

“*Mill Creek neighbors report that sewer expansion has provided benefits to the environment, increased property value and assisted commercial and residential development in the area.*”

*Dave Schaflein
Pond Creek/Mill Creek Area
Team Leader*



Sewer construction, like this project along Venango Drive, dotted the Mill Creek area as MSD's largest sewer expansion project was completed.

MSD's largest sewer expansion project completed

Neighbors experience increased property value and economic growth

Extending sewer lines to nearly 3,500 new customers throughout southwest Jefferson County was expected to be an expensive challenge. Yet, a plan to combine resources and group the 18 small sewer expansion projects into one large project allowed MSD to extend sewer service and reduce the cost to these new customers.

Expanding service also removed thousands of septic systems, numerous package wastewater treatment plants and pumping stations that have contributed to stream and river pollution. Mill Creek neighbors report that sewer expansion has provided benefits to the environment, increased property value and assisted commercial and residential development in the area, according to Pond Creek/Mill Creek Area Team Leader Dave Schaflein.

The last of these projects, completed in July 2006, marked the end of one of MSD's largest sewer expansion projects to date. Since the project began in June 2002, more than \$32 million dollars have been invested in constructing sanitary sewers and improved drainage services. The final projects — at Riverside Gardens and Orell Road — brought sewer service to almost 1,000 properties.

When originally proposed, the plan to bring service to these property owners faced great opposition. “These small pockets of unsewered properties would have to share the cost of construction between only a few neighbors,” said MSD Executive Director Bud Schardein. “By combining these small projects into one large sewer assessment, the cost became more feasible as it was shared across a greater number of property owners.”

Eighteen neighborhoods were grouped under a single guaranteed maximum assessment project, streamlining administrative processes and saving time in the bidding cycle. To limit costs, MSD's Mill Creek Area Team took on many pre-construction activities typically performed by consultants including easement procurement and design services. Also, an accelerated schedule allowed MSD to take advantage of tax incentives for construction in the expanded Enterprise Zone.



Infrastructure studies prove a successful investment

MSD, in partnership with Louisville Water Company, LG&E and University of Louisville, will renew its commitment to the Center for Infrastructure Research. The Center, located at University of Louisville's Department of Civil and Environmental Engineering, pursues solutions to local urban infrastructure-related problems through applied research and education.



MSD

● **CONNECT WITH US**
24/7 Customer Relations:
502-587-0603
TDD/TTY: 502-540-6233

● www.msdlouky.org
En español: 502-540-6423
(De 8 de la mañana a 5 de la tarde,
de Lunes a Viernes)

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Upcoming Events

February 1

DiverseWorks for You Certification Orientation
9 a.m., 700 W. Liberty, first floor

February 12

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

February 13

Wet Weather Team Stakeholder Meeting
4:15 p.m., Central Maintenance Facility

February 26

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

MSD Milestones

Congratulations on your promotion:

Arthur Curry,
Operator-In-Training

Enoch Dean,
Utility Leader

Matt Pfeister,
Operator-In-Training

Joe Pu,
Control Systems Specialist

Marya Summers,
Customer Service Specialist

Basil Woods,
Operator-In-Training

Welcome to MSD:

Frederick Breckenridge,
Utility Trainee

Lonnie Gaines,
Sr. Customer Service Rep.

Keith Gallai,
Utility Trainee

Stephen Miles,
Auto/Heavy Equipment Tech.

Laurie Tinsley,
Sr. Customer Service Rep.

James Vaughan,
Utility Trainee

Certified Success

DiverseWorks for this recently certified business:

Mechanical Jobbers Marketing, Inc. (MBE)
Consulting, sewer rehabilitation, painting, industrial plants, pressure washing service, sanitary sewer rehab, sewer line televising and cleaning

Contact: Jerry Trevino,
(770) 482-5220

Area Team News

Operations:

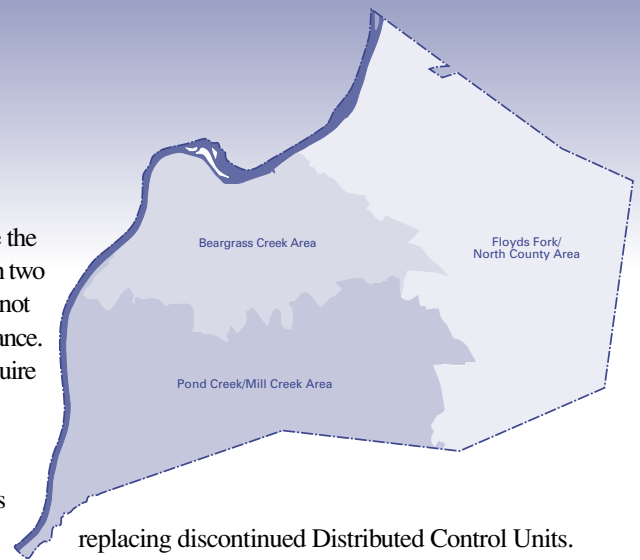
The use of biological odor control will improve the Morris Forman Wastewater Treatment Plant when two biotowers replace chemical scrubbers that have not operated reliably and require significant maintenance. The biotowers will lower operating costs and require less maintenance.

Floyds Fork/North County Area Team:

The Floyds Fork Action Plan, which examines the potential to expand the Floyds Fork Wastewater Treatment Plant service area to areas south and east of the plant, will consider additional growth potential. The project's scope will also assess opportunities to extend to areas already served by the Cedar Creek and Jeffersontown treatment plants as well as determine service opportunities beyond the Gene Synder Freeway.

Morris Forman Wastewater Treatment Plant:

MSD will upgrade its plant processes system at the Morris Forman Wastewater Treatment Plants by



replacing discontinued Distributed Control Units. The new units will allow real-time control and save maintenance costs.

Other modifications will be made at the plant to replace aged components of the system's clarifiers. New weirs and beach plates will be installed.

Administrative:

After achieving goals outlined in the 2005 plan, MSD's Board has approved the 2006 Affirmative Action Plan.

Project DRI Progress

Drainage Response Initiative projects

Project DRI is solving drainage problems throughout the community. These projects are ready for construction:

● Greenup Drive

Drainage pipes and yard inlets will be installed and driveway aprons will be constructed along the 2500 and 2600 blocks of Greenup Drive. The \$69,000 project will eliminate standing water along the roadside, resolve five service requests and benefit an additional 38 properties.

● McBroom Drive

Thirty properties will benefit from drainage improvements along McBroom Drive and Kim Court. The \$69,182 project includes installation of paved ditches and replacement of driveway culverts and aprons. It will resolve ten service requests.

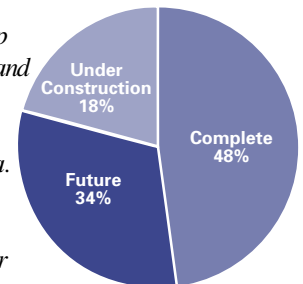
● Oldshire Road

A \$156,275 project will eliminate standing water and minor yard flooding along Chapel Hill, Oldshire and Woodhollow roads in the Oldshire subdivision. The project, which includes installation of driveway culverts and aprons and construction of paved roadside swales, will address nine service requests and benefit 70 properties.

● Orville Drive

Five service requests for improvements to a poorly defined drainage system will be addressed with an \$80,000 project to install paved roadside swales and replace driveway culverts and aprons along Orville Drive and W. Indian Trail from Hood Road to Krashey Way. The improvements will benefit 46 properties.

Project DRI, a partnership between Louisville Metro and MSD that began in 2003, has improved drainage throughout the Metro area. Since Phase 2 began in 2005, 66 percent of 351 planned projects are either underway or completed.



Project DRI Phase 2

MSD experiences growth in revenues and number of customers

An audited financial statement shows new customers and increased drainage revenues have brought about an overall increase in MSD's operating revenues.

Operating revenues increased by 5.6 percent, or \$7 million, over fiscal year 2005 results. At \$129.8 million, 2006 operating revenues exceeded budgeted projections by \$1.8 million. Finance Director Marion Gee attributed the increase to a rise in drainage revenues which surpassed budgeted amounts by \$2 million.

Of the \$129.8 million in revenues received, 73 percent was from wastewater service charges, 22 percent from stormwater service charges and 5 percent represented miscellaneous operating income. Also impacting MSD's income was an increase to MSD's customer base. Nearly 2,100 new customers were added to service in 2006, increasing the number of customers to 222,698.

The audit, conducted by Strothman & Company PSC with Toni Levy CPA, showed that even with increased revenue, MSD's expenses, including increased energy costs, were greater than anticipated. Total expenses of \$85,285,000 were about \$6.7 million more than budgeted. Energy costs alone made up almost \$3.5 million of that overage. Also contributing to the excess expenses were general liability claims, bad debt expenses, and increased material and supply costs.

Just like many of our customers, MSD felt the pinch of rising energy costs, reported Gee. According to Gee, MSD will negotiate a natural gas futures contract to lock prices at levels below budgeted. MSD is also implementing a new project at the Morris Forman Wastewater Treatment Plant that will allow us to reclaim and use gas emitted through the treatment process. If successful, it will eliminate about 40 percent of the natural gas needed to run portions of the drying process at the plant.

Additionally, MSD is testing new devices that should reduce electricity costs at pumping stations and treatment plants, working with Louisville Water Company to limit unpaid debt and reexamining fees associated with new connection charges.

Already this year, MSD has entered into a contract to receive defoaming chemicals used at the Morris Forman and Hite Creek wastewater treatment plants. Because chemicals represent a significant amount of the annual operating fund, the contract will allow MSD to establish a set fee for the chemicals.

The report also showed total assets increased by \$76.3 million in fiscal year 2006. Total liabilities increased by \$85.1 million primarily due to a \$100 million bond used to offset the cost of investments planned as part of the Consent Decree. Capital construction expenditures totaled \$52.6 million in fiscal year 2006, more than 46.6 percent less than the budgeted amount.

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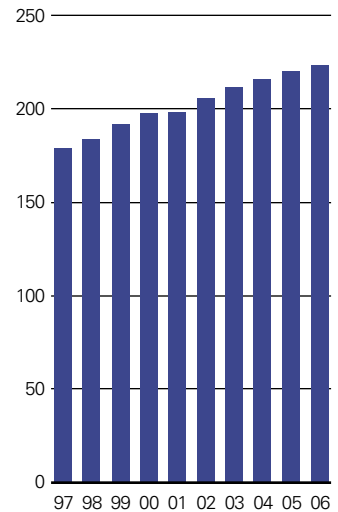
Infrastructure studies prove a successful investment

Since the partnership began in 2001, MSD has already benefited from the Ground Penetrating Radar study which examined equipment used to detect voids beneath paved streets. The Center has also studied how to predict water usage. While water usage has decreased in recent years, it is the basis for revenues for MSD and Louisville Water Company. The ability to better predict water usage will help these companies in forecasting revenue.

The Center's success in obtaining research grants, has reduced each partner's financial commitment by half. In 2001, MSD committed \$50,000 annually, for five-years. As part of the new agreement, MSD will dedicate an annual contribution of \$25,000 through 2011.

MSD employees Derek Guthrie and Vicki Coombs serve on the Center's Advisory Board.

MSD Customer Count (In thousands)



Customer First at Work

"Thank you for cleaning out the ditch behind my house before the winter months arrived. I was worried that weeds and grass would cause water to backup, but you did a great job!"

— *Gerald L. Richy, Poplar Hills*

"Jesse Barrett, Rick Bledsoe and Enoch Dean

did an outstanding job. They were very polite, informative and professional. Thank you for a fine job. I know these men are assets to MSD."

— *Dan Whobrey, Scottsdale*

"Thank you, **Mike Humphrey**, for providing your expertise as host for the Civil and Environmental Engineering senior Hydrology class at the Beargrass Creek Pumping Station. It is only through the generosity of practicing technical professionals that students can realize engineering applications beyond the classroom in a practical, working environment."

— *Mark French, Professor of Civil & Environmental Engineering, University of Louisville*



MSD

Louisville and Jefferson County
Metropolitan Sewer District

700 West Liberty Street
Louisville, KY 40203-1911



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Prompt response to **sewer overflows**

An enhanced procedure will help MSD determine the quickest and most effective way of responding to sewer overflows, even before they happen. MSD was required, under the terms of our Consent Decree, to develop and implement a Sewer Overflow Response Protocol, or SORP. The SORP provides MSD personnel with the framework for appropriate response to and cleanup of sewer overflows. Timely reports of sewer overflows by our customers can be a critical component of successful SORP implementation.

Notifications of sewer overflows, either called in from our customers or discovered by MSD staff, are dispatched to the appropriate MSD personnel for investigation. Upon confirmation of the overflow, a step-by-step process is followed to address the impacts caused by the overflow. These cleanup tasks may include containing the spilled wastewater, determining the potential of public contact with the overflow, erecting warning signs or barricades, notifying appropriate parties, and cleaning the affected area.

Notification and documentation are extremely important to the success of MSD's SORP. Closely monitoring and recording overflows provides MSD with the information necessary to minimize and prevent future overflows.

If you observe wastewater overflowing or bubbling out of a manhole or from the ground, please call MSD Customer Relations at 587-0603 and provide the date, time, location and description of the situation.

