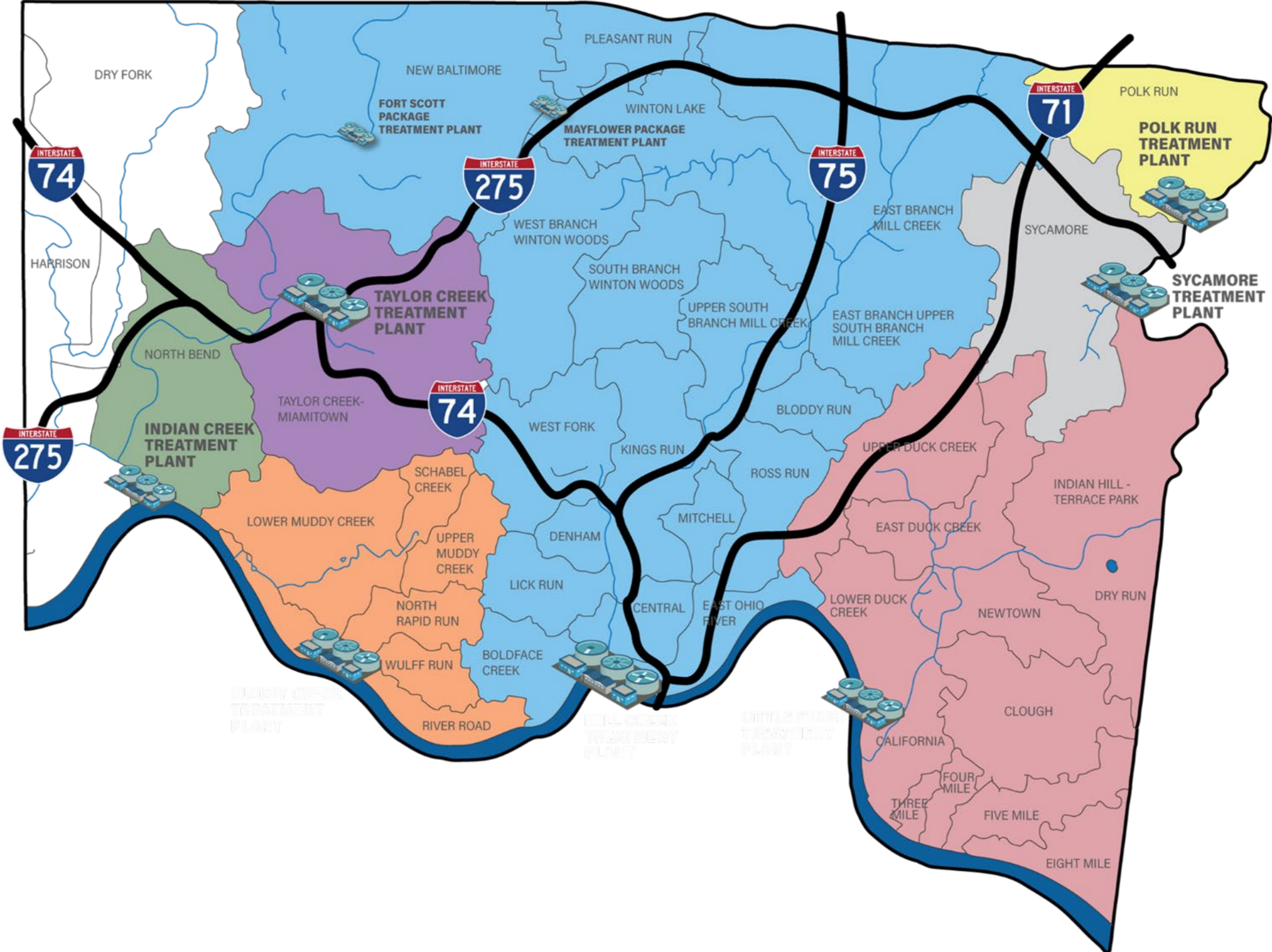
750,000 residential, commercial, industrial customers

44 acres of green infrastructure



9 wet weather facilities

# MSD At A Glance

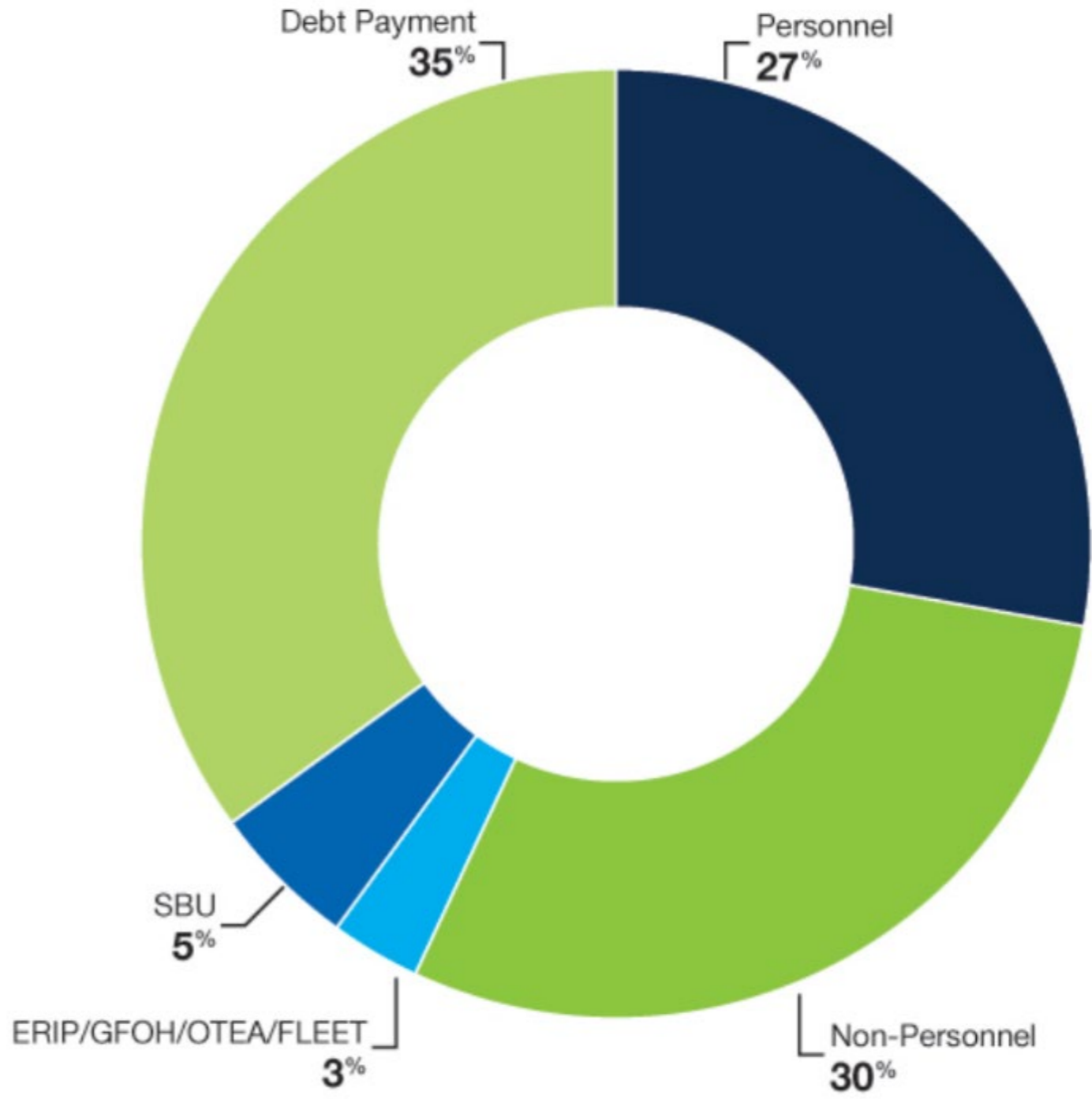




# Operating Budget

# 2025 Operating Budget Request

2025 Request		Increase over 2024
Personnel	\$66,624,433	-1.5%
Non-Personnel	\$73,245,401	6.1%
Other Non-Personnel	\$6,825,000	-2.0%
<b>O&amp;M Subtotal</b>	<b>\$146,694,834</b>	<b>2.1%</b>
SBU Program	\$11,213,263	0%
Debt Payment	\$86,000,000	2.4%
<b>Grand Total</b>	<b>\$243,908,097</b>	<b>2.1%</b>



Comparison with Prior Approved Budgets

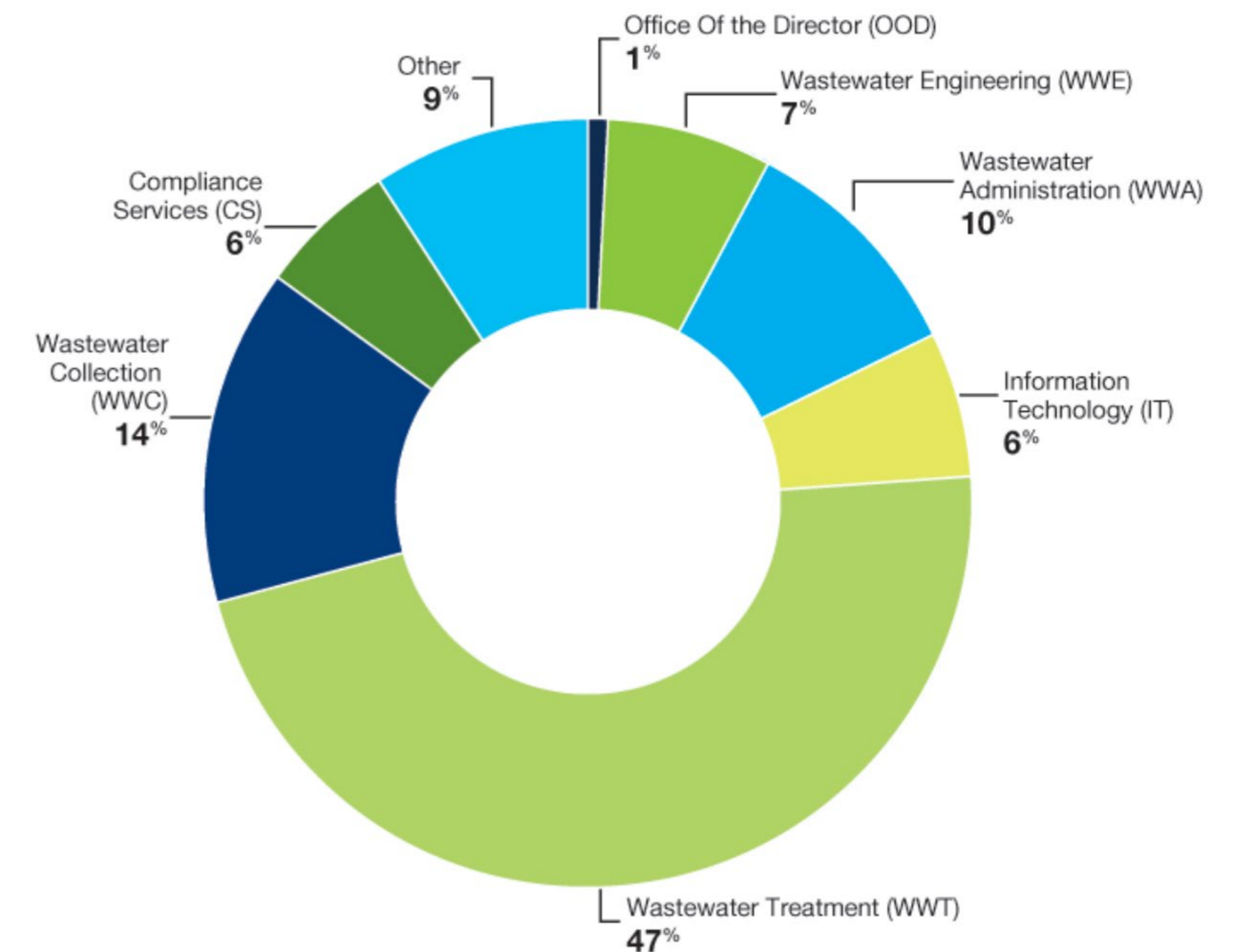
2025	2024	2023
\$243.9M	\$238.9M	\$ 231.5M

# 2025 Operating Budget Highlights

## Primary Drivers of Changes

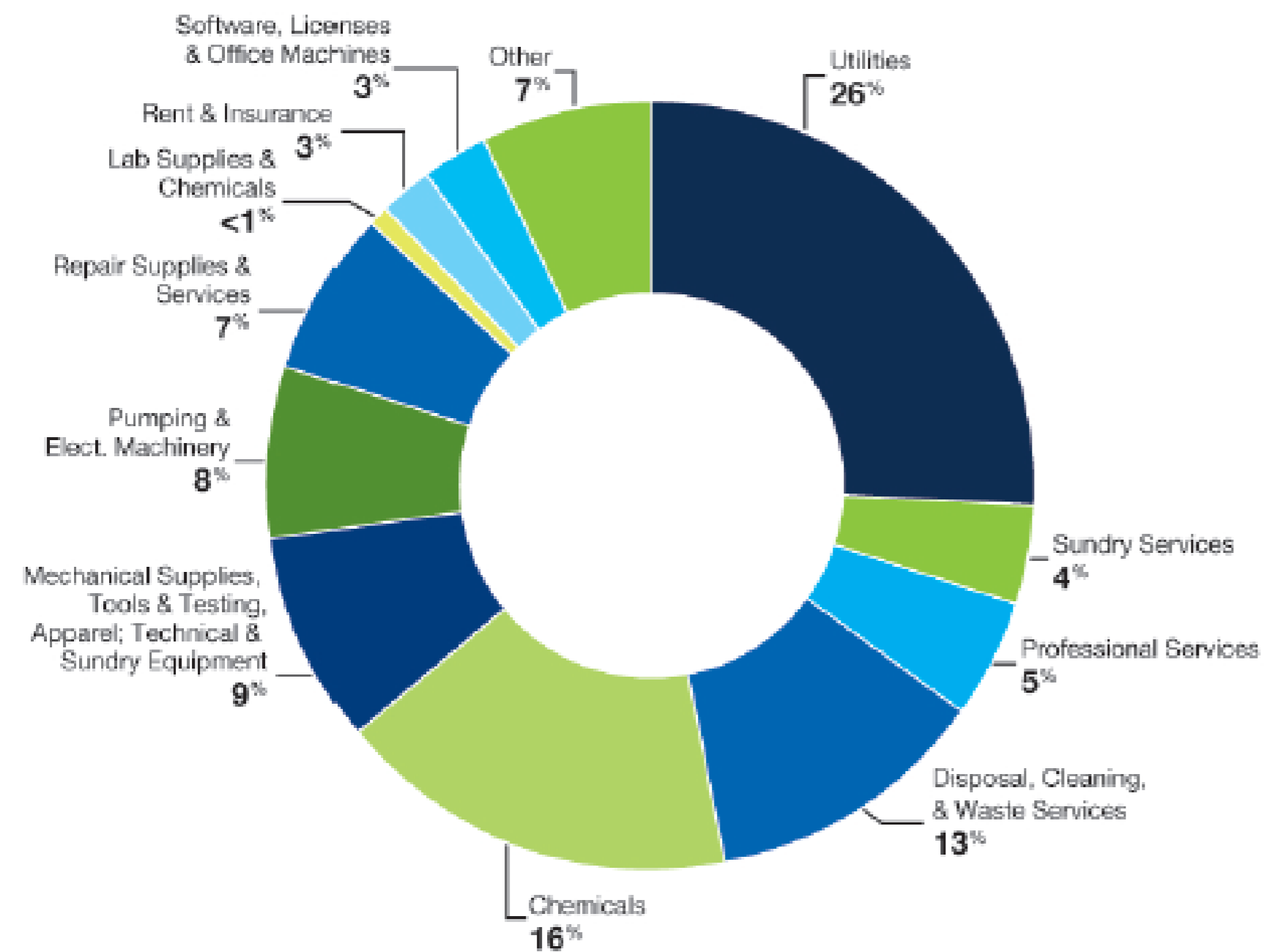
- Personnel decrease of  $-\$1.04\text{M}$  or  $-1.5\%$ 
  - Significant increase to the reimbursement of capital eligible labor costs.
- Non-personnel increase of  $\$4.18\text{M}$  or  $6.1\%$ 
  - Increasing chemical costs for treatment.
  - Increasing solids disposal costs.
  - Elevated contracting costs for services and security.
- Other non-personnel decrease of  $-\$0.14\text{M}$  or  $-2.0\%$ 
  - Fleet replacement focused on lower cost vehicles.

## Non-personnel by Division



# 2025 Operating Budget Contract Pricing Increases

## WWT Non-Personnel Costs (\$38M)



## WWT Operating costs increasing by \$2.7M

### Treatment chemical increases since 2021:

- Polymer: 39% (must rebid in 2025)
- Sodium hypochlorite: 176%
- Sodium bisulfite: 43%

### Solids Hauling & Disposal:

- Disposal contract renewed in 2024 increased 24%

### Security Contract:

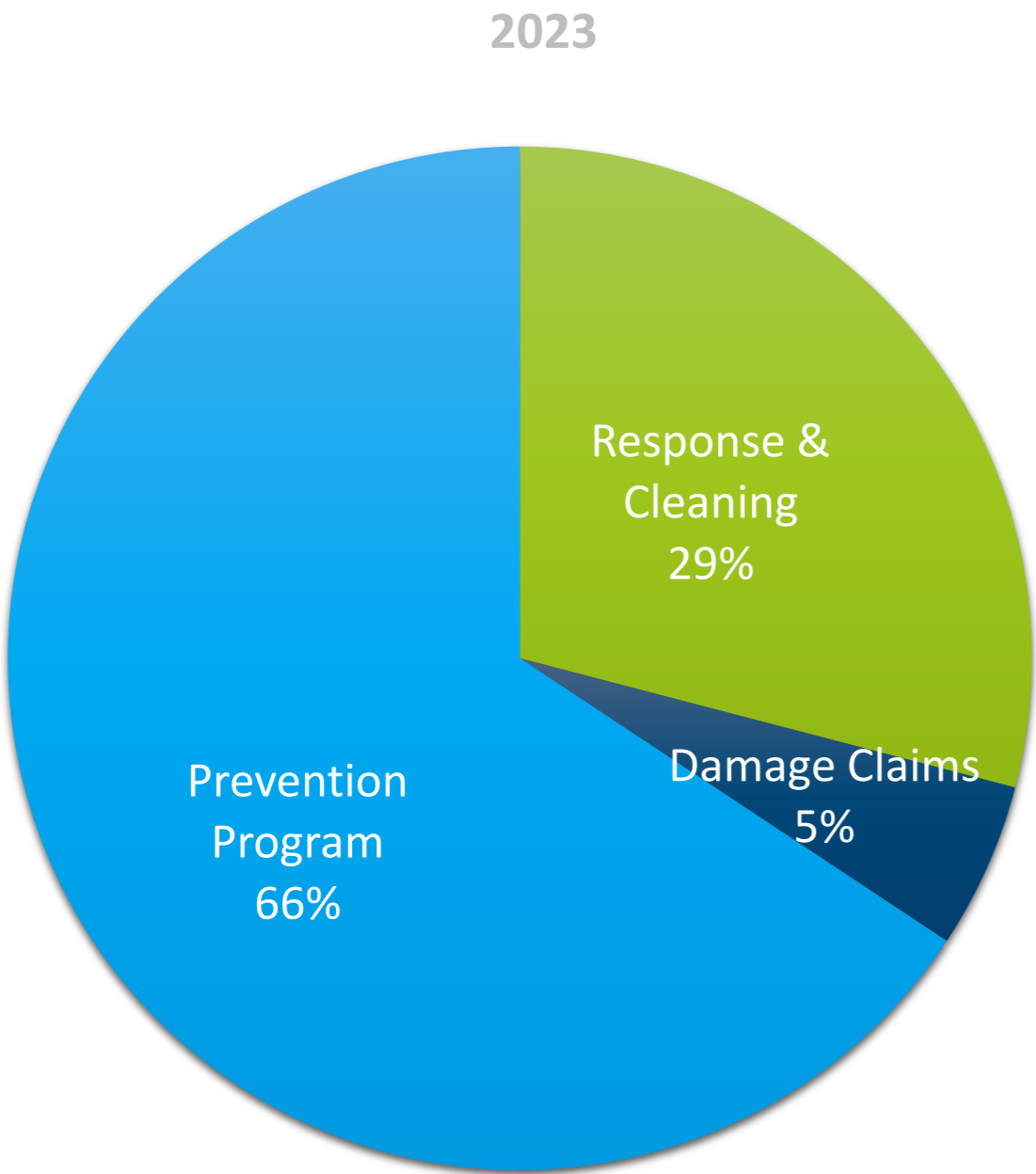
- Security costs at MSD 24/7 facilities increased by \$494,000 or 61%



# Sewer Backup Program

## 2025 SBU Program Request: \$11.2M

- 2023 Program Expenditures: \$7.6M
- 2024 YTD Expenditures: \$5.8M



### SBU Program Activities from Jan 24 – Oct 24

Service Description	Total for 2024 through October
<b>Sewer Back Up (SBU)</b>	
Sewer Backup (SBU) Investigation Work Orders	2,504
Properties Considered for Cleanups	338
SBU Cleanups Performed/Accepted	250
Cleanouts Installed at ROW (by MSD Repair Section)	290
<b>Prevention Program</b>	
Properties Contacted	116
Properties Protected	32
Professional Service Costs- Operating Funds	\$ 760,694
Contractor Costs- Operating Funds	\$ 2,360,091
Total SBU Prevention Dollars Spent	\$ 3,120,786
<b>Claims</b>	
Settlement Checks Processed	54
Average Processing Time for Settlements Offered (in days)	45
Claim Costs- Operating Funds	\$ 422,109
<b>Expenses to Date</b>	
MSD SBU Labor	\$ 777,007
Total Clean Up Costs- Operating Funds (includes estimates)	\$ 1,121,619
SBU Customer Service- Operating Funds	\$ 405,766
TOTAL FUNDS SPENT	\$ 5,847,286
<b>Total spent 2004 to date</b>	<b>\$ 165,347,147</b>

Find updates monthly at: [msdgc.org/programs/sewer-backup-program/about-the-program](https://msdgc.org/programs/sewer-backup-program/about-the-program)



# Capital Budget

# 2025 Capital Budget Request

**Total 2025 Capital Budget: \$529,687,756**

**Appropriation upon Passage: \$82,970,873**

- Planning/Design/Easement: **\$45.1M**
  - 6 Projects + 9 Allowances (Exhibit A)
- Construction Allowances: **\$37.9M**
  - 4 Allowances (Exhibit B)



**Balance for Construction Projects: \$446.7M**

- 5 projects to be approved by BOCC later in 2025

2021	2022	2023	2024	2025
\$123.4M	\$136.1M	\$140.5M	\$260.3M	\$529.7M

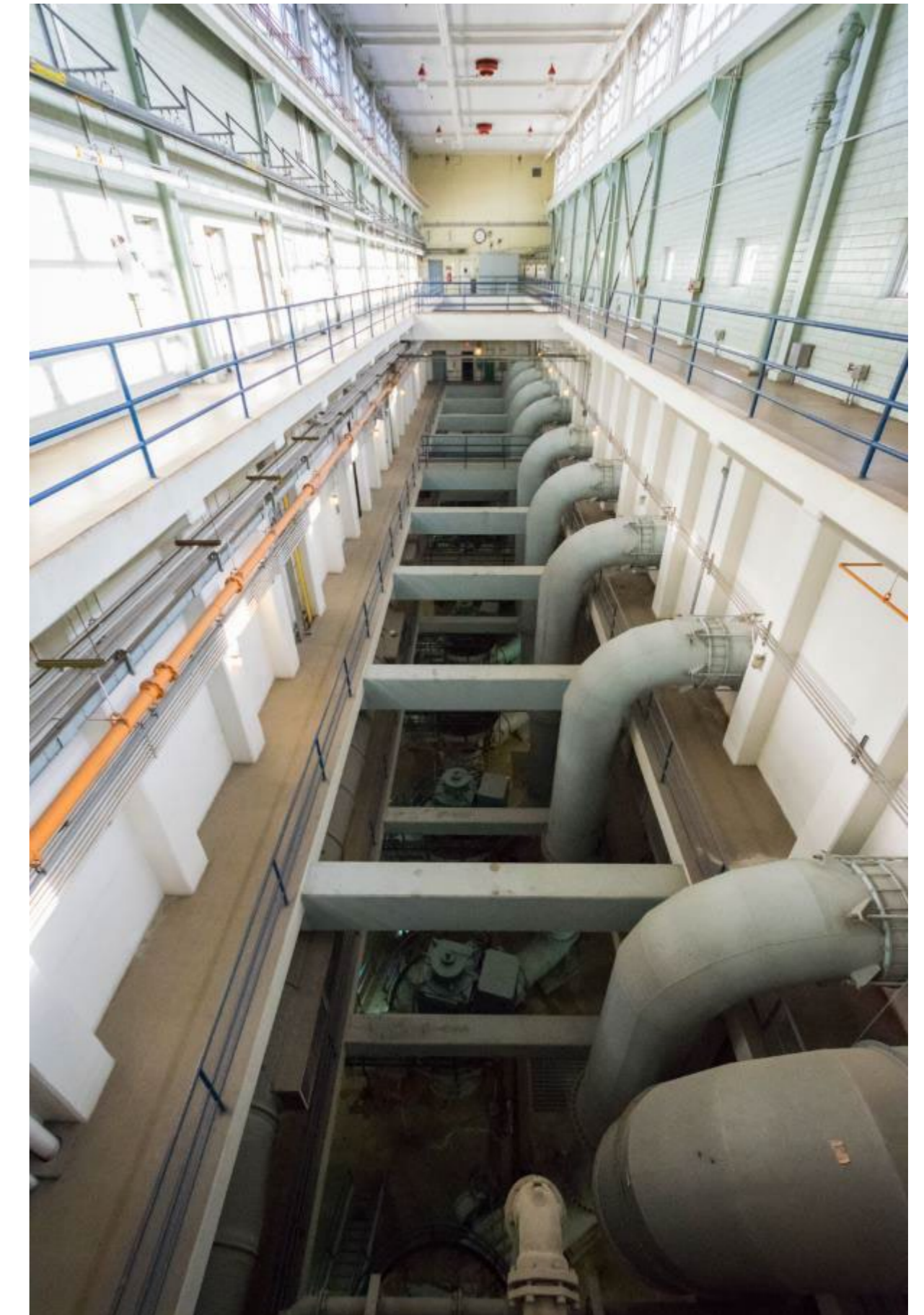
# 2025 Capital Budget Highlights

## Construction of Large WWIP-driven Capital Investments

- Construction of the Mill Creek WWTP Influent Pump Station (700 MGD to serve plant and HRT): **\$269M**
- Construction of the East Branch Ohio River Interceptor Extension (EBORIE): **\$163M**

## Prioritizing SBU Hot-spots

- In addition to the SBU funding in the Operating Budget, there is additional capital funding dedicated to *strategically* addressing SBU and CSO communities' capacity issues



# 2025 Capital Budget Challenges

## Deferring Asset Management

- 15 sewer rehab/replacement projects, addressing over 21,000 FT of pipe, some over 100 years old
- Design for the replacement of an aging pump station
- Construction of sewers to eliminate a failing pump station

## No New Planning Projects in 2025

- Phase 2B of Consent Decree is Subject to Ongoing Negotiations



# 2025-2029 Capital Improvement Program

## 5-Year Plan, Submitted Annually

- MSD is currently managing 160 capital projects with a total value of \$2.3B (\$2,298M)
- 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
2025	\$529.7M	10
2026	\$222.8M*	20*
2027	\$190.6M*	18*
2028	\$130.9M*	20*
2029	\$314.4M*	10*

\*Out-years are subject to ongoing negotiations with the Consent Decree parties



# 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.



**Hamilton  
County** OHIO

# 2025 MSD Recommended Rate Increase



# 2025 MSD Rate Recommendation

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Exercise The Board's fiduciary responsibilities over MSD operations.

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Provide MSD sufficient funds to support daily operations and regulatory requirements and be mindful of the burden on MSD ratepayers.

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Negotiate Consent Decree matters such that MSD complies with Consent Decree requirements while assuring affordable rates.

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# Recommended Budgets

Capital Improvement Plan (CIP)- \$529.5M

- Projects and Funding in 2025 are consistent with Phase 2B submission
- Outyears (2026-2029) subject to change; planning purposes only

Operating Budget - \$243.9M

- Operations and maintenance (O&M) (\$146.7M)
  - Reduced original request by \$3.6 million. 2% increase over the 2024 O&M budget.
- Sewer Back Up (\$11.2M)
- Debt Service needs (\$86M)



# 2025 MSD Rates

MSD's revenue is principally supported from customer-generated revenues:

- Sewerage service charges
- Excess strength surcharges
- Industrial pretreatment charges

Revenue requirements are evaluated to support the operating and capital budgets with a view toward long-term rate stabilization and predictability.

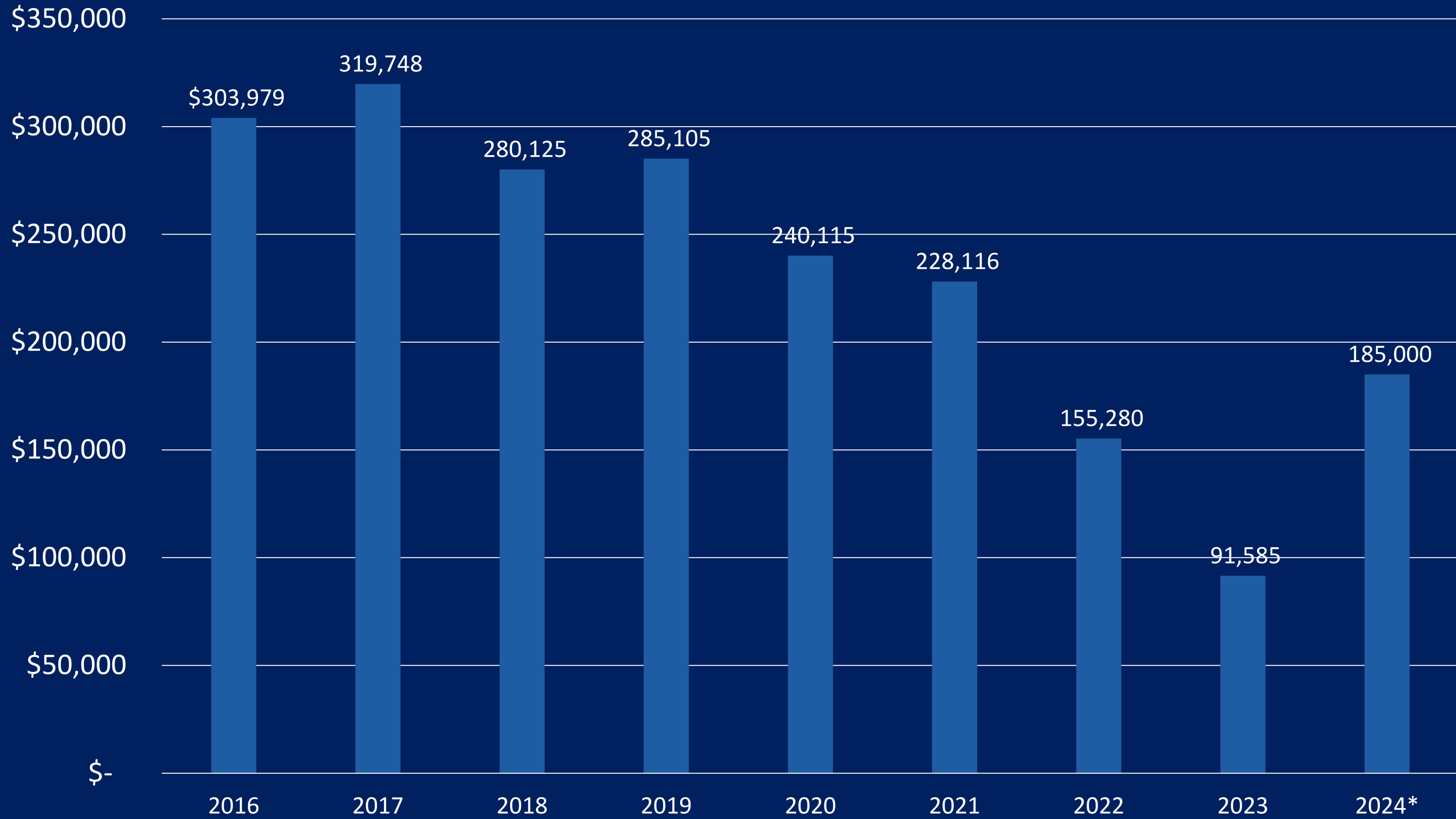


# Factors considered when reviewing rates:

1. Costs related to operating the sewer system
  - Recognitions of increased costs for labor, services and goods
2. The long-term response to capital project requirements and funding of asset repairs, replacements and system expansion (10-year planning horizon due to Consent Decree)
3. Maintaining sufficient operating cash reserves (aka liquidity)
4. Impact on financial position of MSD
  - Ability to and cost of borrowing money (aka debt service coverage)



## Estimated Unencumbered Surplus Fund



## Historic Rate Increases

- Pre-phase 1 (while negotiating the WWIP project schedule) (2004-2008)
  - Average annual increase – 10.1%
- Phase 1
  - 2009-2015 - Average annual increase – 7.9%
  - 2016-2017 – 0.0% annually \*
- Bridge and Phase 2A (2019-2024)
  - 2018-2022 – 0.0% annually \*
  - 2023 and 2024 - 3% annually

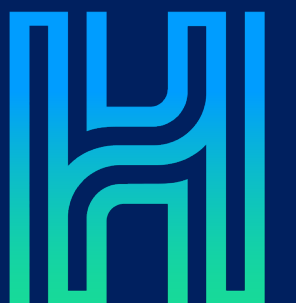
\* No annual rate increases from 2016 – 2022 due to the spend down of a large surplus fund balance + reduced debt payments.



# Recommended Rate Increase

4.5% rate increase for FY 2025 to support the Operating Budget and CIP, effective January 1, 2025.

Consistent with the Consent Decree Phase 2B Plan submitted to the Regulators



# Need for Rate Increase

1. Generates sufficient resources to sustain operations and meet rising costs
2. Supports the capital improvement program and improves public health
3. Helps manage future revenue adjustments
4. Consent Decree compliance
5. Effective utility operations
6. Consistent with prudent financial management practices

