

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

APRIL 19, 2000

1. Call to Order and Roll Call:

The regular monthly meeting of the Board of the Metropolitan Sewerage District was held in the Boardroom of MSD's Administration Building at 2:00 p.m., Wednesday, April 19, 2000. Chairman Blackburn presided with the following members present: Aceto, Bryson, Field, Gantt, Kelly, Sobol, Spell and Venable. Ms. Graham and Mr. Pace were absent.

Others present were: W.H. Mull, General Manager, William Clarke, General Counsel, Gary McGill, of McGill Associates, Patti Beaver with CIBO, Ann LeMieux, Stan Boyd, Jim Fatland and Sondra Honeycutt, MSD.

2. Approval of Minutes of the March 15, 2000 Meeting:

Mr. Spell moved that the minutes of the March 15, 2000 meeting be approved as presented. Mr. Venable seconded the motion. Voice vote was unanimous in favor of the motion.

3. Discussion and Public Comment:

None

4. Report of General Manager:

Consolidated Motion Agenda:

a. Consideration of Bids for Sodium Hypochlorite Building:

Mr. Mull reported that this item was pulled from the agenda since only two (2) bids were received. He stated that it would be readvertised and presented at the next meeting of the Board.

b. Consideration of Private Lateral/Unauthorized Connection Policy:

Mr. Mull reported that the Planning Committee recommends adoption of the Private Lateral/Unauthorized Connection Policy, including changes to the policy recommended by General Counsel.

c. **Consideration of Patton Mountain Sewer Rehabilitation Project:**

Mr. Mull reported that the Planning Committee recommends that subject to available funding, the District will rehabilitate the Patton Mountain sewer line in accordance with the District's Private Sewer Rehabilitation Policy. Pending rehabilitation, the District will maintain the line, as necessary, in accordance with the aforementioned policy.

d. **Consideration of Acceptance of Developer Constructed Sewer Systems: Millstone Subdivision and UNC-Asheville Division Street:**

Mr. Mull reported that staff recommends acceptance of the developer constructed sewer systems and that all MSD requirements have been met.

e. **Consideration of Participation in Elk Mountain Road Sewer Rehabilitation - NCDOT:**

Mr. Mull reported that staff recommends that the District authorize the General Manager to enter into an agreement to participate in this project, and

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reimburse the NCDOT in the amount of \$222,657.00 for sewer rehabilitation on Elk Mountain Road.

f. **Consideration of Electronic Information System for MSD Board:**

Mr. Mull reported that the Finance Committee recommends that the District not purchase laptop computers for Board Members. He stated that when furniture for the new building is considered, the Committee may come back to the Board with a proposal for a table that will accommodate computers.

g. **Consideration of Investment Report for Period Ended February 29, 2000:**

Presented as information only.

Regarding item b. (Unauthorized Connection Policy), Mr. Clarke stated that the proposal will require an amendment to the District's Sewer Use Ordinance, and upon approval, would be mailed to the constituent political subdivisions for comment.

Mr. Mull presented a copy of the Unauthorized Connection Program, and reviewed the surcharge fee for both residential and non-residential customers. Mr. Venable asked if the charge is for wastewater treatment, as opposed to a penalty for illegal connections. Mr. Clark stated that the charge is not a penalty, but a charge for use of and services provided by the sewer system. He further stated that the District could levy a penalty for unauthorized connections, but by putting the fee on the bill, water service could be terminated for failure to pay the charge. Mr. Aceto asked if the District has a plan for pursuing municipal storm drains that tie into the sewer system on public rights-of way. Mr. Mull stated that in presentations to the various municipalities, he has informed them of this program.

Mr. Sobol asked how the District would save the estimated annual cost of \$2.6 million by not treating the additional flow into the system. Mr. Mull stated that there would be a cost reduction in pumping, electricity and chemicals. Mr. Sobol questioned why the District is imposing a fee to justify the additional cost, in lieu of a penalty for illegal connections, and how the District would deal with the municipalities. A lengthy discussion followed regarding stormwater connections and State stormwater regulations. Mr. Mull explained that when the first pilot basin is studied and plans are developed for rehabilitation, the MSD would meet with the City or County to remove storm drains connected to the sewer system. Ms. Field stated that if municipal storm drains were disconnected from the sewer, stormwater would flow through municipal storm systems, which are currently inadequate to handle the flow. Mr. Blackburn stated that if the District can eliminate unauthorized connections, this could reduce treatment costs by \$800,000. Mr. Spell stated that this policy could be used as a tool to eliminate all unauthorized connections. Mr. Sobol suggested that the District provide information to residential customers on how to alleviate the problem of stormwater after disconnecting from the system.

With regard to item c. (Patton Mountain Sewer Rehab), Mr. Sobol asked if staff was directed to come back to the Planning Committee with a new policy on PSR's. Mr. Clarke noted that the Minutes of the Planning Committee state as follows: "The Planning Committee will re-visit the Private Sewer Rehabilitation Program & Policy to discuss possible amendments regarding higher cost sharing of more than \$350.00 from property owners and other options in cases such as this."

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Regarding item e. (Elk Mtn. Road Sewer Rehab), Mr. Sobol stated that he agrees that the District should participate in the cost of this project. Also, since portions of the line are not in the DOT's rights of way, he felt it was in the best interest of the District to rehabilitate these sections of line at the same time.

Regarding item f. (Electronic Information System), Mr. Spell asked for a clarification on the reasons for the recommendation of the Finance Committee. Mr. Kelly stated that in addition to the estimated cost of \$50,000.00, the Committee felt the use of laptop computers was not practicable because of possible computer problems, interference with Board Members ability to see and communicate with one another during meetings, and members forgetting to bring their computer to Board meetings. A brief discussion followed regarding the cost.

Regarding item g. (Investment Report), Mr. Blackburn expressed his appreciation to Mr. Fatland for preparation of the report on the District's Cash Balances in the General Fund & Construction IV. He noted the total Encumbrances and total Unencumbered Funds.

With no further discussion, Mr. Aceto moved that the Board approve the Consolidated Motion Agenda as presented. Ms. Bryson seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays.

1. Committee Reports:

CIP Committee

Mr. Sobol reported that the Committee met March 22, 2000 to discuss the various projects and lay the groundwork for the Partnership in the Community Committee, which will meet again in May. Also, the Committee discussed financing and rate increases, with a recommendation to adopt the Preliminary Budget. He reminded the Board that unless there is some substantial growth in the customer base, the District would have a difficult time maintaining it's current level of expenditure on future rehabilitation projects.

ROW Committee

No further report

Finance Committee

No further report

Personnel Committee

Mr. Spell reported that the Personnel Committee considered several items. First, was the Cost of Living (COL) and Merit increases. He pointed out that although the Bureau of Labor Statistics indicated a 3.2% COL, the Committee recommends a 2% COL and 3% Merit for FY2001. The second item is Longevity Pay. He gave a brief overview of the District's current Longevity Program. He reported that in consideration of terminating this program, the Committee recommends increasing the District's participation in the 401(k)/457 program from 3% to 5%, which does not require an employee match on the additional 2%. A discussion was held regarding the difference in cost of the two Programs. Mr. Kelly asked why all employees receive a Merit increase. Mr. Spell stated that in review of data on Merit increases, he was surprised to see that it was equitably distributed among the employees. Mr. Mull stated that he would distribute a copy of this information to all Board Members. Mr. Kelly stated that in order to have a

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true picture of what impact the personnel increase have on the budget, he asked staff to provide the actual costs of salary increases and benefits. In other business, Mr. Spell reported that the Committee considered and recommended seven (7) new positions. He gave a brief overview of the positions requested and stated that the total cost, including benefits, is approximately \$243,629.00. Mr. Venable stated that he felt staff did a good job in justifying the need for the new positions.

Planning Committee

Mr. Aceto reported that in addition to the two items previously considered, the Planning Committee intends to revisit the Private Sewer Rehabilitation Program & Policy and the \$200,000.00 budget for this program. Mr. Sobol asked how much of the \$200,000.00 is left in this year's budget. A

discussion was held regarding this budget and whether it is necessary to make any increase prior to adoption of the Preliminary Budget in May. It was decided that this issue be postponed until after the Finance Committee meeting scheduled for April 26th.

Mr. Blackburn stated that since the Planning Committee would not meet again until June 1st, he appointed a Task Force, which he would chair, to address the issue of Avery Creek. He appointed Mr. Kelly, Mr. Aceto and Ms. Graham to the task force.

6. New Business:

○ **Consideration of Annual Report - McGill Associates:**

Mr. McGill presented a copy of the Annual Report on the sewer system, which must be filed with the District's Bond Trustee on or before the 15th day of April as required by Article V, Section 504 of the Bond Resolution. He stated that the Report concluded the sewerage system is in good repair and working order.

6. Old Business:

○ **Status of Embezzlement Case:**

Mr. Clarke stated that the District Attorney has informed him that this case will go before the Grand Jury in June.

○ **Status of Furniture for New Facility:**

Mr. Sobol asked what Committee would handle furniture for the new facility. Mr. Mull stated that this would go before the Construction Committee. A discussion was held regarding how much is budgeted for furniture.

6. Other Business:

None

7. Adjournment:

At 3:20 p.m., Mr. Sobol moved for adjournment. Mr. Venable seconded the motion. Voice vote was unanimous in favor of the motion.

Jackie W. Bryson, Secretary/Treasurer