



Duckett Creek Sanitary District

APPROVED AS
SUBMITTED
JANUARY 23, 2024

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, November 28, 2023, at 3:00 p.m. at the District Administration Office located at 3550 Highway K, O'Fallon, Missouri.

Trustees present:

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

Staff Members present:

Mr. Keith Arbuckle	Executive Director
Mr. Brad Meyers	Manager of Information Systems
Ms. Julie O'Guinn	Director of Finance and Administration
Dr. Luke Kehoe	Director of Engineering and Operations
Ms. Sarah Marien	Recording Secretary
Ms. Krystal Jones	CS Utility Billing Specialist
Ms. Sarah Beckmann	Administrative Analyst

Others present:

Ms. Elle Bampton	CAPS Student, Wentzville North Point,
Ms. Raksha Thiagarajan	CAPS Student, Wentzville Liberty
Mr. Ethan Haarbrink	CAPS Student, Francis Howell High
Ms. Mikala Ball	CAPS Student, Zumwalt North
Dan Barklage	Barklage, Brett & Hamill, P.C.

Others present via Zoom:

Ms. Amy Stegman	Marsh McLennan
Ms. Carol Malesky	Stantec
Mr. Nish Patel	Stantec

CALL TO ORDER

Vice-Chairperson Wibbenmeyer of the Board of Trustees of Duckett Creek Sanitary District called the meeting to order at 3:04 p.m.

APPROVAL OF MINUTES

(INCLUDED IN THE NOVEMBER 28, 2023 BOARD PACKET)

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



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- *October 24, 2023 Board of Trustees' meeting minutes*

By roll call vote,

Board Member Rebore – Aye

Chairperson Dohrman – Aye

Board Member Harsbarger – Aye

Vice-Chairperson Wibbenmeyer – Aye

Board Member Schnur - Aye

Motion passed unanimously.

PUBLIC COMMENTS

None.

OLD BUSINESS

Health Insurance Update & Renewal

Ms. Amy Stegman & Ms. Christine Hall with Marsh McLennan gave a brief update on our health insurance program experience through November and what to expect for the 2024 renewal. Ms. Stegman stated that Cigna originally came out with a 12.6% renewal but agreed upon a final of 5.4% based on competitive data from United Healthcare. Ms. O'Guinn noted that this is actually an 11.7% increase with a \$40k statement credit. Ms. Stegman stated that the dental insurance will be staying with Delta Dental and that there are no changes to the plan for 2024. There will also be no plan changes for Delta Vision with a 2-year guarantee. Ms. Stegman recommended to the Board that we change to MetLife on the employer paid life, the voluntary life, short-term disability, and long-term disability (LTD) as a package. UNUM offers LTD at 50% benefit whereas MetLife improves that benefit to be a 60% salary replacement.

Ms. O'Guinn noted that the cost is higher for disability insurance, but the overall package with MetLife offers savings and the enhanced long term disability benefit with MetLife matches peer benefits which are typically a 60% LTD benefit. Ms. Stegman asked if anyone had any questions and Chairperson Dohrman asked if this was a 1-year rate. Ms. Hall noted that this is a 2-year rate guarantee.

Board Member Schnur moved and Board Member Harsbarger seconded the motion to approve the updates & renewals to employee health insurance coverage.

By roll call vote,

Board Member Rebore – Aye

Chairperson Dohrman – Aye

Board Member Harsbarger – Aye

Vice-Chairperson Wibbenmeyer – Aye

Board Member Schnur - Aye



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Motion passed unanimously.

2024 Budget

(POSTED SEPARATELY ON THE DCSD WEBSITE)

The Director of Finance and Administration addressed the revisions to the 2024 budget compared to the information given at the October 2023 meeting:

Ms. O'Guinn noted small changes to 2023 expenses including buildings and grounds, Missouri one call, and the sewer lateral program. There was a significant expense change for the sewer lateral miscellaneous account due to refunds issued to customers determined ineligible for the sewer lateral program. The refund is for charges occurring in years 2016-2022. The Manager of Information Systems has undertaken the task of ensuring that this issue is rectified both now and in the future by inputting this information into the billing database. The total amount that will be refunded to customers that were charged in error is \$21,255.

The Director went on to describe changes to the 2024 budget including a revenue increase of \$10,000 for the Cigna statement credit offered. The Director also noted an expense of \$54,000 for merchant processing fees that was reduced to \$5,000. She stated the change originated from managements desire to request passing the expenses along to customers who use the service. The Director also noted an overall increase to net income of \$43,000. With all budget changes. She mentioned that after another review of the capital expenses, it was found that there was \$480,000 from the 2023 estimates that we do not expect to spend. In addition, she noted that a supervisor had brought some information to her attention that we are expected to save \$80,000.00 on the 2023 budgeted funds for the land application program large vehicle purchase. The resulting budget draft was uploaded for board review last week, along with the transmittal letter and summaries of department budgets, the personnel budget, the capital budget and capital budget program projection as well as the sewer lateral budget summary.

Resolution 23-10 FY2024 Budget Approval

(INCLUDED IN THE NOVEMBER 28, 2023 BOARD PACKET)

Board Member Harshbarger moved and Board Member Schnur seconded the motion to approve Resolution 23-10 adopting the FY2024 Operational and Capital Budget effective January 1, 2024 as submitted.

By roll call vote,

Board Member Rebore – Aye

Chairperson Dohrman – Aye

Board Member Harshbarger – Aye

Vice-Chairperson Wibbenmeyer – Aye

Board Member Schnur - Aye

Motion passed unanimously.



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NEW BUSINESS

Board Member Schnur moved and Board Member Rebore seconded the motion to adjourn the Duckett Creek Sanitary District Board of Trustees Public Session and enter into Executive Closed Session to discuss Real Estate/Legal Issues/Personnel (MO Sunshine Law - 610.021 (2) Real Estate and (3) Personnel and (13) Individually Identifiable Personnel Records – “Closed meetings and closed records authorized when, exceptions...”

By roll call vote,

By roll call vote,

Board Member Rebore – Aye

Chairperson Dohrman – Aye

Board Member Harsbarger – Aye

Vice-Chairperson Wibbenmeyer – Aye

Board Member Schnur - Aye

Motion passed unanimously.

Executive Closed Session opened at 3:09 p.m.

Executive Closed Session closed at 3:40 p.m.

Stantec Rate Tool Presentation

The Director of Finance & Administration introduced Carol Malesky and Nish Patel with Stantec. Ms. Malesky and Mr. Patel were in attendance via Zoom video call to give the Board the latest update on the rate study:

Ms. Malesky reviewed information noted in the Fiscal Year Revenue Sufficiency Analysis assumptions:

- The rate increase for commercial customers effective April 1st 2024 is expected to generate revenues by May 2024.
- The Debt service coverage minimum is included as an important feature of the rate setting tool
- Hopewell plant borrowing amount has been updated to \$46.1 million which is an update from last year.
- Interest earnings updated to be \$2.3M (4%) in fiscal year 2023, \$0.9M (4.13%) in fiscal year 2024, \$260,000 (2%) in fiscal year 2025, and \$150,000 (1.25%) thereafter
- Rates rounded to the nearest 5 cents.
- Riverdale and Wyndgate customers will stay at the current respective rates until 2026 when the surcharges sunset. Ms. Malesky recommends that these rates be adjusted to match the rest of our residential customer rates at that time.

Ms. Malesky also mentioned other notable changes for fiscal year 2024 that were updated in the tool:



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- The district received a connection fee payment for the Hopewell project from a developer in the amount of \$624,000.00. The previous forecast had not anticipated any revenues from connection fees until 2025.
- Estimated inflationary increase in expenses:
 - Health insurance & compensation increase of 12% from 2023 to 2024.
 - Electricity and other utilities increase of 11.5% from 2023 to 2024.
- Ms. Malesky noted that there could be an estimated arbitrage payment due next year as a result of higher interest earnings. The Director of Finance and Administration is in contact with our financial advisors to estimate the payment amount which should be due five years after debt issuance. In the 2023 financial forecast, Stantec is assuming that 1% of the interest earnings on the certificate of participation will have to be paid back in 2027. Ms. Malesky noted that they are accounting for that in the forecast.
- Capital Improvement program savings from last year's version:
 - Treatment Plant 2 ditch rotor replacements: \$800,000 savings (From \$2.6M to \$1.8M)
 - Treatment Plant 4 easement budget a \$65,000 decrease

The panel in the long-term financial planning model:

- The 2023 rate increased the residential fixed rate to \$26.75 per quarter and the commercial minimum bill is the same, including \$4.40 per 1000 gallons or just over 6,000 gallons.
- The total fund balance as a percent of operations and maintenance expenses is targeted between 25-40% of operating and maintenance expenses. The forecast estimates how much the fund balance is as a percentage of operations and maintenance expenses. Ms. Malesky noted that they considered it important that we do not drop below the 40% threshold.
- Senior lien and all-in lien debt service coverage: The rate setting tool must ensure that we are collecting revenue each year that covers our annual debt service. The all-in debt service coverage includes all of the District's debt and is designed to be used to ensure the District will always be greater than the 1.1 debt service ratio. The forecast for the next 10 years shows that we maintain the debt service coverage ratio.
- Ms. Malesky stated that previous forecasts assumed that to get to 100% parity of commercial rates with residential rates, it would take a \$0.95 increase on the dollar amount per 1000 gallons. This forecast still holds true with the adjustments to the 2024 budget.
 - Estimated commercial rate FY2024 = \$5.35 per 1000 gallons with the \$26.75 minimum and 5,000 gallons
 - Proposed that both the commercial and residential rates will carry us until 2033 if all things stay the same as depicted to revenues and expenses.
 - No anticipated additional debt or borrowing with this plan as it stands up until 2033, all other things being equal and without any changes to the depiction to revenues and expenses..
- Discussed operations and maintenance expenses via a graph that was included in the board packet.

The Director of Finance and Administration mentioned that we would have public hearings in January 2024 to discuss the commercial rate increase with customers before implementation and a notification would be mailed to customers informing them of this hearing. She also added that we will prepare a sewer rate comparison for the hearing and for the board's January meeting as we normally do. Vice Chairperson Wibbenmeyer requested that the



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district prepare map of sewer rates this year. Chairperson Dohrman noted that it was unusual for commercial and residential utility customers to have a disparity in rates and that this information should also be included in the public rate hearing.

Chairperson Dohrman thanked Ms. Malesky and Mr. Patel for their presentation.

Monthly Financial Reports - Period Ending October 31, 2023

(INCLUDED IN THE NOVEMBER 28, 2023 BOARD PACKET)

The Director of Finance and Administration noted that a detailed report was included in the board packet and that pertinent variances to budget were covered when she presented the budget changes.

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

Board Member Schnur moved and Board Member Rebore seconded the motion to approve the monthly financial statement for period ending October 31, 2023, as submitted.

By roll call vote,

Board Member Rebore – Aye

Chairperson Dohrman – Aye

Board Member Harshbarger – Aye

Vice-Chairperson Wibbenmeyer – Aye

Board Member Schnur - Aye

Motion passed unanimously.

Customer Credit Card Fees

Motioned by Dohrman to take up the issues concerning customer credit card fees during the discussion of the 2024 budget approval. Board Member Schnur moved and Board Member Rebore seconded the motion.

The Director of Finance & Administration referred to a handout prepared for us by Sarah Beckmann and stated that, as mentioned, credit card processing fees have increased dramatically. Our projection for 2024 credit card fees is an additional \$54,000 over what customer are currently contributing toward the fees. Our merchant processor, Open Edge charged us a little over \$14,000 monthly in the 3rd quarter. She also noted that Tyler Technologies, our software company, has an online payment portal and an automated phone payment system (IVR), charging \$1.25 for those transaction. She was however, able to get the price down from \$1.25 to \$1.00 for online transactions. The IVR payments go directly to Tyler. The online fee payments come to Duckett. Customers pay these fees, and every three months, Tyler bills the district and we send the fees collected. She hopes that, by keeping this pass through process in place, we are able to keep the charges down as Tyler is currently considering increasing fees to \$2.00 per transaction. Tyler charged the district \$5,300.00 per month in the third quarter for a combined total of expenses between Tyler Technologies and Open Edge of \$19,300 per month. Recently Ms. O'Guinn negotiated with Open



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Edge to reduce their fees starting in November by \$2,500 per month. Staff will monitor statements on a quarterly basis to assure these fees remain at the lowered amount.

The Director of Finance and Administration and Ms. Beckmann interviewed companies that handle payment processing services. Most offer more payment options than our current merchant services and some appear less expensive overall for the district, however no client history were provided for most and one had poor client experience.. She would like to continue to review these options once more client feedback is available.

The Director of Finance and Administration stated that, that due to the rate negotiation with Open Edge, these fees will decrease from about \$58,000.00 per quarter to \$50,600.00. The district is proposing to pass on fees of \$2.20 to \$2.25 to the customers to offset this large expense and any future fluctuations. The break event amount would be \$2.10 or 2% with a minimum of \$1.81. The current percentage of customers who utilize this payment option is 30%.

Motioned by Board Member Rebore to keep card processing fees at \$1.25 and seconded for discussion by Board Member Schnur.

Board Member Schnur suggested an increase to the processing fee and Chairperson Dohrman added that he has concerns about leaving the fee at \$1.25 and the implications this extra expense would have for the district.

Chairperson Dohrman called a vote to keep the debit and credit card processing fee at \$1.25.

By roll call vote,

Board Member Rebore – Aye

Chairperson Dohrman – Nay

Board Member Harshbarger – Nay

Vice-Chairperson Wibbenmeyer – Nay

Board Member Schnur - Nay

The motion failed

Board member Schnur expressed concern about the average rate payer and suggested charging the 2% with a minimum of \$1.81. The Director of Finance and Administration calculated that 2% of \$80.25 (quarterly residential rate) would be \$1.61 so quarterly and monthly customers would pay \$1.81. She also mentioned that we and provide plenty of advanced notice using our website and billings. Chairperson Dohrman and other board members agreed that the customers should be given advanced notice and suggested that any increase in the processing fee should be implemented in the second quarter of 2024.

Board Member Schnur moved and Vice Chairperson Wibbenmeyer seconded the motion to increase the credit and debit card processing fee to 2% with a minimum of \$1.80 to be implemented in the second quarter of 2024.

By roll call vote,



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Board Member Rebore – Aye
Chairperson Dohrman – Aye
Board Member Harshbarger – Aye
Vice-Chairperson Wibbenmeyer – Aye
Board Member Schnur - Aye

Motion passed unanimously.

Property and Casualty Insurance Renewal

The Director of Finance and Administration stated we received information from our broker, Brad Young with Marsh McLennan, that our property and casualty insurance will receive a 10% increase from Cincinnati who is also offering a 3-year rate guarantee. Brad Young completed a marketing analysis and found the final renewal offer from Cincinnati to be competitive to market. The Director mentioned we expect a competitive rate for worker's compensation with final numbers expected the week of December 4th, 2023. Our renewal is scheduled to start on December 28th, 2023.

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

Board Member Schnur moved and Vice Chairperson Wibbenmeyer seconded the motion to approve the package insurance renewal at a 10% increase over present year with a 3-year rate guarantee and future update in January.

By roll call vote,
Board Member Rebore – Aye
Chairperson Dohrman – Aye
Board Member Harshbarger – Aye
Vice-Chairperson Wibbenmeyer – Aye
Board Member Schnur - Aye

DIRECTORS' REPORTS

The Executive Director gave an update on the following:

- Executive Director printed out a list of goals that he would like to discuss during his performance review and supplied this document to the Board of Trustees.
- The Executive Director and the Board of Trustees agreed upon holding the Director's review on December 13th, 2023 at 3:00PM via a special board meeting.

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

- 190-unit apartment development at Bryan Rd. and Feise Rd.
- 450 lot connection fees have been received year to date for Treatment Plant 4.
- 4 cases with water in the basement that ended up being private matters.



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- Odor issue related to a lift station that is being monitored near Harvester.
- The lateral repair program is within budget to date.
- Completing repairs on the interceptor by the Administration building that flows into the Highway K pump station. Showed a video of the repairs and displayed the patented material that will go into the pipes. The work being done is a result of the reinforced concrete pipe becoming severely eroded. The Director of Engineering and Operations stated that the new structure installed also included a gate system that will be used to divert flows from Treatment Plant 2 to Treatment Plant 1 in 2024.
- Director of Engineering and Operations requested to go into a closed session to discuss easement counteroffer associated with the O'Fallon Villas sewer project.

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

- Introduced CAPS program students to the Board of Trustees.
- Mentioned that she was nominated for the LAGERS Hero Award.

The Manager of Information Systems had no updates for the board.

Board Member Rebore moved and Board Member Schnur seconded the motion to adjourn Duckett Creek Sanitary District Board of Trustees Public Session and enter into Executive Closed Session to discuss Real Estate/Legal Issues/Personnel (MO Sunshine Law - 610.021 (2) Real Estate and (3) Personnel and (13) Individually Identifiable Personnel Records – “Closed meetings and closed records authorized when, exceptions...”

By roll call vote,

By roll call vote,

Board Member Rebore – Aye

Chairperson Dohrman – Aye

Board Member Harshbarger – Aye

Vice-Chairperson Wibbenmeyer – Aye

Board Member Schnur - Aye

Motion passed unanimously.

Executive Closed Session opened at 5:11 p.m.

EXECUTIVE CLOSED SESSION

Legal/ Real Estate/Personnel/Individually Identifiable Personnel Records

Chairperson Dohrman moved and Board Member Schnur seconded the motion to close the Executive Session and reenter open session. By roll call vote, the motion carried unanimously.



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Executive Closed Session closed at 5:27 p.m.

Public Session reopened at 5:27 p.m.

OPEN SESSION

Chairperson Dohrman asked if there was any further discussion.

There being no further comments, Board Member Rebore moved and Board Member Harshbarger seconded the motion to close the November 28, 2023 Board of Trustee meeting.

By roll call vote,

Board Member Rebore – Aye

Chairperson Dohrman – Aye

Board Member Harshbarger – Aye

Vice-Chairperson Wibbenmeyer – Aye

Board Member Schnur - Aye

Motion passed unanimously.

ADJOURNMENT

The board meeting adjourned at 5:28 p.m.

Respectfully Submitted,

K. Jones

Recording Secretary

Duckett Creek Sanitary District