

Update

JANUARY 2006

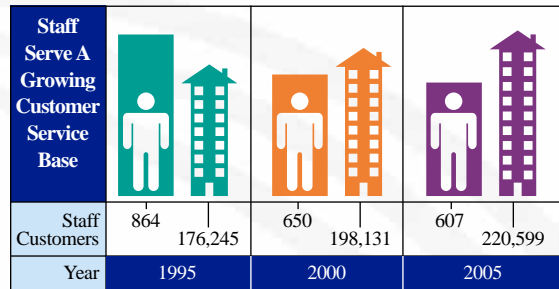
More customers, fewer staff combine for solid financial performance

MSD's revenues exceeded all budgeted amounts for the fiscal year that ended June 30, 2005, according to audited financial statements.

Operating revenues increased by 10.9 percent or \$12 million over fiscal year 2004 results. At \$122.8 million, 2005 operating revenues surpassed

budgeted projections by \$3.5 million. Finance Director Marion Gee attributed much of the increase to a rise in miscellaneous income, which surpassed budgeted amounts by \$2.8 million.

Most revenues—71 percent—come from wastewater service charges paid by customers, while 21 percent of revenues are stormwater service charges. Eight percent of all revenues are miscellaneous operating income.



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Our pastimes aren't so different Extravaganza highlights what employees do off the clock

MSD's annual holiday celebration, the Diversity Extravaganza, marked its 10th anniversary with something different. While past Extravaganzas celebrated the cultural and ethnic diversity of MSD staff, this year's event examined the different ways MSD employees pass time off the job.

Along with the 11 booths that explored every pastime from hunting to couch-sitting, a dozen customized and vintage cars, along with nine motorcycles, were on display. More than 400 employees, guests and family members enjoyed the time of fellowship and celebration.

While the 10-year anniversary of the Extravaganza was something different, event steering committee member Tony Glore said the event got good reviews. “If comments from participants, survey results and attendance are valid indicators, this Extravaganza was one of the best,” Glore said.

This year's event featured less staged programming and more time for employees to visit. Sales of raffle tickets generated \$194 for the Angel Tree giving program, and a used book sale raised \$128 for the Everyone Reads program. Travis Crabtree won the top raffle prize—a flat screen television—while Tom Middeler won \$500 in gift certificates and Sharise Horne won a CD/MP3 stereo.

In the booth competition, the Hunters booth took first place, followed by the Community Volunteers booth and the Couch Potato booth.

Joining Glore on the event steering committee were Tori Coward, Patrick Fitzgerald, Sheila Irvin, Raymond Jeffries and Rosa Taylor. “Special thanks goes to the volunteers who helped set up, take down, and clean up,” Glore said, “as well as their supervisors who gave them time to participate.”



Creators of the hunting booth won the Grand Prize as the favorite booth at the 2005 Extravaganza.

CONNECT WITH MSD

502-540-6000

24/7 Customer Service:
587-0603

www.msdlouky.org

TDD/TTY: 540-6233

En español: 540-6423
(Entre 8 mañana y 5 p.m.
lunes a viernes)



Upcoming Events

January 9

MSD Board Meeting, 10 a.m.,
700 W. Liberty, first floor

January 23

MSD Board Meeting, 10 a.m.,
700 W. Liberty, first floor

Customer help available 24/7
MSD offices will be closed on
these holidays:

Friday, December 23

Monday, December 26

Monday, January 2

Monday, January 16

For emergency service anytime,
phone MSD's Customer Relations
Department at 587-0603.

Customer First at Work

"Thanks to Ron Henderson for his help finishing a new home for a very grateful family. Our work to provide affordable housing in our community is possible only through the efforts of people like Ron and organizations like MSD."

--Joy Henry, Habitat for Humanity

"Henry Drain is an outstanding employee. He took a look at our problem, made a correct call and fixed it with complete expertise and expert communication skills."

-- Don Burch, Quest Outdoors,
Crescent Hill

"Thank you, Diane Secor, for providing us with progress reports and notifying us of scheduling delays during drainage construction."

--Bob Kessinger, Glenmary

Area Team News

Beargrass Creek: To correct frequent sanitary sewer overflows at two manholes along Old Cannons Lane, a new sewer line will be constructed upstream. The new line will divert about 80 percent of the wastewater flow to a larger 39-inch interceptor south of Beargrass Creek. The project is expected to eliminate the overflow discharges at a cost of \$191,703.

Infrastructure & Flood Protection: To help locate underground utilities when requested, MSD has joined with other local utilities to purchase locating services. As a result, Central Locating Services, one of the nation's largest locating companies, has been selected to locate utilities in Louisville Metro for BellSouth, Insight Communications, Louisville Gas & Electric, the Louisville Water Company and MSD. MSD receives about 5,000 Before You Dig requests monthly and its share of locating services cost is approximately \$400,000 a year.

Regulatory Management Services: TetraTech has been selected to provide engineering consulting services to help MSD meet terms of the wet weather consent agreement with state and federal agencies. The firm also will assist MSD staff in achieving other wet weather and water quality objectives for the remainder of the current fiscal year.



Drainage Response Initiative Projects

The Project DRI partnership between Louisville Metro and MSD is solving drainage problems throughout the community. These projects are ready for construction:

A \$117,134 project includes the installation of a pipe and inlet system along the roadside of **Aurora Drive** from Alvina Way to the cul-de-sac and along **Southland Terrace** from New Cut Road to W. Southland Boulevard and including Grant Avenue.

Construction of a \$68,000 pipe and inlet system along the roadside of **Country Club Road** and **Eastern Avenue** will provide relief from standing water.

Replacing driveway culverts and aprons and installing paved roadside swales in the Woodland Manor Subdivision will improve roadside drainage system and reduce yard flooding during heavy rains. The \$199,790 project along **Foreman Lane** from Blue Lick Road to Pineland Drive will resolve 16 drainage service requests and benefit an additional 78 properties.

Installing paved roadside swales and replacing driveway culverts will relieve standing water in the **Larkgrove Subdivision** including Altsheler Place, Lanette Court, Larkgrove Drive, Marbado Court and a portion of Waycross Avenue. The \$208,500 project will address 15 customer requests and affect 79 properties.

Drainage improvements will correct poorly defined rear-yard and roadside drainage systems along **Rodgers Road** at a cost of \$67,630. The project will benefit 25 properties and address five customer requests.

A pipe and inlet system will also be installed along **Strathmoor Boulevard** to address standing water problems for area property owners. The project costs \$92,960.



Project DRI will improve roadside drainage along Foreman Lane in Woodland Manor.

FEMA meeting goes to Katrina ground zero

Since MSD began updating local floodplain maps, Development Team Leader Randy Stambaugh has met periodically with the Federal Emergency Management Agency's Region IV Mitigation Chief Todd Davison.

"The concept of a seamless national connection to MSD's floodplain data was Todd's idea initially," Stambaugh said. "He's been instrumental in getting the map modernization effort funded and off the ground."

When Stambaugh phoned Davison to confirm a mid-November meeting, Davison said the meeting was still on his schedule—providing it could be held in Mississippi where Davison has been since Hurricane Katrina struck August 29.

After the meeting to review MSD's map modernization progress, Davison offered Stambaugh a FEMA badge that allowed him to drive from the meeting site in Jackson to the storm-ravaged coastline.

What Stambaugh saw will stay in his memory for some time. From Gulfport to Biloxi, most streets are closed with only main thoroughfares open to traffic, mostly FEMA contractors and police. Without basic utility service, few residents had returned to the area. Vactor trucks were busy removing sand from sewers. A casino that had floated on a barge in the Gulf was now moored about a quarter-mile from the beach.

"Remnants of people's lives were everywhere," Stambaugh said. "It illustrated the importance of what we're doing at MSD to reduce the potential for flood damages."



The Mississippi coastline, once a tourist magnet, is now a hub for disaster cleanup personnel.



Hurricane cleanup has begun at this home near Biloxi.

MSD Milestones

We're proud to announce: The Design-Build Institute of America Ohio Valley Chapter named MSD's West County Wastewater Treatment Plant expansion the best project under \$15 million and the best overall project of 2005.

The Home Builders Association of Louisville has named MSD Board Chair Fred Dallenbach and Dallenbach Builders the Home Builder of the Year.

DiverseWorks Administrator and Affirmative Action Officer Deby Mettling was named Outstanding Human Resource Supporting Professional in the Louisville Metropolitan Area by the Southern Indiana Chamber of Commerce.

Welcome to MSD:

- Greg Brown, Building & Grounds Laborer
- Leslie Graham, Utility Trainee
- Danny Outland, Control Systems Specialist

Congratulations on your promotions:

- Larry Byrd, Utility Worker III
- Karen Roberts, Utility Worker III
- Steve Snawder, Sewer Maintenance Supervisor

Changing the Pace:

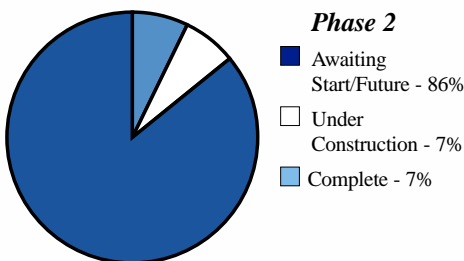
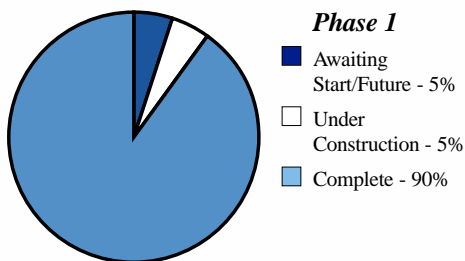
- June Embers, Senior Customer Service Representative to Administrative Services Specialist

We will miss:

- Kevin Yarbrough, Master Auto/Heavy Equipment Technician, retiring Dec. 31

Project DRI Progress

Through December 7, the Project DRI partnership between Louisville Metro and MSD completed or started 95 percent of planned drainage improvement projects since Phase 1 of Project DRI began in January 2003. Phase 2 began mid-2005, with 14 percent of planned improvements completed or underway.



We Wish You a Safe and Happy Holiday Season!



MSD

Louisville and Jefferson County
Metropolitan Sewer District

700 West Liberty Street
Louisville, KY 40203-1911



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More customers... *continued from page 1*

New customers—4, 048 added in fiscal year 2005—also contributed to the increase in revenues. MSD listed 220,599 customers at the end of FY 2005. That's 44,354, or about 20 percent, more than the 176,245 customers served in fiscal year 1996.

At the same time, MSD has reduced staffing levels by about 30 percent from 864 full-time employees in 1995 to 607 in fiscal years 2004 and 2005. Labor expenses declined by two percent as compared with fiscal year 2004.

Total expenses of \$78.4 million were slightly more than budgeted. The increase is due in part to a \$1 million fine paid under the agreement between MSD and the Kentucky Environmental and Public Protection Cabinet and U.S. EPA to reduce sewer overflows, Gee said.

MSD saved more than \$1.3 million in reduced costs for labor, temporary services and purchases of chemicals. Costs of utilities, materials and supplies, and sludge disposal exceeded budgeted amounts by about \$3.5 million.

Total assets increased by \$6.3 million in fiscal year 2005, while total liabilities decreased by \$10.2 million from fiscal year 2004 levels. Capital construction expenditures totaled \$73.5 million in fiscal year 2005, more than nine percent lower than the budgeted amount.

The audit, conducted by Strothman & Company PSC with Toni Levy CPA, also outlined objectives to help MSD stay financially strong in the future. Those include seeking bonds, grants, low-interest loans or other funding to finance projects related to the consent agreement; looking for opportunities to refinance existing debt; and continuing efforts to collect delinquent assessments.

Gee said delinquent assessments declined by \$5.6 million during the past three fiscal years, but uncollected assessments still totaled \$7.6 million at the end of fiscal year 2005. MSD's Information Technology and Finance departments are working on ways to minimize MSD's risk on future assessments.