



Duckett Creek Sanitary District

3550 Hwy K, O'Fallon, Missouri 63368-8384

Ph: (636) 441-1244
Customer Service Fax: (636) 498-8100
Engineering Fax: (636) 498-8150

The Duckett Creek Sanitary District Board of Trustees held their regular monthly board meeting on Tuesday, October 22, 2024 at 3:00 p.m. at the District's Administration Office located at 3550 Highway K, O'Fallon, Missouri.

Trustees present:

Mr. Greg Dohrman	Chairperson
Ms. Linda Wibbenmeyer	Vice-Chairperson
Dr. William Rebore	Board Member
Mr. John Harshbarger	Board Member
Mr. Bob Schnur	Board Member

Staff Members present:

Mr. Keith Arbuckle	Executive Director
Ms. Julie O'Guinn	Director of Finance and Administration
Dr. Luke Kehoe	Director of Engineering and Operations
Mr. Brad Meyers	Manager of Information Systems
Ms. Krystal Jones	Recording Secretary

Others present:

Ms. Christine Hill	Marsh McLennan
Ms. Amy Stegman	Marsh McLennan
Mr. Arnie Dienhoff	Public Attendee

CALL TO ORDER

Chairperson Dohrman of the Board of Trustees of Duckett Creek Sanitary District called the meeting to order at 3:03 p.m.

APPROVAL OF MINUTES

(THE REGULAR MINUTES WERE INCLUDED IN THE OCTOBER 22, 2024 BOARD PACKET)

Board Member Harshbarger moved and Board Member Rebore seconded the motion to approve the following board minutes as submitted:

- *September 24, 2024 Board of Trustees' meeting minutes*

By roll call vote,

Chairperson Dohrman – Aye

Vice-Chairperson Wibbenmeyer – Aye

Board Member Rebore – Aye

Board Member Harshbarger – Aye

Board Member Schnur – Aye



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Motion passed unanimously.

PUBLIC COMMENTS

Public attendee, Arnie Dienhoff, addressed concerns over the time in which the District's Board Meetings are held, stating that 3 p.m. is an inconvenient time for public members to attend if they work later in the afternoon. Mr. Dienhoff also requested that the District make attending virtually more accessible to the public by providing a link or access codes on the agenda to join the meetings virtually. Furthermore, he noted that the District should consider adopting self-insurance or a cooperative agreement with other government agencies to reduce insurance costs as well as be cognizant of the net effect of insurance increases to employees and whether payroll increases are enough to offset increases.

Board Members thanked Mr. Dienhoff for his time and comments.

OLD BUSINESS

Insurance Renewal Update with Marsh McLennan

Ms. Christine Hill and Ms. Amy Stegman were present to discuss updates regarding the District's employee insurance renewal. Ms. Hill addressed the revised renewal in comparison from last month's meeting, stating that they worked with underwriting to get the rate down from a 15.2% to a blended 9% increase. She mentioned that it is important for the District to keep rates within trend of the marketplace to avoid a rate hike next renewal season. Furthermore, to keep overall costs down, a guaranteed surplus credit of \$41,200 was applied which reduced the rate to a 3.6%.

The Director of Finance and Administration stated that she had recently received information about potential costs savings if the District were to switch to Cigna Dental, but this information is still under review to determine its impact on plan members. There would be a 2-3% reduction to the health renewal but an increase to the cost of vision insurance. This might be a consideration for a future plan year once staff has time to review and compare the provider network. She also noted that Cigna will now host the wellness program with the same incentive amounts as in the past, which are \$500 for employees and \$500 for spouses if they participate in wellness activities. She referred to a recent insurance survey that showed our employees pay more on average for family coverage and the wellness program helps to offset that variance. She showed where the health insurance information is provided in our budget transmittal letter. The board asked about participation in the wellness program. The Director of Finance and Administration indicated that participation is low, probably less than 15%. She can provide the exact ratio next month. She did mention there are employees that utilize the wellness program regularly to help defray costs.

The Director of Finance and Administration indicated the Cigna renewal was offered based on no further marketing of the health insurance, however other insurance providers do not offer retiree insurance for groups under 50. We will near 50 employees in upcoming years but currently have 48 employees. Board member Schnur asked if the board could approve the insurance renewal at this time. The Director advised that is possible and would be beneficial for the brokers to have more time to prepare renewal information for employees.

Board Member Schnur moved and Vice-Chairperson Wibbenmeyer seconded the motion to approve the updates and renewals to the employee insurance renewal as presented.



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By roll call vote,

Chairperson Dohrman – Aye

Vice-Chairperson Wibbenmeyer – Aye

Board Member Rebore – Aye

Board Member Harsbarger – Aye

Board Member Schnur – Aye

Motion passed unanimously.

2025 Budget

The Director of Finance and Administration presented the 2025 budget draft to Board Members. She mentioned that the salary ranges increase by four percent. Employees at the top of their salary range will receive the four percent increase in pay. Employees who are still moving up within their salary ranges will see an average of about an 8.9% increase. The overall average increase is close to 7%. The cost of living increase was based on CPI data noted earlier in the year, fluctuating between 3.5-4%. The District also received information from Newport Group, our employee compensation consultant, on different salary increase surveys which were at or near four percent. This increase will help offset the inflation factor for employees and continue to aid in retention. The Director answered questions about current retention and advised that retention has been solid since the new pay plan went into effect in October of 2022, helping the District be successful at attracting and retaining employees.

The Director of Finance and Administration stated that connection revenues have improved greatly from the beginning of the year and have continued to exceed forecasted expectations due to ongoing expansions in the newly developed areas surrounding Treatment Plant No. 4 and receiving these connection fees earlier than anticipated. Budgeted revenues are conservatively forecasted and are poised to be higher than budget with the increased activity around plant four including the increased boundaries in that area. She will plan to review revenues more closely for updated projections at the March board meeting. She referred to her long-term projections, advising she utilized the latest growth rates for revenues and expenses to match our rate tool in her projection. Once the budget is approved they will update the rate tool as they do each year and compare the rate tool's projection to her excel projection.

The transmittal letter located within the 2025 budget packet details the District's capital expenses as well as operations and maintenance expenses. We are also expecting about a 30% increase in cost from Missouri American Water and a 10% increase from Cuivre River Electric in 2025. Additional increases in utility budgets are attributed to planned utility expenses for plant four which are budgeted similar to the utility expenses at TP2. The board inquired about the coverage ratio and she advised there was a large project moved from the operations budget to the capital budget. The reserve is currently subsidizing the rate to allow the rate to last for the nine-year period.

The Executive Director stated that projects originally budgeted for 2024 have been pushed back to 2025 due to timing issues. He also mentioned budgeted expenses of around \$5 million for pump station improvements. In addition, he noted a \$500k expense that was originally budgeted for future years, but he had decided to accelerate



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the timing of this project to 2025. This expense is intended to be paid to an engineering firm to begin designing the west interceptor at plant TP4.

The Director of Finance and Administration indicated that there may be a few revisions to the budget prior to the next board meeting but she will present the final budget as soon as possible for board review and subsequent approval at their November board meeting. The Director of Finance and Administration and the Executive Director addressed all questions and concerns from the Board.

NEW BUSINESS

Monthly Financial Reports – Period Ending September 30, 2024

The Director of Finance and Administration reviewed the monthly financial reports with Board Members. She noted again that revenues are doing well compared to budget and prior year. Expenses are comparing to budget. Receivables are currently higher than prior year but improved from last quarter. One major variance is a large condo association which started falling behind in payment when a new management company took over the condo association's management. Staff will reach out to the condo association to see if we can assist.

The Director of Finance and Administration addressed all questions and concerns from the Board.

Board Member Rebore moved and Board Member Schnur seconded the motion to approve the monthly financial statements for period ending September 30, 2024 as submitted.

By roll call vote,

Chairperson Dohrman – Aye

Vice-Chairperson Wibbenmeyer – Aye

Board Member Rebore – Aye

Board Member Harshbarger – Aye

Board Member Schnur – Aye

Motion passed unanimously.

Records for Destruction

The Director of Finance and Administration discussed the District's records for destruction. A detailed list of the records to be destroyed was included in the October 22, 2024 board packet and meets the Secretary of State's requirements for destruction processes. In addition, we keep one pay register as a historical document in our electronic records permanently.

Board Member Harshbarger moved and Board Member Schnur seconded the motion to approve the records for destruction.

By roll call vote,

Chairperson Dohrman – Aye

Vice-Chairperson Wibbenmeyer – Aye



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Board Member Rebore – Aye

Board Member Harshbarger – Aye

Board Member Schnur – Aye

Motion passed unanimously.

DIRECTORS' REPORTS

The Executive Director gave an update on the following:

- Plans to propose a modified wholesale rate to the city of Wentzville next month for the District to take over the pump stations within the Twin Fawn and Dove Meadows subdivisions.
 - Will propose that the City of Wentzville keeps these individuals as customers and the District will give them a wholesale rate based on the number of homes.
 - The District also plans to upsize the pump station within the Twin Fawn subdivision. This will allow us to add more flow to ensure we have better conditions within the collection system.
 - He noted that the timing of the takeover is important to ensure we are prepared for the takeover of the existing homes along with the new developments in the area.
 - The District would also set up a cost center in this area to pay for infrastructure and to recoup some of the costs associated with this plan through special assessments.
- Inquired about a potential ribbon cutting ceremony to be held in March 2025 for the opening of Treatment Plant No. 4.

The Director of Engineering and Operations gave an update on the following:

- Treatment Plant 4 East Influent Change Order No. 1 from Lamke Trenching and Excavating:
This final change order results in an increased overall cost of \$135,574.60. The most notable aspect of the change order consists of an additional \$97,993.20 for extra labor, equipment, and subcontractor costs due to unfavorable site conditions. This change order will leave a remaining contingency of \$22,419.40 in the project.
- Treatment Plant 4 Change Order No. 4 from River City Construction:
 - This change order results in an overall decrease in costs to the District of \$86,845.00 with a deduction of \$143,375.00 for installation of electrical service and an additional \$56,530.00 to change all asphalt paving to concrete pavement. We are still under budget for the TP4 project by about \$710k.
- River City Construction agrees about what is needed for substantial completion of TP4 and at this time, the substantial completion date may be moved back to the end of December rather than December 13, 2024.
- Engineering Reports:
 - Around 600 lots have been approved that will flow to TP#4, approximately 130 building permits have been issued, and a few homes in the area of the Harvest development have been occupied.
 - The District met with a developer that has plans to develop up near Riverdale. He will have more information at a later date. The District recently added more tanks to increase capacity at the Riverdale plant.



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- The larger costs detailed within the Field Services report are due to the force main relocation within Wyndcastle subdivision, repairs to manholes damaged by hydrogen sulfide at the end of Harvest pump station, and stream restoration work to protect a Distrain transmission sewer near Navaho Trail.
- The District plans to undergo a project that involves video scoping the south interceptor that drains down into the Highway K pump station. The expenses associated with this project will cost around \$40k. The videoscoping of the line will help the District evaluate what extent of CIPP repairs are needed within the interceptor.
- The average sewer lateral repair costs have doubled over the last three years. These increased costs have been addressed in previous meetings and will continue to be monitored by the District.

The Director of Finance & Administration gave an update on the following:

- Kristen Alvey has accepted the position of Inventory, Procurement and Asset Specialist and her first day will be October 28, 2024.
- Discussed a planned update to the District's ERP system, Incode version 9 to Incode version 10. This update would cost the District an additional \$44,000 next year in licensing fees as well as an increase in recurring fees of \$15,000 annually. She mentioned the conversion now holds very important upgrades to the Utility Billing module and most of the cost is related to those improvements. In addition, the district will have software that allows the ability to scan documents into financial and customer records and improves the project accounting module for use with district projects and their accounting record on the general ledger.

The Manager of Information Systems gave an update on the following:

- The District's firewalls will be updated within the next few days.
- In the process of trying to push more data to the cloud rather than a hybrid environment.
- Shared a video of the most recent progress at Treatment Plant No. 4.

OPEN SESSION

Chairperson Dohrman asked the Directors and Trustees if there would be any major conflicts as a result of the November board meeting being the same week as Thanksgiving. This was discussed and everyone agreed to keep the meeting set for its scheduled date of November 26, 2024.

There being no further comments, Board Member Rebore moved and Board Member Schnur seconded the motion to close the October 22, 2024 Board of Trustees' meeting.

By roll call vote,

Chairperson Dohrman – Aye

Vice-Chairperson Wibbenmeyer – Aye

Board Member Rebore – Aye

Board Member Harshbarger – Aye



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Board Member Schnur – Aye

Motion passed unanimously.

ADJOURNMENT

The board meeting adjourned at 4:21 p.m.

Respectfully Submitted,

K. Jones

Recording Secretary

Duckett Creek Sanitary District