

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

NOVEMBER 20, 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, November 20, 2002. Chairman Blackburn presided with the following members present: Aceto, Ball, Bryson, Field, Gantt, Graham, Kelly, Pace, Sobol and Venable.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill and Danny Bridges of McGill Associates, Bob Difiore of Hazen & Sawyer, Elizabeth Teague with the Town of Fletcher, Leah Karpen with the League of Women Voters, Marilyn Westphal and Richard Maas with the Environmental Quality Institute, Stan Boyd, Martha Zeigler, John Kiviniemi, Angel Banks and Sondra Honeycutt, MSD.

2. Approval of Minutes of the October 16, 2002 Meeting:

Mr. Venable moved that the Minutes of the October 16, 2002 Meeting be approved as presented. Ms. Field seconded the motion. Voice vote in favor of the motion was unanimous.

3. Discussion and Adjustment of Agenda

Mr. Blackburn welcomed those guests in attendance.

4. Informal Discussion and Public Comment:

None

5. Report of General Manager:

Mr. Hartye presented information regarding Reading; ISO 14001 Certification; Good Communication and Happenings:

Mr. Hartye presented an article regarding sewerage problems in Atlanta, an information brochure regarding riparian buffers and conservation easements, and the latest copy of the MetroLite.

Regarding the ISO 14001 Certification, Mr. Hartye presented a copy of a public notice/advertisement, which ran in the October 25th edition of the Asheville Citizen-Times.

With regard to Happenings, Mr. Hartye announced that the employee Christmas lunch would be held December 17th at 12:00 p.m. and the Annual Health Fair would be held at the Woodfin Community Center December 19th from 8:00 a.m. to 2:00 p.m.

6. Report of Committee Chairs:

Right of Way Committee:

Mr. Pace reported that the Right of Way Committee met today to consider the Compensation Budget for the Fairway Drive/Tomahawk Basin Rehabilitation Project, which will be presented to the Board in December.

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Ms. Banks reported that the Right of Way Department has hired R.L. Haynes to replace Tom Brittan. She stated that Mr. Haynes has 12 years experience and feels he will be an asset to the department.

6. Consolidated Motion Agenda:

a. Consideration of Compensation Budget for Hi-Alta, Merrimon Avenue/Reed Creek Rehabilitation and Weaverville Main Street:

Mr. Hartye reported that the Right of Way Committee recommends approval of the Compensation Budgets.

b. Consideration of Town of Fletcher/MSD Greenway Agreement:

Mr. Hartye reported that Ms. Teague, Planning Director for the Town of Fletcher gave a presentation to the Right of Way Committee regarding background and location of Fletcher's Greenway Master Plan in relation to MSD lines. He presented a copy of the draft Greenway Agreement prepared by Mr. Clarke. He stated that the Right of Way Committee recommends approval of the draft Agreement and authority to formally present the same to the Town of Fletcher's Manager and Council for review and approval. Ms. Teague reported that the Town of Fletcher approved the Agreement as presented.

c. Consideration of Acceptance of Developer Constructed Sewer System: Bi-lo Shopping Center Sewer Extension and Mission Hospital/Biltmore Avenue Sewer Rehabilitation:

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

d. Consideration of Reimbursement Resolution for Bond Projects:

Mr. Hartye reported that as a result of changes in the Local Government Commission's Standard Operation Procedures, MSD projects must be underway, or bids in hand prior to the issuance of bonds. He stated that the Reimbursement Resolution identifies those projects intended to be solely or substantially financed by bonds anticipated to be issued in fiscal year 2005. He further stated that Board approval is required to maintain the tax-exemption of interest paid on MSD bonds by authorizing expenditure of bond proceeds for these projects. He reported that staff recommends approval of the Reimbursement Resolution.

e. Consideration of Records Retention Policy:

Mr. Hartye reported that the District's new Collection System Permit requires the establishment of a Records Retention Policy. He stated that both the North Carolina Department of Cultural Resources and the District must

approve the policy, which is required to authorize the Chairman and the General Manager to sign the adoption agreement for the District. However, no word has been received from the Department of Cultural Resources on the particular requirements for the areas identified. He further stated that the Board could either give approval for the General Manager to sign the Policy or bring it back to the Board when the Retention Schedule is received from the Department of Cultural Resources. Mr. Aceto asked if the Board needs to be aware of anything it generates that might be subject to the Public Records Act.

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Mr. Clarke stated that North Carolina has a very broad Public Records law, but essentially, any document that comes to the District is public record and subject to inspection and copying. He further stated that documents that come to Board Members are public record and documents that are submitted to the MSD that are marked confidential trade secret can be withheld from inspection for a certain period of time. Also, Closed Session Minutes can be withheld so long as the purpose of the Closed Session is disclosed. Mr. Clarke stated that he would provide a primer on Public Record Law. Mr. Hartye stated that staff will return when the Standard Policy is received from the State Department of Cultural Resources. Mr. Venable requested that this item be pulled and brought back in the future. The Board agreed.

f. Consideration of Deferred Compensation Plan (457) Amendment:

Mr. Hartye reported that staff recommends approval of the Deferred Compensation Plan (457) Amendment to comply with new IRS regulations. Mr. Venable asked for clarification on the Plan. Ms. Zeigler stated that if an employee receives pay that is not regular pay, i.e., pay awarded as a result of a lawsuit or something out of the ordinary, the employee would not be able to defer that money unless there was a prior agreement.

g. Cash Commitment/Investment Report for Period Ended 9/30/02.

Presented as information only.

Ms. Field moved that the Board approve the Consolidated Motion Agenda as presented. Ms. Pace seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

7. Consideration of Volunteer Water Information Network (VWIN) Program Funding:

Mr. Hartye reported that Buncombe County recently cut-off funding for the Volunteer Water Information Network (VWIN) Program this year as a part of their budget cuts. He further reported that the Program provides stream sampling, testing and analysis of selected sites in the County, and the results are used to characterize water quality of each stream relative to accepted or established water quality standards. He stated that 3/4 of the labor costs for sampling, etc. are avoided due to the volunteer effort and that lab costs for tests run at the Environmental Quality Institute (EQI) are 1/3 of those charged from a typical commercial laboratory. He further stated that this program is being presented to the Board because the two main goals of the Districts' Mission Statement are to be good stewards of the environment and do so in a cost efficient manner. Ms. Ball stated that she is very supportive of the program, but questioned why the funds are being taken out of CIP Contingency. Mr. Hartye stated that since this is a non-budgeted item, the Board would need to approve an amendment. Ms. Graham stated that she agrees with Ms. Ball, but would feel more comfortable if this was brought back to the Board after further research. Ms. Field stated she solidly supports the program, since one of the Board's main goals is to keep the water clean. Mr. Venable questioned whether the District should be funding this program, when in his opinion, the County should fund it. Mr. Gantt stated that the County does not plan to fund the program again next year. Mr. Pace stated he feels the District does its part in keeping the water clean and would like to discuss this issue more before giving approval. Ms. Ball moved that the Board approve funding for this year with no promise of future funding, and in the interim, do additional research to determine whether this is a program the District should

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continue to fund. Mr. Sobol seconded the motion. Mr. Venable asked what would happen to the program if the District decides not to fund it and if funds are received from other sources. Dr. Maas stated that Buncombe County originally funded 46 sites, but could not fund any sites this year and there are a few sites that continue to be funded through a restrictive grant to RiverLink, Inc. Mr. Venable asked who uses the data that is collected. Dr. Maas stated that information from the program goes to state and local government for watershed planning purposes and is used extensively to support grants for water quality improvement projects. Mr. Venable asked if the District could expect some type of feedback should it decide to fund the program for a year. Dr. Maas presented a copy of last year's technical report for the Board's review and stated that additional copies would be made available for the District's Education Program as suggested by Barbara Field. Mr. Blackburn suggested this information be referred to the Planning Committee since this is a long-range planning issue based on the philosophy of the Board. A discussion followed with regard to whether the District should fund this program based on a philosophy and why it should become the responsibility of the District instead of the Water Authority, City of Asheville or other agency. Mr. Aceto moved that the motion be amended to state that the Board approve the grant for one year in the amount of \$18,400.00 without any guarantee of a renewal; that it will be restricted to the use of collecting data within the District's service area; that the data will be made available to MSD and MSD will incur no liability in connection with grant activities. Ms. Ball agreed to the amendment. With no further discussion, roll call vote was as follows: 8 Ayes; 3 Nays, (Ms. Graham, Mr. Kelly, Mr. Pace). Ms. Graham requested that when this issue does go to Committee that Dr. Maas be available to give a presentation on the program and that a representative of the Water Authority be present. Dr. Maas expressed his appreciation to the Board for their time and thought into this program.

8. Consideration of Billing Consulting Services:

Mr. Hartye reported that proposals for Billing Consulting Services were received on November 8, 2002. Following review, staff recommends acceptance of the proposal of MGT of America and requests authorization to enter into a contract for services not to exceed \$24,250.00. He stated that the purpose of the consulting services is to determine what it would cost the District to do billing in-house; currently being done by the City of Asheville. He further stated that the starting point is the data from the City of Asheville. Ms. Ball asked if doing separate billings would impact the existing Consolidation Agreement the District has with the City of Asheville. Mr. Clarke stated that the Agreement says the entities will provide billing services at a prorated portion of the cost. It also says the District reserves the right to collect rates, fees or charges directly from users of the District Sewerage System on a periodic basis satisfactory to the District. Ms. Ball asked if the study will only look at MSD doing the billing, not the option of a third party doing the billing. Mr. Hartye stated that the study will look at privatizing some or all portions of the billing function. Mr. Sobol asked if the study includes what it would cost to bill water. Mr. Hartye stated that meter reading is not a part of the study, but if MSD wanted to do something and that became part of the negotiations, the MSD may, together with the City of Asheville, want to look at privatizing this function. Mr. Sobol asked if MSD could ask for an opinion on this issue if the proposal is approved. Mr. Hartye stated that the first step is to ascertain whether the increase in billing costs from \$1.75 to \$3.67 per bill is reasonable. A discussion followed regarding how other sewer districts handle billing. Mr. Gantt moved that the Board approve the recommendation of

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staff. Mr. Pace seconded the motion. Roll call vote was as follows: 9 Ayes; 2 Nays (Ms. Ball and Mr. Kelly).

9. Consideration of Sludge Handling Consultant Services:

Mr. Hartye reported that at the October meeting of the Planning Committee Mr. McGill of McGill Associates gave a presentation and recommendations with regard to dewatering methods/equipment and ventilation issues. As a result, staff looked at selecting a consulting firm for the design of the belt filter presses, etc. He further reported that staff followed the District's Qualification Based Selection requirements to select a design-engineering firm for the work. The Staff Selection Committee unanimously selected the firm of Hazen and Sawyer for a proposed lump sum design fee of \$77,500.00 and a separate lump sum fee of \$13,200.00 to perform the inspection and evaluation of the incinerator. He stated that staff recommends that the General Manager be authorized to contract with Hazen and Sawyer for the proposed engineering work in a lump sum total amount of \$90,700.00. Mr. Kelly asked what it would cost the MSD to replace the belt filter presses. Mr. Hartye stated that the preliminary estimated cost is \$1 million dollars, but after the design phase, a better estimate can be made. Ms. Ball moved that the Board approve the recommendation of staff. Mr. Aceto seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

10. Old Business:

Mr. Venable asked the General Manager if there have been any repercussions (fines) from the most recent spill into the Swannanoa River. Mr. Hartye stated that since the District was in the process of replacing the line, no fines would be involved.

11. New Business:

Mr. Sobol suggested that when the CIP Committee meets again he would like some additional information on the District's Smoke Testing Program in order to justify future funding. Regarding the North Swannanoa Phase II - 3, Mr. Sobol asked if there is information available on the reduction of inflow prior to opening and after opening of this line. Mr. Hartye stated that over 20 separate drainage

basins feed into the Swannanoa Interceptor and it would take a couple of years to develop meaningful information for this type of trend, but he would attempt to provide some information by spring.

Mr. Venable questioned an article in the Citizen-Times that the Water Authority plans to raise their required deposit for certain people and that they were going to ask the MSD about doing the same. Mr. Hartye stated that he talked to Mr. Hanks about this statement and there was some confusion, since prior to Consolidation, there was a water deposit and a sewer deposit, but since Consolidation, there is just one billing agency, therefore one deposit. Uncollected water & sewer charges are supposed to be allocated proportionally according to the Consolidation Agreement. Ms. Graham suggested that the consultant look at this issue when considering billing services.

Mr. Kelly suggested that information on how to cut sewer costs be provided to sewer users.

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12. Adjournment:

At 3:10 p.m., Ms. Field moved for adjournment. Mr. Pace seconded the motion. Voice vote in favor of the motion was unanimous.

Jackie W. Bryson, Secretary/Treasurer