



WET WEATHER STAKEHOLDER TEAM

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Agenda



**Wet Weather Team
Stakeholder Group Agenda
April 21, 2021
3:00 p.m. – 4:30 p.m.**

- 3:00 – 3:10 **Welcome & Intro, Roll Call, Ground Rules, Purpose**
Clay Kelly, Strand Associates
- 3:10 – 3:50 **Overview of Recent Developments at MSD**
Tony Parrott, MSD Executive Director
- 3:50 – 4:10 **Remaining Stakeholder Questions & Comments**
- 4:10 – 4:30 **Final Stakeholder Check-in, Observer Comments, Wrap-up and Adjourn**
Clay Kelly

Meeting Summary

Meeting Summary
Wet Weather Team Stakeholder Group Meeting
April 21, 2021
Video Conference Call

The Wet Weather Team (WWT) Stakeholders, chartered by the Louisville and Jefferson County Metropolitan Sewer District (MSD), met on April 21, 2021, via video conference. The objectives of the meeting were to:

- Provide an overview of recent developments at MSD

Welcome

Clay Kelly of Strand Associates, Inc.[®] opened the meeting by welcoming everyone and going over the logistics and ground rules that will be used for this meeting, which is the WWT's second "virtual meeting." Clay noted the meeting was not being recorded and reminded the Stakeholders that comments would remain anonymous in the meeting minutes. Clay reminded everyone to speak for themselves, and not necessarily for employers or organizations to which they belong.

Clay noted the information that will be presented to the group is very new news. In fact, the WWT Stakeholders is the first group outside of MSD to hear the highlights of these developments related to the Consent Decree (CD). Not even MSD's Board has heard this news in its entirety. This clearly demonstrates the value MSD leadership and staff place on the Stakeholders. Clay went on to tell the group that its representation of the community, the roles in which it serves every day, and the knowledge and experience that it brings all culminate into a very valuable perspective that helps MSD dial in its provision of the best service it can to the community. The Stakeholders are being asked to listen to Tony Parrott's, MSD's Executive Director, presentation and to also process the info as they hear it, to think about how it will be perceived, and how it will be heard by others. We are looking for critical thinking, challenging questions, constructive suggestions and help in shaping the message.

Overview of Recent Development at MSD

Tony began by noting that a lot has changed since the last WWT meeting. It has been a transformational time for MSD. For the past three years, MSD shared with the community regarding the 20-year, \$4 billion Critical Repair and Reinvestment Plan needed to improve our system and protect the community. Implementing this plan would have required significant rate increases in order to fund it.

Feedback MSD heard was the community understood the need for these critical improvements. However, the Louisville Metro Council did not authorize the needed rate increases that were presented in 2017 and 2018:

- A 20% increase proposed in 2017 did not receive Council support
- A 4-year, 10% increase proposed in 2018 did not receive Council support

Because of the risk to public health and safety of not making these improvements, MSD pursued new solutions, such as:

1. Switching to commercial paper as a borrowing tool; first in the state to use this approach
2. Aggressively pursued grant funding; found success with the United States Army Corps of Engineers (USACE)
3. Explored adjusting the existing CD to free up near-term bonding capacity for critical projects

MSD contacted the United States Environmental Protection Agency (USEPA) and the Kentucky Division of Water (KDOW) to renegotiate the federal CD that has dictated how the vast majority of MSD's budget has been spent for the past decade and a half.

There has been a recent shift in USEPA policy to be more open to allowing local governments and local utilities to set its own priorities in investing in system improvements. In 2019, US EPA rolled out an integrated planning

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policy. The policy gave communities the ability to balance multiple competing interests. Under this new policy, the regulators have worked with MSD on a proposed amendment to the CD, allowing more local control in setting priorities for improving our system.

This amendment extends the deadline on some current projects in order to allow us to move other much needed projects up on the priority list. Critical projects will now have the ability to move forward on in the near-term include:

- The Morris Forman Water Quality Treatment Center (WQTC) Upgrades (\$197.8 million) – Further work to upgrade this facility, including replacing the outdated biosolids processing system with a modern facility, and allowing it to process greater volumes of biosolids it receives and reduce pollutants discharged into the Ohio River.
- Paddy’s Run Pumping Station Replacement (\$115 million) – This facility, built in 1953, needs replacing or significant upgrades to protect the public from flooding and unauthorized discharges of combined sewage. This station protects 70,000 homes, 214,500 people, 6,000 businesses, and 40 neighborhoods.
- Interceptor Rehabilitation (\$70 million) – This focuses on refurbishing some of our most critical, large sewer lines, called interceptors, located across the community. MSD is currently experiencing increased occurrence of failures and because many were constructed in the same era, the rate for failures is not expected to lessen. Failures of these interceptors can cause sewer backups or overflows and can create a hazardous situation with cave-ins occur.

In order to shift resources to these critical projects, USEPA is allowing us to extend the deadline on some other federally mandated projects. The Long-Term Control Plan (LTCP) work, including Waterway Protection Tunnel, will be extended to the end of 2022. Milestones for other CD work will be extended to 2035

Under the amendment, MSD is also committing to making a minimum of \$25 million in additional system improvements each year through 2035.

Overall, MSD efforts under the CD work have been very successful:

- Reduced combined sewer overflow volume into local waterways by 5 billion gallons in a typical year
- Elimination of 72% projected sanitary sewer overflow volume for a 2-year storm, and 82% for a 5-year storm
- Reduced fecal coliform concentrations in the Ohio River by 76%
- Reduced wet weather *E-coli* concentrations 64% for the Middle Fork Beargrass Creek, and 67% for the South Fork Beargrass Creek
- Completion of nearly 18,000 plumbing modification projects for residents experiencing basement backups

A stakeholder asked what sanitary projects that are being pushed back to 2035? Tony responded they are all sanitary sewer overflow (SSO) related. MSD has completed over 40 of the projects which mitigated 80% of SSOs already. The remaining projects will be staggered, not wholesale delayed. Eight will be done in the next five years. 2026 to 2030 six projects. 2030 to 2035 two projects. MSD is doing this to take advantage of the outside funding to reduce overall costs to MSD customers.

The stakeholders followed up by asking whether the projects could be moved forward sooner if MSD could get a greater than 6.9% rate increase. Tony answered by explaining the schedule is based on the assumption that

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6.9% is the largest rate increase MSD will be able to get approved. Tony added the regulators have a standard clause in the CD that will allow them to force action, if necessary, regardless of what the Metro Council approves. A stakeholder followed-up this question by asking what is the likelihood that regulators will step in and force rates to fund projects and has that been done in other states? Tony said this provision was in the Sanitation District of Northern Kentucky's (SD1) recently amended CD. It will likely only be used because an unforeseen condition (catastrophic failure, new regulation) for example, nutrients limits at the Morris Forman WQTC. The Morris Forman WQTC is not equipped to meet nutrients limits if they were applied to the Ohio River. That cost could be \$750 million that MSD is not prepared for.

A stakeholder inquired regarding the original target date to complete the CD. Tony answered the LTCP was set to be complete in 2021, and the Sanitary Sewer Discharge Plan (SSDP) in 2024. Having to meet those deadlines would have taken up the bonding capacity that would have forced MSD to lose the other funding that required matching funds.

One stakeholder asked Tony whether the project at the Morris Forman WQTC would bring back Louisville Green. Brian Bingham, MSD Chief of Operations, said it would. Tony added that the process MSD will use will create excess energy and allow MSD to offset electrical costs, and may even make surplus to sell back to the grid.

A stakeholder started its question by stating its agreement with MSD's approach and decisions, then noted the original CD required a 33% rate increase to be passed by City Council, which is significantly more than the 6.9% rate increases being passed now. Tony shared that MSD has spent considerable time discussing the critical needs of the system and everyone understood those needs. The issue was how to fund it and how fast do we do the work. MSD does not have time to wait, as it has other responsibilities and had to find other options.

A stakeholder observed that it would be very unpopular for federal regulators to come in and force rate increase. Then added that this program is large and had been going on for a longtime. The stakeholder stated it is reasonable to expect things to change and commended MSD and staff for this approach.

One stakeholder asked what kinds of increases will be needed to maintain the system after the CD is complete. Tony said that new facilities generally have less Operations & Maintenance (O&M) than old facilities and that replacing now is much less expensive than waiting until it fails. MSD is using innovative approaches to extend life, reduce impact to residents, and be cost-effective. MSD is optimistic it will be able to go to inflationary level rate increases in approximately 15 years. When the stakeholder expressed concerns about residents' ability to pay bills in the meantime, Tony shared that MSD always considers affordability and supports several programs and organizations to help residents that are struggling to pay bills.

A stakeholder shared that Paddy's Run has been a priority for a long time, but it's only one of many flood pumping stations, and asked, what is the plan for the rest of the pumping stations? Tony said the USACE study opens up funding opportunities for the entire system. Brian added the USACE funding will bring flood pumping stations to original design conditions, not the expanded capacity that MSD and the community wants, but that will help. The stakeholder followed-up by asking whether the new asset management program refocuses where money is going. Tony responded that MSD already had a program and explained that regulators wanted to set a minimum level of spending because the band-aid approach is not working. Tony added that even at this rate, it is still less than 10% of the CRRP recommendations

A stakeholder shared the original CD was developed for wet weather and waterway impacts. It now includes flood control, biosolids, and large sewers, which are good and important items. The stakeholder was surprised that Kentucky and the USEPA put these in the CD and allowed MSD to pace work to what rate increases MSD could control. Tony agreed with the stakeholder and added the flexibility MSD is getting with this was not

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available 20 years ago. The water sector has been lobbying for this for years. This allows locals to set priorities based on affordability. This new approach allows utilities and communities to better manage these priorities.

Several stakeholders thanked Tony and MSD for the detailed update and stated their agreement and support for this approach.

A stakeholder noted the hard decisions MSD had to make and wondered whether more hard choices would come in the future. Specifically, the opportunities the USACE is looking at for Beargrass Creek. They noted it would be a shame to not take advantage of the funding from USACE because of a lack of matching funds. They shared that our community is tentative about paying for clean water and we need to do more basic education on the value of clean water. Tony shared that MSD is deepening their relationship with the USACE and USEPA. We have open communication with them now. Tony said he never would have thought we would get this amount of infrastructure funding from the USACE. Tony also noted the Biden Administration Infrastructure Plan is very attractive, and MSD is following closely.

A stakeholder advised that MSD need to educate people about how the systems in Jefferson, Oldham, and Bullitt counties are connected and that MSD is not spending money in one area, but not others. Tony thanked him for that point and said MSD emphasizes with regionalization that watershed and water knows no political boundaries. MSD is looking at a watershed perspective and leveraging economy of scale. David Johnson, MSD Chief Engineer, added the improvements in eastern Jefferson County are paid for through system development charges. MSD has a policy of growth paying for growth.

Observer Comments, Wrap-Up, and Adjournment

Clay asked for any final comments or questions from the stakeholders. Several expressed the hope that our next meeting could be in-person, which was supported enthusiastically.

Clay closed the meeting by thanking everyone for their participation and wished them well.

Meeting Materials

- Agenda for the April 21, 2021 WWT Stakeholder Group Meeting.
- Copy of the Second Amendment to MSD's Consent Decree presentation.

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▪ **Meeting Participants**

Wet Weather Team Stakeholders (Present)

Steve Barger, Labor (retired)
Stuart Benson, Louisville Metro Council, District 20
Deborah Bilitski, Waterfront Development Corporation
Andrew Condia, Senator Mitch McConnell's Office
Mark French, University of Louisville Speed School of Engineering
Arnita Gadson, West Jefferson County Community Task Force
Corinne Greenberg, Carbide Industries
David James, Louisville Metro Council, District 6
Rick Johnstone, Deputy Mayor, Louisville Metro Mayor's Office (retired)
Kurt Mason, USDA Natural Resources Conservation Service
Jody Meiman, Louisville Metro Government, Director of EMA/MetroSafe
Jeff O'Brien, Louisville Metro Government, Director of Louisville Forward
Rocky Pusateri, Elite Built Homes
Lisa Santos, Irish Hill Neighborhood Association
Tina Ward-Pugh, Louisville Metro Government, Resilience and Community Services, Office for Women
David Wicks, Get Outdoors Kentucky; Jefferson County Public Schools (retired)
Ward Wilson, Kentucky Waterways Alliance
Nicole Yates, Representative John Yarmuth's Office

Wet Weather Team Stakeholders (Not Present)

Susan Barto, Mayor of Lyndon
Billy Doelker, Key Homes
Mary Ellen Wiederwohl, Louisville Metro Government, Chief of Louisville Forward

Wet Weather Team MSD Personnel (Present)

Tony Parrott, MSD Executive Director
Angela Akridge, MSD Chief Strategy Officer
Brian Bingham, MSD Chief of Operations
David Johnson, MSD Chief Engineer
John Loechle, MSD Engineering Technical Services Director

Technical Support

Clay Kelly, Strand Associates
Paul Maron, Strand Associates

Meeting Observers

Sheryl Lauder, MSD
Stephanie Laughlin, MSD
Daniel Sullivan, MSD
Wesley Sydnor, MSD
Erin Wagoner, MSD
Leisha Pica, Jacobs Engineering
Bill Sanders, Heritage Engineering

No Meeting Handouts