

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

FEBRUARY 21, 2001

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, February 21, 2001. Chairman Blackburn presided with the following members present: Aceto, Ball, Bryson, Field, Gantt, Kelly Pace, Sobol and Venable. Ms. Graham was absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill of McGill Associates, P.A., Mike White and Chris Nesbit of Camp, Dresser & McKee, Jim Fatland, John Kiviniemi, Ed Bradford, Stan Boyd and Sondra Honeycutt, MSD.

2. Approval of Minutes of the January 17, 2001 Meeting:

Mr. Venable requested that page two, paragraph 8, line 7 be changed to read: "Allocations that are posted against this reserve do not pay facility fees." With no further additions or corrections, Mr. Pace moved that the minutes be approved as corrected. Mr. Gantt seconded the motion. Voice vote was unanimous in favor of the motion.

3. Discussion and Adjustment of Agenda:

At the request of Mr. Pace, Mr. Blackburn moved the Right-of-Way Committee report up in the agenda.

Right of Way Committee:

As a matter of information, Mr. Pace presented a partial copy of the CIBO Newsletter, which states that Mayor Sitnick wants to meet with MSD and Water Authority representatives to hear about their respective issues and to revisit/re-do the water agreement and the sewer agreement. Mr. Blackburn stated he and City of Asheville representatives on the District Board would meet with Council on April 17, 2001 to discuss the above issues. He requested that Mr. Clarke attend this meeting. Ms. Field suggested that Mr. Hartye also attend.

He reported the Right of Way Committee met to consider condemnations on two (2) parcels for the Middlebrook Road project (Schleupner and Gasperson). He stated the Committee recommends continuing with negotiations and if unsuccessful, obtain appraisals and proceed with condemnation if necessary.

In other business, Mr. Pace reported that the Committee considered the Compensation Budget for the Glenn Bridge Road Project and received Quarterly Reports for all active acquisition projects. Regarding the Quarterly Report, he stated that only one phase of the North Swannanoa project is over budget and that staff is doing a good job of saving money on right-of-way acquisitions.

4. Public Comment:

None

5. Report of General Manager:

Mr. Hartye presented information regarding the Consolidated Office Building (moving schedule), Continental Teves (ITT), Pay and Class Study, Proposed One cent Sales Tax, Collection System (State Inspection), Collection System (comparisons) and Black Mountain Projects and Public Meeting.

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Regarding the Pay and Class Study, Mr. Venable asked if the study would be complete in time to coincide with the upcoming Personnel Committee meeting in April. Mr. Hartye stated a draft should be complete by that time.

With regard to the Collection System comparisons, Mr. Sobol stated he would like to see figures that show other municipalities with the same population and service area, that only have sewer. Mr. Hartye stated that this would be difficult to do, but will attempt to show how much is being spent on sewers per mile.

Mr. Hartye announced that the District would embark on getting another \$2million grant from the State. Mr. Aceto asked for which projects the grant funds would be used. Mr. Hartye stated funds would be used toward the dig and replace section of the Pilot Basin and a group of smaller projects. Mr. Venable asked where these funds are coming from. Mr. McGill stated that the funds would come from the Bond Referendum and not from the State's General Fund.

6. Report of Committees:

CIP Committee

Mr. Sobol reported the CIP Committee met February 1, 2001 with 9 of 11 members present. He further reported that the Committee heard a presentation by Camp Dresser & McKee pertaining to flow projections on potential service areas and existing basins. He stated Committee members were asked for input on information and assumptions in the Master Plan to make sure the District can deal with the possibility of future growth in North Henderson County. He further stated that the Planning Committee at it's February 6, meeting, recommended that a representative from the Cane Creek Water & Sewer District be appointed to serve on the CIP Committee.

Planning Committee

Mr. Aceto reported that the Planning Committee met February 6, 2001 to discuss the Cane Creek Water & Sewer District (CCWSD). He further reported that Henderson County representatives were present to give an overview of several drainage basin areas including Mills River, Mud Creek and Clear Creek, Mill Pond, and Cane Creek. He stated that priorities for both the Henderson County and the Regional Water Authority include the need for sewer service and the need to get package plants out of the watershed. He further stated that industrial and commercial growth has been significant in these areas, but if commercial growth is to be done right, sewer service is needed. A discussion followed regarding what committee (CIP or Planning) would best be served with the appointment of a non-voting representative from Henderson County. Mr. Clarke stated that the CIP Committee was created under the Consolidation Agreements, which specifically says it consist of three (3) members of the Board, and one (1) members from each of the political subdivisions whom are named in the document. He expressed a concern the District would be changing the Agreement if done without the consent of everyone. Several concerns by members of the Board were expressed. Mr. Hartye stated that Henderson County would not have to be a member of the Planning Committee to sit at the table and would notify them when issues arise involving them. Following some further discussion, the Chairman stated that an ex-officio representative of Henderson County wouldbe invited to sit on the Planning Committee.

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Finance Committee

Mr. Kelly reported that the Finance Committee met February 9, 2001. He stated that the Committee considered five (5) request for proposals for Underwriters for the proposed Series 2001 Revenue Bonds. He further stated that the Committee approved staff's recommendation to select Salomon Smith-Barney as the Senior Manager and A.G. Edwards & Sons as Co-Manager on a 75%/25% basis for up to \$31 million. In other business, Mr. Kelly reported that the Committee considered the selection of Bond Counsel. He stated that the Selection Committee felt it would be in the best interest of the District to retain the services of Peter Michel with Brown & Wood at a fee of \$45,000.

Mr. Kelly reported that the Finance Committee met again on February 19, 2001 to consider the selection of Audit Services in connection with the Series 2001 Revenue Bonds. In other business, he reported that the Committee considered staff's recommendations with regard to Customer Billing Evaluation, Budget Calendar, Six-Month Revenue/Expenditure Report and Self-funded Employee Medical/Dental Program. Mr. Kelly recommended that the Board adopt the recommendations of the Finance Committee as set forth in the Consolidated Motion Agenda.

Regarding the Customer Billing Evaluation, Ms. Field asked if the District is asking the City to privatize it's billing system or MSD would take it's billing out of the process. Mr. Aceto stated that the City currently provides billing services for the District pursuant to contract, but the Committee wants staff to look at the economics of privatization.

With regard to procedures for the upcoming Bond Issue, Mr. Venable requested that the Bond Order not be used as an instrument to force the Board to increase rates in the future.

7. Consolidated Motion Agenda:

Mr. Hartye presented the following Consolidated Motion Agenda items:

a. Consideration of Compensation Budget - Glenn Bridge Road.

The Right-of-Way Committee recommends approval of the Compensation Budget, which is based on 1999 tax values and follows the MSD approved formula.

b. Consideration of Acceptance of the following Developer Constructed Sewer Systems: Asheville Mall Sewer Relocation, Bee Tree

Subdivision, Block W and X-Biltmore Forest, Braeside Section VI-Biltmore Park, Eastwood Village Phase 1, Hunter's Ridge Subdivision, McDonald Biltmore Park (Energy Mart) and Reems Creek Golf Course, Phase 12, 13, 14.

Staff recommends approval of the Developer Constructed Sewer Systems. All MSD requirements have been met.

c. Consideration of Release and Reconveyance of Sewer System and Easements for Western Realty, LLC and Patton Avenue Realty, LLC:

Staff recommends execution of Release and Reconveyance Agreement.

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d. Series 2001 Sewer System Bonds:

1. Consideration of Selection of Underwriters:

The Finance Committee recommends approval of staff's recommendation of Salomon Smith-Barney as Senior Manager and A.G. Edwards & Sons as Co-Manager on a 75%/25% basis for up to \$31million.

2. Consideration of Selection of Bond Counsel:

The Finance Committee recommends approval to employ Mr. Peter Michel of Brown & Wood as Bond Counsel consistent with his letter of 2/5/01 to Mr. Fatland.

3. Selection of Audit Services:

The Finance Committee recommends approval of the proposal of Gould Killian CPA Group for audit services at an hourly rate not to exceed \$25,000.

e. FY 2002 Budget Calendar:

Mr. Hartye noted that the March 7th Finance Committee meeting is rescheduled to March 14th. Also, the April 11th Personnel Committee meeting is changed to April 16th, with a request that Finance Committee members try to be present at this meeting.

a. **Consideration of Self-funded Employee Medical/Dental Program:**

The Finance Committee recommends adoption of the Self-funded Employee Medical/Dental Program, which includes the following: Increased employee co-pays; Program budget of \$947,212, with no increase in employer or employee contributions; One-year contract with National Benefit Resources as the new stop loss carrier, and Two-year contract with Kanawha Benefit Administrators as the third party administrator.

b. **Six-Month Budget Report:**

The Finance Committee recommends approval of the Six-Month Revenue/Expenditure Report.

c. **Customer Billing Evaluation:**

The Finance Committee recommends that the Board approve the following staff recommendations with the understanding that District staff gather billing information and look into incremental additional costs from consultants and other available sources:

- Request weekly deposits of water billing collections.
- Request weekly reports from the City depicting daily deposits and receivables.
- Request interest on the amount on the \$723,703.89 remitted to the District for the period August 1, 1999 through the date the check was received.
- Request a breakdown of the \$723,703.89 over each fiscal year the monies that were accumulated to enable revisions to prior year revenue.

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- Instead of establishing a separate billing system, authorize staff to meet with City Finance staff to expand independent audit procedures providing reports for both the City and the MSD of the billing system.

- Initiate discussions with the City to privatize all or part of their billing system.

a. **Cash Commitment/Investment Report for Period Ended 12/31/00:**

Presented as information only.

With no discussion, Mr. Gantt moved that the Board approve the Consolidated Motion Agenda as presented. Mr. Kelly seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays. Mr. Pace was absent during the vote.

6. Master Plan Status Report:

Mr. White of Camp Dresser & McKee (CDM) stated that the foundation of the Master Plan is a very important step in determining where flows are occurring now and in the future and the timing of the flows. This information will provide decision-making tools on what to approve and budget for in the future to meet existing flows.

Ms. Nesbit gave a report on how the Master Plan was developed by obtaining Infill information for all areas within the MSD Boundary as well as other areas currently served by MSD, such as the Cane Creek Water & Sewer District. She stated that data was obtained from the Buncombe County Comprehensive Land Use Plan as well as interviews with Local government planners and managers. She further stated that estimated wastewater flows from Infill total 2.56 MGD over the next 20 years. She reported that another aspect of the foundation included future potential growth areas outside the current MSD Boundary, which included Flat Creek, Leicester, Upper Hominy, Avery Creek, Cane Creek Road, Fairview, Northern Henderson and Southern Madison Counties. She stated that based on discussions with local government planners and managers, six growth "hot spots" were identified and further investigated. These areas, in their order of priority, include Avery Creek, Mills River (recently annexed to Cane Creek Water & Sewer District), Fairview (close to the City, not including Cane Creek Rd.), Flat Creek, Mars Hill (in Madison Co.), and Mud Creek/Mill Pond (in northern Henderson Co.) Mr. Venable asked why Flat Creek was considered a "hot spot". Ms. Nesbit stated that the main reason is the I-26 corridor. Mr. McGill stated that another reason is public water is now available and is expected to become a significant residential area. She stated that estimated wastewater flows from future, potential, service areas total 10.8 MGD over the next 20 years. Mr. Sobol questioned whether they would be looking at how much it would cost to lay lines from Fairview down Cane Creek Road. Also, how much it would cost to put additional lines from where Avery Creek comes into the South French Broad Interceptor down passed Biltmore Forest. Mr. White stated that they would be looking at both the cost of increasing trunk lines in these areas and the cost of interceptors. A discussion followed regarding whether the bottleneck is coming

from wet weather flow. Mr. Hartye stated that the wet weather figures would be added in with Infiltration/Inflow figures, which would have the largest impact on where facilities (treatment, storage, etc.) will go. This information will be fed into the model, and at a later date, recommendations would be made on how to handle these flows.

Mr. Hartye reported that the Citizens Participation Committee met February 1 to hear a report from CDM on the Master Plan and to get input from members as to where growth will occur. He stated that the meeting was very

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positive with good attendance and discussion.

Ms. Ball questioned whether the total increase in population (23,520) from future flow areas is from the Infill amount. Ms. Nesbit stated that 34,000 people are projected to come into the county in the next 20 years, with 10,000 of that figure being outside of the MSD Boundary. Ms. Ball further questioned whether the additional flow in the existing service area is based on population and new industry. Ms. Nesbit stated this information was based on land use and commercial/industrial hubs shown in the Comprehensive Land Use Plan. Mr. Venable asked when information from the Model will be available. Mr. Hartye stated that preliminary data from the model is coming in and a report could be available as early as next month.

7. Old Business:

Mr. Venable asked about the status of the Sodium Hypochlorite building. Mr. Hartye stated there have been some weather delays, and as a result, some liquidated damages are expected. He further stated that at this time, a completion date is not available.

8. New Business:

Mr. Hartye presented a Change Order in the amount of (270,000.00) for the North Swannanoa Section III project. He stated that Craigmont Road is one of the projects comprising the Tomahawk Basin Rehabilitation (Phase 2-Streets). He further stated that because the Town of Black Mountain's paving schedule, staff proposes to change order the Craigmont Road project to North Swannanoa, Section III, in order that this project may be accelerated to accommodate the

Town's paving schedule. With no discussion, Mr. Sobol moved that the Board approve the Change Order as presented. Ms. Field seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays. Mr. Pace was absent during the vote.

Mr. Kelly asked about the status of the \$2million Grant. Mr. Hartye stated that the EPA is deciding whether or not an environmental assessment is required, but staff is working to accelerate the process.

9. Adjournment:

With no further business, Mr. Venable moved for adjournment at 3:35 p.m. Ms. Ball seconded the motion. Voice vote was unanimous in favor of the motion.

Jackie W. Bryson, Secretary Treasurer