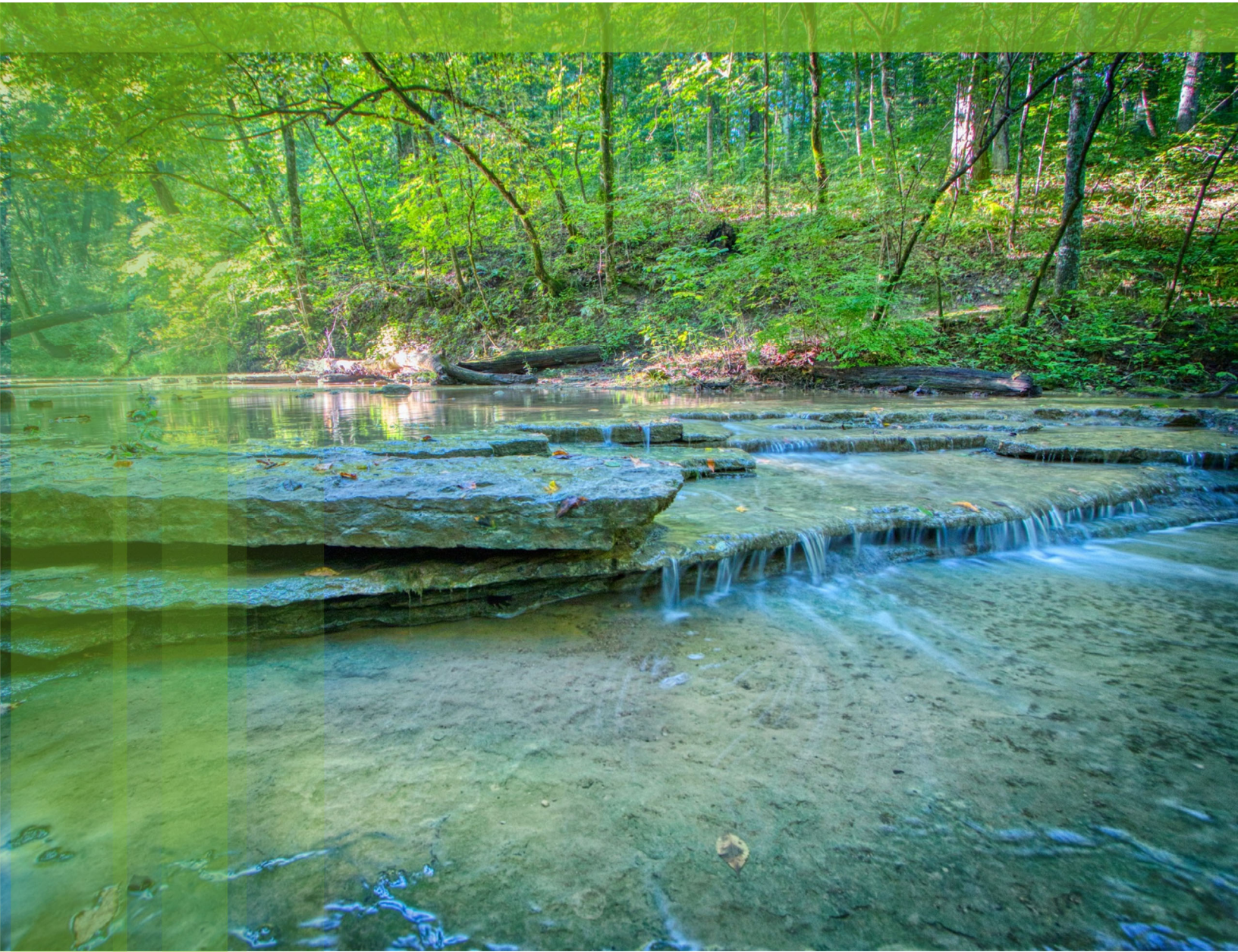




# Louisville MSD Fiscal Year 2024 Budget

Adopted May 22, 2023







*Louisville has an abundance of waterways that provide opportunities for people to relax and connect to nature.*

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# Table of Contents

- Table of Contents ..... 3
- Introduction ..... 6
  - Budget Message..... 6
    - Introduction ..... 6
    - Outlook for Fiscal Year 2024 ..... 6
    - Fiscal Year 2023 Review ..... 7
    - Summary..... 10
- About MSD ..... 11
  - History..... 11
  - Strategic Plan ..... 11
  - Board of Directors ..... 12
  - Organizational Chart..... 13
  - Division Responsibilities Overview ..... 13
  - Division Goals, Objectives, and Performance Measures ..... 17
  - Program Descriptions ..... 18
    - Wastewater ..... 18
    - Drainage ..... 18
    - Flood Protection..... 18
    - Wastewater Service Area..... 19
    - Drainage Service Area ..... 20
    - Flood Protection..... 21
  - Program Goals, Objectives, and Performance Measures ..... 22
  - Demographics ..... 23
  - Customer Composition Statistical Information ..... 26
- Budget Process and Policies..... 29
  - Budget Process ..... 29
  - Budget Calendar..... 30
  - Rate Setting Process ..... 30
  - Financial Policies and Standard Operating Procedures ..... 30
- Budget Summary..... 32
  - Revenue & Sources of Funds ..... 33
  - Expenses & Uses of Funds ..... 33
  - Fiscal Year ..... 34
  - Basis of Accounting ..... 34
  - Basis of Budgeting..... 34
  - Key Assumptions ..... 34

Financial Key Performance Indicators.....	34
Funds Description and Structure .....	35
Revenue.....	36
Revenue Requirements.....	36
Historical Available Revenues .....	36
Jefferson County Fiscal Year 2024 Rate Resolution.....	37
Oldham County Fiscal Year 2024 Rate Resolution.....	38
Bullitt County Fiscal Year 2024 Rate Resolution .....	38
Rate Increase History .....	39
Rate Comparability .....	40
Customer Affordability .....	40
EWRAP .....	40
Senior Citizens Discount.....	40
Drops of Kindness.....	40
Operating Budget .....	41
Operating Budget Summary .....	41
Labor.....	43
Labor Related Overhead .....	43
Workforce Analysis.....	44
Operating and Maintenance Expenses .....	44
Division Operating Budgets .....	45
Administration Division Operating Budget.....	45
Corporate Division Operating Budget .....	46
Engineering Division Operating Budget.....	47
Facilities, Safety & Security .....	48
Finance Division Operating Budget.....	49
Human Resource Division Operating Budget .....	50
Information Technology Division Operating Budget.....	51
Legal Division Operating Budget .....	52
Operations Division Operating Budget.....	53
Operations Division Operating Budget (continued).....	54
Supply Chain Division Operating Budget.....	55
Capital Budget.....	56
Capital Budget Summary.....	56
Sources and Uses of Funds .....	57
Table of Projects Closed in Fiscal Year 2022 .....	58
Fiscal Year 2024 Large Project Profiles .....	59
Consent Decree Update .....	61
Debt & Debt Service.....	62

Purpose of Debt Obligations .....	62
Debt Limits & Coverage Requirements .....	62
Debt Service Budget.....	63
Debt Outstanding.....	66
Future Debt Issuance .....	67
Credit Ratings .....	67
Long-Term Financial Planning .....	68
Glossary .....	69
Acronyms.....	69
Terms.....	70

*The following Budget Report is prepared and used by Louisville/Jefferson County MSD for purposes of communicating its annually adopted budget to customers and elected officials. The Report is not prepared to help investors decide whether to purchase or sell financial obligations of Louisville 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 enclosed Report a recommendation to purchase or sell financial obligations of Louisville MSD. The Report does not present a complete summary of Louisville MSD's financial or operational position to investors and should not be used in that manner.*

## Introduction

### Budget Message

*Our Vision:  
The Innovative Regional Utility for Safe, Clean Waterways*



*Waterfront Park and the Ohio River create an inviting “front door” for community celebrations, large and small.*

### Introduction

Louisville/Jefferson County Metropolitan Sewer District (MSD) is pleased to present its fiscal year 2024 budget. This budget reflects our commitment to providing effective wastewater treatment, stormwater, and flood protection services to the community and advances much needed improvements to these systems.

The agency is making significant progress toward its Consent Decree requirements of mitigating sewer overflows that pollute the Ohio River and our streams. Through all the Consent Decree work to date, including completing the required combined sewer overflow basins and storage tunnel, overflows to local waterways have been reduced by approximately 5.85 billion gallons per typical rainfall year. MSD must balance repairing aging infrastructure—in some cases built more than 100 years ago—with the mandated requirements of its Consent Decree. To this end, we are leveraging grants and innovative loans for the critical work of replacing outdated biosolids processing at our Morris Forman Water Quality Treatment Center and updating and expanding our Paddy’s Run Flood Pumping Station, which was built in 1953. Additionally, frequent sewer cave-ins and failures are examples of the challenges we face across our service area with outdated infrastructure that is long past its useful life.

### Outlook for Fiscal Year 2024

The rate proposals in the fiscal year 2024 budget will add \$4.84 to the average monthly residential bill in Jefferson County (wastewater & drainage) and \$3.56 to the average monthly residential bill in Oldham County (wastewater only).

MSD recognizes that the affordability of the essential services it provides is a concern for many. Utility rates have been under pressure in recent years as MSD has had to address aging infrastructure and comply with its Consent Decree and other agreed orders. Inflation has exacerbated the affordability issue for many over the last two years. The fiscal year 2024 budget provides over \$1.8 million in funding for MSD’s customer assistance programs. Additionally, customized payment plans are available for MSD customers through our partnership with the Louisville Water Company.

Inflation is expected to continue to impact our budget in fiscal year 2024. Contractual Services are up 8.6% over the fiscal year 2023 budget. This is largely related to anticipated price increases when contracts renew. MSD renewed a one-year contract for sodium hypochlorite in January 2023 which contained a price increase of 110% for the chemical. Additionally, a one-year contract for polymer was renewed in March with a 40% price increase. Chemicals are critical to odor control and some additional budgetary increases have been made to help reduce the prevalence of odors in the community. To combat inflationary risk in the operating budget, a \$1.5 million management reserve was included for fiscal 2024.

MSD will invest more than \$255.3 million to support 189 infrastructure capital projects in fiscal year 2024. Regulatory compliance remains the primary driver in the five-year Capital Improvement Program (CIP). Seventy-six percent of the fiscal year 2024 budget and 83 percent of the five-year CIP are devoted to Consent Decree or agreed-order spending. Given the fluctuating nature of the current economy and post-pandemic supply chain, MSD recognizes the importance of building flexibility into the five-year CIP. Projects may not be fully implemented as anticipated and will need to carry-over into the next fiscal year CIP. Building in management reserve dollars helps us manage these challenges.

<b>Five-Year CIP</b>						
<i>Dollars in 000's</i>						
<b>Service Type</b>	<b>FY24 Budget</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>Total</b>
Wastewater	\$ 161,185	\$ 193,450	\$ 202,274	\$ 151,207	\$ 114,697	\$ 822,813
Drainage/Flood Protection	62,125	87,931	93,333	49,737	26,903	320,029
Support Systems	18,133	4,838	5,469	4,328	4,241	37,009
Management Reserve	13,865	5,850	75	100	1,300	21,190
<b>Total</b>	<b>\$ 255,308</b>	<b>\$ 292,069</b>	<b>\$ 301,151</b>	<b>\$ 205,372</b>	<b>\$ 147,141</b>	<b>\$ 1,201,041</b>

### **Fiscal Year 2023 Review**

MSD celebrates many accomplishments during fiscal year 2023. Residents in three areas of Louisville will soon enjoy new or expanded parks thanks to MSD land donations from projects in the West End, South End and Portland neighborhoods for park use. The first donation, on September 8, 2023, was a 20-acre tract in the California neighborhood along Maple Street. After a major flood damaged homes in the area in August of 2009, MSD sought and was awarded a grant from the Federal Emergency Management Agency to purchase 114 properties, thus allowing residents who wanted to move out of the flood prone area to do so. The FEMA grant required that the newly vacant land be permanently preserved as greenspace. In August of 2022, FEMA approved our plan to provide the properties to Louisville Metro, which is working with the Parks Alliance to transform this vacant land into Alberta Jones Park, a vibrant public recreation site serving hundreds of area residents.

On October 18, 2023, we marked the 50th anniversary of the federal Clean Water Act by donating five acres of land to the Waterfront Development Corporation for use in the 22-acre westward expansion of Waterfront Park. The land, at Twelfth and Rowan streets, was the main above-ground construction site for the Waterway Protection Tunnel. The 4-mile-long tunnel helps prevent sewer overflows from polluting the Ohio River and Beargrass Creek during heavy rain and can store up to 55 million gallons of stormwater and wastewater per rain cycle and reduce sewer overflows by approximately 500 million gallons annually. We are so pleased to partner with Waterfront Park to take this property from a worksite to a play site.

Finally, on October 20, 2023, Metro Council District 25 representative Amy Holton Stewart announced that just under ten acres of land along Lamborne Boulevard and Scarborough Avenue will soon become Windsor Park. The land is the leave-behind from a 1996 MSD Pond Creek flood mitigation project. We transferred the property to Metro Parks and Recreation for creation of the park.



On November 21, 2022, MSD received notification from the Kentucky Infrastructure Authority that 8 projects had been selected to receive Round 2 grant funds from the Kentucky Cleaner Water Program. Round 2 funds are provided through the American Rescue Plan Act of 2021, Coronavirus State Fiscal Recovery Fund and must be obligated by December 31, 2024, and fully expended by December 31, 2026. Awards were made to the following projects:

- Hunters Hollow Pump Station & Force Main Project (Bullitt County), \$3,600,000
- Gate 114 Rehabilitation and Redundant Gate Addition Project, \$5,200,000
- South Fork Beargrass Creek Dry Bed Project, \$2,440,316
- Bass-Shirley Stormwater Improvements Project, \$1,300,000
- California Neighborhood Odor Improvement Project, \$700,000
- West Indian Trail Stormwater Improvement Project, \$2,000,000
- Lynnview Stormwater Improvements Project, 250,000
- Ash Avenue Interception Project (Oldham County), \$989,320

Previously, MSD accepted \$12.9 million dollars in grant funds from Round 1 of the Kentucky Cleaner Water Program. The Round 2 awards bring the total grant dollars received by MSD from this program to \$29.4 million. Grant dollars allow these critical projects to move forward at a lower total cost to MSD and the community.

In February 2023, the National Association of Clean Water Agencies (NACWA) honored the work we do to improve our community with three awards. During its 2023 winter conference held in Sonoma, California, the association presented MSD with national awards for Water Resources Utility of the Future, Watershed Collaboration, and Public Information & Education. The Utility of the Future Award honors our efforts to create equity in contracting and procurement. MSD has a strong track record of promoting contracting equity across more than three decades through our Supplier Diversity program. That record prompted former mayor Greg Fischer, in 2020, to appoint MSD Executive Director Tony Parrott as co-chair of the city's Equity in Contracting and Procurement Task Force. The Watershed Collaboration Award recognized our work with the Parks Alliance of Louisville to create the Alberta Jones Park in the city's California neighborhood. The Public Information & Education Award cites MSD's role in designing a course for the University of Louisville Speed Scientific School engineering students.

Engineering and design for a major overhaul of Louisville's Flood Protection System will soon be underway. Federal project funding of \$1 million was awarded to the U.S. Army Corps of Engineers Louisville District in March 2023. Engineering and design are needed to clear the way for future dollars to fund the project, including the repair, reconstruction, and rehabilitation of Louisville's aging flood protection system. One of MSD's core functions is maintaining a complex floodwall and pump station system that keeps the Ohio River at bay and the Louisville community safe. Much of that system was built in the 1940s and 1950s and continues to operate with original parts that are no longer available for replacement. The improvement project will include repairing and rehabilitating 14 pump stations, modifying two road closure structures, floodwall repairs, and flood gate repair and replacement. Once completed, the updated system will more effectively and efficiently protect more than 200,000 people, 137,000 structures, and approximately \$34 billion in property throughout Louisville Metro. However, more funding is necessary to initiate construction, which will be done in phases to account for the size and cost of the project.

Fiscal Year 2023 Operating Income is expected to finish over the budgetary projection. A 5 percent rate increase to wastewater and drainage charges took effect on August 1, 2022, for Jefferson County customers. Wastewater revenues are expected to finish \$3.9 million more than budget due to strong residential and commercial water consumption during the fiscal year. Drainage service charges are expected to finish \$300,000 above budget. Other Operating Income is expected to finish \$1.9 million above budget.

<b>Operating Income - Jefferson County</b>		
<i>Dollars in 000's</i>		
	<b>FY23 Budget</b>	<b>FY23 Forecast</b>
Wastewater Service Charges	\$ 272,179	\$ 276,103
Drainage Service Charges	91,599	91,931
Other Operating Income	4,000	5,945
<b>Total Operating Income</b>	<b>\$ 367,778</b>	<b>\$ 373,979</b>

On August 1, 2022, MSD's wastewater rates for Oldham County customers were adjusted to \$76.92 per month based on an average usage of 5,000 gallons of water monthly. This rate reduction of \$10.00 per month, or 11.5 percent, was in accordance with the terms of the Interlocal Agreement reached with the Oldham County Fiscal Court and the Oldham County Environmental Authority. Oldham County wastewater revenues are expected to finish \$230,000 above budget for fiscal year 2023.

<b>Operating Income - Oldham County</b>		
<i>Dollars in 000's</i>		
	<b>FY23 Budget</b>	<b>FY23 Forecast</b>
Wastewater Service Charges	\$ 6,468	\$ 6,697
Other Operating Income	350	362
<b>Total Operating Income</b>	<b>\$ 6,818</b>	<b>\$ 7,059</b>

On January 1, 2023, MSD's wastewater rates for Bullitt County customers increased 12 percent in accordance with the terms of the Interlocal Agreement reached with the Bullitt County Fiscal Court and Bullitt County Sanitation District. Bullitt County wastewater revenues for fiscal year 2023 are expected to finish \$244,000 above budget.

<b>Operating Income - Bullitt County</b>		
<i>Dollars in 000's</i>		
	<b>FY23 Budget</b>	<b>FY23 Forecast</b>
Wastewater Service Charges	\$ 3,996	\$ 4,240
Other Operating Income	150	213
<b>Total Operating Income</b>	<b>\$ 4,146</b>	<b>\$ 4,453</b>

Operating and Maintenance expenses for fiscal year 2023 are expected to finish \$8 million, or 5 percent, under budget. Approximately \$5 million of the savings is realized in salaries and labor related overhead. In April of 2023 there were still 120 vacant positions that were partially funded in the fiscal year 2023 budget. Budget savings are also expected to be realized in contractual services, chemicals, and fuel costs. Inflation-driven price increases for contractual services and chemicals did not start being felt until January of 2023 when contracts were renewed. Finally, we have benefited from lower-than-expected fuel costs during the fiscal year.

<b>FY23 Operating Budget &amp; Forecast</b>				
<b>Dollars in 000's</b>				
<b>Combined Service Area</b>				
	<b>FY23 Budget</b>	<b>FY23 Forecast</b>		<b>Budget/ Forecast</b>
Salaries & Wages	\$ 61,871	\$ 59,293		-4%
Labor Related Overhead	28,827	26,432		-8%
<b>Total Salary &amp; LRO</b>	<b>90,698</b>	<b>85,725</b>		<b>-5%</b>
Utilities	17,696	18,213		3%
Materials & Supplies	8,831	8,906		1%
Contractual Services	36,098	32,552		-10%
Chemicals	9,255	8,032		-13%
Fuel	2,116	1,852		-12%
Insurance Premiums & Claims	6,278	6,981		11%
Bad Debt	3,535	4,169		18%
Other Operating Expense	2,161	2,180		1%
<b>Total O&amp;M</b>	<b>85,970</b>	<b>82,885</b>		<b>-4%</b>
<b>Total Operating Budget</b>	<b>\$ 176,668</b>	<b>\$ 168,610</b>		<b>-5%</b>

The fiscal year 2023 capital budget was set at \$195.4 million for Jefferson, Bullitt, and Oldham County projects. The approved budget included \$190.4 million for new and active capital projects and \$5 million in management reserve to fund emergencies and other unanticipated needs. The forecasted capital spend for the year is \$175 million. CIP spending was impacted by challenges related to supply-chain delivery delays; unavailability of materials and equipment; and local, national, and global labor shortages.

### Summary

MSD's services are vital for the livability and marketability of our community and impact our quality of life every day. The fiscal year 2024 budget provides the funding required for the agency to continue to deliver life-impacting services. I would like to thank MSD's Executive Leadership Team and the Board of Directors for their guidance and vision throughout the budget process.

James A. Parrott  
Executive Director

## About MSD

### History

MSD was created in 1946 as a public body corporate and subdivision of the Commonwealth of Kentucky. MSD has complete control, possession, and supervision of the sewer system within most of the Louisville Metro, which comprises all of Jefferson County, Kentucky. In addition, MSD has control, possession, and supervision of the sewer system in portions of Bullitt and Oldham counties. In 1986, MSD assumed responsibility for managing and maintaining public flood control and storm and surface water drainage services pursuant to the terms of an agreement with Louisville Metro. MSD provides these services to all of Jefferson County except for the cities of Shively, Jeffersonton, St Matthews, and Anchorage. Chapter 76 of the Kentucky Revised Statutes authorizes MSD to construct additions, betterments, and extensions within its service area and to recover the cost of its services in accordance with rate schedules adopted by its Board.

MSD is a component unit of the Louisville/Jefferson County Metro Government. The Louisville Metro Mayor appoints, with the approval of the Louisville Metro Council, the members to MSD's governing Board, its Executive Director, Chief Engineer, and Secretary/Treasurer. The Board, which has statutory authority to enter into contracts and agreements for the management, regulation, and financing of MSD, manages its business and activities. The Board has full statutory responsibility for approving and revising MSD's annual budgets, for financing deficits and for disposition of surplus funds. MSD has no special financial relationship with the Louisville Metro Government.

### Strategic Plan

Water and wastewater utilities throughout the world are faced with an array of challenges, including aging infrastructure, changing workforce dynamics, increased stakeholder engagement, and tightening regulations. MSD's Strategic Business Plan, branded as Blueprint 2025, forms the foundational vision, mission, and critical success factors necessary for MSD's transformation into a Utility of the Future. Our aspirational vision under Blueprint 2025 is the driving force behind our mission to provide quality wastewater, drainage, and flood protection services to protect public health and safety through sustainable solutions, fiscal stewardship, and strategic partnerships. The framework for Blueprint 2025 follows:

**MSD Vision:** The innovative, regional utility for safe, clean waterways.

**MSD Mission:** Provide quality wastewater, drainage, and flood protection services to protect public health and safety through sustainable solutions, fiscal stewardship, and strategic partnerships.

### MSD Guiding Principles and Organizational Values

**Investing in People** - Ensuring a sustainable future by aligning organizational architecture and enhancing leadership development, succession planning, generational inclusion and employee career planning programs that provide staff opportunity for advancement and utilize the right people in the right places to achieve greater operational excellence for the community.

- Respect - We demonstrate high regard, value and consideration for each other, our customers, and the community.
- Excellence - We strive for personal excellence, recognize exemplary performance, and seek continuous improvement.

**Focusing on Performance** - Enhancing quality of life in the region by providing safe, clean waterways through consistent, reliable, and transparent delivery of our core business functions

- Customer Focus - We provide value-added service to our internal and external customers.
- Integrity - We serve with high ethical standards, deliver on commitments, and maintain honesty as we advance the greater good.

**Innovating through Leadership** - Engaging in collaborative problem-solving with partners locally, regionally, and nationally to develop innovative solutions for managing our aging wastewater, storm water

and flood protection assets.

- Accountability - We account for our actions, address challenges promptly, and implement effective solutions.
- Stewardship - We manage the infrastructure, environment and resources entrusted to our care in a responsible and sustainable manner.

### **Blueprint 2025 Desired Outcomes**

- Guide alignment and allocation of organizational resources.
- Deliver MSD's three core business functions in a collaborative, efficient and innovative manner to meet regulatory requirements and community level of service through a sustainable, purpose-driven, and appropriately skilled workforce.
- Be the trusted regional provider of wastewater, stormwater, and flood protection services.

### **Blueprint 2025 Critical Success Factors**

- CSF1: Sustain Quality and Compliant Wastewater, Stormwater, and Flood Protection Services
- CSF2: Earn the Community's Trust Daily as the Leading Provider of Quality Wastewater, Stormwater & Flood Protection Services
- CSF3: Transform into an Employer of Purpose where Employees are Provided the Opportunity to Thrive
- CFS4: Ensure Financial Stewardship and Sustainability of Community Resources
- CSF5: Realize Operational Efficiencies and Revenue Generation through Strategic Partnerships and Innovation

Blueprint 2025 provides a structured approach for MSD's success, positioning the organization to deliver our three core business services to the community with confidence by providing clarity for every employee about our vision, mission, and critical success factors. It represents a plan designed to unite us and strengthen our bond as we target specific initiatives and metrics that support the services we provide to the Louisville community.

### **Board of Directors**

MSD is governed by an eight-member Board of Directors appointed to by the Louisville Metro Mayor and approved by Louisville Metro Council. Each member serves three-year overlapping terms and are eligible for reappointment. Board members are residents of Louisville Metro and represent State Senatorial Districts in our city ensuring a broad-based representation for the entire community. No more than five members of the Board can be affiliated with one political party. The MSD Board meets monthly and has established the following standing committees who meet as needed: Audit Committee, Customer Service Committee, Finance Committee, Infrastructure Committee, and the Personnel Committee.

The Board, which has statutory authority to enter into contracts and agreements for the management, regulation, and financing of MSD, manages MSD's business and activities. The Board has full statutory responsibility for approving and revising MSD's annual budgets, for financing deficits and for disposition of surplus funds.

Current Board members are:

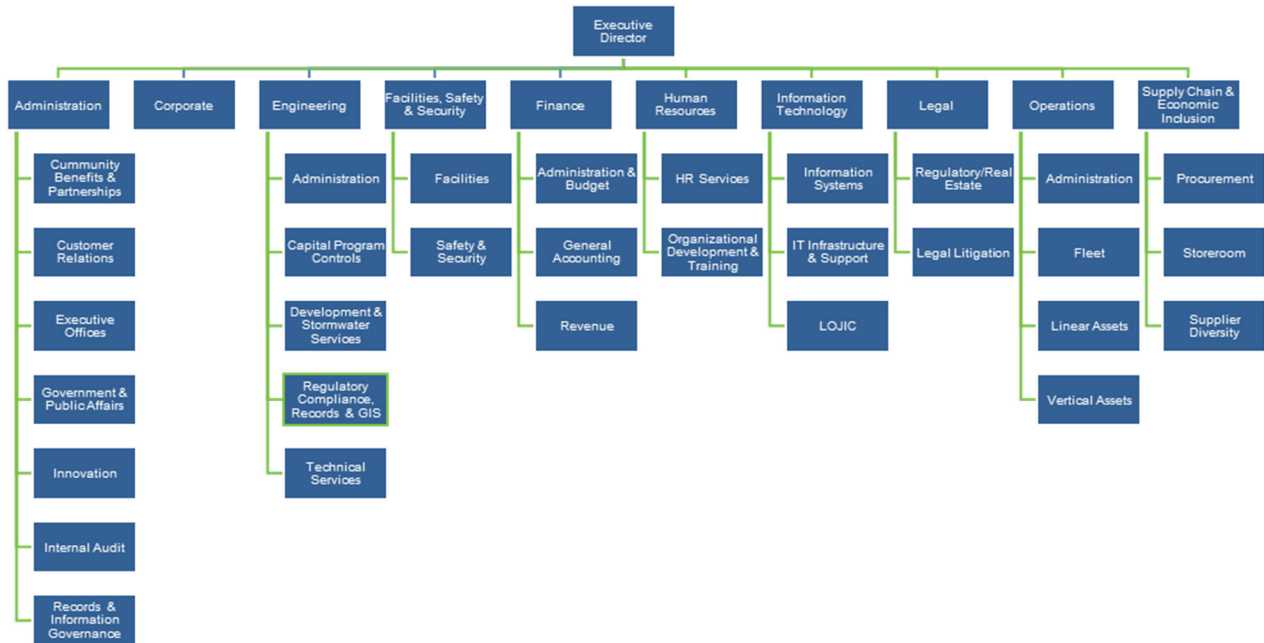
*Marita Willis, Chair*  
*Keith Jackson, Vice Chair*

*Rebecca Cox*  
*John Selent*  
*Ricky Mason*

*Carmen Moreno-Rivera*  
*Gerald Joiner*

## Organizational Chart

MSD's organizational structure consists of eight divisions. The Louisville Metro Mayor appoints the Executive Director, Chief Engineer, and Secretary/Treasurer. Within each division there are various departments who report to a Division Chief. There twelve division chiefs who report to the Executive Director.



## Division Responsibilities Overview

Responsibilities of each MSD Division and Department are described below.

### Administration Division:

Community Benefits and Partnerships: Responsible for the oversight of the community benefits and local labor programs. Responsible for ensuring MSD actively manages and fosters intentional and equitable strategic partnerships within MSD's service area to ensure the community receives social impact and public benefits. Creates and oversees programs, such as internships and co-ops, to ensure our next generation of workers are exposed to careers in the water sector.

Customer Relations: Serves as the primary point of contact for information and support for MSD services. Manages customer inquiries from various avenues including phone calls, emails, web chat and in-person visits. Creates service orders and coordinates with field staff to address customer concerns.

Executive Offices: Office of the Executive Director and support staff. Responsible for the oversight of all MSD divisions.

Government and Public Affairs: Provides organizational support of the MSD brand through strategic internal and external communications. Facilitates discussions with elected officials, customers, and stakeholders to build community trust. Oversees regionalization and economic development strategies.

Innovation: Responsible for developing and promoting the organization's strategy for innovation. Fosters organization-wide innovation through exploration, communication, and collaboration. Responsible for leading new initiatives and supporting business units with efforts to realize operational efficiencies and revenue generation through strategic partnerships and innovation.

Internal Audit: Provides independent and objective reviews and assessments of the business activities of MSD.

Records and Information Governance: Provides guidance for records and information governance standards and collaborates with all divisions ensuring the organization's records meet accepted standards. Creates, reviews, and maintains records retention schedule. Manages open records requests, MSD's policy

and procedures framework, standard forms and templates and management of MSD's Board.

### **Corporate Division:**

Corporate: Captures district-wide expenses such as billing and collection, bad debt, liability insurance, property insurance, liability claims, workers compensation insurance, and workers compensation claims. This division also includes the office of the Chief Strategy Officer for Business Transformation and Regulatory Compliance.

### **Engineering Divison:**

Administration: Coordinates the division, assigning short and long-term goals for successful completion of the mission of MSD while monitoring projects to ensure they stay on budget and within the projected time scheduled. Responsible for the development and implementation of each fiscal year capital budget and the five-year rolling capital budget. Coordinates with all local, state, and federal regulators, as well as government and non-government entities as needed.

Capital Program Controls: Manages the district-wide annual CIP through project and program data capture, analysis, and reporting. Drives the development activities of the annual refresh of the five-year plan, as well as the change management process for each project. Performs cash flow forecasting monthly and is the facilitator of CIP Management Team meetings. Leads continuous improvement initiatives for efficient CIP performance and delivery.

Development and Stormwater Services: Oversees the design, review and permitting of private development projects constructing and connecting to MSD assets to ensure compliance with MSD's policies, design guidelines, as well as local, state, and federal environmental laws and regulations. Provides inspection, permitting and enforcement of Louisville Metro's floodplain and ESPC ordinances along with administering MSD's MS4 (water quality) programs to ensure compliance with local, state, and federal environmental laws and regulations. Manages and administers MSD's DRI capital drainage program, plumbing modification program and the flood protection capital repair and rehabilitation.

Regulatory Compliance, Records and GIS: Responsible for Asset Management Program and works throughout MSD to build and improve efficient workflows in IPS. Manages Consent Decree activities and reporting deadlines to ensure regulatory compliance. Manages all the spatial data related to MSD's drainage, sewer and flood protection assets including data maintenance, map production and spatialanalysis.

Technical Services: Oversees the planning, design, construction, and implementation of the CIP Program capital projects including renewal/replacement and new construction of MSD's wastewater, drainage, and flood protection assets. Ensures MSD is in compliance with all current regulatory activities and deadlines as well as future ever changing regulatory guidelines and budget needs through regionalizedfacility planning and hydraulic modeling. Works to ensure each project is completed so that the final product supports MSD core services for our customers. Supports capital budget development each fiscal year.

### **Facilities, Safety & Security Divison:**

Facilities: Responsible for managing and oversight of building, grounds, and equipment to ensure workspaces are clean, safe and functional by managing service contracts and building systems. Supports day-to-day operations, coordinates renovation and updates, space and facility planning, parking and access management and control.

Safety & Security: Provides a safe working environment by eliminating hazards from all facilities, job sites, equipment and infrastructure through audits and accident investigation and teaching employees to follow all safe practices, regulations, and standards to ensure their wellbeing. Provides a safe working environment that is free from threats, violence, and vandalism by ensuring all facilities and infrastructure are secured through guards, physical barriers, deterrence, video surveillance and access control and through the investigation of incidents to prevent future occurrences and limit liability.

### **Finance:**

Administration and Budget: Ensures sound financial management through rate setting, budget development, debt issuance, debt management, cash management and compliance.

General Accounting: Provides Accounts Payable and payment processing, issues monthly financial statements in accordance with GAAP, manages the external financial audit and produces the Annual

Comprehensive Financial Report.

Revenue: Responsible for ensuring customers are billed correctly for wastewater and drainage service and responds to customer bill inquiries. Administers MSD's Senior Citizen and EWRAP discount programs.

**Human Resources Division:**

HR Services: Manages the entire employee life cycle, from recruiting the best talent, to onboarding, maintaining employee records, promotions, processing weekly payroll, setting compensation levels, communication and enforcing MSD policies, keeping up with regulations, promoting positive labor and employee relations, developing, overseeing, and administering employee benefits, and keeping up with employment laws and regulations.

Organizational Development and Training: Promotes employee career development and provides technical as well as non-technical job training through in-person and eLearning courses. Provides Utility Program training through our federally registered CDL training program as well as hands-on equipment training.

**Information Technology Division:**

Information Systems: Responsible for developing, maintaining, and supporting custom software solutions for end users across the enterprise. Provides support and management of critical third-party systems.

IT Infrastructure and Support: Maintains and supports the technology infrastructure at MSD that includes, but is not limited to, cybersecurity, network, servers, storage, and databases. Provides first and second level support and desktop engineering for end user equipment and technology.

Louisville/Jefferson County Information Consortium (LOGIC): Responsible for building, maintaining, and supporting a comprehensive geographic information system (GIS) that serves a multi-agency partnership that includes MSD, Louisville/Jefferson County Metro Government, Louisville Water Company, and the Property Valuation Administrator (PVA).

**Legal Division:**

Legal Regulatory/Real Estate: Responsible for providing advice, counsel, and representation of MSD in all regulatory and real estate matters (e.g., Clean Water Act compliance, KPDES and MS4 permitting issues, EPSC, Hazardous Materials and Floodplain Ordinance permitting/violations, Fee Simple (including FEMA Buyouts and Easement Acquisitions, etc.) Responsible for related transactional matters (e.g., contract review) and matters requiring real estate related services and/or necessary to regulatory/environmental compliance, including matters arising out of MSD's construction contracts, planning and development approvals and regionalization.

Legal Litigation: Responsible for providing advice, counsel, and representation of MSD in all tort claims (e.g., personal injury, property damage, etc.), non-regulatory and non-construction contract disputes, foreclosures, collections, employment/labor, worker's compensation, governance, procurement, and matters involving issues related to information and/or cyber security; Responsible for matters related to budgeted, outside counsel management, Board governance, municipal bonds.

**Operations Division:**

Administration: Responsible for the administration, oversight, and management of the Operations Division. Including, but not limited to, vision, long-term planning, implementation and regulatory compliance for MSD's wastewater, drainage, and flood protection services.

Fleet: Responsible for an inventory of vehicles and equipment used in support of the district's divisions and department's operational goals and objectives. Fleet programs include preventive and corrective maintenance, roadside assistance, capital replacement, disposal, fuel, and radio activities.

Linear Assets: Responsible for the maintenance and service of wastewater and sanitary assets, drainage assets and combined sewer overflows (CSOs). Respond to wet weather flooding and sewer backups. Responsible for TVI inspection of sewer assets.

Vertical Assets: Responsible for the operations and management of the Collection System (sanitary pump stations) which pump flows to the Water Quality Treatment Centers, Water Quality Treatment Centers which take flow and remove solids and treat water based upon the permits of each plan before returning water back into streams and the Ohio River, and the Flood Protection System which oversees the flood pump stations



and the flood levy and flood wall closures.

**Supply Chain & Economic Inclusion Division:**

Procurement: Responsible for providing value-added professional procurement services to meet department goals while promoting an open and fair competitive process.

Storeroom: Responsible for ensuring adequate materials and supplies are kept in stock and available for usage and for safeguarding of the materials and supplies.

Supplier Diversity and SBE Program: Responsible for ensuring meaningful opportunities for qualified Minority Business Enterprises and Women-Owned Business Enterprises (MBEs/WBEs) and encouraging and facilitating full and equitable business opportunities for Small Local Business Enterprises (SBEs) to compete and participate in MSD's procurements.



*MSD's Pond Creek Flood Pump Station*

## Division Goals, Objectives, and Performance Measures

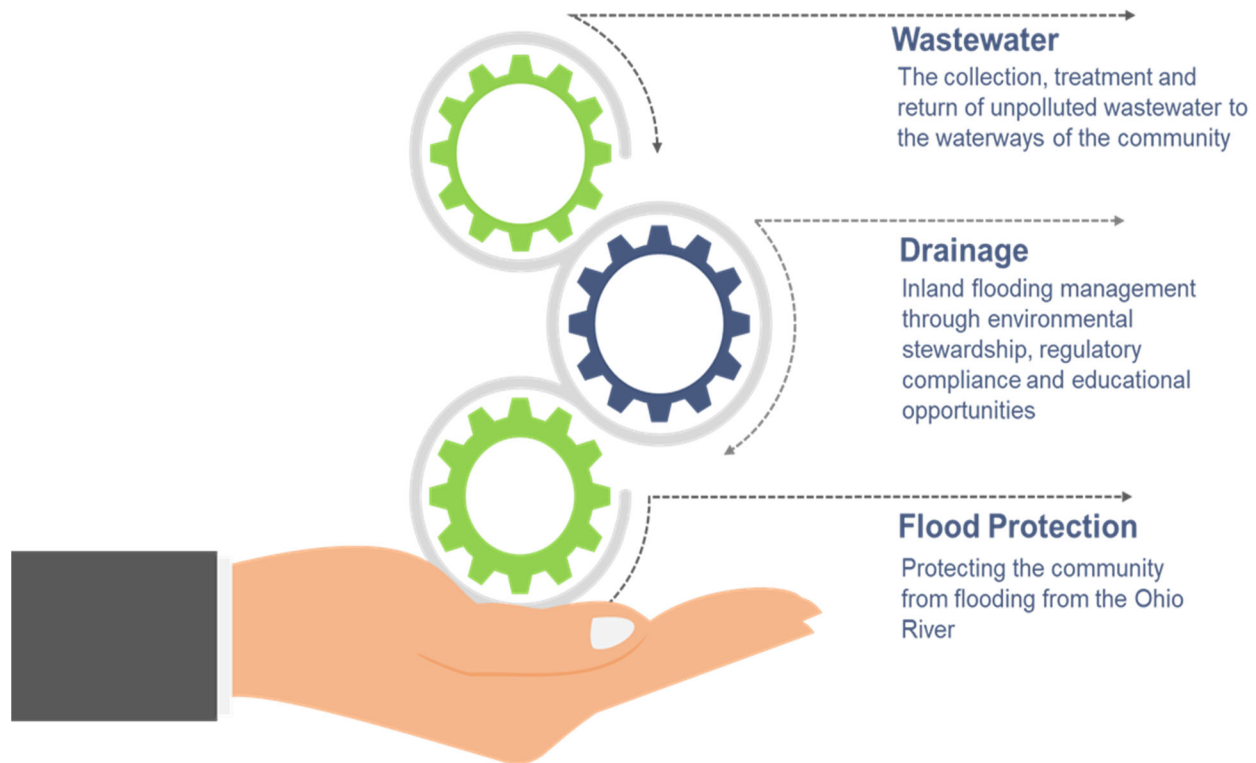
An enabling component of Blueprint 2025 is the establishment of an Organizational Performance Management Framework which integrates and coordinates performance accountability across MSD divisions. The foundation of the Organizational Performance Management Framework is a set of strategically chosen performance goals for the organization designed to focus on critical business activities and ensure timely completion of carefully sequenced transformational initiatives. Critical business activities are those activities that when performed well positively and directly impact the desired outcomes of a critical success factor. Performance goals for critical business activities involve moving a critical number in a favorable direction or achieving a favorable outcome. Transformational initiatives involve creating programs, processes and tools that didn't previously exist. They may also involve enhancement of existing programs, processes, and tools to improve effectiveness and overall efficiencies.

The Organizational Performance Management Framework can be broken down into and Division Goals and Program goals. Division goals are specific to administrative functions of MSD. Each goal and objective is assigned a performance measure. Following is a list of Division Goals along with the actual performance for fiscal year 2022 and estimated performance for fiscal year 2023:

Division Goals, Objectives & Performance Measures Blueprint 2025				
<p><b>Level 5</b> Performance significantly above the expected level</p> <p><b>Level 4</b> Performance above the expected level</p> <p><b>Level 3</b> Expected level of performance</p> <p><b>Level 2</b> Performance below the expected level</p> <p><b>Level 1</b> Performance significantly below the expected level</p>				
Critical Success Factor	Component	Goal	FY22 Actual	FY23 Estimate
2	1A	Customer Service Request Responsiveness	Level 5	Level 5
2	1B	Customer Service Call Quality	Level 5	Level 5
2	2A	Vendor Invoice Payment Timeliness	Level 3	Level 4
2	2B	Development Plan Review Responsiveness	Level 5	Level 4
2	2C	Supplier Diversity Commitment	Level 2	Level 4
2	3A	CSF 2 Transformational Initiatives Completed	Level 5	Level 3
3	1A	Time to Fill Positions	Level 4	Level 5
3	1B	Time to Post Positions	NA	Level 5
3	1C	Non-Union Performance Appraisals	Level 5	Level 5
3	1D	Union Performance Appraisals	Level 5	Level 5
3	2A	Compliance Training Completion	Level 5	Level 5
3	2B	Performance Management Goals	Level 5	Level 3
3	3A	CSF 3 Transformational Initiatives Completed	Level 5	Level 3
4	1A	Capital Schedules Management	Level 4	Level 3
4	1B	Capital Spend Management	Level 4	Level 5
4	1C	Capital Construction Change Orders	Level 4	Level 3
4	2A	Operating Spend Management	Level 5	Level 4
4	3A	CSF 4 Transformational Initiatives Completed	Level 4	Level 3
4	3B	CSF 5 Transformational Initiatives Completed	Level 5	Level 3

## Program Descriptions

MSD can be programmatically segregated into the three core services we provide to the community:



### Wastewater

Protecting waterways throughout our service area is MSD's mission by collecting and treating wastewater before it is released back into our local waterways. MSD cleans nearly 154 million gallons of wastewater in Jefferson County every day at five regional Water Quality Treatment Centers (WQTC). In Oldham County, MSD cleans nearly 2 million gallons of wastewater each day at two regional WQTCs and five small package treatment centers. In Bullitt County, MSD operates and maintains smaller treatment plants for full compliance with all regulatory agencies. Planning is underway to decommission some smaller treatment plants that have passed their useful life and manage wastewater treatment through the Derek R. Guthrie Water Quality Treatment Center in Jefferson County.

### Drainage

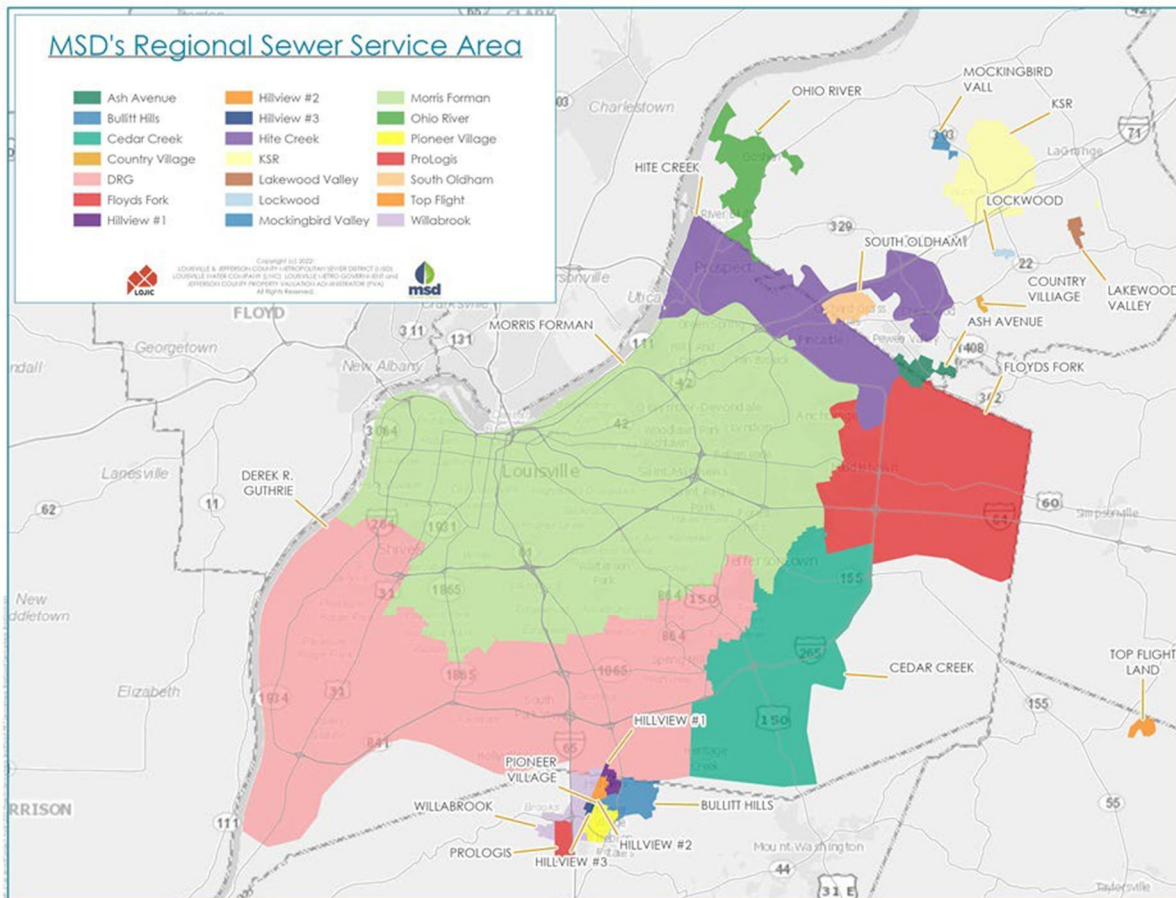
When it rains or snows the surface water runoff, known as stormwater, makes its way to drainage swales, channels, storm drains and pipes that carry it away from homes and businesses. It then flows into creeks and streams, then eventually the Ohio River. Along its journey, this stormwater runoff accumulates soil and pollutants which can harm local waterways. To help maintain safe, clean waterways MSD monitors for pollutants and removes illegal non-stormwater discharges in Jefferson County except for the cities of Anchorage, Jeffersontown, St. Matthews, and Shively which provide their own drainage services.

### Flood Protection

Since 1987, MSD has been responsible for maintaining Louisville Metro's Ohio River Flood Protection System that was built by the U.S. Army Corps of Engineers to keep the river at bay and out of the city. Where creeks and storm drains through the floodwall, gates can be closed to keep the river from flowing up the streams, and large pump stations at the flood pumping stations lift the water from the creeks and pump it into the river. Additional gates and pumping stations keep the river from backing up through storm drains and pipes, pumping stormwater into the river.

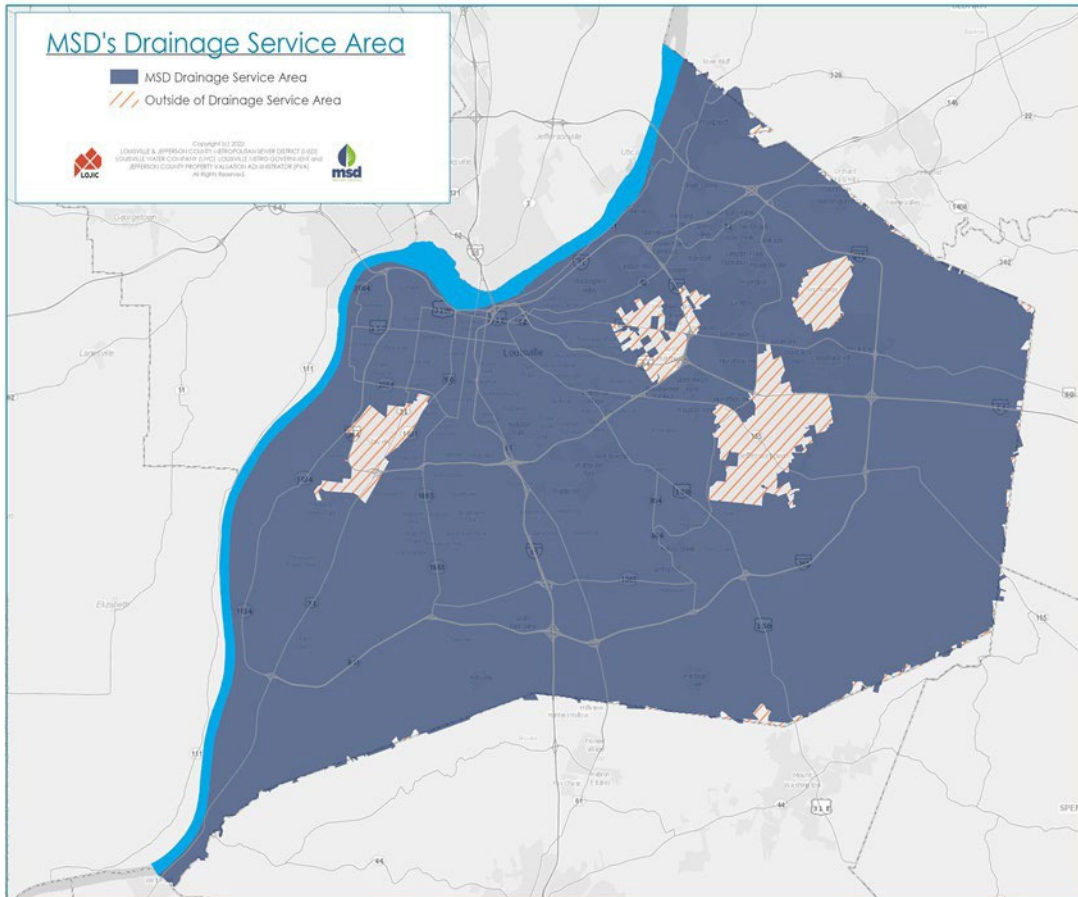
### Wastewater Service Area

MSD operates and maintains a regional wastewater service area including substantially all of Jefferson County and portions of Bullitt and Oldham counties in Kentucky. MSD serves approximately 257,000 customers across the service area. The wastewater system is comprised of five water quality treatment centers, including Morris Forman which is the largest treatment center in Kentucky, and 16 small treatment plants. MSD's plants can treat a total of 205.9 MGD of flow per day. Our collection system is comprised over 3,600 miles of pipe.



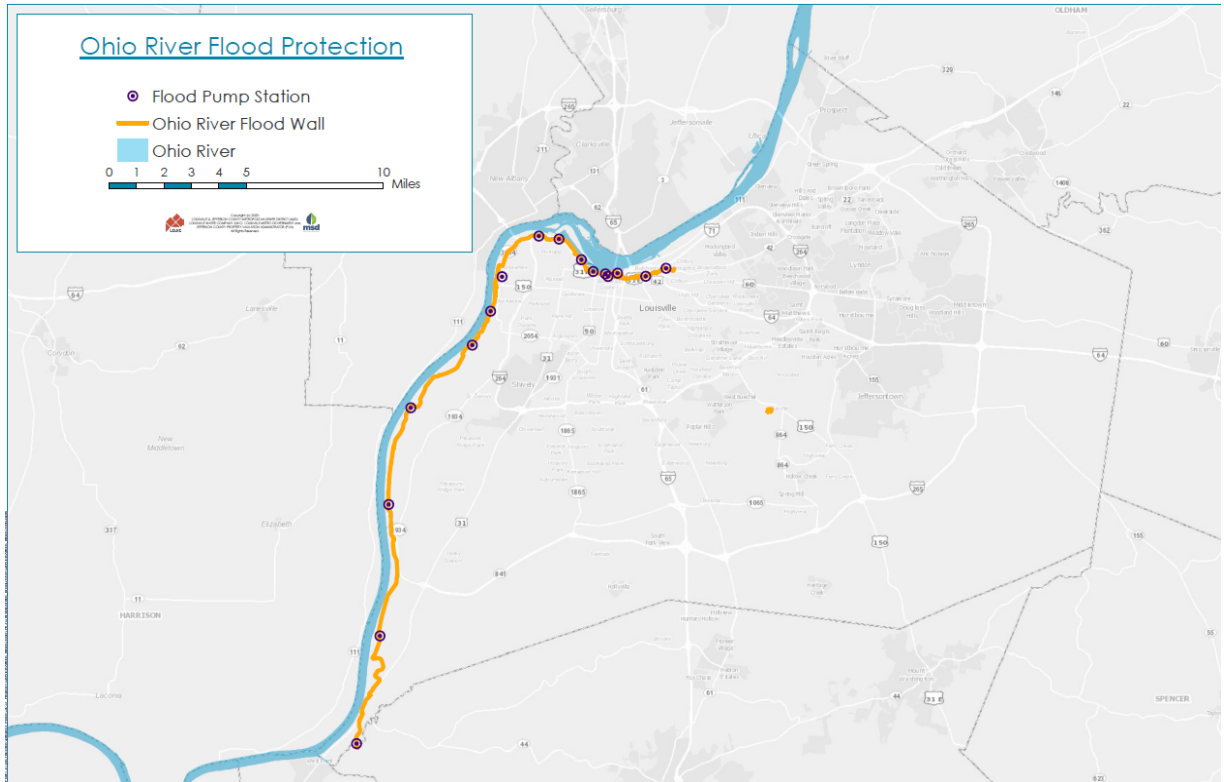
### Drainage Service Area

MSD's drainage service area includes substantially all of Jefferson County except for the cities of Shively, Jeffersontown, St Matthews, and Anchorage. Some portions of Jefferson County have a combined sewer and drainage system but outside of the Watterson Expressway there is a separate drainage system comprised of approximately 1,200 miles of dedicated drainage mains. MSD serves approximately 223,000 drainage customers.



### Flood Protection

MSD maintains Louisville Metro's Ohio River Flood Protection System. The system protects more than 200,000 people, 137,000 structures, and \$34 billion in property throughout 110 square miles of Louisville Metro. It includes 26.1 miles of floodwall and earthen levee, 16 pump stations, nearly 150 floodgates and 79 floodwall closures.



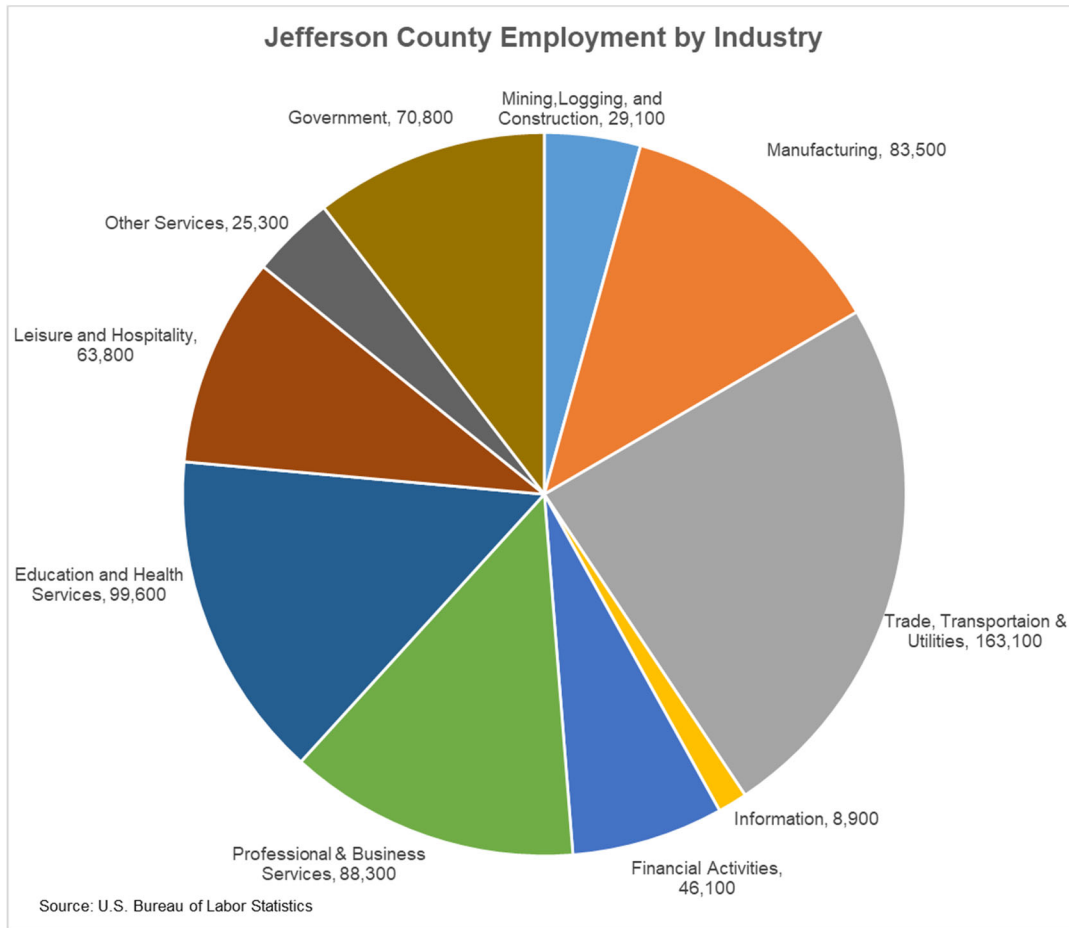
## Program Goals, Objectives, and Performance Measures

The Organizational Performance Management Framework can be broken down into and Division Goals and Program goals. Program goals are specific to each of the three programmatic areas of MSD. Each goal and objective is assigned a performance measure. Following is a list of Program Goals along with the actual performance for fiscal year 2022 and estimated performance for fiscal year 2023:

Program Goals & Objectives Blueprint 2025				
<p>Level 5 Performance significantly above the expected level</p> <p>Level 4 Performance above the expected level</p> <p>Level 3 Expected level of performance</p> <p>Level 2 Performance below the expected level</p> <p>Level 1 Performance significantly below the expected level</p>				
Critical Success Factor	Component	Goal	FY22 Actual	FY23 Estimate
1	1A	Reclaimed Water Effluent Quality	Level 5	Level 5
1	1B	Flood Protection Pump Readiness	Level 5	Level 5
1	2A	Sanitary Pumping Station Capacity Availability	Level 5	Level 3
1	2B	Planned Preventive Maintenance Completion Rate	Level 5	Level 5
1	2C	Systems Inspection Completion Rate	Level 5	Level 4
1	3A	CSF 1 Transformational Initiatives Completed	Level 4	Level 3

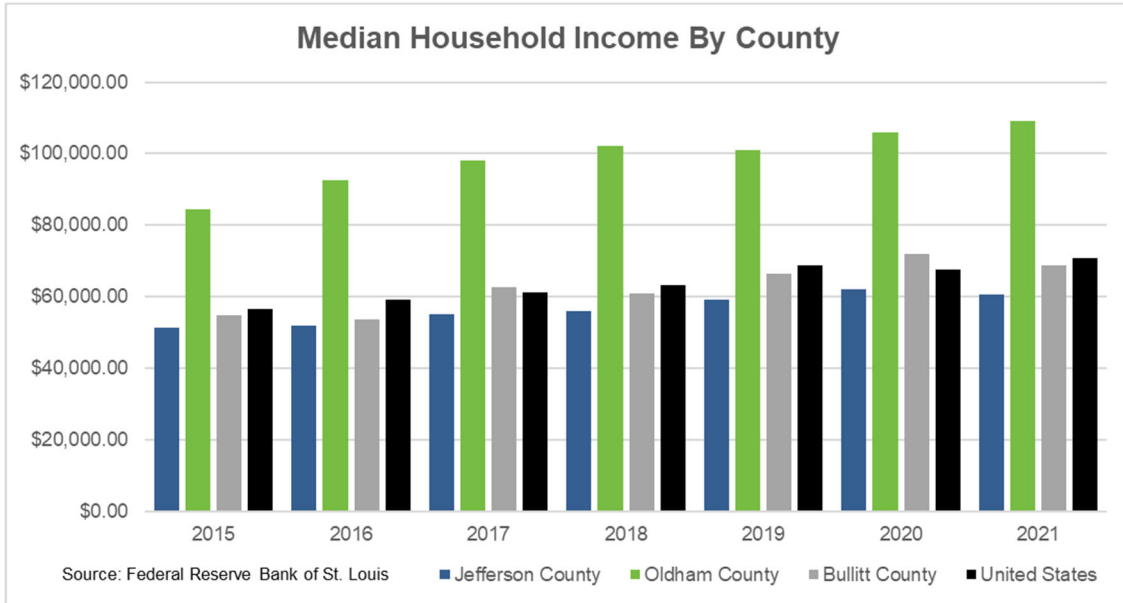
## Demographics

Employment: According to the U.S. Bureau of Labor Statistics, total nonfarm employment in Louisville/Jefferson County was 678,500 in January 2023. The unemployment rate was 3.8 percent. The following chart shows the distribution of employment by industry. Significant 12-month changes include a 7.2 percent increase in manufacturing employment, a 6.3 percent increase in other services employment and 3.8 percent reduction in Information and Financial Activities.

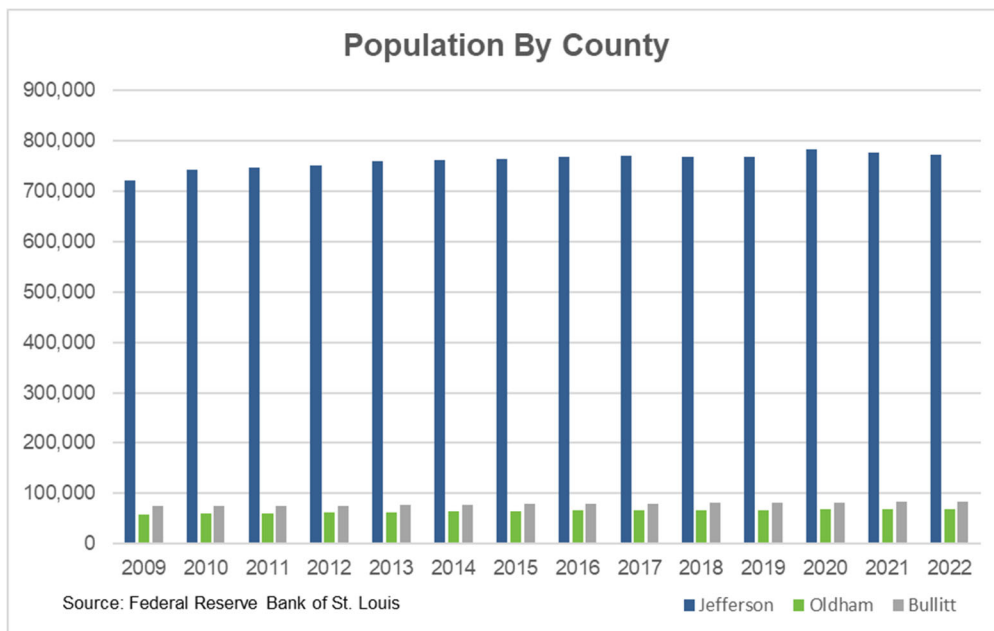




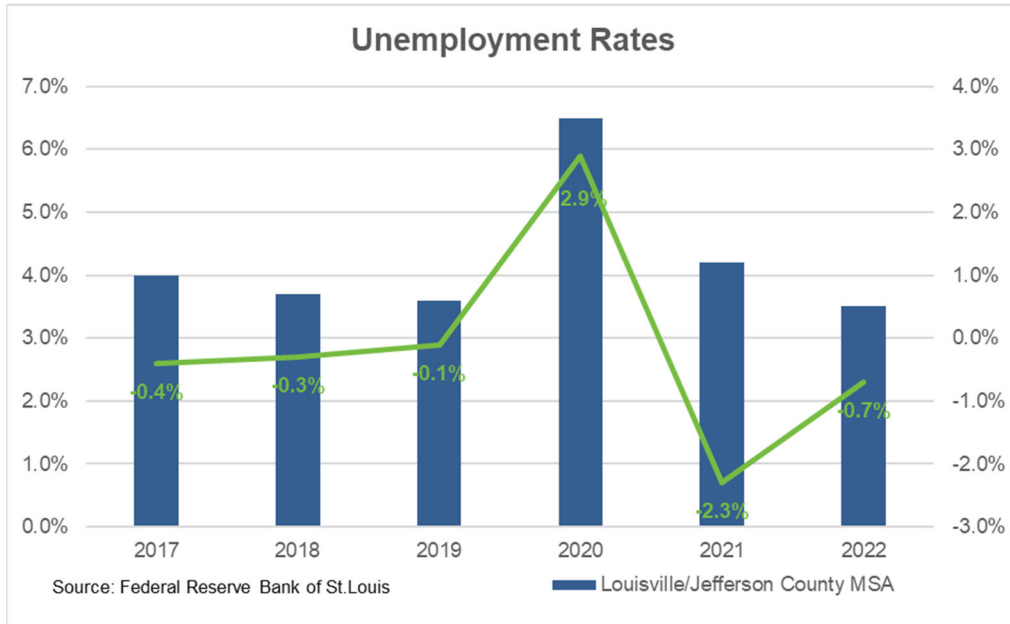
**Median Household Income:** Median Household Income in Jefferson County lags the national average, while Bullitt County remains on pace with the national average. However, Oldham County median household income far outpacing the national average. For 2021, Oldham County median household income was 54.3% higher than the national average. The following data was compiled by the U.S. Bureau of Labor Statistics and retrieved from FRED, Federal Reserve Bank of St. Louis.



**Population:** The following data was compiled by the U.S. Census Bureau and retrieved from FRED, Federal Reserve Bank of St. Louis. Population estimates are updated annually using current data on births, deaths, and migration to calculate population change since the most recent decennial census.

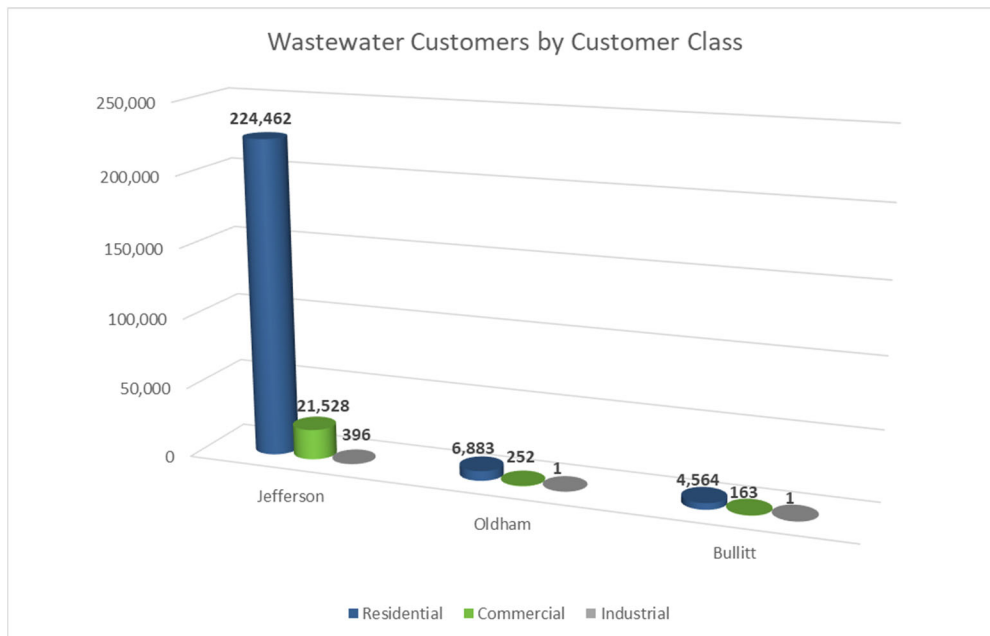


**Unemployment Rate:** The annual unemployment rate in the Louisville/Jefferson County MSA in 2022 was 3.5 percent which is slightly lower than the U.S. average rate at the time, 3.6 percent. The unemployment rate fell 0.7 percent from the prior year as the local economy continues to recover from COVID-19 pandemic-induced unemployment. The following data was compiled by the U.S. Bureau of Labor Statistics and retrieved from FRED, Federal Reserve Bank of St. Louis.



### Customer Composition Statistical Information

MSD classifies wastewater customers into three classes, Residential, Commercial, and Industrial. The following chart shows wastewater customers by county as of March 31, 2023. MSD entered into an operating agreement with the Top Flight HOA Sewer System in Spencer County on November 4, 2021. MSD does not provide billing and collection services for these customers and does not set rates for the system so the Top Flight customer counts are excluded from this chart.



The ten largest Jefferson County wastewater customers based on fiscal year 2022 billings are listed in the table below:

Rank	Customer Name	FY22 Wastewater Billed	Percent Total Wastewater Revenue
1	Heaven Hill Distilleries	\$ 4,219,789	1.56%
2	Lubrizol Advanced Materials	2,751,255	1.02%
3	The Chemours Company FC LLC	1,779,728	0.66%
4	Swift Pork Co.	1,436,251	0.53%
5	Early Times Distillery	1,420,078	0.53%
6	Ford Motor Co.	1,193,083	0.44%
7	Haier US Appliance Solutions	955,585	0.35%
8	Rohm & Haas	783,570	0.29%
9	Ford Motor Co.	744,470	0.28%
10	Clariant Corporation	685,653	0.25%
<b>Total</b>		<b>\$ 15,969,463</b>	<b>5.91%</b>
Total FY22 Wastewater Revenue:		\$ 270,066,040	

The ten largest Oldham County wastewater customers based on fiscal year 2022 billings are listed in the table below:

Rank	Customer Name	FY22 Wastewater Billed	Percent Total Wastewater Revenue
1	Oldham Co Bd of Ed*	106,011	1.48%
2	Prospect Glen Villas Condo*	95,000	1.33%
3	Ridgeway Prop Mgmt LLC*	65,260	0.91%
4	Oldham Co Bd of Ed**	51,179	0.71%
5	Oldham Co High School**	41,514	0.58%
6	Kendall Investments**	40,204	0.56%
7	Oldham Co Bd of Ed**	30,173	0.42%
8	Oldham Co Bd of Ed**	29,881	0.42%
9	Pulte Homes**	24,933	0.35%
10	Gardens of Hunters Ridge HOA*	20,102	0.28%
<b>Total</b>		<b>\$ 504,258</b>	
Total FY22 Wastewater Revenue:		\$ 7,159,024	

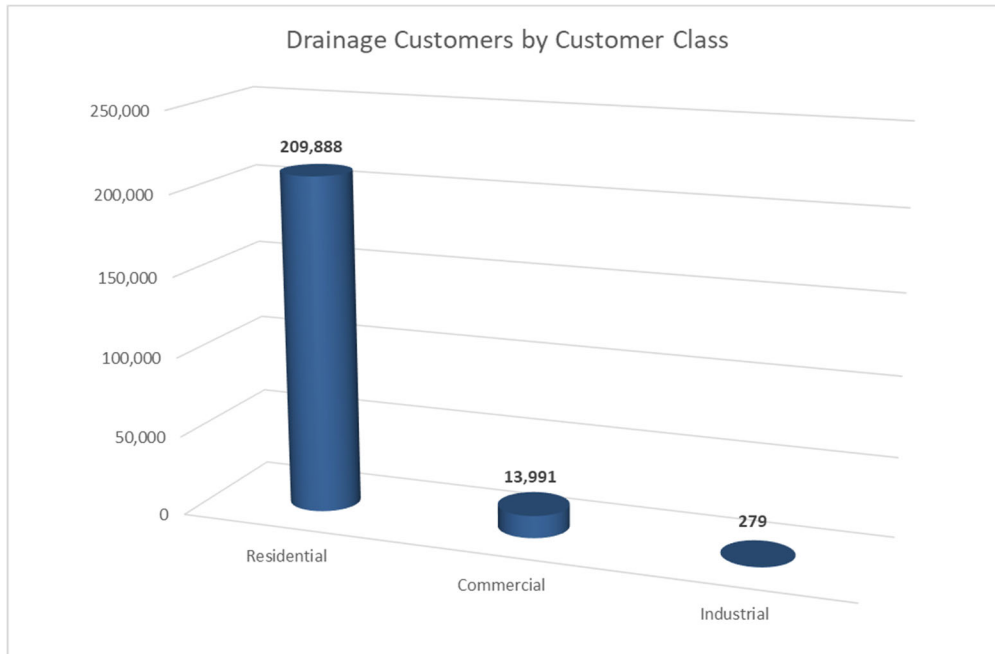
\*Louisville Water customer

\*\*Oldham County Water customer

The ten largest Bullitt County wastewater customers based on fiscal year 2022 billings are listed in the table below:

Rank	Customer Name	FY22 Wastewater Billed	Percent Total Wastewater Revenue
1	Noltemeyer Capital LLLP	281,232	13.04%
2	Sabert Corporation	271,361	12.58%
3	Jewish Hospital	212,582	9.86%
4	A M H C	90,933	4.22%
5	PC Tanyard Park LLC	56,441	2.62%
6	True By Hilton LLC	33,524	1.55%
7	Prologisna2 KY V Gp	28,729	1.33%
8	Hrs Brooks INC	22,114	1.03%
9	Pilot Corporation 356	21,605	1.00%
10	Bullitt Co Bd of Ed	17,452	0.81%
<b>Total</b>		<b>\$ 1,035,971</b>	
Total FY22 Wastewater Revenue:		\$ 2,156,272	

MSD classifies drainage customers into three classes, Residential, Commercial, and Industrial. The following chart shows the distribution of drainage customers in Jefferson County as of March 31, 2023.



The ten largest drainage customers based on fiscal year 2022 billings are listed in the table below:

Rank	Customer Name	FY22 Drainage Billed	Percent Total Drainage Revenue
1	Regional Airport Authority	\$ 1,647,597	1.90%
2	United Parcel Service	1,456,321	1.68%
3	Jeff Co Bd of Ed	865,812	1.00%
4	Ford Motor Co.	456,942	0.53%
5	LIT Industrial Limited Partner	346,273	0.40%
6	Kentucky State Fair Board	321,966	0.37%
7	Regional Airport Authority	320,679	0.37%
8	The University of Louisville Campus	308,517	0.36%
9	Churchill Downs Inc	298,224	0.34%
10	Seaboard System RR-00822	270,786	0.31%
<b>Total</b>		<b>\$ 6,293,118</b>	<b>7.25%</b>
Total FY22 Drainage Revenue:		\$ 86,804,258	

## Budget Process and Policies

### Budget Process

A primary objective of Blueprint 2025 is that critical business activities be performed the same way across MSD Divisions. Development of budget requests is one of those critical business activities. MSD continuously analyzes financial reports and key performance indicators throughout the year to monitor our actual performance. However, the formal budget development process begins in January of each year. Revenue forecasts for the current and up-coming fiscal years are updated by analyzing wastewater and drainage service charge data. Operating expense projections are updated including labor and benefit rates, anticipated changes in pricing for materials and other supplies and operational changes created by the CIP or other factors. Debt service assumptions are validated, and interest rate projections are updated. CIP forecasts are reviewed in order to update assumptions about the timing of debt issuances.

All changes are recorded in MSD's long-term financial model and the effect on key ratios is analyzed to ensure financial objectives and covenants can be met. The model is used to establish revenue requirements for the next fiscal year that provide sufficient funding for MSD to pay 110 percent of our outstanding revenue bond debt service, all operating expenses, all subordinated debt service, and to cash-fund a portion of the annual CIP.

In February, work begins to develop line-item expenditure budgets. For the Operating budget, Budget Preparers are identified for each division and are trained in the use of the software prior to the start of budget development. The Budget and Financial Reporting Manager creates a baseline budget in the budget system by rolling forward the current year budget into the new fiscal year budget template and reloading the current headcount, including vacancies. After the baseline budget is prepared, the budget software will open to Budget Preparers to enter departmental budgets in accordance with the budget calendar. Budget Preparers submit budget requests to their Division Chief in accordance with the budget calendar. The Budget Department schedules budget review meetings with each Division Chief, the Executive Director, and the Chief Financial Officer. Each Division Chief presents their budget request for review and consideration. The final operating budget is approved by the Executive Director and Chief Financial Officer prior to presentation to the Finance Committee.

The Chief Engineer oversees the development of the CIP starting in January. The capital planning process begins with an evaluation of the capital needs of the system, typically identified as part of a comprehensive facilities master plan. The master plan is used to model long-term capital spending needs. A CIP is produced based on the results of the master plan and updated annually. The capital budget process includes meeting with all capital budget stakeholders to discuss priority projects. All ongoing capital projects are reviewed, and a re-assessment is made of funding requirements for the next fiscal year. A five-year project-level budget is prepared and presented to the CIP Management Team. The CIP Management Team is tasked with review of the annual CIP and makes major project and program change decisions. Voting members are the Executive Director, Chief Engineer, Chief of Operations, Chief Strategy Officer for Business Transformation and Regulatory Compliance and the Chief Financial Officer.

In March, updates are made to the Jefferson County preliminary Schedule of Rates, Rentals and Charges including any necessary rate increase based on the revenue requirements identified by the long-term financial model.

In May, the operating budget, CIP budget and the Jefferson & Oldham County preliminary rate resolutions are first presented to the applicable MSD Board Committee and then to the MSD Board for approval. Budgets become final after Board approval. Budgets may be amended during the fiscal year using a similar process. The Jefferson & Oldham County preliminary rate resolutions become final following a sixty-day notification period and final approval by the MSD Board at their July meeting. Bullitt County preliminary rate resolutions follow a similar process but are recommended to the Board in November and become effective January 1 annually.

## Budget Calendar

Fiscal Year 2024 Budget Calendar	
January	Long-term financial model updates are made
January 30 <sup>th</sup>	Line-item CIP development begins Line-item Operating budget development begins
February 24 <sup>th</sup>	Operating budgets due to Chief/Division Director for review
March 6 <sup>th</sup>	Rates, Rental and Charges planning meeting #1
March 10 <sup>th</sup>	Chief/Division Director approval of Operating budgets
March 15 <sup>th</sup> – March 31 <sup>st</sup>	Divisional Operating budget review meetings with Executive Director and CFO
March 28 <sup>th</sup>	Capital budget presentation to CIP Management Team
March 31 <sup>st</sup>	Rates, Rentals and Charges planning meeting #2
April 17 <sup>th</sup>	Rates, Rental and Charges planning meeting #3
April 21 <sup>st</sup>	Executive Director final approval of Operating budget and Rates, Rental and Charges
April 25 <sup>th</sup>	Capital budget presentation to CIP Management Team & approval
May 11 <sup>th</sup>	Budget & Rate recommendations to Joint Finance/Infrastructure Committee
May 22 <sup>nd</sup>	Budget & Rate recommendations to MSD Board

## Rate Setting Process

A preliminary rate resolution is passed by the MSD Board detailing new proposed rates for Jefferson County. Rate increase recommendations more than 4 percent but less than 7 percent require a sixty-day written notice to the Louisville Metro Mayor and Louisville Metro Council prior to final MSD Board approval and implementation. MSD advertises a thirty-day public comment period for the Jefferson County preliminary rate resolution during the month of June. Public comments are received at MSD, summarized, and presented to the Board prior to approval of the final rate resolution. The final rate resolution is voted on by the Board at its July meeting following the expiration of the sixty-day notification requirement. If approved, new rates become effective on August 1 annually. Rate increases in Jefferson County more than 7 percent require Louisville Metro Council approval.

Rates for MSD's Bullitt County wastewater service area are established and governed by the Interlocal Cooperation Agreement between the County and MSD. A preliminary rate resolution is passed by the MSD Board detailing new proposed rates. A thirty-day written notice of the proposed rate change is delivered to the Bullitt County Judge Executive. MSD advertises a thirty-day public comment period for the preliminary rate resolution. Public comments are received at MSD, summarized, and presented to the Board prior to approval of the final rate resolution. The final rate resolution is voted on by the Board at its December meeting. If approved, new rates become effective on January 1 annually.

Rates for MSD's Oldham County wastewater service area are established and governed by the Interlocal Cooperation Agreement between the County and MSD. A preliminary rate resolution is passed by the MSD Board detailing new proposed rates. A sixty-day written notice of a proposed rate change is delivered to the Oldham County Judge Executive. MSD advertises a thirty-day public comment period for the preliminary rate resolution during the month of June. Public comments are received at MSD, summarized, and presented to the Board prior to approval of the final rate resolution. The final rate resolution is voted on by the Board at its July meeting. If approved, new rates become effective on August 1 annually.

## Financial Policies and Standard Operating Procedures

Following is a summary of the financial policies and procedures that are integral to the budget development process at MSD.

#### **Audited Financial Statements Standard Operating Procedure**

- MSD is a component unit of Louisville/Jefferson County Metro Government.
- MSD prepares financial statements in conformity with GAAP.
- MSD uses proprietary fund accounting (enterprise fund). Due to the election as a regulated operation under Governmental Accounting Standards Board (GASB) 62, to meet industry accounting standards and follow transactional intent, MSD uses, as applicable, Accounting Standards Codification (ASC) 980, Regulated Accounting.
- MSD will issue audited financial statements no later than six months following the end of the fiscal year.

#### **Billing and Collection Policy**

- All fees, rates, rentals, charges, and assessments for MSD services shall be established, billed, administered, and collected in accordance with all applicable local, state and federal rules, statutes and regulations.
- Whenever any sewer rates, rentals, or charges for services rendered remain unpaid for a period of 30 days after the same becomes due and payable, MSD shall declare the property, the owner thereof, and the user of the service, delinquent until such time as all sewer rates, rentals and charges are fully paid and may cut off the sewer connection and service.

#### **Budget Framework Standard Operating Procedure**

- MSD will adopt Board-approved budgets prior to the beginning of the fiscal year.
- MSD will follow Louisville Metro Ordinance 50.24 for debt service adjustments in Jefferson County.
- MSD will follow Interlocal agreements for rate adjustments in Bullitt and Oldham counties.

#### **Debt Issuance Policy**

- MSD will incur debt in accordance with federal, state, and local law under an MSD Board authorizing resolution and using only legally authorized debt instruments. The incurrence of senior revenue debt shall first be authorized by the Legislative Council of Louisville Metro Government and Louisville Metro Mayor.
- The incurrence of revenue debt is not subject to statutory debt limitation and is not subject to voter approval, however, may be limited by debt service coverage ratios and other bond provisions contained in bond covenants. It is the policy of MSD to review these limitations prior to authorizing additional bonds. MSD shall seek to structure debt to achieve the lowest cost of capital reasonably available and shall take advantage of opportunities to refinance debt at favorable terms when practical.
- The Finance Division will update the long-term financial model with actual results, forecasts, and other changes on an annual basis. The long-term financial model will be used to develop and evaluate scenarios for funding debt service, operating expenses, and the CIP. The model will be used to support debt financings that are fiscally responsible.

#### **Investment Policy**

- MSD's investment program is operated in conformance with KRS 66.480.
- The MSD Board of Directors, as the governing body, will retain ultimate fiduciary responsibility for all investment portfolios.

#### **Procurement Regulation Policy**

- MSD procurement activities are governed by KRS 45A.345 – KRS 45A.460.
- It is the policy of the MSD Board to ensure maximum practicable competition in all procurement activities.

#### **Reserve Policy**

- MSD will maintain an unrestricted reserve in the Revenue Fund equal to at least 150 days of annual Operating and Maintenance expenses.
- MSD will establish and maintain a Renewal and Replacement account.



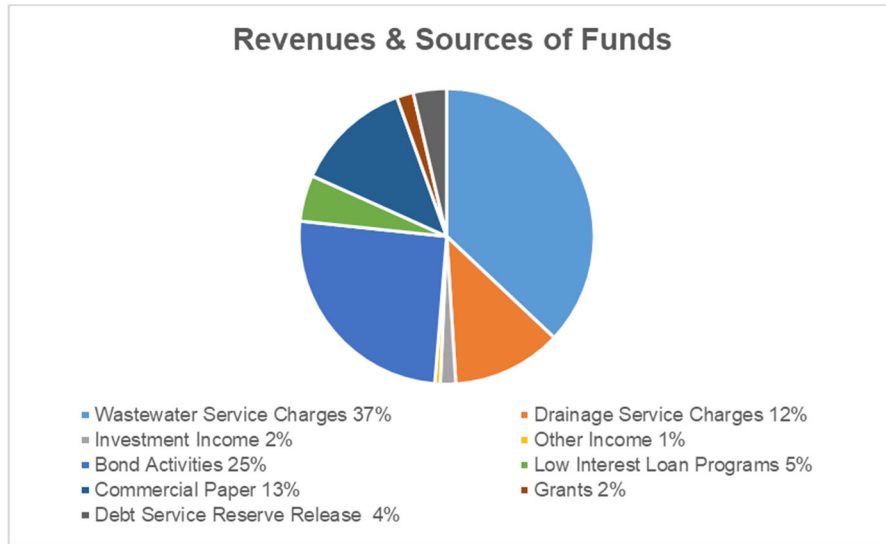
## Budget Summary

The fiscal year 2024 budget is \$820.8 million or \$274.5 million more than fiscal 2023. Details of the operating, CIP, and debt service budgets can be found in the corresponding sections of this document.

<b>Budget Summary</b>				
<i>Dollars in 000's</i>				
	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Budgeted</b>
	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>Difference</b>
<b>Revenues &amp; Sources of Funds</b>				
Wastewater Service Charges	\$ 270,066	\$ 282,644	\$ 303,835	\$ 21,191
Drainage Service Charges	86,804	91,599	98,524	6,925
Investment Income	8,877	11,526	13,754	2,228
Other Income	9,080	5,050	4,900	(150)
Unspent Bond Proceeds	-	34,000	-	(34,000)
Proceeds from Bond Activities	251,877	6,540	208,257	201,717
Proceeds from Low Interest Loan Programs	8,600	7,965	41,600	33,635
Proceeds from Commercial Paper	115,000	107,000	105,000	(2,000)
Proceeds from Grants	2,957	-	15,000	15,000
Debt Service Reserve Release	1,198	-	30,000	30,000
Cash on Hand	-	-	-	-
<b>Total Revenue &amp; Source of Funds</b>	<b>\$ 754,459</b>	<b>\$ 546,324</b>	<b>\$ 820,870</b>	<b>\$ 274,546</b>
<b>Expenses &amp; Uses of Funds</b>				
Salaries & Labor Related Overhead	\$ 81,552	\$ 90,698	\$ 91,197	\$ 499
Operating & Maintenance Expenses	79,592	85,970	93,820	7,850
Senior Debt Service	138,389	144,578	144,597	19
Subordinate Debt Service	24,303	27,711	32,298	4,587
Defeasance of Commercial Paper	215,000	-	200,000	200,000
Capital Improvement Program (CIP)	163,869	195,306	255,308	60,002
Unspent Bond Proceeds	33,157	-	-	-
Cash Reserve	18,597	2,061	3,650	1,589
<b>Total Expense &amp; Use of Funds</b>	<b>\$ 754,459</b>	<b>\$ 546,324</b>	<b>\$ 820,870</b>	<b>\$ 274,546</b>

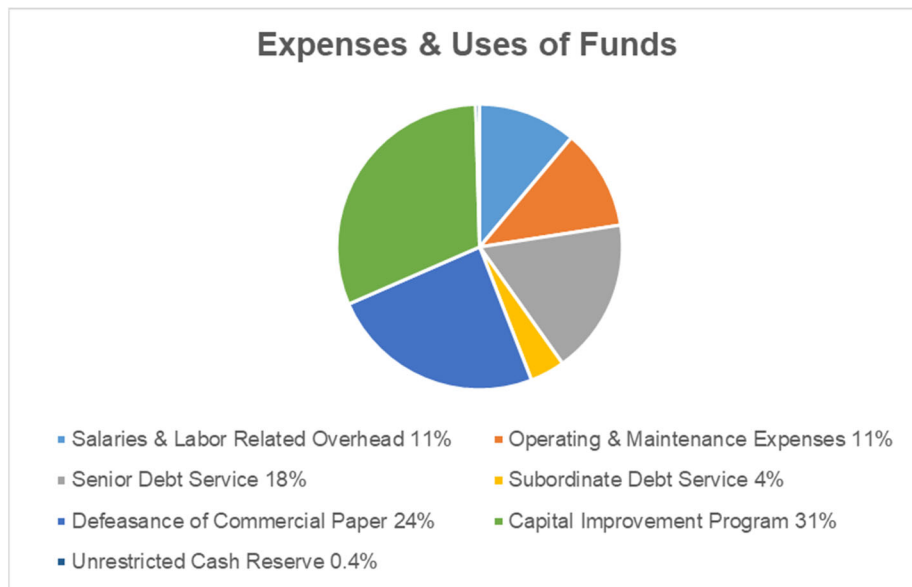
## Revenue & Sources of Funds

The chart below shows budgeted revenue and sources of funds. Budgeted user service charges are \$402.3 million, or 49 percent, of the revenue and sources of funds. Capital related sources of funds total \$399.8 million, or 49 percent.



## Expenses & Uses of Funds

The chart below shows budgeted expenses and uses of funds. The Operating budget totals \$185 million, or 23 percent. The CIP totals \$255.3 million, or 31 percent. Debt service totals \$176.8 million, or 32 percent.



## Fiscal Year

MSD's fiscal year runs from July 1 through June 30. Fiscal year 2024 begins July 1, 2023, and ends June 30, 2024.

## Basis of Accounting

MSD's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. MSD follows GASB Pronouncements as codified under GASB 62, including electing to report as a regulated operation. MSD uses proprietary fund accounting (enterprise fund). Due to the election as a regulated operation under GASB 62, to meet industry accounting standards and follow transactional intent, MSD uses, as applicable, ASC 980, Regulated Accounting.

The sewer and drainage system owned and operated by MSD is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the system are included on the Statement of Net Position. Total net position is segregated into net investment in capital assets, restricted for payment of bond principal and interest and unrestricted. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. MSD utilizes the accrual basis of accounting wherein revenues are recorded when earned and expenses are recorded at the time the liability is incurred.

## Basis of Budgeting

MSD prepares its budget on a modified accrual basis. Revenues are recognized when earned and expenses are recognized when the liability is incurred. Proceeds from debt are treated like revenues and identified as a source of funds. Depreciation and other non-cash expenses such as GASB 68 (pension) and GASB 75 (OPEB) are not included in the budget. Capital expenditures and principal payments on debt are treated as expenses.

## Key Assumptions

- 85 percent of the rate increase for wastewater service is assumed to be realized.
- MSD's required contributions to the County Employee Retirement System (CERS) for fiscal year 2024 decreased from 26.79 percent to 23.34 percent.
- Health Insurance reflects a 9 percent premium increase.
- Salaries and wages expense for vacant positions includes a salary salvage component based on historical trend.
- Inflationary impacts to chemicals, and contractual services in the operating budget have been assessed using the applicable CPI or PPI price index.

## Financial Key Performance Indicators

MSD has established and documented a set of financial key performance indicators (KPIs) that are used to guide budgetary decisions. Actual KPI results for fiscal year 2022 along with target KPIs for fiscal year 2023 and 2024 are shown in the following table.

**Financial Management & Administration  
Performance Measures Dashboard**

The Key Performance Indicator (KPI) is a select set of performance indicators that, when taken together, provide a snapshot of the well-being of MSD. Prior year trend information is provided for reference. All KPIs are aligned with EPA's Effective Utility Management Practices for financial viability. Practice areas are Accounting, Auditing and Financial Reporting (AAFR), Budget and Fiscal Policy (BFP), and Debt Management (DM).

KPI	EUM Alignment	FY22 Actual	FY23 Target	FY24 Target
Days Cash	BFP	269	238	243
Return on Assets	BFP	Level 3	Level 3	Level 3
PAYGO Target	DM	17.6%	21.0%	22.0%
Bond Rating	DM	Level 4	Level 4	Level 4
Debt Service Coverage (Total Debt)	DM	1.56	1.48	1.58
Debt to Operating	DM	5.93	5.66	5.63
Debt to Capitalization	DM	74.0%	74.0%	74.0%
Net Leverage	DM	10.6	10.4	10
Debt per Capita	DM	\$ 3,469	\$ 3,469	\$ 3,554
System Renewal/Replacement Rate	BFP	5.2%	5.2%	5.2%
Customer Assistance Program (\$)	BFP	\$ 1,141,629	\$ 1,100,000	\$ 1,200,000
Crisis Assistance Program (\$)	BFP	\$ 19,671	\$ 500,000	\$ 500,000

**Funds Description and Structure**

Revenue Fund: MSD's general, operating Revenue Fund. All revenues are deposited in this fund and are used to pay all MSD expenses except for bond issuance costs. It is MSD's practice to use revenue from operations to finance construction and to reimburse the Revenue fund from the Construction and Acquisition fund. MSD may, for accounting or allocation purposes, establish one or more additional or subaccounts within the Revenue Fund. MSD maintains separate Revenue funds for Bullitt and Oldham counties.

Debt Service Fund: The Debt Service Fund is authorized by MSD's Sewer and Drainage System Bond Resolution and used to hold the monthly sinking fund installments of the annual principal and interest due on MSD's outstanding revenue bonds.

Debt Service Reserve Fund: MSD's General Bond Resolution sets a debt service reserve requirement equal to at least 10 percent of the face amount of all bonds issued under the resolution, 100 percent of the maximum aggregate net debt service in the current or any future fiscal year or 125 percent of the average aggregate net debt service in the current or any future fiscal year. MSD funds its debt service reserve at 100 percent of the maximum aggregate net debt service in the current or any future fiscal year. The General Bond Resolution allows, in lieu of cash and investments in that amount, a letter of credit or policy of bond insurance payable in the required amount. The cash portion of the reserve requirement is held in the Debt Service Reserve fund.

Construction Fund: Construction Funds are authorized by MSD's Sewer and Drainage System Bond Resolution and Program Note Resolution and are typically used to hold debt proceeds until needed for their intended use.

Operating Reserve Fund: It is MSD's practice to maintain unrestricted cash and cash equivalents in reserve in the Revenue Fund equal to at least 150 days of annual Operating and Maintenance expenses. Amounts more than the minimum will be considered for contingencies.

Renewal and Replacement Fund: The Renewal and Replacement fund is authorized by the MSD's Sewer and Drainage System Bond Resolution. Monies in the Renewal and Replacement Account may be applied to the cost of major replacements, repairs, renewals, maintenance, betterments, improvements,

reconstructions, or extensions of MSD’s systems as determined by the MSD Board. MSD may, for accounting or allocation purposes, establish one or more additional or subaccounts within the Revenue and Replacement Fund

## Revenue

### Revenue Requirements

Pursuant to the provisions of Chapter 76 of the Kentucky Revised Statutes, MSD has adopted a Revenue Bond Resolution (the Resolution) and has pledged to the payment of the principal and interest on outstanding revenue bonds all revenues of the system. MSD has covenanted, pursuant to the Resolution, to fix, establish, maintain and collect rates, fees, rents and charge for services of the system so that Available Revenues are sufficient for each fiscal year to pay the sum of (i) 110% of aggregate net debt service for such fiscal year; (ii) the amount, if any, to be paid into the Reserve Account of the bond fund; (iii) all operating expenses for such fiscal year as estimated in the annual budget; (iv) an amount equal to the debt service on senior subordinated debt and any other subordinated debt of such fiscal year; and (v) amounts necessary to pay and discharge all liens payable out of Available Revenues when due and enforceable. The Resolution defines Available Revenues as “revenues from all rates, rents and charges and other operating income, any other amounts received from any other source and pledged as security for the payment on bonds, and interest received or to be received on any moneys or securities held pursuant to the Sewer and Drainage System Bond Resolution”.

Wastewater and drainage service charges make up the largest component of Available Revenues, but it also includes Other Operating Income, the current portion of assessment payments and Non-Operating Income. Other Operating Income consists of fees for various services and fines assessed. Major categories of Other Operating Income include capacity charges, inspection fees, inflow & infiltration fees, and regional facility fees. Current assessment payments represent the portion of MSD’s assessment loans that are due and receivable in the current fiscal year. Non-operating income consists of investment income earned on MSD’s operating and debt service reserve accounts and the federal interest subsidy on MSD’s Build America Bonds.

Following is the budgeted Available Revenues for fiscal year 2024.

<b>Available Revenues</b>	
<b>Combined Service Area</b>	
<i>Dollars in 000's</i>	
	<b>FY24 Budget</b>
Wastewater Service Charges	\$ 303,835
Drainage Service Charges	98,524
Other Operating Income	4,500
Current Portion of Assessments	400
Investment Income	2,768
Build America Bond Subsidy	10,986
<b>Total Available Revenues</b>	<b>\$ 421,013</b>

### Historical Available Revenues

The following table provides a five-year history of Available Revenues along with forecast data for fiscal year 2023 and budget data for fiscal year 2024.

<b>Historical Available Revenues</b>							
<i>Dollars in 000's</i>							
	FY18	FY19	FY20	FY21	FY22	FY23 F	FY24 B
Revenues							
Service Charges	\$ 274,504	\$ 289,173	\$ 312,859	\$ 325,717	\$ 356,870	\$ 378,971	\$ 402,359
Other Operating Income	4,645	5,195	6,198	3,701	8,497	6,520	4,500
Assessments	1,232	1,258	909	799	583	400	400
Investment Income	16,531	18,692	15,600	12,175	8,877	13,000	13,754
<b>Total Available Revenues</b>	<b>\$ 296,912</b>	<b>\$ 314,318</b>	<b>\$ 335,566</b>	<b>\$ 342,392</b>	<b>\$ 374,827</b>	<b>\$ 398,891</b>	<b>\$ 421,013</b>

### Jefferson County Fiscal Year 2024 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, 2023, the debt service coverage ratio was 0.96 percent. Following is the Metro Ordinance Debt Service Coverage calculation for the period of October 1, 2022, through March 31, 2023.

<b>Metro Ordinance Debt Service Coverage Calculation</b>		
<i>Dollars in 000's</i>		
	October 2021 - March 2022	October 2022 - March 2023
Revenues	\$ 175,509	\$ 185,389
Operating Expenses	(78,605)	(80,896)
Subordinate Debt Service	(10,966)	(10,093)
<b>Net Revenues</b>	<b>\$ 85,938</b>	<b>\$ 94,400</b>
Bond Principal Maturities	\$ 51,480	\$ 52,880
Bond Interest Expense	42,717	45,805
<b>Net Debt Service</b>	<b>\$ 94,197</b>	<b>\$ 98,685</b>
<b>Metro Ordinance Debt Service Coverage Ratio</b>	<b>0.91</b>	<b>0.96</b>

On May 22, 2023, the MSD Board approved a preliminary rate resolution amending MSD's fiscal year 2023 Schedule of Rates, Rentals, and Charges for Jefferson County. The proposed fiscal year 2024 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. This rate increase is necessary to produce available revenues to MSD sufficient for the payment of interest on and principal of all revenue bonds and other debt of the district, the expenses of operating and maintaining the sewer and drainage system, and for the payment of capital improvements to the system. The preliminary rate resolution was posted on the MSD website at [LouisvilleMSD.org/Rates](http://LouisvilleMSD.org/Rates) and notice of the rate increase was published in the Courier Journal on June 1, 2023. MSD will accept written comments on the preliminary rate resolution until June 30, 2023. Comments from the public will be delivered to the MSD Board on July 24, 2023, at which time the Board will consider adoption of a final rate resolution.

MSD defines an average residential customer as a single-family household that uses 4,000 gallons of water per month. The monthly wastewater bill for the average residential customer in Jefferson County will increase on August 1, 2023, from \$57.75 to \$61.73 or by \$3.98. The monthly residential drainage charge will increase from \$12.47 to \$13.33 or by \$0.86. The total monthly increase for the average residential customer is \$4.84.

<b>Average Monthly Residential Bill</b>		
<b>Jefferson County Service Area</b>	<b>8/1/2022</b>	<b>8/1/2023</b>
Wastewater	\$ 57.75	\$ 61.73
Drainage	12.47	13.33
<b>Total</b>	<b>\$ 70.22</b>	<b>\$ 75.06</b>
Monthly Wastewater Increase	\$ 2.76	\$ 3.98
Monthly Drainage Increase	0.59	0.86
<b>Total Monthly Increase</b>	<b>\$ 3.35</b>	<b>\$ 4.84</b>

### Oldham County Fiscal Year 2024 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. A preliminary rate resolution for fiscal year 2024 was drafted to generate sufficient revenue to maintain debt service coverage, to continue the proper operation and maintenance of MSD's existing sewerage system in Oldham County, and to pay for the cost of capital improvements to the system.

On May 22, 2023, the MSD Board approved the preliminary rate resolution amending MSD's fiscal year 2023 Schedule of Rates, Rentals, and Charges for Oldham County. The proposed fiscal year 2024 rate schedule includes a 5 percent rate increase in wastewater charges. The preliminary rate resolution was posted on the MSD website at [LouisvilleMSD.org/Rates](http://LouisvilleMSD.org/Rates) and notice of the rate increase was published in the Oldham Era on June 1, 2023. MSD will accept written comments on the preliminary rate resolution until June 30, 2023. Comments from the public will be delivered to the MSD Board on July 24, 2023, at which time the Board will consider adoption of a final rate resolution.

The monthly wastewater bill for the average residential customer in Oldham County will increase on August 1, 2023, from \$71.12 to \$74.68 or by \$3.56.

<b>Average Monthly Residential Bill</b>		
<b>Oldham County Service Area</b>	<b>8/1/2022</b>	<b>8/1/2023</b>
Wastewater	\$ 71.12	\$ 74.68
<b>Total</b>	<b>\$ 71.12</b>	<b>\$ 74.68</b>
Monthly Wastewater Increase/Decrease	\$ (8.00)	\$ 3.56
<b>Total Monthly Increase/Decrease</b>	<b>\$ (8.00)</b>	<b>\$ 3.56</b>

### Bullitt County Fiscal Year 2024 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. A preliminary rate resolution for fiscal year 2024 will be drafted to generate sufficient revenue to maintain debt service coverage, to continue the proper operation and maintenance of MSD's existing sewerage system in Bullitt County, and to pay for the cost of capital improvements to the system.

The preliminary rate resolution amending MSD's fiscal year 2023 Schedule of Rates, Rentals and Charges for Bullitt County will be taken up by the MSD Board in November of 2023. The proposed fiscal year 2024 rate schedule will include a 12 percent increase in wastewater charges. The preliminary rate resolution will

be posted on the MSD website at [LouisvilleMSD.org/Rates](http://LouisvilleMSD.org/Rates) and notice of the rate increase will be published in the Courier Journal and Pioneer News. MSD will accept written comments on the preliminary rate resolution for a period of 30 days. Comments from the public will be delivered to the MSD Board at the December 2023 Board meeting, at which time the Board will consider adoption of a final rate resolution.

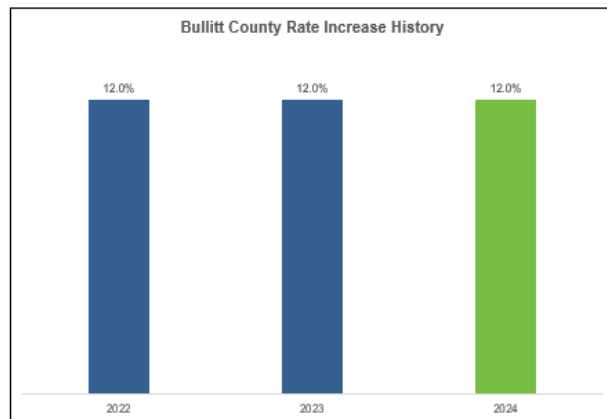
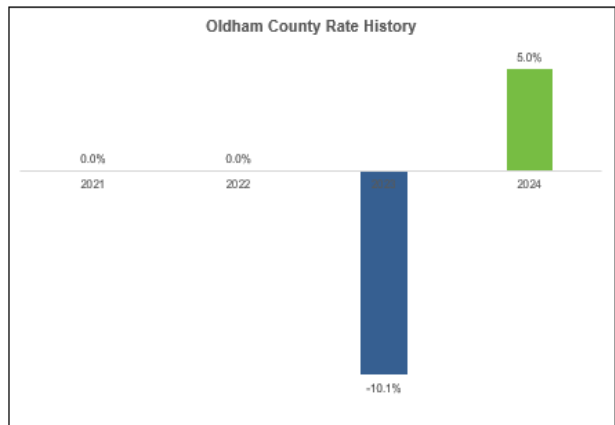
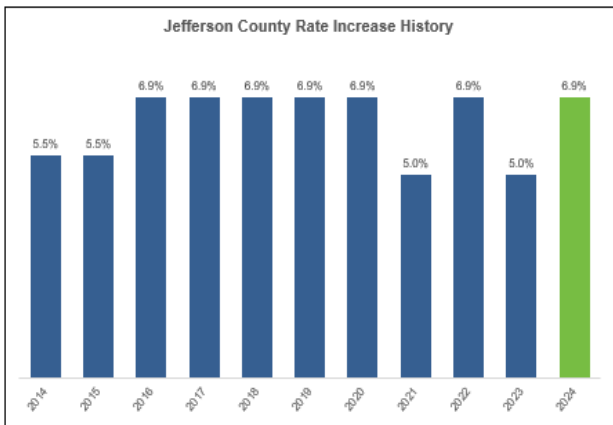
The monthly wastewater bill for the average residential customer in Bullitt County will increase on January 1, 2024, from \$63.04 to \$70.60 or by \$7.56.

<b>Average Monthly Residential Bill</b>		
<b>Bullitt County Service Area*</b>	<b>1/1/2023</b>	<b>1/1/2024</b>
Wastewater	\$ 63.04	\$ 70.60
<b>Total</b>	<b>\$ 63.04</b>	<b>\$ 70.60</b>
Monthly Wastewater Increase	\$ 6.76	\$ 7.56
<b>Total Monthly Increase</b>	<b>\$ 6.76</b>	<b>\$ 7.56</b>

\*Rates vary for Big Valley & Hunters Hollow through 1/1/2026

### Rate Increase History

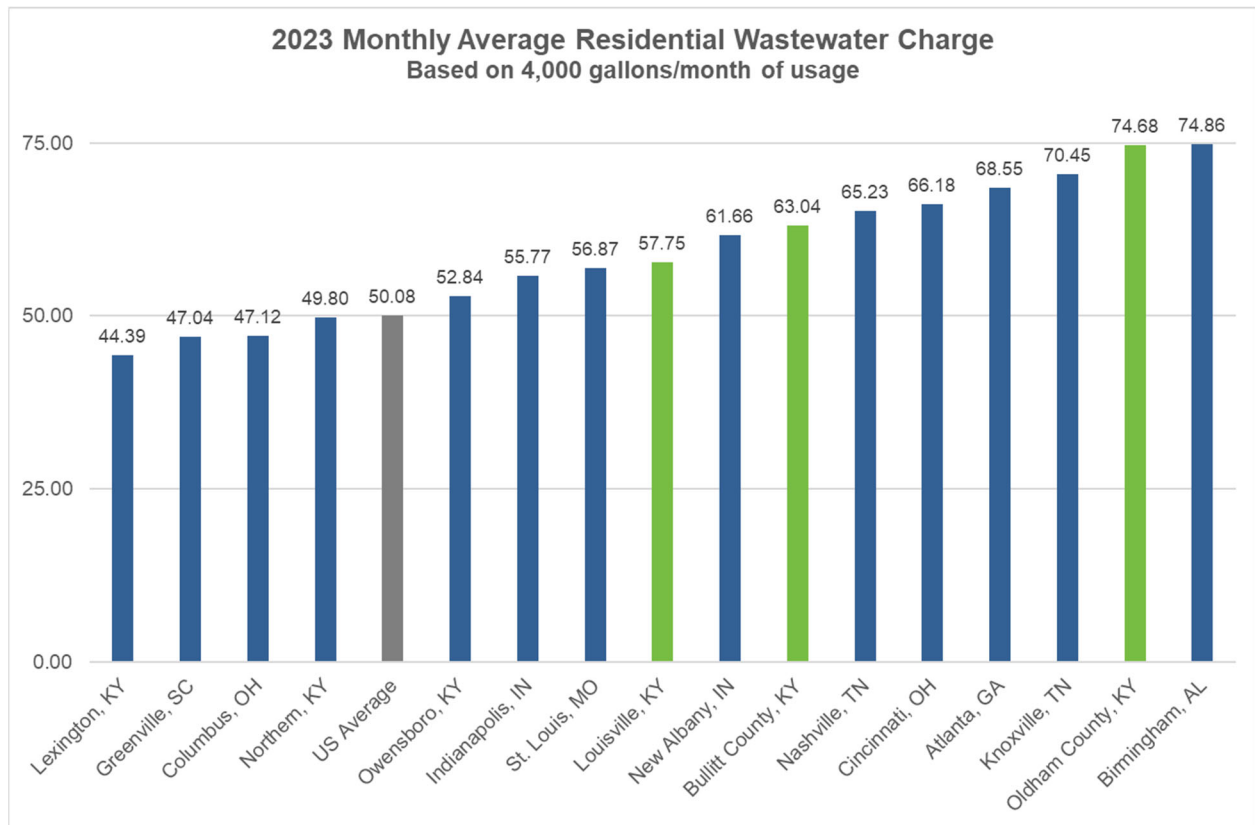
The following tables shows a 10-year history of rate increases along with the fiscal year 2024 preliminary rate increases.





## Rate Comparability

The National Association of Clean Water Agencies (NACWA) collects data from around the country on wastewater rates. Based on information collected as of January 1, 2023, MSD's Jefferson County wastewater rates remain comparable to area regional cities like Indianapolis and St. Louis.



## Customer Affordability

MSD recognizes that affordability of the essential services it provides is a concern for many. We have implemented the following programs to aid the most vulnerable in our community. MSD expects to provide over \$1,800,000 in total customer assistance in fiscal year 2024.

### EWRAP

MSD implemented the Emergency Wastewater Rate Assistance Program (EWRAP) on August 1, 2020. EWRAP provides a 30 percent discount on MSD wastewater services to customers with a total household income at or below 150 percent of the federal poverty line. Customers cannot qualify for both the Senior Discount and EWRAP discount. The fiscal year 2024 EWRAP program begins on October 1, 2023. Once a customer is approved for EWRAP, the discount will continue through September 30, 2024. Applications require household information and income verification. Program participants must re-apply for the discount annually. MSD has budgeted \$500,000 in funding for EWRAP in fiscal year 2024.

### Senior Citizens Discount

MSD offers a Senior Citizens discount program for customers that are 65 years or older with an annual income of \$35,000 or less. Qualifying customers receive a 30 percent discount on wastewater services. Customers cannot qualify for both the Senior discount and EWRAP discount. Applications require household information and income verification. Program participants must re-certify periodically. MSD has budgeted \$1,200,000 in funding for the Senior Citizens discount in fiscal year 2024.

### Drops of Kindness

MSD customers can access additional payment assistance through our partnership with Louisville Water.

Drops of Kindness is an umbrella assistance program that encompasses both MSD discount programs along with the Louisville Water Foundation, federal and state utility funds (when available), and residential customer payment plans through Promise Pay. The Louisville Water Foundation provides water and wastewater funding assistance to the Association of Community Ministries, Tri-County Community Action Partnership, Multi-Purpose Community Action Agency, and Neighbor Helping Neighbor. MSD has budgeted a \$150,000 donation to the Louisville Water Foundation in fiscal year 2024. Drops of Kindness can be accessed by visiting [Drops of Kindness](#).

Questions about our customer assistance programs can be directed to [revenuegroup@louisvillemad.org](mailto:revenuegroup@louisvillemad.org).

## Operating Budget

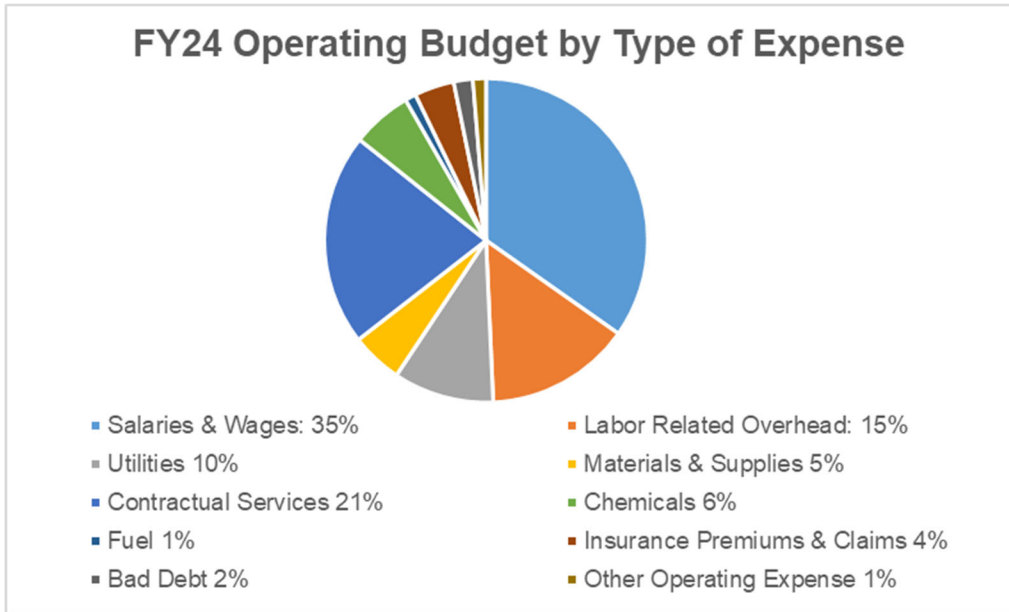
MSD's operating budget provides funding to operate and maintain its wastewater, drainage, and flood protection systems.

### Operating Budget Summary

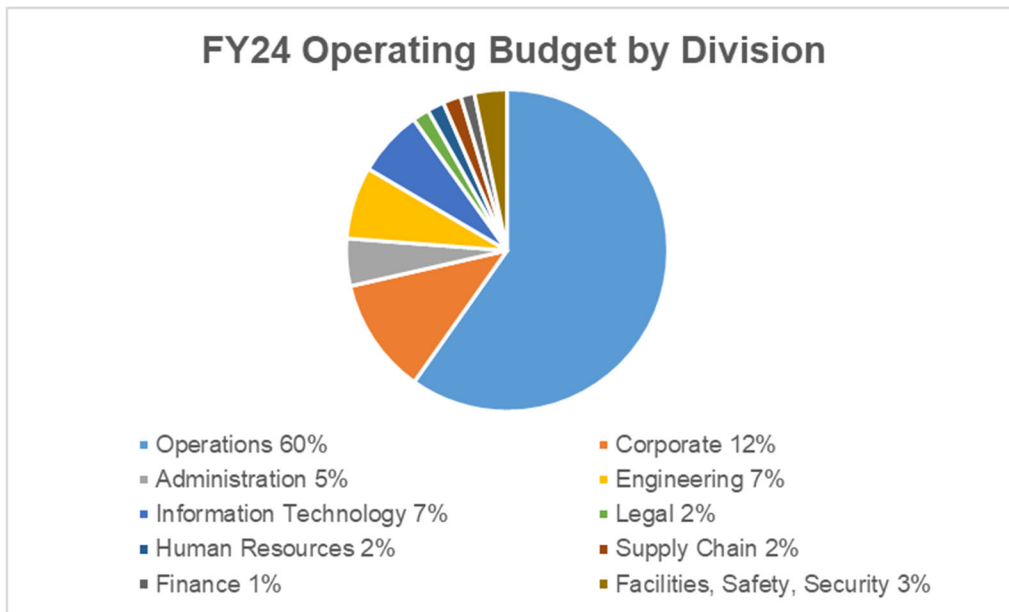
Following is a summary of the total Board-approved fiscal year 2024 operating budget.

<b>FY24 Operating Budget Request</b>						
<i>Dollars in 000's</i>						
<b>Combined Service Area</b>						
	<b>FY23 Budget</b>	<b>FY23 Forecast</b>	<b>FY24 Budget</b>	<b>Budget/ Budget</b>	<b>Budget/ Forecast</b>	
Salaries & Wages	\$ 61,871	\$ 59,293	\$ 64,303	4%	8%	
Labor Related Overhead	28,827	26,432	26,894	-7%	2%	
<b>Total Salary &amp; LRO</b>	<b>90,698</b>	<b>85,725</b>	<b>91,197</b>	<b>1%</b>	<b>6%</b>	
Utilities	17,696	18,213	18,612	5%	2%	
Materials & Supplies	8,831	8,906	9,522	8%	7%	
Contractual Services	36,098	32,552	39,212	9%	20%	
Chemicals	9,255	8,032	11,133	20%	39%	
Fuel	2,116	1,852	2,050	-3%	11%	
Insurance Premiums & Claims	6,278	6,981	7,335	17%	5%	
Bad Debt	3,535	4,169	3,527	0%	-15%	
Other Operating Expense	2,161	2,180	2,429	12%	11%	
<b>Total O&amp;M</b>	<b>85,970</b>	<b>82,885</b>	<b>93,820</b>	<b>9%</b>	<b>13%</b>	
<b>Total Operating Budget</b>	<b>\$ 176,668</b>	<b>\$ 168,610</b>	<b>\$ 185,017</b>	<b>5%</b>	<b>10%</b>	

Labor and labor related overhead represent 50 percent of the operating budget and these expenses are increasing 1 percent in total, budget-to-budget. Operating and maintenance expenses represent 50 percent of the operating budget and are increasing 9 percent in total, budget-to-budget.



The Operations division represents 60 percent of the total fiscal year 2024 operating budget, which is consistent with fiscal year 2023.



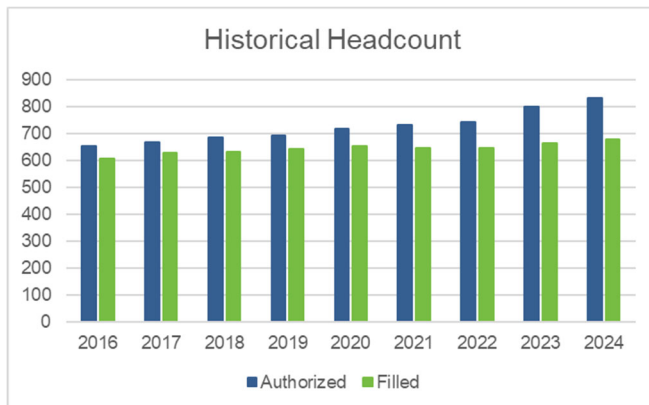
## Labor

MSD budgets for authorized headcount considering vacancy rates, performance and contractual pay adjustments, and reclassifications. MSD has contracts with two labor unions; LIUNA which represents 174 authorized positions (20.9 percent) and NAGE which represents 169 authorized positions (20.3 percent). The table to the right breaks down the total authorized headcount by division and department.

At the time of budget development there were 152 vacation positions at MSD as shown in the following table.

FY24 Budget Vacancies by Division	
Administration	12
Engineering	13
Finance	3
Facilities, Safety & Security	12
Human Resources	2
Information Technology	6
Legal	3
Operations	97
Supply Chain & Economic Inclusion	4
<b>Total Vacant Positions</b>	<b>152</b>

Historical authorized and filled positions at the end of each fiscal year and for the beginning of fiscal 2024 are shown below.

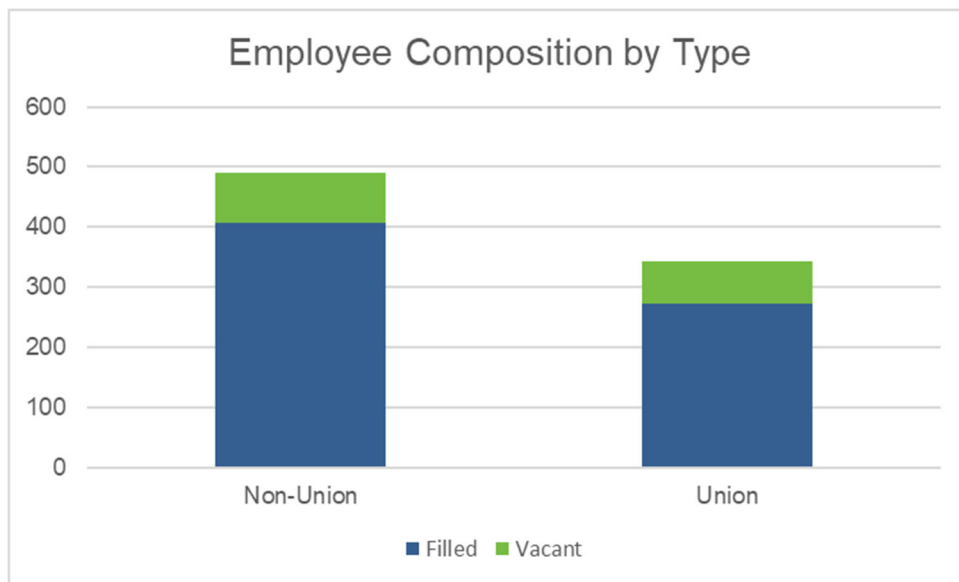
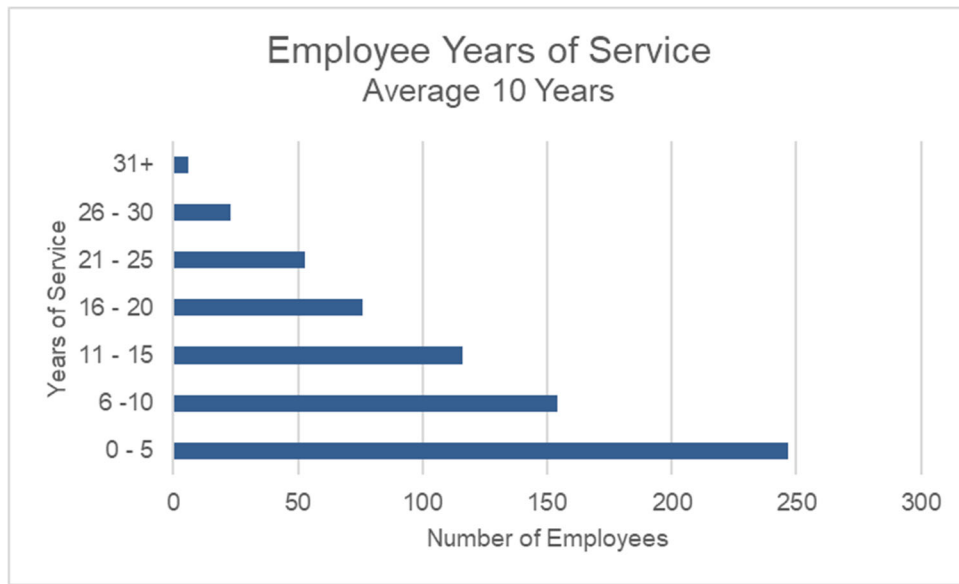


## Labor Related Overhead

Labor-related overhead includes all employer-paid payroll taxes as well as benefits including medical, dental and vision insurance and employer-paid pension contributions. MSD budgeted for a 9 percent increase in employer-paid medical insurance premiums. MSD employees participate in the County Employees Retirement System (CERS). Employer-paid contributions for fiscal 2024 are 23.3 percent of eligible employee creditable compensation.

FY24 Authorized Headcount by Division	
<b>Administration</b>	
Community Benefits & Partnerships	8
Corporate	1
Customer Relations	21
Executive Office	2
Government & Public Affairs	7
Innovation	5
Internal Audit	4
Records & Information Governance	9
<b>Total</b>	<b>57</b>
<b>Engineering</b>	
Administration	1
Capital Program Controls	2
Development & Stormwater Services	33
Regulatory Compliance, Records & GIS	15
Technical Services	51
<b>Total</b>	<b>102</b>
<b>Finance</b>	
Administration & Budget	6
General Accounting	7
Revenue	8
<b>Total</b>	<b>21</b>
<b>Facilities, Safety &amp; Security</b>	
Facilities	10
Safety & Security	29
<b>Total</b>	<b>39</b>
<b>Human Resources</b>	
HR Services	13
Training	8
<b>Total</b>	<b>21</b>
<b>Information Technology</b>	
Administration	1
Information Systems	6
LOJIC	10
Support Services	16
<b>Total</b>	<b>33</b>
<b>Legal</b>	
<b>Total</b>	<b>12</b>
<b>Operations</b>	
Administration	5
Fleet	22
Linear Assets	215
Vertical Assets	277
<b>Total</b>	<b>519</b>
<b>Supply Chain &amp; Economic Inclusion</b>	
Administration	1
Procurement	9
Warehouse	10
Supplier Diversity & SBE Program	7
<b>Total</b>	<b>27</b>
<b>Total Authorized Positions</b>	<b>831</b>

## Workforce Analysis



## Operating and Maintenance Expenses

Operating and maintenance expenses in the fiscal 2024 operating budget are projected to increase 5 percent in total over the fiscal 2023 budget. While there are some incremental increases in some expense line items, the most significant budgetary increases are being driven by inflation. Chemicals expense is expected to increase 20.3 percent, which is driven by inflationary-driven pricing changes when contracts renewed in fiscal year 2023. Fuel costs will decrease by 3.1 percent as fuel commodity prices are anticipated to be slightly lower in the near-term for gas and diesel fuel. The 2024 operating budget also includes a 16.8 percent budget-to-budget increase in liability and property insurance premiums and claims. This increase is due to claim history and a very difficult municipal insurance market nationwide. The fiscal year 2024 Operating budget also includes a \$1.5 million Management Reserve for contingencies.

## Division Operating Budgets

Operating budgets for each MSD division follow.

### Administration Division Operating Budget

Administration O&M Budget Total	FY2023 Budget	FY2024 Budget	\$ Increase	% Increase
<b>LABOR</b>				
51120 - Regular Salaries & Wages	\$4,368,091	\$4,503,822	\$135,731	3.1%
51130 - Overtime	\$64,400	\$63,400	(\$1,000)	-1.6%
51300 - Payroll Taxes	\$318,618	\$330,639	\$12,021	3.8%
51400 - Unemployment Insurance	\$2,196	\$2,196	\$0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	\$464,688	\$464,112	(\$576)	-0.1%
51600 - Retirement Contributions	\$1,152,709	\$957,989	(\$194,720)	-16.9%
	\$6,370,702	\$6,322,158	(\$48,543)	-0.8%
<b>NON-LABOR</b>				
53140 - Materials & Supplies	\$91,432	\$112,184	\$20,752	22.7%
52140 - Professional Services	\$593,703	\$1,059,628	\$465,925	78.5%
52160 - Maintenance & Repairs	\$4,992	\$4,992	\$0	0.0%
52195 - Other Contractual Services	\$209,654	\$324,008	\$114,354	54.5%
54110 - General Liability Insurance	\$13,848	\$6,900	(\$6,948)	-50.2%
54250 - Contributions	\$264,500	\$284,750	\$20,250	7.7%
54400 - Advertising	\$81,800	\$102,000	\$20,200	24.7%
54500 - Travel & Meetings	\$147,901	\$160,346	\$12,445	8.4%
54550 - Training	\$28,900	\$35,000	\$6,100	21.1%
54600 - Dues, Fees and Subscriptions	\$195,801	\$367,742	\$171,941	87.8%
54700 - Board Members	\$14,400	\$14,400	\$0	0.0%
	\$1,646,931	\$2,471,950	\$825,019	50.1%
<b>Total O&amp;M Budget</b>	<b>\$8,017,633</b>	<b>\$8,794,108</b>	<b>\$776,476</b>	<b>9.7%</b>

### Corporate Division Operating Budget

Corporate O&M Budget Total	FY2023 Budget	FY2024 Budget	\$ Increase	% Increase
<b>LABOR</b>				
51120 - Regular Salaries & Wages	\$227,353	\$240,807	\$13,455	5.9%
51147 - Service & Safety Incentive Awards	\$28,568	\$28,568	\$0	0.0%
51220 - Workers' Compensation Insurance	\$325,008	\$300,000	(\$25,008)	-7.7%
51225 - Workers' Compensation Claims	\$1,184,241	\$960,000	(\$224,241)	-18.9%
51230 - Long-Term Disability	\$50,400	\$0	(\$50,400)	-100.0%
51240 - Group Life - AD&D Insurance	\$39,600	\$124,992	\$85,392	215.6%
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	\$12,105	\$13,070	\$965	8.0%
51500 - Med Ins: MSD's port. of prem for grp	\$11,792	\$12,853	\$1,061	9.0%
51600 - Retirement Contributions	\$60,908	\$56,108	(\$4,800)	-7.9%
	<u>\$2,013,975</u>	<u>\$1,810,398</u>	<u>(\$203,576)</u>	<u>-10.1%</u>
<b>NON-LABOR</b>				
53140 - Materials & Supplies	\$20,000	\$20,000	\$0	0.0%
52110 - Billing & Collection	\$6,711,266	\$7,065,966	\$354,700	5.3%
52140 - Professional Services	\$0	\$29,997	\$29,997	100.0%
52195 - Other Contractual Services	\$2,015,000	\$2,060,000	\$45,000	2.2%
54200 - Bad Debts	\$3,500,000	\$3,500,000	\$0	0.0%
54110 - General Liability Insurance	\$3,576,456	\$4,252,668	\$676,212	18.9%
54130 - Property Insurance	\$1,971,600	\$2,162,940	\$191,340	9.7%
54140 - General Liability Claims	\$540,000	\$575,004	\$35,004	6.5%
54500 - Travel & Meetings	\$14,000	\$14,000	\$0	0.0%
54550 - Training	\$32,800	\$32,800	\$0	0.0%
54600 - Dues, Fees and Subscriptions	\$800	\$850	\$50	6.3%
	<u>\$18,381,922</u>	<u>\$19,714,225</u>	<u>\$1,332,303</u>	<u>7.2%</u>
<b>Total O&amp;M Budget</b>	<b>\$20,395,897</b>	<b>\$21,524,623</b>	<b>\$1,128,727</b>	<b>5.5%</b>

**Engineering Division Operating Budget**

Engineering O&M Budget Total	FY2023 Budget	FY2024 Budget	\$ Increase	% Increase
<b>LABOR</b>				
51120 - Regular Salaries & Wages	\$8,636,033	\$9,098,715	\$462,681	5.4%
51130 - Overtime	\$49,396	\$47,196	(\$2,200)	-4.5%
51135 - Special Event Compensation	\$996	\$996	\$0	0.0%
51300 - Payroll Taxes	\$649,830	\$685,685	\$35,855	5.5%
51400 - Unemployment Insurance	\$4,992	\$4,992	\$0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	\$1,062,744	\$1,175,307	\$112,563	10.6%
51600 - Retirement Contributions	\$2,215,168	\$1,981,769	(\$233,399)	-10.5%
	\$12,619,159	\$12,994,660	\$375,500	3.0%
<b>NON-LABOR</b>				
53140 - Materials & Supplies	\$71,148	\$63,418	(\$7,730)	-10.9%
52140 - Professional Services	\$124,000	\$116,500	(\$7,500)	-6.0%
52160 - Maintenance & Repairs	\$178,000	\$152,000	(\$26,000)	-14.6%
52180 - Temporary Services	\$10,000	\$0	(\$10,000)	-100.0%
54500 - Travel & Meetings	\$55,275	\$55,275	\$0	0.0%
54550 - Training	\$33,460	\$21,035	(\$12,425)	-37.1%
54600 - Dues, Fees and Subscriptions	\$39,115	\$46,040	\$6,925	17.7%
	\$510,998	\$454,268	(\$56,730)	-11.1%
<b>Total O&amp;M Budget</b>	<b>\$13,130,157</b>	<b>\$13,448,928</b>	<b>\$318,770</b>	<b>2.4%</b>



**Facilities, Safety & Security**

Facilities, Safety & Security O&M Budget Total	FY2023 Budget	FY2024 Budget	\$ Increase	% Increase
<b>LABOR</b>				
51120 - Regular Salaries & Wages	\$2,075,359	\$2,742,166	\$666,808	32.1%
51130 - Overtime	\$9,200	\$29,000	\$19,800	215.2%
51300 - Payroll Taxes	\$158,089	\$208,610	\$50,521	32.0%
51400 - Unemployment Insurance	\$912	\$912	\$0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	\$138,063	\$119,950	(\$18,113)	-13.1%
51600 - Retirement Contributions	\$490,764	\$535,675	\$44,912	9.2%
	<u>\$2,872,387</u>	<u>\$3,636,314</u>	<u>\$763,927</u>	<u>26.6%</u>
<b>NON-LABOR</b>				
53310 - Electric	\$300,000	\$300,000	\$0	0.0%
53320 - Natural Gas	\$28,440	\$36,000	\$7,560	26.6%
53330 - Water	\$30,000	\$30,000	\$0	0.0%
53140 - Materials & Supplies	\$185,511	\$186,011	\$500	0.3%
51700 - Uniforms	\$66,200	\$88,700	\$22,500	34.0%
52130 - Custodial & Watchmen	\$695,749	\$693,216	(\$2,533)	-0.4%
52140 - Professional Services	\$80,100	\$80,100	\$0	0.0%
52160 - Maintenance & Repairs	\$818,045	\$877,329	\$59,284	7.2%
52180 - Temporary Services	\$47,380	\$0	(\$47,380)	-100.0%
53410 - Equipment Rental	\$9,000	\$9,000	\$0	0.0%
53430 - Leased Parking	\$79,540	\$79,540	\$0	0.0%
54500 - Travel & Meetings	\$17,000	\$17,000	\$0	0.0%
54550 - Training	\$46,829	\$46,829	\$0	0.0%
54600 - Dues, Fees and Subscriptions	\$2,984	\$6,996	\$4,012	134.5%
	<u>\$2,406,778</u>	<u>\$2,450,720</u>	<u>\$43,942</u>	<u>1.8%</u>
<b>Total O&amp;M Budget</b>	<b>\$5,279,165</b>	<b>\$6,087,034</b>	<b>\$807,869</b>	<b>15.3%</b>

### Finance Division Operating Budget

Finance O&M Budget Total	FY2023 Budget	FY2024 Budget	\$ Increase	% Increase
<b>LABOR</b>				
51120 - Regular Salaries & Wages	\$1,497,019	\$1,661,491	\$164,472	11.0%
51130 - Overtime	\$1,500	\$8,375	\$6,875	458.3%
51300 - Payroll Taxes	\$111,616	\$124,262	\$12,646	11.3%
51400 - Unemployment Insurance	\$892	\$892	\$0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	\$144,014	\$145,664	\$1,650	1.1%
51600 - Retirement Contributions	\$390,394	\$338,697	(\$51,697)	-13.2%
	\$2,145,435	\$2,279,381	\$133,946	6.2%
<b>NON-LABOR</b>				
53140 - Materials & Supplies	\$6,600	\$6,600	\$0	0.0%
52140 - Professional Services	\$153,705	\$171,933	\$18,228	11.9%
52155 - Banking Services	\$47,100	\$20,600	(\$26,500)	-56.3%
52195 - Other Contractual Services	\$20,000	\$21,700	\$1,700	8.5%
54400 - Advertising	\$20,792	\$12,196	(\$8,596)	-41.3%
54500 - Travel & Meetings	\$22,492	\$17,484	(\$5,008)	-22.3%
54550 - Training	\$14,540	\$14,540	\$0	0.0%
54600 - Dues, Fees and Subscriptions	\$6,419	\$6,739	\$320	5.0%
	\$291,648	\$271,792	(\$19,856)	-6.8%
<b>Total O&amp;M Budget</b>	<b>\$2,437,083</b>	<b>\$2,551,173</b>	<b>\$114,090</b>	<b>4.7%</b>

**Human Resource Division Operating Budget**

Human Resources O&M Budget Total	FY2023 Budget	FY2024 Budget	\$ Increase	% Increase
<b>LABOR</b>				
51120 - Regular Salaries & Wages	\$1,870,739	\$1,968,578	\$97,839	5.2%
51130 - Overtime	\$2,225	\$2,225	\$0	0.0%
51300 - Payroll Taxes	\$140,141	\$147,697	\$7,555	5.4%
51400 - Unemployment Insurance	\$1,040	\$1,040	\$0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	\$197,625	\$177,069	(\$20,556)	-10.4%
51600 - Retirement Contributions	\$478,559	\$440,738	(\$37,821)	-7.9%
	<u>\$2,690,330</u>	<u>\$2,737,347</u>	<u>\$47,017</u>	<u>1.7%</u>
<b>NON-LABOR</b>				
53140 - Materials & Supplies	\$16,110	\$14,750	(\$1,360)	-8.4%
51700 - Uniforms	\$1,500	\$1,750	\$250	16.7%
52140 - Professional Services	\$337,780	\$310,178	(\$27,603)	-8.2%
52160 - Maintenance & Repairs	\$192	\$192	\$0	0.0%
54250 - Contributions	\$5,000	\$5,000	\$0	0.0%
54400 - Advertising	\$14,808	\$22,110	\$7,302	49.3%
54500 - Travel & Meetings	\$13,100	\$13,100	\$0	0.0%
54550 - Training	\$27,694	\$25,975	(\$1,719)	-6.2%
54600 - Dues, Fees and Subscriptions	\$17,989	\$19,053	\$1,064	5.9%
	<u>\$434,173</u>	<u>\$412,108</u>	<u>(\$22,066)</u>	<u>-5.1%</u>
<b>Total O&amp;M Budget</b>	<b>\$3,124,503</b>	<b>\$3,149,454</b>	<b>\$24,951</b>	<b>0.8%</b>

### Information Technology Division Operating Budget

Information Technology O&M Budget Total	FY2023 Budget	FY2024 Budget	\$ Increase	% Increase
<b>LABOR</b>				
51120 - Regular Salaries & Wages	\$3,208,874	\$3,370,556	\$161,682	5.0%
51130 - Overtime	\$16,200	\$16,200	\$0	0.0%
51135 - Special Event Compensation	\$5,000	\$5,000	\$0	0.0%
51300 - Payroll Taxes	\$242,938	\$255,761	\$12,822	5.3%
51400 - Unemployment Insurance	\$1,908	\$1,908	\$0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	\$344,464	\$337,026	(\$7,437)	-2.2%
51600 - Retirement Contributions	\$852,350	\$700,753	(\$151,597)	-17.8%
	\$4,671,734	\$4,687,205	\$15,471	0.3%
<b>NON-LABOR</b>				
53340 - Telephone	\$313,000	\$296,800	(\$16,200)	-5.2%
53345 - Data Communications	\$1,022,000	\$1,020,105	(\$1,895)	-0.2%
53140 - Materials & Supplies	\$536,748	\$522,823	(\$13,925)	-2.6%
51700 - Uniforms	\$1,000	\$1,000	\$0	0.0%
52140 - Professional Services	\$1,429,698	\$1,400,078	(\$29,620)	-2.1%
52160 - Maintenance & Repairs	\$2,299,027	\$2,539,746	\$240,719	10.5%
52180 - Temporary Services	\$9,000	\$5,000	(\$4,000)	-44.4%
52195 - Other Contractual Services	\$1,281,592	\$1,735,811	\$454,219	35.4%
54500 - Travel & Meetings	\$39,000	\$39,000	\$0	0.0%
54550 - Training	\$71,500	\$61,500	(\$10,000)	-14.0%
54600 - Dues, Fees and Subscriptions	\$6,840	\$7,290	\$450	6.6%
	\$7,009,405	\$7,629,153	\$619,749	8.8%
<b>Total O&amp;M Budget</b>	<b>\$11,681,139</b>	<b>\$12,316,358</b>	<b>\$635,219</b>	<b>5.4%</b>

### Legal Division Operating Budget

Legal O&M Budget Total	FY2023 Budget	FY2024 Budget	\$ Increase	% Increase
<b>LABOR</b>				
51120 - Regular Salaries & Wages	\$1,306,616	\$1,342,948	\$36,332	2.8%
51130 - Overtime	\$3,600	\$3,600	\$0	0.0%
51300 - Payroll Taxes	\$91,889	\$101,039	\$9,150	10.0%
51400 - Unemployment Insurance	\$648	\$648	\$0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	\$65,106	\$81,400	\$16,295	25.0%
51600 - Retirement Contributions	\$301,458	\$255,709	(\$45,750)	-15.2%
	\$1,769,317	\$1,785,344	\$16,027	0.9%
<b>NON-LABOR</b>				
53140 - Materials & Supplies	\$15,000	\$15,000	\$0	0.0%
52140 - Professional Services	\$332,700	\$332,700	\$0	0.0%
52145 - Legal	\$1,270,641	\$900,000	(\$370,641)	-29.2%
54500 - Travel & Meetings	\$14,000	\$30,000	\$16,000	114.3%
54550 - Training	\$2,000	\$10,000	\$8,000	400.0%
54600 - Dues, Fees and Subscriptions	\$50,918	\$50,918	\$0	0.0%
	\$1,685,259	\$1,338,618	(\$346,641)	-20.6%
<b>Total O&amp;M Budget</b>	<b>\$3,454,576</b>	<b>\$3,123,962</b>	<b>(\$330,614)</b>	<b>-9.6%</b>

### Operations Division Operating Budget

Operations O&M Budget Total	FY2023 Budget	FY2024 Budget	\$ Increase	% Increase
<b>LABOR</b>				
51120 - Regular Salaries & Wages	\$34,124,924	\$34,492,825	\$367,901	1.1%
51130 - Overtime	\$2,095,964	\$2,087,527	(\$8,437)	-0.4%
51135 - Special Event Compensation	\$357,235	\$376,539	\$19,304	5.4%
51300 - Payroll Taxes	\$2,617,720	\$2,649,929	\$32,208	1.2%
51400 - Unemployment Insurance	\$19,704	\$19,704	\$0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	\$4,961,327	\$4,843,953	(\$117,375)	-2.4%
51600 - Retirement Contributions	\$8,681,945	\$7,398,917	(\$1,283,028)	-14.8%
	\$52,858,820	\$51,869,393	(\$989,427)	-1.9%
<b>NON-LABOR</b>				
53310 - Electric	\$13,255,820	\$13,757,880	\$502,060	3.8%
53320 - Natural Gas	\$985,496	\$995,496	\$10,000	1.0%
53330 - Water	\$1,415,523	\$1,808,050	\$392,527	27.7%
53345 - Data Communications	\$346,000	\$367,600	\$21,600	6.2%
53100 - Tires & Tire Service Expense	\$352,357	\$365,604	\$13,247	3.8%
53140 - Materials & Supplies	\$7,124,556	\$7,810,270	\$685,714	9.6%
53160 - Landfill Cost of fill dirt	\$378,000	\$378,000	\$0	0.0%
51700 - Uniforms	\$213,739	\$227,644	\$13,905	6.5%
52110 - Billing & Collection	\$208,974	\$242,814	\$33,840	16.2%
52130 - Custodial & Watchmen	\$146,855	\$0	(\$146,855)	-100.0%
52140 - Professional Services	\$895,671	\$1,301,325	\$405,654	45.3%
52160 - Maintenance & Repairs	\$2,377,261	\$2,505,924	\$128,663	5.4%
52170 - Sludge & Grit Disposal	\$2,986,773	\$3,322,837	\$336,064	11.3%
52180 - Temporary Services	\$164,850	\$101,100	(\$63,750)	-38.7%
52195 - Other Contractual Services	\$10,205,008	\$11,420,861	\$1,215,853	11.9%
54200 - Bad Debts	\$35,292	\$26,400	(\$8,892)	-25.2%
53205 - Peracetic Acid	\$200,000	\$400,000	\$200,000	100.0%
53210 - Chlorine	\$9,450	\$9,450	\$0	0.0%
53215 - Sodium Hypochlorite	\$2,254,106	\$3,830,890	\$1,576,784	70.0%

**Operations Division Operating Budget (continued)**

Operations O&M Budget Total	FY2023 Budget	FY2024 Budget	\$ Increase	% Increase
53220 - Polymer	\$3,901,688	\$3,837,130	(\$64,558)	-1.7%
53225 - Sodium Aluminate	\$431,232	\$406,247	(\$24,985)	-5.8%
53230 - Liquid Oxygen	\$328,516	\$328,516	\$0	0.0%
53235 - Liquid Nitrogen	\$88,584	\$148,400	\$59,816	67.5%
53240 - Other Chemicals	\$53,106	\$53,906	\$800	1.5%
53250 - Dechlorination	\$747,772	\$530,962	(\$216,810)	-29.0%
53275 - Defoamer	\$39,715	\$37,040	(\$2,675)	-6.7%
53280 - Bioxide	\$1,200,000	\$1,550,000	\$350,000	29.2%
53285 - Sodium Hydroxide	\$750	\$750	\$0	0.0%
53120 - Gasoline	\$803,000	\$741,912	(\$61,088)	-7.6%
53130 - Diesel Fuel	\$1,312,908	\$1,308,159	(\$4,749)	-0.4%
54110 - General Liability Insurance	\$101,964	\$223,464	\$121,500	119.2%
54130 - Property Insurance	\$56,328	\$113,844	\$57,516	102.1%
54140 - General Liability Claims	\$17,250	\$0	(\$17,250)	-100.0%
53410 - Equipment Rental	\$161,226	\$200,226	\$39,000	24.2%
53420 - Space Rent	\$30,000	\$30,000	\$0	0.0%
54400 - Advertising	\$1,650	\$1,650	\$0	0.0%
54500 - Travel & Meetings	\$95,450	\$81,460	(\$13,990)	-14.7%
54550 - Training	\$182,274	\$156,033	(\$26,241)	-14.4%
54600 - Dues, Fees and Subscriptions	\$113,076	\$158,541	\$45,465	40.2%
	\$53,222,221	\$58,780,385	\$5,558,164	10.4%
<b>Total O&amp;M Budget</b>	<b>\$106,081,041</b>	<b>\$110,649,778</b>	<b>\$4,568,737</b>	<b>4.3%</b>

### Supply Chain Division Operating Budget

Supply Chain O&M Budget Total	FY2023 Budget	FY2024 Budget	\$ Increase	% Increase
<b>LABOR</b>				
51120 - Regular Salaries & Wages	\$1,897,064	\$2,185,357	\$288,293	15.2%
51130 - Overtime	\$24,350	\$28,000	\$3,650	15.0%
51300 - Payroll Taxes	\$143,192	\$165,375	\$22,184	15.5%
51400 - Unemployment Insurance	\$992	\$992	\$0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	\$185,334	\$237,055	\$51,721	27.9%
51600 - Retirement Contributions	\$435,274	\$458,709	\$23,436	5.4%
	<u>\$2,686,205</u>	<u>\$3,075,489</u>	<u>\$389,284</u>	<u>14.5%</u>
<b>NON-LABOR</b>				
53140 - Materials & Supplies	\$33,560	\$27,600	(\$5,960)	-17.8%
51700 - Uniforms	\$4,400	\$4,400	\$0	0.0%
52140 - Professional Services	\$125,700	\$76,150	(\$49,550)	-39.4%
52160 - Maintenance & Repairs	\$30,000	\$15,000	(\$15,000)	-50.0%
52195 - Other Contractual Services	\$1,020	\$1,020	\$0	0.0%
53410 - Equipment Rental	\$15,000	\$10,000	(\$5,000)	-33.3%
54250 - Contributions	\$29,500	\$20,500	(\$9,000)	-30.5%
54400 - Advertising	\$28,300	\$30,700	\$2,400	8.5%
54500 - Travel & Meetings	\$48,000	\$46,100	(\$1,900)	-4.0%
54550 - Training	\$36,000	\$40,344	\$4,344	12.1%
54600 - Dues, Fees and Subscriptions	\$29,400	\$25,150	(\$4,250)	-14.5%
	<u>\$380,880</u>	<u>\$296,964</u>	<u>(\$83,916)</u>	<u>-22.0%</u>
<b>Total O&amp;M Budget</b>	<b>\$3,067,085</b>	<b>\$3,372,453</b>	<b>\$305,368</b>	<b>10.0%</b>



# Capital Budget

## Capital Budget Summary

The capital budget for fiscal year 2024 totals \$255.3 million. Many projects in this budget span multiple years and will continue spending beyond fiscal year 2024. Total five-year CIP spending is projected to be just over \$1.2 billion. The following table summarizes five-year CIP spending by service type.

<b>Five-Year CIP</b>						
<i>Dollars in 000's</i>						
<b>Service Type</b>	<b>FY24 Budget</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>Total</b>
Wastewater	\$ 161,185	\$ 193,450	\$ 202,274	\$ 151,207	\$ 114,697	\$ 822,813
Drainage/Flood Protection	62,125	87,931	93,333	49,737	26,903	320,029
Support Systems	18,133	4,838	5,469	4,328	4,241	37,009
Management Reserve	13,865	5,850	75	100	1,300	21,190
<b>Total</b>	<b>\$ 255,308</b>	<b>\$ 292,069</b>	<b>\$ 301,151</b>	<b>\$ 205,372</b>	<b>\$ 147,141</b>	<b>\$ 1,201,041</b>

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.

The following table summarizes five-year CIP spending by county.

<b>Five-Year CIP Jefferson County</b>						
<i>Dollars in 000's</i>						
<b>FY24 Budget</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>Total</b>	
<b>\$ 243,841</b>	<b>\$ 284,257</b>	<b>\$ 292,462</b>	<b>\$ 199,352</b>	<b>\$ 145,842</b>	<b>\$ 1,165,754</b>	

<b>Five-Year CIP Oldham County</b>						
<i>Dollars in 000's</i>						
<b>FY24 Budget</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>Total</b>	
<b>\$ 5,073</b>	<b>\$ 1,663</b>	<b>\$ 2,175</b>	<b>\$ 296</b>	<b>\$ 300</b>	<b>\$ 9,507</b>	

<b>Five-Year CIP Bullitt County</b>						
<i>Dollars in 000's</i>						
<b>FY24 Budget</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>Total</b>	
<b>\$ 6,394</b>	<b>\$ 6,149</b>	<b>\$ 6,513</b>	<b>\$ 5,724</b>	<b>\$ 1,000</b>	<b>\$ 25,780</b>	

### Sources and Uses of Funds

The CIP is funded with a mixture of cash funding, provided by operations, and debt. MSD utilizes its commercial paper program to provide short-term CIP financing. Periodically, commercial paper is redeemed with proceeds from the issuance of thirty-year revenue bonds which provide fixed-rate, long-term financing. Additionally, MSD pursues low-cost financing opportunities through the Kentucky Infrastructure Authority's (KIA) State Revolving Fund loan program and the Environmental Protection Agency's Water Infrastructure Finance and Innovation Act (WIFIA). The following table summarizes CIP funding sources for fiscal year 2024.

<b>FY24 CIP - Combined Service Area</b>	
<i>Dollars in 000's</i>	
	<b>FY24 CIP</b>
Capital Improvement Plan	\$ 255,308
Funding Sources:	
Cash Funded	\$ 55,451
Grant Funded	15,000
CP/Senior Debt	105,000
WIFIA	34,300
KIA Financing	7,300
DSR Release	30,000
Bond Proceeds	8,257

The following table summarized CIP funding sources for fiscal years 2024 through 2028.

<b>Five Year CIP - Combined Service Area</b>					
<i>Dollars in 000's</i>					
	<b>FY24 Budget</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
Capital Improvement Plan	255,308	292,069	301,150	205,372	147,142
Funding Sources:					
Cash Funded	55,451	65,183	70,153	76,111	97,478
Grant Funded	15,000	15,000	-	-	-
CP/Senior Debt	105,000	170,000	205,000	120,000	45,000
WIFIA	34,300	36,750	17,812	1,449	-
KIA Financing	7,300	-	-	-	-
Bond Proceeds	8,257	5,136	8,185	7,812	4,664
DSR Release	30,000	-	-	-	-

### Table of Projects Closed in Fiscal Year 2022

The following table identifies the number of assets by asset class and the total asset value for capital projects that were completed in fiscal year 2022.

<b>Assets Placed in Service in Fiscal Year 2022</b>		
<b>Asset Class</b>	<b># of Assets</b>	<b>Asset Value</b>
Sewer Lines	52	\$ 307,467,211.47
Pump Stations	37	\$ 26,744,962.74
Wastewater Treatment Facilities	48	\$ 54,127,398.97
Administrative Facilities	1	\$ 123,345.63
Stormwater Construction Assets	42	\$ 14,086,727.43
Maintenance Facilities	2	\$ 275,083.71
Fleet	52	\$ 4,084,506.71
Communications Equipment	3	\$ 1,452,389.19
Data Processing Hardware	5	\$ 5,294,229.26
Data Processing Programs	2	\$ 770,468.50
Lojic Equipment	1	\$ 1,460,600.63
Miscellaneous Assets	10	\$ 2,560,049.48
<b>Total</b>	<b>255</b>	<b>\$ 418,446,973.72</b>



*MSD's Waterway Protection Tunnel.*

## Fiscal Year 2024 Large Project Profiles

Following are project profiles for the three largest projects in the fiscal year 2024 CIP:

### Paddy's Run FPS Capacity Upgrade

**Project Description:** This project will construct a new flood pumping station adjacent to the existing Paddy's Run Flood Pumping Station. The new station shall provide a total, estimated pumping capacity of 975 MGD. The new station will supplement the existing Paddy's Run Flood Pumping Station to provide a total, estimated, and combined pumping capacity of 1,900 MGD. The project will include four new flood pumps (244 MGD per each pump if similarly sized or a combination of smaller and larger pumps), motors, trash racks, and discharge pipes. This project will also install all necessary SCADA, electrical, and mechanical components to operate the new flood pumps, in addition to the required aesthetic, plumbing, and HVAC equipment. The primary electrical service shall be evaluated and upgraded as necessary for the simultaneous operation of both the new and existing stations.

**Project Justification:** The Paddy's Run FPS was designed by USACE and put into service in 1953 to protect both the public and many critical assets within MSD's combined sewer system from river related flooding. Paddy's Run FPS pumps from the largest pipe in the Louisville combined sewer system, the Southwestern Outfall. The Paddy's Run FPS routinely pumps combined sewer overflows during wet weather events when the river is elevated, further protecting the public from contact with flood waters impacted by combined sewers. In 2017 MSD placed the Bells Lane Wet Weather Treatment Facility into service. Under some operating conditions the Paddy's Run FPS becomes the effluent pump station for the Bells Lane Facility. As such in addition to providing critical flood protection, the Paddy's Run FPS serves as essential wastewater infrastructure for combined sewer overflow control.

**Service Type:** Stormwater/Wastewater  
**Driver:** Asset Management-Deferred Maintenance

**Program:** Consent Decree - 2nd Amendment  
**Project Type:** Ohio River Flood Protection

CIP Project Financials							
Lifetime Actuals	FY23 Budget	FY24 Budget	FY25 Budget	FY26 Budget	FY27 Budget	FY28 Budget	FY29 Budget
\$ 6,921,000	\$ 2,140,000	\$ 47,000,000	\$ 44,522,000	\$ 44,522,000	\$ 44,522,000	\$ 44,522,000	\$ 3,710,000
<b>Current Estimate at Completion: \$ 237,859,000</b>							

CIP Project Schedule
Construction NTP: May 3, 2023
Substantial Completion: December 31, 2026
Final Completion: June 30, 2028



MSD's Paddy's Run Flood Pump Station, constructed 1953.

## Morris Forman WQTC Biosolids Facility

**Project Description:** In 2019, MSD commissioned preparation of a District-Wide Biosolids Master Plan. The Master Plan confirmed the new Biosolids Facility to be constructed via the WIFIA loan program is the recommended long-term solution. The Master Plan identified short-term improvements that would help MSD achieve permit compliance and support construction of the new facility. The short-term improvements include replacing outdated equipment at the Morris Forman WQTC (centrifuges and dryers) and offloading regional biosolids. All six centrifuges were sent to the manufacturer for refurbishment in a phased approach. An emergency certification project was issued in 2019 to replace the Morris Forman WQTC biosolids dryers.

**Project Justification:** This project will construct a modern biosolids processing facility at the Morris Forman WQTC that utilizes a thermal hydrolysis pretreatment process (THP) to create a useable biogas. Benefits of the new facility include improved effluent quality; production of 4 MW of decreased consumption of natural gas; and reduced landfill utilization capacity.

**Service Type:** Wastewater

**Program:** Consent Decree - 2nd Amendment

**Driver:** Asset Management-Deferred Maintenance

**Project Type:** Biosolids Management

CIP Project Financials							
Lifetime Actuals	FY23 Budget	FY24 Budget	FY25 Budget	FY26 Budget	FY27 Budget	FY28 Budget	FY29 Budget
\$ 15,777,000	\$ 6,855,000	\$ 58,901,000	\$ 90,138,000	\$ 64,980,000	\$ 7,073,000	\$ -	\$ -
<b>Current Estimate at Completion: \$ 243,724,000</b>							

CIP Project Schedule
Construction NTP: May 31, 2023
Substantial Completion: June 29, 2025
Final Completion: February 27, 2026
Regulatory Deadline: December 31, 2030

## Morris Forman WQTC Sedimentation Basins Rehabilitation

**Project Description:** This project involves complete rehabilitation of the four primary sedimentation basins. Each rectangular basin is approximately 275 feet long, 70 feet wide, 17 feet deep, and has a capacity of nearly 88 MGD. The primary sedimentation basins were originally constructed in the 1950s. Most of the equipment serving the basins has exceeded the expected service life, and equipment performance has become unreliable. This project involves complete rehabilitation of all four basins.

**Project Justification:** The Morris Forman WQTC is limited to a maximum wet weather flow of 240 MGD due to capacity constraints with the primary sedimentation basins. When the four sedimentation basins have been fully rehabilitated, they will enable the WQTC to process up to 330 MGD. Treating ≈330 MGD of wet weather flows will reduce potential discharges from the Main Diversion Structure (CSOs 210, 211, 016) and the Southwest Pump Station (CSOs 015 and 191). This will reduce the level of pollutants discharged into the Ohio River during wet weather events.

**Service Type:** Wastewater

**Program:** Regulatory Compliance - Agreed Order

**Driver:** Asset Management-Deferred Maintenance

**Project Type:** Water Quality Control Center

CIP Project Financials							
<i>Dollars in 000s</i>							
Lifetime Actuals	FY23 Budget	FY24 Budget	FY25 Budget	FY26 Budget	FY27 Budget	FY28 Budget	FY29 Budget
\$ 17,583,000	\$ 2,417,000	\$ 10,625,000	\$ 10,907,000	\$ -	\$ -	\$ -	\$ -
<b>Current Estimate at Completion: \$ 41,532,000</b>							

CIP Project Schedule
Construction NTP: January 25, 2022
Substantial Completion: October 3, 2024
Final Completion: November 13, 2024
Regulatory Dead line: June 30, 2026

## Consent Decree Update

MSD entered into a Consent Decree with the Commonwealth of Kentucky's Environmental and Public Protection Cabinet (KEPPC) and the U.S. Environmental Protection Agency (EPA) on August 12, 2005. The Consent Decree called for MSD to submit a final Long-Term Control Plan (LTCP) to the KEPPC and EPA for review and joint approval. The final Sanitary Sewer Discharge Plan (SSDP) and the LTCP were certified on December 19, 2008, under the title of the Integrated Overflow Abatement Plan (IOAP). The SSDP included schedules and deadlines for capital projects to be completed by the end of 2024. The LTCP included schedules, and deadlines for combined sewer overflow projects to be completed by December 31, 2020.

On April 10, 2009, MSD entered into an Amended Consent Decree with the KEPPC and the EPA. The Amended Consent Decree resolved all pending claims of violations of the Federal Water Pollution Control Act and the Water Quality Act of 1987. The Amended Consent Decree superseded and replaced the original Consent Decree entered on August 12, 2005. The Amended Consent Decree contains stipulated penalties for MSD's failure to comply with the provisions contained therein. The IOAP was amended in 2012 and 2014 to improve compliance and adjust capital project schedules.

Since entry of the 2009 Amended Consent Decree, MSD has spent over \$1 billion designing and constructing many of the IOAP projects. To date, all schedule milestones on IOAP projects to mitigate sewer overflows across the service area have been met. Local waterways are safer and cleaner today because of these expenditures. Spending on the Amended Consent Decree work has consumed the majority of MSD's capital expenditures since 2009. However, the IOAP projects have only addressed a fraction of the wastewater, drainage, and flood protection assets under MSD's purview. An unintended consequence of compliance with the Amended Consent Decree has been deferred asset management on the remaining infrastructure.

MSD proactively approached the EPA in 2019 to renegotiate the timing for completing the remaining projects required by the Amended Consent Decree to reprioritize capital dollars for rehabilitation of MSD's aging bio solids systems, failing sewer interceptors, and flood protection system rehabilitation. As a result, MSD, the EPA, and the Commonwealth of Kentucky have negotiated the Second Amended Consent Decree, which grants a time extension for completing the remaining projects to 2035. MSD has agreed to invest a minimum of \$25 million annually for asset management projects through 2035. In addition, MSD agreed to incorporate \$70 million for critical sewer rehabilitation in its 5-year capital improvement plan. The United States District Court granted final approval of the Second Amended Consent Decree on September 14, 2022.

During negotiations with the EPA on the Second Amended Consent Decree, MSD engaged Black & Veatch to conduct a long-term financial analysis and financial capability analysis to evaluate the impact of required capital improvements on MSD's financial stability and customer affordability. The projected average annual residential bill for wastewater and drainage was calculated each year to evaluate the near-term and long-term impact of the capital improvements required by the Second Amended Consent Decree. The financial capability analysis showed that financing the Second Amended Consent Decree was achievable within the MSD Board's rate-setting authority.

The following table summarizes total regulatory spending, including the Second Amended Consent Decree, in the fiscal year 2024 CIP budget and the five-year CIP.

<b>Regulatory CIP Summary</b>			
<i>Dollars in 000's</i>			
		<b>FY24 CIP</b>	<b>Five-Year CIP</b>
Consent Decree	\$	169,647	\$ 867,175
State Agreed Orders		14,217	25,392
CMOM Program		5,298	31,106
NMC Program		300	1,645
MS4 Program		2,651	11,699
	<b>\$</b>	<b>192,113</b>	<b>\$ 937,017</b>

Additional information regarding the CIP can be found in the accompanying fiscal year 2024 Capital Improvement Plan Overview Report.

## Debt & Debt Service

### Purpose of Debt Obligations

MSD issues debt to finance its capital improvement program and to refinance existing debt when possible. MSD has the following types of debt outstanding:

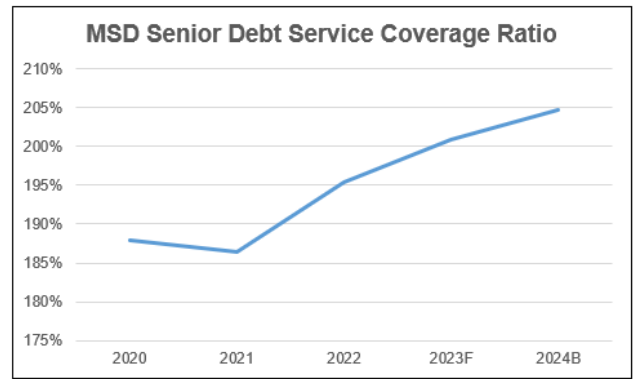
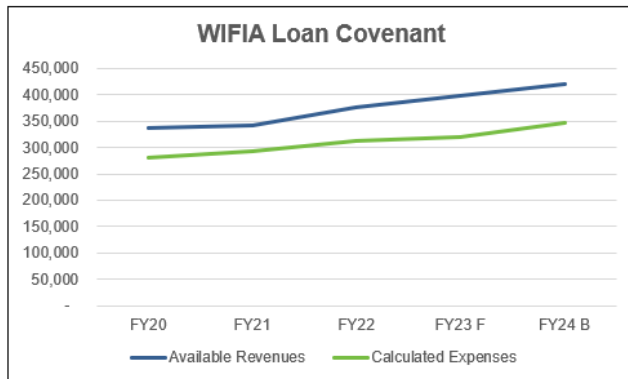
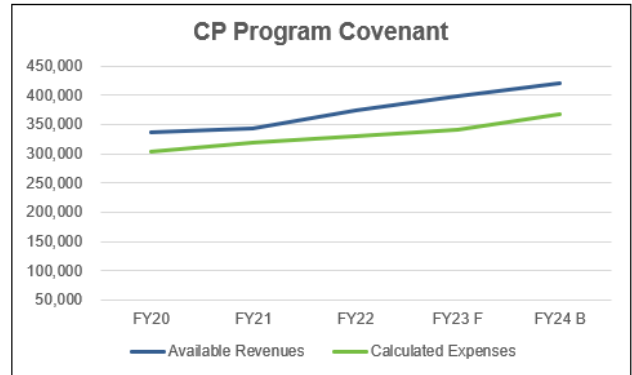
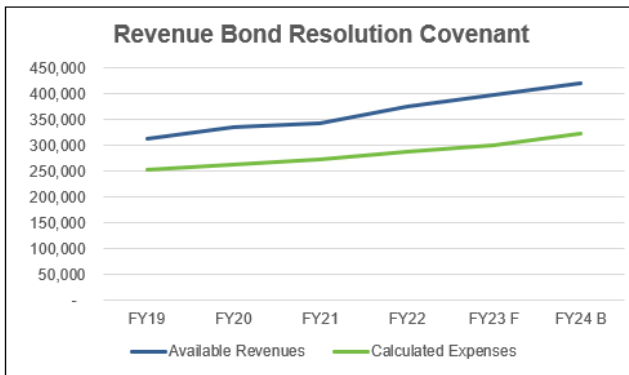
Type of Debt	Description
Revenue Bonds	30-year revenue bonds issued under Revenue Bond Resolution
WIFIA Bonds	\$96.9 million loan from USEPA
Commercial Paper	Short-term notes used for interim project financing
Bond Anticipation Note (BAN)	\$226.3 million 1-year note used to refinance 1999A bonds
Interest Rate Swaps	\$226.3 million interest rate swap used to hedge interest rate risk on BAN
KIA Loans	20-year project loans through Kentucky Infrastructure Authority

### 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.

MSD has made various covenants related to debt service coverage and available revenues related to each type of debt. Budgets are established and rates set in order to ensure compliance with all coverage requirements and covenants.

MSD's compliance with significant covenants follows:



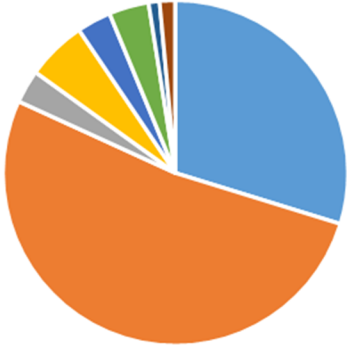
### Debt Service Budget

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

<b>Debt Service</b>					
<i>Dollars in 000's</i>					
	FY23 Budget	FY23 Forecast	FY24 Budget	Budget/ Budget	Budget/ Forecast
Revenue Bond Principal	52,822	52,838	52,650	0%	0%
Revenue Bond Interest	91,356	89,637	92,072	1%	3%
Bond Anticipation Note Principal	-	-	5,505	0%	0%
Bond Anticipation Note Interest	10,185	8,328	9,938	-2%	19%
Commercial Paper Interest & Expenses	4,631	5,010	5,675	23%	13%
Swap Interest	8,488	4,585	6,625	-22%	44%
Jefferson Subordinate Principal & Interest	1,889	1,889	1,806	-4%	-4%
Oldham Subordinate Principal & Interest	2,424	2,424	2,579	6%	6%
Bullitt Subordinate Principal & Interest	47	47	46	-2%	-2%
<b>Total Debt Service</b>	<b>171,842</b>	<b>164,758</b>	<b>176,896</b>	<b>3%</b>	<b>7%</b>



### FY24 Debt Service Budget



- Revenue Bond Principal 30%
- Revenue Bond Interest 52%
- BAN Principal 3%
- BAN Interest 6%
- CP Interest & Expenses 3%
- Swap Interest 4%
- Jefferson Subordinate Principal & Interest 1%
- Oldham Subordinate Principal & Interest 1%
- Bullitt Subordinate Principal & Interest 0.03%



*MSD's Beargrass Creek Flood Pump Station.*

The following table shows the principal and interest payments due in fiscal year 2024 by issue:

<b>FY24 Budgeted Principal and Interest</b>				
<i>Dollars in 000's</i>				
<b>Issue</b>	<b>Interest</b>	<b>Principal</b>	<b>Total</b>	
<b>Senior Debt</b>				
Bond Series 2009C	\$ 10,764	\$ -	\$ 10,764	
Bond Series 2010A	20,625	-	20,625	
Bond Series 2013B	4,483	2,133	6,616	
Bond Series 2014A	3,368	2,320	5,688	
Bond Series 2015A	6,910	2,320	9,230	
Bond Series 2015B	2,473	3,130	5,603	
Bond Series 2016A	4,601	1,070	5,671	
Bond Series 2016B	631	1,245	1,876	
Bond Series 2017A	5,619	5,245	10,864	
Bond Series 2017B	1,512	16,740	18,252	
Bond Series 2018A	2,415	-	2,415	
Bond Series 2020A	6,339	1,645	7,984	
Bond Series 2020B	125	-	125	
Bond Series 2020C	2,316	3,000	5,316	
Bond Series 2021A	5,055	13,055	18,110	
Bond Series 2022A	7,761	750	8,511	
Bond Series 2023A	2,480	-	2,480	
Bond Series 2023B	2,092	-	2,092	
Bond Series 2024A	2,500	-	2,500	
<b>Total Senior Debt</b>	<b>\$ 92,069</b>	<b>\$ 52,653</b>	<b>\$ 144,722</b>	
<b>Senior Subordinate Debt</b>				
BAN	\$ 9,938	\$ 5,505	\$ 15,443	
Commercial Paper	5,675	-	\$ 5,675	
<b>Total Senior Subordinate Debt</b>	<b>\$ 15,613</b>	<b>\$ 5,505</b>	<b>\$ 21,118</b>	
<b>Subordinate Debt</b>				
Swap Payments	\$ 6,625	\$ -	\$ 6,625	
Jefferson County	565	1,241	1,806	
Oldham County	783	1,796	2,579	
Bullitt County	31	15	46	
<b>Total Subordinate Debt</b>	<b>\$ 8,004</b>	<b>\$ 3,052</b>	<b>\$ 11,056</b>	
<b>Total FY24 Debt Service Payments</b>	<b>\$ 115,686</b>	<b>\$ 61,210</b>	<b>\$ 176,896</b>	

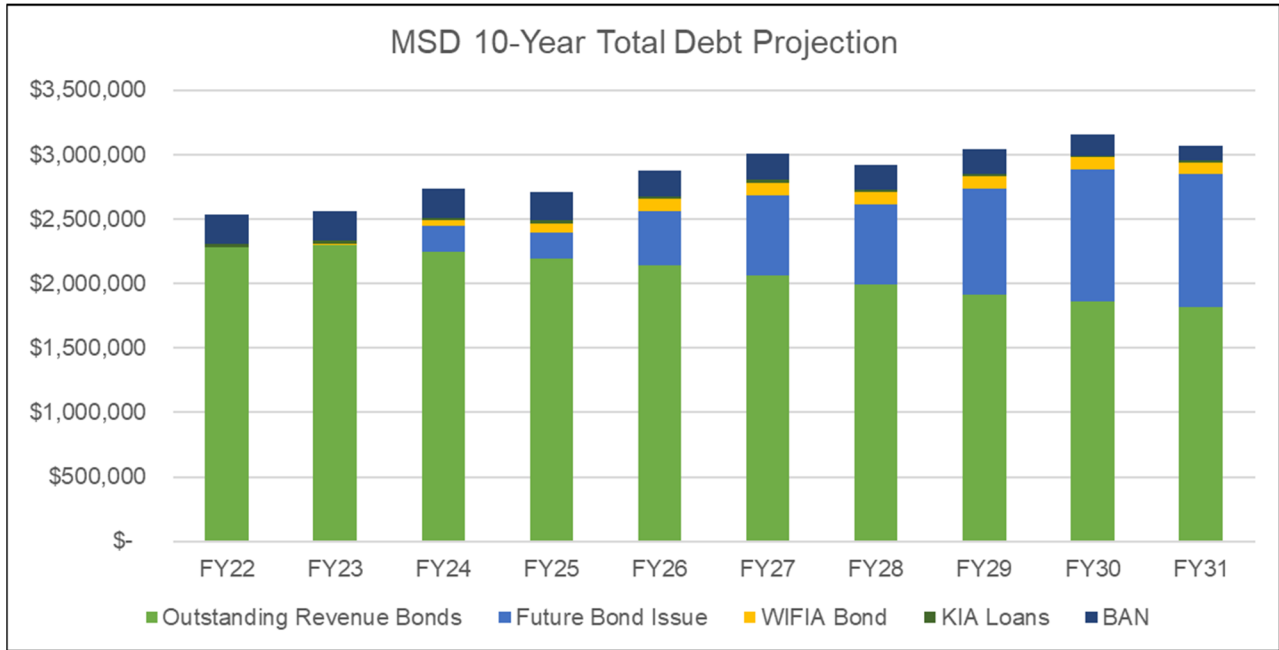
## Debt Outstanding

MSD's total debt at the end of fiscal year 2022 is \$2.6 billion. Following is a comparative, itemized schedule of debt outstanding for the last three fiscal years.

<b>Total Outstanding Debt</b>			
	<i>Actual</i> Outstanding June 30, 2021	<i>Actual</i> Outstanding June 30, 2022	<i>Projected</i> Outstanding June 30, 2023
<b>Senior Debt</b>			
Bond Series 2009C	\$ 180,000	\$ 180,000	\$ 180,000
Bond Series 2010A	330,000	330,000	330,000
Bond Series 2011A	243,910	-	-
Bond Series 2013A	115,790	115,790	-
Bond Series 2013B	110,970	109,280	107,515
Bond Series 2013C	250	125	-
Bond Series 2014A	79,700	79,650	79,600
Bond Series 2015A	172,175	171,395	170,845
Bond Series 2015B	68,815	65,975	62,995
Bond Series 2016A	148,415	147,500	146,540
Bond Series 2016B	21,960	19,910	17,830
Bond Series 2016C	32,305	12,995	-
Bond Series 2017A	155,790	149,390	143,280
Bond Series 2017B	32,055	31,210	30,245
Bond Series 2018A	60,380	60,380	60,380
Bond Series 2019A	17,065	8,845	-
Bond Series 2020A	224,750	224,000	223,000
Bond Series 2020B	-	-	-
Bond Series 2020C	110,790	109,605	108,415
Bond Series 2021A	-	240,485	227,720
Bond Series 2022A	-	224,750	224,250
Bond Series 2023A	-	-	49,745
Bond Series 2023B	-	-	41,950
<b>Total Senior Debt</b>	<b>\$ 2,105,120</b>	<b>\$ 2,281,285</b>	<b>\$ 2,204,310</b>
<b>Senior Subordinate Debt</b>			
BAN	\$ 226,340	\$ 226,340	\$ 226,340
Commercial Paper	150,000	50,000	150,000
<b>Total Senior Subordinate Debt</b>	<b>\$ 376,340</b>	<b>\$ 276,340</b>	<b>\$ 376,340</b>
<b>Subordinate Debt</b>			
Miscellaneous Debt	\$ 46,121	\$ 52,642	\$ 48,680
<b>Total Subordinate Debt</b>	<b>\$ 46,121</b>	<b>\$ 52,642</b>	<b>\$ 48,680</b>
<b>Total Outstanding Debt</b>	<b>\$ 2,527,581</b>	<b>\$ 2,610,267</b>	<b>\$ 2,629,330</b>

### Future Debt Issuance

MSD's total debt is projected continue to increase over the next ten years as we invest in rehabilitation of our aging infrastructure and work to address consent decree and regulatory compliance requirements. The chart below summarizes annual debt service and projected total senior debt over ten fiscal years.



### Credit Ratings

MSD strives continuously to maintain strong financial performance and bond ratings. The credit ratings on our senior lien bonds remain at Aa3, AA, and AA- by Moody's Investors Service, Standard and Poor's Ratings Services, and Fitch, respectively.

MSD Credit Ratings	
Moody's	Aa3
Standard & Poor's (S&P)	AA
Fitch	AA-

## Long-Term Financial Planning

MSD's Finance team conducts long-term financial planning in conjunction with its municipal advisor to provide a framework for ensuring financial sustainability. The ten-year financial plan considers annual revenue requirements, operating expenses, debt service expenses and debt service coverage ratios. This planning process provides assurance that MSD will have sufficient liquidity to cover all of our financial obligations.

FY 2024 - FY 2033 Financial Plan (\$ Thousands)



## Glossary

### Acronyms

ASC: Accounting Standard Codification  
BAN: Bond Anticipation Note  
CERS: County Employees Retirement System  
CIP: Capital Improvement Plan  
CMOM: Capacity, Management, Operations, and Maintenance Program  
CSO: Combined Sewer Overflows  
DRI: Drainage Response Initiative  
EPA: Environmental Protection Agency  
EPSC: Erosion Prevention and Sediment Control  
EWRAP: Emergency Wastewater Rate Assistance Program  
FEMA: Federal Emergency Management Association  
FY: Fiscal Year  
IOAP: Integrated Overflow Abatement Plan  
IPS: Infor Public Sector software program  
GAAP: Generally Accepted Accounting Principles  
GASB: Governmental Accounting Standards Board  
GIS: Geographical Information Systems  
KIA: Kentucky Infrastructure Authority  
KYPDES: Kentucky Pollutant Discharge Elimination System  
LIUNA: Laborer' International Union of North America  
LOC: Line of Credit  
LOJIC: Louisville/Jefferson County Information Consortium  
LTCP: Long Term Control Plan  
MSD: Louisville/Jefferson County Metropolitan Sewer District  
MS4: Municipal Separate Storm Sewer System Program  
NACWA: National Association of Clean Water Agencies  
NAGE: National Association of Government Employees  
NMC: Nine Minimum Controls Program  
O & M: Operations and Maintenance  
SBE: Small Business Enterprise  
SRF: State Revolving Fund  
SSDP: Sanitary Sewer Discharge Plan  
WQTC: Water Quality Treatment Center  
WIFIA: Water Infrastructure Finance and Innovation Act

## Terms

**Biosolids:** The nutrient-rich organic materials resulting from the treatment of sewage at a wastewater treatment center.

**Capital Improvement Plan:** The annual capital budget.

**Clean Water Act:** Establishes the basic structure for regulating discharges of pollutants into waters of the United States and regulating quality standards for surface waters.

**Consumer Price Index (CPI):** A measure of the average change over time in the prices paid by urban customers for a market basket of consumer goods and services. CPI is maintained by the U.S. Bureau of Labor Statistics.

**Combined Sewer Overflows:** When rain events occur, combined sewer systems, that contain both wastewater and stormwater in the same pipe, may overflow into waterways to prevent backups of sewage into residences and businesses.

**Debt Service Coverage:** The ratio of net revenues to debt service requirements.

**Fiscal Year:** The 12-month period for which the annual operating and capital budgets apply. MSD's fiscal year runs from July 1 to June 30 of the following year.

**Integrated Overflow Abatement Plan (IOAP):** MSD's long-term plan to control sewer overflows (CSOs) and sanitary sewer overflows (SSOs) in the community.

**Kentucky Cleaner Water Program:** A grant program to aimed at projects that will improve drinking water and wastewater in Kentucky.

**Long-Term Control Plan (LTCP):** The suite of projects that is part of the IOAP that will result in approximately 98% capture of wet-weather combined sewer overflows.

**Producer Price Index (PPI):** Measures the average change over time in the selling prices received by domestic producers for their output. PPI is maintained by the U.S. Bureau of Labor Statistics.

**Sanitary Sewer Discharge Plan (SSDP):** The suite of projects that is part of the IOAP that will eliminate capacity-related sanitary sewer overflows up to the site-specific level of protection.

**Stormwater:** Surface water resulting from rain or snow.

**Wastewater:** Water that has been used for domestic or industrial purposes.

**Wastewater Treatment:** Physical, chemical, and biological processes used to remove pollutant from wastewater before discharging it into a water body.

