

The Consent Decree: Next Steps

Council Work Session

February 17, 2015

Department of Finance / Division of Water Quality

Agenda

- 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)

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

3

State Funding Sources to Date

▪ 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
<hr/>	
• Total to date:	\$152,800,850

4

Impact on our Streams

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



5



Efficiencies

- 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.

6



FY16-18 Capital Expense Projections

- 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.

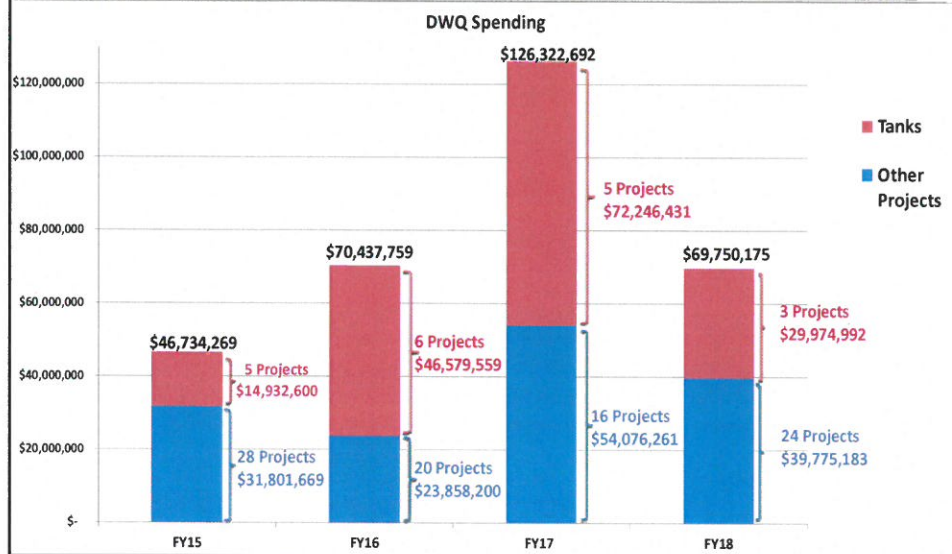
7

Planned Tanks Locations



8

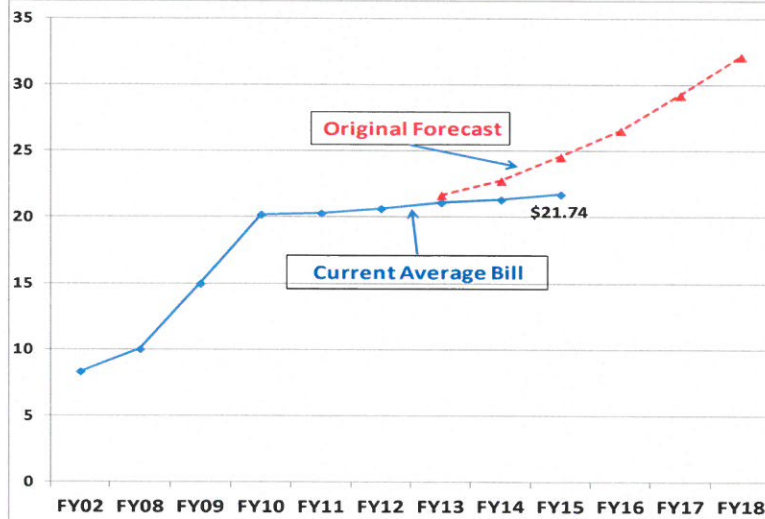
Division of Water Quality Storage Tanks/ Other Projects



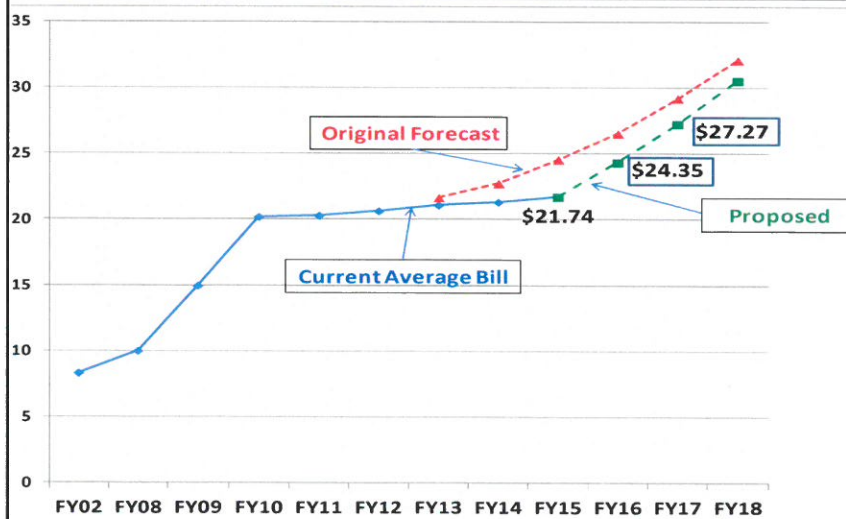
Impact on Rates of Current Construction Schedule (Fiscal Years 2016 and 2017)

	Fiscal Year 2015 Jul	Fiscal Year 2016 Jul	Fiscal Year 2017 Jul	Fiscal Year 2018 Jul
Rate Increase	2%	12%	12%	12%
Avg. Residential Monthly Bill	\$ 21.75	\$ 24.36	\$ 27.29	\$ 30.56
Funding Sources				
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
Total Funding	\$ 27,820,175	\$ 76,878,137	\$ 89,244,437	\$ 55,063,275
Capital Needs				
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	-
Total Needs	\$ 46,734,269	\$ 70,437,759	\$ 126,322,692	\$ 69,750,175
Capital Balance	\$ 46,822,898	\$ 53,263,277	\$ 16,185,022	\$ 1,498,123

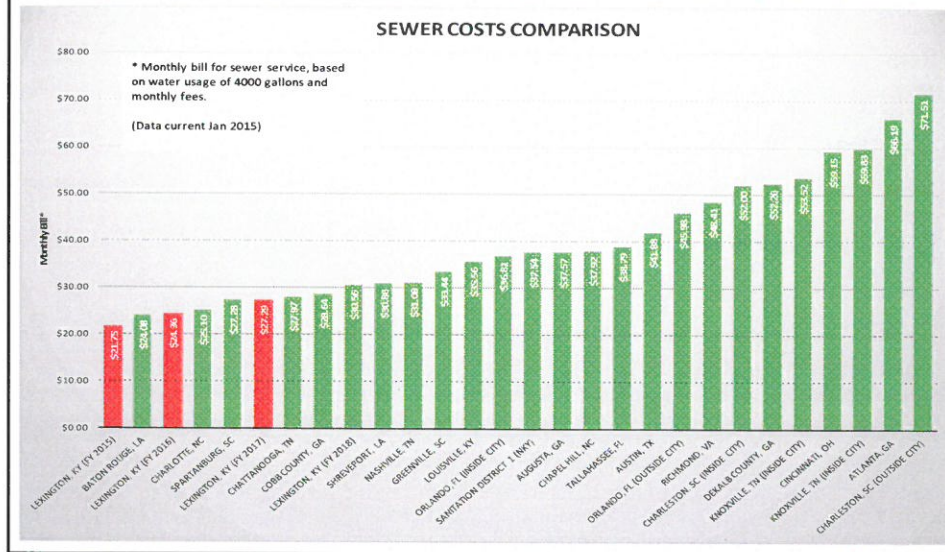
Impact on Average Residential Bill



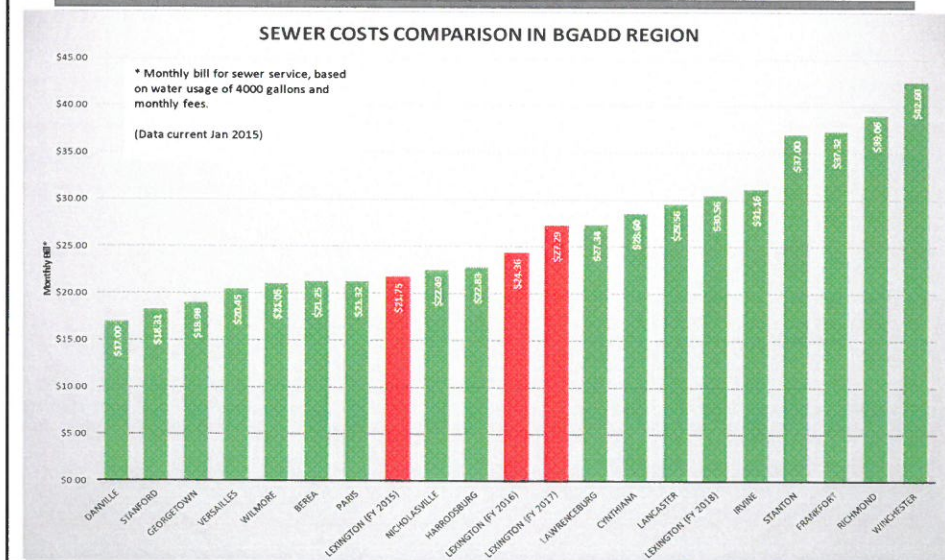
Impact on Average Residential Bill



Project Sewer Rates Benchmarks (Residential Customer Comparison)



Rates in Nearby Cities (Residential Customer Comparison)



Action Items

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

15



Questions?