Stakeholder’s Annual Breakfast
MSD in Your Community
Expanding Our Horizons
October 25, 2011
Agenda

1. Welcome from Tony Parrott
   Welcome from Mayor Lovitt
2. Remarks from Commissioner Monzel
   Remarks from Mayor Mallory
3. Consent Decree Update
4. Strategic Plan Activities
5. Watershed Breakout Sessions
Accomplishments 2011

CONSENT DECREE UPDATE
Cincinnati is one of 772 cities in the United States with a combined sewer system.
Consent Decree Timeline

The Consent Decree mandates that MSD:

1) Capture, treat, or remove annual overflows from CSOs to a minimum control of at least 85%.
2) Eliminate all sanitary sewer overflows (SSOs)
Phase 1 WWIP & Asset Management Costs

Phase 1 Costs (2006$)

Years

Annual Cost (M$)

Total Cost (M$)

MSD’s Economic Challenges

Maintaining affordability of residential usage
Declining usage per account
How City Population Has Shifted

April 7, 2011

An Enquirer analysis shows that Cincinnati’s westside neighborhoods lost population at a brisker pace than those on the east side, spurring an overall 10 percent loss in population.*

Percent population change, 2000-2010

- 9% or more
- 0 to 9%
- 0% to -10%
- -10% to -23.5%
- -23.5% to -37.6%
- -37.6% or greater
Hamilton County Property Values Drop $5 billion
April 21, 2011
...MSD Opportunity

- Making system upgrades to meet federal mandates to reduce CSOs and SSOs
- Enabling others to expand customer base through policy guidelines
- MSD Bond Rating of A++
Value Creation

Potential Additional Benefits

MSD Sustainable Infrastructure Investment

Timeline

2010

2015

2030

Economic Development (ie: New Markets Tax Credits, TIF)

Improved Parks, Greenspaces & Recreation

Affordable Housing

Mass Transit
MSD Infrastructure Model

Current Conditions in the Community

Leverage MSD’s Investment

Community’s Vision for the Future

THE CINCINNATI ENQUIRER
Property value at a substantial decline

Expand & improve parks and greenspaces

Opportunities for improved mixed use and affordable housing

Incentives for business retention or redevelopment

Investment to reduce sewer overflows and meet federal mandates

Revitalization

Economics

Sustainability

Infill

Jobs

Bike trails

Recreational opportunities

Better education

Community gardens

Quality place

Community assets

Active recreation areas

Parks
The “Getting to Yes” Pipeline

**Rotary 4-Way Test**

- **Passage 1**
  - Internal Understanding

- **Passage 2**
  - Community Involvement

- **Passage 3**
  - Political Support

- **Passage 4**
  - Federal Policy Solutions

**Questions**

- Is it the Truth?
- Is it FAIR to all concerned?
- Will it build GOODWILL and BETTER FRIENDSHIPS?
- Will it be BENEFICIAL to all concerned?
Program Accomplishments

MSD is ahead of the curve

**MSD’s Wet Weather Program has resulted with significant infrastructure improvements.**

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>New Sanitary Sewers</td>
<td>174,000 feet</td>
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<td>(33 miles)</td>
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<td>New Storm Sewers</td>
<td>16,000 feet</td>
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<td>(3 miles)</td>
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<td>Sewers Relined</td>
<td>316,000 feet</td>
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<td>(60 miles)</td>
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<td>Manholes Rehabilitated</td>
<td>4,900 manholes</td>
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<td>HSTS Connections</td>
<td>714 homes</td>
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<td>WIB Properties Protected</td>
<td>1,407 properties</td>
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Diamond Oaks Pump Station Elimination
Regulatory Requirements

MSD has met all requirements.

MSD’s Wet Weather Program is considered a “model” for other utilities.

- 100% Consent Decree Milestones Satisfied
- 100% Regulatory Requirements Satisfied
- Project Groundwork Web Site for Public
- Reduction in Overflow Volumes

<table>
<thead>
<tr>
<th>Sanitary Sewer Overflows ≈ 17.6 MG</th>
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<tr>
<td>32 removed (4.35 MG)</td>
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<td>4 inactive (0.81 MG)</td>
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<td>10 addressed by projects (9.44 MG)</td>
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<td>46 addressed ≈ 14.6 MG reduction (82%)</td>
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<td>CSO's ≈ 880 MG annual reduction</td>
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Program Budget

MSD is anticipated to spend $1.14 billion thru 2018

Phase 1 includes construction of 115 projects and design of 62 additional projects by December 30, 2018.

37 future projects are included in MSD’s 2012-2013 CIP

54 projects are currently active

Thru September 2011, MSD spent $521 million on 86 projects
# Program Schedule

*MSD is working on future milestones*

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<td><strong>Completed Milestones</strong></td>
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Ohio River Water Quality

...is improving

MSD’s investments are making a difference

The overall trend indicates that compliance with safe recreating standards will continue to improve.

GREAT OHIO RIVER SWIM
Saturday, July 23, 2011
Accomplishments 2011

STRATEGIC PLAN
Goal 1 - Infrastructure

Provide reliable, sustainable infrastructure and high-quality, cost-effective utility services for collection and treatment of wastewater and storm water.

Capital Improvement Plan

Improve Reliability of Assets

Sustainable Watershed Plans
Capital Improvement Plan

Best Management Practices to deliver timely, cost-effective projects

- MSD continues to integrate sustainable infrastructure into its Capital Improvement Plan
  - Annual Stormwater Runoff Capture – 70 mg
  - 318,000 ft² biofiltration practices
  - 169,000 ft² green roofs
  - 161,000 ft² pervious/porous paving
  - 125,000 gallons rainwater harvesting storage space

- ≈$50 million per year in Asset Management Projects
Improve Asset Reliability

Keeping our assets working efficiently

- International recognition for our Maintenance Reliability Program

- Treatment Plant Lubrication Team instituted program to check condition of oils and greases resulting in annual savings

- NACWA Performance Awards
  - Platinum\(^{13} = Taylor\) Creek
  - Silver = Indian Creek, Little Miami, Muddy Creek, Polk Run
Sustainable Watershed Plans

Develop & implement sustainable watershed plans

MSD is working to create a more sustainable model for meeting CSO compliance mandates.

- ≈ 320 Flow Monitoring Stations
  rainfall, overflow, and dry data

- ≈ 100 Water Quality Monitoring Sites
  physical, chemical, biological data

- 2012 Integrated Priority System
  Water quality impacts, stressors, actions
Goal 2 - Workforce
Create a High-Performance Utility with a Diverse, Inspired and Empowered Workforce.

Core Competency Model
Succession Planning
Diversity & Inclusion Initiatives
External Workforce

Ensure MSD has the skills for its challenges

- Completed Contractor Capacity Study

- As MSD continues to launch Project Rebuild, we’ll expand our efforts to address the disadvantaged community, training programs, and business partnerships

**Key Supply / Demand Observations**

- **A “narrow” labor surplus is expected through 2020**
  - No local or regional shortages outside seasonal demand peaks

- **Labor supply with seasonal adders:**
  - No shortages in engineering resources
  - Shortages appear 2014-2020 in Masonry and Concrete Finishing, Laborers and Operating Engineers
  - Low availability of Electricians, Pipefitter, Reinforced Iron and Rebar Workers and Structural Iron and Steelworkers during 2014 and 2015 seasonal peaks

- **No immediate SBE concerns, MBE and WBE resources will remain thin**
  - MSD has the potential to find difficulties hitting MBE/WBE targets
Workforce Initiatives
Ensure these initiatives are embedded throughout MSD’s culture

Project Rebuild

**Apprenticeship Program**
- Just getting started
- Established workforce development initiatives

**Small Business Enterprise**
- Utilized $29.7 million of SBE services July 2010 – June 2011
- Hosted two matchmaking sessions
- Hosted Vendor Fair for suppliers to showcase their services
Goal 3 - Environment

Enhance Public Health and the Environment

Influence Regulatory Framework

Enhance Community Partnerships

Pursue Innovating & Leading Technologies
Regulatory Framework

Influence regulations under development

- Working with USEPA, MSD published a paper in the October 2011 edition of Biofilm Magazine

- MSD received approval from Ohio EPA to streamline its Pretreatment Rules.

Emerging Issues

- Asset Management
- Energy Savings
- Energy Capture & Generation from Waste Products

Biofilm Magazine: dynamic of biological corrosion of our concrete sewer lines.
Partnerships

Enhance community, regional, and national partnerships
Focused on sustainability and quality of life issues

MSD actively partners with several groups for regional CSO-reduction solutions.

- ODOT, City Transportation & Engineering
- US Geologic Society
- USEPA National Risk Management Laboratory
- USEPA Brownfields Office
- HUD/DOT/EPA Sustainable Communities Partnership
- Army Corp of Engineers
- US Forestry Service/National Park Service
- Chamber of Commerce Agenda 360
- Sierra Club
- Mill Creek Restoration Project
- Community Building Institute – Xavier University
- University of Cincinnati
Innovative Technologies

Pursue innovating and leading technologies for the collection and treatment of wastewater and stormwater

- Develop, test, and commercialize technologies
- Attract the best and brightest scientists and entrepreneurs
- Promote economic development through the creation and attraction of jobs and investment
- Become the world’s source for practical and affordable solutions and sustainable practices

By bringing together public utilities, research partners, and innovative businesses, the Water Technology Innovation Cluster will be instrumental in strengthening health protections for millions of Americans and promoting investments in cutting-edge technology.
Goal 4 – Stakeholder Relationships
Establish collaborative and interactive relationships between MSD and our stakeholders that engenders understanding and support

Actively Involve Stakeholders
Commitment to Building Relationships
Collaborate and Communicate with Customers
Involve Stakeholders

Active involve stakeholders in the decisions that will affect them

Transparency is not just a word; it’s action

- Annual stakeholder breakfast
- Neighborhood Summit presentation
- More than 35 presentations to community and civic groups to-date
- Quarterly e-newsletter to stakeholders
- Monthly MSD employee newsletter
- Paddlefest 2011
- Ohio River Swim 2011
- Children’s Festival in South Fairmount
- Outreach letters on baseline investigation
- Videos
- Kiosk in MSD offices
- Community Meetings
- www.projectgroundwork.org
Commitment to Relationships

Continually demonstrate our commitment to building collaborative stakeholder relationships

- Workshops to Develop Lick Run Master Plan
- Lick Run Watershed Tours (over 100 people)
- Bethany House Children’s Festival
- St. Francis Court Apartments “Learning Gardens”
Community Design Workshop Results

- The majority of participants live in the Lick Run Watershed
  - South Fairmount
  - Other Lick Run Watershed Neighborhood
  - Outside the Lick Run Watershed

- Based on exit survey results, respondents support MSD’s investment in the Lick Run Alternative
  - Alternative solution (89%)
  - Deep tunnel (11%)

90% of exit survey respondents felt better informed after attending Community Design Workshop #1

84% of break-out session participants believe the proposed urban waterway as a central feature in South Fairmount could benefit the community

Nearly all respondents said that a strong neighborhood core is important to the future of South Fairmount

A majority identified existing traffic patterns as a major obstacle for the neighborhood

113 number of attendees at Community Design Workshop #1 on August 11, 2011
Customer Communication

Develop a workplace culture in which employees embrace opportunities to collaborate and communicate with our customers.

Protection of Public Health

Social Media

Expands toolkit of communication mediums

Provides interactivity

Built in logic

Leverages networking service to expand message reach

Online web form to report sewer backups to 24/7 call center
Goal 5 – Financial Stewardship

Provide financial stewardship for the Utility

Standardized Methods and Tools

Operating Financial Processes

Capital Financial Processes
Integration of Capital with Finance

Planning and Management
Aligning budget and schedule processes
Consolidating decision points
Anticipating next wave of PeopleSoft module implementation

Actions and solutions
Expanded cross-functional decision-making opportunities
Metrics-based performance analysis
Implementation of financial impacts on capital decision

Benefits and Value
Better anticipation of cash needs
Better understanding of overall budget performance
Cash Flow Forecast for 2011 WWIP Projects

Utilize investment management best management practices to support capital processes

Through September 2011, MSD’s actual expenditures are ≈88% of those forecasted in February.
Alternative Funding Sources

*MSD has been working with multiple agencies to maximize use of grant funding*

- FEMA Hazard Mitigation Grants
- Ohio Public Works Commission
- Ohio Department of Development
- HUD Sustainable Community Challenge Grant
- Ohio Water Pollution Control Loan Fund

($148M active projects)

Twin Rivers Confluence Park Ohio Water Resource Restoration Sponsorship Program
Goal 6 – Performance & Growth

*Innovate to optimize organizational performance and growth Opportunities to ensure MSD’s sustainability.*

Optimize Business Processes

Leverage Growth Opportunities
Leveraging Growth Opportunities
Leveraging Growth Opportunities

- Publicly Owned/Operated Wastewater Utility Serving Southwest Ohio (Hamilton County)
- Serves a Population of about 855,000
- 230,000 Residential and 250 Industrial Users
- Operates 7 Wastewater Treatment Plants; treating 70 Billion Gallons/Year
Metro West Brownfield Redevelopment Project

**MetroWest Commerce Park**, a new industrial site, minutes from downtown

- ~18-acre clean site/Ohio DOD approved land for redevelopment
- Will be supplied with industrial grade water processed from reclaimed municipal wastewater.
MSD will continue to be a National Leader with Combined Sewer Overflow Reductions
Thank you for joining us today.