

Monthly Executive Report

Financial & Capital Program Updates

As of March 31, 2023



MONTHLY EXECUTIVE REPORT
March 31, 2023

NOTE TO THE READER:

The following Monthly Executive Report is prepared and used by Louisville MSD for purposes of updating its governing Board of Directors of various operational and financial matters regarding Louisville MSD on a monthly basis. 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.

MONTHLY EXECUTIVE REPORT

March 31, 2023

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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 March 2023, with respect to Fiscal Year 2023 (FY23) program health and regulatory compliance.

FINANCIAL HEALTH

A high-level summary of key financial information is presented in the table below. More detailed information is presented in Section 2 of this report.

Summary of FY23 Financial Information

Description	Status as of March 31, 2023
Operating Revenues	Total Operating Revenues are \$8.6 million favorable to budget year-to-date. Wastewater service charges account for \$5.8 million of this budget variance.
Operating Expenses	Total Operating Expenses are \$10.1 million favorable to budget year-to-date. Salaries and labor-related overhead account for \$5.5 million of the savings to budget. Contract Services and Chemicals make up the majority of the remainder.
Interest Expense	Total Interest Expense is \$8.0 million favorable to budget year-to-date. This savings is being driven by lower swap interest payments.
Statement of Cash Flows	Cash and cash equivalents increased \$33.0 million in March. Net cash provided by operating activities was \$29.7 million. Net cash used by capital-related financing activities was \$12.6 million, primarily to fund construction in process. Net cash provided by investing activities was \$15.6 million as investments matured.
Commercial Paper Notes	Commercial paper notes outstanding total \$110 million with an average term of 75 days.

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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 in Section 3 of this report.

Summary of FY23 Capital Program Performance To-date

Key Programs and Initiatives	Status as of March 31, 2023
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	One (1) emergency project started in the reporting period. The emergency at FFWQTC will replace two failed UV control gates. The estimated cost for the project is \$150k..
Cashflow Performance*	Budget Performance Target is \$191.8M as of March 31, 2023.The FY23 Spending Projection is \$175.0M
Change Management Notice of Advisements (NOAs)	Twenty-one (21) NOAs were processed this month in the following advisement categories: seven (7) new projects, two (2) EAC changes, nine (9) budget impact, two (2) schedule impact, three (3) construction advancements, two (2) scope changes, one (1) project status change and one (1) project name change. Note: A NOA can have more than one advisement category.

*Discussion on Performance Target and Budget Ceiling is found in the Capital Program Performance Section

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 March 2023
- Customer Statistics
- Employee Headcount
- Cash Balances
- Investment Summary
- Commercial Paper Program Summary
- Quarterly KPIs
- Mark to Market Adjustment on swaps
- Top 20 Customers

MARCH FINANCIAL SUMMARY

Financial Highlights for the month of March 2023

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

Results of Operations for the month of March 2023

Total operating revenues were \$1.9 million unfavorable to budget and \$2.1 million less than March 2022. Wastewater service charges were \$2.1 million unfavorable to budget and \$1.2 million less than March 2022. Drainage service charges were \$329 thousand unfavorable to budget and \$334 thousand less than March 2022. Other operating revenues were \$516 thousand favorable to budget and \$591 thousand less than March 2022. Year to date, total operating revenues were \$8.6 million favorable to budget (wastewater service charges \$5.8 million, drainage service charges \$934 thousand and other operating income \$1.8 million).

Service and administrative expenses were \$1.9 million favorable to budget and \$45 thousand more than March 2022. Year to date, service and administrative expenses were \$10.1 million favorable to budget. Salaries and Labor Related Overhead account for \$5.5 million of the savings to budget. Contract Services and Chemicals make up most of the remaining budget savings.

Depreciation and amortization expenses were \$210 thousand unfavorable to budget and \$335 thousand more than March 2022. Year to date, depreciation and amortization expenses were \$2.8 million unfavorable to budget. Depreciation expense is being driven by the large number of capital projects that were placed in service in June of 2022 including the Waterway Protection Tunnel.

Investment income was \$1.3 million favorable to budget and \$2.5 million more than March 2022. Year to date, investment income was \$5.0 million favorable to budget.

Interest expense was \$957 thousand favorable to budget and \$472 thousand less than March 2022. Year to date, interest expense was \$8.0 million favorable to budget. Interest expense savings are being driven by lower swap payments.

Statement of Cash Flows

Cash and cash equivalents increased \$33.0 million in March. Net cash provided by operating activities was \$29.7 million. Net cash used by capital-related financing activities was \$12.6 million, primarily to fund construction in process. Net cash provided by investing activities was \$15.6 million as investments matured.

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FINANCIAL STATEMENTS – FY23

Comparative Statement of Net Position

Louisville & Jefferson County Metropolitan Sewer District				
Monthly Comparative Statement of Net Position				
Month Ended, March 31, 2023				
	YTD Mar-2023	YTD Mar-2022	Variance	Percent
Current Assets				
Unrestricted Cash & Cash Equivalents	\$123,637,245	\$116,071,954	\$7,565,291	6.52%
Sewer & Drainage Receivable	25,495,662	27,963,473	(2,467,810)	-8.83%
Assessment Warrants Receivable	147,787	180,391	(32,604)	-18.07%
Miscellaneous Receivables	2,033,218	338,429	1,694,789	500.78%
Inventories	5,588,966	5,271,955	317,011	6.01%
Prepaid Expenses	4,375,078	4,382,835	(7,758)	-0.18%
Restricted Funds	163,839,795	181,263,762	(17,423,967)	-9.61%
Accrued Interest Receivable	340,553	231,208	109,345	47.29%
Total Current Assets	325,458,305	335,704,007	(10,245,702)	-3.05%
Non-Current Assets				
Utility Plant in Service	4,740,681,953	4,336,581,604	404,100,349	9.32%
Accumulated Depreciation	(1,649,110,954)	(1,539,928,245)	(109,182,708)	7.09%
Construction in Progress	553,409,088	710,898,446	(157,489,357)	-22.15%
Net Fixed Assets	3,644,980,088	3,507,551,804	137,428,284	3.92%
Non-Current Receivables	21,131,912	25,160,511	(4,028,599)	-16.01%
Total Assets	3,991,570,304	3,868,416,321	123,153,983	3.18%
Total Deferred Outflow of Resources	69,253,972	79,571,340	(10,317,368)	-12.97%
Total Assets & Deferred Outflow of Resources	4,060,824,276	3,947,987,661	112,836,615	2.86%
Current Liabilities				
Miscellaneous Accounts Payable	12,805,232	7,408,540	5,396,692	72.84%
Accounts Payable - Construction	7,124,002	4,042,018	3,081,984	76.25%
Contract Retainage	5,562,042	11,614,651	(6,052,609)	-52.11%
Accrued Interest Payable	39,157,999	37,386,429	1,771,571	4.74%
Current Maturities of Bonds Payable	52,880,000	51,480,000	1,400,000	2.72%
Current Maturities of Subordinate Debt	2,419,874	2,027,100	392,774	19.38%
Deposits Payable	1,922,154	2,338,152	(415,998)	-17.79%
Accrued Salaries & Wages	1,403,441	2,669,908	(1,266,467)	-47.43%
Accrued Workers' Comp Insurance	1,237,586	1,958,277	(720,692)	-36.80%
Employee Comp Absences Payable	4,992,859	4,823,270	169,589	3.52%
Total Current Liabilities	129,505,188	125,748,344	3,756,844	2.99%
Non-Current Liabilities				
Long-Term Senior Debt Payable	2,228,405,000	2,281,285,000	(52,880,000)	-2.32%
Long-Term Subordinate Debt Payable	385,020,628	292,311,291	92,709,337	31.72%
Other Long-Term Liability	275,087,149	334,439,329	(59,352,180)	-17.75%
Total Non-Current Liabilities	2,888,512,777	2,908,035,621	(19,522,844)	-0.67%
Total Liabilities	3,018,017,965	3,033,783,965	(15,766,000)	-0.52%
Total Deferred Inflow of Resources	51,149,362	9,923,232	41,226,130	415.45%
Total Liabilities & Deferred Inflow of Resources	3,069,167,327	3,043,707,197	25,460,130	0.84%
Net Position	991,401,726	904,280,463	87,121,263	9.63%
Total Liabilities, Deferred Inflow of Resources and Net Position	4,060,569,054	3,947,987,660	112,581,393	2.85%

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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							
Month Ended, March 31, 2023							
	YTD	YTD	YTD	% YTD	YTD	YTD	% YTD
	Actual	Budget	Variance	Variance	Prior Year	Variance	Variance
Wastewater Charges							
Residential	\$ 124,934,520	\$ 123,057,059	\$ 1,877,462	1.5%	\$ 118,247,681	\$ 6,686,839	5.7%
Commercial	72,307,062	68,997,071	3,309,991	4.8%	66,242,015	6,065,047	9.2%
Industrial	18,662,382	18,371,419	290,963	1.6%	17,621,670	1,040,712	5.9%
Other Wastewater	7,276,289	5,899,653	1,376,636	23.3%	6,054,016	1,222,272	20.2%
Free Wastewater Charges	(3,985,272)	(2,959,884)	(1,025,389)	34.6%	(3,313,173)	(672,100)	20.3%
Total Wastewater Charges	219,194,980	213,365,318	5,829,662	2.7%	204,852,209	14,342,771	7.0%
Drainage							
Residential	25,416,629	24,903,277	513,352	2.1%	23,492,780	1,923,849	8.2%
Commercial	39,268,636	39,151,940	116,696	0.3%	36,678,464	2,590,172	7.1%
Industrial	4,673,171	4,511,620	161,551	3.6%	4,256,085	417,087	9.8%
Other Stormwater	3,134,967	2,865,368	269,600	9.4%	2,782,122	352,846	12.7%
Free Stormwater Charges	(2,085,573)	(1,958,798)	(126,776)	6.5%	(1,959,844)	(125,730)	6.4%
Total Drainage Charges	70,407,830	69,473,407	934,423	1.3%	65,249,607	5,158,223	7.9%
Total Service Charges	289,602,810	282,838,725	6,764,086	2.4%	270,101,816	19,500,994	7.2%
Other Operating Income	5,188,934	3,476,492	1,712,442	49.3%	7,090,348	(1,901,414)	-26.8%
Total Operating Revenue	294,791,744	286,315,217	8,476,527	3.0%	277,192,164	17,599,580	6.3%
Operating Expenses							
Salaries & Wages	42,892,586	46,364,878	(3,472,292)	-7.5%	40,410,871	2,481,715	6.1%
Labor Related Overhead	19,582,340	21,599,346	(2,017,007)	-9.3%	19,181,690	400,649	2.1%
Utilities	13,733,497	13,276,950	456,547	3.4%	11,825,975	1,907,522	16.1%
Materials & Supplies	6,405,495	6,643,236	(237,742)	-3.6%	5,524,370	881,125	15.9%
Contractual Services	23,031,937	26,899,787	(3,867,849)	-14.4%	26,380,002	(3,348,065)	-12.7%
Chemicals	5,382,302	6,941,190	(1,558,888)	-22.5%	4,796,630	585,672	12.2%
Fuel	1,324,093	1,643,406	(319,313)	-19.4%	1,108,022	216,072	19.5%
Insurance Premiums & Claims	5,357,220	4,708,085	649,135	13.8%	4,887,830	469,390	9.6%
Bad Debt	3,119,608	2,651,471	468,137	17.7%	3,471,624	(352,016)	-10.1%
Other Operating Expense	1,504,685	1,736,048	(231,363)	-13.3%	1,097,831	406,854	37.1%
Mapping/Insurance Recovery	-	-	-	0.0%	-	0	0.0%
Capitalized Overhead	(29,212,807)	(31,791,454)	2,578,647	-8.1%	(28,835,997)	(376,811)	1.3%
Capital Expenses (over)/under applied							
Net Service and Administrative Costs	93,120,954	100,672,941	(7,551,987)	-7.5%	89,848,848	3,272,106	3.6%
Depreciation	80,597,893	77,595,003	3,002,890	3.9%	74,155,353	6,442,540	8.7%
Amortization	1,172,195	1,286,670	(114,475)	-8.9%	1,071,250	100,945	9.4%
Total Depreciation/Amortization	81,770,088	78,881,673	2,888,415	3.7%	75,226,603	6,543,485	8.7%
Total Operating Expenses	174,891,043	179,554,614	(4,663,572)	-2.6%	165,075,451	9,815,591	5.9%
Net Operating Income	119,900,702	106,760,603	13,140,099	12.3%	112,116,713	7,783,988	6.9%
Non-Operating Revenue (Expenses)							
Gain/Loss Disposal of Assets	(2,667,273)	-	(2,667,273)	0.0%	125,827	(2,793,100)	-2219.8%
Investment Income	13,699,903	8,643,286	5,056,617	58.5%	6,324,602	7,375,301	116.6%
Interest Expense	(69,692,863)	(77,753,814)	8,060,950	-10.4%	(72,168,933)	2,476,070	-3.4%
Total Non-Operating Revenue (Expenses)	(58,660,233)	(69,110,528)	10,450,295	-15.1%	(65,718,504)	7,058,271	-10.7%
Contributions	1,822,194.48	-	1,822,194	0.0%	327,016	(1,495,179)	457.2%
Change in Net Position Before Swaps	63,062,664	37,650,075	25,412,588	67.5%	46,725,225	(16,337,438)	35.0%
Change in Fair Value of Swaps	5,562,464	-	5,562,464	0.0%	8,261,767	2,699,303	-32.7%
Change in Net Position After Swaps	\$ 68,625,128	\$ 37,650,075	\$ 30,975,052	82.3%	\$ 54,986,992	\$ (13,638,135)	24.8%

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Statement of Cash Flows

Louisville and Jefferson County Metropolitan Sewer District		
Statement of Cash Flows		
For the Month Ended, March 31, 2023		
	FY 2023 YTD	FY 2022 YTD
Cash Flows from Operating Activities		
Cash received from customers	\$ 293,326,704	\$ 272,997,311
Cash paid to suppliers	(49,542,212)	(59,455,875)
Cash paid to employees	(45,287,585)	(41,045,849)
Net Cash Provided by Operating Activities	198,496,907	172,495,587
Cash Flows from Capital and Related Financing Activities		
Proceeds from issuance of revenue bonds	-	248,821,124
Proceeds from issuance of bond anticipation note	229,468,019	232,924,231
Proceeds from issuance of commercial paper	300,000,000	335,000,000
Proceeds from issuance of notes	-	-
Proceeds from issuance of other subordinated debt	-	2,695,235
Payments for retirement of revenue bonds	-	(4,023,022)
Payments for retirement of bond anticipation note	(226,340,000)	(226,340,000)
Payments for retirement of commercial paper	(240,000,000)	(465,000,000)
Payments for retirement of notes	-	-
Payments for retirement of other subordinated debt	(1,674,548)	(1,440,741)
Payments for interest expense	(57,042,268)	(56,214,616)
Payments for interest on swaps	(3,438,537)	(7,472,050)
Build America bond interest subsidy	8,239,613	7,762,088
Proceeds from capital grants	-	-
Proceeds from sale of capital assets	(2,667,272)	125,827
Payments for capital assets	(156,021,039)	(152,643,438)
Proceeds from assessments	692,875	973,891
Net Cash Provided (Used) by Capital and Related Financing	(148,783,157)	(84,831,471)
Cash Flows from Investing Activities		
Purchase of investments	(99,521,259)	(117,021,686)
Maturity of investments	127,215,895	46,293,794
Investment income	3,590,788	1,310,039
Net Cash Provided (Used) by Investing Activities	31,285,424	(69,417,853)
Net Increase (Decrease) in Cash and Cash Equivalents	80,999,174	18,246,263
Cash and Cash Equivalents, Beginning of Year	71,854,355	101,985,796
Cash and Cash Equivalents, End of Year	\$ 152,853,529	\$ 120,232,059
Reconciliation of Operating Income to Net Cash provided by Operating Activities		
Income from operations	\$ 119,900,702	\$ 110,588,989
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	81,770,088	75,226,603
Accounts receivable	(1,467,091)	(3,776,388)
Inventories	(326,686)	(185,868)
Prepaid expense	(1,426,006)	1,772,692
Accounts payable	2,998,011	(9,409,157)
Customer deposits	2,051	(418,465)
Accrued liabilities	(2,954,162)	(1,302,819)
Pension liability	-	-
OPEB liability	-	-
Net Cash Provided by Operating Activities	\$ 198,496,907	\$ 172,495,587
Non-Cash Capital Financing and Investing Activities		
Contribution of plant, lines and other facilities by developers and property owners	\$ -	\$ -
Construction costs in accounts payable	12,686,044	(15,656,669)
Change in fair value of investments	(1,902,881)	2,977,669
Decrease in interest rate swap deferred revenue	(372,713)	(372,713)
Change in fair value - swap agreements	(5,562,464)	(8,261,767)
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							
Month Ended, March 31, 2023							
	YTD	YTD	YTD	% YTD	YTD	YTD	% YTD
	Actual	Budget	Variance	Variance	Prior Year	Variance	Prior Year
Salaries & Wages							
51120 - Regular Salaries & Wages	\$ 34,249,243	\$ 44,376,259	\$ (10,127,016)	-22.8%	\$ 32,389,107	\$ 1,860,136	5.7%
51130 - Overtime	2,226,651	1,694,401	532,250	31.4%	1,787,342	439,309	24.6%
51135 - Special Event Compensation	119,260	272,792	(153,532)	-56.3%	125,780	(6,520)	-5.2%
51140 - Wages pd for vacation, holidays & other	6,279,911	0	6,279,911	0.0%	6,090,861	189,049	3.1%
51145 - Incentive Pay - Performance, ERT, Sugg	3,946	0	3,946	0.0%	4,755	(809)	-17.0%
51147 - Service & Safety Incentive Awards	13,575	21,426	(7,851)	-36.6%	13,025	550	4.2%
Total Salaries & Wages	42,892,586	46,364,878	(3,472,292)	-7.5%	40,410,871	2,481,715	6.1%
Labor & Related Overhead							
51210 - Short-Term Disability	226,295	0	226,295	0.0%	258,908	(32,613)	-12.6%
51220 - Workers' Compensation Insurance	85,151	243,756	(158,605)	-65.1%	203,474	(118,323)	-58.2%
51225 - Workers' Compensation Claims	79,465	887,525	(808,060)	-91.0%	(66,988)	146,453	-218.6%
51230 - Long-Term Disability	(23,041)	37,800	(60,841)	-161.0%	57,046	(80,086)	-140.4%
51240 - Group Life - AD&D Insurance	74,429	29,700	44,729	150.6%	29,468	44,961	152.6%
51250 - Tuition Assistance	(4,498)	47,499	(51,997)	-109.5%	36,327	(40,826)	-112.4%
51260 - Empl Assistance & Wellness Program	6,914	10,502	(3,588)	-34.2%	6,983	(69)	-1.0%
51300 - Payroll Taxes	3,054,695	3,350,986	(296,292)	-8.8%	2,726,932	327,762	12.0%
51400 - Unemployment Insurance	14,184	24,963	(10,779)	-43.2%	(35,776)	49,960	-139.6%
51500 - Med Ins: MSD's port. of prem for grp	5,232,467	5,681,367	(448,900)	-7.9%	5,397,008	(164,541)	-3.0%
51600 - Retirement Contributions	10,836,279	11,285,248	(448,968)	-4.0%	10,568,308	267,971	2.5%
Total Labor & Related Overhead	19,582,340	21,599,346	(2,017,007)	-9.3%	19,181,690	400,649	2.1%
Utilities							
53310 - Electric	10,084,606	10,165,615	(81,009)	-0.8%	9,173,083	911,522	9.9%
53320 - Natural Gas	1,100,706	765,449	335,257	43.8%	605,664	495,042	81.7%
53330 - Water	1,430,448	1,085,136	345,312	31.8%	1,006,729	423,719	42.1%
53340 - Telephone	219,956	234,750	(14,794)	-6.3%	190,783	29,173	15.3%
53345 - Data Communications	897,782	1,026,000	(128,218)	-12.5%	849,716	(128,218)	-5.7%
Total Utilities	13,733,497	13,276,950	456,547	3.4%	11,825,975	1,731,238	16.1%
Materials & Supplies							
53100 - Tires & Tire Service Expense	221,009	254,244	(33,235)	-13.1%	0	221,009	0.0%
53140 - Materials & Supplies	5,960,677	6,105,492	(144,816)	-2.4%	5,277,036	683,641	13.0%
53150 - Inventory Adjustments	(2,427)	0	(2,427)	0.0%	0	(2,427)	0.0%
53160 - Landfill Cost of fill dirt	226,236	283,500	(57,264)	-20.2%	247,334	(21,098)	-8.5%
Total Materials & Supplies	6,405,495	6,643,236	(237,742)	-3.6%	5,524,370	881,125	15.9%
Contractual Services							
51700 - Uniforms	171,836	216,204	(44,368)	-20.5%	149,980	21,857	14.6%
52110 - Billing & Collection	5,236,559	5,152,021	84,538	1.6%	4,690,911	545,648	11.6%
52130 - Custodial & Watchmen	638,778	631,953	6,825	1.1%	545,554	93,225	17.1%
52140 - Professional Services	1,921,692	3,139,549	(1,217,856)	-38.8%	1,979,771	(58,079)	-2.9%
52145 - Legal	372,862	952,981	(580,119)	-60.9%	328,555	44,307	13.5%
52155 - Banking Services	36,262	37,950	(1,688)	-4.4%	36,432	(171)	-0.5%
52160 - Maintenance & Repairs	3,657,872	4,168,377	(510,506)	-12.2%	3,364,046	293,826	8.7%
52170 - Sludge & Grit Disposal	2,890,754	2,240,080	650,674	29.0%	5,104,643	(2,213,889)	-43.4%
52180 - Temporary Services	54,653	171,117	(116,464)	-68.1%	148,392	(93,739)	-63.2%
52195 - Other Contractual Services	8,050,669	10,189,555	(2,138,886)	-21.0%	10,031,719	(1,981,050)	-19.7%
Total Contractual Services	23,031,937	26,899,787	(3,867,849)	-14.4%	26,380,002	(3,348,065)	-12.7%
Bad Debt							
54200 - Bad Debts	2,894,608	2,651,471	243,137	9.2%	3,021,624	(127,016)	-4.2%
54210 - Bad Debt - Assessments	225,000	0	225,000	0.0%	450,000	(225,000)	-50.0%
Total Bad Debt	3,119,608	2,651,471	468,137	17.7%	3,471,624	(352,016)	-10.1%
Chemicals							
53205 - Peracetic Acid	0	150,000	(150,000)	0.0%	0	0	0.0%
53210 - Chlorine	0	7,088	(7,088)	0.0%	0	0	0.0%
53215 - Sodium Hypochlorite	1,635,417	1,690,580	(55,163)	-3.3%	750,601	884,816	117.9%
53220 - Polymer	2,132,023	2,926,266	(794,243)	-27.1%	2,289,071	(157,048)	-6.9%
53225 - Sodium Aluminate	164,069	323,424	(159,355)	-49.3%	176,046	(11,977)	-6.8%
53230 - Liquid Oxygen	237,235	246,387	(9,152)	-3.7%	125,216	112,019	89.5%
53235 - Liquid Nitrogen	48,746	66,438	(17,692)	-26.6%	1,384	47,362	3422.1%
53240 - Other Chemicals	17,151	39,830	(22,678)	-56.9%	71,355	(54,204)	-76.0%
53250 - Dechlorination	281,075	560,829	(279,754)	-49.9%	456,162	(175,087)	-38.4%
53275 - Defoamer	24,693	29,787	(5,094)	-17.1%	0	24,693	0.0%
53280 - Bioxide	841,893	900,000	(58,107)	-6.5%	926,796	(84,902)	-9.2%
53285 - Sodium Hydroxide	0	563	(563)	0.0%	0	0	0.0%
Total Chemicals	5,382,302	6,941,190	(1,558,888)	-22.5%	4,796,630	585,672	12.2%
Fuel							
53120 - Gasoline	547,281	625,000	(77,719)	-12.4%	471,838	75,443	16.0%
53130 - Diesel Fuel	776,813	1,018,406	(241,593)	-23.7%	636,184	140,629	22.1%
Total Fuel	1,324,093	1,643,406	(319,313)	-19.4%	1,108,022	216,072	19.5%
Insurance Premiums & Claims							
54110 - General Liability Insurance	3,142,612	2,769,201	373,411	13.5%	2,718,948	423,665	15.6%
54130 - Property Insurance	1,657,850	1,520,946	136,904	9.0%	1,539,606	118,244	7.7%
54140 - General Liability Claims	556,758	417,938	138,820	33.2%	629,276	(72,518)	-11.5%
Total Insurance Premiums & Claims	5,357,220	4,708,085	649,135	13.8%	4,887,830	469,390	9.6%
Other Operating Expense							
53410 - Equipment Rental	206,251	146,420	59,832	40.9%	150,319	55,932	37.2%
53420 - Space Rent	22,500	22,500	0	0.0%	22,500	0	0.0%
53430 - Leased Parking	73,995	59,655	14,340	24.0%	24,394	49,601	203.3%
54250 - Contributions	217,380	273,500	(56,120)	-20.5%	234,295	(16,915)	-7.2%
54300 - Fines, Penalties & Damages	65,851	0	65,851	0.0%	19,794	46,056	232.7%
54400 - Advertising	25,978	108,376	(82,398)	-76.0%	31,737	(5,759)	-18.1%
54500 - Travel & Meetings	204,946	365,611	(160,665)	-43.9%	70,769	134,177	189.6%
54550 - Training	199,264	401,773	(202,509)	-50.4%	120,408	78,856	65.5%
54600 - Dues, Fees and Subscriptions	479,444	347,413	132,030	38.0%	414,674	64,769	15.6%
54700 - Board Members	5,800	10,800	(5,000)	-46.3%	7,750	(1,950)	-25.2%
55555 - Over/under payments	3,276	0	3,276	0.0%	1,190	2,086	175.3%
Total Other Operating Expense	1,504,685	1,736,048	(231,363)	-13.3%	1,097,831	406,854	37.1%
Grand Total	122,333,762	132,464,396	(10,130,634)	-7.6%	118,684,845	3,472,634	3.1%

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March 31, 2023

SUPPLEMENTAL FINANCIAL REPORTING

Revenue by Customer Class

	Number of Customers		Revenue by Customer Class		Budget By Customer Class	
	Mar-2023	Mar-2022	Mar-2023	Mar-2022	Mar-2023	Mar-2022
Wastewater						
Residential	235,909	234,225	12,812,573	13,799,971	13,989,637	11,993,663
Commercial	21,943	21,828	8,485,952	8,734,847	9,264,761	7,439,639
Industrial	398	400	2,272,298	2,289,637	2,295,105	2,183,489
Sub-Total	258,250	256,453	23,570,823	24,824,455	25,549,503	21,616,791
Drainage						
Residential	209,888	208,972	2,535,924	2,644,380	2,803,148	2,373,154
Commercial	13,991	14,048	4,317,030	4,596,114	4,406,997	4,155,314
Industrial	279	271	551,727	541,709	574,233	458,376
Sub-Total	224,158	223,291	7,404,680	7,782,203	7,784,378	6,986,843
Grand Total			\$ 30,975,503	\$ 32,606,658	\$ 33,333,881	\$ 28,603,634

Wastewater Revenue by County

	Number of Customers		Revenue by Customer Class		Budget by Customer Class	
	Mar-2023	Mar-2022	Mar-2023	Mar-2022	Mar-2023	Mar-2022
Jefferson County						
Residential	224,462	224,073	12,025,978	12,892,711	13,260,398	11,259,968
Commercial	21,528	21,491	8,359,230	8,612,591	9,127,635	7,361,039
Industrial	396	398	2,270,476	2,287,693	2,292,427	2,183,399
Sub-Total	246,386	245,962	22,655,684	23,792,995	24,680,460	20,804,406
Bullitt County						
Residential	4,564	3,784	233,928	205,983	243,862	231,695
Commercial	163	115	75,617	72,453	87,333	26,000
Industrial	1	1	1,732	1,764	2,588	-
Sub-Total	4,728	3,900	311,277	280,200	333,783	257,695
Oldham County						
Residential	6,883	6,368	552,668	701,277	485,377	502,000
Commercial	252	222	51,105	49,803	49,793	52,600
Industrial	1	1	90	180	90	90
Sub-Total	7,136	6,591	603,863	751,260	535,260	554,690
Grand Total			\$ 23,570,823	\$ 24,824,455	\$ 25,549,503	\$ 21,616,791

MONTHLY EXECUTIVE REPORT

March 31, 2023

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 March 31, 2023.

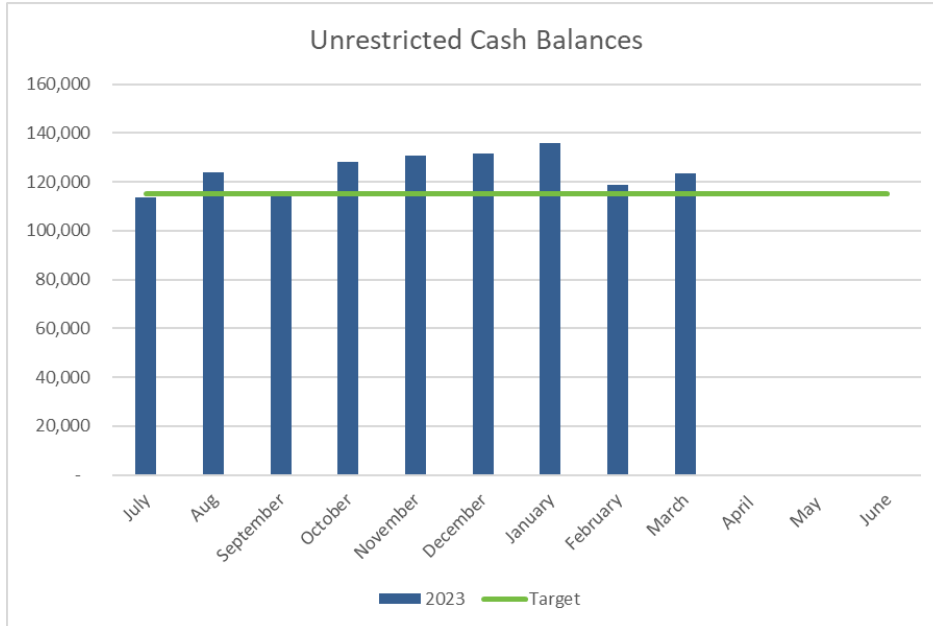
FY23 Headcount by Division			
	Budget Approved	Current Authorized	Filled
Administration			
Community Benefits & Partnerships	5	8	5
Customer Relations	22	21	17
Executive Offices	3	2	2
Government & Public Affairs	6	6	5
Innovation	3	4	3
Internal Audit	4	4	3
Records and Information Governance	9	9	8
Corporate	1	1	1
Engineering	101	99	91
Facilities, Safety & Security	30	35	27
Finance	19	19	18
Human Resources	21	21	20
Information Technology	32	32	27
Legal	12	10	8
Operations	502	501	421
Supply Chain & Economic Inclusion	27	27	23
Total Authorized Positions	797	799	679
*Excludes temporary & seasonal staff			

MONTHLY EXECUTIVE REPORT

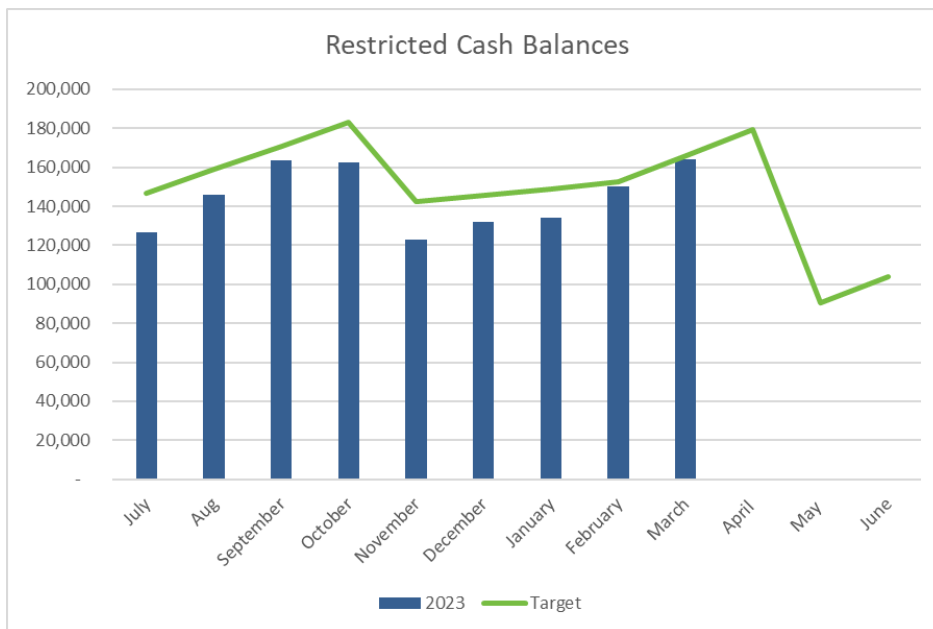
March 31, 2023

Cash Balances

Unrestricted cash & cash equivalents generated from service fees and our 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.



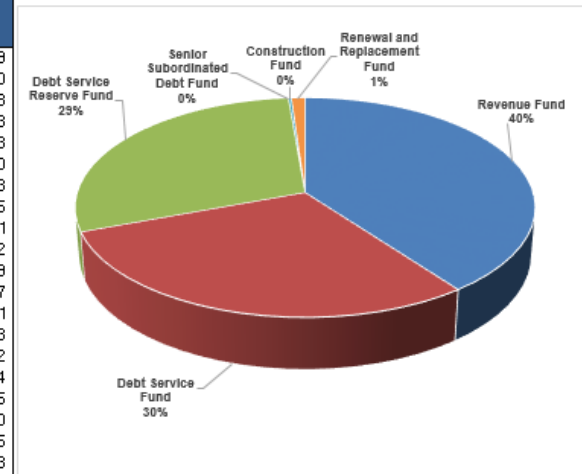
MONTHLY EXECUTIVE REPORT

March 31, 2023

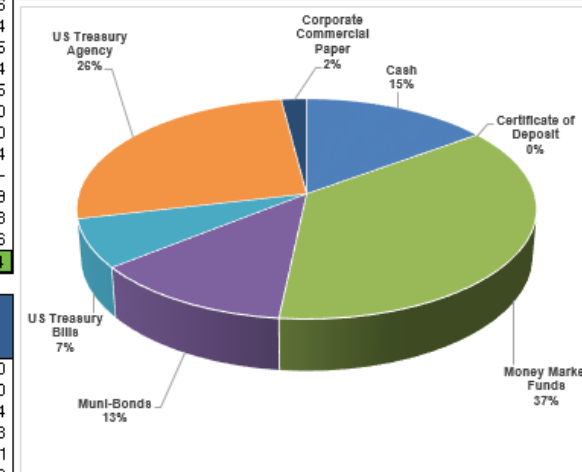
Current Investment Model

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 Service Reserve Fund	Senior Subordinated Debt Fund	Construction Fund	Renewal and Replacement Fund	Total
2008A	-	-	968,479	-	-	-	968,479
2009A	-	-	4,378,140	-	-	-	4,378,140
2009B	-	-	13,756,888	-	-	-	13,756,888
2009C	-	4,200,403	13,276,200	-	-	-	17,476,603
2010A	-	7,019,119	17,648,544	-	-	-	24,667,663
2013A	-	1,605,987	27,746,283	-	-	-	29,352,270
2013B	-	3,072,173	-	-	-	-	3,072,173
2013C	-	107,441	98,684	-	-	-	206,125
2014A	-	1,207,131	-	-	-	-	1,207,131
2015A	-	2,871,210	153,072	-	-	-	3,024,282
2015B	-	3,442,479	-	-	-	-	3,442,479
2016A	-	2,441,567	-	-	-	-	2,441,567
2016B	-	2,057,211	-	-	-	-	2,057,211
2016C	-	11,326,453	-	-	-	-	11,326,453
2017A	-	7,345,480	1,488,602	-	-	-	8,834,082
2017B	-	1,341,784	-	-	-	-	1,341,784
2018A	-	842,355	-	-	-	-	842,355
2019A	-	7,980,620	-	-	-	-	7,980,620
2020A	-	2,997,820	2,178,285	-	-	-	5,176,105
2020C	-	1,794,083	-	-	-	-	1,794,083
2021A	-	12,566,416	-	-	-	-	12,566,416
2022A	-	3,906,210	-	-	659,794	-	4,566,004
2022 BAN	-	4,018,175	-	-	-	-	4,018,175
Renewal & Replacement	-	-	-	-	-	3,049,984	3,049,984
CP 2018 A-1& A-2	-	-	-	-	8,525	-	8,525
Cash	41,593,600	-	-	-	-	-	41,593,600
Certificate of Deposit	100,000	-	-	-	-	-	100,000
Money Market Funds	15,354,034	-	-	-	-	-	15,354,034
Muni-Bonds	-	-	-	-	-	-	-
US Treasury Bills	16,772,329	-	-	-	-	-	16,772,329
US Treasury Agency	33,835,618	-	-	-	-	-	33,835,618
Corporate Commercial Paper	3,169,696	-	-	-	-	-	3,169,696
	\$ 110,825,276	\$ 82,144,116	\$ 81,693,179	\$ -	\$ 668,319	\$ 3,049,984	\$ 278,380,874



Asset Description	Revenue Fund	Debt Service Fund	Debt Service Reserve Fund	Senior Subordinated Debt Fund	Construction Fund	Renewal and Replacement Fund	Total
Cash	41,593,600	-	-	-	-	-	41,593,600
Certificate of Deposit	100,000	-	-	-	-	-	100,000
Money Market Funds	15,354,034	82,144,116	3,988,624	-	668,319	11,171	102,166,264
Muni-Bonds	-	-	35,060,733	-	-	-	35,060,733
US Treasury Bills	16,772,329	-	-	-	-	3,038,813	19,811,141
US Treasury Agency	33,835,618	-	40,157,326	-	-	-	73,992,943
Corporate Commercial Paper	3,169,696	-	2,486,496	-	-	-	5,656,192
	\$ 110,825,276	\$ 82,144,116	\$ 81,693,179	\$ -	\$ 668,319	\$ 3,049,984	\$ 278,380,874



MONTHLY EXECUTIVE REPORT

March 31, 2023

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
2009A Debt Reserve	Redemption	County of Miami-Dade FL	(2,500,000.00)
2010A Debt Reserve	Purchase	Federal Home Loan Bank	1,004,250.00
2011/2013 Debt Reserve	Purchase	Federal Home Loan Bank	1,004,250.00
Fifth Third Securities	Purchase	Federal Home Loan Bank	2,851,839.58
Fifth Third Securities	Purchase	Federal Home Loan Bank	3,029,198.59
Fifth Third Securities	Purchase	Federal Home Loan Bank	3,038,999.07
Fifth Third Securities	Purchase	Federal Home Loan Bank	3,063,690.67
Fifth Third Securities	Purchase	Federal Home Loan Mortgage Corp	3,800,000.00
Fifth Third Securities	Purchase	United States Treasury Note	3,995,509.32
Fifth Third Securities	Redemption	Citi Group Global Disc Commercial Paper	(10,000,000.00)
Fifth Third Securities	Redemption	United States Treasury Note	(15,000,000.00)
Fifth Third Securities	Sold	Royal Bank of Canada Disc Commercial Paper	(4,896,555.56)
Fifth Third Securities	Sold	Toronto Dominion BK Disc Commercial Paper	(4,937,583.33)

MONTHLY EXECUTIVE REPORT

March 31, 2023

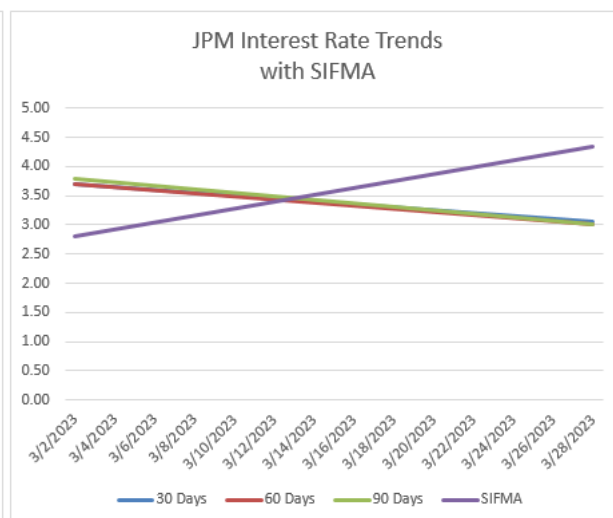
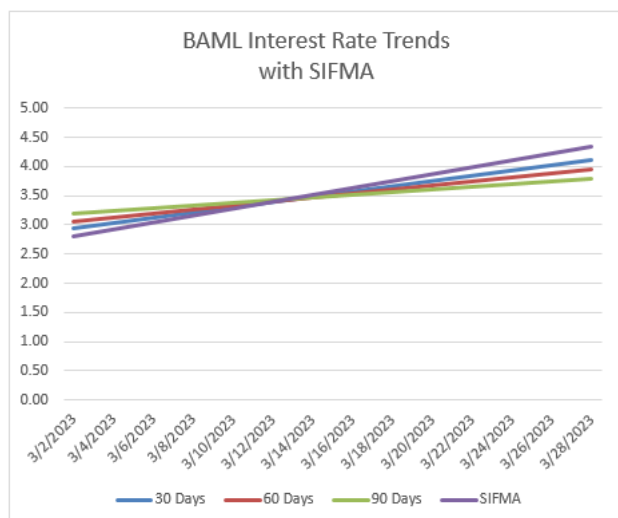
Commercial Paper Program Summary

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 March, we had three notes mature that were replaced with new notes with an average rate of 3.13% and average terms of 54 days. In March, we issued one new \$10M note with a rate of 3.65% and a term of 33 days. In April, we have three notes maturing totaling \$40M.

The CP Construction Fund balance as of March 31st, was \$8,524.58. Outstanding CP notes are currently split 54.5% with JP Morgan and 45.5% 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
1/9/2023	54658QDN1	10,000,000	3.05%	93	4/12/2023	JPM	77,712.33	Roll	3.13%	-0.08%
1/12/2023	54658NDN8	10,000,000	2.62%	104	4/26/2023	BAML	74,652.05	Roll	2.50%	0.12%
1/19/2023	54658NDP3	20,000,000	2.37%	99	4/28/2023	BAML	128,564.38	Roll	1.86%	0.51%
2/2/2023	54658QDP6	10,000,000	2.80%	90	5/3/2023	JPM	69,041.10	Roll	1.87%	0.93%
2/13/2023	54658NDQ1	10,000,000	3.50%	84	5/8/2023	BAML	80,547.95	Roll	3.74%	-0.24%
2/16/2023	54658NDR9	10,000,000	3.45%	89	5/16/2023	BAML	84,123.29	Roll	3.98%	-0.53%
3/3/2023	54658QDQ4	10,000,000	3.05%	52	4/24/2023	JPM	43,452.05	Roll	2.80%	0.25%
3/8/2023	54658QDR2	10,000,000	3.15%	54	5/1/2023	JPM	46,602.74	Roll	2.80%	0.35%
3/15/2023	54658QDS0	10,000,000	3.20%	55	5/9/2023	JPM	48,219.18	Roll	2.21%	0.99%
3/29/2023	54658NDS7	10,000,000	3.65%	33	5/1/2023	JPM	33,000.00	New	4.35%	-0.70%
Currently Outstanding: \$ 110,000,000							\$ 685,915			

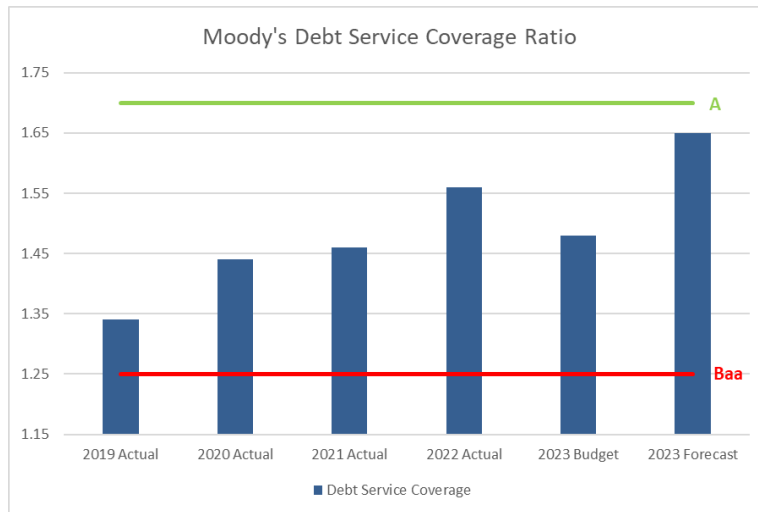
The Securities Industry and Financial Markets Association (SIFMA) publishes a 7-day high-grade market index comprised of tax-exempt Variable Rate Demand Obligations (VRDOs) with certain characteristics. The Index is calculated and published by Bloomberg and is overseen by SIFMA's Municipal Swap Index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



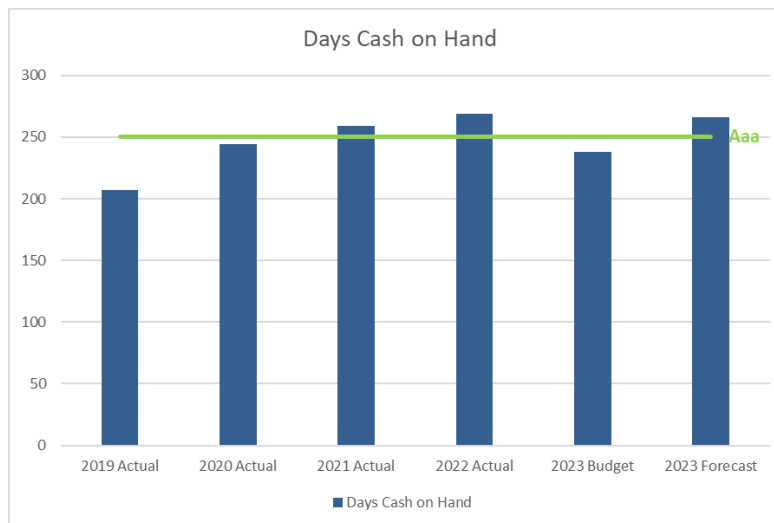
QUARTERLY FINANCIAL REPORTING

Key Performance Indicators

Debt service coverage is a key statistic assessing the financial health of a utility. The magnitude by which net revenues are sufficient to cover debt service shows a utility's margin to tolerate business risks or declines in demand while still assuring repayment of debt. Higher coverage levels indicate greater flexibility to withstand volatile revenues, unexpected outflows, or customer resistance to higher rates. MSD has different coverage calculations required by ordinance, the General Bond Resolution and in various debt service covenants. However, for benchmarking, we focus on the Moody's calculation which includes all debt. We strive for continuous improvement of this KPI because our ratio is near the Moody's Baa boundary relative to our overall Aa3 rating.

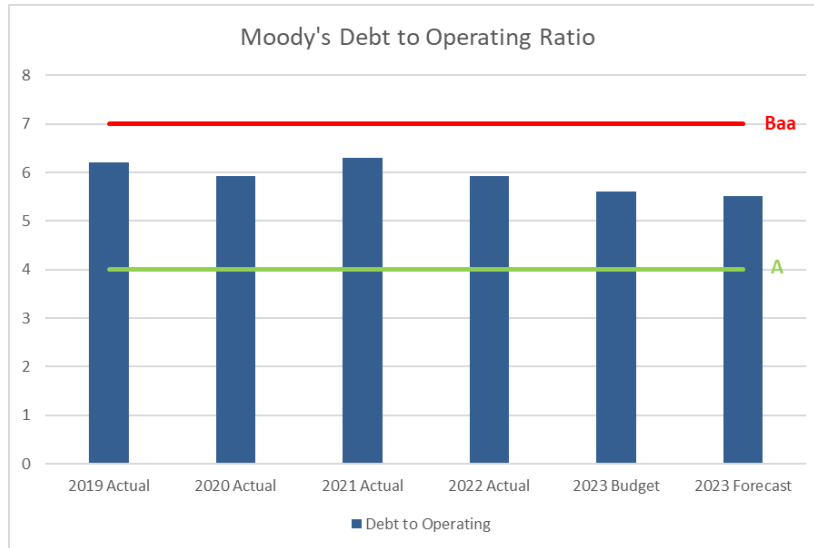


Cash is the paramount resource MSD has to meet expenses and navigate business interruptions. Utilities with a lot of cash and cash equivalents are able to survive temporary disruptions and cash flow shortfalls without missing important payments. A low cash balance indicates poor flexibility to manage contingencies. MSD is the Aaa Moody's rating range for this KPI.

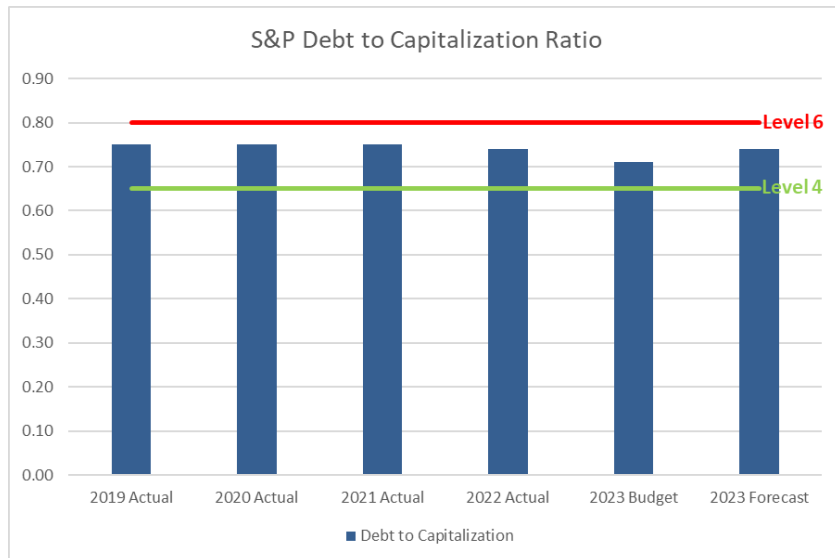


Key Performance Indicators – Continued

A utility's debt profile determines its leverage and fixed costs. Utilities that carry a lot of debt have less ability to reduce costs if demand shrinks and are generally more challenged to achieve higher debt service coverage. A greater debt burden may also prohibit a utility from funding necessary capital upgrades if a covenant prevents the issuer from incurring the debt necessary to fund those upgrades. MSD focuses on continuous improvement of this KPI because our ratio is near the Moody's Baa boundary relative to our overall Aa3 rating.

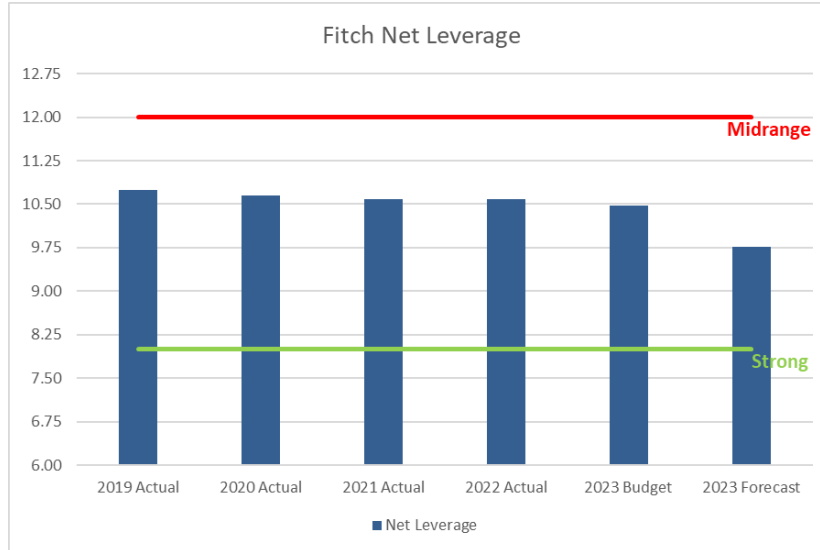


S&P Global Ratings evaluates our debt profile using a debt to total capitalization ratio. The objective is similar to what Moodys is evaluating with the debt to operating ratio. S&P considers MSD's debt to capitalization ratio relatively weak relative to our overall rating thus this is another key benchmark for us to monitor.

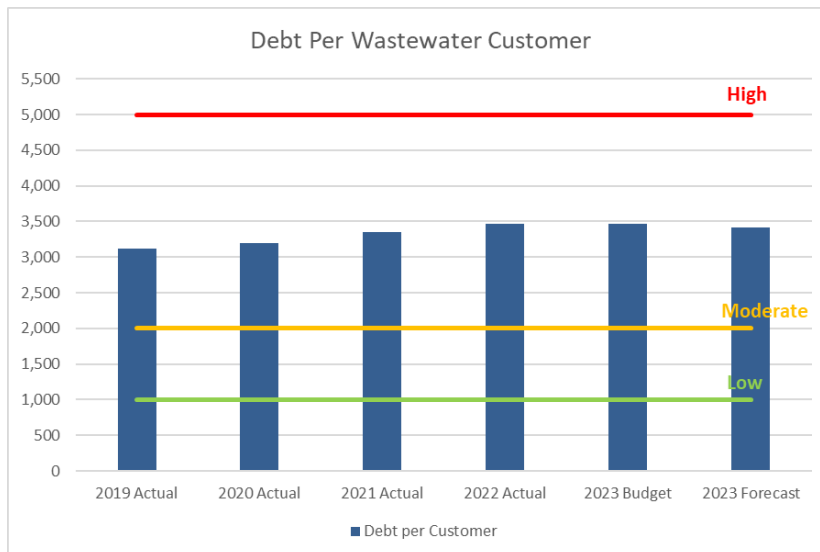


Key Performance Indicators – Continued

Fitch Ratings assesses the level of financial flexibility that an entity can sustain as it encounters stresses expected to occur over the relevant forecast period. Metrics are used to evaluate the entity’s liquidity profile and leverage in the context of the entity’s overall risk profile. Reducing operating leverage is generally seen as positive. MSD regularly reviews its Net Leverage profile as calculated by Fitch as a benchmarking measure.



MSD provides Debt per Wastewater Customer for informational purposes. We continue to be in a period where we are incurring more debt that we are paying off because of our spending commitments for the consent decree and to address aging infrastructure.

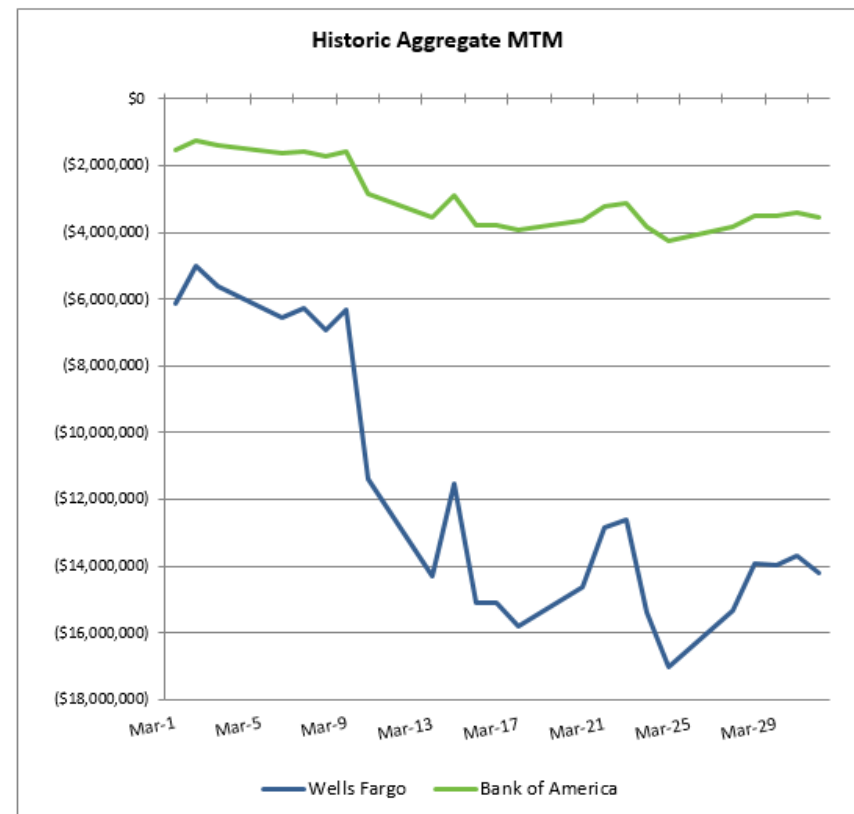
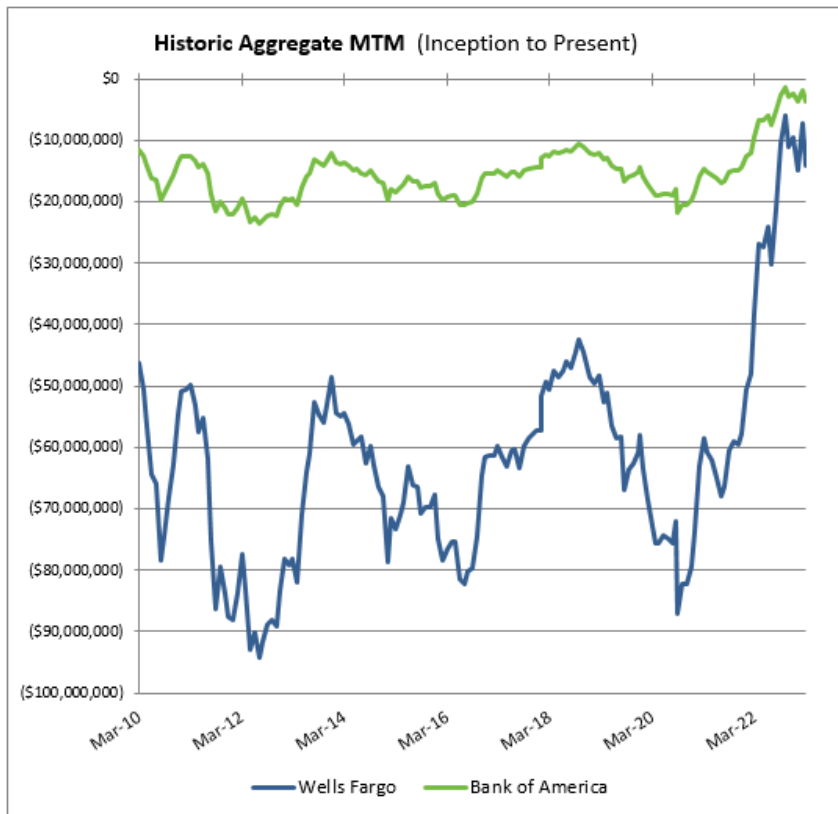


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Market to Market on Swaps

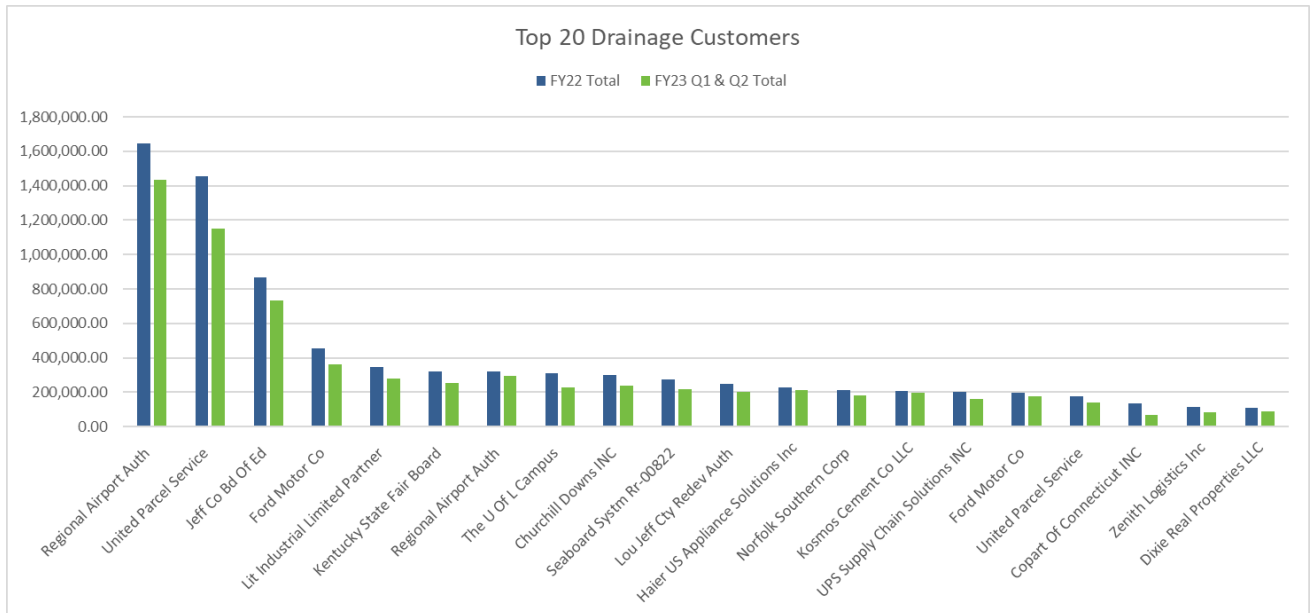
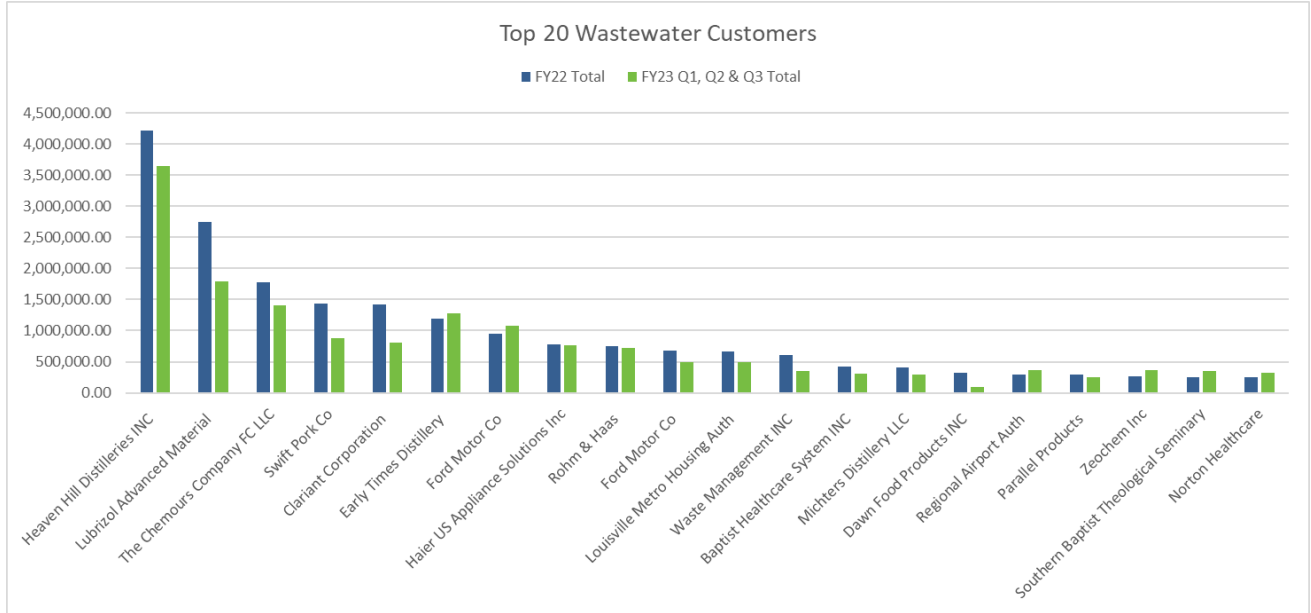
Credit Support Provider	Description	Maturity Date	Notional Amount	Outstanding Notional Amount	Clean Market Value	Accrued Interest	Market-to-Market Value
Wells Fargo NA	1999 - 1 - \$225.732M 67% LIBOR Fixed Payer	5/15/2033	180,716,000.00	180,716,000.00	(14,238,850.10)	47,999.70	(14,190,850.40)
Bank of America NA	1999 - 2 - \$56.433 67% LIBOR Fixed Payer	5/15/2033	56,433,000.00	45,179,000.00	(3,557,772.53)	11,982.36	(3,545,790.17)
			\$ 237,149,000	\$ 226,000,000	\$ (17,796,623)	\$ 59,982	\$ (17,736,641)



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Top 20 Customers



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, Bullitt 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. In addition, \$5M was set aside in Management Reserve to fund emergencies and other unanticipated priorities for a total approved budget ceiling of \$195.4M.

Many projects span across multiple fiscal years so the annual budget may not represent the total estimate for the project. Construction spending is dependent upon the Contractor's actual progress with the work contracted. Complex construction projects 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 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 design and site work for the new state-of-the-art biosolids processing facility, and an update to the District-Wide Biosolids Management Master Plan.
- **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.
- **Large Diameter Sewer Rehabilitation Program**: Every year, MSD experiences multiple sewer failures that are primarily due to aging infrastructure. As such, MSD is continuing a 5-year program to proactively rehabilitate the highest risk large diameter sewers.
- **Flood Pump Station Reliability Improvements**: The Ohio River Flood Protection System protects 240,000 people and \$60B of property within the levee area. MSD is working in partnership with

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the United States Army Corps of Engineers (USACE) to complete 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 Paddy's Run FPS Capacity Improvement Project..

FY23 CIP OVERALL PERFORMANCE

MSD assigned funds to a 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. MSD is reporting cash flow performance excluding this unutilized reserve position. 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 the progress of the working slate of projects. As of March 31, 2023, the Performance Budget Target is \$191.8M

FY23 capital expenditures for the Wastewater, Stormwater, and Support Services Programs totaled \$113.1M through March 31, 2023. This spend represents approximately 57.9% of the \$195.4M FY23 capital budget and 58.9% of the budget performance target.

The forecasted spend for FY23 remains \$175M due primarily to easement issues impacting design progression and construction starts, as well as equipment delivery constraining construction activities.

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 Spending Projection	\$175.0M	Forecasted Spend
FY 2023 Actuals	\$113.1M	58.9% of Budget Ceiling

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.

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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	\$ 6.7M
October 2022	\$13.4M	\$14.8M
November 2022	\$15.2M	\$12.1M
December 2022	\$16.4M	\$17.5M
January 2023	\$16.7M	\$17.3M
February 2023	\$16.5M	\$13.9M
March 2023	\$18.7M	\$22.5M
April 2023	\$18.6M	
May 2023	\$21.5M	
June 2023	\$28.7M	
FY23 Performance Budget Target	\$ 190.4M	\$ 113.1M

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 schedules and budgets have been impacted by the following:

Construction bids

- Reduced the number of respondents or responsive bidders 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.

Third-Party Coordination Impacts

- Obtaining easements and stakeholder approval have resulted in delays for some projects.
- 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 the 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	28	\$-	\$6,348,276	\$-
Design	64	\$39,943,587	\$48,209,583	\$21,193,798
Construction	48	\$122,794,568	\$65,199,795	\$37,988,790
Studies	15	\$6,962,709	\$4,909,318	\$2,528,059
TOTAL	155	\$169,700,864	\$124,666,972	\$61,710,647

Does not include projects in Closeout phase.

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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Active Emergency Contract Work

Emergency	Funding Source	Date Began	Emergency Certificate Amount (\$)	Contractor
Levee Repairs at Western FPS*	F21096	TBD (notified 4/12/23)	TBD	TBD
HCWQTC Maintenance Bldg Sewer Repair*	G23001	4/3/23	\$45,000	Dugan & Meyer
Mellwood Closure	F21096	1/3/2023	\$65,000	Pace Contracting, LLC
3024 Hilltop Ct._Albrecht PS FM Repair	G23001	1/23/2023	\$50,000	Oliver Excavating
SGC Gates Replacement - Construction	H22022	4/1/2022	\$2,000,000	Pace Contracting, LLC
5th St FPS MCC's	F15012	12/22/2022	\$335,000	AES, Inc
MFWQTC MEB East & West Freight Elevators	G23001	TBD – awaiting equip	\$500,000	Oracle Elevators
1101 E Main St	G23001	TBD	\$10,000,00	MAC Construction
13 Quality Place (OC)	W23173	1/13/2023	\$150,000	MAC Construction
15th Street Sewer Repair	A22183	3/7/2022	\$500,000	Temple and Temple
2218 Dorothy Ave	G23001	8/23/2022	\$50,000	TRC, LLC (WBE)
29th and Liberty Sewer Repair	G23001	1/31/2023	\$250,000	Basham Construction and Rental
715 E Gray Street Sewer Repair	G23001	2/15/2023	\$75,000	TRC, LLC (WBE)
7309 Ethan Allen Way	G23001	12/2/2022	\$75,000	TRC, LLC (WBE)
BC ProLogis Treatment Plant	Y23098	10/10/2022	\$75,000	MAC Construction
Liberty Street Sewer Replacement	E23172	2/13/2023	\$5,000,000	Flynn Brothers
MFWQTC LG Dryer Replacements	D20285	1/1/2020	\$69,668,264	Judy Construction
FFWQTC UV Gates Replacement	G23001	TBD	\$150,000	Dugan & Meyers

** Early April emergencies*

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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 MFWQTC High Voltage Maintenance project.
H09163 Little Cedar Creek Interceptor	\$575,110	---	Project is being eliminated from MSD's IOAP via Minor Mod letter.
H23015 Carlaw Court PS Elimination	\$212,500	---	The scope of this project will be completed at the Gunpowder Pump Station ILS project.
H19018 FY23 CMOM Program Management	\$127,500	---	The scope of this project will be completed under FY23 Modeling
N23024 Communications Message Boards	\$42,500	---	Project postponed to FY24
H23017 CCWQTC Preliminary Treatment Improvements	\$558,623	---	Project postponed due to new headworks decision
H22034 CC FF HC Sodium Aluminate Automation	\$447,919	\$67,562	Cost Benefit analysis determined that the project is not needed at this time

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 Design/Build Projects

Budget ID & Project Name	Design Finish	Current Project Estimate at Completion	FY23 Budget	Lifetime Actuals	FY23 Spending Projection	Project Outlook
D22100 Morris Forman Water Quality Treatment Plant Biosolids Facility	9/19/2023	\$340.5M	\$8.5M	\$14.8M	\$10.7M	Early work packages have been approved
F18515 Paddy's Run FPS Capacity Improvements	9/21/2023	\$240M	\$7.7M	\$6.3M	\$9M	Stage 2 60% GMP EAC Update

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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	\$15.6M	\$9.7M	Delays in delivery of electrical equipment are expected to extend the anticipated substantial completion date by six months to October 3, 2024.
D20285 MFWQTC LG Dryer Replacements	1/29/2023	\$76.9M	\$7.0M	\$73.0M	\$6.9M	Delivery of flares is extending schedule to March 2024

CIP MANAGEMENT TEAM MEETING HIGHLIGHTS

The CIP Management Team met on April 3, 2023. The following presents a summary of the meeting discussions.

Meeting Participants

Voting Members	Technical Support Staff	
Tony Parrott (present)	John Loechle (present)	Kevin Gibson (present)
Brian Bingham (present)	Dan French (present)	Yajaira Morphonios (present)
David Johnson (present)	Tony Marconi (present)	Dolly Smith (present)
	Latoya English (present)	Marc Thomas (present)
	Greg Powell (present)	Daymond Talley (present)
	Kellie Watson (present)	Troy Smith (present)
	Leisha Pica (present)	Mike Griffith (present)

Regulatory Discussion

Consent Decree Projects

- Paddy’s Run Pump Station Capacity Improvements – general discussion about this important project.
- The four SSDP projects required to be complete by 12/31/25 are underway and have sufficient float to meet the deadline. Projects slated to be completed this calendar year include Idlewood and Monticello.
- Three critical sewer projects continue to progress with sufficient float. It was noted for the Western Outfall Project that Section 2A has been completed and Section 2B (Maple Street) is on-going.

Agreed Order Projects

- Jefferson County: Work continues to progress on the last two remaining Morris Forman WQTC Corrective Action Plan projects. Both are scheduled to be complete by their deadlines.
- Oldham County: Construction continues for the interceptor project and is scheduled for Substantial Completion in November 2023.
- Bullitt County: Two enforcement projects are under construction – West Triangle Pump Station Force Main and Interceptor and the Hillview Pump Station No. 2. Both are forecasted to be complete in advance of their regulatory deadlines.

Other Regulatory Topics – Notice of Violations.

FY23 CIP Progress and Discussion

The following topics were discussed related to the FY23 CIP.

February 2023 Forecast. Ms. Pica noted MSD has spent \$90.6M for FY23. Actuals for February totaled \$13.9M. Staff continue to have monthly meetings to review budget and spend.

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

- None for this month.

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Projects Requesting an EAC Increase. Ms. Morphonios presented the following for consideration by the CIP Mgmt Team:

- **CCWQTC Administration Building Expansion:** EAC increased by \$4.1M for a total EAC of \$8.M. No impact to FY23.
 - Additional scope of work to include the second story buildout which was not included in the BCE. Planning phase and new work will add another year duration to the schedule
 - **APPROVED**
- **FY23 Renewal and Replacement:** EAC increase of \$800k for a total EAC of \$2.5M. All \$800k will be spent in FY23.
 - Add budget to annual replacement project to cover emergencies.
 - **APPROVED**

New Projects. Ms. Morphonios presented the following for consideration by the CIP Mgmt Team:

- **Rolling Hills DIP:** EAC \$150k with all spent in FY23.
 - **APPROVED**

New Emergencies. The list of active emergencies was presented by Ms. Pica. She noted one new emergency occurred in March.

- FFWQTC UV Gates Replacement.

Mr. Loechle mentioned a potential pending emergency:

- Pump station tree line emergency and control panel failure – just occurred

Procurement Bidding Forecast.

Ms. Pica noted seven (7) projects opened bids in March 2023. Bids are coming in closer to the OPCC in general.

Upcoming Construction Starts Forecast.

Ms. Pica noted five projects will begin construction in April and another four are slated to begin in May including two large Consent Decree Projects for Paddy's Run and MFWQTC Biosolids Facility.

FY24 CIP Recommendation

Ms. Pica presented an overview of the recommended FY24 CIP.

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.

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	FY Impact	Status
562	South Shelby St Sanitary Sewer Improvements	Schedule, Budget	-\$40,000	Approved
563	Lantana Drive PS Elimination	Schedule	---	Approved
564	MF Peabody Gate Structure Assessment	Scope, Name Change	---	Approved
565	Beargrass Interceptor Relief Rehabilitation	Budget	-\$537,759	Approved
566	Cedar Creek Main Interceptor Rehabilitation	Budget	-\$593,689	Approved
567	Rehett Court DIP	New Project, Budget	\$100,000	Approved
568	MFWQTC Emergency Elevator Project	New Project, Budget	\$500,000	Approved
569	DRGWQTC Roof Repairs	Construction Advancement	---	Approved
570	FPS Roof Repairs	Construction Advancement	---	Approved
571	CCWQTC Roof Repairs	Construction Advancement	---	Approved

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ID	Project Name	Advisement Category	FY Impact	Status
572	FY23 Development Infrastructure Support	EAC increase, Budget	\$50,000	Approved
573	BC CMOM Infrastructure Rehab	EAC increase, Budget	\$215,000	Approved
574	Bigwood PS Elimination	Budget	-\$710,000	Approved
575	FY23 IPS Support	Scope, Budget	\$16,000	Approved
576	CC FF HC Sodium Aluminate Automation	Project Status, Budget	-\$447,919	Approved
577	Ohio River Service Area Lift Station	Budget	\$500,000	Approved
578	Grant - Orville DR4361-003	New Project	---	Approved
579	Grant - Sandstone DR4358-006	New Project	---	Approved
552	Grant - Medford DR4358-0026	New Project	---	Approved
553	Grant - Transylvania Beach DR4428-0035	New Project	---	Approved
554	HOSTS Excess Cost	New Project, Budget	\$5,900,000	Approved

PROCUREMENT ACTIVITIES

The table below presents the projects currently advertised. The bid dates represent anticipated dates and are subject to change via addendum.

Upcoming Construction Bid Openings

Budget ID	Project Name	Bid Opening
C23175	Vista Greens Drive Bank Repair	4/27/23
D23163	DRGWQTC Roof Repairs	4/20/23
C23178	Rhett Court DIP	4/13/23

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Bid Openings

Bids opened during the reporting month are shown below.

Budget ID	Project Name	Bid Opening	Engineer's Estimate	Awarded Bid
D22098	CCWQTC Re-rating to 9_0 MGD	3/2/2023	7,700,000	8,860,946*
C22173	High Hazard Dam Flood Level Sensors	3/7/2023	\$375,000 - \$450,000	Not Available
H22032	DRGWQTC Sodium Bisulfite Building Improvements	3/9/2023	\$2,115,678	\$2,782,000*
F19126	4 th St. Hoist Replacement	3/14/2023	\$30,000 - \$60,000	Not Available
H23038	MF Network Encasement	3/16/2023	\$75,000	\$107,000*
C23083	City of Graymoore - Devendale DIP	3/21/2023	\$520,000	\$437,250*
D18132	DRGWQTC WWPS WWSB HVAC & Roof and U3 & U4 Transformer Elimination (Rebid)	3/24/2023	\$4,800,000 - \$6,500,000	Not available

*Apparent low bid. Not yet awarded.

Construction - Notice to Proceeds (NTP) Issued

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

Budget ID	Project Name	NTP Date
H09182	Monticello PS Elimination	3/14/2023
C23138	10701 West Manslick Road DIP	3/26/2023

END OF REPORT