

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

NOVEMBER 15, 2001

1. Call to Order and Roll Call:

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2:00 p.m., Thursday, November 15, 2001. Chairman Blackburn presided with the following members present: Aceto, Ball, Bryson, Gantt, Graham, Kelly, Pace, Sobol and Venable. Ms. Field was absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill of McGill Associates, David Herbert with the Clean Water Fund of North Carolina, Stan Boyd, Ann LeMieux, John Kiviniemi, Angel Banks, Ed Bradford, Art Mandler, Peter Weed and Sondra Honeycutt, MSD.

2. Approval of Minutes of the October 10, 2001 Meeting:

Ms. Bryson moved that the Minutes of the October 10, 2001 meeting be approved as presented. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.

3. Discussion and Adjustment of Agenda:

At the request of Mr. Aceto and Mr. Sobol, item h. (New Radio System) and item j. (Cash Commitment/Investment Report) of the Consolidated Motion Agenda were pulled for further discussion.

4. Informal Discussion and Public Comment:

Mr. Blackburn recognized Mr. Herbert of the Clean Water Fund of North Carolina. Mr. Herbert stated he was present to hear of any discussion held following the October 10th Board meeting that would affect the activity of Ross Creek and Kenilworth Lake. He also wanted to reiterate concerns regarding the immediate testing of water; removal of sediment; treatment of water and notification procedures following a substantial spill. He further stated he met with Mr. George Bond, Health Director of the Buncombe County Health Center who requested in a letter to Mr. Blackburn the need to do more than required by the State with regard to notification of sewerage spills. In conclusion, he asked that no new taps be allowed on lines serving the Kenilworth area, which are currently inadequate for existing use.

Regarding the issue of notification, Mr. Hartye stated staff has been working on a program of more direct notification following sewerage spills and developing standard operating procedures, with input from agencies across the State. He presented an example of signage to be posted around an impoundment to prevent people from entering until testing is complete. He further stated signs would be removed when it's determined the water quality meets State standards. In addition, door hangers are being developed to notify residents of a spill and public meeting, followed by a hanger to notify residents the water is safe. He presented a map showing the location of both phases of sewerline repair. The District has sent certified letters to residents notifying them of work to be done. He stated when the survey information is available staff will develop a plan for the lower end of the project followed by a public meeting to emphasize the need for the project. A discussion was held regarding the need to gain access to the lower end (phase II) of the project and for testing following a spill.

Mr. Aceto stated that although the District is committed to addressing the concerns of the public, he wanted to make it clear that MSD would not accept responsibility for the condition of Lake Kenilworth, since this is long time

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problem. Mr. Herbert stated he understood the District's position and hopes nothing was brought up in any meeting except that which appeared to have been caused by the most recent spill. Mr. Venable asked what caused the spill. Mr. Hartye stated sand and gravel accumulated in the sewer line. Mr. Kelly expressed his appreciation to Mr. Herbert for working so well with the District in resolving the issues.

5. Report of General Manager:

Mr. Hartye presented information regarding the WEA/AWWA Annual Conference, SSO Reporting/Notification, Board Retreat, State Collection Permit, Bond Issue and Date of the December Board Meeting.

He reported that a paper on the District's Master Plan was presented at the WEA/AWWA Annual Conference in Pinehurst, North Carolina. He further reported that Peter Weed received the Kenneth J. Miller Founders Award for his

work with Water for People and will be recognized at the National AWWA Conference in June, 2002. He presented a plaque sent to Peter Weed from the Bolivian Community for his work while in Bolivia.

Regarding SSO Reporting/Notification, Mr. Venable asked if the same signage would be used for streams. Mr. Hartye stated the procedures will vary depending on the water body, however, the District has procedures in place for streams after a spill has occurred.

Regarding the State Collection Permit, Mr. Hartye reported District Staff and Gary McGill met with State officials on October 30th to review the draft permit and would keep the Board apprised as negotiation progress. He stated the Permit would affect the District's Capital Improvement Program.

Regarding the Bond Issue, Mr. Hartye reported Standard & Poors upgraded the District's Bond rating from A+ to AA-, which will lower insurance premiums and get the District a better rate. Moody Investor Services rating stayed at A1. He further reported that pricing would take place November 28th, with the closing scheduled for December 12th and 13th. A discussion followed regarding the insurance premium and how the rating system works. Mr. Clarke stated by purchasing insurance, the District will save \$104,000.00 and the cost of the insurance is approximately \$20,000.00 less than the last Bond Issue.

6. Report of Committee Chairs:

Right of Way Committee

Mr. Pace reported the Right of Way Committee met October 24, 2001 to consider three (3) condemnations on the Swannanoa River Road project. He stated since the Committee did not have a quorum, the members present recommended the Board vote to accept staff's recommendation to obtain an appraisal and proceed with condemnation if necessary.

7. Consolidated Motion Agenda:

a. Consideration of Condemnation - Swannanoa River Road:

Mr. Hartye stated the Right of Way Committee recommends approval of staff's recommendation.

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b. Consideration of Compensation Budget - Grassy Branch Rehabilitation:

Mr. Hartye stated the Right of Way Committee recommends the Board accept staff's recommendation of approval of the Compensation Budget on the Grassy Branch Rehabilitation project.

c. Consideration of Compensation Budget - Pinehurst Road Rehabilitation:

Mr. Hartye stated the Right of Way Committee recommends the Board accept staff's recommendation of approval of the Compensation Budget on the Pinehurst Road Rehabilitation project.

d. Consideration of Compensation Budget - Tomahawk Branch Rehabilitation:

Mr. Hartye stated the Right of Way Committee recommends the Board accept staff's recommendation of approval of the Compensation Budget on the Tomahawk Branch Rehabilitation project.

e. Consideration of Developer Constructed Sewer System - Covington Crossing:

Mr. Hartye stated the Covington Crossing project is located off Baldwin Road in Arden and includes relocation of an existing MSD sewer line and the installation of approximately 3,408 linear feet of 8" gravity sewer at an approximate cost of \$128,000.00. Staff recommends acceptance of the developer constructed sewer system. All MSD requirements have been met.

f. Consideration of Series Resolution:

Mr. Hartye stated that staff recommends the Board approve the Series Resolution incorporating language specifying MBIA as bond insurer.

g. Consideration of Amended and Restated Series Resolution:

Mr. Hartye stated staff recommends the Board approve the Amended and Restated Series Resolution incorporating language specifying MBIA as bond insurer.

h. Consideration of New Radio System:

This item was pulled for further discussion.

i. Consideration of Purchase of Used Excavator:

Mr. Hartye reported the following quotes were received for a Heavy Equipment Excavator: Mitchell Distributing, with a Used Price quote of \$106,460.00 and a New Price quote of \$136,209.00; Carolina Tractor, with a Used Price quote of \$113,184.00 and a New Price quote of \$131,529.00 and John Deere, with a Used Price quote of \$104,650.00. He stated that since the District rented a new excavator from Mitchell Distributing for the past six months and is extremely satisfied with the performance, staff recommends the Board authorize the purchase of the used excavator from Mitchell Distributing Company for \$106,460.00.

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j. Consideration of Cash Commitment/Investment Report for Period Ended 9/30/01:

Mr. Aceto asked what the unencumbered balance means. Mr. Hartye stated that encumbered funds means all which the District has obligated itself to spend by contract. Mr. Hartye further stated that the unencumbered funds figure will be positive when the District receives the proceeds of the 2001 Bond issue in December.

Ms. Graham moved the Board approve the Consolidated Motion Agenda with the exception of Item h. Mr. Pace seconded the motion. Regarding the Bond Issue, Mr. Venable expressed his appreciation to Jim Fatland, Tom Hartye and Brady Blackburn for their planning and work in obtaining an increase in the bond rating. He expressed a concern

regarding the report from Moody's, which in part says "In order to maintain satisfactory coverage of debt, the District plans to increase user charges 4% per year for the next three years and projects 3% annual rate increases thereafter". He said this statement hinders the Board in making decisions about rate increases. Mr. Hartye stated bond ratings are mainly based on the District's track record, not the fact there will be a pre-determined rate increase each year. The rating agencies are aware the District sets rates annually. Mr. Sobol asked if the State, during discussion on the Collection Permit, made any comment about rate increases during the next five years. Mr. McGill stated the State was more interested in how projects were scheduled, not how the District plans to pay for them. With no further discussion, roll call vote was as follows: 10 Ayes; 0 Nays.

With regard to Item h. (new radio system), Mr. Hartye reported the District was notified that Nextel, MSD's current two-way radio service provider, is acquiring Chadmoore. This will mean an increase in costs and turn around time on program changes and repairs. He further reported that bids were opened on October 30, 2001, with only one bid received. Asheville Communications bid \$79,570.23 to replace all existing radios, move MSD to a more powerful UHF system, and do all necessary upgrades on MSD trucks and base stations.

Mr. Sobol stated that since the efficiency of the operation is tied to communications, he wanted to address several issues regarding this system. He asked why an UHF system is being considered. Mr. Mandler stated that UHF has not historically been available to two-way radios, but since UHF channels have been freed up, this system is more readily available. Also, it provides better penetration and extended range, and Nextel is moving to digital radio, which does not provide the best coverage in mountainous terrain. Mr. Sobol stated that according to the Emergency Medical Service, the best coverage MSD could expect with UHF is about 70%. He discussed the possibility of MSD piggybacking on the county's system at less expense and/or extending the current contract and waiting until Alltel, who utilizes both cell and radio on the same system, is located in the area. Ms. LeMieux expressed a concern that if MSD waits too long, new radios will need to be purchased. A discussion followed regarding whether to delay approval; if staff has done enough research on Nextel; if Asheville Communications is the only company that provides UHF systems and the monthly fee. Mr. Mandler stated that currently, Asheville Communications is the only company with an UHF system on Hightop Mountain. Also, when the line is trunked over to Pisgah, it will allow for multi-antenna selection and provide MSD with the best coverage. He further stated the monthly fee is \$15.00 per radio over a two-year period. Mr. Gantt asked if staff has looked into coordinating with the municipalities to be on the same system. Ms.

LeMieux stated its helpful for the MSD to be on a different frequency in the event the County's system goes

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down. Mr. Mandler stated that because the County system is more elaborate, he would be surprised if it were less expensive, but would make a more formal inquiry into the possibility. He further stated the City was approached, but it was found that a joint venture was cost prohibitive. Mr. Pace moved that Staff do some further investigation into the County system and report back to the Board in December. Ms. Graham seconded the motion. Mr. Sobol requested that staff contact other vendors before making a decision. Mr. Clarke stated other vendors can be contacted, but MSD must readvertise if it plans to purchase from a different vendor. With no further discussion, roll call vote was as follows: 10 Ayes; 0 Nays.

5. Old Business:

Mr. Venable asked if the building security system is in place. Mr. Hartye stated that proximity cards have been issued to employees for all entrances and cameras have been installed.

Regarding the CIP Budget, Mr. Venable asked for a report on expenditures. Mr. Hartye stated a report would be available at the CIP meeting in December.

6. New Business:

Ms. Bryson reported that a resident of Riceville Forest and writer for the Asheville Citizen Times has expressed a desire to do an article on Susan Presley, Project Manager in Planning and Development, for her outstanding effort in obtaining easement & property information on the Riceville Forest project.

7. Adjournment:

With no further business, Mr. Pace moved for adjournment at 3:16 p.m. Ms. Graham seconded the motion. Voice vote was unanimous in favor of the motion.

Jackie W. Bryson, Secretary/Treasurer