

December 10, 1999

Largest bond issue in MSD history completed

MSD's Board has approved the sale of \$300 million in bonds to Goldman Sachs & Co.

The bonds will fund MSD's capital construction plans for sewer and drainage projects, according to Finance Director Robert Miller.

With the approval of the bond issue, the largest in MSD's history, came an upgraded rating from Standard & Poor's. The financial rating company improved MSD's rating from B to A, largely based on MSD's financial performance, according to Miller. "Standard & Poor's continues to be confident in the way MSD does what we do, and that our plans to expand service make sense," he said.

Miller credited MSD's Board for developing MSD's reputation in the financial community. "The Board's approach to maintaining rates that are reasonable to our customers while building the financial performance record we have achieved has made it possible for us to complete this historic bond issue," Miller said.

Another historic feature of the bond issue is that it is the largest paperless financial deal MSD has undertaken. Miller said a specially designed web site for the bond issue made it possible for financial institutions and members of MSD's bond issue team to access the most current information about the issue at the same time. "This certainly caught the attention of the buyers and conveyed the image that we are progressive," Miller said. The special web site cost MSD about \$5,000 and Miller estimated it would have cost more to reproduce and deliver paper documents to the team and interested buyers.

The bond sale, completed Dec. 7 and approved by the Board Dec. 8, reflects MSD's reputation in financial performance as well as its reputation as a well-operated public utility. "MSD stands out among other sewer utilities because we provide sewer and drainage services to an expanding customer base," Miller noted.

"We're unique in the U.S. because our system includes a very old system with newer technology as our system grows," Miller said. "The confidence of the financial markets is a credit to the Board, our management, our engineers and the people in the field who make it happen for our customers everyday."

Progress made toward system data collection

Learning what's in the sewer system before it reaches the treatment plant is a goal of a plan to install monitors along major wastewater collectors in MSD's system.

MSD's Board has approved the purchase and installation of four flow meters in the largest trunk lines that route wastewater to the Morris Forman Wastewater Treatment Plant (MFWTP), the largest treatment plant in the MSD system. The flow meters are specifically designed to provide data telemetrically in large-diameter pipes, like those that flow to the MFWTP which treats an average of 105 million gallons of wastewater a day.

The flow meters will enable MSD to learn more about what's in the wastewater by providing samples for analysis. "This will help MSD understand what's in the wastewater that's coming to the plants for treatment," said Sharon Worley, a technical services engineer in MSD's Industrial Wastewater Division.

"Continuous flow data from strategic locations, combined with analytical data from samples collected from the same locations, will yield information MSD can use to operate more proactively in pretreating wastewater before it enters the system," she said.

Accusonic Technologies, Inc. of Falmouth, MA was selected by MSD's Board to provide and install the flow meters at a cost not to exceed \$245,000.

According to Worley, MSD currently does not have an on-going systematic collection of flow or pollutant data from the sewer system. In addition to the four flow meters to be installed on MFWTP collectors, plans call for six other meters to be installed throughout Jefferson County. Worley said four flow meters have already been purchased for installation in the Jeffersontown area under a grant from the U.S. Environmental Protection Agency.

Upcoming Events

Dec. 13-Public Meeting, Lewiston Dr. Sanitary Sewer and Drainage Improvement Project, 7 p.m., Southwest Government Center courtroom, 7219 Dixie Hwy.

Dec. 23 & 24-Christmas holidays. MSD offices are closed. For 24-hour emergency service, phone 587-0603.

Jan. 3-Public Meeting, Big Run Sanitary Sewer and Drainage Improvement Project, 7 p.m., Southwest Government Center courtroom, 7219 Dixie Hwy.

Riley puts training to use

It may be MSD Health and Safety Trainer Steve Riley's job to know a variety of life-saving techniques, but those are skills he hopes he never has to use.

While finishing lunch November 1 at Applebee's on Dixie Highway, Riley had a chance to practice what he knows and teaches. Riley had just finished eating when someone tapped his shoulder. "My mother's choking," the woman in the next booth said anxiously. "Can you help her?"

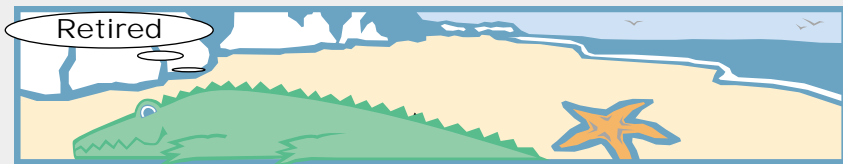
Riley sprang to the older woman's side. She nodded when he asked if she was choking and if he could help her. "I stepped behind her and performed the Heimlich Manuever, which enabled her to clear on her own," Riley said. A 911 call that had been placed was canceled when the woman signaled that she was OK.

The lunchtime heroics are all in a day's work for Riley. "My biggest fear is always that I won't be able to stay calm enough to respond in an emergency," he said. "I was glad that she was alright and that I was there to help."



MSD

700 West Liberty
Louisville, Kentucky 40202
502-540-6000



As these co-workers leave their MSD careers for new challenges or well-earned relaxation, we recognize their commitment to our customers, our community and our organization. We thank them for their service and wish them the best.

Patricia Carver, Chief Internal Auditor, 12 years' service

"My professional relationship with Pat Carver has been one of the highest points of my career at MSD. Pat is a versatile financial professional who has shaped an active and reliable internal audit office at MSD. In addition, she has helped spearhead the organizational change effort that has enabled the Finance Division to reduce staff from 47 to 19 over the last eight years, saving MSD \$1.5 million annually."—Robert Miller, Budget/Finance Director



Pond Creek watershed area

Assessment set for Random Way sewers

Property owners in the Random Way area will be paying less for sewer connections than the project cost, thanks to a policy set by the MSD Board in 1991.

In 1998 MSD extended sewer service to 58 properties in the Random Way area, along Bardstown Road near South Hurstbourne Parkway and South Watterson Trail. As the project progressed, its scope changed and some costs escalated, according to Pond Creek Area Team Leader Dave Schaftlein. Construction was expected to cost \$879,017 but changes during the project added nearly \$200,000.

Executive Director Gordon Garner emphasized that property owners vote to connect to sewers based on preliminary cost estimates provided by MSD. Of the total cost, a portion is assessed to property owners who are receiving sewer service. "It is the Board's policy not to include costs related to changes made during construction in the amount assessed to property owners," Garner said.

Of the 58 properties in the Random Way area, 57 will be assessed \$7,200 each, and one property will be assessed \$7,920. Schaftlein noted that the assessments are the same as those established in 1996 when the plans to extend sewer service to the area were initiated.

"The bottom line is that we're keeping our word," said MSD Board Chairman Reba Doutrick.

Summer's drought impacts sewer system

Although the summer's drought is past, it resulted in an unprecedented increase in the number of backups reported by customers. MSD has responded to more than 1,200 backup problems through December 1, with about two-thirds of the service requests occurring since June.

Since MSD received 730 reports of backups during all of 1998, the increase in 1999 prompted district personnel to get to the root of the problems. "We discovered that the root of the problem was roots," said Executive Director Gordon Garner.

Tree roots in search of water are finding their ways into MSD sewer lines. Because most sewer lines are five to six feet below the ground surface and carrying liquid, tree roots grow into them, often blocking the lines.

Garner said the problems have occurred in both MSD-maintained lines and those on customer properties. In anticipation of drought-related problems this year, MSD had stepped up efforts to keep its lines clear, especially in older neighborhoods where large, mature trees are prominent. As the drought wore on, individual property owners began experiencing problems from blocked lines.

Garner said MSD continues to respond to reports of blocked sewer lines immediately, digging up and repairing the lines. But completion of restoration work at individual properties may be delayed. "We've reallocated resources, and authorized overtime and weekend work in an effort to keep sewer lines clear and working," he said.



Mill Creek watershed area

Board approves two sewer projects

A pair of projects will extend sewer service to neighborhoods in the Mill Creek watershed area.

The Big Run Sanitary Sewer and Drainage Improvement

Project will connect 187 properties in the Lower Hunters Trace area to sanitary sewer service and enhance drainage in the neighborhood. Nearly 14,000 feet of sewer line will be constructed, along with drainage work that includes 3,350 feet of drainage pipe and 7,500 feet of paved or earthen ditch.

MAC Construction and Excavating, Inc., New Albany, will perform the work for \$1.3 million. The project is expected to take less than a year to complete.

The Margo Avenue Collectors Sanitary Sewer Project

Project will provide sewer service to 215 properties in the Greenwood Road area just off of Dixie Highway.

Plans call for construction of more than 16,000 feet of sewer line. The project also includes roadside drainage improvements consisting of 9,420 feet of paved or earthen ditch.

Sang Corporation, Louisville, will construct the project for \$1.4 million. The project is expected to be completed in about one year.

Giving Tree campaign wraps up Monday

Participants in the Kentucky Cabinet for Families and Children Giving Tree program have until Monday, Dec. 13 to turn in their gifts. Cash donations are needed by Dec. 10 to allow MSD's Shopping Angels enough time to select gifts.

Located in MSD's main office lobby, the Giving Tree bears angels representing children and families in Jefferson County who are in financial need. Staff has already selected most of the angels but a few are still available.

MSD employees who participate are asked to provide at least one piece of clothing and a fun gift per child. Call Theresa Daly at 540-6235 if you'd like to help.

Last year, MSD staff provided 180 gifts for 97 children in 17 families. This season's goal is to provide gifts for children in 30 families.