



Adopted Budget in Brief FY 2025

Louisville/Jefferson County Metropolitan Sewer District
Louisville, KY

FY25: JULY 1, 2024 — JUNE 30, 2025



The following Budget Report is prepared and used by Louisville/Jefferson County MSD for purposes of communicating its annually recommended budget to customers and elected officials. The Report is not prepared to help investors decide whetherto purchase or sell financial obligations of Louisville/Jefferson County MSD. As such, the Report contains unaudited financial information that may change after the date of the Report. In addition, the Report contains forward-looking statements in the form of financial and operating budgets, performance targets, and other information. These statements are not a guarantee of future performance and actual results may differ. Investors should not consider the Report a recommendation to purchase or sell financial obligations of Louisville/Jefferson County MSD. The Report does not present a complete summary of Louisville/Jefferson County MSD's financial or operational position to investors and should not be used in that manner.

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www.louisvillemisd.org

MSD at a Glance

Incorporated

1956

Governing Body

Board of Directors, Executive
Director & Chief Engineer
Appointed by Louisville Jefferson
County Metro Government

Service Area

Jefferson County, Portions of Bullitt
& Oldham Counties in Kentucky

Employees

Union: 302
Non-Union: 453
Filled: 755
Vacant: 134

Customers Served

Wastewater: 257,000
Drainage: 223,000
Flood Protection: 200,000

Infrastructure

5 Water Quality Treatment Centers
16 Treatment Plants
206 MGD of Wastewater Treatment
Capacity
4,800+ Miles of Pipe
26.1 Miles of Floodwall & Earthen
Levee
16 Flood Pump Stations
150 Floodgates
79 Floodwall Closures

Top Ten Drainage Customers

1. Regional Airport Authority - SDF
2. United Parcel Service
3. Jefferson County Board of Education
4. Ford Motor Co.
5. Regional Airport Authority
6. LIT Industrial Limited Partner
7. Kentucky State Fair Board
8. Churchill Downs inc.
9. The University of Louisville Campus
10. Seaboard System RR-00822

Top Ten Wastewater Customers

1. Heaven Hill Distilleries
2. Lubrizol Advanced Materials
3. The Chemours Company FC LLC
4. Early Times Distilleries
5. Ford Motor Co.
6. Swift Pork Co.
7. Haier US Appliance Solutions
8. Rohm & Haas
9. Republic Conduit Manufacturing
10. Louisville Metro Housing Authority

Average Monthly Residential Bill

Jefferson County: \$79.75
Bullitt County: \$79.07
Oldham County: \$78.42

Divisions

- Administration
- Engineering
- Facilities, Safety & Security
- Finance
- Human Resources
- Information Technology
- Legal
- Operations
- Supply Chain & Economic Inclusion

Credit Ratings

Moody's: Aa3
S&P: AA
Fitch: AA-



Dear MSD Customers

It is our pleasure to present the recommended FY25 operating budget which will be effective from July 1, 2024 through June 30, 2025. This proposal provides funding for MSD to operate and maintain our wastewater collection and treatment, drainage, and flood protection systems in Jefferson County as well as wastewater collection and treatment systems in portions of Bullitt and Oldham counties.

Salaries and Labor-Related Overhead make up 50% of the FY25 operating budget request. At the time the FY24 operating budget was prepared, MSD had 740 full-time staff members employed with an expectation of 755 filled positions by July 1, 2024. Existing non-union positions were budgeted at current rates of pay with planned, Board-approved adjustments for performance pay and pay range adjustments. Union positions were budgeted at current pay rates with planned rate adjustments to reflect contractually based pay increases.

The FY25 operating budget contains 134 vacant positions that are partially funded to account for staff turnover throughout the reporting period. We refer to this partial funding as our allowance for salary salvage. Of the 152 vacant positions, 63 are non-union and 56 are union. There are 38 new positions for FY25 that are included in the 134 vacancies. 23 of the new positions are in the Operations Division followed by 8 in Facilities, Safety & Security, and 1 in Human Resources. During FY24 there were 7 unbudgeted positions added to the headcount. In effort to mitigate future unexpected personnel expense, 6 positions were added to the FY25 headcount in the Corporate Division as a position reserve. Vacant positions were funded at 56% which provides sufficient funding for 36 full-time equivalent non-union positions and 31 full-time equivalent non-union positions.

Labor-Related Overhead refers to expenses such as workers compensation claims and insurance, employer payroll taxes, employer health care expense and employer retirement expense. For FY25, employer health insurance costs were budgeted at \$9,778,680 which is an increase of approximately 29% over FY24. MSD employees participate in the County Employee Retirement System (CERS). Employer contribution rates for the CERS system in FY24 were reduced from 23.34% to 19.71% which creates savings for MSD in the FY25 budget. CERS pension expense was budgeted at \$12,946,330 for FY25.

Other operating expenses outside of labor total \$99,102,426 and make up 50% of the FY25 operating budget request. This represents a 5% increase over the FY23 budget. Inflation and supply chain concerns along with geo-political issues related to fuel and natural gas prices are the primary risks and drivers associated with this portion of the budget request.

Contractual Services are up 3% over the FY24 budget. This is largely related to anticipated price increases when contracts renew. The moderate increase is the result of budgeting for Subscription Based Information Technology Assets on its own line in FY25. The \$1,400,000 management reserve line item rolls up in the Contractual Services line. The management reserve is set aside for operating budget contingencies. Use of management reserve dollars in fiscal year 2025 will require the approval of the Executive Director and Chief Financial Officer.

Chemicals are down 5% under the FY24 budget. A \$970K increase in Bioxide (used to for odor control) is offset by reductions to Hypochlorite and Polymer as equipment is repaired and new technology is deployed.

Insurance premiums have presented a challenge to the operating budget for the last four years and we expect premium increases again for FY25 related to claims history and a tough municipal insurance market. There is a 9% increase anticipated in FY25. Policies for FY25 have not been bound as of the date of this report so final insurance premium cost is unknown.

The Operations and Engineering divisions of MSD constitute 67% of the operating budget with the remainder in support services.

This Budget in Brief provides an overview of the Operational Revenues, Expenses and Capital Improvement Plan.



Strategic Plan BLUEPRINT 2025

OUR VISION

The innovative regional utility for safe, clean waterways

OUR MISSION

Provide quality wastewater, stormwater and flood protection services to protect public health and safety through sustainable solutions, fiscal stewardship and strategic partnerships

Critical Success Factors

Sustain quality and compliant wastewater, stormwater and flood protection services

Champion the protection of public health and safety and the environment through sustainable solutions, sound management practices, and effective operational processes and support systems.

Earn the community's trust daily as the leading provider of quality wastewater, stormwater and flood protection services

Earn community trust through consistent delivery of quality services and respectful interactions with our customers.

Transform into an employer of purpose where employees are provided the opportunity to thrive

Attract, equip and retain an effective workforce, reflective and supportive of our community, which consistently delivers high-quality service to customers internally and externally.

Ensure financial stewardship and sustainability of community resources

Meet today's operating and capital investment needs while managing risk and long-term affordability for the future.

Realize operational efficiencies and revenue generation through strategic partnerships and innovation

Implement innovative ideas and partnerships that drive organizational resiliency and sustainability.



Budget Process



Operating Budget Management:

Division management is tasked with overseeing expenditures for their respective cost centers during the fiscal year. The Finance division publishes weekly financial dashboards and monthly financial statements to support management of the budget. The Finance division also facilitates quarterly operating budget review meetings with each division. These quarterly meetings focus on the following topics:

- Key expense drivers for each cost center and how those expenses are being managed.
- Staffing plan, including use of overtime and temporary staffing.
- Variances to budget and the respective mitigation plan to keep spending within approved limits.
- Spending forecast for remainder of fiscal year compared to approved budget.

Operational Revenues

Major revenue elements of the organization-wide sources are described below.

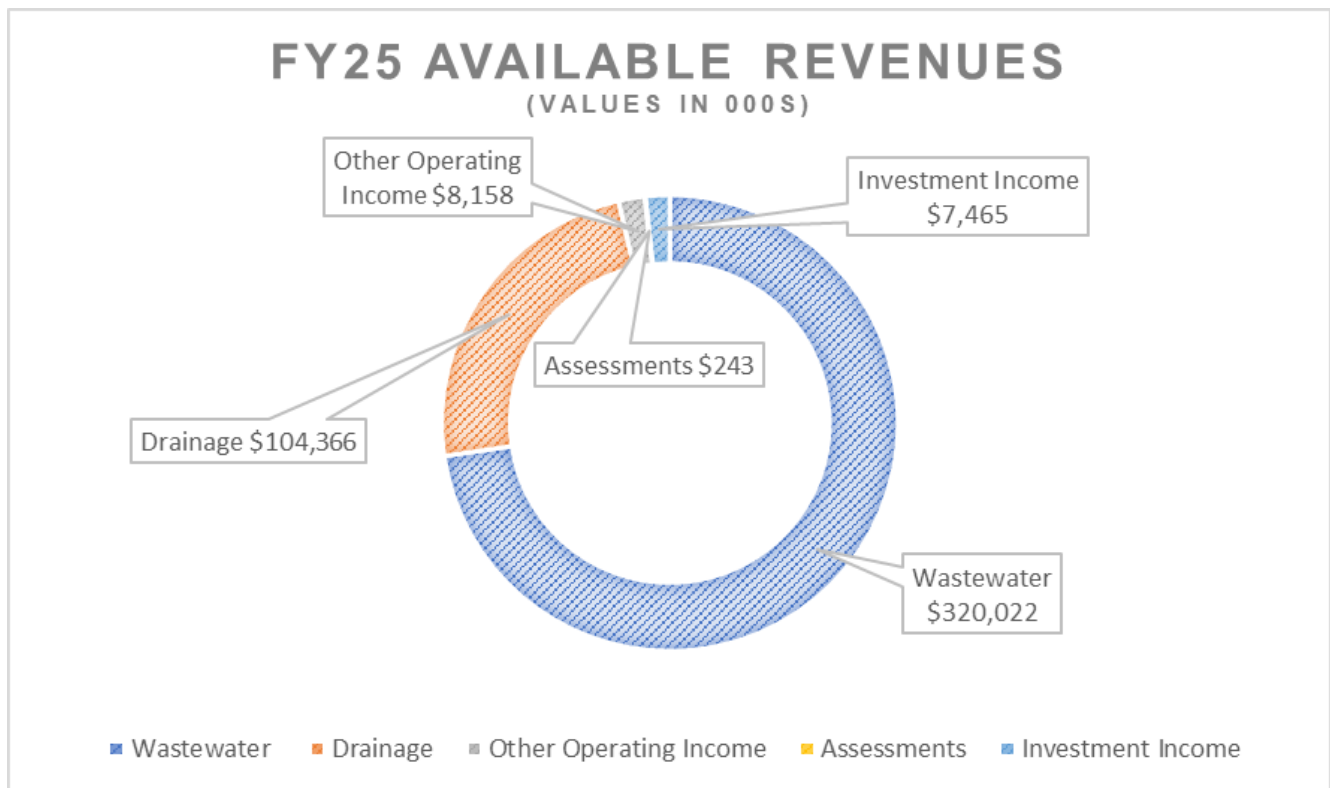
Wastewater Service Charge Revenues in this category are derived from Service Charges, Volume Charges, Meter Reading Charges, Quality Charges and a Consent Decree Charge. Quality Charges are assessed to Commercial and Industrial accounts that discharge wastewater to the public sewer characterized by excess strength of Biochemical Oxygen Demand (BOD) and/or Total Suspended Solids (TSS).

Drainage Service Charge A drainage service charge is imposed on every parcel of land within the drainage service area except exempted properties.

Other Operating Income Consists primarily of Capacity Charges, Inflow & Infiltration Fees, Site Plan Review Fees, and other miscellaneous revenues. A Capacity Charge is paid by any developer wishing to provide sewer service by extension of or connection to MSD's sewer system.

Assessment Amounts billed to residents to have sewer lines installed in their neighborhood.

Investment Income Interest income earned on investment portfolio.



Rate Summary

Jefferson County Fiscal Year 2025 Rate Resolution

Louisville Metro Ordinance §50.24 requires that whenever MSD's net revenues are less than 1.1 times the debt service on MSD's outstanding revenue bonds for any consecutive six-month period, by order of the Board of MSD, the schedule of wastewater and drainage service charges shall be amended in order to maintain a 1.10 debt service coverage required by MSD's 1971 Revenue Bond Resolution, provided the aggregate of such adjustments for any 12-month period shall not generate additional revenue from wastewater and drainage service charges in excess of 7 percent. MSD performs this debt service calculation every year during the rate planning process. For the six-month period ending March 31, 2024, the debt service coverage ratio was 0.86 percent. Following is the Metro Ordinance Debt Service Coverage calculation for the period of October 1, 2023, through March 31, 2024.

Metro Ordinance Debt Service Coverage Calculation		
Dollars in 000's		
	October 2022 - March 2023	October 2023 - March 2024
Revenues	\$ 185,389	\$ 198,200
Operating Expenses	(80,898)	(85,535)
Subordinate Debt Service	(10,093)	(25,604)
Net Revenues	\$ 94,400	\$ 87,061
Bond Principal Maturities	\$ 52,880	\$ 51,115
Bond Interest Expense	45,805	49,882
Net Debt Service	\$ 98,685	\$ 100,997
<i>Metro Ordinance Debt Service Coverage Ratio</i>	<i>0.96</i>	<i>0.86</i>

The proposed fiscal year 2025 rate schedule, which was recommended pursuant to the debt service adjustment provisions of §50.24, includes a 6.9 percent rate increase in wastewater and drainage charges.

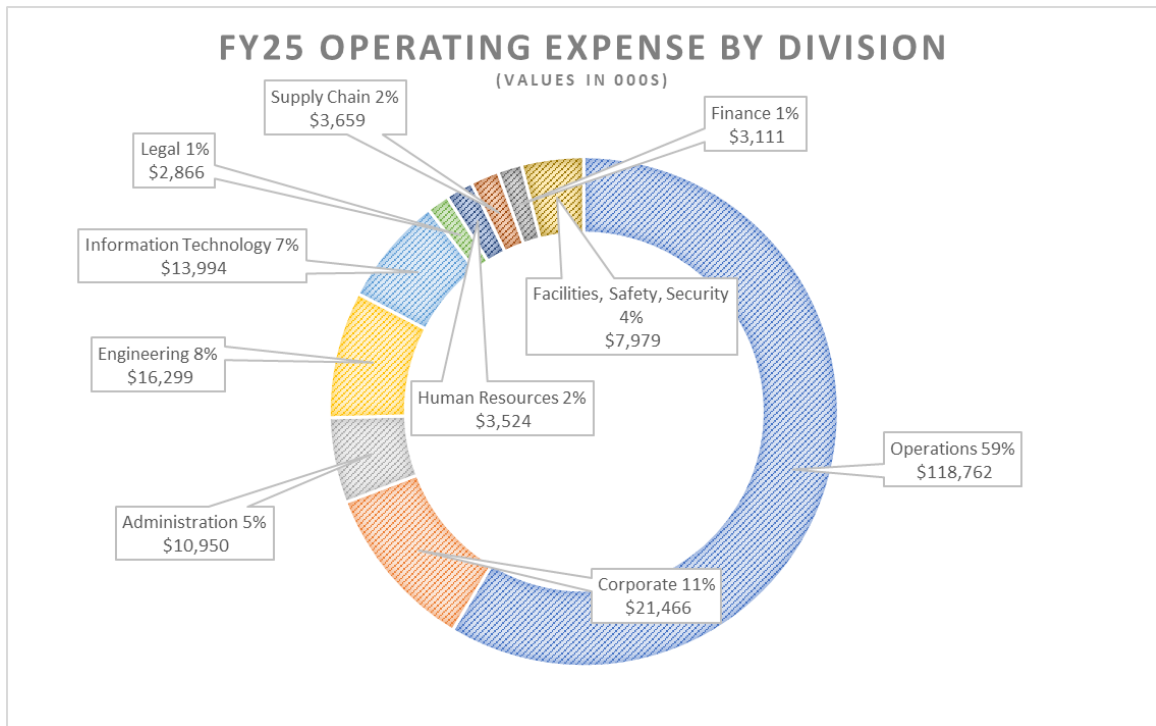
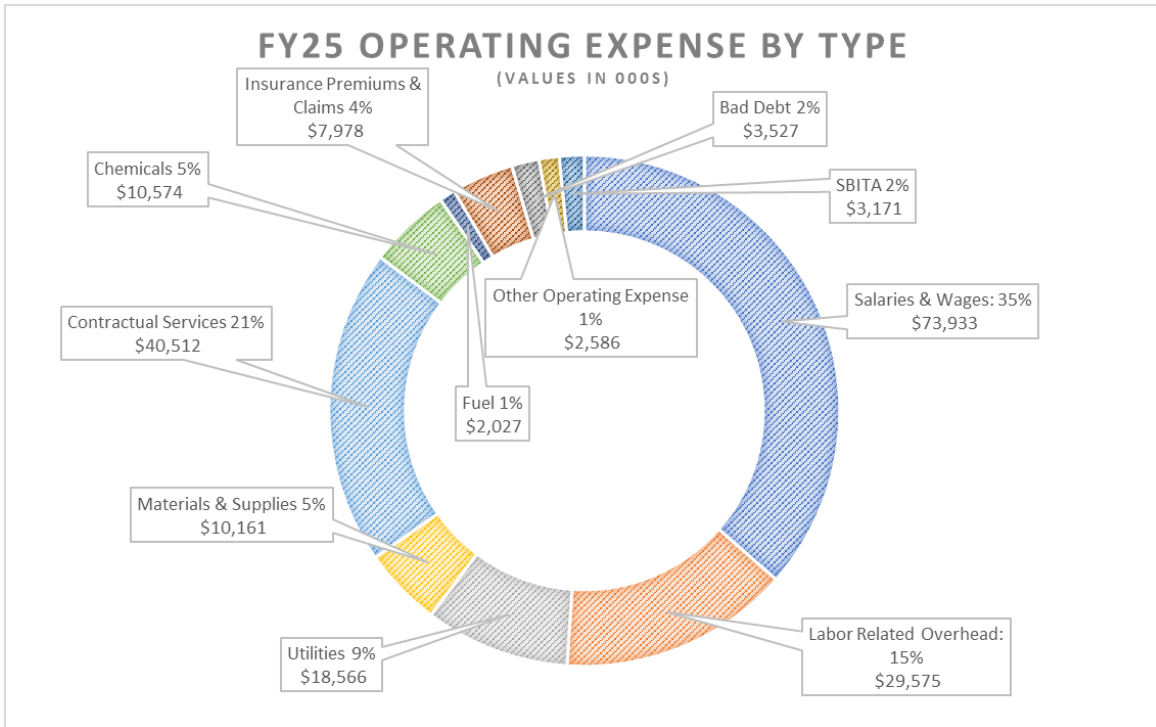
Oldham County Fiscal Year 2025 Rate Resolution

On July 1, 2020, MSD acquired the wastewater system of Oldham County Environmental Authority (OCEA) pursuant to the terms of an Interlocal Cooperation Agreement (ILA) entered on November 18, 2019. Section 11.3 of the ILA states that for fiscal year 2023 and years thereafter, MSD will raise existing OCEA customer rates no more than 5% per year until the rates equalize with the rates of MSD's other customers. The proposed fiscal year 2025 rate schedule includes a 5 percent rate increase in wastewater charges.

Bullitt County Fiscal Year 2025 Rate Resolution

On December 1, 2021, MSD acquired the wastewater system of the Bullitt County Sanitation District (BCSD), including the Big Valley and Hunters Hollow systems, pursuant to the terms of an ILA dated May 6, 2021, as amended. Article XII of the ILA provides that, beginning January 1, 2022, and each calendar year thereafter through January 1, 2026, MSD will increase wastewater charges in the former BCSD service area 12% each calendar year. The proposed fiscal year 2025 rate schedule will include a 12 percent increase in wastewater charge.

Operational Expenses



Operating Budget

Following is a summary of the total Board-approved fiscal year 2024 operating budget.

Operating Budget Summary

FY25 Operating Budget Request						
<i>Dollars in 000's</i>						
Combined Service Area						
	FY24 Budget	FY24 Forecast	FY25 Budget	Budget/ Budget	Budget/ Forecast	
Salaries & Wages	\$ 64,303	\$ 64,264	\$ 73,933	15%	15%	
Labor Related Overhead	26,894	28,212	29,575	10%	5%	
Total Salary & LRO	91,197	92,476	103,508	13%	12%	
Utilities	18,698	16,695	18,566	-1%	11%	
Materials & Supplies	9,527	9,745	10,161	7%	4%	
Contractual Services	39,326	35,067	40,512	3%	16%	
Chemicals	11,133	8,998	10,574	-5%	18%	
Fuel	2,050	1,625	2,027	-1%	25%	
Insurance Premiums & Claims	7,335	7,903	7,978	9%	1%	
Bad Debt	3,527	3,379	3,527	0%	4%	
Other Operating Expense	2,430	2,076	2,586	6%	25%	
SBITA	-	3,098	3,171		2%	
Total O&M	94,026	88,586	99,102	5%	12%	
Total Operating Budget	\$ 185,223	\$ 181,062	\$ 202,610	9%	12%	

Division Operating Budgets

Operating budgets for each MSD division follow.

Administration Division Operating Budget

O&M Budget Total	FY2024 Budget	FY2025 Budget	\$ Increase	% Increase
LABOR				
51120 - Regular Salaries & Wages	\$4,503,822	\$5,636,445	\$1,132,622	25.1%
51130 - Overtime	\$63,400	\$63,400	\$0	0.0%
51300 - Payroll Taxes	\$330,639	\$404,428	\$73,789	22.3%
51400 - Unemployment Insurance	\$2,196	\$2,196	\$0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	\$464,112	\$573,884	\$109,772	23.7%
51600 - Retirement Contributions	\$957,989	\$1,094,000	\$136,011	14.2%
	\$6,322,158	\$7,774,353	\$1,452,195	23.0%
NON-LABOR				
53140 - Materials & Supplies	\$112,184	\$118,969	\$6,785	6.0%
52140 - Professional Services	\$1,059,628	\$1,561,168	\$501,540	47.3%
52160 - Maintenance & Repairs	\$4,992	\$4,992	\$0	0.0%
52195 - Other Contractual Services	\$324,008	\$543,392	\$219,384	67.7%
54110 - General Liability Insurance	\$6,900	\$6,900	\$0	0.0%
54250 - Contributions	\$284,750	\$284,750	\$0	0.0%
54400 - Advertising	\$102,000	\$117,500	\$15,500	15.2%
54500 - Travel & Meetings	\$160,346	\$180,326	\$19,980	12.5%
54550 - Training	\$35,000	\$103,000	\$68,000	194.3%
54600 - Dues, Fees and Subscriptions	\$367,742	\$240,104	(\$127,638)	-34.7%
54700 - Board Members	\$14,400	\$14,400	\$0	0.0%
	\$2,471,950	\$3,175,501	\$703,551	28.5%
Total O&M Budget	\$8,794,108	\$10,949,854	\$2,155,746	24.5%

Corporate Division Operating Budget

O&M Budget Total	FY2024 Budget	FY2025 Budget	\$ Increase	% Increase
LABOR				
51120 - Regular Salaries & Wages	\$240,807	\$351,328	\$110,521	45.9%
51147 - Service & Safety Incentive Awards	\$28,568	\$28,568	\$0	0.0%
51220 - Workers' Compensation Insurance	\$300,000	\$300,000	\$0	0.0%
51225 - Workers' Compensation Claims	\$960,000	\$960,000	\$0	0.0%
51230 - Long-Term Disability	\$0	\$60,000	\$60,000	100.0%
51240 - Group Life - AD&D Insurance	\$124,992	\$39,992	(\$85,000)	-68.0%
51250 - Tuition Assistance	\$60,000	\$60,000	\$0	0.0%
51260 - Empl Assistance & Wellness Program	\$14,000	\$14,000	\$0	0.0%
51300 - Payroll Taxes	\$13,070	\$27,381	\$14,311	109.5%
51500 - Med Ins: MSD's port. of prem for grp	\$12,853	\$17,460	\$4,607	35.8%
51600 - Retirement Contributions	\$56,108	\$0	(\$56,108)	-100.0%
	\$1,810,398	\$1,858,729	\$48,330	2.7%
NON-LABOR				
53140 - Materials & Supplies	\$20,000	\$0	(\$20,000)	-100.0%
52110 - Billing & Collection	\$7,065,966	\$6,736,500	(\$329,466)	-4.7%
52140 - Professional Services	\$29,997	\$0	(\$29,997)	-100.0%
52195 - Other Contractual Services	\$2,060,000	\$1,400,000	(\$660,000)	-32.0%
54200 - Bad Debts	\$3,500,000	\$3,500,000	\$0	0.0%
54110 - General Liability Insurance	\$4,252,668	\$4,405,081	\$152,413	3.6%
54130 - Property Insurance	\$2,162,940	\$2,991,300	\$828,360	38.3%
54140 - General Liability Claims	\$575,004	\$575,004	\$0	0.0%
54500 - Travel & Meetings	\$14,000	\$0	(\$14,000)	-100.0%
54550 - Training	\$32,800	\$0	(\$32,800)	-100.0%
54600 - Dues, Fees and Subscriptions	\$850	\$0	(\$850)	-100.0%
	\$19,714,225	\$19,607,885	(\$106,340)	-0.5%
Total O&M Budget	\$21,524,623	\$21,466,614	(\$58,010)	-0.3%

Engineering Division Operating Budget

O&M Budget Total	FY2024 Budget	FY2025 Budget	\$ Increase	% Increase
LABOR				
51120 - Regular Salaries & Wages	\$9,098,715	\$9,864,536	\$765,821	8.4%
51130 - Overtime	\$47,196	\$46,196	(\$1,000)	-2.1%
51135 - Special Event Compensation	\$996	\$996	\$0	0.0%
51300 - Payroll Taxes	\$685,685	\$749,507	\$63,821	9.3%
51400 - Unemployment Insurance	\$4,992	\$4,860	(\$132)	-2.6%
51500 - Med Ins: MSD's port. of prem for grp	\$1,175,307	\$1,354,754	\$179,447	15.3%
51600 - Retirement Contributions	\$1,981,769	\$1,826,132	(\$155,637)	-7.9%
	\$12,994,660	\$13,846,980	\$852,321	6.6%
NON-LABOR				
53140 - Materials & Supplies	\$63,418	\$52,568	(\$10,850)	-17.1%
52140 - Professional Services	\$116,500	\$2,071,000	\$1,954,500	1677.7%
52160 - Maintenance & Repairs	\$152,000	\$197,000	\$45,000	29.6%
54500 - Travel & Meetings	\$55,275	\$53,775	(\$1,500)	-2.7%
54550 - Training	\$21,035	\$22,250	\$1,215	5.8%
54600 - Dues, Fees and Subscriptions	\$46,040	\$55,630	\$9,590	20.8%
	\$454,268	\$2,452,223	\$1,997,955	439.8%
Total O&M Budget	\$13,448,928	\$16,299,203	\$2,850,276	21.2%

Facilities, Safety & Security

O&M Budget Total	FY2024 Budget	FY2025 Budget	\$ Increase	% Increase
LABOR				
51120 - Regular Salaries & Wages	\$2,742,166	\$3,398,287	\$656,121	23.9%
51130 - Overtime	\$29,000	\$39,000	\$10,000	34.5%
51300 - Payroll Taxes	\$208,610	\$259,075	\$50,465	24.2%
51400 - Unemployment Insurance	\$912	\$276	(\$636)	-69.7%
51500 - Med Ins: MSD's port. of prem for grp	\$119,950	\$240,323	\$120,373	100.4%
51600 - Retirement Contributions	\$535,675	\$553,633	\$17,958	3.4%
	\$3,636,314	\$4,490,594	\$854,281	23.5%
NON-LABOR				
53310 - Electric	\$355,784	\$660,465	\$304,681	85.6%
53320 - Natural Gas	\$49,894	\$123,478	\$73,584	147.5%
53330 - Water	\$46,708	\$60,060	\$13,352	28.6%
53140 - Materials & Supplies	\$190,885	\$230,779	\$39,894	20.9%
51700 - Uniforms	\$88,700	\$117,260	\$28,560	32.2%
52130 - Custodial & Watchmen	\$771,118	\$843,951	\$72,833	9.4%
52140 - Professional Services	\$80,100	\$72,500	(\$7,600)	-9.5%
52160 - Maintenance & Repairs	\$909,006	\$1,158,758	\$249,752	27.5%
52180 - Temporary Services	\$4,472	\$26,832	\$22,360	100.0%
53410 - Equipment Rental	\$9,500	\$12,000	\$2,500	26.3%
53430 - Leased Parking	\$79,540	\$79,540	\$0	0.0%
54500 - Travel & Meetings	\$17,000	\$17,000	\$0	0.0%
54550 - Training	\$46,829	\$71,829	\$25,000	53.4%
54600 - Dues, Fees and Subscriptions	\$6,996	\$14,156	\$7,160	102.3%
	\$2,656,531	\$3,488,607	\$832,076	31.3%
Total O&M Budget	\$6,292,845	\$7,979,202	\$1,686,357	26.8%

Finance Division Operating Budget

O&M Budget Total	FY2024 Budget	FY2025 Budget	\$ Increase	% Increase
LABOR				
51120 - Regular Salaries & Wages	\$1,661,491	\$2,033,657	\$372,166	22.4%
51130 - Overtime	\$8,375	\$7,500	(\$875)	-10.4%
51300 - Payroll Taxes	\$124,262	\$152,545	\$28,282	22.8%
51400 - Unemployment Insurance	\$892	\$892	\$0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	\$145,664	\$208,442	\$62,778	43.1%
51600 - Retirement Contributions	\$338,697	\$402,312	\$63,615	18.8%
	\$2,279,381	\$2,805,347	\$525,966	23.1%
NON-LABOR				
53140 - Materials & Supplies	\$6,600	\$5,560	(\$1,040)	-15.8%
52140 - Professional Services	\$171,933	\$214,119	\$42,186	24.5%
52155 - Banking Services	\$20,600	\$14,676	(\$5,924)	-28.8%
52195 - Other Contractual Services	\$21,700	\$26,200	\$4,500	20.7%
54400 - Advertising	\$12,196	\$8,300	(\$3,896)	-31.9%
54500 - Travel & Meetings	\$17,484	\$17,484	\$0	0.0%
54550 - Training	\$14,540	\$10,400	(\$4,140)	-28.5%
54600 - Dues, Fees and Subscriptions	\$6,739	\$8,779	\$2,040	30.3%
	\$271,792	\$305,518	\$33,726	12.4%
Total O&M Budget	\$2,551,173	\$3,110,865	\$559,692	21.9%

Human Resource Division Operating Budget

O&M Budget Total	FY2024 Budget	FY2025 Budget	\$ Increase	% Increase
LABOR				
51120 - Regular Salaries & Wages	\$1,968,578	\$2,236,961	\$268,383	13.6%
51130 - Overtime	\$2,225	\$2,225	\$0	0.0%
51300 - Payroll Taxes	\$147,697	\$167,570	\$19,874	13.5%
51400 - Unemployment Insurance	\$1,040	\$1,040	\$0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	\$177,069	\$228,056	\$50,987	28.8%
51600 - Retirement Contributions	\$440,738	\$411,883	(\$28,855)	-6.5%
	\$2,737,347	\$3,047,735	\$310,388	11.3%
NON-LABOR				
53140 - Materials & Supplies	\$14,750	\$14,950	\$200	1.4%
51700 - Uniforms	\$1,750	\$1,750	\$0	0.0%
52140 - Professional Services	\$310,178	\$371,798	\$61,621	19.9%
52160 - Maintenance & Repairs	\$192	\$192	\$0	0.0%
54250 - Contributions	\$5,000	\$5,000	\$0	0.0%
54400 - Advertising	\$22,110	\$22,110	\$0	0.0%
54500 - Travel & Meetings	\$13,100	\$13,100	\$0	0.0%
54550 - Training	\$25,975	\$28,575	\$2,600	10.0%
54600 - Dues, Fees and Subscriptions	\$19,053	\$18,632	(\$421)	-2.2%
	\$412,108	\$476,107	\$64,000	15.5%
Total O&M Budget	\$3,149,454	\$3,523,842	\$374,388	11.9%

Information Technology Division Operating Budget

O&M Budget Total	FY2024 Budget	FY2025 Budget	\$ Increase	% Increase
LABOR				
51120 - Regular Salaries & Wages	\$3,370,556	\$3,693,818	\$323,262	9.6%
51130 - Overtime	\$16,200	\$16,200	\$0	0.0%
51135 - Special Event Compensation	\$5,000	\$5,000	\$0	0.0%
51300 - Payroll Taxes	\$255,761	\$278,768	\$23,007	9.0%
51400 - Unemployment Insurance	\$1,908	\$1,908	\$0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	\$337,026	\$431,766	\$94,740	28.1%
51600 - Retirement Contributions	\$700,753	\$725,021	\$24,268	3.5%
	<u>\$4,687,205</u>	<u>\$5,152,481</u>	<u>\$465,277</u>	<u>9.9%</u>
NON-LABOR				
53340 - Telephone	\$296,800	\$296,800	\$0	0.0%
53345 - Data Communications	\$1,020,105	\$1,040,280	\$20,175	2.0%
53140 - Materials & Supplies	\$522,823	\$551,866	\$29,043	5.6%
51700 - Uniforms	\$1,000	\$1,000	(\$0)	0.0%
52140 - Professional Services	\$1,400,078	\$1,456,828	\$56,750	4.1%
52160 - Maintenance & Repairs	\$2,539,746	\$1,137,909	(\$1,401,837)	-55.2%
52180 - Temporary Services	\$5,000	\$5,000	\$0	0.0%
52195 - Other Contractual Services	\$1,735,811	\$1,064,370	(\$671,441)	-38.7%
54500 - Travel & Meetings	\$39,000	\$33,500	(\$5,500)	-14.1%
54550 - Training	\$61,500	\$75,500	\$14,000	22.8%
54600 - Dues, Fees and Subscriptions	\$7,290	\$7,140	(\$150)	-2.1%
53615 - Amortization of Subscription Based IT Assets	\$0	\$3,171,058	\$3,171,058	100.0%
	<u>\$7,629,153</u>	<u>\$8,841,251</u>	<u>\$1,212,098</u>	<u>15.9%</u>
Total O&M Budget	\$12,316,358	\$13,993,733	\$1,677,375	13.6%

Legal Division Operating Budget

O&M Budget Total	FY2024 Budget	FY2025 Budget	\$ Increase	% Increase
LABOR				
51120 - Regular Salaries & Wages	\$1,342,948	\$1,504,765	\$161,817	12.0%
51130 - Overtime	\$3,600	\$3,600	\$0	0.0%
51300 - Payroll Taxes	\$101,039	\$109,512	\$8,472	8.4%
51400 - Unemployment Insurance	\$648	\$648	\$0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	\$81,400	\$120,360	\$38,960	47.9%
51600 - Retirement Contributions	\$255,709	\$248,741	(\$6,967)	-2.7%
	\$1,785,344	\$1,987,626	\$202,282	11.3%
NON-LABOR				
53140 - Materials & Supplies	\$15,000	\$5,000	(\$10,000)	-66.7%
52140 - Professional Services	\$332,700	\$182,700	(\$150,000)	-45.1%
52145 - Legal	\$900,000	\$600,000	(\$300,000)	-33.3%
54500 - Travel & Meetings	\$30,000	\$30,000	\$0	0.0%
54550 - Training	\$10,000	\$10,000	\$0	0.0%
54600 - Dues, Fees and Subscriptions	\$50,918	\$50,918	\$0	0.0%
	\$1,338,618	\$878,618	(\$460,000)	-34.4%
Total O&M Budget	\$3,123,962	\$2,866,244	(\$257,718)	-8.2%

Operations Division Operating Budget

O&M Budget Total	FY2024 Budget	FY2025 Budget	\$ Increase	% Increase
LABOR				
51120 - Regular Salaries & Wages	\$34,492,825	\$39,827,976	\$5,335,151	15.5%
51130 - Overtime	\$2,087,527	\$2,379,925	\$292,398	14.0%
51135 - Special Event Compensation	\$376,539	\$387,659	\$11,120	3.0%
51300 - Payroll Taxes	\$2,649,929	\$3,056,010	\$406,082	15.3%
51400 - Unemployment Insurance	\$19,704	\$19,548	(\$156)	-0.8%
51500 - Med Ins: MSD's port. of prem for grp	\$4,843,953	\$6,289,086	\$1,445,133	29.8%
51600 - Retirement Contributions	\$7,398,917	\$7,230,730	(\$168,187)	-2.3%
	\$51,869,393	\$59,190,935	\$7,321,542	14.1%
NON-LABOR				
53310 - Electric	\$13,757,880	\$13,133,880	(\$624,000)	-4.5%
53320 - Natural Gas	\$995,496	\$1,099,667	\$104,171	10.5%
53330 - Water	\$1,808,050	\$1,789,979	(\$18,071)	-1.0%
53345 - Data Communications	\$367,600	\$361,600	(\$6,000)	-1.6%
53100 - Tires & Tire Service Expense	\$365,604	\$365,603	(\$1)	0.0%
53140 - Materials & Supplies	\$7,810,270	\$8,239,782	\$429,512	5.5%
53160 - Landfill Cost of fill dirt	\$378,000	\$546,000	\$168,000	44.4%
51700 - Uniforms	\$227,644	\$271,834	\$44,190	19.4%
52110 - Billing & Collection	\$242,814	\$54,810	(\$188,004)	-77.4%
52140 - Professional Services	\$1,301,325	\$751,222	(\$550,103)	-42.3%
52160 - Maintenance & Repairs	\$2,505,924	\$2,843,002	\$337,078	13.5%
52170 - Sludge & Grit Disposal	\$3,322,837	\$3,408,529	\$85,692	2.6%
52180 - Temporary Services	\$101,100	\$50,100	(\$51,000)	-50.4%
52195 - Other Contractual Services	\$11,420,861	\$13,205,199	\$1,784,338	15.6%
54200 - Bad Debts	\$26,400	\$26,400	\$0	0.0%
53205 - Peracetic Acid	\$400,000	\$100,000	(\$300,000)	-75.0%
53210 - Chlorine	\$9,450	\$7,050	(\$2,400)	-25.4%
53215 - Sodium Hypochlorite	\$3,830,890	\$3,104,790	(\$726,100)	-19.0%

Operations Division Operating Budget (continued)

O&M Budget Total	FY2024 Budget	FY2025 Budget	\$ Increase	% Increase
53220 - Polymer	\$3,837,130	\$3,566,730	(\$270,400)	-7.0%
53225 - Sodium Aluminate	\$406,247	\$246,200	(\$160,047)	-39.4%
53230 - Liquid Oxygen	\$328,516	\$333,516	\$5,000	1.5%
53235 - Liquid Nitrogen	\$148,400	\$148,400	\$0	0.0%
53240 - Other Chemicals	\$53,906	\$87,606	\$33,700	62.5%
53250 - Dechlorination	\$530,962	\$422,100	(\$108,862)	-20.5%
53275 - Defoamer	\$37,040	\$37,040	\$0	0.0%
53280 - Bioxide	\$1,550,000	\$2,520,000	\$970,000	62.6%
53285 - Sodium Hydroxide	\$750	\$750	\$0	0.0%
53120 - Gasoline	\$741,912	\$783,976	\$42,064	5.7%
53130 - Diesel Fuel	\$1,308,159	\$1,243,582	(\$64,577)	-4.9%
54110 - General Liability Insurance	\$223,464	\$0	(\$223,464)	-100.0%
54130 - Property Insurance	\$113,844	\$0	(\$113,844)	-100.0%
53410 - Equipment Rental	\$200,226	\$248,150	\$47,924	23.9%
53420 - Space Rent	\$30,000	\$36,000	\$6,000	20.0%
54400 - Advertising	\$1,650	\$1,700	\$50	3.0%
54500 - Travel & Meetings	\$81,460	\$109,700	\$28,240	34.7%
54550 - Training	\$156,033	\$247,603	\$91,570	58.7%
54600 - Dues, Fees and Subscriptions	\$158,541	\$178,670	\$20,129	12.7%
	\$58,780,385	\$59,571,170	\$790,785	1.3%
Total O&M Budget	\$110,649,778	\$118,762,105	\$8,112,327	7.3%

Supply Chain Division Operating Budget

O&M Budget Total	FY2024 Budget	FY2025 Budget	\$ Increase	% Increase
LABOR				
51120 - Regular Salaries & Wages	\$2,185,357	\$2,376,878	\$191,520	8.8%
51130 - Overtime	\$28,000	\$28,000	\$0	0.0%
51300 - Payroll Taxes	\$165,375	\$178,687	\$13,312	8.0%
51400 - Unemployment Insurance	\$992	\$992	\$0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	\$237,055	\$314,548	\$77,493	32.7%
51600 - Retirement Contributions	\$458,709	\$453,878	(\$4,831)	-1.1%
	\$3,075,489	\$3,352,982	\$277,493	9.0%
NON-LABOR				
53140 - Materials & Supplies	\$27,600	\$29,600	\$2,000	7.2%
51700 - Uniforms	\$4,400	\$3,000	(\$1,400)	-31.8%
52140 - Professional Services	\$76,150	\$98,000	\$21,850	28.7%
52160 - Maintenance & Repairs	\$15,000	\$15,000	\$0	0.0%
52195 - Other Contractual Services	\$1,020	\$1,020	\$0	0.0%
53410 - Equipment Rental	\$10,000	\$0	(\$10,000)	-100.0%
54250 - Contributions	\$20,500	\$17,500	(\$3,000)	-14.6%
54400 - Advertising	\$30,700	\$30,498	(\$202)	-0.7%
54500 - Travel & Meetings	\$46,100	\$40,300	(\$5,800)	-12.6%
54550 - Training	\$40,344	\$46,477	\$6,133	15.2%
54600 - Dues, Fees and Subscriptions	\$25,150	\$24,150	(\$1,000)	-4.0%
	\$296,964	\$305,545	\$8,581	2.9%
Total O&M Budget	\$3,372,453	\$3,658,527	\$286,074	8.5%

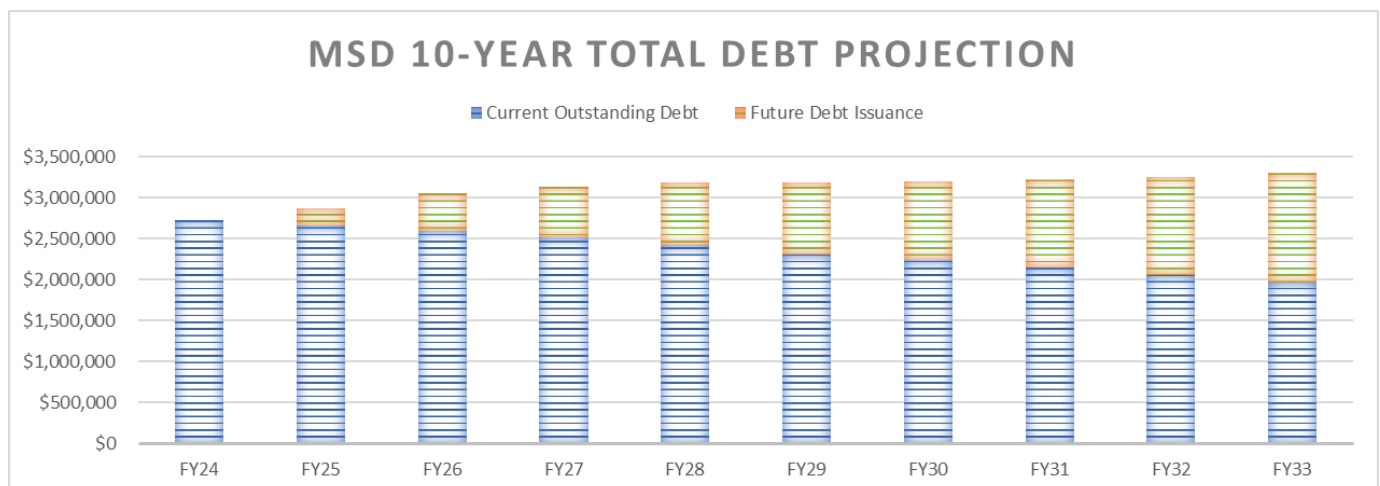
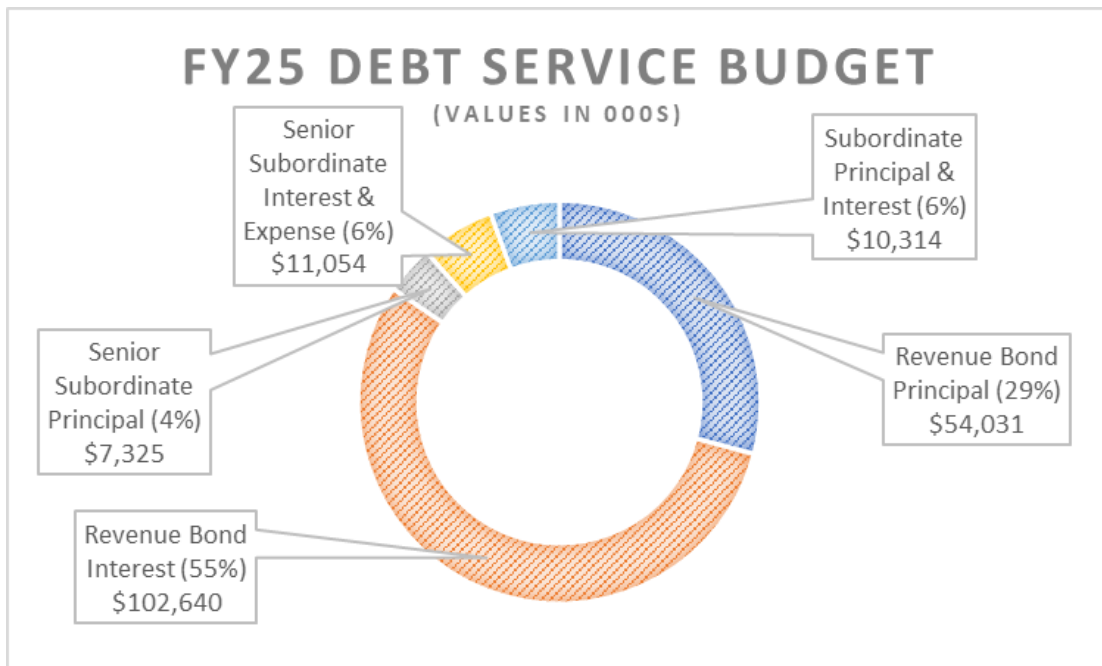
Debt & Debt Service

Debt Limits & Coverage Requirements

MSD must demonstrate prior to the issuance of additional revenue bonds that it satisfied the additional bonds test prescribed by the Revenue Bond Resolution. The additional bonds test requires that net revenues for the last 12 full calendar months are equal to or greater than the aggregate net debt service on all outstanding revenue bonds and the additional, proposed bonds.

Debt Service Budget

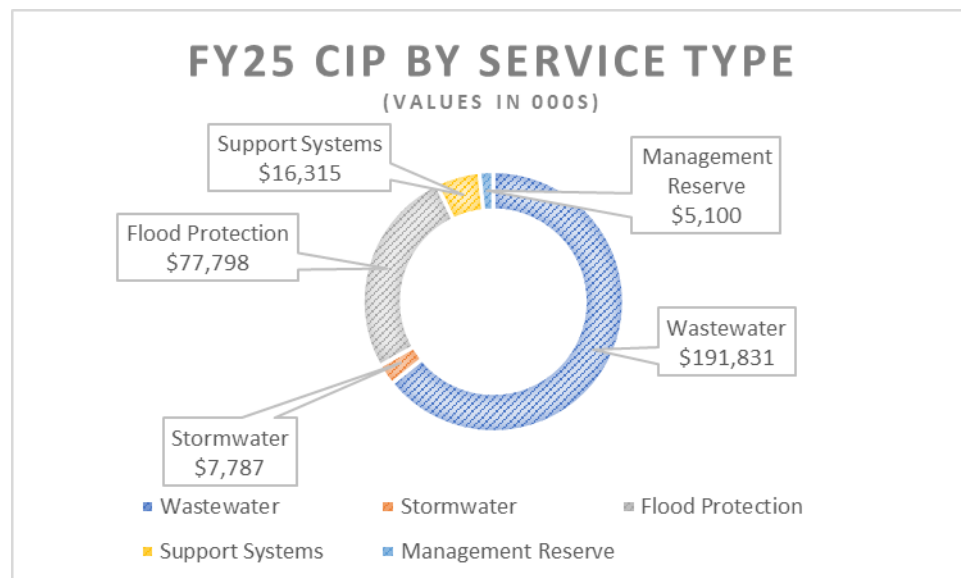
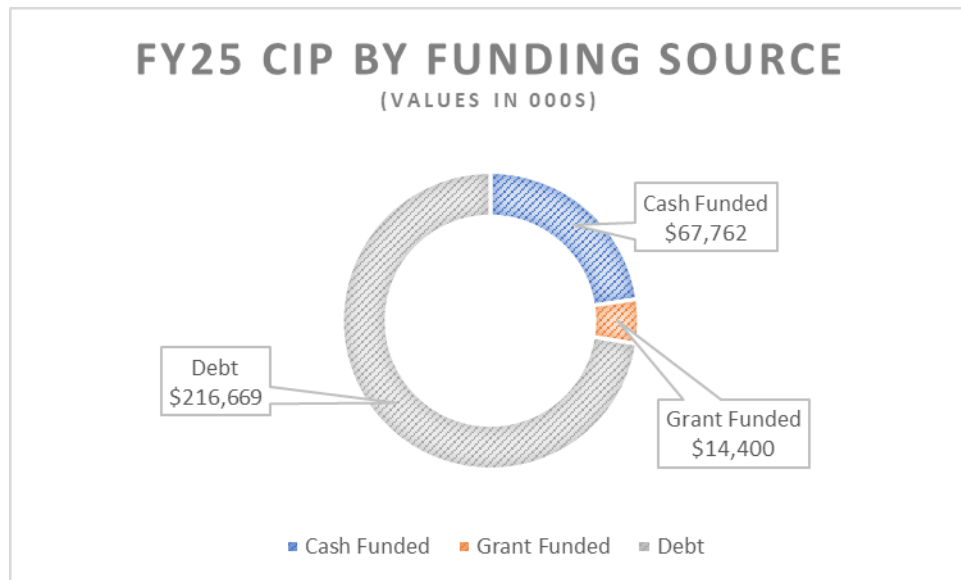
MSD's fiscal year budget includes the annual principal and interest payments due on all outstanding debt.



Capital Budget

Capital Budget Summary

The capital budget for Fiscal Year 2025 totals \$298,831,000 million. Many projects in this budget span multiple years and will continue spending beyond fiscal year 2025. Total five-year CIP spending is projected to be just over \$1.2 billion. The following charts summarize the FY25 Capital Funding by source and Capital Expenditure by service type.



The Support Systems service type includes improvements needed to keep MSD's infrastructure operating as intended including vehicles and large equipment, buildings and structures, information technology hardware and software, and general facility improvements. Management Reserve funds are set aside to compensate for unforeseen circumstances.

An aerial photograph of a wastewater treatment plant at sunset. The sun is low on the horizon, casting a warm orange glow over the scene. In the foreground, there are large, circular concrete basins filled with brown, turbulent water. A central structure with multiple horizontal rollers or skimmers is positioned in the middle of these basins. To the left, there are smaller circular tanks. In the background, there are several small, single-story buildings with dark roofs, surrounded by green grass and trees. The sky is filled with soft, orange and yellow clouds.

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David Johnson

Chief Financial Officer
Brad Good

Chief Operations Officer
Brian Bingham

Chief Administrative Officer
Carmen Moreno-Rivera

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