

# The Consent Decree: Next Steps

Council Work Session

February 17, 2015

Department of Finance / Division of Water Quality

# Agenda

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- Overview of Consent Decree Efforts to Date
- Impact of Efforts To Date
- Rate Impact of Current Construction Schedule  
Projections for FY16 and FY17
- Projected Residential Sewer Rates  
Benchmarked With Other Cities



# Expenditures

(Estimated Consent Decree Sanitary Sewer Expenses – 2007 to Present)

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- Capital Expenses: \$105,304,030
  - Studies/Plans/ Management: \$23,917,500
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- Total to date: \$129,221,530



# State Funding Sources to Date

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- Vigorous pursuit of grants and low interest loans (1.75%) financed through the Kentucky Infrastructure Authority(KIA) *(sanitary projects only)*
  - Consent Decree grant funded total:  
**\$7,622,050**
  - Consent Decree loan funded total:  
**\$145,178,800**

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  - Total to date:  
**\$152,800,850**



# Impact on our Streams

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- Since 2007, over 50 million gallons of annual, untreated sewer overflow volume has been eliminated from Fayette County streams.



# Efficiencies

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- Sound project management and value engineering efforts have:
  - Cut costs by about \$60 million so far.
  - Avoided the rate increases projected for FY12.
    - January 8, 2008: CM Don Blevins presentation to Council.
    - August 23, 2011: Committee of the Whole presentation.
    - Original forecast of rate increases avoided until now.
- The time is now to adjust sewer rates to fund the next phase of required improvements.



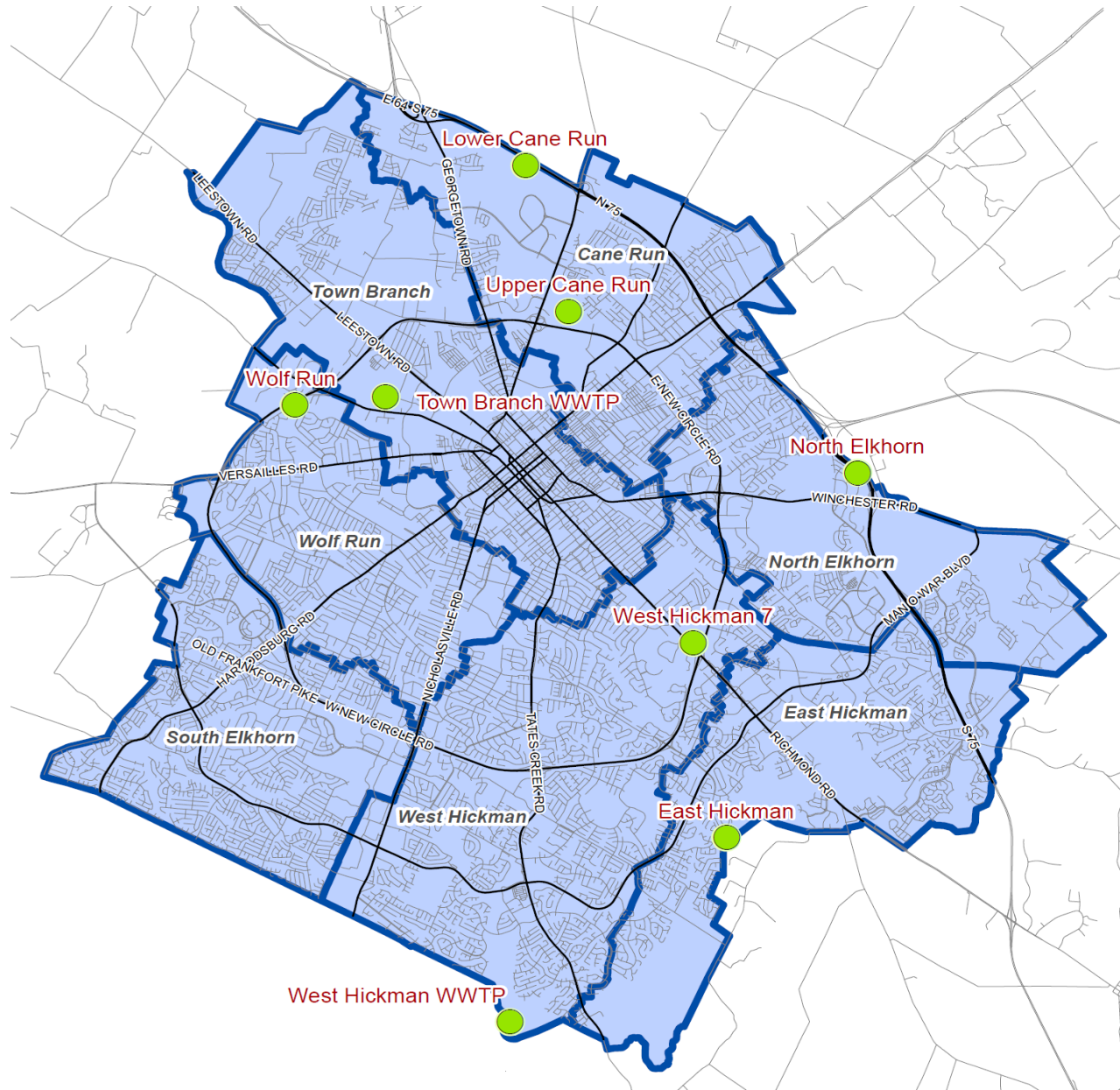
# FY16-18 Capital Expense Projections

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- Projected three-year capital expenses:
  - FY16 - \$70.4 M
  - FY17 - \$126.3 M
  - FY18 - \$68.8 M
  - Total- \$265.5M
- Storage tanks are cost driver:
  - 7% of the total Remedial Measures Plan (RMP) projects
  - 55% of the plan's projected capital cost
- Six of the eight storage tanks either built or under construction.

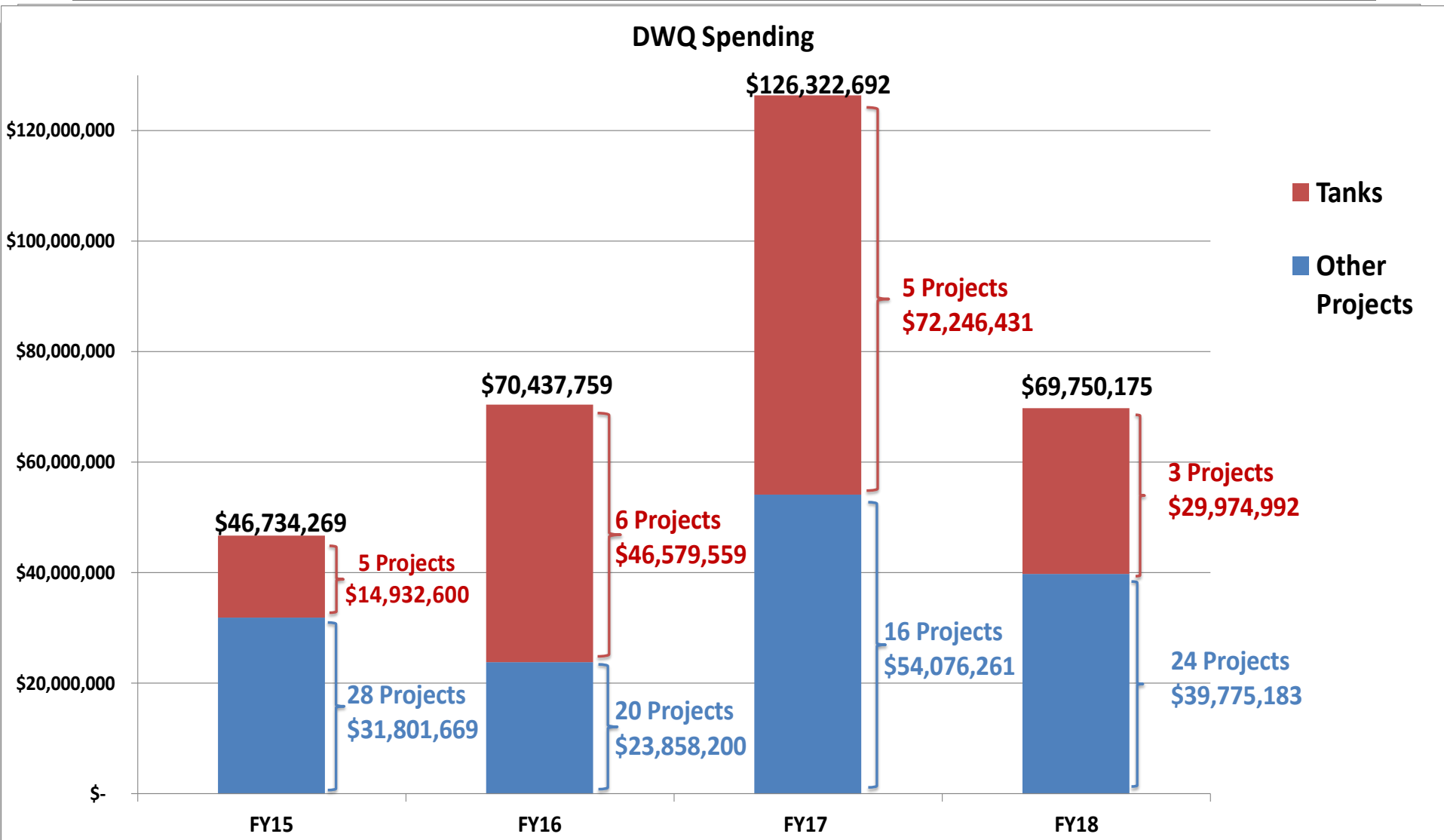


# Planned Tanks Locations





# Division of Water Quality Storage Tanks / Other Projects

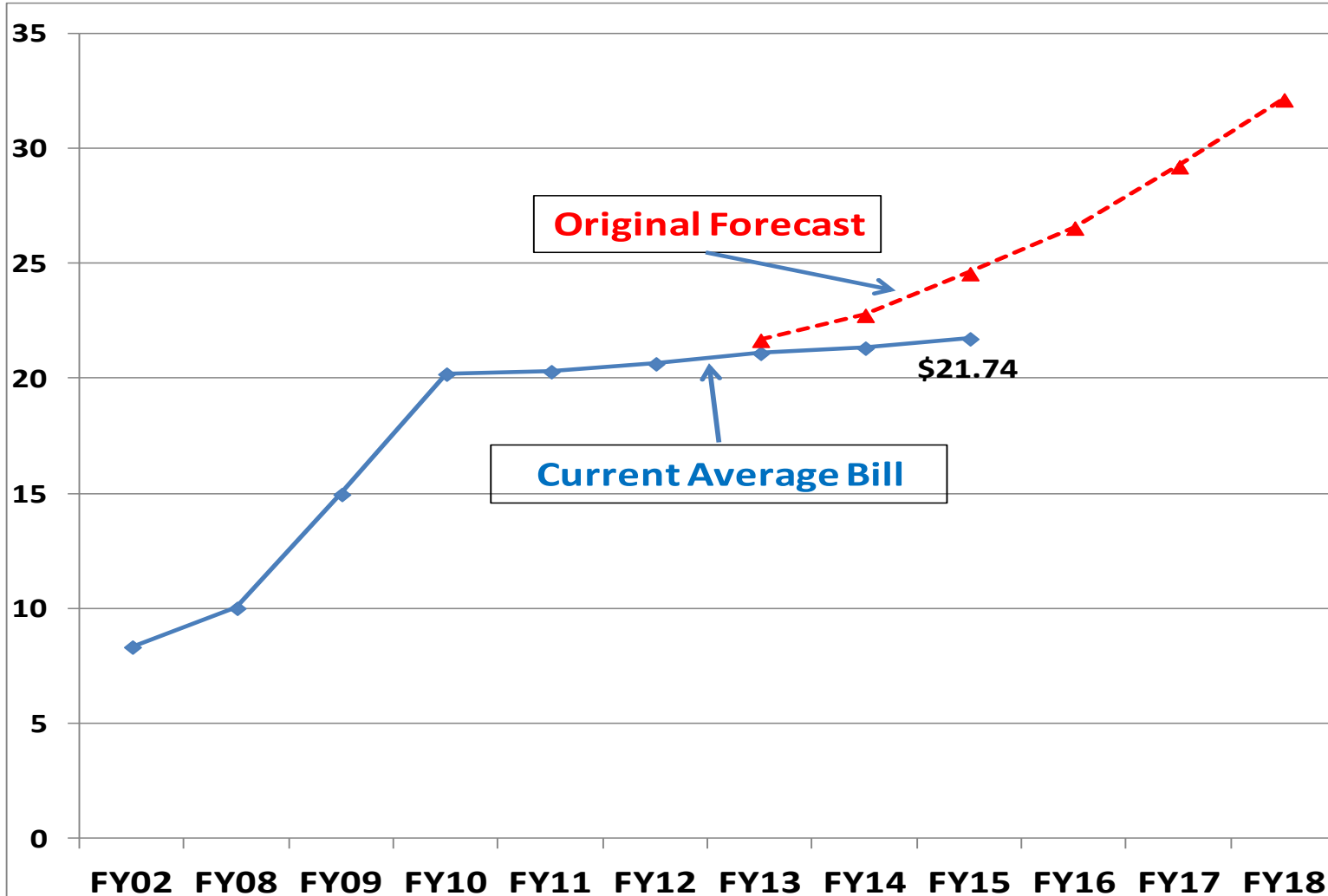


# Impact on Rates of Current Construction Schedule (Fiscal Years 2016 and 2017)

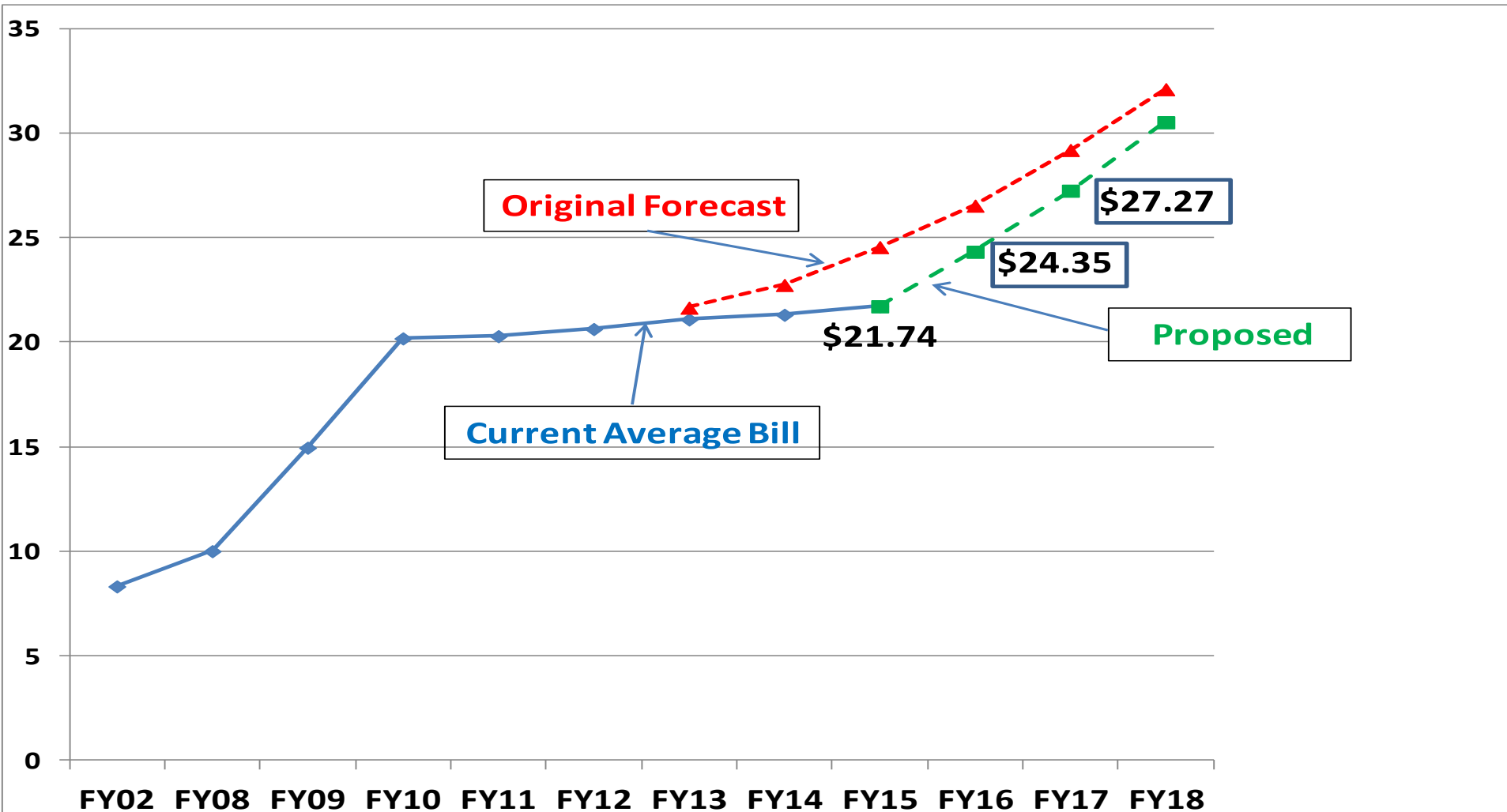
	Fiscal Year <u>2015</u> Jul	Fiscal Year <u>2016</u> Jul	Fiscal Year <u>2017</u> Jul	Fiscal Year <u>2018</u> Jul
<b>Rate Increase</b>	2%	<b>12%</b>	<b>12%</b>	12%
<b>Avg. Residential Monthly Bill</b>	\$ 21.75	<b>\$ 24.36</b>	<b>\$ 27.29</b>	\$ 30.56
<b>Funding Sources</b>				
Cash	\$ 9,711,394	\$ 12,976,618	\$ 14,201,247	\$ 15,063,275
KIA Loan Proceeds	\$ 18,108,780	\$ 47,901,519	\$ 43,043,190	-
Revenue Bond Issue		\$ 16,000,000	\$ 32,000,000	\$ 40,000,000
<b>Total Funding</b>	<b>\$ 27,820,175</b>	<b>\$ 76,878,137</b>	<b>\$ 89,244,437</b>	<b>\$ 55,063,275</b>
<b>Capital Needs</b>				
Bondable Projects	\$ 21,209,853	\$ 22,924,095	\$ 94,222,011	\$ 69,750,175
KIA Projects	\$ 25,524,416	\$ 47,513,664	\$ 32,100,681	-
<b>Total Needs</b>	<b>\$ 46,734,269</b>	<b>\$ 70,437,759</b>	<b>\$ 126,322,692</b>	<b>\$ 69,750,175</b>
<b>Capital Balance</b>	<b>\$ 46,822,898</b>	<b>\$ 53,263,277</b>	<b>\$ 16,185,022</b>	<b>\$ 1,498,123</b>



# Impact on Average Residential Bill



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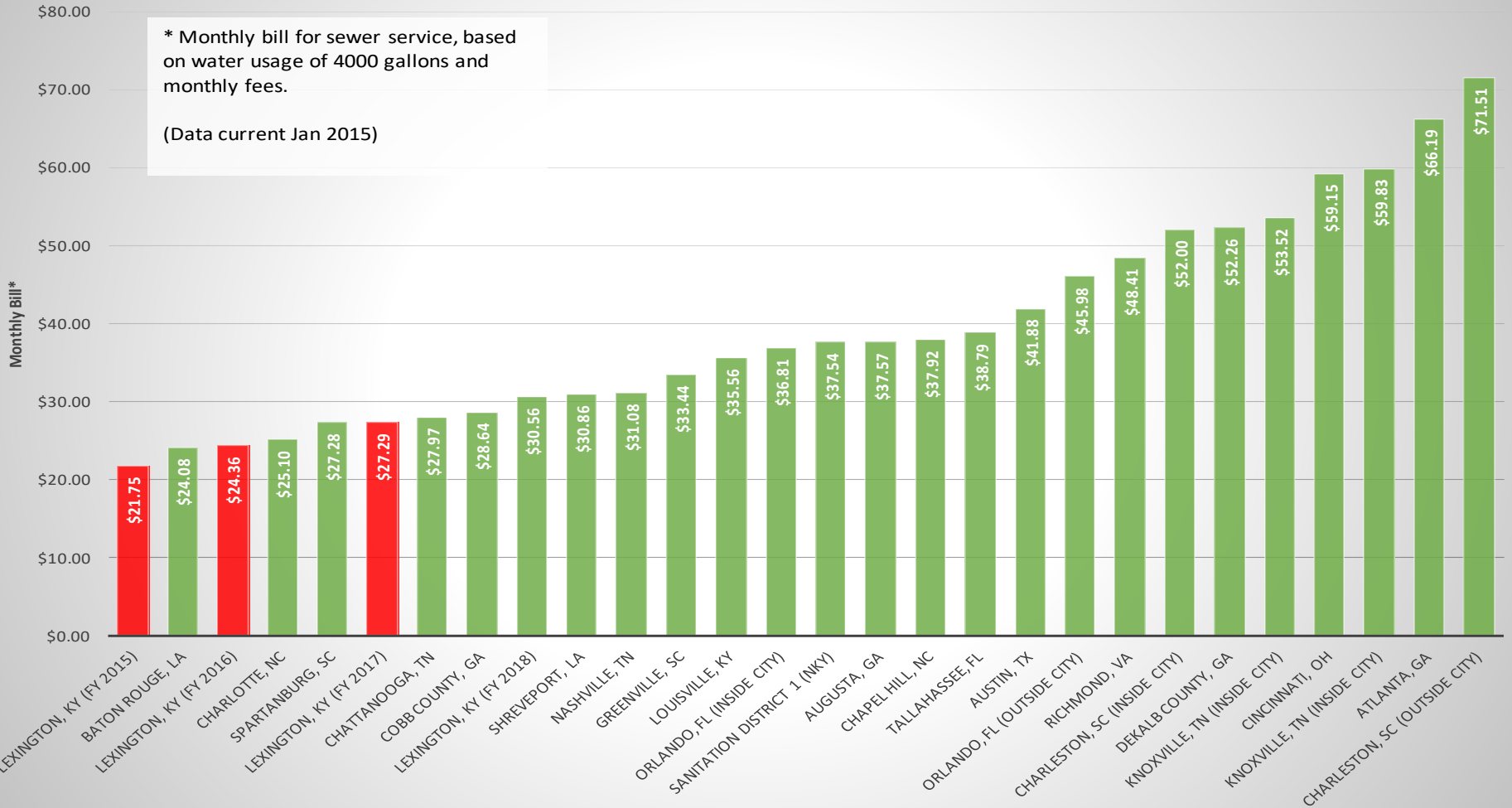


# Project Sewer Rates Benchmarks (Residential Customer Comparison)

## SEWER COSTS COMPARISON

\* Monthly bill for sewer service, based on water usage of 4000 gallons and monthly fees.

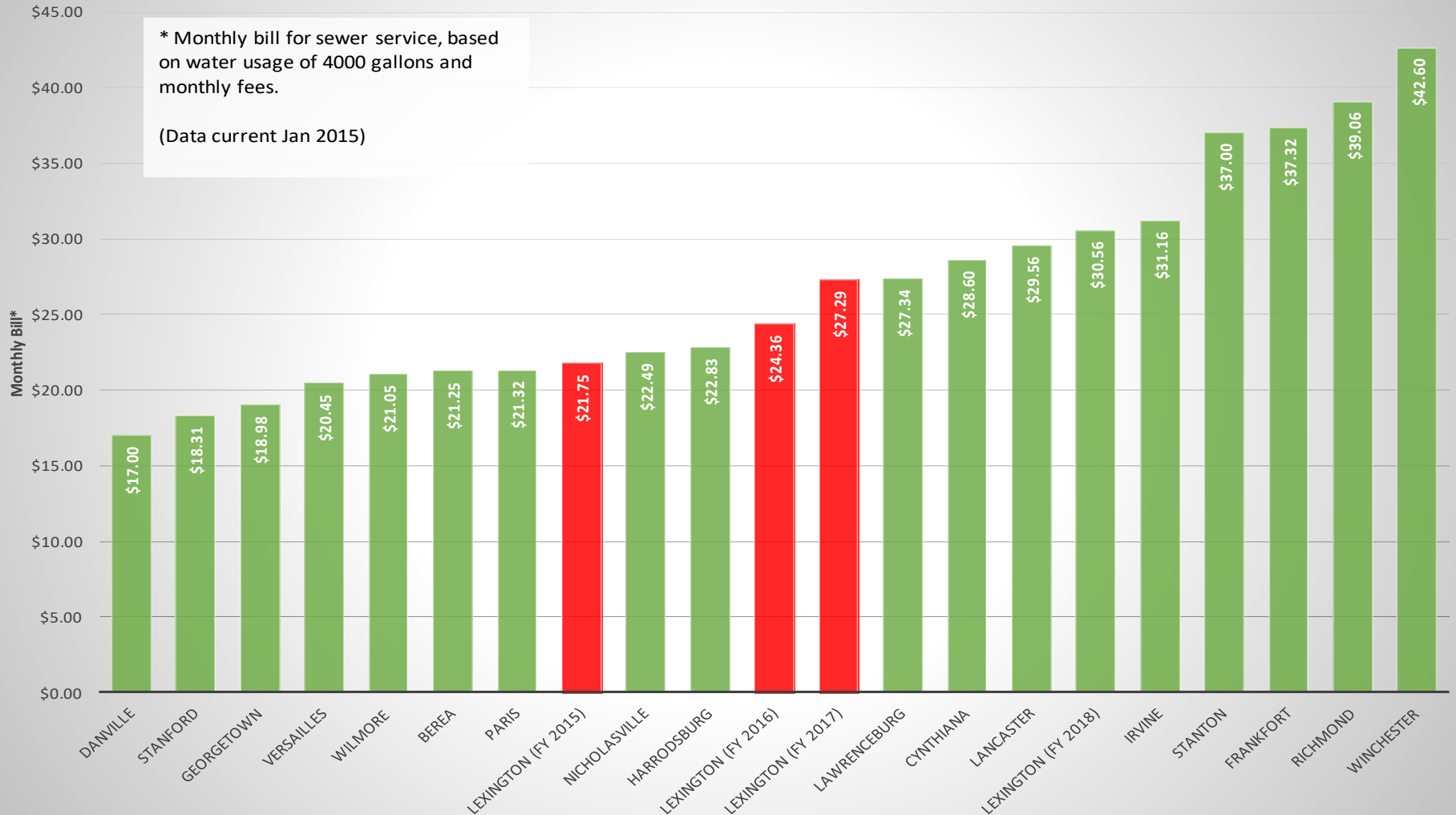
(Data current Jan 2015)



# Rates in Nearby Cities

## (Residential Customer Comparison)

### SEWER COSTS COMPARISON IN BGADD REGION



# Action Items

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- Sanitary Sewer Rate increases needed to fund Consent Decree requirements:
  - 12% increase on July 1, 2015
  - 12% increase on July 1, 2016
- 2<sup>nd</sup> reading by March 17, 2015



Questions?