

# **BOARD OF THE METROPOLITAN SEWERAGE DISTRICT**

**MARCH 24, 2004**

## **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, March 24, 2004. Chairman Blackburn presided with the following members present: Aceto, Ball, Bellamy, Bryson, Gantt, Graham, Kelly, Pace, Sobol and Venable.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Betty Jackson with the League of Women Voters, Gary McGill of McGill Associates, Bruce Goforth, builder, Gary Peoples with the Water Efficiency Taskforce, Martha Zeigler, Stan Boyd, Ann LeMieux, Ed Bradford, John Kiviniemi, Peter Weed and Sondra Honeycutt, MSD.

Mr. Blackburn welcomed Betty Jackson with the League of Women Voters, Bruce Goforth, Builder and Gary Peoples with the Water Efficiency Taskforce.

## **2. Approval of Minutes of the February 18, 2004 Meeting.**

Mr. Venable noted that the second sentence under Item 4. (Informal Discussion and Public Comment) was incomplete. Ms. Honeycutt stated that the words "won't happen" should be added to complete the sentence. With no further additions or corrections, Ms. Bellamy moved that the minutes be approved as amended. Ms. Bryson seconded the motion. Voice vote in favor of the motion was unanimous.

**3. Discussion and Adjustment of Agenda:**

Mr. Blackburn moved Item 5 (Report of Committees) up in the agenda and Items 7 and 8 into the Planning Committee report to accommodate visitors and Members who could not stay through the entire meeting. He also announced that Mr. Peoples with the Water Efficiency Taskforce would give a presentation following the Report of Committees.

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

None

**5. Report of Committees:**

**Right of Way Committee**

Mr. Pace reported that the Right of Way Committee met February 25, 2004 to consider and approve condemnations on the Broadway Avenue Rehabilitation Project and a condemnation on the Glenview Road Rehabilitation Project. He further reported that the Committee considered and approved the Compensation Budget on the Upper Ross Creek Rehabilitation Project.

**Planning Committee**

Mr. Aceto reported that the Planning Committee met today to consider an amendment to the District's Cost Recovery Policy. The current Policy covers only the cost of extending the District's sewer system to a new development

and is limited to the lower of the actual cost of making the connection from the existing sewer to the border of the new development or five years of net

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revenue from the new development. He stated that funds are reimbursed to the developer during the construction phase but after acceptance of the project for ownership by the District as projects are completed and secured, so that at the end of the five years, if the revenue is not received, the money is paid back to the MSD out of a bond or a letter of credit. He further reported that the question brought before the Committee was whether to extend the Policy to include the cost of on-site sewers that were being constructed to MSD standards, and turned over for developments that fit the affordable housing definitions in the individual municipalities. He stated that currently in the City of Asheville the definition is \$120,000.00 or under, which means the MSD would participate with the developer to build their entire sewer system to the extent that it's equal to the lesser of costs or five years of projected revenue. He further stated that the Planning Committee recommends the Board approve this change in the Policy. Mr. Venable stated that the individual political entities will define what is affordable housing, not the MSD.

Mr. Aceto further reported that the Committee considered the Waiver of Pump Station Maintenance Fees for projects qualifying as affordable housing. The Committee recommended that the Board **not** approve the waiver of this fee.

Ms. Graham asked if cost recovery for on-site sewers is 50% or 100%. Mr. Aceto stated the cost recovery is 100% of the lesser five years of projected net revenues or the actual cost of constructing the sewer.

Mr. Aceto moved that the Board approve changing the Policy to include cost recovery for on-site sewers for projects qualifying as affordable housing. Mr. Sobol seconded the motion. Mr. Kelly asked if this action conflicts with the Consolidation Agreement. Mr. Clarke stated that he would look into it, but he does not believe it does because the Consolidation Agreement gives MSD the complete authority to set rates and changes. Mr. Venable stated that some Board members had a problem with this only applying to affordable housing and liked the idea of applying this based on density, since the MSD can go to the ratepayers and explain that the reason this does apply to developers that are not building affordable housing, is because it is better for MSD because of the density. He further stated that he feels MSD will see developers that are not building affordable housing come before the Board and want the same consideration. Mr. Pace stated that at that time, the Board can change the definition, but feels it makes sense to use the different entities definitions. With no further discussion, roll call vote was as follows: 10 Ayes; 0 Nays. Ms. Ball was absent during the vote. Mr. Blackburn expressed his appreciation to Mr. Bruce Goforth for his efforts and time in attending both the Planning Committee and Board Meeting. Mr. Goforth stated that he feels this change will be good for the community.

Mr. Blackburn introduced Mr. Gary Peoples with the Water Efficiency Task Force (WET) who was present to ask the Board's support to renovate a portion of the existing maintenance building located at the treatment plant for a Learning/Education Center. Mr. Peoples reported that the taskforce is made up of local residents who work closely to support the water efficiency conservation efforts of the Water Department. He further reported that a large segment of those efforts are targeted at school programs, which reach approximately 6,000 students each year. He stated that in the past, part of this effort was tours of the North Fork Reservoir facility until the events of September 11, 2001, when the Regional Water Authority ended the tours because of security reasons. He further stated that it's the understanding of

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WET that MSD is interested in developing its education efforts and working with the Water Department and WET to form a partnership. Part of this partnership would be the development of the MSD facility into a learning lab and classroom. Mr. Peoples stated that WET does not have the money for renovation of the facility, but is looking at other avenues of funding; one of which is to ask Congressman Charles Taylor for his support. He stated that WET presented a draft letter to Congressman Taylor which the Regional Water Authority voted to support and are now asking the MSD for its support. Mr. Aceto asked if WET has contacted any foundations for support. Mr. Peoples stated that he wasn't sure if any specific foundations have been identified, but will look at the possibility.

Mr. Hartye noted that a few years ago the Board looked at using the old maintenance building at the plant for an education center. The estimated cost to renovate the building was approximately \$150,000.00. He stated that since funding for the renovations could not be found, the Board did not see the value in the investment at that time. In addition, there was no one on staff to continue on with the effort, which would have been an on-going cost. He further stated that since the Water Authority can no longer give tours, but has the education staff person; it would be a good opportunity for everyone if grant monies could be found for the necessary renovations. Ms. Graham stated the cost will be considerably more than it was three years ago and asked who would pay for the renovations. Mr. Hartye stated that other avenues of funding will be sought. Mr. Clarke cautioned the Board that it cannot make charitable contributions. Mr. Hartye stated there is no obligation as far as the MSD is concerned. Mr. Gantt stated that in order to get a grant you have to have the blessings of the local entities, but that there is no financial obligation on the part of MSD. Mr. Peoples agreed. Mr. Sobol moved that the Board approve the use of the building providing it meets the requirements of the safety inspectors. Mr. Pace seconded the motion. Voice vote in favor of the motion was unanimous.

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

Mr. Hartye presented information regarding AMSA Award, Press/Reading, Community Meetings Update and Board/Committee Meetings.

Mr. Hartye presented a copy of an article regarding the District's Pipe Rating Program which will be shared with the CIP Committee. He also presented a copy of the "Excellence in Management" award certificate along with a Press Release and information about the award from the Association of Metropolitan Sewerage Districts (AMSA). Mr. Hartye expressed his appreciation to the Board for their "long-view" leadership and to the MSD management team and staff for their "can-do" attitude, which put MSD where it is as a leader in the industry. He stated that this is a culmination of several efforts, including but not limited to Pipe Rating, ISO Certification, quality of treatment, Financial Reporting, Master Planning, efficiency measures and customer service initiatives.

With regard to Press/Reading, Mr. Hartye presented a copy of the Asheville Economy Q&A from the Chamber of Commerce on Federal Funds; an article in the Asheville Citizen Times regarding jobs in Western North Carolina; an article regarding aging water and sewer systems and a guest commentary regarding water system needs. Also, he presented an article in Mountain Express regarding upcoming water budget issues. He stated that he will share more articles as they appear since this information is germane to the

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Board's upcoming discussions on rates and the Water Authority's funding of its CIP Program and proposed increases in rates and/or fees.

Regarding Community Meeting Update, Mr. Hartye reported that Peter Weed represented the MSD at the Water Authority focus group to discuss ways of funding capital improvements. Also, MSD's Planning & Development staff manned a booth at the annual Home Builder's Show held at the Civic Center. He stated that over 1,000 people visited the booth and staff handed out grease lids, pens, brochures and information on System Service's Service Line Policy, the Sewer Extension Policy, GIS's Internet

User Guide and fees and applications. A discussion was held regarding a recent spill caused by grease.

Mr. Aceto asked if a press release and picture are sent to the Asheville Citizen Times when employees receive professional recognition. Mr. Hartye said not always. Mr. Aceto stated that he would like to see this done.

With regard to Board/Committee meetings, Mr. Hartye reported that the Right of Way Committee will meet March 31<sup>st</sup> at 2PM, the CIP Committee will meet April 1<sup>st</sup> at 8:30 AM, the Personnel Committee will meet April 5<sup>th</sup> at 8:30AM, and the Finance Committee will meet April 14<sup>th</sup> at 3PM. The next Meeting of Board is scheduled for April 21<sup>st</sup> at 2PM.

Regarding the Water Authority Focus Group meeting, Mr. Blackburn asked if any discussion was held regarding water meters. Mr. Weed stated this issue was discussed and it was found that the meters were not as bad as first thought, but to date, the survey is not complete.

**7. Consolidated Motion Agenda:**

**a. Consideration of Compensation Budget – Upper Ross Creek Rehabilitation Project:**

Mr. Hartye reported the Right of Way Committee recommends approval of the Compensation Budget for the Upper Ross Creek Rehabilitation Project.

**b. Consideration of Developer Constructed Sewer Systems: Mayfair Glen, Rankin Heights and Westmont Commons:**

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

**c. Consideration of Bids for the Merrimon Avenue Reed Creek Interceptor, Reed Creek Wet Weather Interceptor and Larchmont:**

Mr. Hartye reported that the following bids for the Merrimon Avenue Reed Creek Interceptor, Reed Creek Wet Weather Interceptor and Larchmont were opened March 9, 2004: Ruby-Collins, Inc. with a total combined bid of \$2,787,458.00; Terry Brothers Construction Company with a total combined bid of \$1,694,503.00 and Buckeye Construction Company with a total combined total bid of \$1,490,769.90. He further reported that staff recommends award of this contract to Buckeye Construction Company, Inc. in the amount of \$1,490,769.90, contingent upon review by District counsel.

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**d. Consideration of bids for the following projects:**

**Sanitary Sewer Rehabilitation Project – Lake Julian Wet Weather Interceptor Project:**

Mr. Hartye reported that the following bids for the Lake Julian Wet Weather Interceptor Project were opened March 11, 2004: BC&D Associates, Inc. with a total base bid of \$2,856,685.00; Terry Brothers Construction Company, Inc. with a total base bid of \$2,167,373.00;



Buckeye Construction Company, Inc. with a total base bid of \$1,989,893.85; Bryant Electric Construction Company, Inc. with a total base bid of \$1,988,636.80 and Ruby-Collins, Inc. with a total base bid of \$1,747,802.00. He stated that the bid of BC&D Associates, Inc. was rejected due to non-inclusion of a deductive alternate for structural “T-type” manholes. He further reported that staff recommends award of this contract to Ruby-Collins, Inc. in the amount of \$1,747,802.00, contingent upon review by District counsel.

e. **Sanitary Sewer Rehabilitation Projects: Pipe Rating Contract No. 1.**

Mr. Hartye reported that bids for the Pipe Rating Contract No. 1 were first received on March 11, 2004, with only one bid received. The project was re-advertised and the following bids were received and opened on March 18, 2004: American Water Services Construction Company, Inc. with a total bid of \$995,749.00 and Terry Brothers Construction Company, Inc. with a total bid of \$590,692.00. He stated that staff recommends award of this contract to Terry Brothers Construction Company, Inc. in the amount of \$590,692.00 contingent upon review by District Counsel.

Mr. Venable asked if Terry Brothers Construction Company, Inc. was the only bidder on March 11, 2004. Mr. Bradford stated that the bid of Terry Brothers Construction Company, Inc. was the only bid opened, but later in the day, American Water Services Construction Company, Inc. showed up late for the opening. A discussion was held regarding the rise in construction costs for CIP projects. Mr. Aceto asked if contractors can make an adjustment in their bids because of an increase in construction costs. Mr. Hartye stated that the unit price is locked in, which includes the pipe and installation.

f. **Cash Commitment/Investment Report – Month Ended January 31, 2004:**

Presented as information only.

Mr. Venable moved that the Board approve the Consolidated Motion Agenda as presented. Mr. Pace seconded the motion. Regarding Item c., Mr. Sobol asked why the bids of Ruby-Collins and Buckeye Construction were so different. Mr. Bradford stated that when the job was estimated they knew it would be a difficult project so they used pricing from larger projects such as the North Swannanoa Interceptor Sewer and that currently there is a competitive bidding climate. With no further discussion roll call vote was as follows: 9 Ayes: 0 Nays. Ms. Ball and Ms. Bellamy were absent during the vote.

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**8. Consideration of Application of Cost Recovery to on-site sewers for Projects qualifying as Affordable Housing:**

Considered under the Planning Committee Report.

**9. Consideration of Waiver of Pump Station Maintenance Fee for Projects qualifying as Affordable Housing:**

Considered under the Planning Committee Report.

**10. Old Business:**

None

**11. New Business:**

Mr. Venable asked when the City of Asheville annexes areas outside the District boundary, do they provide sewer. Mr. Clarke stated that any area that is annexed becomes a part of the District and the City will provide some of the same services they provide within the City boundary, but can pick and choose what services to provide. Ms. Ball stated that some people think that because the City doesn't provide sewer service it technically proves they don't have to, but politically, most people feel it's not very acceptable if they don't. Mr. Hartye asked if the City is planning to provide sewer service to those areas that are annexed. Ms. Ball stated that there is a policy of providing sewer service within 300 feet. Mr. Pace stated that the City generally annexes areas that are already sewerred. Mr. Hartye explained that the MSD requires the City to bring a sewer up to standards, and if it's a private system the MSD is going to take over for ownership and maintenance, it must be brought up to MSD standards. Mr. Venable asked what happens when there is no sewer. Mr. Hartye stated that the City must determine whether it's their obligation to provide sewer service equal to the rest of the City. Ms. Ball clarified that if an area is annexed and has a private sewer MSD does not have to take it over, but if MSD takes it over, it must be brought up to MSD standards. She stated that the Enka Park project is a good example of this.

At 2:40 P.M., Mr. Pace moved that the Board go into closed session to discuss matters related to the location of new business in the District. Ms. Graham seconded the motion.

At 3:03 P.M., Ms. Graham moved the Board return to open session. Mr. Pace seconded the motion. Voice vote in favor of the motion was unanimous.

Ms. Graham moved that the Board adopt a policy wherein it would waive the facility fee for new businesses employing at least 200 people or discharging at least one million gallons per month (average) to MSD. Mr. Pace seconded the motion. Mr. Kelly recommended the proposed policy include a provision waiving the facility fee for the expansion of existing businesses where the expansion would result in at least 200 new jobs or the discharge of an additional 1,000,000 gallons per month to MSD. Mr. Clarke suggested the proposed policy include language making it “subject to available funding”. Ms. Graham and Mr. Pace consented to the suggested changes as amendments to the motion. Roll call vote was as follows: 10 Ayes, 0 Nays. Ms. Bellamy was absent during the vote.

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12. **Adjournment:**

With no further business, Mr. Pace moved for adjournment at 3:10 PM. Ms. Graham seconded the motion. Voice vote in favor of the motion was unanimous.

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Jackie Bryson, Secretary/Treasurer