



# **Metro Council Budget Committee**

## **June 18, 2013**

**Presentation of FY 2014 Budget &  
Proposed Rate Increase**



# Summary of Presentation

## Introduction

Greg C. Heitzman, PE  
Executive Director

## Operations/Regulatory Overview

W. Brian Bingham  
Regulatory Services Director

## Capital Overview

Steve W. Emly, PE  
Director of Engineering/Chief Engineer

## Financial Overview

Chad C. Collier  
Budget & Finance Director, Secretary/Treasurer

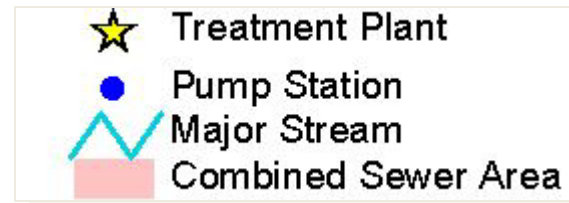
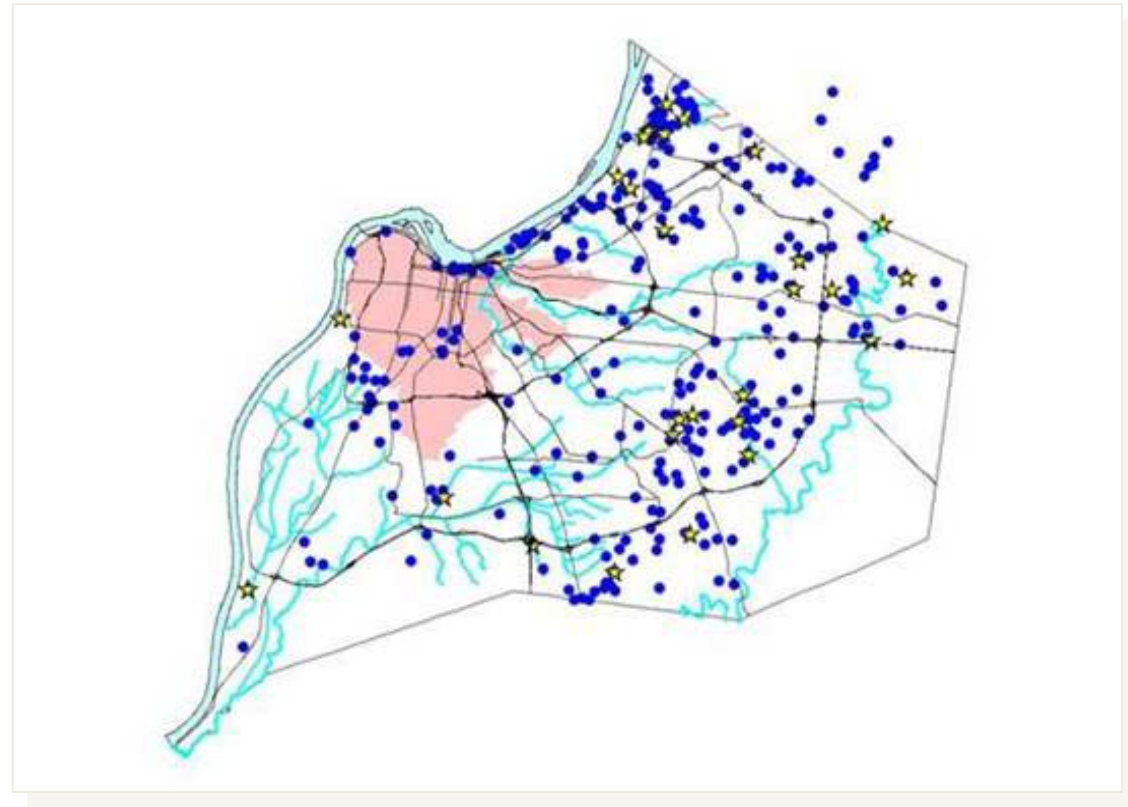
## Questions/Dialogue



# Operational/Regulatory Overview

# Current Operations

- Wastewater Collections and Treatments
- Stormwater Management
- Flood Protection
- Consent Decree
- Current and Potential Regulations



# Wastewater Collection and Treatment

*MSD operates and maintains more than 3,200 miles of wastewater collection sewer lines – about the distance from Jacksonville, Florida to Los Angeles*

- Wastewater lines collect wastewater from more than 230,000 homes, businesses and industries throughout Louisville Metro
- Wastewater flows to MSD's six regional water quality treatment centers (WQTCs)
- MSD operates 14 smaller WQTCs and more than 270 sanitary sewer pumping stations
- In 2008, MSD began proactively inspecting its entire 3,200-mile sewer system – with lines ranging in size from 6 inches to 27 feet in diameter – every 10 years
- With more than 1,400 miles inspected so far, MSD has been rehabilitating the most deteriorated sewer lines, as well as cleaning and performing root and grease removal when required



*The Floyds Fork WQTC, one of six regional treatment centers, is located in eastern Jefferson County.*



# Stormwater Management

*MSD maintains the 376-square-mile stormwater drainage system for the Louisville metro area*

- MSD's goal is to move, store or infiltrate stormwater as quickly and efficiently as possible from local neighborhoods and business districts both during and after rainstorms
- Responsibilities include the construction, repair and maintenance of drainage swales, storm sewers, ditches, catch basins and drainage channels throughout Louisville Metro
- MSD crews conduct routine and preventive maintenance for Louisville Metro's drainage infrastructure
- MSD has invested more than \$162 million to eliminate neighborhood drainage problems during the past nine years
- Over \$20 million in crew work performed annually has significantly improved the Metro's drainage system

*Louisville Metro's Ohio River Flood Protection System exists to keep the river at bay and out of the city*

- The Flood Protection System consists of 29 miles of concrete wall and earthen levee, nearly 150 floodgates, and 80 movable and sandbag street closures
- Located along the system are 16 flood pumping stations, which move inland water to the river when the floodwalls and levees are sealed
- Since 1998, MSD has developed a system of retention basins – which can store over 1 billion gallons of stormwater until it can be released gradually
- In 2004, MSD began a systematic plan to upgrade the aging Flood Protection System, recent improvements include the renewal of two flood pump stations and the replacement of numerous gates and closures
- MSD passed a challenging test in 2011 – the wettest year on record for Louisville Metro, with 68.02 inches of rainfall







## Consent Decree

*MSD delivers on commitment to our customers by reducing overflows and improving water quality*

- MSD entered into an Amended Consent Decree in 2009 with the Kentucky Division of Water, U.S. Environmental Protection Agency – Region IV (EPA) and U.S. Department of Justice to meet Clean Water Act requirements
- The Consent Decree calls for MSD to complete 123 projects with targeted deadlines to achieve MSD's water quality goals
- MSD has met each deadline and certified more than 100 projects and deliverables
- EPA recognizes MSD as a national leader in utilizing *Green Infrastructure* to achieve cost effective regulatory compliance
- MSD continues to rehabilitate sewer systems
- Many of the largest Consent Decree projects are ongoing or complete
- Proposed modifications to the Integrated Overflow Abatement Plan (IOAP)





## Current and Potential Regulations

- Municipal Separate Storm Sewer System (MS4) – stream water quality program
- Nutrient removal at Ohio River wastewater treatment facilities – potential increased nutrient removal as a part of the Gulf Hypoxia solution
- Flood Protection System Certification – routine inspections and system certification

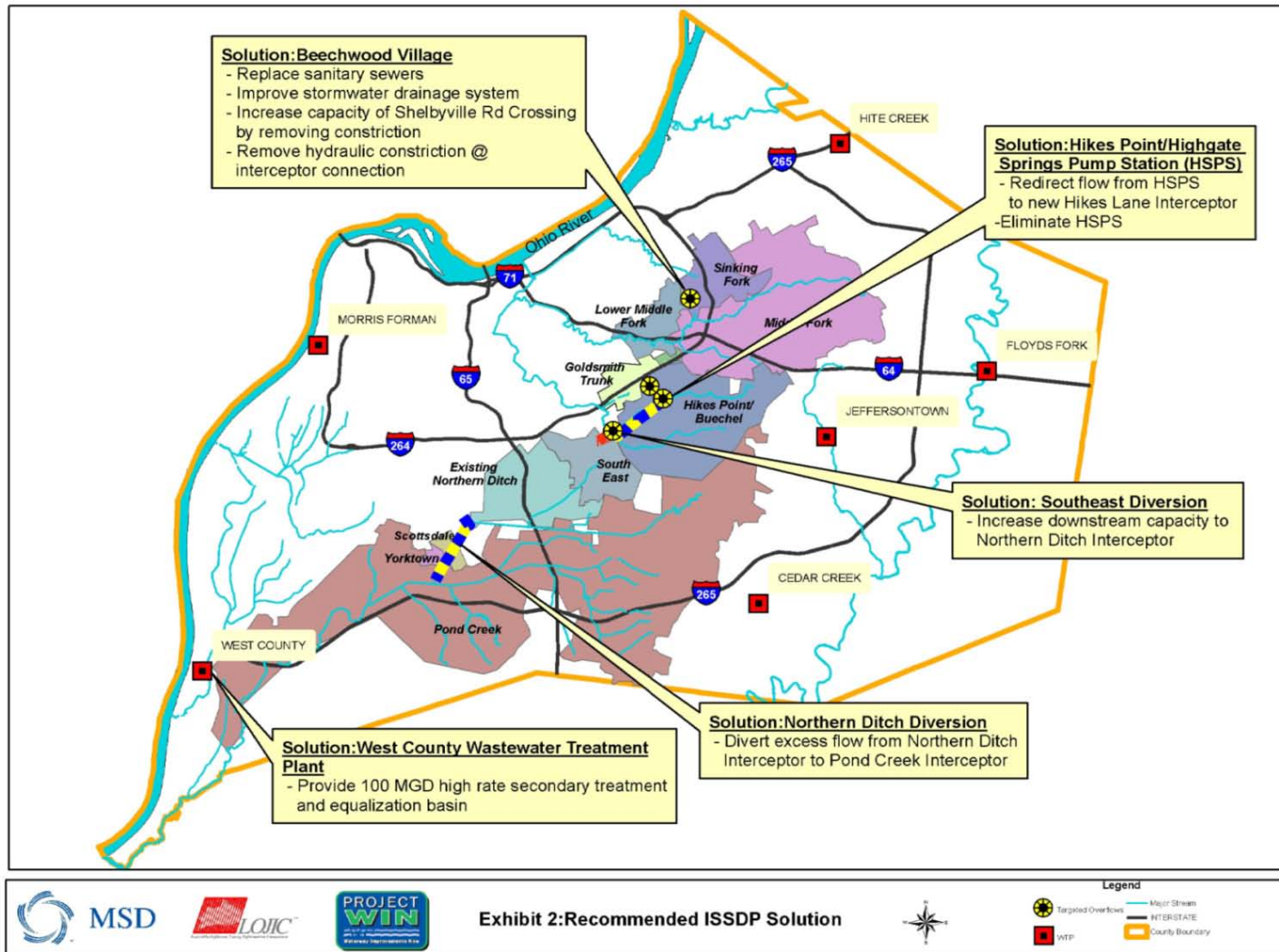


# Capital Overview





# Schematic of “Big-Four” SSO Elimination Projects



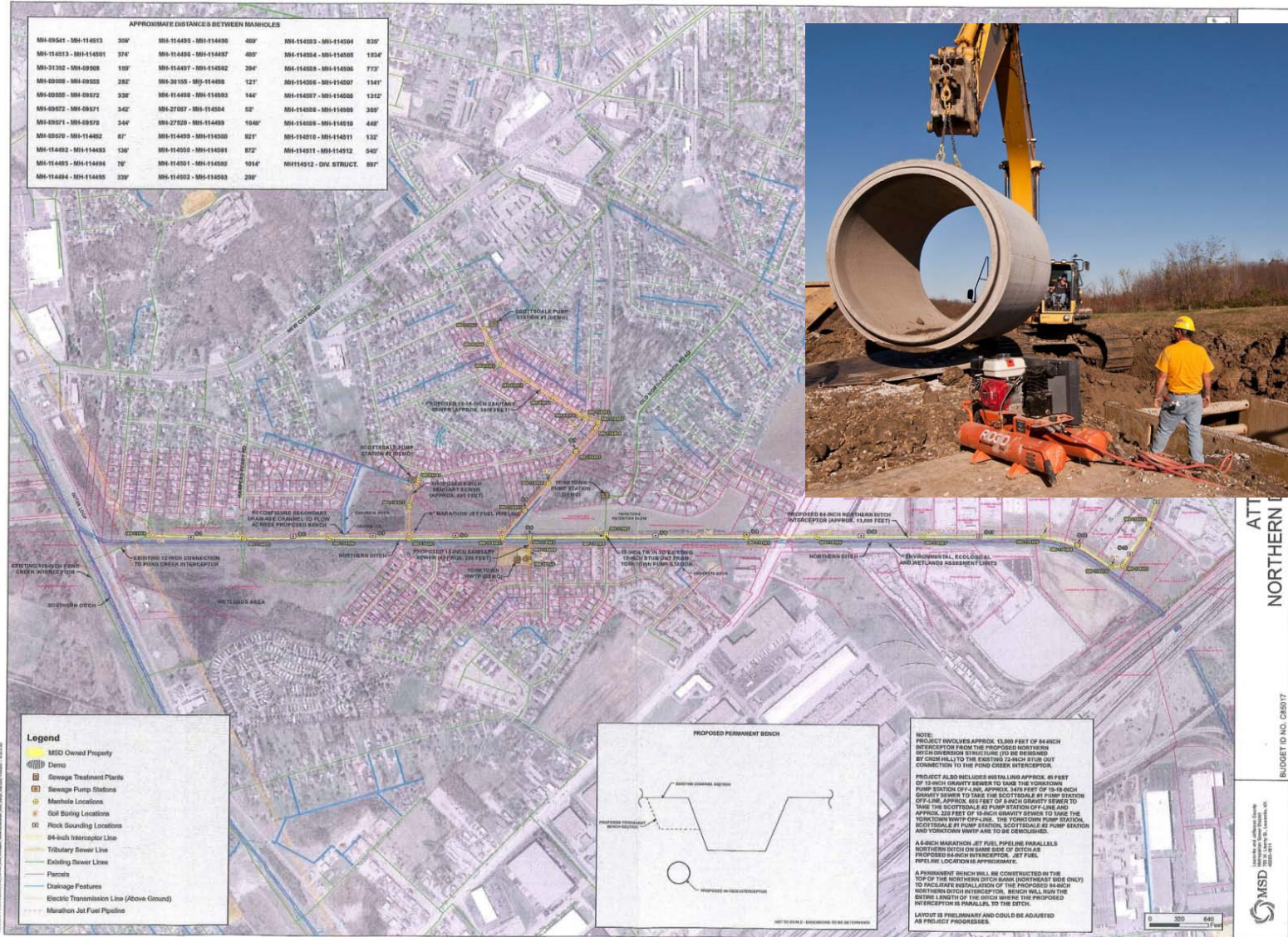


# Derek R. Guthrie WQTP Expansion





# Northern Ditch Interceptor



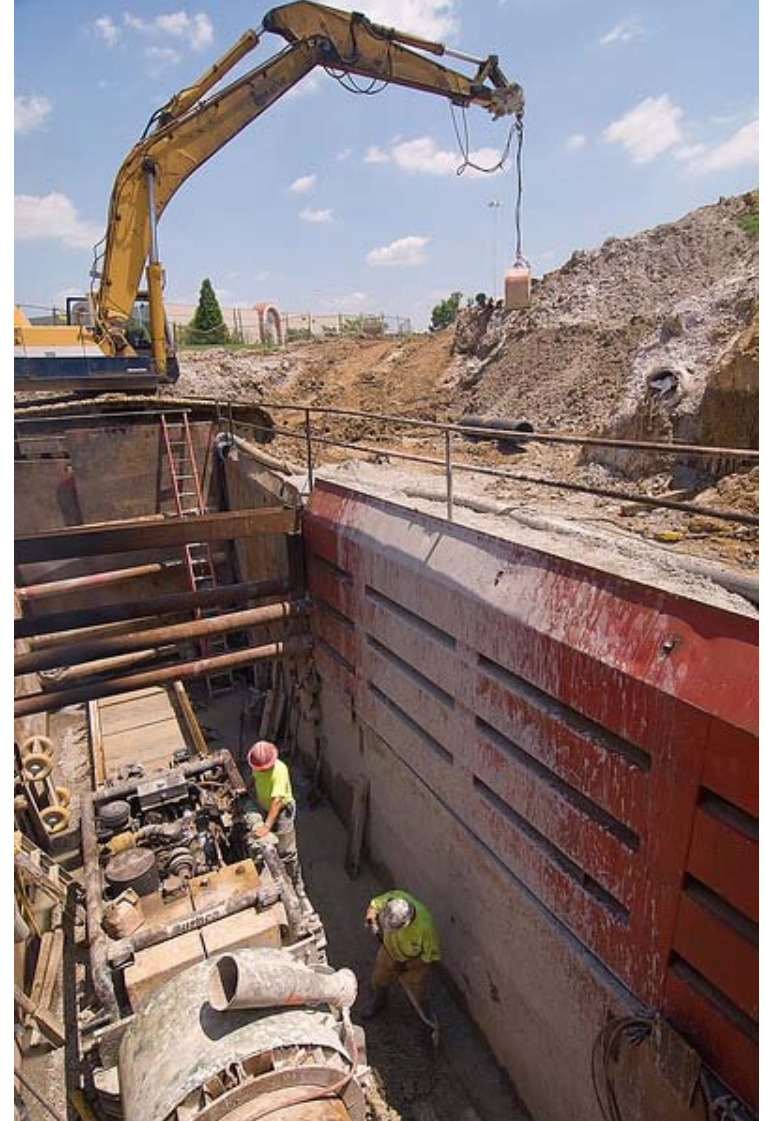


# Hikes Lane Interceptor





# Sinking Fork Interceptor





# Beechwood Village East/West and Hikes Point Pumped SSO Eliminations



LOUISVILLE AND JEFFERSON CO  
WEST C  
CONTRACT  
**SHIVELY I**

Draw. No.	Description
1	COVER SHEET
2	HORIZONTAL & VERTICAL CONTROL MAP
3	DRAINAGE MAP
4	PLAN & PROFILE SHEET - LINE "A" - STA. 10+00 TO STA. 28+00
5	PLAN & PROFILE SHEET - LINE "A" - STA. 28+00 TO STA. 42+00
6	PLAN & PROFILE SHEET - LINE "A" - STA. 42+00 TO STA. 58+00
7	PLAN & PROFILE SHEET - LINE "A" - STA. 58+00 TO STA. 74+00
8	PLAN & PROFILE SHEET - LINE "A" - STA. 74+00 TO STA. 94+20.45
9	PLAN & PROFILE SHEET - LINE "B" - STA. 10+00 TO STA. 28+00
10	PLAN & PROFILE SHEET - LINE "B" - STA. 28+00 TO STA. 42+00
11	PLAN & PROFILE SHEET - LINE "B" - STA. 42+00 TO STA. 479+12.84 LINE "A" PROFILE (SEE "A" PROFILE)
12	PLAN & PROFILE SHEET - LINE "C" - STA. 10+00 TO STA. 18+00
13	PLAN & PROFILE SHEET - LINE "C" - STA. 18+00 TO STA. 34+46.71
14	PLAN & PROFILE SHEET - LINE "C" - STA. 34+46.71 TO STA. 58+00
15	PLAN & PROFILE SHEET - LINE "C" - STA. 58+00 TO STA. 74+00
16	PLAN & PROFILE SHEET - LINE "C" - STA. 74+00 TO STA. 409+00 LINE "B" PROFILE (SEE "B" PROFILE)
17	PLAN & PROFILE SHEET - LINE "D" - STA. 409+00 TO STA. 489+06.54
18	PUMP STATION ELEVATION - POWER ROAD, CITY PARK & RENO. LIA. TRUNK
19	PUMP STATION ELEVATION - JACKS LANE & GARRETT LANE
20	TRAFFIC CONTROL
21	PROPERTY ACQUISITION SUMMARY
22	PROPERTY ACQUISITION SUMMARY
23	REPAIRING PLAN & MANHOLE CHART

**GENERAL NOTES**

SANITARY SEWER PIPE AND FITTINGS SHALL ALL BE PVC SIZES AND SHALL MEET THE REQUIREMENTS AS LISTED IN ALSO STANDARD SPECIFICATIONS.

BACKFILL TYPE B-A - SAND, FLUSHED & JETTED

TYPE B - EXCAVATED MATERIALS, FLUSHED & JETTED

AS INDICATED ON SANITARY SEWER PROFILES.

TYPE B-1 - EARTH MATERIALS-COMPACTED

TYPE C-1 - MECHANICAL COMPACTION OF EARTH

MATERIALS

M.S.D. STANDARD SPECIFICATIONS & TYPICAL SEWER DETAILS TO APPLY.

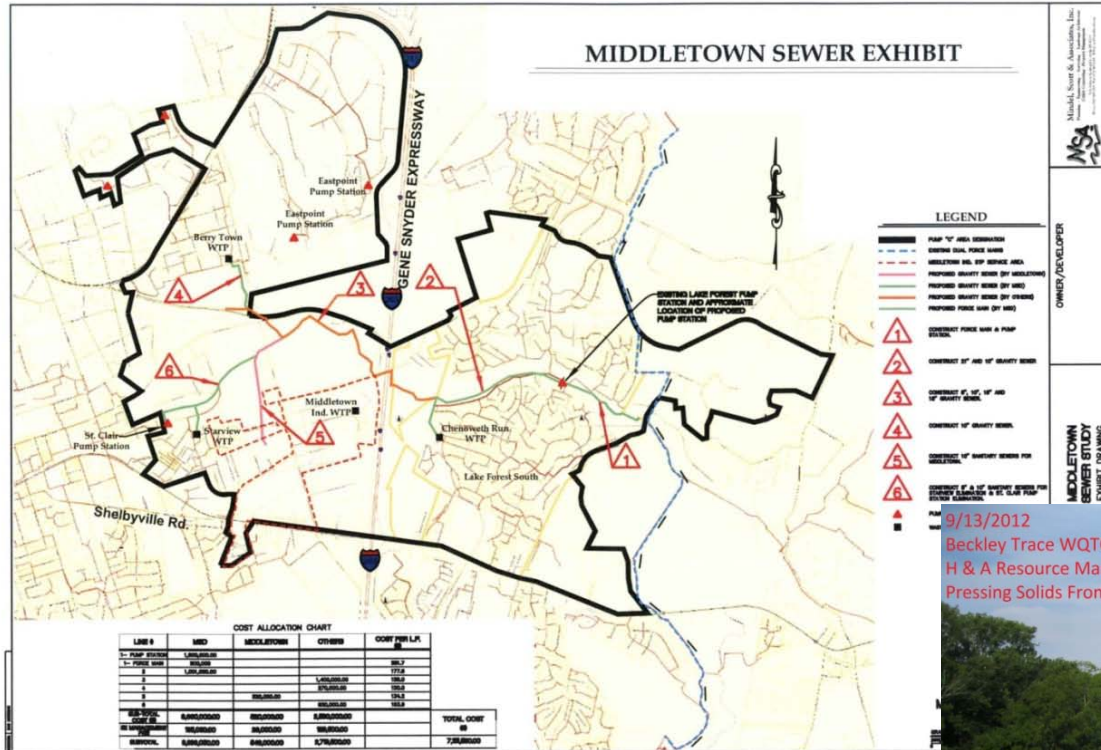




# Mellwood Avenue Pump Station Replacement



# Lake Forest Pump Station and Interceptor





# Floyds Fork WQTC Expansion





# Western Flood Pumping Station Rehabilitation







## FY '14 – FY '18 Capital Budget Highlights

<b>Early CSO Basins will move into construction (CD)</b>	<b>\$250 million</b>
<b>Paddy's Run Storage and HRT (CD)</b>	<b>\$50 million</b>
<b>Elimination of Prospect WTP's (CD)</b>	<b>\$40 million</b>
<b>Elimination of Jeffersontown WTP (CD)</b>	<b>\$45 million</b>
<b>Large investment in sewer rehabilitation (CD)</b>	<b>\$23 million</b>
<b>Rehabilitation of Paddy's Run FPS</b>	<b>\$20 million</b>
<b>Completion of Buechel Basin (CD)</b>	<b>\$18 million</b>
<b>Large investment in Green Infrastructure (CD)</b>	<b>\$18 million</b>
<b>Elimination of all MSD-owned package WTP's</b>	<b>\$12 million</b>
<b>System upgrades to multiple other FPS</b>	<b>\$9 million</b>
<b>Continuation of Project DRI</b>	<b>\$5 million</b>
<b>Certification of Flood Protection System</b>	<b><u>\$1 million</u></b>
<b>Total</b>	<b>\$491 million</b>

# Logan Street CSO Basin



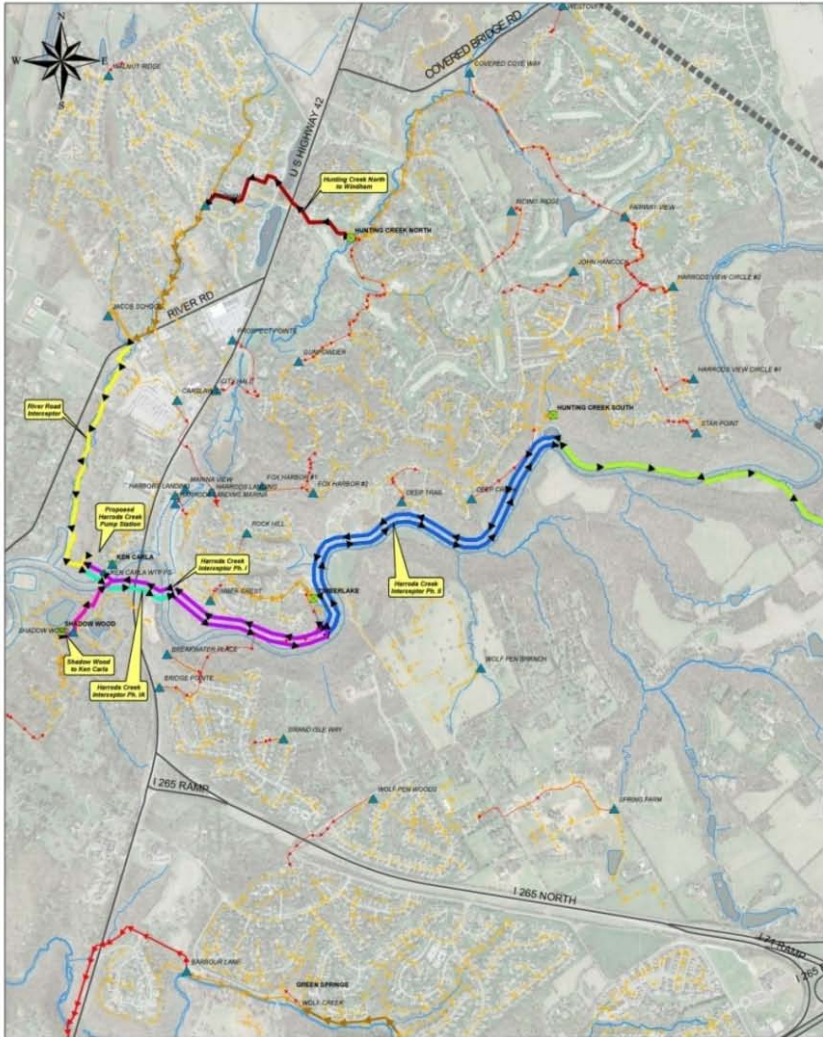
# Paddy's Run Storage and HRT





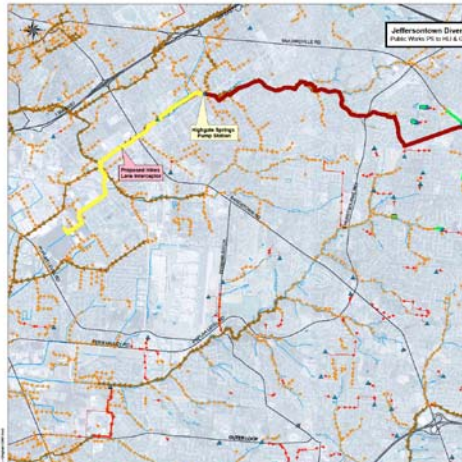
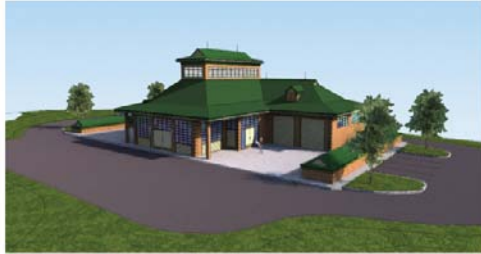
# Prospect WTP Eliminations

Overall Map  
08051 - Harrods Creek Pump Station





# Jeffersontown WQTC Elimination



# Buechel Basin SSO Surge Basin







# Financial Overview





# Refunding Savings

	Series 2013A			Series 2013B			Total
Fiscal Year	Prior Debt Service on Series 2001A	Debt Service on Series 2013A Bonds	Savings	Prior Debt Service on Series 2004A & 2005A	Debt Service on Series 2013B Bonds	Savings	Total Savings
2014	\$6,583,500	\$4,528,676	\$2,054,824	\$6,715,250	\$4,969,800	\$1,745,450	\$3,800,274
2015	6,583,500	4,631,600	1,951,900	6,715,250	5,082,750	1,632,500	3,584,400
2016	6,583,500	4,631,600	1,951,900	8,135,250	6,342,750	1,792,500	3,744,400
2017	6,583,500	4,631,600	1,951,900	8,134,250	6,334,750	1,799,500	3,751,400
2018	6,583,500	4,631,600	1,951,900	8,139,750	6,344,000	1,795,750	3,747,650
2019	6,583,500	4,631,600	1,951,900	8,136,250	6,334,500	1,801,750	3,753,650
2020	6,583,500	4,631,600	1,951,900	8,139,000	6,337,000	1,802,000	3,753,900
2021	6,583,500	4,631,600	1,951,900	8,140,475	6,340,750	1,799,725	3,751,625
2022	6,583,500	4,631,600	1,951,900	8,138,763	6,345,500	1,793,263	3,745,163
2023	6,583,500	4,631,600	1,951,900	8,134,763	6,336,000	1,798,763	3,750,663
2024	6,583,500	4,631,600	1,951,900	8,131,263	6,337,750	1,793,513	3,745,413
2025	6,583,500	4,631,600	1,951,900	8,128,013	6,330,000	1,798,013	3,749,913
2026	6,583,500	4,631,600	1,951,900	20,509,763	18,713,000	1,796,763	3,748,663
2027	6,583,500	4,631,600	1,951,900	5,122,013	3,572,000	1,550,013	3,501,913
2028	6,583,500	4,631,600	1,951,900	5,122,013	3,572,000	1,550,013	3,501,913
2029	6,583,500	4,631,600	1,951,900	5,122,013	3,572,000	1,550,013	3,501,913
2030	6,583,500	4,631,600	1,951,900	5,122,013	3,572,000	1,550,013	3,501,913
2031	6,583,500	4,631,600	1,951,900	5,122,013	3,572,000	1,550,013	3,501,913
2032	6,583,500	4,631,600	1,951,900	5,122,013	3,572,000	1,550,013	3,501,913
2033	6,583,500	4,631,600	1,951,900	5,122,013	3,572,000	1,550,013	3,501,913
2034	6,583,500	4,631,600	1,951,900	5,122,013	3,572,000	1,550,013	3,501,913
2035	77,348,500	67,961,600	9,386,900	5,122,013	3,572,000	1,550,013	10,936,913
2036	63,950,250	54,558,400	9,391,850	5,122,013	3,572,000	1,550,013	10,941,863
2037				53,927,013	47,422,000	6,505,013	6,505,013
2038				53,754,750	47,268,000	6,486,750	6,486,750
	\$279,552,250	\$219,680,676	\$59,871,574	\$274,199,925	\$222,558,550	\$51,641,375	\$111,512,949
PV of Savings from Cash Flow			\$38,155,477			\$32,757,287	\$70,912,765
Less: Prior funds on hand (Debt Service Reserve)			(13,354,832)			(13,784,461)	(27,139,294)
Plus: Bond Rounding			4,660			658	5,319
<b>Net PV Savings</b>			<b>\$24,805,306</b>			<b>\$18,973,484</b>	<b>\$43,778,790</b>
<b>% of NPV Savings of Bonds Refunded</b>			<b>18.84%</b>			<b>14.33%</b>	<b>16.58%</b>



## KRS 76.150(2)

The district may, from time to time, issue its negotiable interest-bearing revenue bonds for any of its corporate purposes, and it may also, from time to time, issue its negotiable interest-bearing revenue bonds to refund any of its bonds at maturity or pursuant to redemption provisions, or at any time before maturity with the consent of the holders. All the bonds, including interest, are payable solely from and secured only by revenues of the district realized through the collection of rates, rentals, or other charges, imposed for use of the facilities of the district. The bonds shall be authorized by resolution of the board and shall bear the dates, mature at the times not exceeding forty (40) years from their respective dates, bear interest at the rate or rates or method of determining rates, payable at least annually, be in the denominations and form, either coupon or registered, carry the registration privileges, be executed in the manner, be payable in the medium of payment at the place, and be subject to the terms of redemption, with or without premium, as the resolutions provide; except that before the issuance of bonds for any project within the corporate limits of any city of the first or second class, the issuance of bonds shall first be authorized by ordinance passed by the legislative body of the city and approved by the mayor of the city. The bonds shall be sold at public sale for the price as the board determines.



## Cost of Issuance Comparison

Series 2010A \$300,000,000		Series 2013A and 2013B \$235,305,000	
Expense	Amount	Expense	Amount
Financial Advisor	\$165,000	Financial Advisor	\$125,000
Bond Counsel	300,000	Bond Counsel	60,000
Rating Agency Fees	198,200	Rating Agency Fees	229,275
Engineer's Report	42,000	Engineer's Report	-
Paying Agent	3,500	Paying Agent	7,000
Miscellaneous Expenses	10,000	Miscellaneous Expenses	11,306
	<u>\$718,700</u>		<u>\$432,581</u>
% of Fee Based on Par Amount	0.240%		0.184%



# Summary of Terminated/ Outstanding Swaps

## Terminated Swaps

Swap ID	Description	Swap Provider	Original Notional	Terminated Notional	Trade Date	Effective Date	Expiration Date	MSD Pays	MSD Receives	Termination Value
2003-1	SIFMA Fixed Payer	Deutsche Bank	\$103,672,800	\$76,329,000	2/23/09	2/25/09	5/15/23	4.075%	SIFMA Index	(\$11,529,742)
2003-2	SIFMA Fixed Payer	BofA/Merrill	64,868,600	39,321,000	10/16/02	5/15/03	5/15/23	4.075%	SIFMA Index	(5,993,639)
2003-3	SIFMA Fixed Receiver	Deutsche Bank	149,465,000	115,650,000	8/12/09	8/15/09	5/15/23	SIFMA Index	2.78%	8,916,588
2003-4	Basis Swap	Morgan Stanley	190,790,000	115,650,000	3/24/03	5/15/03	5/15/23	SIFMA Index	78.78% of 3M LIBOR	132,582
2009-1	LIBOR Fixed Payer	Wells Fargo	\$225,732,000	\$38,196,000	3/27/01	11/15/09	5/15/23	4.4215%	67% of 1M LIBOR	(\$6,793,614)
2009-2	LIBOR Fixed Payer	BofA/Merrill	56,433,000	9,444,000	3/27/01	11/15/09	5/15/23	4.4215%	67% of 1M LIBOR	(1,790,883)
2009-3	SIFMA Fixed Receiver	Deutsche Bank	12,594,000	10,889,000	8/12/09	11/15/09	5/15/23	SIFMA Index	2.9240%	893,086
2009-4	SIFMA Fixed Receiver	Wells Fargo	50,376,000	43,556,000	8/12/09	11/15/09	5/15/23	SIFMA Index	2.9235%	3,634,207
2009-5	Basis Swap	Deutsche Bank	281,745,000	277,795,000	11/25/08	11/15/11	5/15/33	SIFMA Index	100.30% of 3M LIBOR	12,821,625
<b>TOTAL</b>			<b>\$1,135,676,400</b>	<b>\$726,830,000</b>						<b>\$290,211</b>

## Outstanding Swaps

Swap ID	Description	Swap Provider	Original Notional	Current Notional	Trade Date	Effective Date	Expiration Date	MSD Pays	MSD Receives	MTM <sup>1</sup>
2009-1	LIBOR Fixed Payer	Wells Fargo	\$225,732,000	\$180,716,000	3/27/01	11/15/09	5/15/33	4.4215%	67% of 1M LIBOR	(\$65,069,784)
2009-2	LIBOR Fixed Payer	BofA/Merrill	56,433,000	45,284,000	3/27/01	11/15/09	5/15/33	4.4215%	67% of 1M LIBOR	(15,305,252)
<b>TOTAL</b>			<b>\$282,165,000</b>	<b>\$226,000,000</b>						<b>(\$80,375,036)</b>

1 All termination and MTM values exclude accrued interest



# **MSD FINANCIAL BUDGET FY 2014**



# FINANCIAL ASSUMPTIONS

## FY 2014 BUDGET

- **Capital Expenses**

Project spending reduced by 20%

Project projections exclude capitalized overhead

- **Operating Expenses**

Labor & related overhead reduced by 2% (thru attrition)

Contingency reserve set at \$4.5 million per year

- **Financial Projections**

Rate increase consistent with IOAP & Revenue increase = 90% of rate increase

Revenue Enhancement Program will generate \$2.5 million in additional revenues

Loss of SOLAE will reduce industrial revenues by \$3 million

Bond issues to maintain \$60 million working capital balance (140 days)



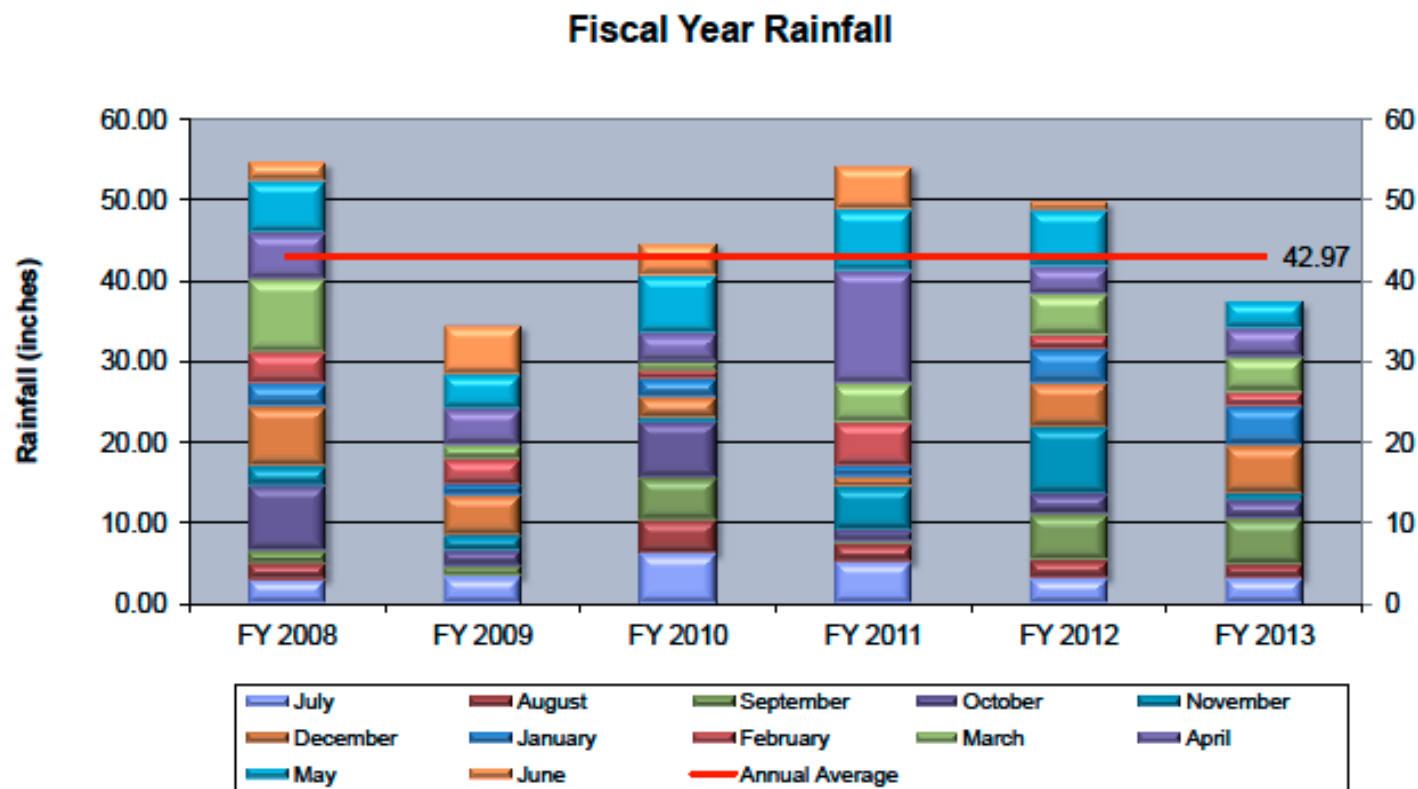
## Summary of MSD Operating Expense - Account Groups

### FY13 Budget / FY13 Forecast / FY14 Budget

<b><u>Operating Expenses</u></b>	<b><u>FY13 Budget</u></b>	<b><u>FY13 Forecast</u></b>	<b><u>FY14 Budget</u></b>	<b><u>FY14 Budget / FY13 Budget</u></b>	<b><u>FY14 Budget / FY13 Forecast</u></b>
Salaries & Wages	42,548,900	37,825,813	40,509,194	-4.8%	7.1%
Labor Related Overhead	18,135,500	16,666,685	17,317,906	-4.5%	3.9%
Salary Salvage	(2,000,000)	-	(2,313,084)	15.7%	-
	<b>58,684,400</b>	<b>54,492,498</b>	<b>55,514,016</b>	<b>-5.4%</b>	<b>1.9%</b>
<b>Utilities</b>	<b>16,073,300</b>	<b>12,734,310</b>	<b>13,729,522</b>	<b>-14.6%</b>	<b>7.8%</b>
Materials & Supplies	4,250,800	3,708,398	7,827,003	-	-
Contractual Services	21,097,500	12,502,839	22,108,762	-	-
Settlement Accounts	8,857,200	11,435,158	-	-	-
	<b>34,205,500</b>	<b>27,646,394</b>	<b>29,935,765</b>	<b>-12.5%</b>	<b>8.3%</b>
Chemicals	4,735,400	3,828,216	4,698,854	-0.8%	22.7%
Fuel	2,200,500	1,815,598	2,033,700	-7.6%	12.0%
Insurance Premiums & Claims	1,908,700	2,062,330	1,693,596	-11.3%	-17.9%
Bad Debt	2,012,000	1,552,988	1,620,000	-19.5%	4.3%
Other Operating Expense	1,385,000	2,496,478	1,555,143	12.3%	-37.7%
Operational Improvements	(5,771,800)	-	-	-	-
	<b>6,469,800</b>	<b>11,755,609</b>	<b>11,601,293</b>	<b>79.3%</b>	<b>-1.3%</b>
<b>O&amp;M Totals</b>	<b>115,433,000</b>	<b>106,628,811</b>	<b>110,780,596</b>	<b>-4.0%</b>	<b>3.9%</b>
Contingency Reserve	2,000,000	-	4,500,000	125.0%	-
<b>Grand Totals</b>	<b>117,433,000</b>	<b>106,628,811</b>	<b>115,280,596</b>	<b>-1.8%</b>	<b>8.1%</b>



# Operational Costs Versus Rainfall





# Preliminary Projection of FY 2014 Income & Expense

	<b>Budget FY 2013</b>	<b>Forecast FY 2013</b>	<b>Budget FY 2014</b>
<b>Service Fee Revenues</b>	199,945	203,818	211,804
<b>Revenue Enhancement</b>	1,200	1,700	2,550
<b>Other Operating Revenues</b>	1,820	4,900	4,000
<b>Total Service &amp; Admin Costs</b> <i>(net of capitalization)</i>	(77,258)	(75,706)	(81,849)
<b>Depreciation</b>	(58,111)	(58,690)	(59,275)
<b>Net Operating Income</b>	<b>67,596</b>	<b>76,022</b>	<b>77,230</b>
<b>Investment Income</b>	17,000	20,336	18,000
<b>Interest Expense</b> <i>(net of capitalization)</i>	(83,133)	(83,254)	(80,364)
<b>Non-operating Income/Expense</b>	<b>(66,133)</b>	<b>(62,918)</b>	<b>(62,364)</b>
<b>Total change in Net Position</b>	<b>1,463</b>	<b>13,104</b>	<b>14,866</b>



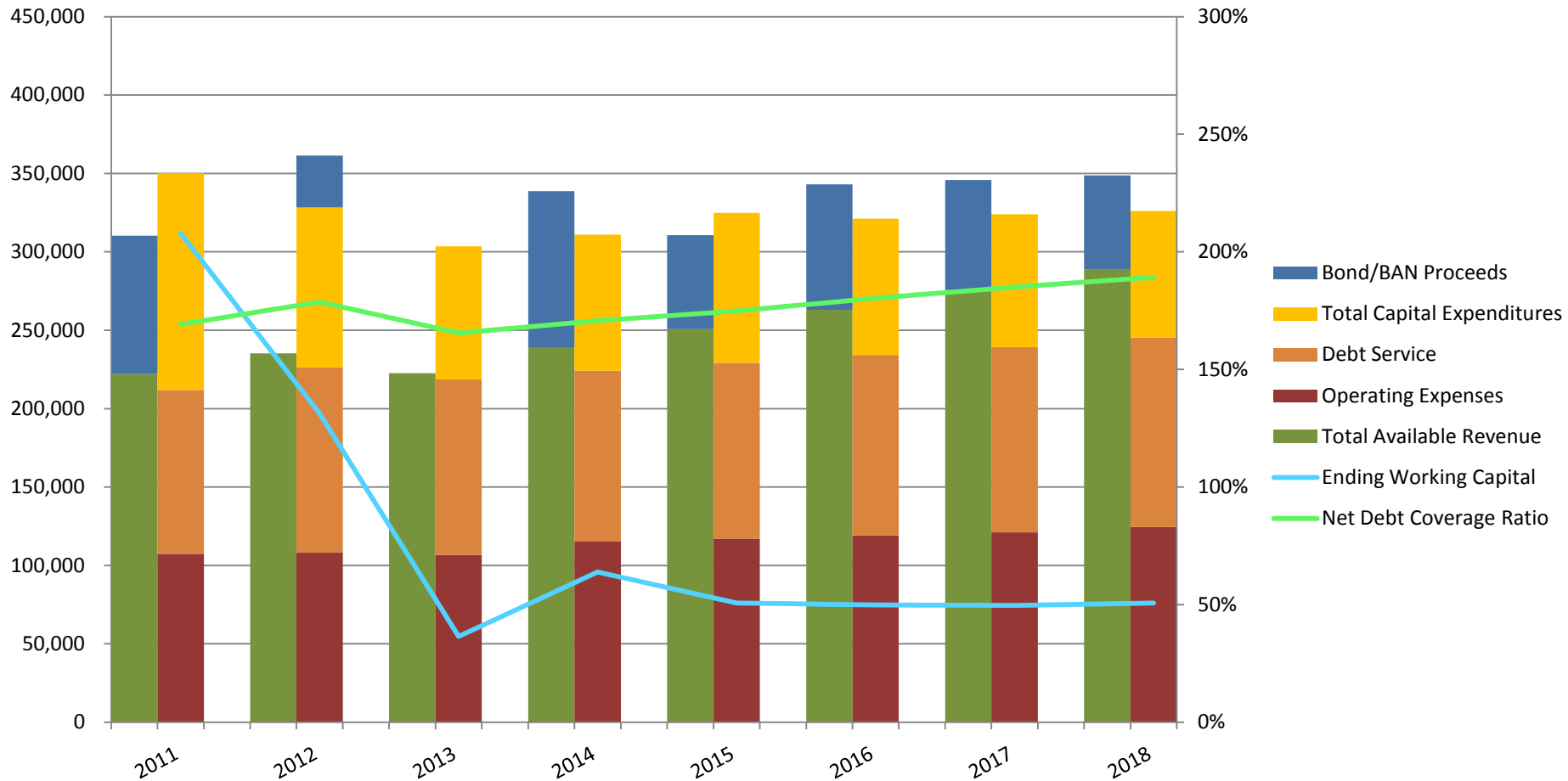
# MSD Working Capital

## FY 2014 Budget

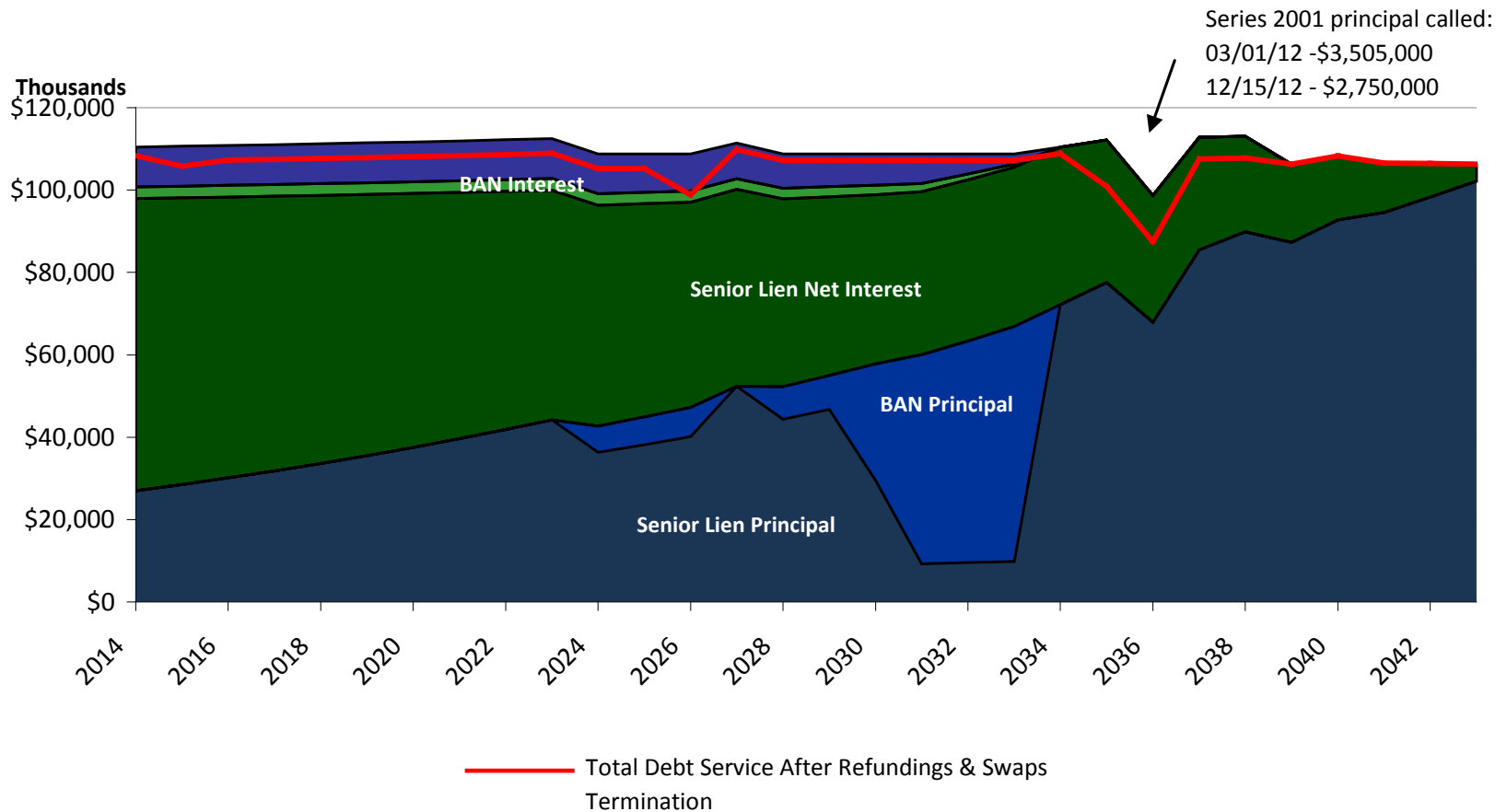
	<b>Actual</b>		<b>Budget</b>	<b>Forecast</b>	<b>Budget</b>
	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Revenue					
Service Fees	\$183,297	\$190,481	\$201,145	\$205,518	\$214,354
Investment Income	33,700	40,687	16,697	17,396	18,000
Other	5,119	3,851	4,820	6,900	6,000
<b>Total Revenue</b>	<b>\$222,116</b>	<b>\$235,019</b>	<b>\$222,662</b>	<b>\$229,814</b>	<b>\$238,354</b>
<b>Operating Expenses</b>	<b>(\$107,471)</b>	<b>(\$105,986)</b>	<b>(\$117,433)</b>	<b>(\$106,628)</b>	<b>(\$115,281)</b>
Debt Service					
Maturities	(\$24,840)	(\$25,740)	(\$25,740)	(\$25,740)	(\$27,035)
Sr. Debt Interest	(78,954)	(89,244)	(83,133)	(83,133)	(80,075)
BAN Interest	(4,566)	(6,224)	(5,659)	(4,716)	(4,527)
SWAP Payments	(8,570)	(11,552)	(9,355)	(11,200)	(10,976)
<b>Total Debt Service</b>	<b>(\$116,930)</b>	<b>(\$132,760)</b>	<b>(\$123,887)</b>	<b>(\$124,789)</b>	<b>(\$122,613)</b>
<b>Capital Projects</b>	<b>(\$134,042)</b>	<b>(\$75,635)</b>	<b>(\$120,529)</b>	<b>(\$85,000)</b>	<b>(\$86,936)</b>
Bond Proceeds					
New Bonds Issued	\$330,000	\$260,125	-	\$277,438	\$90,000
Bonds Retired	(270,296)	(291,040)	-	(277,050)	-
Misc.	(2,418)	(2,115)	(115)	400	(1,315)
<b>Total Bond Proceeds</b>	<b>\$57,286</b>	<b>(\$33,030)</b>	<b>(\$115)</b>	<b>\$788</b>	<b>\$88,685</b>
<b>Increase/(Decrease) in Working Capital</b>	<b>(\$79,041)</b>	<b>(\$112,392)</b>	<b>(\$139,302)</b>	<b>(\$85,815)</b>	<b>\$2,209</b>



# MSD's Ending Working Capital in Relation to 4 Key Variables



# Impact of Refunding on Debt Service





# METRO ORDINANCE DEBT SERVICE RATIO

Nov 2011 - Apr 2012

Nov 2012 - Apr 2013

**MSD's net revenues are less than 110% of Debt Service on Revenue Bonds for the 6-month period**

Revenue	93,635	100,532
Debt Payments	(9,908)	(7,550)
Operational Expenses	<u>(38,530)</u>	<u>(37,938)</u>

<b>* Net Revenue</b>	<b>45,197</b>	<b>55,044</b>
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Principal Maturities	24,270	25,740
Interest Expense	<u>27,294</u>	<u>28,375</u>

<b>Net Debt Service</b>	<b>51,564</b>	<b>54,115</b>
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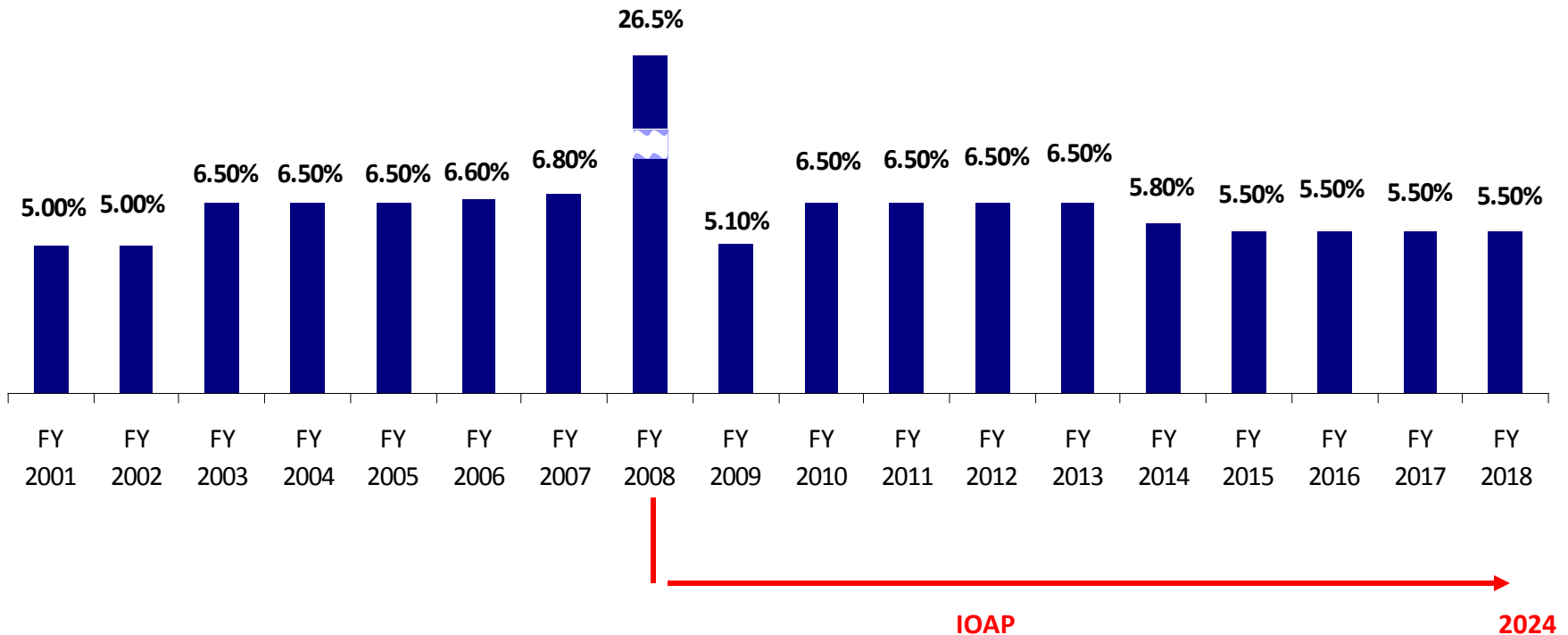
<b>Debt Service Coverage Ratio</b>	<b><u>88%</u></b>	<b><u>102%</u></b>
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*\* Defined as gross revenue from wastewater and drainage fees, less operating expenses and debt payments other than Revenue Bonds*



# **CUSTOMER IMPACT**

# History of Rate Increases

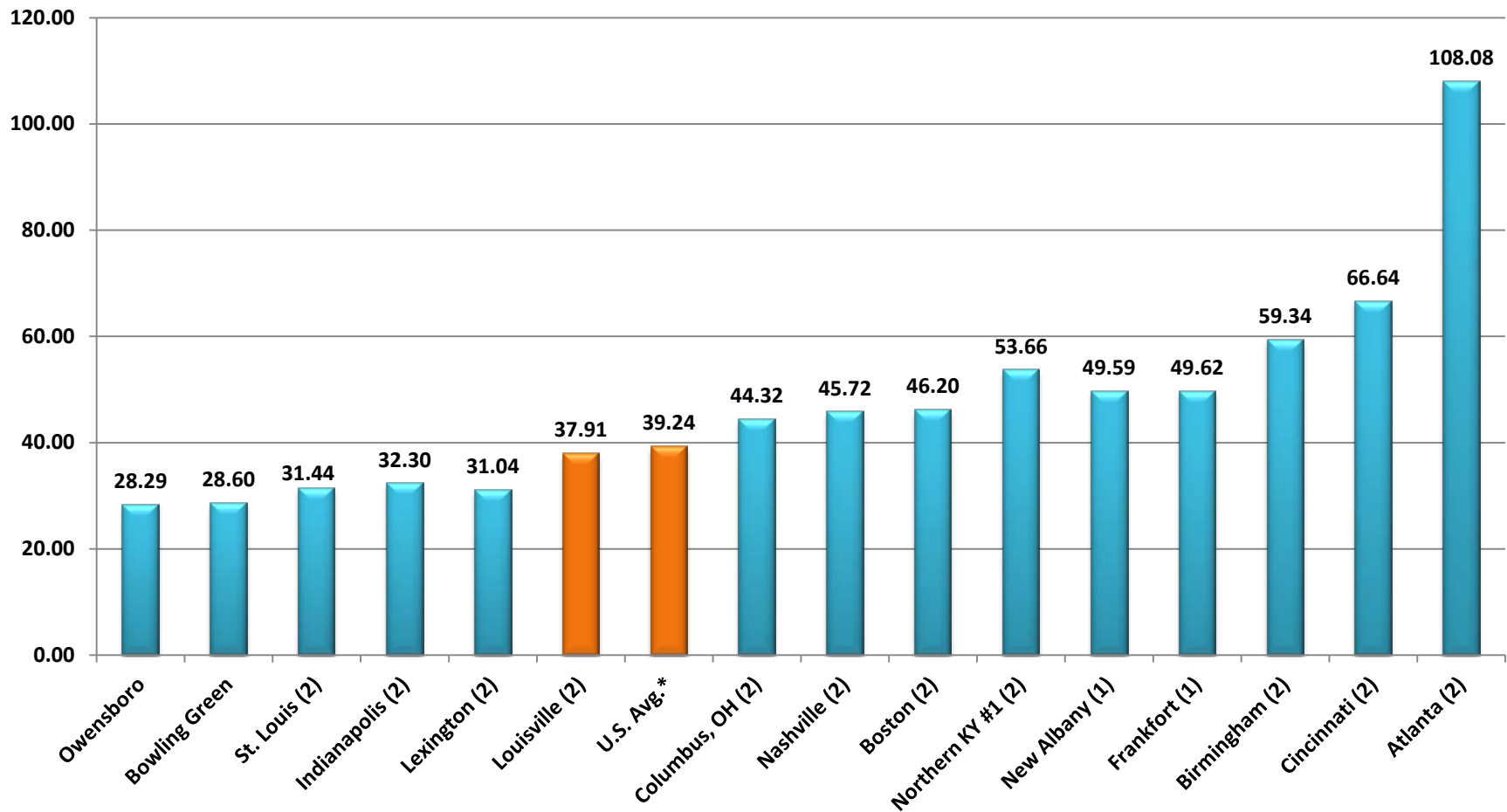


\*In FY 2008 a Consent Decree surcharge of \$6.95 per account per month was included. This produced a rate increase of approximately 26.5% for total wastewater and drainage charges for the fiscal year it was instituted.





# Average Monthly Residential Wastewater Bill 2013



\*From 2012 NACWA projected assuming avg 7.4% increase for 2013

(1) could not find 2013 data

(2) cities with Consent Decrees.



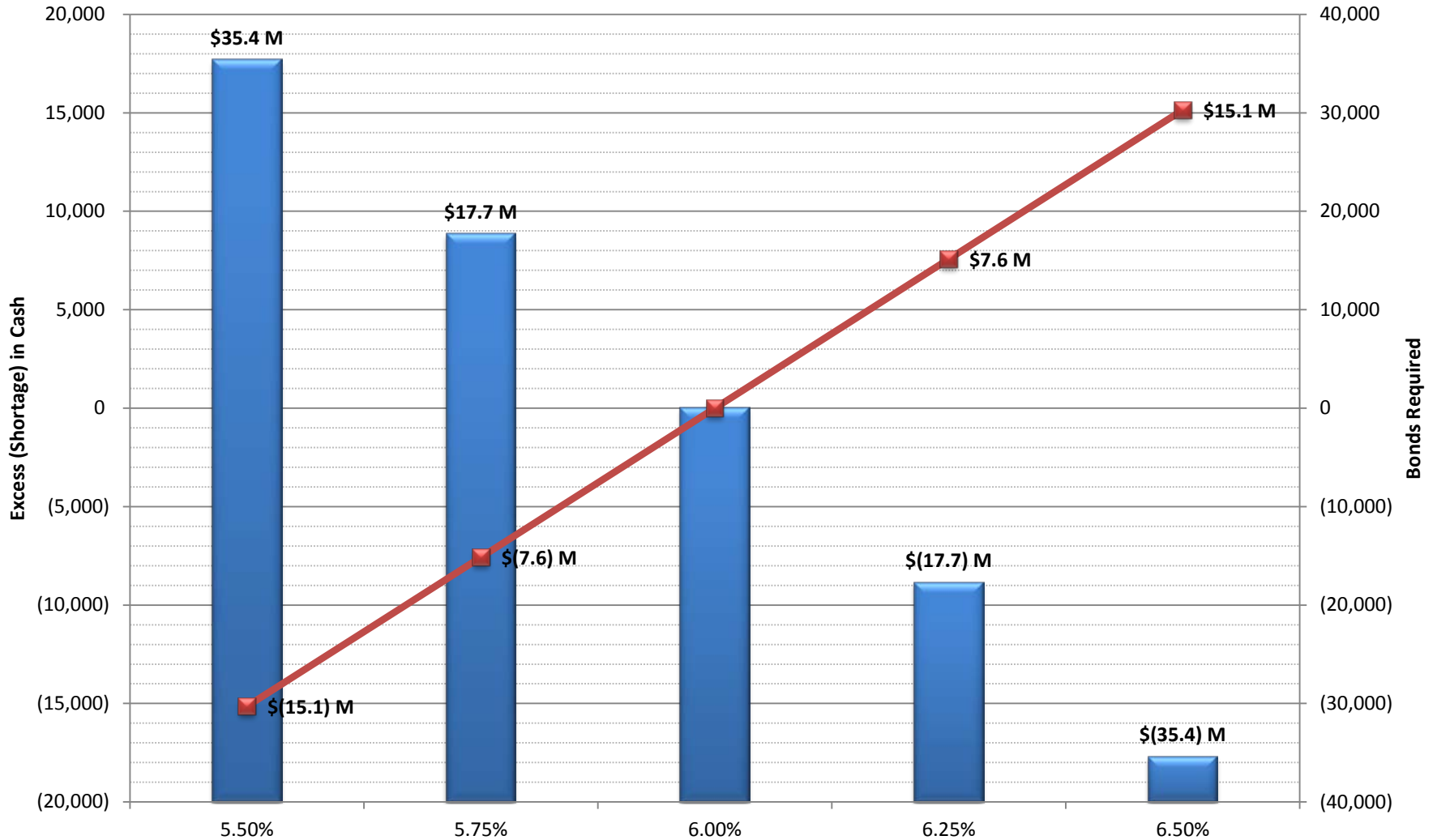
## Cities with Consent Decrees

City	Year	Amount	Average Wastewater Bill for 2013
Atlanta	1999	\$4 billion	\$108.08
Knoxville	2004	\$650 million	\$73.60
Cincinnati	2002	\$2 billion	\$66.64
Northern KY	2005	\$880 million	\$55.66
Nashville	2007	\$1.5 billion	\$45.72
<b>Louisville</b>	<b>2005</b>	<b>\$850 million</b>	<b>\$37.91</b>
Indianapolis	2006	\$1.7 billion	\$32.30
St. Louis	2012	\$4.7 billion	\$31.44

# Cumulative Cash

## 2014-2025

■ Bonds Needed ■ Additional Cash







## **Proposed Rate Increase Average Residential Customer**

<b>Proposed Rate Increase</b>	<b>5.80%</b>
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<b>Monthly Wastewater Fee Increase</b>	<b>\$ 2.20</b>
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<b>Monthly Drainage Fee Increase</b>	<b>\$ 0.40</b>
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