

THE BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

SEPTEMBER 17, 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, September 17, 2003. Chairman Blackburn presided with the following members present: Aceto, Field, Gantt, Graham, Kelly, Pace, Sobol and Venable. Ms. Ball and Ms. Bryson were absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill of McGill Associates, Leah Karpen with the League of Women Voters, Stan Boyd, Martha Zeigler, Ed Bradford, Ann LeMieux, Roger Watson, Peter Weed, Adrian Ellis and Sondra Honeycutt, MSD.

2. Approval of the Minutes of the August 20, 2003 Meeting:

Mr. Pace moved that the Minutes of the August 20, 2003 be approved as presented. Mr. Kelly 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 Reading, Good Mail and Board/Committee Meetings.

Mr. Hartye presented a copy of the mail out and press release associated with the 2003 System Performance Annual Report (SPAR) which is required by the State. He stated that the report, with charts and graphs, etc. can be found on the District's website.

With regard to Good Mail, Mr. Hartye presented a copy of a letter received regarding Mike Presley of the Construction Inspection Division. Mr. Sobol stated that this is only one of many compliments received about Mr. Presley's work.

Mr. Hartye reported that the Right of Way Committee will meet September 24th at 2:00 p.m. and the next Board meeting is scheduled for October 8th at 2:00 p.m. He further reported that a joint Planning and Finance Committee meeting is tentatively scheduled for November 4th from Noon until 2:00 p.m. The items to be discussed are the Sewer Service Policy and Liability Insurance, Flat rate for residential accounts and an update of the District's Investment Policy.

6. Consolidated Motion Agenda:

Mr. Hartye presented a replacement copy for item 6a. of the Consolidated Motion Agenda. He stated that an incorrect map was attached to the original copy.

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a. Consideration of Bids for the Heywood Road Sewer Rehabilitation Project:

The following bids for the Heywood Road Sewer Rehabilitation Project were received and opened on August 7, 2003: Buckeye Construction Company, Inc. with a corrected bid of \$391,570.15; Buncombe Construction Company, Inc. with a total bid of \$344,910.00 and Hobson Construction Company, Inc. with a total bid of \$259, 636.00. Since Hobson Construction withdrew its bid, staff negotiated with the second low bidder, Buncombe Construction Company, Inc. and they have agreed to a revised contract amount of \$299,827.79. Staff recommends award of this contract to Buncombe Construction Company, Inc. in the amount of \$299,827.79, contingent upon review by District Counsel.

b. Cash Commitment/Investment Report for Period Ended 7/31/03:

Presented as information only.

Mr. Gantt moved that the Board approve the Consolidated Motion Agenda. Mr. Pace seconded the motion. Mr. Venable asked for an explanation of the Unencumbered Balance of <\$15,840,187.00>. Ms. Zeigler stated that this figure represents funds that are not obligated. Mr. Hartye stated that the unencumbered balance includes all of the construction going forward for the next twelve months and that revenues that will be coming in are not included in this report because funds have not yet been received. With no further discussion, roll call vote was follows: 9 Ayes; 0 Nays.

7. Presentation on Fleet Replacement/Maintenance:

Mr. Hartye introduced Peter Weed, Director of Administrative Services and Adrian Ellis, Maintenance Manager for a presentation on Fleet Replacement/Maintenance. Mr. Hartye reported that the total value of MSD vehicles exceeds \$4 million and includes 130 licensed cars, trucks, heavy-duty and support vehicles. He further reported that the current Replacement Fund balance is \$1,063,575 and the average annual replacement costs is \$387,000. Also, the average age of medium-duty vehicles (pickups) is 5 years and 65,000 miles and the typical medium-duty vehicle lifecycle is seven years.

Mr. Weed gave an overview of the types of vehicles that comprise the fleet. He stated that the Equipment Review Committee (ERC) oversees the purchase of all vehicles and support equipment with a value greater than \$5,000. He presented a chart showing the contributions and expenditures of the Equipment Replacement Fund and reported that the annual average expenses

are approximately \$400,000.00 per year. Mr. Venable asked if the expenses noted are actual expenditures. Mr. Weed stated it is expenditures on new equipment. Mr. Weed reported that each year, the ERC looks at new or replacement vehicles, which must meet several criteria, one of which is whether or not the equipment is durable and versatile enough for reassignment. He addressed how the vehicles are rotated between divisions. Mr. Pace asked if each division is in charge of its own vehicles or is someone in charge of the entire fleet. Mr. Weed stated that Adrian Ellis is in charge of the entire fleet. Mr. Hartye stated that Mr. Weed and Mr. Ellis are involved with the ERC in making decisions as to where vehicles will go after they have been used. He further stated that in smaller utilities and towns rotation of vehicles are based on seniority, but MSD vehicles are rotated based on the job and usage and Mr. Ellis determines the condition of the vehicle before it's passed on.

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Mr. Venable asked when purchasing vehicles, does the ERC consider whether it's worthwhile to purchase used vehicles as opposed to new. Mr. Weed stated yes, particularly for special equipment. He further stated that MSD mechanics are certified and factory trained on small engine repairs to major overhauls of heavy equipment. Mr. Weed presented an example of the Monthly Downtime Report, which shows what vehicle was down, when the work was done, whether a loaner truck provided, and the actual work that was done. Ms. LeMieux stated that this report was a recommendation as a result of CMOM. Mr. Weed stated that the percent of fleet work orders shows a downward trend as a result of good equipment and good preventative maintenance.

Regarding the future, Mr. Weed reported that MSD is moving toward an alternative fuel (bio diesel) at a lower cost with reduced emissions. Mr. Ellis reported that this fuel burns clean, reduces the emissions and protects the environment. He further reported that the State of North Carolina is using this fuel in 21 counties and that it can be purchased on State contract for \$1.12 per gallon versus \$1.41. Mr. Pace asked if there are other advantages for using this fuel. Mr. Ellis stated that this fuel reduces wear on vehicles. He further stated that by the end of next year, the Federal government will require that all municipalities and government agencies have a certain percentage of alternate fuel type vehicles. Mr. Clarke stated there is Federal legislation pending that would provide a subsidy to district's to make it commercially competitive. Ms. Field asked how long the fleet program has been in place and who initiated it. Mr. Weed stated the program has been in place since the beginning of the year. Mr. Hartye stated that Mr. Weed initiated the program. The Board expressed appreciation to Mr. Weed and his staff for the work they do. A brief discussion was held as to where the vehicles are located and if they are secure.

8. Old Business:

None

9. New Business:

None

10. Adjournment:

With no further business, Ms. Graham moved for adjournment at 2:31 p.m. Mr. Pace seconded the motion. Voice vote in favor of the motion was unanimous.

Jackie W. Bryson, Secretary/Treasurer