MEETING MINUTES

MSD / ACECMO Liaison Committee
Friday, February 21, 2020, 10:30 a.m.
Location: Black & Veatch

ATTENDEES:

Name / Organization
Brian Hoelscher / Metropolitan St. Louis Sewer District
Brad Nevois / Metropolitan St. Louis Sewer District
Rich Unverferth / Metropolitan St. Louis Sewer District
April Giesmann, Horner & Shifrin, Inc. (co-chair)
AJ Girondo, GBA, Inc.
Bently Green, Black & Veatch
Diane Grossenheider, Black & Veatch (guest)
Dave Hasty, Wood
Chris Linneman, EFK Moen, LLC
Jeff Rensing, Oates & Associates, Inc. (co-chair)
Laura Rightler, Lochmueller Group
Jeff Theerman, Brown & Caldwell (for Dave Yates)
Bruce Wylie, ACECMO President

1. Disparity Update (Brian Hoelscher)
   - Study to be completed end of June.
   - Roll out changes by end of calendar year.
   - Study will be based on 2013-2017 data.
   - Watersheds will still have massive impact – utilization data for subconsultants is high.
     - Don’t anticipate any changes to subconsultant status because of this.
     - Waiting for Mason Tillman to finalize data.
     - Can’t have vendor goals if there isn’t a disparity.
   - Looking to make changes long term sustainability without having goals in place.
   - MSD is seeing this M/WBE utilization when not required and singing praises of consultant community.

2. Wastewater Rate Proposal (Brian) – See handout
   - The April 7, 2020 election will give voters a chance to tell MSD how they want to pay for services.
   - Program is $1.6B in capital expenses.
   - Investments income is significant and allowing money to be put back in program.
   - Still receiving AAA rating.
   - Without passage of bond issue, changes are much higher for monthly billing.
   - Doing public input sessions. Meeting dates found at @MSDProjectClear.
   - Operating budget is about 60/40 for capital improvements and debt servicing vs. operations/maintenance.

3. Charter Change Commission (Brian)
   - Commission was required to meet by July 1, 2019, and that has happened.
   - Each board members appoints 2 members to the charter change commission.
   - Commission asked for comments regarding updates: One comment received from St. Louis County regarding cross-over on floodplain regulations.
   - 17 clarifications are expected in charter change update.
• Current charter requires Mayor & County Executive each appoint 3 members to the board. Cannot appoint all three who are members of the same political party. Clearing that up in this revision.
• Board members get paid $25 per day there is a board meeting. This fee was set in 1954. Looking to revise the pay or the number of events they attend in an official capacity they can be paid for.
• Looking at revising voting requirements, instead of 2 per entity, to a total of 4. This will still require one voting yes from each entity.
• Rate commission can currently get a 45-day extension beyond the 120 days. Looking at making the process 165 days with no extension.
• May take to voters in November 2020. Cost difference between $50k and $500k.
• Jeff Theerman asked if the PE requirement was discussed for Executive Director position. Brian said it did not come up.

4. Board of Trustees Update (Brian)
• Freddy Dunlap had to resign due to conflict of interest with new job. Colonel Richard Wilson has been named his replacement.
• Annette Mandel terms out next month. Someone has been identified for replacement for new City person. Annette is currently the Vice Chair. New Vice Chair will need to be identified.
• Jim Faul will term out end of 2021. Either current or new mayor of St. Louis City will decide replacement.
• Michael Yates has 2 more years, with term ending in spring of 2022.
• Jim Singer’s term ends in March 2021, serving unappointed in expired term for County. If reappointed, can serve an additional term.
• Newest county trustee Amy Fehr appointed in September 2019, appointed through six months remaining in terms she is fulfilling, and then extended through full term expiring 2024.
• Should be completely through the change process in the next 2 years, as older trustees are coming off and newer ones are being added.

5. Insurance Requirements Update (Brad Nevois) – See handout
• Brad stated MSD is incorporating two words into standard MSD contract centered on negligence in the Indemnification clause.
• Brad says MSD uses ACEC as a sounding board for changes.
• He did caution a reminder to read the RFP as the standard language is the contract you will be expected to sign.
• Brad said all contracts should be updated to include this, regardless of cost-plus-fixed-fee and lump sum terms.
• Jeff Rensing asked if contract changes get sent out, and Brad stated they usually send to ACEC for review first. After that they are in the RFP for full review by anyone submitting.
• April Giesmann asked if questions are brought up during RFQ submittals, if that will preclude firms from being selected. Brad stated after selection it will be discussed with the consultant, and if the issue cannot be resolved, MSD will go to the next firm.

6. FY21 CIRP (Rich Unverferth) – See handout
• Private I/I has identified projects that are coming to design.
• RFQ1 comes out next Friday from Rose Jackson in Rich’s office. Mostly sanitary and wet weather optimization projects.
• RFQ2 interest statement is just to check a box.
• Want to take the first set of contracts to the Board in July/August.
• RFQ2 lags just a little bit to get everything in within the fiscal year.
• RFP3 related to plants and pump stations.
• RFP4 not on the handout. Additional stormwater work going out for design. MSD is looking for one consultant to do 5 streambank stabilization projects; another for 8 stormwater projects. This is to keep the number of contracts to a minimum for Rich’s staff.
• January consultant meeting well attended. The presentation at the Engineers Club has been happening about 20 years.

7. Future of Stormwater Funding (Rich) – See handout
• Previous funding was within red area of map attached from 12 OMCI sub-districts. Funding had to stay within those district areas. These were “turned off” and funding no longer coming from these OMCIs when new tax was implemented in 2016.
• District-wide funding for O&M of all west-county systems, upon rate commission approval, approved by vote at April 2016 election for Prop S for 10 cent tax, generates $29M annually for entire district, remainder will go to capital project. OMCI was turned off and new tax took over in those areas. When OMCI taxes were turned off, $70M was identified in stormwater projects, mostly have been designed and about 50% complete. Expect them to be completed in next few years. No future funding for capital work.
• Proposition S, April of 2019
  o MSD talked to public and asked what they were willing to pay and they said $1 per month, which would only fund about $10M in capital projects per year. MSD raised the amount to $2.25, which would create $30M per year.
  o MSD proposed the measure based on impervious area, with a tiered program for non-commercial properties.
  o The measure was defeated by voters. Passed in City (51/49), failed in County (53/47).
  o Still have flooding and erosion problems throughout the district but no funding source for solutions.
• Brian continued: MSD plans to go out to the public and ask people if they want to pay anything to address these problems. If so, how much would they be willing to pay, how amount should be measured, and how the amount should be paid (bill or property tax).
• Better Together and the way the County was managed at the time of the 2019 election may have assisted with the defeating vote. Media may also have played into it.
• If the public says they don’t want MSD to do anything, they may have to wait until the next sanitary waste proposal is issued in 3 years. May be able to put exact ballot language on the April 2021 ballot with more public outreach. Need to decide that by October/November
• If they have to do something different, MSD will have to convene a brand new rate commission for the process. Time consuming process will take several years.
• MSD is not allowed to promote any ballot issue, but outside agencies are allowed to advocate on their behalf. Outside campaigns have an interest in getting this information out. On bonds, this has provided approximately a 70% approval. MML did not back the April proposition. This was also when Better Together was on the table. MSD reached out to AGC/SITE and ACEC to see how they can assist with the message. In April 2019 the financial push was delayed, but Brian said they will bring those groups together earlier next time. There may have been other priorities, such as transportation funding on the same ballot.
• Brian also mentioned stormwater bonds may be available through the state that have not been issued in 16 years. Brian stated they are taking a look at what went wrong and they will try to learn from the lesson.
• Brian stated they try to shy away from having funding in only the OMCI districts, as problems need to be solved district-wide.

8. Status of the OMCI Program (Brian) – See handout

• MSD started outreach in summer of 2019 with municipalities in the 12 OMCI districts via email asking if there is interest in participating.
• MSD Board has ability to charge tax rate in OMCI areas, if recommendations were made by MSD staff, but they will make that recommendation only if interest is shown by municipalities. MSD has attended Council Meetings and made presentations.
• City’s wanted to see if they could get some of the money generated by the OMCI tax. Conversations started regarding 50% split of the funds to help prioritize projects for MSD.
• 6 OMCI had no interest. 6 OMCI has interest, 5 had interest in 50% split, but one said they weren’t equipped to provide additional funding and MSD should keep all of the tax generated.
• Board was in general interest of passing this during the budget process. Funding was incorporated into the FY21 budget, appropriating 50% of the taxes raised to the participating municipalities. It is anticipated these taxes will be turned back on. MSD will not get money until January or February of 2021.
• RFQ4 allows the funding to be spent. MSD has put together a 3 year program with these 6 OMCI. If the rate increase happens district-wide, there are options with the OMCI – keeping it going as anticipated, or the OMCI money may go only to what is starting as 50% grant splits. Municipalities may do the projects themselves, or they may ask MSD to design/construct with their 50% grant dollars. MSD will try to be flexible with the projects, which must be used for flooding and erosion. Some municipalities may not get much from this (as low at $400 per year). Anticipated revenue will be $3M for municipals and $3M for MSD. Some municipalities may use the grant money for stormwater master planning. They are not required to match – this is a grant. Board has not made any decisions on this matter – it will be decided to do all of the above as part of the budget process. Rich will present at budget hearing in March.
• RFQ4 will stand to be dropped if this does not get into the budget. OMCI districts will get their fair share as it has been collected. 42 municipalities are involved in the 6 OMCI, and some municipalities split between watersheds.
• AJ Girondo asked for clarification regarding the residents in St. Louis County that do not have MSD sanitary service if the OMCI are turned on. Brian clarified that those residents would start receiving a stormwater-only bill, possibly quarterly or less often to decrease the expense of billing.

9. Open Discussion

• None.

10. Next Meeting

• August 21st, 2020 10:30 am – 1:00 pm at EFK Moen
**PROPOSAL OBJECTIVE**
The wastewater rate proposal seeks to fund a four-year, $1.58 billion capital improvement program to meet regulatory and system improvement needs. Within this program, MSD would:

- Eliminate sanitary (wastewater) sewer overflows from sewer pipes
- Reduce combined sewer overflows (where wastewater and stormwater share a pipe)
- Prevent building backups
- Repair and rehabilitate and aging system
- Replace incinerators at Bissell and Lemay treatment plants
- Build tunnel from Fenton treatment plant to lower Meramec plant to eliminate the Fenton plant

**WITH BOND FINANCING**
Projects are funded with cash and debt

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<th></th>
<th>$$</th>
<th>% Change</th>
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<tbody>
<tr>
<td>FY20</td>
<td>55.57</td>
<td>CURRENT</td>
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<tr>
<td>FY21</td>
<td>56.40</td>
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<tr>
<td>FY24</td>
<td>62.59</td>
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**WITHOUT BOND FINANCING**
Projects are funded with cash

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</table>

All numbers above are based on average usage of 600 cubic feet per month (Ccf). This is the equivalent of 4,488 gallons.

The graphic at right shows how much of the average $55.57 monthly bill in FY2020 goes to:

1) operating and maintaining the system,
2) capital improvements, and
3) debt service

- **60** MILES OF NEW WASTEWATER SEWERS
- **64,000** MANHOLE INSPECTIONS
- **2,800** MILES OF ACOUSTIC INSPECTIONS
- **180** MILES OF SEWER REHABILITATION
- **300** DESIGN, PLANNING AND CONSTRUCTION PROJECTS
- **190** WASTEWATER CONSTRUCTION PROJECTS
- **50** SANITARY SEWER OVERFLOWS REMOVED
- **1,120** MILES OF SEWER INSPECTED WITH CCTV

**CHANGES TO YOUR BILL**
Based on the typical monthly water usage of a single-family residence, a ratepayer's monthly wastewater sewer bill would resemble the following rates, shown at left with and without bond approval.
WHAT IS A WASTEWATER CAPITAL RATE?
The Metropolitan St. Louis Sewer District (MSD) is both a wastewater and stormwater utility. As such, funds must be accounted for separately. MSD submitted a rate proposal to its Rate Commission for wastewater rates for fiscal years 2021–2024 (July 1, 2020 to June 30, 2024). These proposed changes would apply to all MSD customers.

QUESTIONS?
24/7 Customer Service: 314.768.6260  Billing: 866.281.5737 (toll free)
Customer Assistance Program: 866.281.5737 billingguest@stlmsd.com
Sean Hadley, Manager of Public Affairs  314.768.6240  shadley@stlmsd.com

IDENTIFIED WASTEWATER PROJECTS

WASTEWATER SERVICE

MSD's wastewater management involves the collection and treatment of "used" water from sinks, toilets, and floor drains at one of seven treatment plants. Here, the "used" water is treated to high standards before returning to our region's waterways.

WASTEWATER PROPOSAL

MSD proposes authorization of $500 million in additional bonds to fund this four-year capital program. The bonds will make needed rate increases more manageable.
ARTICLE 9 - INDEMNIFICATION

9.1 The CONSULTANT shall defend, indemnify and save harmless the DISTRICT, its Trustees and employees, from and against any and all claims (including but not limited to attorneys' fees), suits, causes of action, judgments or damages on account of any liability, including personal injuries or bodily injury, including death or property damages, sustained or claimed to be sustained by any person or persons, to the extent caused by, to the extent arising out of, or the extent resulting from any negligent act or omission on the part of the CONSULTANT or any Subcontractor, their agents or employees, in any way related to the services performed under this Agreement.

9.2 The indemnity provided for in Paragraph 9.1 shall continue not only during the time period in which the CONSULTANT performs the work but shall continue thereafter for a period of five (5) years.

9.3 In the event such liability, claims, actions, causes of action or demands are caused by the joint or concurrent negligence of more than one party, such liability shall be borne by each party in proportion to their own fault negligence.
Current Capital Improvement and Replacement Program (CIRP) Selections

FY2021

RFQ1/RFP1 SHORTLIST/SELECTION:

RFQ Issued to Firms: 02/28/20
RFQ Due to MSD: 03/25/20
RFP Issued: 05/08/20
RFP Due to MSD: 06/03/20
Selection Process Completed: 07/03/20

Projects Included in RFQ1/RFP1:

1. TM-01 Two Mile Creek Outfall Sanitary Relief (12231)

2. Spirit 2 Forcemain Improvements (P-809 to P-750) (12628)

3. Upper Mattese Trunk Sanitary Relief (Theiss Rd to Liberty Trail Rd) (12249)

4. Wet Weather Optimization Study (13436)

5. General Services Agreement - Water Quality Support Services (2021) (12842)

RFP2 INTEREST STATEMENT:

Interest Statement Issued to Firms: 02/28/20
Interest Statement Due to MSD: 03/25/20
RFP Issued: 05/28/20
RFP Due to MSD: 06/23/20
Selection Process Completed: 07/29/20

Projects Included in RFP2:

1. Huntleigh Trails Ln Sanitary Relief (Two Mile Creek Trunk Sewer to N Geyer Rd (12312) - CANCELLED

2. White Plains Sanitary Relief (Saltbox Dr to Cedar Creek Rd) (12280)

RFQ3/RFP3 SHORTLIST/SELECTION:

RFQ Issued to Firms: 06/04/20
RFQ Due to MSD: 06/26/20
RFP Issued: 08/13/20
RFP Due to MSD: 09/08/20
Selection Process Completed: 10/07/20

Projects Included in RFQ3/RFP3:

1. Bissell Point WWTF Fine Screen Concrete and Gate Improvements (12548)
2. Coldwater Creek WWTF Repairs and Improvements (2022) (12552)
3. Lemay WWTF Repairs and Improvements (2023) (13153)
4. Eltora Wet Weather Storage Facility (11737)
5. Gaslight Square Sewer Improvements (11137)
6. Pump Station Repair and Improvement Design (Contract C) (12699)
7. Caulks Creek Pump Station B (P-751) Relocation (12114)
8. Scada System Upgrade (13467)
Funding for Stormwater Services

Prior to 2016 Prop S:
- OMCI sub-districts generated funding for O&M and capital construction within defined boundaries
- No funding for other areas

After 2016 Prop S:
- Standardized funding for O&M of the public storm sewer system
- MSD Board of Trustees set OMCI taxes to zero
- $70 million storm projects, after that no identified revenue source
Funding for Stormwater Services

- **Stormwater Outreach 2017-2019**
  - Funding in OMCI areas set to $0, no future funding for capital work
  - Solicited input from the public, municipalities/County to develop program to address flooding and erosion throughout the District
  - Proposed a $30 million program funded by impervious Rate to MSD Rate Commission - approved
  - Average single family property owner $2.25/month
  - Went to voters in April 2019

- **Proposition S 2019**
  - Defeated - 53% to 47%
  - Problems still existed with no funding source
  - Interim OMCI Funding for FY 21 and beyond (to be discussed separately)

- **Future of Stormwater Funding to address Flooding and Erosion Districtwide**
Funding for Stormwater Services (OMCI)

- **OMCI Taxing District Outreach 2019**
  - Solicited input from municipalities/County in each OMCI
  - Based on feedback, made recommendation to MSD Board regarding OMCI reactivation and inclusion of 50/50 grant program
  - Developed FY21 proposed budget based on that recommendation
  - Board will make final decision with adoption of FY21 budget – June 2020
- **July – December 2020:**
  - Municipalities/County declare intent to participate in grant program
- **January – July 2020+:**
  - St. Louis County collects real estate taxes
  - MSD Board appropriates funding for grant programs
  - District begins designs of FY 21 projects
## Fiscal Year 2021 Proposed Rates and Revenues

<table>
<thead>
<tr>
<th>OMCI</th>
<th>FY21 Tax Rate ($)</th>
<th>FY21 Total Revenue ($)</th>
<th>FY21 Grant Available ($)</th>
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<td>Coldwater Creek</td>
<td>0.0905</td>
<td>1,991,767</td>
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<td>Deer Creek</td>
<td>0.0738</td>
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<td>Maline Creek</td>
<td>0.0917</td>
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<td>Seminary Branch of RDP</td>
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<td>University City Branch of RDP</td>
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