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MSD budget funds \$270 million in critical improvements to wastewater, stormwater and flood protection services

Board proposes 3.9 percent rate increase for Jefferson County to be effective Sept. 1; second year for the utility's lowest rate increase in 20 years

LOUISVILLE, KY – The board of the Louisville and Jefferson County Metropolitan Sewer District (MSD) has approved a preliminary proposal for a measured rate increase to support continued investment in infrastructure that protects public health, waterways, neighborhoods and flood resilience across the community.

The fiscal year 2027 proposal includes a 3.9 percent rate increase for Jefferson County customers that would go into effect September 1. The adjustment would represent a \$3.23 increase to monthly wastewater and stormwater/drainage charges for the average residential customer. It would match the lowest annual rate increase in 20 years, as MSD's annual increase last year also was 3.9 percent.

The proposed adjustment comes as MSD continues to address federal clean water requirements, increasing construction and operational costs, aging infrastructure, and the growing need for resilient infrastructure capable of responding to severe weather and flooding events. MSD engineers have identified approximately \$1.2 billion in critical infrastructure investment needed over the next five years to continue to protect the community.

"MSD's work protects the health, safety and quality of life of this community every single day," said Ricky Mason, chair of the MSD board comprised of community members. "We do not take lightly anything that impacts household budgets. This proposal was carefully reviewed and balanced with the vital need for our community to be prepared to respond to historic flooding, maintain critical wastewater infrastructure, reduce sewer overflows and protect local waterways."

The need for continued investment was reinforced last year when the community experienced the eighth-largest flood event in local history, requiring an unplanned \$13 million in capital and operating expenditures for response and recovery efforts.

Nationally, infrastructure challenges continue to affect communities across the country. Recent incidents – such as the January collapse of a sewer pipe along the Potomac River that released 300 million gallons of raw sewage, or intense April rains in Milwaukee that led to 2.7 billion gallons of untreated wastewater discharging into Lake Michigan and nearby streams – underscore the importance of proactive investment in essential public systems. The American Society of Civil Engineers' annual "report card" assessing public infrastructure consistently grades the nation's wastewater infrastructure at a "D." Also, the National Association of Clean Water Agencies' recent survey showed the average rate increase in 2025 was 4.4% for wastewater and stormwater utilities. Rates are projected to increase an average of 6.8% annually through 2030, a cumulative increase of 34%.

MSD's rate proposal also includes a 2 percent increase for customers in areas of Oldham County that would go into effect September 1. Bullitt County rates will be presented later this year. After the 30-day public comment period, the MSD Board will vote to finalize the rate increase at its meeting on July 27.

Customers are encouraged to review the rate proposals at LouisvilleMSD.org/Rates and submit comments by emailing finance@louisvillemsd.org or by calling 502.540.6000.

Budget funds 266 improvement projects around the community

Under the fiscal year 2027 budget, customers benefit from approximately \$270 million in capital improvements across MSD's system, including \$240 million in Jefferson County, \$21 million in Bullitt County, and \$9 million in Oldham County. The budget supports 185 active projects and 81 new projects focused on improving MSD's system reliability, reducing sewer overflows, strengthening flood protection and enhancing neighborhood drainage systems.

"We consider any rate increase carefully, and this capital budget plan allows us to effectively operate and maintain the system protecting our community today while preparing for what's to come tomorrow," said MSD Executive Director Tony Parrott. "We must be ready when critical needs arise, when a natural disaster strikes, or when critical infrastructure fails and damages the health, safety and quality of life of this community."

Major construction projects this year include:

- Significant upgrades at the Paddy's Run Flood Pumping Station to double flood-pumping capacity
- Planning for a new underground tunnel to divert wastewater and stormwater to prevent sewer overflows along the Upper Middle Fork of Beargrass Creek
- Continuing construction of the new biosolids processing facility at the Morris Forman Water Quality Treatment Center to increase efficiency and reduce odor at the community's largest treatment facility
- Dozens of drainage improvement projects throughout the community

The budget also funds continued odor-mitigation investments, including replacement of 69 outdated catch basins. When complete, MSD will have replaced 411 catch basins across eight neighborhoods. Since 2023, MSD has invested more than \$185 million in odor mitigation and related system improvements, contributing to a 50% reduction in odor-related customer service requests.

MSD cost management and financial stewardship

MSD leaders emphasized that the proposal reflects continued financial discipline and cost-management efforts designed to minimize rate increases. These include:

- Despite significant cost increases, such as fuel (up 40 percent) and medical insurance (up 16 percent), the \$512.7 million budget to operate and maintain existing facilities and services increased just 3.7 percent from last year's budget
- Elimination of 36 positions across the organization
- Minimizing administrative costs, representing only 5 cents of every dollar spent
- Expanding use of grants, low-interest loans and alternative funding sources – including more than \$250 million in funding for critical infrastructure projects over the next five years
- Delivery of \$1.3 billion in new infrastructure while adding just \$384 million in debt since 2020
- Increased emphasis on "pay-as-you-go" funding (from 5 percent in 2015 to 22 percent this year) to support long-term affordability and limit the growth of outstanding debt

MSD also continues to provide customer assistance programs for qualifying households. Through the Drops of Kindness program, MSD's Senior Citizen Discount Program and Emergency Wastewater Rate Assistance Program provide 30 percent discounts on wastewater charges for qualifying families. MSD provides approximately \$2 million annually in bill assistance, helping more than 10,000 customers each year.

About MSD

The Louisville/Jefferson County Metropolitan Sewer District (MSD) works to achieve and maintain clean, environmentally safe waterways for a healthy and vibrant community. More than 800 employees provide wastewater management, drainage and flood protection services across the 376 square miles of Louisville Metro and wastewater service in portions of Bullitt and Oldham Counties. In addition to operating and maintaining Louisville Metro's sewer system, floodwall system, water quality treatment centers and flood pumping stations, MSD invests in hundreds of infrastructure improvement projects each year, plants more than 1,000 trees and other vegetation annually to enhance water filtration and reduce runoff and provides numerous outreach programs to inform and educate the community about protecting our waterways.

Editor's Note: "Why is the Oldham County rate increase so different from Jefferson County?"

MSD is operating under a previously approved rate schedule set forth by the Oldham County Fiscal Court when it managed wastewater services in the county, prior to MSD's taking on Oldham County wastewater management in 2020. Oldham County rates are currently higher than Jefferson County, and that long-term rate schedule will eventually equalize with that of Jefferson County.