

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

DECEMBER 13, 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, December 13, 2000. Chairman Blackburn presided with the following members present: Aceto, Bryson, Field, Graham, Kelly, Pace, Sobol, and Venable. Mr. Gantt was absent.

Others present were: William H. Mull, General Manager, William Clarke, General Counsel, Wayne Marshall of Gould Killian CPA Group, P.A., Danny Bridges of McGill Associates, P.A., Nathan Ramsey, Buncombe County, Wilder Wadford, Attorney for Mark Lilly, Tom Hartye, Jim Fatland, Bill Conner, Angel Banks, Stan Boyd, Ann LeMieux, Adrian Ellis and Sharon Walk, MSD.

2. Approval of Minutes of the November 8, 2000 Meeting:

Mr. Venable moved that the minutes of the November 8, 2000 meeting be approved as presented. Ms. Bryson seconded the motion. Voice vote was unanimous in favor of the motion.

3. Public Comment:

Mr. Blackburn recognized Mr. Nathan Ramsey, newly elected Chairman, of the Buncombe County Commissioners. Mr. Ramsey stated that Buncombe County looks forward to working with the MSD, especially with regard to economic development and Land Use Planning.

Mr. Blackburn recognized Mr. Wilder Wadford, Attorney for Mr. Mark Lilly who owns property adjacent to MSD. Mr. Wadford presented a map showing the location of 9.79 acres owned by MSD and the encroachment of Mr. Lilly's mobile home and propane tank located at the fence line. He stated that Mr. Lilly would like the Board to consider selling the 0.074 acres in question to Mr. Lilly for \$530.20. He presented Affidavits from Real Estate Agents who are familiar with property and a copy of the value, according to the Tax Assessor.

Mr. Wadford stated that if the MSD is not interested in selling he would request the Board consider an easement, which would allow the encroachment. Mr. Kelly questioned whether the property owner was aware that he located on MSD's

property and if the owner would be interested in a license instead of an easement. Mr. Wadford stated the owner would rather have an easement if the District were not willing to sell. A discussion followed regarding whether to sell the property or give an easement, Mr. Aceto moved to sell the property upon evaluation of a reasonable amount to be determined by staff. Mr. Sobol seconded the motion. Mr. Venable stated that he didn't feel comfortable making a quick decision on the sale of MSD property, therefore, planned to vote against the motion. Mr. Kelly agreed and stated that in his opinion the motion is open-ended, allowing staff to determine the sale price. With no further discussion, roll call vote was as follows: 4 Ayes; 4 Nays: Ms. Bryson, Ms. Graham, Mr. Kelly, Mr. Venable. Mr. Pace arrived during the vote.

For the benefit of Ms. Graham and Mr. Pace, who were out of the room during the discussion, the Board reviewed whether the sale of the land would affect MSD in any way; if there were any future uses for the property, and its value. With no further discussion, Ms. Graham changed her vote in favor of the motion. Also, Mr. Pace voted in favor of the motion. As a result, the motion carried with a vote of 6 Ayes; 3 Nays.

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4. Discussion and Adjustment of Agenda:

Mr. Sobol asked that items c. and d. of the Consolidated Motion Agenda be pulled for further discussion.

5. Report of General Manager:

Consolidated Motion Agenda

- a. **Consideration of the following Developer Constructed Sewer Systems: Sonic Drive-In, Franklin Acres Subdivision a/k/a River Meadows Subdivision, Biltmore Heights, Gendale Avenue Subdivision, Bee Tree Village, Riverview Terrace Subdivision, Northside Terrace Subdivision, Phase 1 and 2, Southside Village Subdivision, Phase 4 and South Oaks.**

Staff recommends acceptance of the developer constructed sewer systems. All MSD requirements have been met.

Regarding South Oaks, Mr. Venable asked how much line the District is taking over. Mr. Hartye stated that the District is taking over 12 linear feet

of 8" sanitary sewer pipe (off-site) to serve a 20-unit PUD development. He further stated that on-site sewer will be private.

Ms. Graham moved that the Board approve item a. of the Consolidated Motion Agenda. Mr. Pace seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

b. Consideration of Comprehensive Annual Financial Report (CAFR):

Report to be given in the Finance Committee Report.

c. Consideration of Bids for North Swannanoa, Phase 2, Section 3:

Mr. Mull reported that bids for North Swannanoa, Phase 2, Section 3 were opened on November 30, 2000 and are as follows: Bryant Electric Company with a total base bid of \$6,193,540.00; Buckeye Construction Company with a total base bid of \$7,327,832.55; Haren Construction Company with a total base bid of \$7,603,615.00; Thomas Construction Company with a total base bid of \$7,893,784.25, and BC&D Associates with a total base bid of \$10,604,325.00. He further reported that the budget for this project is \$7,400,000.00 and that staff recommends award of this contract to Bryant Electric Company in the amount of \$6,193,540.00, contingent upon attorney review and approval. Ms. Field stated that because the bid was significantly under the budgeted amount, the Board should be aware of the possibility of change orders on this project.

Mr. Aceto moved that the Board approve the recommendation of staff and award the contract to Bryant Electric Company. Ms. Graham seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

d. Consideration of Piggyback Purchase of Two (2) Vector Trucks:

Mr. Fatland reported that in 1991, the District purchased three (3) vacuum trucks as a part of Consolidation, (VT-1, VT-2 and VT-3) which have since been disposed of. He further reported that because VT-4 and VT-5 have had several mechanical breakdowns, staff evaluated the situation and concluded

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that the Vac-Con trucks will be very expensive to maintain over the long run. Therefore, District fleet mechanics and system services personnel have explored the feasibility of selling the existing Vac-Cons and purchasing two (2) smaller Vactor trucks. As a result, the Equipment Review Committee met December 5, 2000 and recommends replacing the Vac-Cons (VT-4 & VT-5) with smaller flush trucks from Vactor. He stated that financially, there is money in the budget to replace the trucks, and according to staff, the District should receive from \$85,000 to \$115,000 from the sale of these trucks. A discussion was held regarding the carrying capacity of the smaller trucks. He further stated that staff recommends authorization for the District to piggyback on Spartanburg Sanitary Sewer District, SC for two Vactor Model #2103 at a unit cost of \$138,971.00 each and authorize the District to advertise for bids on the two existing Vac-Con trucks (VT-4 & VT-5). Mr. Sobol moved that the Board approve the recommendation of staff. Mr. Pace seconded the motion. Mr. Venable stated that he would vote in favor of the motion, but suggested that in the future an evaluation process should be looked at. Ms. LeMieux stated that the Equipment Review Committee looks at not only the specifications, but that the specifications are put together by fleet, with input from the operators. Also, staff has talked to other municipalities who use similar equipment. She further stated that Vac-Con has not been responsive and the District is having a lot of problems with them. A discussion followed with regard to when VT-4 & VT-5 were purchased; how the District plans to re-sell them and if the new trucks will be equipped with a cold weather recirculation system. With no further discussion, roll call vote was as follows: 10 Ayes; 0 Nays.

e. Investment Report for Period Ended 10/31/00:

Presented as information only.

6. Committee Reports:

Personnel Committee:

Mr. Venable reported that the Personnel Committee met November 20, 2000 to hear reports on the following: Employee Turnover Rate at MSD, Results of Exit Interview and a Public Sector Audit on (15) positions & changes made. He further reported that the Committee recommends support of the Proposed Organizational Changes, which eliminates the Deputy General Manager of Operations position and promotes an Engineer from the Engineering Division to be the Director of CIP. This would save the District approximately \$100,000 per year. With no discussion, Mr. Venable moved that the Board approve the recommendation of

the Personnel Committee. Mr. Sobol seconded the motion. Voice vote was unanimous in favor of the motion.

Finance Committee:

Mr. Kelly reported that the Finance Committee met December 11, 2000 to receive a CAFR report recommendation from Mr. Wayne Marshall. However, because another event occurred, an interim CAFR report was given. He stated that the complicating factor appeared to be the discovery of \$722,000.00 owed by the City of Asheville in sewer use charges. He further stated that following a visit to the City by Mr. Marshall and Mr. Fatland, the District received a check for the amount owed. The Finance Committee asked Mr. Marshall and Mr. Fatland to make a recommendation to the Board on what could be put into effect to make sure this doesn't happen again, but Mr. Marshall advised that before making a

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recommendation, they would like to get more information from the City. Mr. Marshall reported that in August of 1999, an error was discovered when billing and collections, which was done by the Water Department, was brought back under the Finance Department with the purchase of new computer software. He stated that the City of Asheville said they would not pay MSD until their auditors signed off on it in June, 2000. He further reported that he and Mr. Fatland inquired as to what records they could get each two-week period when payments are submitted to the MSD. They were told that if the MSD would give them until December 15, 2000 they would go into the system and see what they could come up with, however, they could not provide an Accounts Receivable Delinquency Report. He stated that the issue of interest on the \$722,000 had not been discussed. He further stated that he and Mr. Fatland would compile the information and come back to the Finance Committee, and/or Board with recommendations as to what can be done.

Mr. Fatland stated that he planned to go to the City this week to see what reports he can get on a monthly basis and to ask that they set up an account, where the money collected daily goes into the MSD account. He further stated that Mr. Schaefer, the City of Asheville Finance Director, did signal an air of cooperation with the District and was very frustrated with the computer system developed by the Water Department's staff, but indicated that the new computer system is fully

integrated with the current accounting system. Mr. Sobol stated that although this has been a problem and should not happen again, he felt the Water Department deserves some credit for addressing the situation without having to be asked. Ms. Field stated that this is an issue that has been a real problem because the Water Department is managed by the Water Authority and the City was not involved in billing until a new Director was hired. She further stated that the Water Department reports to the Authority, but staff is managed by the City Manager. Therefore, the City may be moving toward a full Authority, or dissolve it and have it taken over by the City entirely.

Mr. Blackburn stated that in the future it is up to the MSD to be responsible for accounts receivable and to make sure the numbers are correct. A discussion followed regarding the Committee's consideration of the District taking over the billing and meter reading function now being done by the various municipalities.

Regarding item b. (CAFR), Mr. Marshall stated that he presented the year-end financials to the Finance Committee and reviewed some of the highlights. He further stated that since that time, the true financial statements were delivered to the MSD and submitted, as a part of the CAFR, to the Government Finance Officers Association (GFOA) for their certificates. Mr. Blackburn asked when the Management Letter would be complete. Mr. Marshall stated that they are in the process of completing the Letter. He further stated that it was necessary to get an extension from the Local Government Commission, since the financial statements were not delivered by November 30, 2000.

Right of Way Committee:

Mr. Pace reported that the Committee met November 29, 2000 to consider condemnations on the London Road Pilot Basin, Phase 2B. He stated that two (2) of the five (5) property owners have agreed to sign and will not require condemnation. The third property owner is currently working with staff to accept the proposal. The fourth owner states he will not deal with the MSD until we satisfy the agreement with the third property owner. As of this date, the fifth

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property owner has agreed to sign. Mr. Mull expressed his appreciation to Mr. Pace for his work on this Committee.

Partnership in the Community Committee:

Mr. Hartye presented a summary of the June 15 and September 14, 2000 meetings of the Committee. He stated that the next meeting is scheduled for January.

7. New Business:

Mr. Sobol asked when the public meeting for the Tomahawk Basin project is scheduled. Mr. Hartye stated that the meeting would be held January 19, 2001 at Lake Tomahawk.

8. Old Business:

a. Consideration of Final Revision of By-laws:

Mr. Clarke stated that he sent a copy of the revised By-laws, along with a letter to the Board Members on November 28, 2000. He noted that on page 10, Article VI, Committees, the statement "No committee shall be authorized to take any action on behalf of the Board, rather such committee shall only provide advice to, or execute action of, the Board" should be modified to reflect the Board's decision of June, 1998 to delegate the authority on condemnations to the Right of Way Committee with a report to the full Board. He suggested that language be added to Article VI "except the Right-of-Way Committee, to which the Board delegated the authority to approve the use of eminent domain to acquire easements in particular cases with a report to the full Board." With no further discussion, Ms. Field moved that the Board approve the revised By-laws, with the revision to Article VI, Committees. Mr. Venable seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

6. Other:

Mr. Blackburn called on Mr. Mull for any comments he may have, since this is his last official meeting of the Board. Mr. Mull stated that he has thoroughly enjoyed being the General Manager of the District for the past 26 years and looks forward to retirement. He further stated that the staff is what makes the MSD function so well and is great.

Mr. Mull presented some historical information regarding the District he felt would be of interest to the Board.

7. Adjournment:

With no further business, Mr. Aceto moved for adjournment. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.

Jackie W. Bryson, Secretary/Treasurer