

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

OCTOBER 16, 2002

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., Wednesday, October 16, 2002. Vice Chairman Sobol presided with the following members present: Aceto, Ball, Bryson, Field, Gantt, Pace and Venable. Chairman Blackburn, Ms. Graham and Mr. Kelly were absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill and Danny Bridges of McGill Associates, Larry Frost with the North Carolina Division of Water Quality, Leah Karpen with the League of Women Voters, Marcus Barksdale with Mattern & Craig, Van Gerald and Bob Jolly with Sassafrass Valley, LLC, Martha Zeigler, Ann LeMieux, Stan Boyd, John Kiviniemi, Jim Naber, Ed Bradford, Peter Weed, Gaynell Brigman and Sondra Honeycutt, MSD.

Mr. Sobol welcomed Mr. Frost, Ms. Karpen, Mr. Gerald and Mr. Jolly.

2. Approval of Minutes of the September 18, 2002 Meeting.

Mr. Venable moved that the Minutes of the September 18, 2002 Meeting be approved as presented. Mr. Pace 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. Report of General Manager:

Mr. Hartye presented information regarding New Collection System Permit, Articles, ISO 14001 Certification, WLOS News Clip, Annual AWWA/WEA Conference, and November Board Meeting.

Mr. Hartye reported that the District has received its Collection System Permit from the State dated September 17, 2002 and indicated that a primer on this permit may be given to the Planning Committee sometime in the future.

Mr. Hartye presented copies of the following articles: Mountain Express, on the Swannanoa Interceptor, the river, and greenways. A World of Wounds, provided by Steve Aceto, The Asheville Tribune, regarding the District's recent fee increase, and a FaxAlert from AMSA regarding wastewater financial needs.

Regarding the ISO 14001 Certification, Mr. Hartye presented a copy of a news release regarding the District's Certification and an article on EMS's.

Mr. Hartye presented a News Clip that aired on WLOS on sewers and grease. He expressed his appreciation to Wayne Tipton, Roy Lytle, Ann LeMieux, Peter Weed, Ken Stines and Monty Payne for their involvement in this opportunity to educate the public.

Mr. Hartye reported that the Annual AWWA/WEA Conference would be held November 17-20 in Winston-Salem for those who are interested in attending.

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Mr. Hartye requested that the November Board meeting, originally scheduled for November 6th, be rescheduled to November 20th. The Board agreed to the change.

6. Report of Committees:

Finance Committee

In the absence of Chairman Kelly, Mr. Hartye reported that the Finance Committee met September 25, 2002 to discuss two issues; Refunding of Bonds and Billing Services. Mr. Hartye stated that the Finance Committee recommends that the Board form a sub-committee to evaluate and pursue refunding of certain revenue bonds due to the market rate. He further stated that typically the Finance Committee Chairman, Chairman of the Board, Martha Zeigler and himself would serve on this sub-committee.

Regarding Billing Services, Mr. Hartye reported that the Committee went over the primary issues involved. He stated that the Committee recommends that

staff investigate the cost of hiring a consultant and determine the scope of work and bring this information back to the Board. In addition, the Committee recommended that at least two Board Members join Martha Zeigler and Mr. Hartye to meet with City of Asheville and Water Authority representatives to discuss the issues. Mr. Hartye further stated that Chairman Blackburn has expressed a desire to serve on this Committee. Ms. Field stated that she would like to serve on the Committee. Mr. Pace requested that staff notify Board Members when these meeting are scheduled to take place in order that they may attend as observers if they wish.

With regard to refunding bonds, Mr. Venable asked how the District would determine what bonds to refund and whether it was just a matter of savings. Mr. Clarke stated that the District can advance refund in order to get a better interest rate. If bonds have already been refunded on time, the District can do a "current refunding" whereby bonds can be refinanced ninety (90) days before the maturity date. A discussion followed regarding the amount of savings the District would realize and the amount of bonds to be refunded. Mr. Hartye stated that the District would save \$1.6 - \$2.6 million at current market rates and refund approximately \$20 to \$30 million worth of bonds.

Ms. Ball asked how much it would cost to hire a consultant to look at the billing. Mr. Hartye stated that staff developed a Scope of Services with the aid of Gary McGill and Denny Martin, which will be presented at the November Board Meeting.

Planning Committee

Mr. Aceto reported that the Planning Committee met October 15, 2002 to consider Sludge-Handling Process Improvements and review of Fees and Charges. With regard to the Sludge-Handling Process, he reported that because of on-going deterioration of the current belt presses, staff wishes to move ahead with replacement. He further reported that McGill Associates has been retained and has developed a preliminary engineering report evaluating dewatering methods and equipment. He stated that McGill Associates attempted to combine the Master Plan recommendations and dewatering needs for the next 20 years to come up with a cost effective resolution, which centered around centrifuges and belt presses. He further stated that a discussion was held regarding the incineration

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process; whether to purchase centrifuges now, or replace the belt presses now and get centrifuges in 15 years. In addition the Committee discussed ventilation issues. Mr. Aceto stated that no action was taken, but a recommendation would be made at the November Board Meeting.

With regard to Fees and Charges, Mr. Aceto reported that staff presented information on Bidding/Outsourcing of taps; evaluation of "cost recovery"; combining of fees; affordable housing fees and evaluation of facility fees. He further reported that it was the consensus of the Committee that these fees be brought back and evaluated during the budget process for possible implementation in July, 2003.

7. Consolidated Motion Agenda:

a. Consideration of Cost Participation - Castle Street Home Project:

Mr. Hartye reported that this project is located at the intersection of Castle Street and Caledonia Road in Asheville and includes relocating approximately 185 L.F. of an existing sewer line to accommodate construction for one home and an unattached apartment unit. He further reported that staff recommends MSD participation in 25% of the construction costs for rehabilitation in an amount not to exceed \$4,206.00.

b. Consideration of Construction Contract - General Sewer Rehabilitation Project - Tomahawk Basin Phase 2B - Dig & Replace:

Mr. Hartye reported that this project was originally put out for bid as a Lining project at a cost of \$72.50 per foot, but because bids for Dig & Replace in the same basin came in lower than anticipated, staff decided to bid this project as a Dig & Replace. He stated that the benefit of Dig & Replace are: new pipe, new service connections, new manholes and new pavement. For this reason staff felt that for the cost differential, it was worth going to Dig & Replace, which came in at \$86.89 per foot. A discussion followed regarding the difference in cost and the savings in future maintenance costs as a result of using Dig & Replace on this project. Mr. Hartye expressed his appreciation to Ed Bradford for his efforts in determining the cost differentials. Mr. Hartye further reported that the following bids for this project were received and opened on September 24, 2002: Bryant Electric Co. with a total bid of \$617,020.00; Buckeye Construction Co., with a total bid of \$654,132.20; Buncombe Construction, with a total bid of \$619,000.00; Hobson Construction, with a total bid of \$601,305.00; T&K Utilities, with a total bid of \$559,642.00; Tennoca Construction, with a total bid of \$543,045.00 and Terry Brothers Construction Co., with a total bid of \$575,365.00. Mr. Hartye stated that staff recommends award of this contract to Tennoca Construction Co., Inc in the amount of \$543,045.00, contingent upon review by District Counsel.

c. Consideration of Acceptance of Developer Constructed Sewer Systems - Village at Biltmore Lake; Oakbrook Phase 3 at Biltmore Lake; Mountain Neurology; Brookhaven Village Phase 2 & 3; Grovewood Estates; Chunn's Cove Estates and Herman Avenue:

Mr. Hartye reported that staff recommends acceptance of the developer constructed sewers systems and that all MSD requirements have been met.

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d. Cash Commitment/Investment Report for Period Ended 8/31/02:

Presented as information only.

e. Bond Refinance Subcommittee:

Mr. Hartye reported that the Finance Committee recommends acceptance of staff's recommendation that the Board appoint a sub-committee to pursue refunding of revenue bonds and that Mr. Blackburn and Mr. Kelly are a part of the sub-committee.

With no discussion, Ms. Field moved that the Board approve the Consolidated Motion Agenda as presented. Ms. Ball seconded the motion. Roll call vote was as follows: 8 Ayes; 0 Nays.

8. Presentation on ISO 14001 Certification:

Mr. Hartye presented a plaque displaying a copy of the ISO 14001 Certification. He stated that the original Certification is displayed at the Plant, and at the suggestion of Mr. Aceto, consideration is being given to a flag at the Plant. Mr. Hartye stated he was very proud of this accomplishment and introduced Mr. Naber, MSD's Health and Safety Manager to begin the presentation.

Mr. Naber presented background information on the ISO 14001 Certification, also referred to as an Environmental Management System (EMS). He reported that EMS identifies the cause of problems, i.e., compliance; products that are not performing correctly and being pro-active instead of reacting when something happens. He stated that EMS follows a Plan-Do-Check-Act cycle by developing an Environmental Policy; developing a game plan; implementing the plan, checking on the plan and improving the plan if necessary as a continuing on-going cycle. He further stated that the MSD Environmental Policy ensures environmental quality by monitoring processes and operations for continual improvements; setting objectives and targets for pollution prevention and complying with applicable Federal, State and Local Environmental Regulations. Mr. Naber stated that of the hundred EMS activities, staff narrowed these down to four (4) activities that most significantly impacted the environment of MSD. These included, Biosolids Management, Raw Sewage Pumping, Sludge Lagoon/Material Placement, and Factor/Inputs Affecting Biological Process. He further stated that from these activities, staff came up with the following Objectives/Targets: Increase Percent Cake Solids; Research Material Placement Alternatives; Recycling Program; ISO 14001 Certification by July 31, 2002 and to share and train employees on awareness of what is being done at the WWTP facility.

Mr. Kiviniemi expressed his appreciation to Jim Naber, Jon van Hoff and Gaynell Brigman for their time and effort in obtaining the Certification. He reported that over the last several years, Treatment Plant staff has focused on becoming more competitive, and when they started looking at the ISO process they realized the EMS was the central theme they were looking for. He stated that some of the benefits of becoming ISO certified are cost savings; image; reduced insurance rates, and confidence in borrowing money. He further stated that employee involvement in the process came from every level of the organization, which led to positive communication. As a result, morale has improved and employees continue to offer suggestions on how to improve the process. Another inherent benefit of the program is that regulators will look favorably on MSD when it comes to permits renewals, etc. as mentioned by the North Carolina

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Department of Environment and Natural Resources and the Environmental Protection Agency. Mr. Kiviniemi reported that the Plant has re-instituted the Recycling Program; incorporated the ISO program into the procurement process by purchasing environmentally friendly products; looked at all the emergency and spill control issues; improved efficiency and greater operational consistency, and improved communications about environmental issues both inside and out. He stated that in North Carolina, MSD is the third utility to become ISO certified and the largest to date. The other cities are Gastonia and Shelby.

Mr. Hartye stated that the ISO Program would move forward into other areas of the organization; Fleet and Administration. Mr. Sobol recognized Mr. Hartye and stated that he was in the forefront of this process and would be responsible to answer to the regulatory agencies.

Mr. Sobol presented Certificates of Appreciation to Gaynell Brigman, John Kiviniemi and Jim Naber.

Mr. Aceto moved that the Board express congratulations and gratitude to staff for their commitment to working to a standard of continuous improvement for receiving the ISO 14001 Certification, and particularly, recognize Gaynell Brigman, Jim Naber and John Kiviniemi as the EMS Team who brought this Certification forward. Ms. Bryson seconded the motion. Mr. Sobol suggested that an article be forwarded to the Asheville Citizen Times. Voice vote in favor of the motion was unanimous.

Mr. Gantt stated that this accomplishment is very important and is in favor of further publication.

9. Old Business:

None

10. New Business:

None

11. Adjournment:

With no further business, Mr. Gantt moved for adjournment at 3:10 p.m. Mr. Sobol seconded the motion. Voice vote in favor of the motion was unanimous.

Jackie W. Bryson, Secretary/Treasurer