

# **BOARD OF THE METROPOLITAN SEWERAGE DISTRICT**

**June 12, 2002**

## **1. Call to Order and Roll Call:**

The regular monthly meeting of the Metropolitan Sewerage District Board and Public Hearing on the Budget and Sewer Use Rates for 2002-2003 was held in the Boardroom of MSD's Administration Building at 2:00 p.m., Wednesday, June 12, 2002. Chairman Blackburn presided with the following members present: Aceto, Bryson, Field, Graham, Pace, Sobol and Venable. Those members absent were: Ball, Gantt and Kelly.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill and Danny Bridges of McGill Associates, Joe Atol of Compliance EnviroSystems, Ann LeMieux, Ken Stines and Sondra Honeycutt, MSD.

## **2. Approval of Minutes of the May 8, 2002 Meeting:**

Ms. Bryson moved that the minutes of the May 8, 2002 meeting be approved as presented. Mr. Venable seconded the motion. Voice vote in favor of the motion was unanimous.

## **3. Discussion and Adjustment of Agenda:**

None

**4. Informal Discussion and Public Comment:**

None

**5. Public Hearing: Consideration of Resolution Adopting Budgets and Sewer Use Rates for Fiscal Year 2002-2003:**

**MINUTES OF PUBLIC HEARING**

At 2:06 p.m., Mr. Blackburn opened the Public Hearing on the Budgets and Sewer Use Rates for Fiscal Year 2002-2003. He called on Mr. Hartye for a report on the proposed Budget. Mr. Hartye reported that the Budget is the same as the Preliminary Budget presented May 8, 2002.

Mr. Blackburn called for comments from the Board. Mr. Venable expressed his appreciation to staff for additions to the Budget, the Flow of Funds Chart and Performance Measures. Mr. Hartye stated that Performance Measures were included in the 2000 Budget, but were cut back last year in most departments because they were more Output Measures than Performance Measures. He further stated that Goals and Objectives, Key Responsibilities and Accomplishments for the previous year are also included.

Mr. Blackburn called for comments from the public. There being no comment, Mr. Blackburn declared the Public Hearing closed at 2:10 p.m.

Mr. Blackburn called for a motion to approve the Resolution adopting the Budget and Sewer Use Charges for the Fiscal Year July 1, 2002 through June 30, 2003. Ms. Graham moved for approval. Mr. Pace seconded the motion. Mr. Sobol asked if approval of the Resolution includes the rate increase. Mr. Hartye said yes. With no further discussion, roll call vote was as follows: 7 Ayes; 1 Nay, (Mr. Sobol).

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**6. Report of General Manager:**

Mr. Hartye presented information regarding Billing Charges, Asheville City Council Workshop, Meeting with Legislators, Director of Finance, GFOA Award for District's Comprehensive Annual Financial Report (CAFR), Avery Creek Sanitary District, Merrimon Avenue/Reed Creek Interceptor Project and Budget and Rate Bullets for FY03.

Regarding Billing Charges, Mr. Hartye reported this is a pass-through charge from the City of Asheville/Water Authority, which is included in the Budget. He further reported that MSD received a letter from the City Manager on March 11, 2002 indicating the City was looking to revise its billing rates. He stated that since the MSD did not hear anything from the City, he included a CPI adjustment of 20 cents to the current billing charge in the Preliminary Budget. He further stated that he and Mr. Clarke attended the Water Authority Budget Committee on June 10, 2002 and received word that the Budget Committee is recommending to the Water Authority Board a 20-cent increase in billing charges. A discussion followed regarding the City of Asheville's recommendation that the District be charged \$3.67 per bill and the cost to the City to prepare each bill. Mr. Blackburn stated that the Finance Committee would follow-up on the letter from the City, review all billing and come back to the Board with a recommendation. Mr. Pace asked if the MSD is considering privatization. Mr. Hartye stated the MSD would first look at billing costs and then consider other alternatives. Mr. Aceto asked if the \$1.75 applies to billing from all the entities or

just the City of Asheville. Mr. Hartye stated it only applies to the City. A discussion followed regarding whether the increase in billing charges would affect the rates.

Mr. Hartye reported that he and Chairman Blackburn met with City Council on May 21<sup>st</sup> to give a short presentation on MSD and the Master Plan.

Mr. Hartye reported the District received the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year 2001 CAFR. He expressed his appreciation to Teresa Gilbert, Chuck Young and Auditor, Gould Killian CPA Group, PA for preparation of the document.

Regarding Avery Creek Sanitary District (ACSD), Mr. Hartye reported that he, Chairman Blackburn, William Clarke and Mike Butler met with the ACSD Board on May 23<sup>rd</sup> to discuss MSD's current two-year agreement, which expires in July, and the future of ACSD. He stated the ACSD Board expressed a desire to get out of the sanitary sewerage business, but was committed to resolving the issue of failing septic systems in a few neighborhoods. He further stated that MSD and ACSD agreed to extend the current agreement while continuing to pursue funding for sewer service to these neighborhoods.

With regard to the Merrimon Avenue/Reed Creek Interceptor Project, Mr. Hartye reported a public information meeting was held June 4, 2002 to inform the public of the project prior to the Right of Way process. This is part of the new "stepped-up" notification process for higher impact projects. He stated this is a sewer replacement project along Merrimon Avenue between McDonalds and Boston Pizza, which will begin in about 12 months.

Mr. Hartye reported that Engineering/Planning & Development held a Standard Specifications meeting with Developers and Engineers on June 7<sup>th</sup> to discuss the Extension Policy and upcoming idea of a fee for transfer of documents, which were both well received.

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Mr. Hartye reported that MSD recently received a response from the State on its Collection System Permit and that most of the language recommended by the MSD was incorporated. He stated that MSD must respond by June 30, with a 10-year CIP and increased Inspection and Maintenance program for these lines. As a result, Staff is busy pulling together information on pipe ratings to be incorporated into the document. He further stated he expects the Permit to be finalized following this response.

Regarding the FY03 Rate/Budget Bullets, Ms. Graham questioned the reported average residential monthly bill of \$22.97. Mr. Hartye stated this is a monthly rate based on 6ccf, however, the average usage may be slightly less.

**7. Report of Committee Chairs:**

**Right of Way Committee**

Mr. Pace reported the Right of Way Committee met May 22, 2002 to consider the Compensation Budget on the Lower Ross Creek Rehabilitation project. He stated the Committee recommends Staff revise this budget using the proposed Compensation Policy and bring it back to the Committee for further review. He further reported the Committee considered condemnations on three (3) projects, two (2) of which settled prior to the meeting. Also, the Committee re-considered Revision of the Compensation Policy, which is item d. of the Consolidated Motion Agenda.

**Partnership in the Community Committee**

Ms. Field reported the Partnership in the Community Committee met May 28, 2002. She stated that in preparation of this meeting she met with several people in the community to discuss the direction of the Committee, and as a result, considered the following issues.

- **Request by County that the District enact regulations to limit extension of sewers to elevations above 2,500 feet and exceed 40 percent slope.** Ms. Field reported that Mr. McElduff of the Buncombe County Planning Board, explained what the County is asking for. She stated that following a lengthy discussion, the Committee agreed MSD should not take the lead in this effort, but suggested that a meeting be scheduled to discuss the issue, with staff providing information on the impact to MSD.
- **Storm Water.** Ms. Field reported that Cathy Ball gave a presentation on the NPDES Storm Water Regulations, Phase II. She stated the reason she wanted this issue discussed is because she feels control of storm water will affect MSD in terms of inflow and wanted the Committee to be updated on where the City was in the process.
- **Education Opportunities.** Ms. Field reported that the Committee felt MSD should educate key players in the community about how MSD works.
- **On-line One-stop Permitting and Water/Sewer Hot Line.** Ms. Field stated the idea behind On-line One-stop Permitting is to connect all of the permitting agencies on the web by downloading all forms and having the ability to pay fees by credit card without having to go from place to place. She further stated that the idea of a Hot Line is to provide citizens with a customer service representative to talk to who are having water & sewer problems and who can direct them to the right agency.

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Ms. Field stated that it was a good meeting and the Committee agreed to meet again in a couple of months. She asked the Committee for ideas, especially those that involve getting people together to form partnerships or build partnerships. Mr. Blackburn stated that at the presentation to City Council, he suggested MSD be a player in economic development, which may impact this Committee.

Mr. Venable asked if GIS mapping is still going on-line. Mr. Hartye stated it would take place in July and would be in an easy browser format, which would link to other sites.

**8. Consolidated Motion Agenda:**

**a. Consideration of Preventative Maintenance Contract VI - 2002-2003:**

Staff recommends approval of the proposal from Compliance EnviroSystems, LLC for Contract VI Preventative Maintenance in the amount of \$561,470.25.

**b. Consideration of Construction Contracts: General Sewer Rehabilitation Projects - Lakeside Drive (MSD Project No. 200255), and the Tomahawk Basin Phase II Rehabilitation Project - Craigmont Road Phase II (MSD Project No. 200239B).**

The following bids for the Lakeside Drive Project and the Tomahawk Basin Project were received May 29, 2002: Huntley Construction with a combined bid amount of \$330,205.00; Bryant Electric Company with a combined bid amount of \$340,110.00; Terry Brothers Construction with a

combined bid amount of \$369,372.00; Buckeye Construction with a combined bid amount of \$396,387.35 and T&K Utilities with a combined bid amount of \$408,865.00. Staff recommends award of this contract to Huntley Construction Company, Inc. in the amount of \$330,205.00 contingent upon review by District Counsel.

**c. Consideration of Developer Constructed Sewer Systems: Eastwood Village Phase 2, East Ridge Subdivision Phase 2, H&B Grocery and Pulliam SunCom:**

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

**d. Re-consideration of Compensation Policy Revision:**

The Right of Way Committee recommends that beginning July 1, 2002, compensate owners for *net new* Permanent Easement (PE) area at 50% of current tax value and for the *total* Temporary Construction Easement (TCE) area at a 10% annual rate of return on the value of any new square footage for the duration of the project.

**e. Cash Commitment/Investment Report for Period Ended 4/30/02:**

Presented as information only.

Ms. Graham moved that the Board approve the Consolidated Motion Agenda. Mr. Pace seconded the motion. Roll call vote was as follows: 8 Ayes; 0 Nays.

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**9. Old Business:**

None

**10. New Business:**

None

**11. Retreat Goal Setting Continued:**

Mr. Blackburn presented the Goals and Objectives from the 2002 Board of Directors Retreat. A discussion was held with regard to the order of the Goals and Objectives. Ms. Field stated that what is missing is a goal to maintain the environment. Mr. Clarke suggested "Maintain & Improve Water Quality". Ms. Field stated that some of the goals listed are action steps not goals, such as "Examine all Funding Options". A discussion was held regarding the Goals, whether they were Action Steps instead of Goals and how they should be worded. Ms. Field moved that the Board adopt the following Goals. Mr. Venable seconded the motion.

1. Don't screw it up
2. Diversification in the work place
3. Become the wastewater provider of choice

4. Partner with others to develop green space, parks, etc. on MSD land
5. Provide the most efficient service at the least cost to the rate payer
6. Maintain & improve water quality

With regard to Goal #3, Mr. Aceto suggested it read "Become the wastewater *treatment* provider of choice". Regarding Goal #4, Mr. Clarke suggested it read "Partner with others to develop green space". A discussion was held regarding whether Goal #4 should be removed from the list. Ms. Graham expressed a concern that the MSD may be opening itself up to being involved in greenspaces and should stay with its primary purpose. With regard to rights-of-way, Mr. Sobol stated the MSD must give the okay or there is no way these areas can be used as greenspaces. Mr. Clarke stated any obligation as a result of including this goal, is subject to the District's overall goal of providing wastewater collection and treatment in an efficient manner. With no further discussion, Ms. Field accepted changes to the motion as suggested by Mr. Aceto and Mr. Clarke. Voice vote in favor of the motion was unanimous.

In other business, Mr. Sobol asked for a report on the litigation between the MSD and Tom Tarrant. Mr. Clarke stated mediation is scheduled for June 17, 2002.

## **12. Adjournment:**

With no further business, the meeting adjourned at 3:07 p.m.

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Jackie W. Bryson, Secretary/Treasurer