The Trustees of the District met in the Board Room at 2000 Hampton Avenue on the above date. Present at meeting:

**Board of Trustees**

T. A. Matheny, Chairman  
D. T. Jones, Vice Chairman  
T. M. Carney  
C. M. Deeba  
D. J. Patterson  
R. R. Gastorf, excused

**Staff Members**

F. G. Kriz, Executive Director  
C. M. Etwert, Asst. Executive Director  
J. M. Byrne, General Counsel  
K. J. Tyminski, Secretary-Treasurer  
N. F. Stevens, Director of Finance

Also present were Sid Koltun, 14441 White Pine Ridge Lane, Chesterfield, Missouri; Pat Sullivan, Homebuilders Association; Gerald V. Schwalbe, 15572 Golden Ridge Court, Chesterfield, Missouri; C. Kramer, 4240 Edgewood Blvd., St. Louis, Missouri; Gino Pucci, 4618 Britcastle Drive, St. Louis, Missouri; Bob Mitchell, 27 Morwood Lane, St. Louis, Missouri; Jean Dean, League of Women Voters; Mr. & Mrs. John Bogdanor; Mr. Nick Mucci, 1332 Louisville Ave., St. Louis, Missouri; Leon C. Jinks, 445 Longview, Kirkwood, Missouri; Eugene M. Reese, Lighthouse Way, Creve Coeur, Missouri; & H. Sexton; Richard R. & Bernice Capelli, 9547 Avila, St. Louis, Missouri; Gary Furlow, KSDK Channel 5; Janice Hernon, 8875 Rock Forest, St. Louis, Missouri; Kathy Spica, MSD employee; Russ Carr, Task Force on MSD; Bennie F. Leflore and Bill Seffens, 1215 Fern Ridge Parkway, St. Louis, Missouri; Don Spickler, KMOX Radio; Pat Bates, Bates Utility Company; Tom Sullivan, 16 No. Central, St. Louis, Missouri; Jay Schulte, SITE; Dick Pikey, Associated General Contractors; Mile Shelton, 9588 Inagua, St. Louis, Missouri; Leslie Miles, 3810 Hartford, St. Louis, Missouri; Len Kirberg, 1600 Hickory Knob, Glencoe, Missouri; Bob Mannebach, 517 Glenfield Ridge Ct., Chesterfield, Missouri; Lisa Detlefsen, 6146 Waterman, St. Louis, Missouri; Bob Pieper, Watch; Betty Tannenbaum; Lou Hamilton, Hamilton & Company, Inc.; Rhonda Thomas, Thompson & Mitchell; R. David Sutton, WVP Corporation; William L. Luth, Fred M. Luth & Sons; D. Waters, 105 N. Sappington, St. Louis, Missouri; B. Reinhard, 42 Frederick Lane, St. Louis, Missouri; V. Canella, Peat, Marwick; W. D. Roberts, 592 Virginia, St. Louis, Missouri; Steve Townley, Missouri Department of Natural Resources; Ried Lowie, Local 410; Jim Cook, U.W.W.A.; George Sabre, 40 Forestvale Drive, Chesterfield, Missouri; Walden Fahrmeier; Ray Burchard; James Sheehan, 1718 Limetree, St. Louis, Missouri; Sandy Rothschild, MGA; Ed Dryke, 7648 Granthaven, St. Louis, Missouri; John Bremner and Fred Lindeke, St. Louis Post-Dispatch reporters; Matt Mattingly, Suburban News Bureau reporter; Aube Kriz, Ruthann Byrne; Robert McLean, MSD employee; Terry Briggs, Director of Communications; R. G. Butchko, Director of Engineering; J. F. Koepfer, Director of Operations, Ronald Martin, Asst. Director of Finance; D. P. Moschenross, Director of Administration; Sheryl Nackley, Secretary; R. D. Peasley, Internal Auditor; J. W. Schmid, Director of Compliance Projects; Roger Wieting, Director of Wastewater; and Jo Ann Keating, Secretary to the Board of Trustees.

Chairman Matheny presided.
Mr. Matheny summarized the February 12th meeting in the attached statement.

Mr. Matheny called for comments from the public.

Mr. Pat Sullivan of the Homebuilders Association addressed the Board and noted that the Homebuilders Association represents 1,200 homebuilding companies and has been in existence since 1934. He indicated that the Homebuilders Association supports the District's funding proposal and that MSD provides a vital service to the community. The benefits of this service far outweighs the cost associated. Mr. Sullivan also noted that this alternative would positively impact the St. Louis community from an economic standpoint.

Mr. Dick Pikey of Associated General Contractors indicated that AGC supports the reallocation of funds with no additional cost to the rate payers. He indicated that the AGC feels there should be public hearings for stormwater user charges and concluded that the reallocation would be good for the community, particularly considering the current unemployment climate for construction workers.

Mr. Jay SchulteHenrich of the SITE Improvement Association indicated that SITE supports MSD's package for the reallocation of the surcharge. Mr. SchulteHenrich requested that the Board not take a passive role which could further deteriorate the infrastructure.

Mr. Tom Sullivan stated that he felt that the rate increase needed voter approval, citing the five criteria set out by the Missouri Supreme Court in the Marion County Ambulance District decision, and he gave his views of MSD's charges relative to these points. Mr. Sullivan also noted that the District has a poor track record with this type of legal issue.

Ms. Jean Dean of the League of Women Voters complimented the District on the progress and handling of the Clean Water Capital Improvement Trust Fund. She noted that the community has developed a trust in the District on how the Proposition "A" Clean Water Capital Improvement Trust Fund monies are to be used and that any reallocation or perceived reallocation would deteriorate this trust. The Environmental Subcommittee of the League objects to any fund transfer without consulting the voters. She indicated that she was in general agreement on the
needs of the District and noted that she spoke for herself and not for the full League. She expressed that there was no objection to the setting of rates by ordinance, if this was now legal. The League was on public record that the League of Women Voters opposed the Hancock Amendment before it was voted into law and this opinion hasn't changed.

Mr. Matheny noted that the District intends to reduce the Clean Water Capital Improvement Trust Fund surcharge and not transfer monies from the Clean Water Capital Improvement Trust Fund. There would be a $4.00 increase in the wastewater rate which will be used for the District's wastewater operations. This procedure was done to lessen the impact of a wastewater rate increase.

Mr. Carney concurred that the District's needs are truly greater than the $4.00 increase, but that the increase was held down. He did note that this procedure was a little confusing, but reiterated that because of the bad economic time the District wanted to hold the rate to a lower level than needed. He further emphasized the District is not transferring funds.

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Mr. Len Kirberg stated that he felt that this proposed increase was within the ability of the people to pay and encouraged the Board to take the appropriate action to increase the rates.

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Mr. John Bogdanor, one of the first members of the Board of Trustees of MSD, requested a correction in the District records relative to certain historical facts. He felt that permit and inspection fees and other fees should be raised by ordinance and was, in fact, surprised that they had not been for a number of years. He encouraged the District to plunge ahead. He also questioned why the District's actual project cost for the Clean Water projects was so severely under its estimate. He also provided some historical commentary regarding the District's operation.

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Mr. Nick Mucci addressed the Board representing himself and two other homeowners. He indicated that he heard about the meeting from a radio call-in show. Mr. Mucci noted that he was happy that the proposal was not going to raise the fee to the rate payer. He requested that the District look at its efficiency of operations and cited certain instances from experience where the District employees had not operated efficiently.

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Mr. Leon Jinks addressed the Board and indicated that he was a Kirkwood resident and a customer for 23 years and noted that the MSD name engenders an adversarial response. He noted that the MSD employees feel there is a problem on how MSD addresses the public and he was concerned about a 30 percent rate increase and that the District was a developing a way to evade the voters.

Mr. C. Kramer addressed the Board representing himself as a property owner for a number of years. He commented on the inefficiencies in the District's operation relative to travel time of employees. He noted further that catch basins have not been cleaned out for a number of years. He questioned what happened to the funds in the sewer districts that the District took over. He also felt that automobiles were partly responsible for our pollution problems and that the automotive industry should be responsible for the clean-up and not the residents.

Ms. Bernice Capelli indicated that she represents herself and felt that the public should vote on any rate increase and that she concurred with Mr. Sullivan.

Mr. James Sheehan indicated he was representing himself as a resident of St. Louis County. He felt that this was a tough decision that the Board would have to make, but indicated he felt that the District should institute a rate increase and noted that the District's rates are some of the lowest in the country, and by not doing so the people of the District would pay more in the end.

Mr. David Sutton of WVP Corporation indicated that he is an engineer and noted that maintenance repair now could prevent replacement in the future and save ten times the cost. He noted that adequate sewers are a necessity and that a rate of $14.23 would be below that of our neighbors. He concluded that the Board should increase the rates and noted that the public would not be adequately informed to make a decision and that it was not the Board's option, but their obligation to do so.
Mr. Ried Lowrie, Steward and President of Local 410, AFSCME, addressed the Board and indicated that it would be foolish for MSD to extend the surcharge beyond the promised scheduled expiration date without approval of the voters. He was concerned that if the District were to pursue the proposed course of revenue funding and only to have this funding overturned in a court of law would deal a devastating blow to the efforts already undertaken to improve the District's image. He felt extremely uneasy at the thought of the District have autonomous authority to raise rates as they see fit. He indicated that he believed that the District is in need of additional money to construct various projects throughout the area and indicated confidence that the District management would identify these needs in a precise and explicit manner and he felt the District should go for a vote and that the public would show their support if the District properly identified and explained the issues.

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Mr. George Sabre addressed the Board and asked that each of the Board members pay attention to the MSD Charter. He questioned the need for the SRF contract. He felt that in the February 12th presentation the appropriate Federal laws should have been cited.

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Mr. Gerald Schwalbe indicated that he was a professional engineer and a resident of Chesterfield. He noted that certain storm sewers and inlets in his area are a hazard, that the District should move forward with its funding plan and felt if the District were to wait for a vote they would still be waiting for a vote 4 or 5 years from now.

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Ms. Billie Roberts indicated that based on the opinion of others whom she respects she does not feel that the Marion County Ambulance case gives the District the authority to increase rates without a vote. She felt that the District was trying to lull people into believing that there was not an increase in the wastewater charge when, in fact, quite a substantial increase was taking place. She noted that the wastewater charge was actually being increased 90 percent. She felt that nothing was being done about the failure of the OMCI taxes to provide money for replacement of sewers in areas where deterioration of existing sewers is the most serious. She expressed her concern that the District is trying to shift its method of financing from taxes to user charges and recommended a mixture of charges. She concluded by asking the District to find a more equitable and less regressive method to finance its stormwater activities.

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Mr. Matheny requested an open Board discussion on these issues.
Mr. Carney asked Ms. Roberts if she considered miscellaneous fees and permits a true fee or a tax. Ms. Roberts generally indicated that she felt that miscellaneous items such as permit fees and engineering charges were fees.

Mr. Carney reiterated the wisdom of not increasing the bottom line of the bill to solve some of the District's increased needs. He further indicated that the wastewater user charge would be increasing, but definitely not to the level that the District needs.

Ms. Patterson defended the increase in the wastewater user charge and correspondingly the decrease in the Capital Improvement surcharge, citing concern over the bottom line to the customers' bills in these tough economic times, and she raised the question, what is done when the people say no to an election?

Mr. Deeba acknowledged that under consideration is a $4.00 increase in the wastewater rate with a corresponding $4.00 decrease in the surcharge in an attempt to ease the pain. He indicated that he had not made a decision on this issue, but did not believe that he could support a flat rate, but preferred a graduated schedule of charges, citing that a flat rate was regressive. He indicated that he could not vote in good conscience for a flat rate increase.

Mr. Jones indicated that a $4.00 increase would be extremely burdensome and a flat rate would be a regressive tax.

Mr. Carney reiterated that himself and Deborah Patterson were on a subcommittee that reviewed the low income assistance issue and that there was a concern about a graduated rate being within the law. He also noted that he remembered a survey which indicated that poor areas were being slightly subsidized by middle income areas and indicated that sewer charges may not correlate with use. He also brought up the issue that the City does not have meters. He noted that he would not be opposed to doing it if it could be done legally and concluded that the committee that he was on had hit a dead end.

Mr. Deeba suggested that we may want to address this issue again. Mr. Carney again expressed his concern about the use of meters, which could hit the poor residents even more, but noted that law was not clear in this area. Mr. Deeba indicated that he would like to pursue the graduated rate and the low income assistance and felt that the higher income level constituents should assume greater financial responsibility. Mr. Carney requested to again see the study and perhaps look at an updated study.

Mr. Kriz noted that the District was facing a time crunch with respect to its budget deadlines. Mr. Deeba indicated that the District should proceed using the current budget and that budgets could be modified at any time.

Mr. Deeba stated, I would like to submit a motion to the Board that we direct the Executive Director and the staff to take a more serious concentrated look at these conditions and determine whether, not whether, I would say direct them to come back with a proposal which provides for increases in rates and charges that are based upon, that result in a sliding scale based upon, to the best of our ability, these elements to which I referred earlier and that would be numbers of bedrooms, numbers of water closets or water facilities, lot area if that's appropriate, lot frontage if that's appropriate, assessed valuation if that's appropriate. I think these are very important considerations and before I make any decision I would like to have the opportunity to look at the results of that determination. That's my motion.
Mr. Carney questioned Mr. Deeba in an effort to clarify the motion. Mr. Deeba indicated that the District should review factors other than pure water usage to form a more equitable schedule of fees and charges, and noted that there is nothing to prevent us, aside from the legal problem, from charging people in some other equitable manner. Mr. Deeba noted that he did not know where the legal prohibition was coming from and indicated that he did not see any legal authority preventing billing on another basis.

Mr. Carney again requested the information that had previously been provided with respect to this topic. Mr. Byrne stated that information would be provided right away. Mr. Carney indicated that he did not mind withstanding legal challenge where the District would win, but did not think it would be responsible for the District to do if we were going to lose, and he felt that this was an issue that needed to be examined.

Mr. Deeba indicated that he had looked at how the City of St. Louis arrives at their charge for water and it is on a basis other than usage and he did not know of any legal authority or individual who challenged that formula and that approach had been issued by the City of St. Louis for a number of years and he did not know why the District could not attempt to follow suit.

Mr. Matheny indicated that he did not feel we needed a motion to request the information. Mr. Deeba indicated that he wanted the opportunity to look at an alternative approach and withdrew the motion.

Mr. Kriz reiterated that the information would be provided as quickly as possible. Mr. Kriz indicated that he needed further direction in reference to the budget preparation, noting that by ordinance a budget needs to be prepared and presented no later than March 15. Mr. Matheny asked if the ordinance could be amended. Mr. Kriz indicated affirmatively that it could be amended by resolution. Mr. Etwert noted the budget has to be approved by June 27 and the tax ordinance has to be approved by May 15.

Mr. Deeba questioned if there is anything that prevented the Board from suspending the rules and introducing and adopting at the same meeting. Mr. Byrne indicated that the Board could suspend the rules. Mr. Carney indicated that we might have a little criticism if we did that on the budget. Ms. Patterson indicated that given all the discussion she did not think we would receive criticism on it.

Mr. Matheny stated that the next meeting of the Board of Trustees will be held on March 11, 1992 at 7:00 P.M. at the District offices.

Motion made by Ms. Patterson, seconded by Mr. Carney, that the meeting be adjourned.

Meeting adjourned at 10:03 P.M.

[Signature]  
Secretary-Treasurer
I would like to take this opportunity to thank you for attending tonight's meeting. Your presence here is welcomed and your participation in the discussions relating to the future of the Metropolitan St. Louis Sewer District is encouraged.

At the last Board of Trustees' meeting, Executive Director Frank Kriz reported on the many challenges facing MSD and the customers and communities we serve on both a short and long term basis. I would like to take a few minutes tonight to summarize the short term proposals before starting the public discussion portion of this meeting.

Mr. Kriz presented a detailed and thorough review of the public health and environmental needs of the community. He also spoke of the serious problems which must be addressed if MSD is to fulfill its statutory duties and the potential costs of doing so.

In 1954, when St. Louis City and County residents voted to establish the District, it covered 254 square miles and the core of the system was an aging network of sewers, some as old as 100 years. These lines simply took the community's raw sewage and discharged it, untreated, directly to the area's rivers, creeks and streams.

Today, the District covers 524 square miles and the system includes more than 7,200 miles of sewers and seven major, multi-million dollar treatment facilities. MSD collects, transports and now treats more than 300 million gallons of raw sewage each day.
But, just as the District's size has increased and the scope of our responsibilities expanded, so too have our operational and maintenance costs.

Implementation of costly federal environmental laws, the increased level of maintenance demanded by our aging system, and six years without an increase in operating revenues have forced us to defer maintenance and generally reduce the level of customer service. Nationally, wastewater user charges have increased an average of seven to nine percent per year in most major cities during the last decade.

It is clear to me, to my fellow trustees, and even, I think to some critics that the District needs additional revenues if we are to begin the process of reversing the decay and deterioration of the community's sewer system. The question then becomes, How Much...When...and, In What Form?

In the past, MSD's Boards have been "criticized" for not letting the public know of these needs and how they could best be addressed. "Shirking their responsibilities" was a phrase often heard. We are here tonight not to condemn or condone those Boards, rather we are here to plot a new course of action this community must follow to meet the challenges facing it.

Mr. Kriz and his staff have proposed four revenue measures to be implemented within the next fiscal year. These will start to address the short term needs of this District and the community it serves. They are:
A new wastewater user charge;
A reduction in the Capital Improvement Surcharge;
The implementation of new cost schedules for engineering services; and
A uniform districtwide sewer system development fee or connection fees as they are sometimes known.

It is proposed to increase the Wastewater User Charge by four dollars per month... from the current four dollars and 18 cents per month to eight dollars and 18 cents per month for single family residential customers. Corresponding increases would be made for industrial and commercial accounts.

The Capital Improvement Surcharge would be reduced by four dollars per month... from the current six dollars and 50 cents to two dollars and 50 cents per month on single family residential customers. Likewise, a proportional decrease would occur for industrial and commercial accounts. I have been assured by Mr. Kriz that sufficient funds will be collected from the Capital Improvement Surcharge to complete the necessary projects.

Thus, under Mr. Kriz's proposal, single family residential customers would experience no increase in their wastewater service charges for a two year period.

The third proposal by Mr. Kriz is to bring the schedule of engineering fees charged up to a level that recovers the actual cost of these services. This will have no direct impact on residential customers.

The fourth recommendation is to establish uniform, districtwide connection fees. These fees would be phased in over a five year period. Currently, there are areas of the District where no fee is collected when a new development wishes to connect to the sewer system.

This plan proposed by Mr. Kriz outlines a specific program to begin rebuilding and restoring the infrastructure of this community's sewer collection and treatment system. Key elements include:
• Appropriating 120 million dollars during a six year period for the repair, replacement and rehabilitation of sanitary sewers;
• Appropriating 15 million dollars during this time to repair and replace equipment and increase treatment plant maintenance deferred in the past due to budget constraints;
• Expanding the customer advocate program to help solve problems;
• Implementing a 30 day response time to repair portions of sanitary sewers. Currently, the repair work backlog is more than a year in some cases;
• Establishing a program to clean and inspect one thousand miles of sanitary sewers per year. Over a six year period the District will have inspected and cleaned all the sanitary sewers within its system; and
• Cleaning an average of 25 thousand inlets each year.

Several of these programs should help alleviate basement backups from occurring.

Since 1977, MSD has served the vast majority of St. Louis County. Yet, there are substantial portions of the county where MSD has not been able to accept stormwater responsibilities. The District will be unable to assume this task until a method to fund this work is implemented.

Mr. Kriz's proposal contains a means of generating revenue to address the stormwater problems on a districtwide basis. An impervious charge would replace the current stormwater charge of 24 cents per month on each customer's bill. This charge is a more equitable method of determining what a customer should pay to help manage and control stormwater problems in the area.

As proposed, the impervious charge would not be imposed until July 1993. The charge would be three dollars and 55 cents per month for a single family customer with commercial and industrial customers paying an amount based on the impervious area of their property.

The potential impact of this charge on our customers is of the greatest concern to me and trustees I have spoken with on this matter.
While it is clear we must tackle the stormwater control issue, I think our customers deserve more of an explanation of the impervious charge and its impact on them. Therefore, with the concurrence of the Board, I will direct Mr. Kriz and his staff to develop a program during the next year to inform the public of the proposed impervious charge, including conducting of public meetings to fully discuss its implementation and the benefits it will bring to the community.

In the meantime, we will focus the attention of this Board on the best way in which to deal with the critical wastewater needs of the community without adversely impacting our customers.

The community's costs in fulfilling its responsibility to protect the public health and environment are substantial. We as individual citizens share in this responsibility.

Further delays in meeting these needs would only escalate and compound the costs.

At our last meeting, legitimate concerns were raised about the potential impact any rate increase would have on our customers, particularly in today's economic climate.

Let me assure the public, this Board shares that concern and is committed to providing the best service to the community at the most reasonable cost possible.

With that, I would like to begin the public discussion portion of this meeting. There are a few guidelines we would like to follow in order to allow everyone the opportunity to address the Board.

You were asked when you entered the room to fill out a card indicating whether or not you wished to speak. Individuals will be recognized based on the order they returned the card.
We ask that speakers confine their remarks to the proposal made by Mr. Kriz and that you be as concise as possible.