

Monthly Executive Report

Financial & Capital Program Updates

As of August 31, 2022



MONTHLY EXECUTIVE REPORT
August 31, 2022

DISCLAIMER

This monthly report was prepared by Louisville MSD staff using the best available information. Contributions were made from Finance, Engineering, Regulatory Compliance, Procurement, and Project Controls. Additional information will be incorporated into this report as deemed appropriate.

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Acronyms & Abbreviations

B	Billions
BCE	Business Case Evaluation
BOD	Biochemical Oxygen Demand
BMP	Best Management Practice
BRIC	Building Resilient Infrastructure & Communities Grant Program
CCWQTC	Cedar Creek Water Quality Treatment Center
CD	Consent Decree
CIP	Capital Improvement Program
CMF	Centralized Maintenance Facility
CMOM	Capacity, Management, Operations, and Maintenance Program
CP	Commercial Paper
CRRP	Critical Repair and Replacement Plan
CSF	Critical Success Factor
CSO	Combined Sewer Overflow
CSS	Combined Sewer System
DOW	Kentucky Department of Water
DRGWQTC	Derek Guthrie Water Quality Treatment Center
DRI	Drainage Response Initiative
EAC	Estimate-at-Completion
EAP	Early Action Plan
ENV	Environmental
EPA	Environmental Protection Agency
EPM	Enterprise Program Manager
FEMA	Federal Emergency Management Agency
FEPS	Final Effluent Pump Station
FFWQTC	Floyds Fork Water Quality Treatment Center
FM	Force Main
FPS	Flood Pump Station
FY	Fiscal Year
GASB	General Accounting Standards Board
GIS	Geographical Information System
HCWQTC	Hite Creek Water Quality Treatment Center
HSE	Health and Safety Evaluation
HVAC	Heating, Ventilation, and Air Conditioning
ID	Project Budget Identification Number
IOAP	Integrated Overflow Abatement Plan
IT	Information Technology
KPDES	Kentucky Pollutant Discharge Elimination System
LG	Louisville Green Biosolids Processing System
LOJIC	Louisville Jefferson County Information Center
LTCP	Long Term Control Plan
LWC	Louisville Water Company
M	Millions
MBE/WBE	Minority Owned Business Enterprise/Women Owned Business Enterprise
MCC	Motor Control Center
MEB	Morris Forman WQTC Maintenance Equipment Building
MHI	Median Household Income
MFWQTC	Morris Forman Water Quality Treatment Center
MS4	Municipal Separate Storm Sewer System Program
MSD	Metropolitan Sewer District
NMC	Nine Minimum Controls

Acronyms & Abbreviations - Continued

NOA	Notice of Advisement
NOI	Net Operating Income
NTP	Notice to Proceed
OC	Oldham County
OCEA	Oldham County Environmental Agency
PM	Project Manager
PMIS	Project Information Management System
PSC	Property Service Connection
PS	Pump Station
Q	Quarter of Year
RAS	Return Activated Sludge
RFP	Request for Proposals
RR	Repair and Replacement
RTC	Real Time Control
SCADA	Supervisory Control and Data Acquisition
SIFMA	Securities Industry and Financial Markets Association
SRF	State Revolving Loan Fund Program
SSDP	Sanitary Sewer DP
SWPS	Southwestern Pump Station
TBD	To Be Determined
TSS	Total Suspended Solids
USACE	United States Army Corps of Engineers
USEPA	United States Environmental Protection Agency
VFD	Variable Frequency Drive
WIFIA	Water Infrastructure Finance and Innovation Act
WQTC	Water Quality Treatment Center
WWTF	Wet Weather Treatment Facility
WWPS	Wastewater Pump Station
YTD	Year-to-Date

SECTION 1: EXECUTIVE SUMMARY

The Louisville and Jefferson County Metropolitan Sewer District (MSD) provides wastewater, stormwater and flood protection services to a population of nearly 800,000 throughout the service area. The MSD operating budget supports the day-to-day operation and maintenance of all infrastructure, while the capital budget supports the infrastructure investments through its Capital Improvement Program (CIP). The organization continues to complete important projects; comply with Consent Decree and regulatory requirements; and repair/replace critical assets. This report provides a summary of the financial position and the progress made through August 31, 2022 with respect to Fiscal Year 2023 (FY23) program health and regulatory compliance.

CAPITAL PROGRAM HEALTH

A high-level summary of the status of key programs and initiatives is presented in the table below. More detailed information is presented throughout this report.

Summary of FY23 Capital Program Performance To-date

Key Programs and Initiatives	Status as of August 31, 2022
Consent Decree and Agreed Order Compliance	All Consent Decree and Agreed Order deadlines have been satisfied through the reporting period.
Emergency Repairs & Reactive Equipment Replacements	Three (3) emergency projects started in August 2022. The emergencies include repair of a ruptured PSC at 1202 Innes Ct., repair MH and all appurtenances at 4219 Savage Dr., and a PO connect to sewer at 2218 Dorothy Ave. The estimated costs are \$250k.
Cashflow Performance*	Budget Performance Target is \$191.8M as of August 31, 2022.
Change Management Notice of Advisements (NOAs)	Seven (7) NOAs were processed with the following advisement categories: two (2) new projects, seven (7) EAC change, three (3) schedule impacts, two (2) construction advancement and four (4) budget adjustment. <i>Note:</i> A NOA can have more than one advisement category.

*Discussion on Performance Target and Budget Ceiling is found on page 19.

SECTION 2: FINANCIAL REPORT

The Financial Report is prepared monthly to provide readers with a high-level understanding of MSD's financial position. This report contains information on the following:

- Monthly financial results for August 2022
- Customer Statistics
- Employee Headcount
- Cash Balances
- Investment Summary
- Commercial Paper Program Summary

AUGUST FINANCIAL SUMMARY

Financial Highlights for the month of August 2022

- Total operating revenues were \$1.9 million favorable to budget
- Service and administrative expenses were \$396 unfavorable to budget

Results of Operations for the month of August 2022

Total operating revenues were \$1.9 million favorable to budget and \$3.8 million more than August 2021. Wastewater service charges were \$1.3 million favorable to budget and \$2.4 million more than August 2021. Drainage service charges were \$296 thousand favorable to budget and \$1.1 million more than August 2021. Other operating revenues were \$275 thousand favorable to budget and \$335 thousand more than August 2021. Year to date, total operating revenues were \$3.5 million favorable to budget (wastewater service charges \$2.4 million, drainage service charges \$768 thousand and other operating income \$350 thousand).

Service and administrative expenses were \$396 unfavorable to budget and \$1.1 million more than August 2021. Year to date, service and administrative expenses were \$3.9 million favorable to budget.

Depreciation and amortization expenses were \$388 thousand unfavorable to budget and \$917 thousand more than August 2021. Year to date, depreciation and amortization expenses were \$785 thousand unfavorable to budget.

Investment income was \$47 thousand favorable to budget and \$30 thousand less than August 2021. Year to date, investment income was \$372 thousand favorable to budget.

Interest expense was \$817 thousand favorable to budget and \$179 thousand more than August 2021. Year to date, interest expense was \$1.6 million favorable to budget.

Statement of Cash Flows

Cash and cash equivalents increased \$28.1 million August. Net cash provided by operating activities increased \$24.9 million. Net cash provided by capital-related financing activities was \$4.4 million. Net cash used in investing activities was \$1.2 million.

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FINANCIAL STATEMENTS – FY23

Comparative Statement of Net Position

Louisville & Jefferson County Metropolitan Sewer District Monthly Comparative Statement of Net Position				
	YTD Aug-2022	YTD Aug-2021	Variance	Percent
Current Assets				
Unrestricted Cash & Cash Equivalents	\$123,865,137	\$116,647,208	\$7,217,929	6.19%
Sewer & Drainage Receivable	27,439,422	26,422,151	1,017,270	3.85%
Assessment Warrants Receivable	168,668	136,113	32,555	23.92%
Miscellaneous Receivables	2,033,652	1,171,938	861,714	73.53%
Inventories	5,301,663	5,157,185	144,478	2.80%
Prepaid Expenses	8,315,285	6,767,685	1,547,600	22.87%
Restricted Funds	146,107,800	110,805,362	35,302,438	31.86%
Accrued Interest Receivable	340,553	231,208	109,345	47.29%
Total Current Assets	313,572,181	267,338,851	46,233,330	17.29%
Non-Current Assets				
Utility Plant in Service	4,730,865,796	4,301,496,867	429,368,930	9.98%
Accumulated Depreciation	(1,586,341,518)	(1,482,593,744)	(103,747,774)	7.00%
Construction in Progress	433,379,307	637,416,548	(204,037,241)	-32.01%
Net Fixed Assets	3,577,903,586	3,456,319,671	121,583,915	3.52%
Non-Current Receivables	22,173,008	25,971,150	(3,798,143)	-14.62%
Total Assets	3,913,648,774	3,749,629,672	164,019,103	4.37%
Total Deferred Outflow of Resources	71,475,120	87,693,939	(16,218,818)	-18.49%
Total Assets & Deferred Outflow of Resources	3,985,123,895	3,837,323,610	147,800,284	3.85%
Current Liabilities				
Miscellaneous Accounts Payable	5,850,540	10,027,844	(4,177,304)	-41.66%
Accounts Payable - Construction	11,323,695	8,228,365	3,095,330	37.62%
Contract Retainage	5,174,009	12,632,173	(7,458,164)	-59.04%
Accrued Interest Payable	33,313,362	37,083,667	(3,770,305)	-10.17%
Current Maturities of Bonds Payable	52,880,000	51,230,000	1,650,000	3.22%
Current Maturities of Subordinate Debt	2,547,532	1,816,678	730,854	40.23%
Deposits Payable	1,957,872	2,963,243	(1,005,372)	-33.93%
Accrued Salaries & Wages	4,657,778	3,410,226	1,247,552	36.58%
Accrued Workers' Comp Insurance	1,796,748	2,626,118	(829,370)	-31.58%
Employee Comp Absences Payable	4,235,031	4,220,228	14,803	0.35%
Total Current Liabilities	123,736,567	134,238,542	(10,501,975)	-7.82%
Non-Current Liabilities				
Long-Term Senior Debt Payable	2,228,405,000	2,056,535,000	171,870,000	8.36%
Long-Term Subordinate Debt Payable	356,434,318	450,644,084	(94,209,766)	-20.91%
Other Long-Term Liability	292,343,730	255,699,908	36,643,822	14.33%
Total Non-Current Liabilities	2,877,183,048	2,762,878,992	114,304,056	4.14%
Total Liabilities	3,000,919,615	2,897,117,534	103,802,081	3.58%
Total Deferred Inflow of Resources	44,606,691	10,198,477	34,408,214	337.39%
Total Liabilities & Deferred Inflow of Resources	3,045,526,306	2,907,316,011	138,210,295	4.75%
Net Position	939,597,589	858,548,182	81,049,407	9.44%
Total Liabilities, Deferred Inflow of Resources and Net Position	3,985,123,895	3,765,864,193	219,259,702	5.82%

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Statement of Revenues, Expenses & Change in Net Position

Louisville & Jefferson County Metropolitan Sewer District Monthly Statement of Revenues, Expenses, and Changes in Net Position							
	YTD	YTD	YTD	% YTD	YTD	YTD	% YTD
	Actual	Budget	Variance	Variance	Prior Year	Variance	Variance
Wastewater Charges							
Residential	\$ 28,592,523	\$ 28,033,558	\$ 558,966	2.0%	\$ 26,007,160	\$ 2,585,363	9.9%
Commercial	16,147,655	14,742,040	1,405,615	9.5%	14,293,397	1,854,258	13.0%
Industrial	4,462,329	4,171,326	291,003	7.0%	4,030,307	432,022	10.7%
Other Wastewater	2,281,616	1,603,601	678,015	42.3%	1,524,702	756,915	49.6%
Free Wastewater Charges	(1,522,799)	(950,319)	(572,480)	60.2%	(1,057,918)	(464,881)	43.9%
Total Wastewater Charges	49,961,324	47,600,206	2,361,119	5.0%	44,797,647	5,163,677	11.5%
Drainage							
Residential	5,677,993	5,353,122	324,871	6.1%	5,049,926	628,067	12.4%
Commercial	8,677,566	8,315,966	361,600	4.3%	7,873,881	803,686	10.2%
Industrial	1,018,272	968,618	49,654	5.1%	913,756	104,516	11.4%
Other Stormwater	722,111	645,563	76,548	11.9%	572,346	149,765	26.2%
Free Stormwater Charges	(488,294)	(444,103)	(44,190)	10.0%	(440,821)	(47,473)	10.8%
Total Drainage Charges	15,607,649	14,839,166	768,483	5.2%	13,969,088	1,638,561	11.7%
Total Service Charges	65,568,973	62,439,372	3,129,601	5.0%	58,766,735	6,802,238	11.6%
Other Operating Income	1,093,645	738,362	355,284	48.1%	841,454	252,191	30.0%
Total Operating Revenue	66,662,618	63,177,733	3,484,885	5.5%	59,608,188	7,054,429	11.8%
Operating Expenses							
Salaries & Wages	9,149,065	10,369,493	(1,220,428)	-11.8%	8,527,623	621,442	7.3%
Labor Related Overhead	4,732,963	4,842,174	(109,212)	-2.3%	4,172,612	560,350	13.4%
Utilities	2,943,498	2,739,378	204,120	7.5%	3,067,748	(124,250)	-4.1%
Materials & Supplies	1,363,686	1,496,275	(132,589)	-8.9%	1,408,702	(45,015)	-3.2%
Contractual Services	4,191,126	6,294,231	(2,103,105)	-33.4%	5,083,570	(892,444)	-17.6%
Chemicals	993,160	1,542,487	(549,326)	-35.6%	883,940	109,221	12.4%
Fuel	319,464	379,935	(60,471)	-15.9%	230,846	88,618	38.4%
Insurance Premiums & Claims	1,259,046	1,046,241	212,805	20.3%	824,631	434,415	52.7%
Bad Debt	669,608	589,222	80,386	13.6%	771,472	(101,864)	-13.2%
Other Operating Expense	186,063	411,425	(225,361)	-54.8%	122,053	64,011	52.4%
Mapping/Insurance Recovery	-	-	-	0.0%	-	0	0.0%
Capitalized Overhead	(6,181,531)	(7,130,607)	949,076	-13.3%	(5,805,903)	(375,628)	6.5%
Capital Expenses (over)/under applied							
Net Service and Administrative Costs	19,626,149	22,580,255	(2,954,106)	-13.1%	19,287,294	338,855	1.8%
Depreciation	18,066,595	17,243,334	823,261	4.8%	16,339,006	1,727,589	10.6%
Amortization	261,555	299,327	(37,772)	-12.6%	189,628	71,928	37.9%
Total Depreciation/Amortization	18,328,150	17,542,661	785,489	4.5%	16,528,634	1,799,516	10.9%
Total Operating Expenses	37,954,299	40,122,916	(2,168,617)	-5.4%	35,815,927	2,138,371	6.0%
Net Operating Income	28,708,319	23,054,817	5,653,502	24.5%	23,792,261	4,916,058	20.7%
Non-Operating Revenue (Expenses)							
Gain/Loss Disposal of Assets	0	-	0	0.0%	74,983	(74,983)	0.0%
Investment Income	2,292,282	1,920,800	371,482	19.3%	2,053,976	238,307	11.6%
Interest Expense	(14,654,392)	(16,250,547)	1,596,155	-9.8%	(15,975,000)	1,320,608	-8.3%
Total Non-Operating Revenue (Expenses)	(12,362,110)	(14,329,747)	1,967,637	-13.7%	(13,846,041)	1,483,931	-10.7%
Contributions	464,795.57	-	464,796	0.0%	-	(464,796)	0.0%
Change in Net Position Before Swaps	16,811,005	8,725,070	8,085,935	92.7%	9,946,220	(6,864,785)	69.0%
Change in Fair Value of Swaps	(245,242)	-	(245,242)	0.0%	836,344	1,081,586	-129.3%
Change in Net Position After Swaps	\$ 16,565,763	\$ 8,725,070	\$ 7,840,693	89.9%	\$ 10,782,564	\$ (5,783,199)	53.6%

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Statement of Cash Flows

Louisville and Jefferson County Metropolitan Sewer District Statement of Cash Flows		
	FY 2023 YTD	FY 2022 YTD
Cash Flows from Operating Activities		
Cash received from customers	\$ 63,289,102	\$ 56,746,238
Cash paid to suppliers	(19,839,356)	(19,818,861)
Cash paid to employees	(9,047,555)	(9,025,325)
Net Cash Provided by Operating Activities	34,402,191	27,902,052
Cash Flows from Capital and Related Financing Activities		
Proceeds from issuance of revenue bonds	-	-
Proceeds from issuance of bond anticipation note	-	-
Proceeds from issuance of commercial paper	50,000,000	100,000,000
Proceeds from issuance of notes	-	-
Proceeds from issuance of other subordinated debt	-	-
Payments for retirement of revenue bonds	-	(3,435,996)
Payments for retirement of bond anticipation note	-	-
Payments for retirement of commercial paper	(20,000,000)	(70,000,000)
Payments for retirement of notes	-	-
Payments for retirement of other subordinated debt	-	-
Payments for interest expense	(95,623)	171,001
Payments for interest on swaps	(1,148,472)	(1,858,661)
Build America bond interest subsidy	1,831,025	1,731,900
Proceeds from capital grants	-	-
Proceeds from sale of capital assets	-	74,983
Payments for capital assets	(28,225,630)	(39,129,472)
Proceeds from assessments	139,638	251,679
Net Cash Provided (Used) by Capital and Related Financing	2,500,938	(12,194,566)
Cash Flows from Investing Activities		
Purchase of investments	(15,270,155)	(29,979,844)
Maturity of investments	14,559	14,672,093
Investment income	756,963	321,774
Net Cash Provided (Used) by Investing Activities	(14,498,633)	(14,985,977)
Net Increase (Decrease) in Cash and Cash Equivalents	22,404,496	721,509
Cash and Cash Equivalents, Beginning of Year	71,854,355	101,985,796
Cash and Cash Equivalents, End of Year	\$ 94,258,851	\$ 102,707,305
Reconciliation of Operating Income to Net Cash provided by Operating Activities		
Income from operations	\$ 28,708,323	\$ 23,792,261
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	18,328,150	16,528,633
Accounts receivable	(3,411,285)	(3,068,577)
Inventories	(39,382)	(71,097)
Prepaid expense	(5,366,213)	(612,157)
Accounts payable	(3,956,681)	(8,375,936)
Customer deposits	37,769	206,627
Accrued liabilities	101,510	(497,702)
Pension liability	-	-
OPEB liability	-	-
Net Cash Provided by Operating Activities	\$ 34,402,191	\$ 27,902,052
Non-Cash Capital Financing and Investing Activities		
Contribution of plant, lines and other facilities by developers and property owners	\$ -	\$ -
Construction costs in accounts payable	16,497,704	20,860,538
Change in fair value of investments	141,409	87,859
Decrease in interest rate swap deferred revenue	(82,825)	82,825
Change in fair value - swap agreements	245,242	836,344
Bonds issued for refunding of debt	-	246,555,000

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Actual vs. Budget Operating and Maintenance Expenses

Louisville & Jefferson County Metropolitan Sewer District							
Operating and Maintenance Expenses							
	YTD Actual	YTD Budget	YTD Variance	% YTD Variance	YTD Prior Year	YTD Variance	% YTD Variance
Salaries & Wages							
51120 - Regular Salaries & Wages	\$ 7,681,825	\$ 9,938,415	\$ (2,256,590)	-22.7%	\$ 7,243,955	\$ 437,871	6.0%
51130 - Overtime	465,947	366,113	99,835	27.3%	345,656	120,291	34.8%
51135 - Special Event Compensation	27,440	60,204	(32,764)	-54.4%	25,590	1,850	7.2%
51140 - Wages pd for vacation, holidays & other	970,627	0	970,627	0.0%	887,477	83,150	9.4%
51145 - Incentive Pay - Performance, ERT, Sugg	0	0	0	0.0%	22,195	(22,195)	0.0%
51147 - Service & Safety Incentive Awards	3,225	4,761	(1,536)	-32.3%	2,750	475	17.3%
Total Salaries & Wages	9,149,065	10,369,493	(1,220,428)	-11.8%	8,527,623	621,442	7.3%
Labor & Related Overhead							
51210 - Short-Term Disability	35,109	0	35,109	0.0%	68,518	(33,409)	-48.8%
51220 - Workers' Compensation Insurance	(145,294)	54,168	(199,462)	-368.2%	25,805	(171,099)	-663.0%
51225 - Workers' Compensation Claims	73,587	198,768	(125,181)	-63.0%	101,071	(27,484)	-27.2%
51230 - Long-Term Disability	137	8,400	(8,263)	-98.4%	(13,935)	14,072	-101.0%
51240 - Group Life - AD&D Insurance	17,009	6,600	10,409	157.7%	(7,481)	24,490	-327.4%
51250 - Tuition Assistance	(20,966)	18,330	(39,296)	-214.4%	10,408	(31,374)	-301.4%
51260 - Empl Assistance & Wellness Program	0	2,334	(2,334)	0.0%	0	0	0.0%
51300 - Payroll Taxes	804,545	759,435	45,110	5.9%	574,656	229,889	40.0%
51400 - Unemployment Insurance	0	5,763	(5,763)	0.0%	0	0	0.0%
51500 - Med Ins: MSD's port. of prem for grp	1,171,701	1,262,526	(90,825)	-7.2%	1,188,209	(16,509)	-1.4%
51600 - Retirement Contributions	2,797,135	2,525,850	271,285	10.7%	2,225,361	571,774	25.7%
51650 - Pension & OPEB Expense	0	0	0	0.0%	0	0	0.0%
Total Labor & Related Overhead	4,732,963	4,842,174	(109,212)	-2.3%	4,172,612	560,350	13.4%
Utilities							
53310 - Electric	2,213,630	2,053,470	160,160	7.8%	2,645,533	(431,903)	-16.3%
53320 - Natural Gas	211,629	165,156	46,473	28.1%	48,027	163,602	340.6%
53330 - Water & Grd Disposal	342,965	297,596	45,369	15.3%	188,735	152,230	80.7%
53340 - Telephone	52,644	52,167	477	0.9%	32,405	20,238	62.5%
53345 - Data Communications	124,630	228,000	(103,370)	-83.0%	153,047	(103,370)	-18.6%
Total Utilities	2,943,498	2,739,378	204,120	7.5%	3,067,748	(199,203)	-4.1%
Materials & Supplies							
53100 - Tires & Tire Service Expense	63,536	56,915	6,621	11.6%	0	63,536	0.0%
53140 - Materials & Supplies	1,262,001	1,376,360	(114,359)	-8.3%	1,105,067	156,933	14.2%
53150 - Inventory Adjustments	0	0	0	0.0%	0	0	0.0%
53160 - Landfill Cost of fill dirt	38,150	63,000	(24,850)	-39.4%	303,634	(265,485)	-87.4%
Total Materials & Supplies	1,363,686	1,496,275	(132,589)	-8.9%	1,408,702	(45,015)	-3.2%
Contractual Services							
51700 - Uniforms	15,349	44,023	(28,674)	-65.1%	18,596	(3,247)	-17.5%
52110 - Billing & Collection	1,128,696	1,122,934	5,762	0.5%	1,041,430	87,266	8.4%
52130 - Custodial & Watchmen	116,591	142,934	(26,343)	-18.4%	119,253	(2,662)	-2.2%
52140 - Professional Services	343,800	760,621	(416,821)	-54.8%	235,299	108,501	46.1%
52145 - Legal	20,627	211,774	(191,146)	-90.3%	43,413	(22,785)	-52.5%
52155 - Banking Services	13,516	16,600	(3,084)	-18.6%	16,438	(2,922)	-17.8%
52160 - Maintenance & Repairs	679,161	1,005,880	(326,720)	-32.5%	715,654	(32,493)	-4.6%
52170 - Sludge & Grd Disposal	572,066	497,796	74,270	14.9%	932,141	(360,075)	-38.6%
52180 - Temporary Services	23,784	45,650	(21,866)	-47.9%	21,051	2,733	13.0%
52195 - Other Contractual Services	1,277,536	2,446,020	(1,168,484)	-47.8%	1,944,296	(666,760)	-34.3%
Total Contractual Services	4,191,126	6,294,231	(2,103,105)	-33.4%	5,083,570	(892,444)	-17.6%
Bad Debt							
54200 - Bad Debts	619,608	589,222	30,386	5.2%	671,472	(51,864)	-7.7%
54210 - Bad Debt - Assessments	50,000	0	50,000	0.0%	100,000	(50,000)	-50.0%
Total Bad Debt	669,608	589,222	80,386	13.6%	771,472	(101,864)	-13.2%
Chemicals							
53205 - Peracetic Acid	0	33,333	(33,333)	0.0%	0	0	0.0%
53210 - Chlorine	0	1,575	(1,575)	0.0%	0	0	0.0%
53215 - Sodium Hypochlorite	255,628	375,684	(120,057)	-32.0%	125,401	130,227	103.8%
53220 - Polymer	516,524	650,281	(133,758)	-20.6%	404,860	111,664	27.6%
53225 - Sodium Aluminate	26,055	71,872	(45,817)	-63.7%	29,497	(3,442)	-11.7%
53230 - Liquid Oxygen	34,152	54,753	(20,600)	-37.6%	49,503	(15,350)	-31.0%
53235 - Liquid Nitrogen	5,607	14,764	(9,157)	-62.0%	0	5,607	0.0%
53240 - Other Chemicals	(2,636)	8,851	(11,487)	-129.8%	14,406	(17,042)	-118.3%
53250 - Dechlorination	60,211	124,629	(64,418)	-51.7%	63,019	(2,808)	-4.5%
53275 - Defoamer	0	6,619	(6,619)	0.0%	0	0	0.0%
53280 - Biocide	97,620	200,000	(102,380)	-51.2%	197,254	(99,634)	-50.5%
53285 - Sodium Hydroxide	0	125	(125)	0.0%	0	0	0.0%
Total Chemicals	993,160	1,542,487	(549,326)	-35.6%	883,940	109,221	12.4%
Fuel							
53120 - Gasoline	131,335	151,000	(19,665)	-13.0%	103,574	27,761	26.8%
53130 - Diesel Fuel	188,129	228,935	(40,806)	-17.8%	127,272	60,857	47.8%
Total Fuel	319,464	379,935	(60,471)	-15.9%	230,846	88,618	38.4%
Insurance Premiums & Claims							
54100 - Casualty Insurance	0	0	0	0.0%	0	0	0.0%
54110 - General Liability Insurance	697,377	615,378	81,999	13.3%	375,404	321,973	85.8%
54130 - Property Insurance	368,411	337,988	30,423	9.0%	337,989	30,422	9.0%
54140 - General Liability Claims	193,258	92,875	100,383	108.1%	111,238	82,020	73.7%
54150 - Automobile Liability Claims	0	0	0	0.0%	0	0	0.0%
Total Insurance Premiums & Claims	1,259,046	1,046,241	212,805	20.3%	824,631	434,415	52.7%
Other Operating Expense							
53410 - Equipment Rental	18,211	36,804	(18,593)	-50.5%	46,505	(28,294)	-60.8%
53420 - Space Rent	5,000	5,000	0	0.0%	5,000	0	0.0%
53430 - Leased Parking	13,754	13,257	497	3.8%	(300)	14,054	-4684.7%
54250 - Contributions	12,569	25,083	(12,514)	-49.9%	0	12,569	0.0%
54300 - Fines, Penalties & Damages	0	0	0	0.0%	0	0	0.0%
54400 - Advertising	4,442	39,251	(34,810)	-88.7%	3,467	974	28.1%
54500 - Travel & Meetings	36,131	106,306	(70,175)	-66.0%	6,494	29,637	456.3%
54550 - Training	28,312	107,281	(78,969)	-73.6%	10,607	17,706	166.9%
54600 - Dues, Fees and Subscriptions	65,993	76,042	(10,048)	-13.2%	50,415	15,578	30.9%
54700 - Board Members	1,400	2,400	(1,000)	-41.7%	1,275	125	9.8%
54725 - Bond Closing Cost	0	0	0	0.0%	0	0	0.0%
55555 - Over/under payments	251	0	251	0.0%	(1,411)	1,662	-117.8%
Total Other Operating Expense	186,063	411,425	(225,361)	-54.8%			

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SUPPLEMENTAL FINANCIAL REPORTING

Revenue by Customer Class

	Number of Customers		Revenue by Customer Class		Budget By Customer Class	
	Aug-2022	Aug-2021	Aug-2022	Aug-2021	Aug-2022	Aug-2021
Wastewater						
Residential	235,719	230,108	14,978,189	13,769,123	14,506,716	13,268,766
Commercial	21,906	21,592	7,112,641	6,394,865	6,425,084	5,959,594
Industrial	396	390	2,333,486	2,078,495	2,148,561	1,959,720
Sub-Total	258,021	252,090	24,424,316	22,242,482	23,080,361	21,188,080
Drainage						
Residential	209,393	208,179	3,151,776	2,810,023	2,978,735	2,835,645
Commercial	13,995	14,053	4,546,321	3,907,915	4,511,885	3,825,673
Industrial	275	269	551,201	441,219	467,710	448,405
Sub-Total	223,663	222,501	8,249,298	7,159,157	7,958,330	7,109,723
Grand Total			\$ 32,673,613	\$ 29,401,639	\$ 31,038,691	\$ 28,297,804

*August 2022 includes acquired Bullitt County Sanitation District customers.

Wastewater Revenue by County

	Number of Customers		Revenue by Customer Class		Budget by Customer Class	
	Aug-2022	Aug-2021	Aug-2022	Aug-2021	Aug-2022	Aug-2021
Jefferson County						
Residential	224,363	223,756	14,022,375	13,157,300	13,673,523	12,766,766
Commercial	21,496	21,439	6,864,631	6,311,113	6,288,421	5,906,994
Industrial	394	389	2,330,714	2,078,404	2,146,640	1,959,630
Sub-Total	246,253	245,584	23,217,720	21,546,817	22,108,584	20,633,390
Bullitt County						
Residential	4,525	0	260,859	-	221,693	-
Commercial	164	0	111,806	-	86,870	-
Industrial	1	0	2,592	-	1,831	-
Sub-Total	4,690	0	375,257	-	310,394	-
Oldham County						
Residential	6,831	6,352	694,954	611,823	611,500	502,000
Commercial	246	153	136,204	83,752	49,793	52,600
Industrial	1	1	180	90	90	90
Sub-Total	7,078	6,506	831,339	695,665	661,383	554,690
Grand Total			\$ 24,424,316	\$ 22,242,482	\$ 23,080,361	\$ 21,188,080

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Headcount

The approved fiscal year 2023 operating budget fully funded 665 staffed positions, provided full funding for 40 vacant positions and provided partial funding for 92 vacant positions. There were 2 vacant positions that were not funded at all in the budget which brought the total Budget Approved positions to 797.

The Currently Authorized column includes any positions that have been added or moved since the budget was adopted.

The chart below shows staffing level by division as of August 31, 2022.

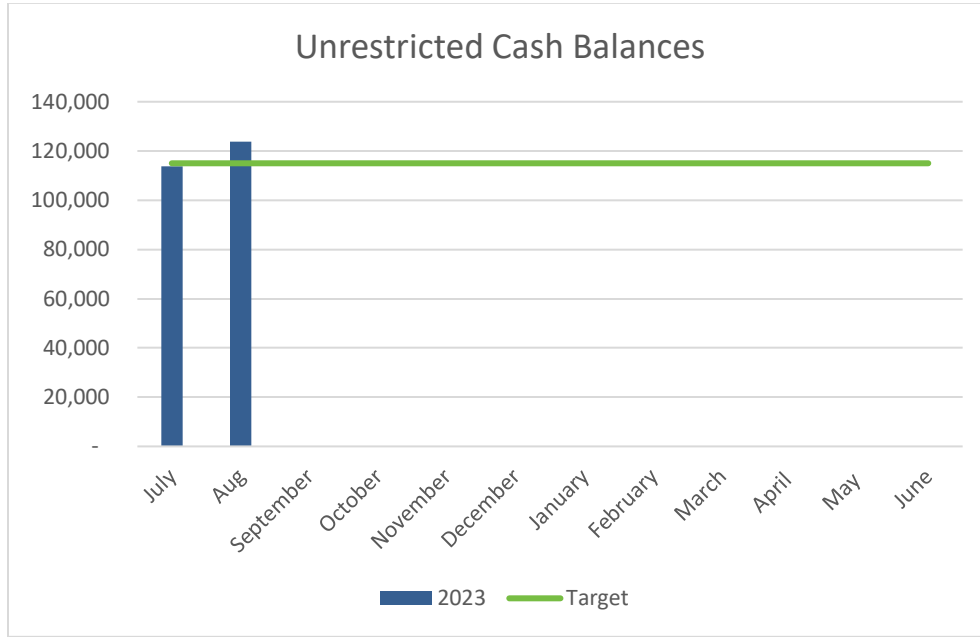
FY23 Headcount by Division			
	Budget Approved	Current Authorized	Filled
Administration			
Community Benefits & Partnerships	5	5	5
Customer Relations	22	22	17
Executive Offices	3	3	3
Facilities	9	9	6
Government & Public Affairs	6	6	5
Innovation	3	3	3
Internal Audit	4	4	3
Records and Information Governance	9	9	8
Safety & Security	21	21	16
Corporate	1	1	1
Engineering	101	101	88
Finance	19	19	17
Human Resources	21	21	15
Information Technology	32	32	28
Legal	12	12	8
Operations	502	502	421
Supply Chain & Economic Inclusion	27	27	21
Total Authorized Positions	797	797	665
*Excludes temporary & seasonal staff			

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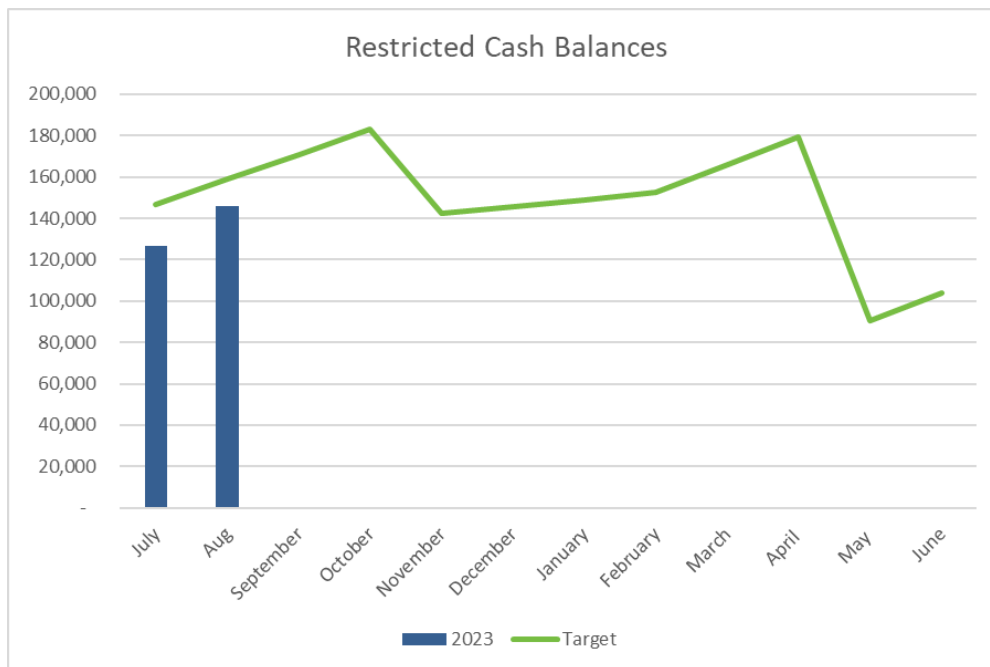
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Cash Balances

Unrestricted cash & cash equivalents generated from service fees and are operating income are used to pay for operating expenses. Unrestricted cash balance is a measure of financial health and supports the underlying credit rating. Low cash balances indicate poor flexibility and inability to manage contingencies.



Restricted cash & cash equivalents are reserved for the purpose of bond debt service, funding of capital construction, cost of issuance, and debt service reserves. MSD supplements its restricted debt service reserve cash and investments with a \$75 million bond surety policy to meet its required level of annual debt service reserve funding.



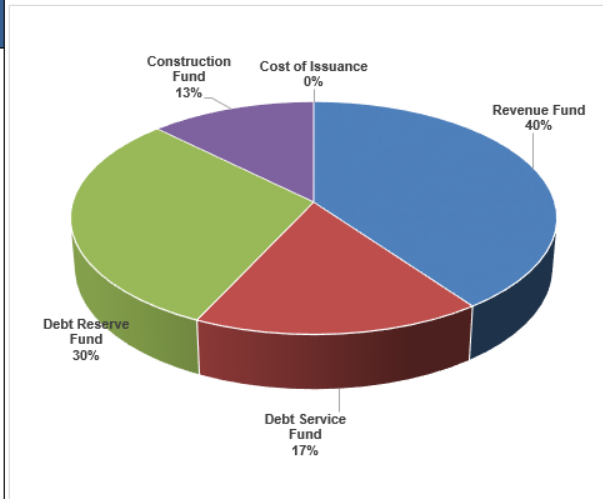
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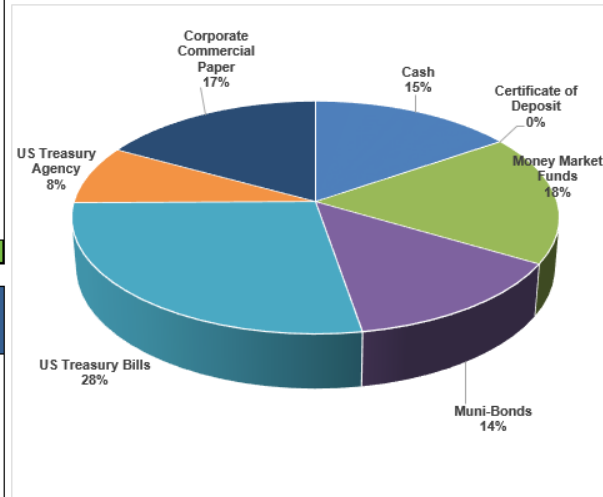
Current Investment Model

MSD's Investment Policy requires distribution of a monthly investment report with an analysis of the status of the portfolio.

Series	Revenue Fund	Debt Service Fund	Debt Reserve Fund	Construction Fund	Cost of Issuance	Total
2008A	-	-	957,228	-	-	957,228
2009A	-	-	4,307,767	-	-	4,307,767
2009B	-	-	13,620,456	-	-	13,620,456
2009C	-	3,256,340	13,307,094	-	-	16,563,434
2010A	-	5,228,426	18,053,333	-	-	23,281,759
2013A	-	1,203,337	26,258,897	-	-	27,462,234
2013B	-	1,629,326	-	-	-	1,629,326
2013C	-	32,958	96,936	-	-	129,893
2014A	-	884,555	-	-	-	884,555
2015A	-	1,942,279	150,361	-	-	2,092,639
2015B	-	1,448,970	-	-	-	1,448,970
2016A	-	1,467,865	-	-	-	1,467,865
2016B	-	760,027	-	-	-	760,027
2016C	-	3,568,187	-	-	-	3,568,187
2017A	-	3,200,448	1,470,179	-	-	4,670,628
2017B	-	633,240	-	-	-	633,240
2018A	-	631,276	-	-	-	631,276
2019A	-	2,696,364	-	-	-	2,696,364
2020A	-	1,851,104	2,149,473	-	-	4,000,577
2020C	-	887,609	-	-	-	887,609
2021A	-	4,534,391	-	-	-	4,534,391
2021 BAN	-	5,959,058	-	-	-	5,959,058
2022A	-	2,919,226	-	33,250,246	-	36,169,472
CP 2018 A-1 & A-2	-	-	-	2,893	-	2,893
Cash	40,657,011	-	-	-	-	40,657,011
Certificate of Deposit	100,000	-	-	-	-	100,000
Money Market Funds	4,802	-	-	-	-	4,802
Muni-Bonds	-	-	-	-	-	-
US Treasury Bills	27,362,199	-	-	-	-	27,362,199
US Treasury Agency	5,108,748	-	-	-	-	5,108,748
Corporate Commercial Paper	32,488,750	-	-	-	-	32,488,750
	\$ 105,721,510	\$ 44,734,985	\$ 80,371,724	\$ 33,253,138	\$ -	\$ 264,081,358



Asset Description	Revenue Fund	Debt Service Fund	Debt Reserve Fund	Construction Fund	Cost of Issuance	Total
Cash	40,657,011	-	-	-	-	40,657,011
Certificate of Deposit	100,000	-	-	-	-	100,000
Money Market Funds	4,802	44,734,985	2,684,856	288,119	-	47,712,762
Muni-Bonds	-	-	36,464,695	-	-	36,464,695
US Treasury Bills	27,362,199	-	22,280,700	23,058,795	-	72,701,694
US Treasury Agency	5,108,748	-	16,509,424	-	-	21,618,172
Corporate Commercial Paper	32,488,750	-	2,432,050	9,906,225	-	44,827,025
	\$ 105,721,510	\$ 44,734,985	\$ 80,371,724	\$ 33,253,138	\$ -	\$ 264,081,358



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Monthly Investment Activity

Following is a list of individual investment transactions executed over the last month. Unless otherwise noted, redemptions represent maturities of investments.

Account	Transaction Type	Category	Amount
Fifth Third Securities	Purchase	Federal Home Loan Bank	1,875,000.00

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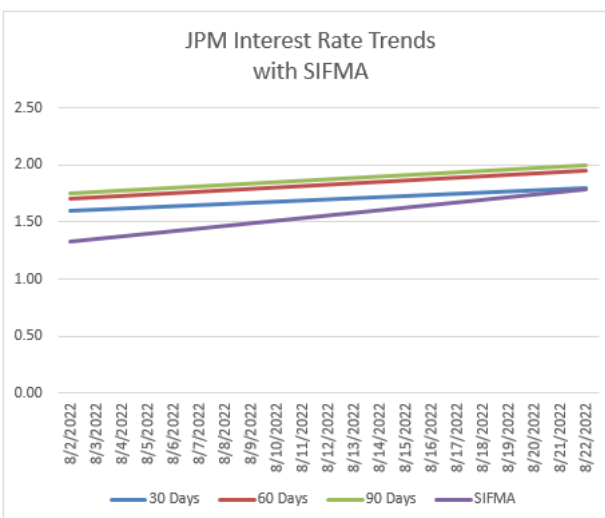
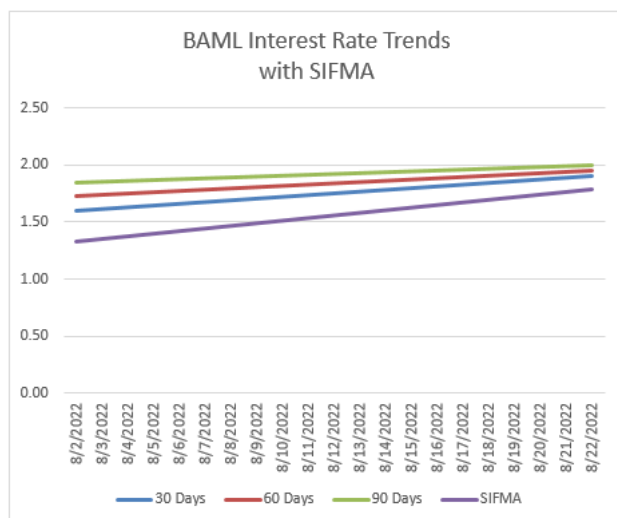
Commercial Paper Program Summary

MSD operates a \$500 million Commercial Paper (CP) program to provide interim financing for its capital program. Liquidity support is provided by JP Morgan Chase and Bank of America, NA. Merrill Lynch, Pierce, Fenner & Smith Inc and JP Morgan Securities are dealers for the program. In August, we had one \$10M note mature that was replaced with a new note with a rate of 1.87% and 73 day terms. In August, we issued one new \$20M note with a rate of 1.73% and a term of 79 days. In September, we have two \$10M note maturing.

The CP Construction Fund balance as of August 31st, was \$2,892.34. Outstanding CP notes are currently split 37.5% with JP Morgan and 62.5% with Bank of America.

CP Issuance Details										
Currently Outstanding										
Issuance Date	CUSIP	Principal	Rate	Term (# of days)	Maturity Date	Dealer (JPM/BAML)	Interest Cost	New Issuance or Roll?	SIFMA Index	Spread over (under) SIFMA
5/20/2022	54658QDC5	10,000,000	1.50%	119	9/16/2022	JPM	48,904.11	New	0.82%	0.68%
6/24/2022	54658NDB4	10,000,000	1.37%	90	9/22/2022	BAML	33,780.82	Roll	0.98%	0.39%
6/29/2022	54658NDC2	10,000,000	1.59%	96	10/3/2022	JPM	41,819.18	New	0.98%	0.61%
7/7/2022	54658NDC2	10,000,000	1.38%	91	10/6/2022	BAML	34,405.48	New	0.78%	0.60%
7/14/2022	54658NDE8	10,000,000	1.45%	90	10/12/2022	BAML	35,753.42	Roll	0.69%	0.76%
8/3/2022	54658NDF5	20,000,000	1.73%	79	10/21/2022	BAML	74,887.67	New	1.33%	0.40%
8/23/2022	54658QDE1	10,000,000	1.87%	73	11/4/2022	JPM	37,400.00	Roll	1.79%	0.08%
Currently Outstanding: \$ 80,000,000							\$ 306,951			

The Securities Industry and Financial Markets Association (SIFMA) publishes a 7-day high-grade market index comprised of tax-exempt Variable Rate Demand Obligations (VRDOs) with certain characteristics. The Index is calculated and published by Bloomberg and is overseen by SIFMA's Municipal Swap Index Committee. The SIFMA is a short-term interest rate index that MSD uses to gauge the interest rates we receive on our CP placements.



SECTION 3: CAPITAL PROGRAM PERFORMANCE

The Capital Program Performance Section is prepared to provide MSD's Executive Director and the MSD Board with a high-level understanding of progress made with implementing the FY23 CIP, including Consent Decree and other mandated projects, regulatory compliance commitments, and high priority asset management needs. The following information is presented in this report:

- Comparison of forecast and expenditures to the approved FY23 budget performance target (approved budget minus Management Reserve)
- Discussion of change management activities occurring during the reporting period
- Major project highlights and program challenges
- Forecast of upcoming procurement activities

FY23 CAPITAL BUDGET BASIS

The FY23 CIP budget of \$195.4M for Jefferson County and Oldham County projects was approved by the Board in May 2022. The approved budget was based upon \$190.4M in total expenditures forecasted at that time for the projects anticipated to be active during the Fiscal Year July 1, 2022 through June 30, 2023 plus \$5M was set aside in Management Reserve to fund emergencies and other unanticipated priorities for a total approved budget ceiling of \$195.4M.

It is important to recognize many projects span across multiple fiscal years so the annual budget may not represent the total estimate for the project. Also, construction spending is dependent upon the Contractor's actual progress with the work contracted. Complex construction projects, such as tunnels, are difficult to predict exactly how spending will occur each month. Variations in starting project activities, equipment deliveries, weather delays, subsurface conditions, etc. can affect the speed of monthly and annual spending. For large capital projects MSD reviews the Contractor's anticipated rate of spending and compares it with MSD's cashflow forecast on a monthly basis.

CIP Priorities for Operations

The FY23 CIP was developed in coordination with MSD's Engineering, Finance, and Operations divisions. The overarching intent of the CIP is to enhance, support, and streamline utility operations by 1) providing capital funding for new equipment; 2) replacing aging infrastructure; 3) reducing sewer overflows; and 4) improving reliability of all assets operated and maintained by MSD divisions. The 5-year and FY23 CIP were developed to mitigate risks related to asset failure and regulatory compliance. MSD priorities funding to achieve the greatest risk mitigation possible with the available budget.

The top CIP priorities from an operational perspective were included in the baseline FY23 CIP.

- **Morris Forman WQTC Biosolids:** The aging biosolids processes at the Morris Forman WQTC have presented significant operational challenges. The FY23 CIP includes multiple projects related to biosolids process improvements including: 1) design and site work for the new state-of-the-art biosolids processing facility and advancement of an update to the District-Wide Biosolids Management Master Plan. The 30% design for the biosolids facility is currently under review. The Phase 1 Biosolids Master Plan was reviewed and the scope for Phase 2 has been verified with staff.
- **Morris Forman WQTC Sedimentation Basin Rehabilitation:** The peak flow capacity of the Morris Forman WQTC is currently limited by the capacity of the sedimentation basins. Construction began in FY22 for rehabilitating all four basins. Per an Agreed Order with the State, this work must be completed no later than December 31, 2026. The project is in construction and Contractor is finished the bypass channel and demolition. Work will continue for the replacement gates, existing aerated channel, and the traveling bridges. Overall construction is approximately 10-percent complete.

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- Large Diameter Sewer Rehabilitation Program:** Every year, MSD experiences multiple sewer failures – primarily due to aging infrastructure. As such, MSD is continuing a 5-year program to proactively rehabilitate the highest risk large diameter sewers. In FY3 construction will proceed for the I-64 & Grinstead area sewers, Prospect area sewers, and Western Outfall sewers.
- Flood Pump Station Reliability Improvements:** The Ohio River Flood Protection System protects 240,000 people and \$60 billion of property within the levee area. MSD is working in partnership with the United States Army Corps of Engineers to complete \$168 million of asset improvements with the intent of improving the overall reliability of the system. The USACE continues to coordinate funding for the reliability program. Work is progressing for the Canal Street Floodwall and the Paddy’s Run FPS Capacity Improvement Project. MSD has received the 30% design submittal for Paddy’s Run. Staff continue to coordinate with LG&E regarding the Canal Street Floodwall project and have identified additional work that is required to relocate the floodwall including archeological services.

This information will be updated/adjusted in the event new priorities develop or risks change.

FY23 CIP OVERALL PERFORMANCE

MSD assigned funds to Management Reserve to fund emergencies and unanticipated priorities. Use of the Management Reserve requires approval by the CIP Management Team. The baseline FY23 budget included \$5M for Management Reserve. Given the fluid nature of the timing Management Reserve funds will be expended, MSD is reporting cash flow performance excluding unutilized Management Reserve. The following new budget performance nomenclature is introduced into this monthly report:

- Budget Ceiling:** This represents the total annual capital spend approved with the FY23 CIP of \$195.4M inclusive of all projects, appropriations, and Management Reserve funds.
- Performance Budget Target:** This represents the Budget Ceiling minus the current level of Management Reserve (as captured in G23029). This target, which will change as Management Reserve is utilized, better measures progress of the working slate of projects. As of August 31, 2022, the Performance Budget Target is \$191.8M.

FY23 capital expenditures for the Wastewater, Stormwater, and Support Services Programs totaled \$8.3M through August 2022. This spend represents approximately 4.2% the \$195.4M FY23 capital budget and 4.3% of the budget performance target.

Supply chain and contractor/consultant manpower challenges due to the pandemic are still – and will continue to impact progress of many projects. Additionally, global inflation rates are influencing manufacturing, bidding and delivery of materials. Shortages of key construction materials including steel, PVC pipe, and roofing materials continue to cause schedule delays. Contractors are giving their best guess at lead times but these times are rarely met. Extensive delays with electrical equipment are being experienced. Personnel challenges, such as a shortage of CDL drivers is also creating issues on the job sites and in the engineering offices. Global shortages of semiconductors is impacting the delivery of budgeted vehicles and other machinery.

Capital Budget Performance Summary

Note: The forecast will continue to evolve throughout the FY based on changes to the program including project schedules and estimates.

Financial Category	Value	Comments
FY 2023 Budget Ceiling	\$195.4M	Approved by MSD Board
FY 2023 Performance Budget Target	\$191.8M	Budget Ceiling minus Mgmt. Reserve
FY 2023 Actuals	\$8.3M	4.32 % of Budget Ceiling

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A breakdown of the monthly spend forecast as compared to actual spending is presented in the table below. Capital expense reflects total capital invoices received against purchase orders in the month.

FY23 Evolving Spend Forecast and Actuals

FY23	Monthly Baseline Performance Target	Monthly Actuals
July 2022	---	\$ 1.4M
August 2022	\$12.1M	\$ 6.9M
September 2022	\$12.6M	
October 2022	\$13.4M	
November 2022	\$15.2M	
January 2022	\$16.4M	
January 2023	\$16.7M	
February 2023	\$16.5M	
March 2023	\$18.7M	
April 2023	\$18.6M	
May 2023	\$21.5M	
June 2023	\$28.7M	
FY23 Performance Budget Target	\$ 190.4M	\$ 8.3M

Note: The FY23 baseline forecast excludes \$5M in Management Reserve. The forecast and actuals exclude FEMA grant projects. Most invoices paid in July are for work performed in June, and therefore were charged against the FY22 budget. The June 2023 estimate includes the FY23 accruals.

Challenges to CIP Execution

Efforts made by staff to meet project delivery have been impacted by the following:

Construction bids

- Lack of bidders/bidder interest has reduced the number of respondents for some procurements
- Due to unprecedented construction escalation rates bids are often coming in much higher than anticipated. Some non-regulatory projects will be subject to internal discussion and may be put on hold.

Supply-Chain Project Impacts

- Nationwide electronic chip shortage impacting the delivery of new vehicles
- Supply shortage of material impacting delivery of equipment
- Shortage of external workforce
- General impacts of COVID have delayed some projects

Third-Party Coordination Impacts

- Obtaining easements and stakeholder approval have resulted in delays for some projects
- Lack of bidders/bidder interest has reduced the number of respondents for some procurements
- Contractor learning curve to understand and properly comply with Supplier Diversity requirements is requiring some projects to be re-bid.

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MONTHLY PROJECT ACTIVITIES

MSD's working definitions for each project's schedule activity are as follows:

- **Initiation/ Procurement Activity:** The time when a project in the approved CIP is waiting for planning to be completed; a design Project Manager (PM) assignment; or a consulting Professional Services Agreement Notice-to-Proceed (NTP).
- **Design Activity:** The time from when a project is transitioned from planning to preliminary design through final design, through bidding, until the NTP is issued for construction.
- **Construction Activity:** The time from when a project is issued a NTP through achievement of Substantial Completion of the contracted scope of work.
- **Studies:** Specific projects for assessments, evaluations, studies, and plan development.

A summary of status of projects active during the reporting period is provided in the table below..

Summary of Active Non-Appropriation Projects During Reporting Month

Current Project Activity	# of Projects	Lifetime Actuals	FY23 Budget	FY23 Actuals
Initiation & Procurement	52	\$ 890,398	\$ 14,302,357	\$ 83,256
Design	52	\$ 21,483,886	\$ 60,993,966	\$ 941,264
Construction	40	\$ 154,798,267	\$ 66,687,572	\$ 4,487,336
Studies	12	\$ 9,510,661	\$ 4,196,966	\$ 98,865
TOTAL	156	\$ 186,683,212	\$ 146,180,861	\$ 5,610,721

Emergency Contracts to Repair Infrastructure Damage

When emergencies become larger than internal resources can handle and/or present immediate public safety dangers, emergency contracts are executed. MSD issues emergency contracts under the Chief Engineer's and Executive Director's authority. In general, emergencies are any situation that disrupt service to customers and community related to wastewater treatment, stormwater management and flood protection. Often emergencies are due to the condition and age of MSD's assets, while some are due to heavy rain events and saturated soils undermining of pipe infrastructure and drainage runoff has washing away and/or eroding drainage systems. For the past decade MSD had to defer spending for asset management in order to comply with construction of new assets mandated in the Consent Decree to mitigate unauthorized discharges.

Active emergency projects are included in the table below. The amount presented typically reflects the construction contract only. The Budget ID assigned to each project is listed. Projects that are routine in nature and repaired relatively quickly are performed under the annual appropriation FY23 Renewal and Replacement - Budget ID G23001. Projects more complex or requiring more time for completion are assigned a new budget ID.

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Year-to-Date Active Emergency Contract Work

Emergency	Funding Source	Date Began	Contractor	Emergency Certificate Amount
MFQWTC LG Dryer Replacements	D20285	1/1/2020	Judy Construction	\$ 69,668,264
SGC Gates Replacement - Design	H22022	7/1/2021	AECOM	\$ 2,000,000
DRG Aeration Basin Sluice Gate Project	G22001	9/22/2021	Pace Contracting, LLC	\$ 153,000
CMF Remediation	G22001	11/11/2021	Brownfields Environmental Consulting	\$ 150,000
Beargrass Pump #3, Bearing Replacement	G22001	1/17/2022	Derby City Pump & Valve Service, Inc.	\$ 150,000
Bar Screen Repair at the SWPS	G22001	1/28/2022	EZ Construction Company	\$ 75,000
15th Street Sewer Repair	A22183	3/7/2022	Temple and Temple	\$ 500,000
SGC Gates Replacement - Construction	H22022	4/1/2022	Pace Contracting, LLC	\$ 2,000,000
W Broadway Sewer Repair	H20147	6/22/2022	Ulliman Schutte	\$ 2,000,000
34th Street CSO	G23029	6/30/2022	Temple and Temple	\$ 1,500,000
26th and Bank Street	G23001	7/21/2022	Seven Seas Construction	\$ 50,000
4219 Savage Drive	G23001	8/16/2022	MAC Construction	\$ 150,000
2218 Dorothy Ave	G23001	8/23/2022	TRC, LLC (WBE)	\$ 50,000
2255 Frankfort Ave	G23001	9/1/2022	Basham Construction and Rental	\$ 100,000
658 Barrett Ave	G23001	TBD	TRC, LLC (WBE)	\$ 50,000

Projects Removed from Cashflow

Projects that have been removed from the cashflow are shown in the following table.

Projects Removed from Cashflow Forecast

Budget ID and Project Name	FY23 Budget	Lifetime Actuals	Reason
H23042 - Padmount Transformer for Battery C	\$850,000	---	The scope of this project is being completed as part of the MFQWTC High Voltage Maintenance project.
H09163 Little Cedar Creek Interceptor	\$575,110	---	Project is being eliminated from MSD's IOAP via Minor Mod letter.

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Major Project Highlights

A major project is defined as one with an FY23 budget larger than \$5M. The following tables list major projects in design and construction.

Major CIP Projects in Design

Budget ID & Project Name	Design Finish	Current Project Estimate at Completion	FY23 Budget	Lifetime Actuals	FY23 Spending Projection	Project Outlook
D22100 MFWQTC Thermo-hydrolysis	9/19/2023	\$340.5M	\$8.5M	\$5.6M	\$6.9M	60% Design Underway
F18515 Paddy's Run FPS Capacity Upgrade	9/21/2023	\$123.7M	\$7.7M	\$2.8M	\$7.7M	60% Design Underway
F16004 Canal Street Floodwall	2/2/2023	\$7.5M	\$5.7M	\$0.4M	\$4.4M	60% Design Underway

Major CIP Projects Under Construction

Budget ID & Project Name	Anticipated Substantial Completion	Current Project Estimate at Completion	FY23 Budget	Lifetime Actuals	FY23 Spending Projection	Project Outlook
D17042 MFWQTC Sedimentation Basin	4/3/2024	\$38.7M	\$15.0M	\$7.9M	\$12.0M	Installation of the bypass channel complete. Work is beginning on the isolation gates for both influent channels..
H21019 Rudd Ave Sewer Infrastructure Rehabilitation	1/23/2023	\$14.4M	\$8.2M	\$7.2M	\$7.7M	
D20285 MFWQTC LG Dryer Replacements	1/29/2023	\$70.6M	\$7.0M	\$67.6M	\$3.6M	The dryer portion of this project will be substantially operational by 10/31/2022
H22022 SGC Gate Replacements	9/15/2023	\$8.9M	\$5.9M	\$1.5M	\$5.9M	
G21225 MFWQTC & CMF Facility Guard Building	10/31/2023	\$6.3 M	\$5.1M	\$0.3M	\$4.1M	Construction contract awarded

CIP MANAGEMENT TEAM MEETING HIGHLIGHTS

MSD held a CIP Management Team Meeting on August 23, 2022.

Voting Members	Technical Support Staff	
Tony Parrott (present)	John Loechle (present)	Erin Wagoner (present)
Brian Bingham (present)	Stephanie Laughlin (present)	Kevin Gibson (present)
Angela Akridge (present)	Wolffie Miller (absent)	Yajaira Morphonios (present)
Brad Good (present)	Dan French (present)	Dolly Smith (present)
David Johnson (present)	Jacquelyn Quarles (present)	Marc Thomas (present)
	Tony Marconi (present)	Mike Griffith (present)
	Latoya English (present)	Troy Smith (present)
	Wes Sydnor (present)	Daymond Talley (present)
		Sharma Young (absent)
		Leisha Pica (present)

The notes reflected herein summarize discussions held during the meeting.

Regulatory Discussion

The following topics were discussed: discussion was held regarding regulatory topics.

- Consent Decree
- Agreed Order Projects
- Morris Forman Agreed Order projects
- DOW KPDES Permit Application Submittals

FY23 CIP Progress and Discussions

The following topics were discussed related to the FY23 CIP.

July 2022 Forecast. Ms. Morphonios noted MSD has spent \$1.4 Million to-date after the accruals and is forecasted to spend \$195.4 million for FY23. The performance budget target is \$191.8M (budget ceiling – management reserve).

August Notice of Adviseements (NOAs). Ms. Morphonios presented the following for consideration by the CIP Mgmt Team:

- New Project: City of Graymoore-Devendale CIP; EAC \$520,000 with FY23 impact of \$520,000. Approved
- New Project: Design Manual and Specifications Update; EAC \$200,000 with FY23 impact of \$200,000. Approved
- New Project: Bullitt County Excess Cost; EAC \$118,000 with FY23 impact of \$118,000. Approved
- EAC Increase: DRQWQTC Regional Lab Upgrade; EAC increased \$204,050 to EAC \$1,021,050. Approved
- New Project Jefferson County Excess Cost \$240,000. Approved

August Construction Advancement Requests. Ms. Morphonios presented the following for consideration by the CIP Mgmt Team:

- Morris Forman WQTC Computer Room Upgrades; EAC increase \$323,329 for total EAC \$1,631,323, with no FY23 impact. Approved

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- DRGWQTC Sodium Bisulfite Improvements; EAC increase \$279,472; total EAC \$3,509,924 with no impact on FY23 CIP. Approved

New Emergencies. Ms. Pica noted a new emergency occurred in July (\$50k small sewer break). Mr. Johnson and Mr. Loechle reported two new emergencies – both line breaks under \$50k.

Design Start Forecast. List of projects ready for design was presented. Ms. Pica noted seven projects are ready for design start.

Procurement Forecast. List of potential procurements for the next 90 days was presented. Ms. Pica noted six projects will be advertised for bid/bid openings in August-September. Mr. Parrott said congrats to Mr. Loechle and his team for keeping projects moving forward.

Construction Start Forecast: List of projects moving to construction was presented. Ms. Pica noted nine projects are anticipated to begin construction August-September.

DISCUSSION TOPICS

- USACE Flood Protection Program
- Grants Underway: Ms. Pica mentioned Ms. Laughlin and her team are working on multiple grants applications over the next several weeks. Ms. Laughlin said the Intended Use Plan from SRF is expected this week.

Ms. Pica and Mr. Johnson thanked Ms. Laughlin and her team for pursuing more funding for the CIP. Ms. Laughlin thanked everyone and their team with supporting the transition of the Consent Decree report.

- Odor Complaints

CHANGE MANAGEMENT ACTIVITIES

Notice of Advisement (NOA)

NOAs are intended to document any change to a project scope, schedule, and budget. A standardized electronic form has been created by the MSD Project Controls Team. [\[OOB\]](#)

The table below lists the NOA's processed during the reporting period. In general, requests by staff tend to fall into the following categories:

- **New Projects Added to the CIP:** New projects that were not known at the time the CIP was under development and subsequently approved by MSD's Board. These projects are vetted by staff before funding is requested. Projects are only added to the CIP if funding is available from the CIP Management Reserve.
- **Projects with Schedule Adjustments:** As projects progress through a standard lifecycle, schedules are adjusted. The schedule dates and project duration are used in the cashflow forecast tool. As such, it is important to track and monitor schedule adjustments to the CIP projects.
- **Projects with EAC Adjustments:** As projects advance, the estimate at completion (EAC) is adjusted. Routine adjustments are made at the 30%, 60%, 90%, and Bid Award milestones.
- **Projects Deferred to a Future Year:** Some projects are deferred based upon new information, updated planning status, or to free up funds for other more pressing capital needs.

Notice of Advisement Log for Reporting Month

ID	Project Name	Advisement Category	Impact in FY Budget	Status
453	DRGWQTC Lab Upgrades	EAC, Schedule Impact	---	Approved
454	MFWQTC Equipment RR	EAC,Budget	\$150,000	Approved
455	Odor Sampling Master Plan	New Project, Budget,EAC	\$150,000	Approved
456	City of Graymoore	New Project, Budget, EAC	\$520,000	Approved
457	DRGWQTC Sodium Bisulfite Building Improvement	EAC, Construction Advancement	---	Approved
458	MFWQTC Computer Room Upgrades	EAC, Construction Advancement	---	Approved
459	SWPS Bar Screen Evaluation	Scope, Schedule, Budget, EAC	\$130,00	Approved

PROCUREMENT ACTIVITIES

A forecast of the upcoming procurement activities for the next 90 days is presented in the table below. The bid dates represent anticipated times and may be adjusted depending upon project conditions.

Potential Upcoming Procurement Projects

Budget ID	Project Name	MSD Project Manager	Advertising Start
D22209	DRG Centrifuge Maintenance Platforms	Leong Steven	9/6/2022
H23049	WQTC Loadcenter Rehab	Evans Darryl	9/14/2022

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Budget ID	Project Name	MSD Project Manager	Advertising Start
D21247	MFWQTC MEB HVAC Replacement	Leong Steven	9/15/2022
C23083	City of Graymoore - Devendale DIP	Exely Joe	9/19/2022
H22014	MFWQTC Groundwater Dewatering System Automation	Novak Alex	9/20/2022
D20012	SGC RTC Enhancements	Potempa Julie	9/20/2022
H09182	Monticello PS Elimination	Corcoran Quinn	10/1/2022
D22187	FFWQTC Tertiary Treatment Bldgs Roof Replacement	Potempa Julie	10/3/2022
E21066	Pirogue Court Pump Station Elimination	Gregory Chris	10/7/2022
E21062	Modesto Pump Station Elimination	Gregory Chris	10/14/2022
D18132	DRGWQTC WWPS WW Screen Bldg HVAC	Evans Darryl	10/20/2022
E15035	Lake Forest Pump Station Eliminations	Eshetu Meskerem	10/30/2022
D22186	MFWQTC Computer Room Upgrades	Potempa Julie	11/9/2022
D22098	CCWQTC Re-rating to 9_0 MGD	Leong Steven	11/18/2022

Bid Openings

Bids opened during the reporting month are shown below.

Bids opened during Reporting Month

Budget ID	Project Name	Bid Opening	Engineer's Estimate	Bid Award
D21230	DRG RAS Pumps 2 and 3 Replacement	8/16/2022	\$ 5,012,860	\$ 2,180,732

Construction - Notice to Proceeds (NTP) Issued

The Notice-to-Proceeds issued for projects are listed below.

NTP's Issued during Reporting Month

Budget ID	Project Name	NTP Date
D22122	MFWQTC MEB Boiler Replacement	8/1/2022
H22018	CCWQTC Sludge Storage Tank Improvements	8/30/2022

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END OF REPORT