

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

NOVEMBER 12, 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, November 12, 2003. Chairman Blackburn presided with the following members present: Bryson, Ball, Field, Gantt, Kelly, Pace and Sobol. Mr. Aceto, Ms. Graham and Mr. Venable were absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill of McGill Associates, Marcus Barksdale with Mattern & Craig, Martha Zeigler, Stan Boyd, Ann LeMieux, John Kiviniemi, Peter Weed, Ed Bradford and Sondra Honeycutt, MSD.

2. Discussion and Adjustment of Agenda:

None

3. Informal Discussion and Public Comment:

Mr. Blackburn congratulated Mr. Sobol for his election as Alderman for the Town of Black Mountain and Mr. Kelly for his election as Commissioner for the Town of Biltmore Forest.

4. Approval of Minutes of the October 8, 2003 Meeting:

Ms. Field moved that the Board approve the Minutes of the October 8, 2003 meeting as presented. Mr. Pace seconded the motion. Voice vote in favor of the motion was unanimous.

5. Report of General Manager:

Mr. Hartye presented an article regarding Mrs. Leah Karpen and her husband. In addition he presented information regarding GFOA Certificate of Achievement; NC AWWA/WEA Annual Conference, Reading, Good Correspondence and Board/Committee Meetings.

Mr. Hartye reported that the District was recently notified that it's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2002 qualified for a Certificate of Achievement for Excellence in Financial Reporting. He expressed his appreciation to Martha Zeigler and Teresa Gilbert for their efforts.

Mr. Hartye reported that the NC AWWA/WEA Annual Conference will be held in Greensboro from November 16th through 19th.

Mr. Hartye presented a copy of an article written by Jim Naber, Safety Director, regarding the District's conversion to liquid chlorine, which was published in the September issue of Water Environment and Technology Magazine. He presented an article from the Asheville Chamber on the Asheville Economy Question & Answer regarding migration and mobility. In addition, he presented a fax alert and press release from AMSA regarding EPA's proposed blending guidance, which is out for the 60 day notice and comment period. He explained that this alert has to do with wet weather issues; treating excess water during big rain events in a separate fashion and parallel to the District's existing process.

Minutes

November 12, 2003

Page Two

Mr. Hartye reported that a call was received concerning Bobby Troutman, Robert Burnett and Jason Capizzi of System Services for a job well done. He presented a copy of an e-mail received regarding MSD's Annual Performance Report which was posted on the web.

Mr. Hartye reported that the Right of Way Committee will meet December 3rd at 2PM. The next Board Meeting is scheduled for December 17th at 2PM. He further reported that the Planning Committee is tentatively scheduled for December 9th at 9AM to review the Extension Policy and that a Finance Committee meeting will be held in December to review the Investment Policy.

6. Report of Committees:

Right of Way Committee

Mr. Pace reported that the Right of Way Committee met October 22, 2003 to consider compensation budgets on five (5) projects.

Finance/Planning Committee

Mr. Kelly reported that a joint Finance/Planning Committee meeting was held November 4, 2003 to consider revisions to the Investment Policy; Request for Proposal for External Audit for FY04; History of Liability Insurance Premiums & Flooded Structures and Flat Rate Charges. No action was taken.

Planning Committee

In the absence of Mr. Aceto, Mr. Hartye reported that the Planning Committee met November 4, 2003 to consider a variance to the Sewer Extension Policy. No action was taken. He further reported that at the next Planning Committee staff will bring the revised policy back with some minor changes to the policy itself along with changes to the format in order to make it easier to understand.

7. Consolidated Motion Agenda:

a. Pavement Restoration Contract:

Mr. Hartye reported that the following bids for pavement restoration were received October 28, 2003: APAC-Atlantic, Inc. with a total bid of \$942,378.25 and Young & McQueen Grading Company with a total bid amount of \$1,521,750.00. Mr. Hartye further reported that staff recommends award of the contract to APAC-Atlantic, Inc. in the amount of \$942,378.25, contingent upon review by District Council.

b. Consideration of Compensation Budgets for Broadway at Five Points; Depot Street at Nasty Branch; Glenview Roads; Lake Julian and Long Shoals:

Mr. Hartye reported that staff recommends approval of the Compensation Budgets.

c. Consideration of Developer Constructed Sewer System - Riverview Subdivision:

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

Minutes

November 12, 2003

Page Three

been met.

d. Consideration of Cost Recovery for Craggy View Cottages (Developer Constructed):

Mr. Hartye reported that staff recommends the Board approve authority for the General Manager to reimburse Mr. Bruce Alexander of WNC Lifestyle Communities, LLC the amount of \$52,520.00 upon Board acceptance for ownership of the sewer system and receipt of the Letter of Credit. He stated that the estimated cost to extend the sewer to the property is \$52,525.00 and the estimated 5-year revenues will be \$86,273.00.

e. Purchase of Liquid Chlorine:

Mr. Hartye reported that Jones Chemical has offered MSD the same price as in it's previously bid contract with the Water & Sewer Authority of Cabarrus County, which is called piggybacking. Based on the estimated usage for this year, \$125,000 was budgeted for this contract; therefore, staff recommends that the contract be awarded to JCI Jones Chemical.

f. First Quarter Budget Report:

Presented as information only.

g. Cash Commitment/Investment Report for Period Ended 9/30/03:

Presented as information only.

Regarding Item f., Mr. Blackburn asked if Domestic revenues are up. Mr. Hartye stated that Single-family residential usage is down, but the "Domestic" revenues include commercial and multi-family residential. Also, Single-family residential is somewhat more variable in that it's affected by wet weather; irrigation issues. Regarding Item d., Ms. Ball asked if Craggy View Cottages is in the District. Mr. Hartye stated it was.

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

Mr. Sobol asked if Craggy View Cottages must be accepted into the District before they are paid. Mr. Hartye said yes.

8. Old Business:

Mr. Kelly asked if Square D was factored in with other textile plants that would be closing when doing the budget. Mr. Hartye stated that Square D was not factored in, which amounts to approximately \$50,000 a year in revenue, but staff is aware of larger usage plants like Luster and Anvil. Mr. Kelly asked what kind of impact the larger industry would have on the budget if they closed. Mr. Hartye stated they would have a significant impact. He further stated that staff factored in Luster's scale back this year and as far as Anvil is concerned, staff is keeping tabs on what is happening. Mr. Blackburn asked when MSD last met with industry. Mr. Hartye stated it was about two years ago, but each year staff

Minutes

November 12, 2003

Page Four

sends a proforma with regard to rates, BOD & TSS. Mr. Weed stated that Anvil is MSD's largest client with over \$600,000 in annual revenue. He further stated that Luster used to be the largest client until they scaled back operations by approximately 40%, but projections came in better than expected. Mr. Blackburn suggested that staff schedule a meeting with industry after the first of the year to see what's going on. A discussion was held regarding the amount of rate increase that could be expected if MSD lost revenue from both Luster and Anvil. Mr. Pace stated that the District's policy of being very conservative on estimated revenues is a good policy. Ms. Ball stated that MSD has exceeded its expected revenues over the last few years and has been able to make up the difference by being conservative in estimating revenues.

Mr. Blackburn asked if staff plans to hold another meeting with the Plumbers. Ms. LeMieux stated that staff is waiting for the Planning Committee to review the Sewer Service Policy in December and if there are any changes a meeting will be scheduled. Mr. Hartye stated that a tentative meeting is scheduled with Engineers and Developers in January.

9. New Business:

None

10. Adjournment:

At 2:23 p.m., Mr. Pace moved for adjournment. Mr. Gantt seconded the motion. Voice vote in favor of the motion was unanimous.

Jackie W. Bryson, Secretary/Treasurer