

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT  
JULY 16, 2003**

**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, July 16, 2003. Chairman Blackburn presided with the following members present: Aceto, Ball, Bryson, Field, Graham, Kelly, Pace, Sobol and Venable. Mr. Gantt was absent.

Others present were: Stanley C. Boyd, Director of Engineering Services, William Clarke, General Counsel, Gary McGill of McGill Associates, Bette Jackson with the League of Women Voters, Bob Difiore with Hazen & Sawyer, Brenda Mills representing Asheville-Buncombe Minority Affairs, Tony McCulley and Casey Smith with Compliance EnviroSystems, Martha Zeigler, Ann LeMieux, John Kiviniemi, Tony Franklin, Ken Stines, Ed Bradford, Scott Powell, Mike Stamey, Wayne Tipton, Jenny Konwinski and Sondra Honeycutt, MSD.

Mr. Blackburn welcomed Bette Jackson with the League of Women Voters, Bob Difiore with Hazen & Sawyer, Brenda Mills representing Asheville-Buncombe Minority Affairs and Tony McCulley and Casey Smith with Compliance EnviroSystems.

**2. Approval of the Minutes of the June 11, 2003 Meeting:**

Mr. Blackburn requested that the word in Item 2, line 2, "Quorum" be changed to read "Forum". With no further additions or corrections, Mr. Kelly moved that the Minutes of the June 11, 2003 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:**

Ms. Ball asked that Item e. (City of Asheville Constructed Sewer Systems) be pulled from the Consolidated Motion Agenda and that she be excused from voting. Mr. Blackburn excused Ms. Ball from voting on this item. Mr. Blackburn pulled Item g. (Minority Inclusion Report) from the Consolidated Motion Agenda.

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

None

**5. Presentation of Awards:**

Mr. Blackburn presented a plaque to Jenny Konwinski for her efforts in MSD's Pipe Rating Program. He also presented a Certificate of Appreciation to Wayne Tipton for chairing the Employee Advisory Committee.

## **6. Election of Officers:**

Mr. Blackburn called for nominations for Chairman. Ms. Bryson nominated Mr. Blackburn. Mr. Kelly seconded the motion. There being no further nominations, Mr. Venable moved that the nominations be closed and Mr. Blackburn elected Chairman by acclamation. Ms. Graham seconded the motion. Voice vote in favor of the motion was unanimous. Mr. Blackburn was elected Chairman by acclamation.

Mr. Blackburn called for nominations for Vice Chairman. Mr. Aceto nominated Mr. Sobol. Mr. Pace seconded the motion. There being no further nominations, Ms. Graham moved that the nominations be closed. Mr. Venable seconded the motion. Voice vote in favor of the motion was unanimous. Mr. Sobol was elected Vice Chairman by acclamation.

Mr. Blackburn appointed Jackie Bryson as Secretary/Treasurer. Ms. Ball moved that the Board approve the appointment. Ms. Graham seconded the motion. Voice vote in favor of the motion was unanimous.

## **7. Report of General Manager:**

In the absence of Mr. Hartye, Mr. Boyd presented information regarding Articles from the Asheville Citizen Times, Healthcare Plan Update, Treatment Plant Compliance Recognition, Good Mail, City Council Quarterly Meeting and Board/Committee Meetings:

Mr. Boyd presented an article regarding the State water pollution issues and enforcement, along with French Broad information on the web. Also, an article regarding MSD's sewer rate increase. Mr. Pace pointed out that the reported total rate increases of 16.5 percent since the 2000-01 fiscal year was incorrect. Mr. Boyd stated that the correct amount is approximately 13% and that MSD has only received a few complaints about the increase.

Regarding the Healthcare Plan, Mr. Boyd reported MSD has been able to get aggregate and stop-loss insurance to coincide with the fiscal year beginning July 1st and has changed third party administrators to Primary Physician Care. Mr. Venable asked if the cost of insurance would fall within the budgeted amount of \$990,000.00. Ms. Zeigler stated it would.

Mr. Boyd announced the District received the Association of Metropolitan Sewerage Agencies (AMSA) Gold Peak Performance Award in recognition of its outstanding wastewater treatment efforts during 2002. Mr. Boyd expressed his congratulations to the Treatment Plant Staff.

Regarding Good Mail, Mr. Boyd presented a letter of appreciation for work done by Wesley Banner, one of MSD's Construction Inspectors.

Mr. Boyd reported the next City Council Quarterly Meeting will be held in the South area July 29th at the Shiloh Community Center.

Mr. Boyd reported the next meeting of the Right of Way Committee will be held July 23rd at 2PM and the next meeting of the Board will be held August 20th at 2PM.

Mr. Aceto moved that the Board express its appreciation to Treatment Plant staff for their continued demonstration of excellence and confidence in operating the plant referenced by the award from AMSA. Mr. Pace seconded the motion. Voice vote in favor of the motion was unanimous.

Mr. Boyd introduced and welcomed MSD's new Accounting Manager, Scott Powell. Ms. Zeigler stated that Scott previously worked for the Great Smoky Mountain Association, and prior to that time, was in public accounting. She gave a brief overview of Mr. Powell's job responsibilities.

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## **8. Report of Committee Chairs:**

### *Right of Way Committee*

Mr. Pace reported that the Right of Way Committee met June 25, 2003 to consider condemnations on the Merrimon/Reed Creek and Lower Ross Creek Rehabilitation Projects. Also, the Committee considered the Compensation Budget for Anvil Knitwear Rehabilitation Project.

## **9. Consolidated Motion Agenda:**

Mr. Sobol requested that Item d. (Preventative Maintenance Contract VII) be pulled for further discussion.

Mr. Boyd reviewed the Consolidated Motion Agenda.

### a. Consideration of Compensation Budget - Anvil Knitwear Rehabilitation Project:

Mr. Boyd reported that the Right of Way Committee recommends approval of the Compensation Budget for Anvil Knitwear Rehabilitation Project.

### b. Consideration of Developer Constructed Sewer Systems: Kirkland Estates and Serenity Forest Phase 2:

Mr. Boyd reported that staff recommends acceptance of the Kirkland Estates and Serenity Forest Phase 2 developer constructed sewer systems and all MSD requirements have been met.

c. Consideration of Bids for Construction of Sludge Handling Improvements:

Mr. Boyd reported the following bids for Construction of Sludge Handling Improvements were received June 26, 2003: Haren Construction Company with a total base bid of \$2,716,000; Hickory Construction Company with a total base bid of \$2,865,000; MB Kahn Construction Co., Inc. with a total base bid of \$2,959,000 and Hall Contracting Corporation with a total base bid of \$3,283,000. Mr. Sobol asked if the \$525,000 estimated construction budget is in addition to the amount of the low bid of \$2,716,000. Mr. Boyd stated it was. He reported the bids received were in excess of the budget for this project, but due to savings on other recently bid projects, the District has funds available to construct these improvements. He further reported that staff recommends the contract for construction be awarded to Haren Construction Company in the amount of \$2,716,000.

d. Consideration of Preventative Maintenance Contract VII:

Staff recommends the Board accept the proposal from Compliance EnviroSystems, and authorize the General Manager to negotiate pricing and execute a contract.

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e. Consideration of City of Asheville Constructed Sewer System - Brevard Rd. Annexation Phase III Contract 3:

Staff recommends acceptance of the City of Asheville Sewer System and authorization for General Manager to disburse funds. All MSD requirements have been met.

f. Consideration of Cost Participation in Sewer Rehabilitation - Mayfair Glenn:

Mr. Boyd reported that staff recommends MSD participate in 50% of the construction costs for the Mayfair Glen sewer rehabilitation projection in an amount not to exceed \$7,873.00:

g. Minority Business Enterprise Report:

Staff recommends acceptance of the revised Minority Business Enterprise Report.

h. Consideration of Construction Contract Administration Agreement with Hazen & Sawyer:

Mr. Boyd reported that staff recommends the Board authorize an agreement for construction contract administration in an amount not to exceed \$149,260.00.

Mr. Venable asked if Hazen & Sawyer would continue to work under the same contract if the \$149,260.00 is spent before the job is complete. Mr. Boyd stated the contract would need to be modified if it went beyond the contract amount. Mr. Blackburn asked where the \$149,260.00 figure came from. Mr. Diforie stated the figure was based on a detailed evaluation, the amount of hours it took for review, the monthly job meetings and to provide on-site inspection during construction. He further stated that the vast majority of the project will be done fast track over a short period of time with shutting down the incinerator, and unless something out of scope came up, they would be within the contract amount. Otherwise, they will come back to the Board for additional compensation. Mr. Aceto asked what a "deductive alternate" is. Ms. Field explained the difference between an "add alternate" and a "deductive alternate" in a construction contract. Mr. Sobol asked what the total cost of the project is. Mr. Boyd stated the project budget is \$3,685,000.00, which includes (design, contract administration, and construction) and that \$600,000.00 is available from savings on other projects for any additional costs. Mr. Sobol requested that information be provided on where the additional \$600,000.00 came from for the upcoming CIP Committee meeting in the fall.

i. Consideration of Revenue Policy Revision:

Mr. Boyd reported that the purpose of the revised Revenue Policy is to establish authority for carrying out the day-to-day operation of the District. He stated the previous policy dealt in setting rates and frequency of revenue projects and the revised policy addresses billing; deposits, monitoring and reporting of collections; authority to write off uncollectible accounts and responsibility for procedures and internal controls. Mr. Venable expressed a concern regarding the last paragraph of the policy which states "Another

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change is the express permission for staff to establish and revise the procedures manual from time to time without Board approval as long as modifications remain in compliance with the overall directives in the policy". Mr. Venable asked what the policy was in the past with respect to revenue changes. Ms. Zeigler stated she did not find any changes and that the purpose of the revisions is ease in administration. Mr. Venable suggested that paragraph 9 (Authority for Revenue Procedures) include a statement that says any changes will be reported to the Finance Committee.

j. Cash Commitment/Investment Report for Period Ended 5/31/03:

*Presented as information only.*

Ms. Graham moved that the Board approve the Consolidated Motion Agenda Items a, b, c, f, h, i and j. Mr. Pace seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

Regarding Item d. (Preventative Maintenance Contract VII) Mr. Sobol asked how many feet of line were cleaned last year. Ms. LeMieux stated that 250,000 feet were cleaned and the goal is to have the entire system televised in five years. With regard to the low bidder, (Underground Camera Services) Mr. Venable asked if they responded. Ms. LeMieux stated their bid was non-responsive to the requirements in the Request for Proposal. Mr. Venable asked how much lower the bid was. Ms. LeMieux stated \$30,000. With no further discussion, Ms. Graham moved that the Board accept the proposal from Compliance EnviroSystems. Ms. Bryson seconded the motion. Roll call vote was as follows 10 Ayes; 0 Nays.

Regarding Item e. (City of Asheville Constructed Sewer System) Ms. Field moved that the Board accept the City of Asheville sewer system. Ms. Graham seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays. Ms. Ball was excused from voting.

Regarding Item g. (Minority Inclusion Report) Mr. Blackburn reported the District's total minority purchases and contracts for FY 2003 is 8.55%. Mr. Boyd reported that Buncombe County's total minority purchases and contracts for FY 2002 was approximately 1% and the City of Asheville 7%. Mr. Blackburn congratulated staff for their efforts in this regard. Ms. Ball stated that under Personnel, it's her understanding that the definition of Minority does not include women and the figures presented must represent women as being classified with minorities. Mr. Clarke stated that the definition of Minority Business Enterprises, in the General Statutes does include women owned businesses. Ms. Field requested that Ms. Kiser provide information on how many supervisors/managers at MSD are women and make it available to the Personnel Committee. A brief discussion followed.

#### **10. WWTP Motor Efficiency Presentation:**

Mr. Kiviniemi reported that as early as 1997, the WWTP began evaluating operational efficiency issues. An outside consulting group (IEL) evaluated over 250 motors throughout the WWTP, which represented nearly 9000 connected HP. He stated this report showed that in evaluating motor efficiency as well as replacing existing infrastructure with energy efficient motors is financially beneficial to the District at the time the motor fails. In addition to the aforementioned study, Arcadis, a consulting engineering firm, was hired to do a

comprehensive energy audit that looked at every aspect of energy usage. Since that time, treatment plant staff has worked to implement the vast majority of recommendations that were pointed out, especially those that had valid payback and cost savings to the District. He further stated that MSD negotiated a new purchase contract for rates with CP&L, which substantially reduced the unit cost of power. At the request of Mr. Hartye, Tony Franklin, Electrical/Instrumentation Supervisor, and his staff proceeded to update the 1997 study. Mr. Kiviniemi stated that staff inventoried every working motor in the Treatment Plant and prepared a manual which included information on how motors run. Mr. Venable asked if the report included pump stations. Mr. Kiviniemi said it did. He further stated that the result of the study reiterated what was found in 1997 that MSD continue to operate equipment and at the time it fails, using the implementation plan and decide whether or not to rewind or purchase a replacement. Mr. Kiviniemi gave a slide presentation which included: what motors are used for; operating cost of motors; operating principals; what is an energy efficient motor; electrical issues; criteria used within the industry; performance of a survey; evaluation of economic issues; implementation plan; summary and case history.

Mr. Pace asked what is included in operating costs. Mr. Kiviniemi stated that operating costs include the unit cost of the power, number of hours run, and mechanical repair and upkeep. Mr. Blackburn asked if the time spent by staff on the study was worthwhile. Mr. Kiviniemi said it was. Mr. Aceto asked how often the MSD should revisit the energy audit. Mr. Kiviniemi stated there is no specific time frame, but staff tries to be as proactive as possible. Mr. Venable asked if MSD is still using energy from landfill gas. Mr. Kiviniemi stated that MSD used methane gas as a supplemental fuel until severe problems were experienced with the incinerator and have not been making much power with methane gas because it cost more than buying it from Progress Energy, but the option is there in emergency situations. With regard to the Hydro, Mr. Kiviniemi stated that MSD has experienced a better year this year due to the wet weather and that the avoided power purchases for hydro last year was well over \$300,000.00.

#### **11. Old Business:**

With regard to the rating sheets for the General Manager's review, Mr. Venable stated that Board Members still have an opportunity to turn these in before the meeting of the Personnel Committee.

Mr. Venable asked about the status of the billing issue. Mr. Blackburn stated there is no change.

#### **12. New Business:**

None

#### **13. Adjournment:**

With no further business, Ms. Graham moved for adjournment at 3:05 p.m. Mr. Pace seconded the motion. Voice vote in favor of the motion was unanimous.

Jackie W. Bryson, Secretary/Treasurer