METROPOLITAN SEWER DISTRICT

Chris Monzel, President
Hamilton County Board of Commissioners
HISTORY OF MSDGC
Metropolitan Sewer District of Greater Cincinnati
FORMATION OF A COUNTY SEWER DISTRICT

• **1924:** the County established multiple sewer districts.

• **1955:** the County consolidated the districts into the “Hamilton County Sewer District #1.”

• **1968:** Twenty jurisdictions were consolidated into the County Sewer District (including the City of Cincinnati).
WHY WAS THE DISTRICT FORMED?

• In 1968, both the City and County benefitted from consolidation.
  • Both entities needed to upgrade systems.
  • Bulk of the population resided within the City of Cincinnati.
However, shortly after, the movement of residents to the suburbs began, and the City began to lose population.

Graph provided by the Hamilton County Regional Planning Commission
HISTORY OF THE 1968 OPERATING AGREEMENT

SECTION I. AGREEMENT

ARTICLE I.

This agreement entered into this 1st day of April, 1968, between the City of Cincinnati, Ohio, a municipality, corporation (hereinafter referred to as CITY) and the Board of County Commissioners of Hamilton County, Ohio (hereinafter referred to as COUNTY) for the purpose of creating a sewer district in the County for the purpose of providing for the construction, maintenance, operation and improvement of sewers, storm sewers, sanitary sewers and sanitary sewers systems.

ARTICLE II.

This agreement was submitted to the County Commissioners of Hamilton County, Ohio, and was approved by them on the 1st day of April, 1968.

SECTION II. EXPIRATION

This agreement shall continue in force until the 1st day of April, 1978, and thereafter for a period of 20 years.

SECTION III. NOTICE

The Board of County Commissioners of Hamilton County, Ohio, shall give notice to the City of Cincinnati, Ohio, of any default under this agreement, and shall have the right to declare this agreement null and void.

SECTION IV. AMENDMENTS

Any amendments to this agreement shall be made in writing and signed by both parties.

SECTION V.整個

In witness whereof, the City of Cincinnati, Ohio, and the Board of County Commissioners of Hamilton County, Ohio, have hereunto set their hands and seals this 1st day of April, 1968.
COUNTY’S ROLE MEANS...

• The County reviews and sets the budget.
• Sets rates and charges
• Capital project review (to ensure prudent planning, WWIP compliance, justified costs, etc.)
• The County issues the debt.
• Permits are in the County’s name.
• The County is the lead defendant on the Consent Decree.
• Expenditure review
• Policy establishment and review.
  • Rate Affordability Task Force
The City’s responsibilities “Subject to the authority vested in the Board of County Commissioners”

- Plan, design and contract for construction
- Prepare all legislation
- Recommend methods of financing
- Operate and maintain the system
- Issue tap permits
- Prepare and maintain sewer records
- Bill and collect fees
- Establish a cost accounting system
- Receive and account for all monies
- Obtain all easements
MSD- BY THE NUMBERS

2016 Operating & Maintenance Budget- $118.9 million

2016 Capital Budget- $300 million

2016 Debt Service- $119.1 million

Average Capital Spend 2014-2018- $200,000,000

2016 Average Annual Bill- $797.80

Average Rate Increase 2003-2014- 8.96%
AVERAGE ANNUAL MSD BILL - PERSPECTIVE

Average Annual BOCC Property Tax Bill
$100,000 Home
$398

Average Annual MSD Bill
$800
RATE INCREASE PROJECTION

MSDGC QUARTERLY RATES (PROJECTION)
Through 2037

2015 $211/Qtr Ave
2037 $687/Qtr Ave

MSDGC Avg. Rates
## Annual Rate Increases

<table>
<thead>
<tr>
<th>YEAR</th>
<th>RATE INCREASE</th>
<th>AVG. ANNUAL BILL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>7.00%</td>
<td>$306.04</td>
</tr>
<tr>
<td>2004</td>
<td>14.00%</td>
<td>$348.89</td>
</tr>
<tr>
<td>2005</td>
<td>12.00%</td>
<td>$390.76</td>
</tr>
<tr>
<td>2006</td>
<td>4.00%</td>
<td>$406.39</td>
</tr>
<tr>
<td>2007</td>
<td>8.60%</td>
<td>$441.34</td>
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<tr>
<td>2008</td>
<td>12.00%</td>
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<tr>
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<td>2013</td>
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<tr>
<td>2014</td>
<td>6.00%</td>
<td>$797.80</td>
</tr>
</tbody>
</table>

**12 year average = 8.96%**
MSDGC ANNUAL DEBT SERVICE

Total Debt Service - 50 year horizon aggregate

- Total Debt Service = $10.4B
- MADS: 377.1MM

Current Debt Service = $119.1M
CURRENT COMMISSION ACTIONS

Metropolitan Sewer District Update
Hamilton County Board of Commissioners - March 11, 2016

As the owner of the Metropolitan Sewer District (MSD), the Hamilton County Board of Commissioners has a responsibility to oversee and make decisions on many important issues at the sewer district, including budgets and projects. These environmental and infrastructure projects often have a huge impact on the quality of life in Hamilton County and its neighborhoods.

The purpose of this newsletter is to provide you with regular updates on MSD budgets, projects and operations. Please feel free to contact our offices with your feedback on MSD or any other County issues, and let us know if we can ever be of assistance to you.

Sincerely,

Chris Monzel
President

Dennis Deters
Vice President

Todd Portune
Every $1.00 expended
= $113.00
in savings
to the ratepayer
$693.5 Million Saved Since 2011

- CIP Right-Sizing $150 M
- Operating Budget Right-Sizing $53.5 M
- Project Right-Sizing $222 M
- Unbilled Services $4 M
- Eliminate Excess Project Budgets $264 M
114TH CONGRESS
1ST SESSION

H. R. 1093

To direct the Administrator of the Environmental Protection Agency to carry out a pilot program to work with municipalities that are seeking to develop and implement integrated plans to meet their wastewater and stormwater obligations under the Federal Water Pollution Control Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES
FEBRUARY 26, 2015

Mr. CHABOT (for himself, Ms. FUDGE, Mr. RODNEY DAVIS of Illinois, Mr. WENSTRUP, Mr. SIMPSON, and Mr. DUNCAN of South Carolina) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

A BILL

To direct the Administrator of the Environmental Protection Agency to carry out a pilot program to work with municipalities that are seeking to develop and implement integrated plans to meet their wastewater and stormwater obligations under the Federal Water Pollution Control Act, and for other purposes.

Clean Water Compliance and Ratepayer Affordability Act of 2015
CURRENT LITIGATION

- County filed litigation requesting that the U.S. District Court enforce its 2014 recognizing Cincinnati as Hamilton County’s agent in all matters relating to the operation of MSD.

- Requests that the Court order formal mediation to address the pending expiration of the 1968 Operating Agreement.
“The quad scrubber fans were running to provide ventilation of dewatering process areas, but the chemical feed and atomizing spray systems were not present nor in operation.” Mill Creek Treatment Plant Odor Control Program Implementation, January 31, 2016
Well maintained scrubbers should remove 90-95% of odors.

MSD lack of maintenance since 2009 resulted in the scrubbers actually increasing odors by 2 to 3 times!
CONSENT DECREE: Overview

- Current Consent Decree entered into in 2004.

- Two-phase implementation plan - only one in the Nation

- $3.2 Billion estimated total cost (2006 dollars).

- 467 projects in Phase 1 and Phase 2
  - Phase 1, 2009-2018. Cost (in 2006 dollars) = $1.1 billion
  - Phase 2, begins in 2019. Duration will be negotiated based on affordability. Cost (in 2006 dollars) = $2.1 billion
St. Louis, MO - $4.7B

Indianapolis, IN - $2.1B

Northern Kentucky SD1 - $2.4B

Columbus, OH - $2.5B

Northeast Ohio Regional Sewer District (Cleveland) - $3.0B

Akron, OH - $1.4B

Pittsburgh, PA - $3.6B
FUTURE OPERATIONS

• The 1968 Agreement as currently written is outdated/archaic and counter-productive to effective operations.

• The split of operations and governance not a recipe for success:

  • Inability of the owners (the County) to set and enforce policies on key operations and projects. (e.g. Water Works Consolidation, flow model, budgetary accountability, rate setting dynamics, policy, etc.)

  • Inherent conflict of interest when one jurisdiction of the County is operator (procurement, pensions, community development, etc.)

  • Extraordinary size and complexity of projects dramatically increases risks. MSD structure not suited for program of this scale.
LOOKING TO THE FUTURE

• Build a governance/operating relationship which positions the for future success.

• Continued process to inform public ahead of the expiration of the 1968 Agreement.

_We need your help and input!_
Thank you!

QUESTIONS?

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