

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

APRIL 18, 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, April 18, 2001. Chairman Blackburn presided with the following members present: Ball, Bryson, Field, Pace and Venable. Those members absent were: Aceto, Graham, Gantt Kelly and Sobol.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Danny Bridges of McGill Associates, P.A., Richard Tsang and Mike White of Camp Dresser & McKee, Casey Smith and Joe Atol of Compliance EnviroSystems, Dave Porter of the Asheville Area Chamber of Commerce, Larry Casper of Lustar Dyeing & Finishing, John Frazier of Arvinmeritor, Keith Collins of Milkco, Patti Beaver of CIBO, Jim Fatland, Ann LeMieux, John Kiviniemi, Ed Bradford, Peter Weed, Sharon Walk and Sondra Honeycutt, MSD.

2. Approval of Minutes of the March 21, 2001 Meeting:

Mr. Pace moved that the minutes of the March 21, 2001 meeting be approved as presented. Ms. Bryson seconded the motion. Voice vote was unanimous in favor of the motion.

3. Discussion and Adjustment of Agenda:

Mr. Blackburn announced that the General Manager's report would be given following report of Committees.

4. Informal Discussion and Public Comment:

Mr. Blackburn asked that comments from Industrial Representatives follow the report of the Finance Committee.

5. Report of Committee Chairs:

Finance Committee

Mr. Hartye reported that the Finance Committee met to consider industrial rates and to hear a presentation by Mr. Daryl Parker of SVBK Consulting Group, who presented preliminary results of a rate study. Mr. Hartye

stated that MSD's rate structure is quite different than other municipalities and that the study shows the magnitude of existing rate inequities between customer classes (domestic and industrial). As a result, SVBK recommends increasing the flow rates for the industrial class over the next five (5) years to obtain parity with the domestic class. Because staff felt a five-year plan was too aggressive, a twelve-year plan was developed and presented to the Finance Committee. The Finance Committee directed staff to present this information to industrial users and the Chamber of Commerce for input and report back to the Board. Mr. Hartye further stated a meeting was held March 28, 2001 with industrial representatives who expressed the need to have these changes spread over an even longer period of time. He presented a copy of 5-year, 12-year and 20-year plans, which include sewer rates, revenue, expenditures and cash flow analysis and gave a brief review of each. Ms. Field asked how the BOD and TSS Rate/lb are arrived at. Mr. Hartye stated that it was obtained through testing. Mr. Venable asked what the limit on BOD means. Mr. Hartye explained when the BOD is over 30mg/l there is a charge of \$0.41.1/lb., which is added to the cost of flow. A discussion followed regarding whether this is revenue neutral and how assumptions were made.

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Mr. Blackburn called on Mr. Larry Casper of Luster Dyeing and Finishing and Mr. Dave Porter of the Asheville Area Chamber of Commerce for comments.

Mr. Casper presented a copy of Luster's March bill, which he compared to the other municipalities studied. He stated that of the ten municipalities studied, MSD is not the lowest rate system in the State, but the second lowest. Mr. Hartye explained the comparison was for the entire industrial class as a whole, not just Luster. Mr. Casper stated that he feels there should be parity between domestic and industrial rates, but the time frame is the issue. He further stated that the twenty-year plan is the fairest and requested the Board and staff consider this plan in lieu of the five and twelve-year plans. Ms. Field asked why the Committee made a policy decision for parity between domestic and industrial rates. Mr. Casper stated in his opinion there is a difference in the cost of service, in that it's cheaper to serve a large volume user than a domestic user. He further

stated that from a budgetary and planning standpoint, it's easier on industry to have a constant number each year over a twenty-year period. Mr. Clarke stated that in the past, MSD went back and determined the cost of treating each industry's waste the previous year. Based on that analysis, the industry received a rebate or was surcharged. A brief discussion followed.

Mr. Porter stated that he was present at today's meeting to represent not only the Asheville Area Chamber of Commerce, but also the Buncombe County Economic Development Commission. He reported that over the past eight years, the area has experienced over 50 plant closings or layoffs, impacting over 9,000 people. He stated that because Western North Carolina has satellite manufacturing operations, corporate staff would locate expansions in other locations if the area's overall cost of doing business were not competitive with its sister plants. He addressed other factors that impact a company's decision on where to locate and urged the Board to listen to the needs of industry so they can remain competitive.

Mr. Blackburn voiced his concern for industry and expressed his appreciation to Mr. Casper and Mr. Porter for their comments. Mr. Venable stated the District must consider other factors besides costs, such as the environment, clean water, rivers, reduced overflows, etc. Mr. Blackburn asked whether the Asheville Chamber of Commerce or the Buncombe County Economic Development Commission made any recommendations regarding this issue. Mr. Porter stated that they have not been asked to take a position, but are interested in the concerns of industry, since the area must rely on existing industry for growth. A discussion followed with regard to whether the rate per/lb of BOD & TSS would increase in the future and if commercial users are charged domestic rates. Mr. Pace expressed his appreciation to Mr. Casper and Mr. Porter for their comments, and stated that although something must be done, the District wants the impact to be as low as possible. With no further discussion, Mr. Venable moved that staff meet with industry, prior to approval of the Budget, for input on the twenty-year plan. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.

Personnel Committee

Mr. Venable reported the Personnel Committee met March 28, 2001 to hear a presentation by Ms. Kiser on the Personnel Annual Report, which includes information on employee turnover, training, and the Wellness program. He pointed out that since last April, there were four (4) terminations for cause and ten (10) voluntary resignations, which is a turnover rate of less than 10%. He further reported the Committee met today to discuss pay increases, which would be presented to the Finance Committee on April 25, 2001 and to the Board in May.

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Planning Committee

Mr. Hartye reported the Planning Committee met April 5, 2001 to consider an MSD Learning Center and the following options were presented:

- Option A would utilize approximately half of the existing maintenance building for a learning center, and additional finished space to meet code requirements (building, plumbing, and ADA requirements) of approximately 750 sq. ft. at an estimated cost of \$92,000.
- Option B includes renovation of the entire building space of 2500 square feet at an estimated cost of \$143,750.
- Option C would locate a scaled-down version of the learning center in what is now the WWTP Library at an estimated cost of \$5,000. This option would allow for additional warehouse space and future use space for potential needs identified by the Master Plan.

He further stated the Committee recommends Option C, and that an attempt be made to obtain grant money for future renovation of the existing facility.

In other business, he reported the Committee reviewed information regarding Line Cleaning Contracts and recommends award of a contract to Compliance EnviroSystems in the amount of \$555,977.30.

Capital Improvement Program

Mr. Hartye reported that the CIP Committee met April 17, 2001 to hear a presentation by Camp Dresser & McKee on the Master Plan and to consider the CIP Budget Plan. He stated the Committee recommends adoption of the five-year CIP Budget Plan, with rate increases kept to 4% per year, and subject to the financial constraints of the District.

1. Report of General Manager:

Mr. Hartye presented information regarding the Consolidated Office Building; Pay and Class Study; BASF; ITT-Teves; Local Government meeting with Buncombe County Commissioners; Metro-Lite Newsletter and State Division of Water Quality Earth Day.

Regarding BASF, Mr. Hartye stated that Enka Village residents expressed a desire to be brought into the District so these lines would be operated and maintained by MSD. Mr. Clarke reported that the residents have hired a lawyer who has been in touch with him about the process of being brought into the District.

He reported he would be making a presentation to the Council of Independent Business Owners (CIBO) on April 26, 2001 to discuss industrial rates. He further reported that due to policy changes with the Local Government Commission, the District is required to get bids in-hand for projects before proceeding with a Bond Issue, so the Bond Issue has been delayed until the fall.

Mr. Venable requested an update on the Eastview problem. Mr. Hartye stated the line was repaired and cleaned and that he wrote the Asheville Housing Authority requesting access to the property. Ms. Field stated that it is her understanding that the deeds to the property were never transferred to the owners.

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Mr. Clarke stated that this particular line serves more than one other resident, and MSD has taken the position that this is a public line and MSD would own and operate the section of line on the southern end of the property. Ms. Field stated the District should be commended for its efforts, because it was a public safety issue. Mr. Venable expressed concern that the District may be setting a precedent by taking over a private line. Mr. Clarke stated that because of the pressing public health issue, and because of the particular circumstances of this line, taking over the line seemed the appropriate action in this case.

2. Consolidated Motion Agenda:

Mr. Hartye presented the following Consolidated Motion Agenda Items:

a. Consideration of MSD Learning Center:

The Planning Committee recommends proceeding with Option C - scaled down facility at a cost of \$5,000.00.

b. Consideration of Line Cleaning Contracts:

The following proposals for Line Cleaning were received March 9, 2001: Professional Sewer Rehabilitation with a bid of \$779,491.70; McCullough Rehab Contractors, with a bid of \$835,139.50 and Compliance EnviroSystems with a bid of \$555,977.30. The Planning Committee recommends that Contract 5 be awarded to Compliance EnviroSystems in the amount of \$555,977.30.

c. Status of Pump Station Upgrade - Square D - Pearson Bridge:

Presented as information only.

d. Status of Weaverville Force Main Repairs:

Presented as information only.

e. Consideration of Bids for Two (2) Dump Trucks:

Mr. Hartye reported the following bids for dump trucks were received April 12, 2001: Peterbilt of Greenville with a total base bid of \$92,439.00; Volvo & GMC Truck Center (Charlotte) with a total base bid of \$86,324.78; Volvo & GMC Truck Center (Hickory) with a total base bid of \$79,761.00 and Volvo & GMC Truck (Greer) with a total base bid of \$80,388.00. He further reported staff recommends approval to purchase two Heavy Duty Dump Trucks from Volvo & GMC Truck Center of Carolina (Hickory) at \$79,761.00 for each truck.

f. Cash Commitment/Investment Report for Period Ended 2/28/01:

Presented as information only.

With no discussion, Mr. Venable moved that the Board approve the Consolidated Motion Agenda as presented. Mr. Pace seconded the motion. Roll call vote was as follows: 6 Ayes; 0 Nays.

Mr. Venable noted the substantial savings on line cleaning as a result of work being done by System Services.

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1. Master Plan Update:

Mr. Tsang of Camp Dresser & McKee gave a slide presentation on Master Plan results, which addressed major interceptor hydraulic issues (dry/wet weather and future flows) and 5 Options considered for hydraulic improvements. He stated that Options 1, 2 and 5 were ruled out based on cost, regulatory, and/or public perception concerns. Options 3 and 4 were investigated in much more detail, with Option 4 being the probable recommended alternative at an estimated cost of \$79 million. He further stated that CDM is still examining the treatment plant from a capacity standpoint; looking at how projects would be funded, and helping to draft a Capital Improvement Plan (CIP) for a number of years out. Mr. Venable asked if Option 4 would address the needs of Northern Henderson County. Mr. Tsang stated that this option would address both future and existing flow issues. A discussion followed regarding pump stations and potential growth of the northern end of the county as a result of the I-26 connector.

2. Old Business:

None

3. New Business:

None

4. Adjournment:

Mr. Pace moved for adjournment at 3:48 p.m. Mr. Venable seconded the motion. Voice vote was unanimous in favor of the motion.

Jackie W. Bryson, Secretary/Treasurer