

**Journal of the 147th Meeting of the
Finance Committee of the
Metropolitan St. Louis Sewer District
April 12, 2011**

The 147th meeting of the District's Finance Committee called to order at 8:20 A.M. at District's Headquarters located at 2350 Market Street, St. Louis, MO 63103, Room 109. In attendance were the following individuals:

District Trustees

Mr. Bob Berry, Chair
Mr. James Buford, Trustee
Mr. David Visintainer, Trustee
Mr. Eddie Ross, Trustee

Staff & Attendees

Mr. Jeff Theerman (MSD)	Mr. Paul Leightner (MSD)
Mr. Karl Tyminski (MSD)	Mr. Bart Hager (MSD)
Mrs. Jan Zimmerman (MSD)	Mr. Lance LeComb (MSD)
Ms. Barbara Mohn (MSD)	Mr. Bob Breig (MSD)
Mr. Brian Hoelscher (MSD)	Ms. Theresa Bellville (MSD)
Mr. Jonathon Sprague (MSD)	Ms. Kathleen Langevin (MSD)
Ms. Vickie Edwards (MSD)	Mr. Mike Gindler (MSD)
Ms. Susan Myers (MSD)	Mr. Ralph Wafer (MCE)
Ms. Janice Fenton (MSD)	Mr. Tom Ratzki (B&V)

The Finance Committee met on April 12, 2011. In attendance were Trustees Berry, Buford Ross and Visintainer. The Committee approved the minutes from the March 8th Committee Meeting.

Mr. Theerman introduced Mr. Ralph Wafer from the Missouri Coalition for the Environment (The Coalition). Mr. Wafer attended the meeting on behalf of The Coalition as an applicant to fill an existing vacancy on the District Rate Commission. Mr. Wafer was interviewed by the Trustees present. Mr. Wafer stated he also serves on the Coalition's Board and welcomed the opportunity to participate in the rate setting process. Mr. Buford moved that Mr. Wafer's appointment be presented to the full Board for consideration. The motion was unanimously approved. This is Item # 44 on tonight's agenda.

Ms. Zimmerman presented the FY12 District Budget. Ms. Zimmerman indicated a \$161 million Total Operating Budget is proposed for FY12 and represents a \$5 million or 3.2% increase over the current FY11 budget. This proposed Operating Budget consists of \$156 million for District operations, \$3.5 million for the water back-up insurance program and \$1.5 million for the Improvement Fund. Ms. Zimmerman explained the \$5 million increase primarily reflects a \$2.3M increase in the District

employee pension contribution, a 1.5% Staff wage increase totaling \$1.6 million and \$1 million to fund a force main asset management program to address anticipated regulatory requirements. Ms. Zimmerman explained, however, that these increases are offset by all other components of the Operating Budget remaining relatively unchanged from FY11. Ms Zimmerman indicated the 3.2% increase in the proposed FY12 Operating Budget is consistent with recent inflation which has averaged 3.0% over the last 3 years.

Ms. Zimmerman reported the proposed FY12 Operating Budget consists of \$89 million in Personnel Services which represents 55% of the District's total Operating Budget. The majority of this expense includes employee wages and benefits, temporary help, overtime and pension costs. The FY12 Operating Budget also includes a proposed 1.5% wage increase costing \$3 million. This cost, however, is partially offset by \$1.8 million associated with the elimination of 37 unfilled positions.

The proposed FY12 Supplies and Utilities budgets are \$12 million and \$14 million, respectively. The proposed Contractual Services budget is \$40 million. This budget primarily funds sewer charge billing and collection services, litigation costs and services and repairs associated with the sewer cleaning program.

Mr. Hoelscher presented the FY12 Preliminary Budget Supplement that detailed the Capital Improvement and Replacement Projects (CIRP). The proposed total FY12 CIRP is \$154 million, a \$21 million or 17% increase over FY11. The proposed CIRP consists of \$146 million for wastewater projects and \$9 million for stormwater.

Ms. Zimmerman then presented a summary of the Total FY12 District Budget. The total proposed District Budget is \$378 million and consists of the following: a \$161 million Operating Budget, \$46 million for the District's Debt Service obligations, \$18 million for Stormwater Operations and Maintenance and a CIRP of \$154 million. The proposed Total District Budget is \$25 million or 7% over the current year and primarily reflects the \$21 million increase in the CIRP, the \$5 M increase associated with the proposed wage increase and related employee benefits and a \$4 million increase in Debt Service. These increases are partially offset by a \$5 million decrease in stormwater services associated with the loss of the impervious charge revenue.

Ms. Zimmerman reported the proposed FY12 Total District Budget will again be primarily funded by wastewater sewer charge revenue projected to be \$224 million or 71% of the District's total revenue. Projected FY12 Tax revenue of \$25 million, will be used to fund the District's stormwater program and \$40 million in bond proceeds are dedicated to funding the CIRP. Investment income is projected to be \$20 million and used to fund various other District operations. Total District revenue is expected to be \$42 million or 12% below the current year. This decrease solely represents the issuance of fewer bonds than in prior years as the District's total voter approved debt authorization is exhausted. The District also anticipates using \$62 million in available fund balance for CIRP projects.

Ms. Zimmerman indicated a complete copy of the FY12 District Budget is available on the MSD website.

A public hearing to present the proposed FY12 District Budget will be held at 7:00 p.m. on May 5, 2011. The hearing will be in Room 109 at the District's 2350 Market Street location. The budget is scheduled for introduction at the May 12th Board of Trustee Meeting.

The meeting adjourned at 9:50 a.m.

This concludes the Finance Committee Report.