



MSD

Louisville and Jefferson County Metropolitan Sewer District

# Update

News about activities and developments at MSD

June 15, 2001

Special Issue

## Aggressive budget reflects economic, development trends

### Construction expense, workforce will decline

When the calendar rolls to July 1, MSD will begin a new fiscal year with a budget that ends an era.

The \$254 million budget—among the largest undertaken in MSD’s 52-year history—marks the end of five years of aggressive growth at MSD, both in the size of its system and the number of customers it serves.

“Since 1996, MSD added nearly 22,000 new customers, mostly by extending sewers to neighborhoods that did not have service,” according to Executive Director Gordon Garner. During the same time, funding was increased to improve water quality and enhance flood control, in response to customer requests and tighter regulations. Also, the number of MSD staff dropped by about 200 employees, 856 to 650.

With development showing signs of slowing and the number of unsewered neighborhoods declining, Garner said MSD will be gearing down capital construction spending over the next five years to a projected \$65 million in fiscal year 2006.

By 2006, MSD projects its workforce will decrease by 10 percent to 605 employees. “Approximately 191 people will be eligible for early retirement within five years, including some of our most experienced and capable per-

(continued on back page)

## MSD rates among region’s lowest

MSD’s Board has approved a preliminary rate resolution authorizing a five-percent increase in connection fees and sewer and drainage service charges for all customer classes. If approved, the new rates will be effective August 1.

Under the proposed rate schedule, the average residential wastewater bill would increase by 75 cents to \$15.75 a month. Drainage service charges for residential customers

also would increase by 17 cents to \$3.65 a month. The total increase of both the wastewater and drainage bills would be 92 cents per month.

Customer rates have increased to fund an aggressive sewer expansion and drainage improvements throughout Jefferson County. By extending sewers to new customers, water quality in streams and the Ohio River improve as septic systems and small, inefficient wastewater treatment plants are taken out of service. MSD’s treatment plants also have been upgraded to operate more efficiently with reduced odor, and new treatment plants at Floyds Fork and Cedar Creek have been added to serve growing sectors of the county.

While bond sales in capital investment markets have helped

MSD keep up with neighborhood requests for sewer service and major flood-control projects, most of MSD’s drainage and wastewater projects are funded by revenue generated by customer rates. “The combination of expanding service to new customers and replacing old technologies with more efficient processes has helped MSD do more with rates that are still well below the national average,” Executive

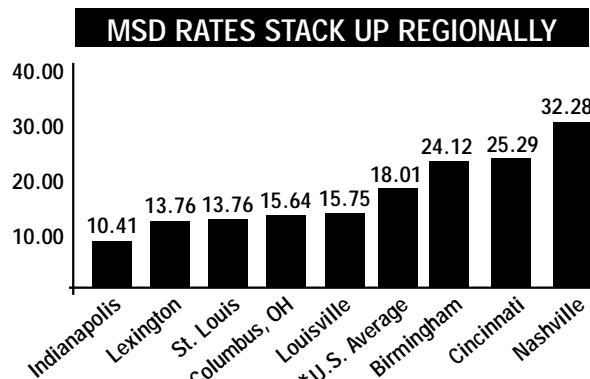
Director Gordon Garner said.

**To reduce odors and operational costs at the Morris Forman Wastewater Treatment Plant, upgrades**

will continue in the next fiscal year at MSD’s largest treatment facility. These include continued work on an alternative solids process that will substantially reduce odor from the plant and generate a fertilizer product. The new process will reduce the volume of solids MSD now disposes at a commercial landfill and use methane gas generated by the process to fuel solids dryers, saving energy and disposal costs.

**Flood-control and drainage improvement** will continue to be priorities. Construction of the Melco Flood Control Basin off Grade Lane will be completed, providing storage

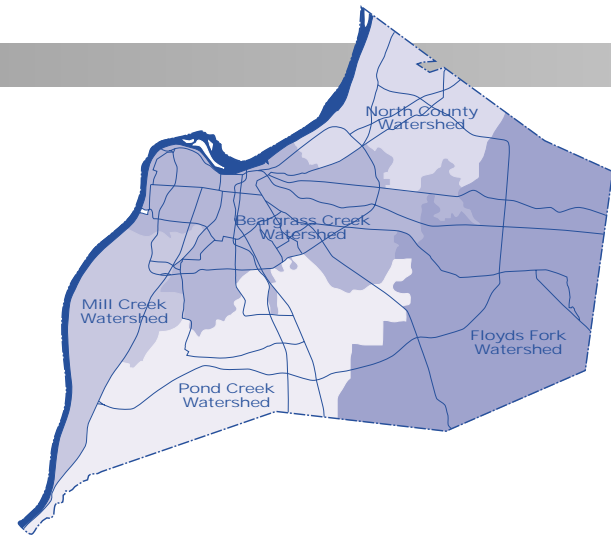
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(\*Source: AMSA 1999 Survey. Other Data: MSD Finance Department)

## Area Team/Watershed News

Sewer, drainage and water-quality projects totaling \$150 million were completed in neighborhoods throughout Jefferson County during the last fiscal year. Important initiatives are planned for next year with a total budget of \$175.8 million. Learn what's happened in watershed areas last year ("Through the pipes") and what's ahead next year ("Down the line").



### ***Beargrass Creek Watershed***

#### **Through the Pipes:**

- River Road/Edith Avenue Sewer Project Phase 1, Hurstbourne-Jeffersontown Drainage Improvements
- Durrett Lane Sewer Project
- 36 neighborhood projects in partnership with the Board of Aldermen

#### **Down the Line:**

- Letterle Pump Station Elimination
- Woodlawn Park Drainage Improvements
- Partnership projects with HUD (100% reimbursable)

### ***Floyd's Fork Watershed***

#### **Through the Pipes:**

- Floyd's Fork Wastewater Treatment Plant in service
- Pope Lick Pump Station, Force Main and Gravity Sewer in service
- Kirkham Trace & Copperfield wastewater treatment plants taken out of service
- Initiated expansion of Cedar Creek Wastewater Treatment Plant (removed Birchwood Wastewater Treatment Plant from service)

#### **Down the Line:**

- Construct Long Run Pump Station, Force Main and Interceptor
- Construct Tucker Station Interceptor
- Remove Ashmoor Woods and Running Creek wastewater treatment plants from service

### ***Mill Creek Watershed***

#### **Through the Pipes:**

- Completed five sewer projects serving 2,196 customers
- Continued construction of 19 sewer projects to serve 5,343 customers
- Initiated 13 sewer projects to serve 2,174 customers
- Removed Conway Middle School and Forest Hills wastewater treatment plants from service
- Initiated 10 drainage improvement projects

#### **Down the Line:**

- Begin designing Shively sewer collectors to serve 200+ customers

### ***North County Watershed***

#### **Through the Pipes:**

- Completed sewer installation in the City of Indian Hills

#### **Down the Line:**

- Expansion of the Hite Creek Water Treatment Plant

### ***Morris Forman Wastewater Plant***

#### **Through the Pipes:**

- Began expansion of West County Wastewater Treatment Plant
- Ongoing odor reduction and alternative solids process work at MFWTP
- Upgrades at Southwestern Pump Station

#### **Down the Line:**

- Complete West County plant expansion
- Remove odor-generating Zimpro system at MFWTP from service

### ***Pond Creek Watershed***

#### **Through the Pipes:**

- Completion of Melco Flood Control Basin
- Completed two sewer projects to serve 950 customers

#### **Down the Line:**

- Initiate three sewer projects to serve 2,000+ customers
- Remove four wastewater treatment plants from service
- Complete Pond Creek Channel Improvement flood protection project

### ***Wet Weather/Water Quality***

#### **Through the Pipes:**

- Combined sewer separation projects along Beargrass Creek
- Installed Sneads Branch In-line Storage inflatable gate to capture sewer overflow and pump it to the sewer system for treatment
- Investigated sanitary sewers, manholes and lateral lines to locate and repair problems

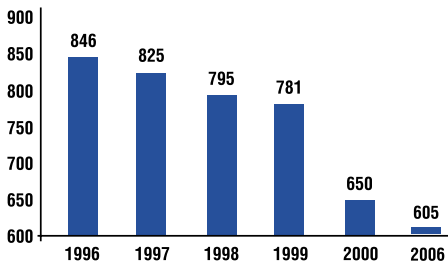
#### **Down the Line:**

- Develop an automation system to minimize sewer overflows during wet weather
- Construct detention basins at the Kentucky Fair and Exposition Center and in the Floyd's Fork area

**MSD rates among lowest**  
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for 500 million gallons of stormwater and reducing the threat of flood damage to area homes and businesses. Work on two stormwater basins, with a combined capacity of 33 million gallons, at the Kentucky

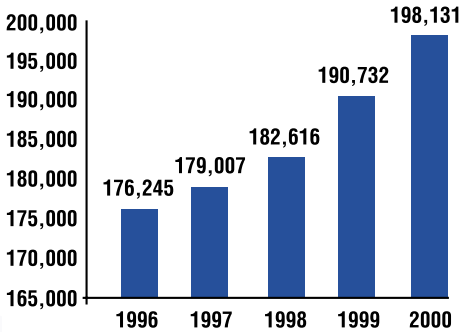
**STAFFING LEVEL TO DECLINE**



Fair and Exposition Center will begin in the next fiscal year.

**The rehabilitation of aging sewer systems**, especially in neighborhoods served by combined sanitary and stormwater sewers, also will continue. Overflows from combined sewers discharge directly into streams or back up into basements during heavy rains. "Reducing stream pollution by correcting these overflows is among MSD's top environmental priorities," Garner said. "And keeping our customers basements dry has been an MSD priority for years."

**CUSTOMER BASE HAS GROWN**

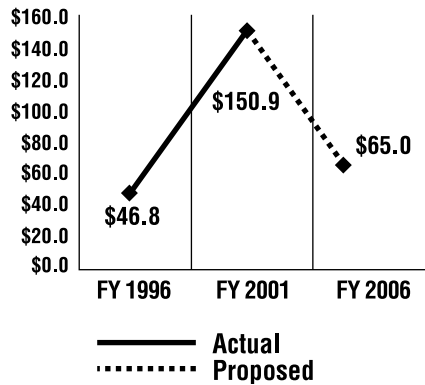


Sewer utilities in other cities face similar—or worse—challenges. "All cities in our region have major infrastructure issues to address," Garner noted.

Part of MSD's success in keeping

rates low is the system's expansion. "Since 1993 MSD has extended sewer service to nearly 55,000 new customers in neighborhoods that asked for sewers. Those new customers have not only paid for their own service through assessments but they've also helped pay for needed improvements throughout the MSD system with their customer rates," Garner said.

**CAPITAL PROJECTS TO GEAR DOWN**

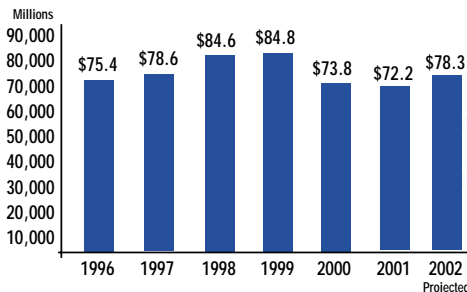


MSD's Board invites public comment on the proposed rates at a hearing on June 18 beginning at 7 p.m. at MSD, 700 W. Liberty. Written comments about the proposed rates should be addressed to:

MSD-Attention: Bud Schardein  
700 W. Liberty St.  
Louisville, KY 40203-1911

Following the public hearing, MSD's Board will consider the comments and take final action on the proposed rates in July.

**OPERATING COSTS CURBED**



**Bond resolutions help MSD serve community**

The year 1993 marks a milestone in MSD history. That's when MSD's Board passed a resolution enabling the district to consolidate its construction resources and seek financing in the capital investment market.

The 1993 Bond Resolution has helped MSD attract low-cost investment capital, generating more than \$700 million to help fund significant growth including:

- Connecting currently unserved neighborhoods that are requesting sanitary sewer service
- Upgrading wastewater treatment plants to serve more customers
- Enhancing drainage and flood-control measures
- Improving stream water quality by reducing combined sewer overflows and taking inefficient wastewater treatment plants out of service

It also has nearly doubled the amount of debt service paid by MSD since 1998. In fiscal year 2001, debt service took 23 percent of MSD's operating and capital budget. But accruing debt has enabled MSD to keep pace with community growth and customer demand.

While customer rates fund many construction projects, financing from capital investment markets is what keeps MSD in pace with community growth and in compliance with government regulations.

"MSD's solid financial performance gives investors confidence and our bond ratings have been good," said Finance Director Marion Gee. "We are committed to giving this community the services it wants. That means being capable of expanding service to neighborhoods that vote in favor of sewer expansion and improving our infrastructure to continue attracting economic development."



# MSD

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## Inside *Update*

- Aggressive budget reflects trends
- MSD rates among region's lowest
- Projects continue throughout county
- Bond resolutions help MSD serve community

### **Aggressive Budget**

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sonnel in all divisions," Garner said. "New people will be filling key positions throughout MSD."

Because MSD operates on a combination of funds generated through customer rates and capital investment markets, the organization is committed to operating efficiently, according to Garner.

In 1996, MSD began a continuous effort to identify ways it could do business more efficiently and effectively, culminating into MSD's Strategic Business Plan. "Through an ongoing process of working to improve our services and our organization, we've been able to do more with less, providing better service to more customers with fewer staff," he said.

Those internal improvements have helped MSD reduce its operating budget by more than \$10 million a year, from a high of nearly \$85 million in fiscal year 1999. Much of the \$78.3 million budgeted for the upcoming fiscal year "will show up in maintenance and neighborhood projects throughout Jefferson County," Garner said.

Still, MSD has opportunities to improve efficiency and customer satisfaction, according to Garner. "That means putting our customers first by keeping internal costs down and charging service rates that provide value," he said. "We're doing many things right, but we'll continue our dialogue with customers in order to provide quality, timely and cost-effective services."

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