

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
APRIL 20, 2005

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 PM, Wednesday, April 20, 2005. Chairman Aceto presided with the following members present: Ball, Bellamy, Bissette, Bryson, Gantt, Kelly, Pace, Sobol, VeHaun and Venable. Ms. Graham was absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, Leah Karpen with the League of Women Voters, Marilyn Westphal, VWIN Project Manager, Richard Tsang with CDM, Larry Frost and Roger Edwards with DENR, Stan Boyd, Martha Zeigler, Ann LeMieux, Ed Bradford, John Kiviniemi, Monty Payne, Roger Watson and Sondra Honeycutt, MSD.

Mr. Aceto welcomed Ms. Karpen, Ms. Westphal, Mr. Tsang, Mr. Frost and Mr. Edwards.

2. Approval of Minutes of the March 16, 2005 Regular Meeting and March 29, 2005 Retreat:

Mr. Venable moved that the Minutes of the March 16, 2005 Meeting and March 29, 2005 Retreat be approved as presented. Mr. Pace seconded the motion. Voice vote in favor of the motion was unanimous.

3. Discussion and Adjustment of Agenda:

Ms. Bellamy requested that Item a. (Northpoint Commons) of the Consolidated Motion Agenda be pulled.

4. Informal Discussion and Public Comment:

Ms. Karpen asked what MSD's plans are along Reems Creek Road. Mr. Hartye stated that there are no plans along Reems Creek Road, but MSD will replace an interceptor along Reems Creek, which is on the CIP.

5. Report of General Manager:

Mr. Hartye presented information regarding MSD's Air Quality Permit, Home Show, Industry, Reading and Board/Committee Meetings.

Mr. Hartye reported that he received a letter from the WNC Regional Air Quality Agency recognizing MSD for compliance with air quality rules and regulations over the past year.

Regarding the Annual Home Show at the Civic Center, Mr. Hartye reported that approximately 1000 people visited MSD's booth which had a theme of "Call MSD First." He stated that Kay Farlow of Planning & Development designed MSD new refrigerator magnet, which was distributed at the show along with grease lids and brochures. Mr. Hartye expressed his appreciation to Marsha Kiser and Kay Farlow for coordinating this effort and to Maria Player, Jon Van Hoff, Steven Briggs, Mary Alice Hunter, Wesley Banner, David Monteith, Tom Peters and Linda Phillips for their time in working the booth.

Regarding Industry, Mr. Hartye reported that because of the closing of Luster Dyeing & Finishing, Inc. and cutbacks and closings for BASF and Square D, MSD will have a combined revenue loss of over \$635,000 annually. Mr. Venable asked what the revenues will be for the new industry, Jacob Holm. Mr. Hartye stated that for the next fiscal year, MSD is estimating revenues of \$131,000.

Mr. Hartye presented articles on the Luster and BASF closings and an Asheville Metro Economy Update from the Chamber of Commerce.

Mr. Hartye reported that the ROW Committee will meet May 25th at 2PM and the next regular meeting of the Board is scheduled for May 18th at 2PM.

6. Report of Committees:

Right of Way Committee

Mr. Pace reported that the Planning Committee met March 23, 2005 to consider condemnations on the Delaware Avenue and Merrimon Avenue/Reed Creek Rehabilitation Projects. He stated that these items need no recommendation by the Board, since condemnation authority was delegated to the Committee.

Capital Improvement Program (CIP) Committee

Mr. Sobol reported that the CIP Committee met March 31, 2005 to consider and approve the CIP budget of \$14 Million. He further reported that Ed Bradford gave a presentation on new projects and highlights of the current CIP and a review of the new Right of Way Clearing Program. He stated that this program has a budget of \$50,000 per year to keep the rights of way clean and that the Committee discussed the possibility of allowing greenways and bike paths along these rights of way. Regarding the Cost Recovery Program, Mr. Sobol reported that MSD has spent approximately \$588,000 with developers and has budgeted \$340,000 for this year.

Mr. Aceto reported that there were a couple of issues that came out of this meeting. First, the municipalities expressed a concern that their communications staff has to answer questions about MSD rate increases and other issues. As a result, Peter Weed was asked to contact these member agency staff to see if he could assist them with questions they may have. Mr. Hartye reported that both Peter Weed and Teresa Gilbert have begun these contacts and will provide an update at the next meeting. Ms. Bellamy asked if only one mailing to customers is done when there is going to be a rate increase and if MSD ever considered doing more than one. Mr. Hartye stated that only one mailing is done and since MSD does not do its own billing, except for the industries, those municipalities that bill for MSD receive the initial call even when the questions pertain to MSD. The member agencies typically forward the call to MSD. MSD staff will further coordinate with member agencies to assure the process is more seamless. Mr. Aceto stated that the other issue is how the Board stays informed about the progress of CIP projects. Ms. Bellamy stated that the CIP Committee was given a detailed update on what has been happening with the CIP and feels this information should be made available to the Board more than once a year, perhaps quarterly, in order to see how on track MSD is with the Master Plan. A discussion was held regarding how often this information should be provided to the Board. Mr. McGill suggested that staff provide the Board with a short summary of the CIP on a quarterly basis.

Personnel Committee

Mr. Venable reported that the Personnel Committee met April 4, 2005 to discuss possible increases to salaries and benefits. He stated that the Committee agreed to staff's recommendation of a 4% merit increase with no cost of living increase. Mr. Hartye reported that MSD recently did a pay and classification study that showed MSD is in good shape after increasing pay ranges and bringing existing salaries up to the minimum at a cost of approximately \$4,700. Mr. Venable further reported that the Committee considered an 8% MSD increase in contribution to its medical plan, with no increase to the employee. Also, Ms. Kiser presented a personnel staff annual report showing current

vacancies, new hires and resignations since April 4, 2005, resulting in a turnover rate of 2%. Mr. Venable stated that the 2% rate shows that MSD is doing a good job of compensating and providing benefits to its employees in comparison to other firms MSD is in competition with to get good employees. He further stated that the Personnel Committee recommends that the Board adopt a 0% Cost of Living, a 4% Merit Increase and an 8% increase in MSD contribution for medical expenses. Mr. Venable moved that the Board adopt the recommendations of the Personnel Committee. Mr. Pace seconded the motion. Ms. Bryson expressed her appreciation to the employees for a job well done. With no further discussion, roll call vote was as follows: 11 Ayes; 0 Nays.

Finance Committee

Mr. Kelly reported that the Finance Committee met prior to the Board meeting to review a draft of the Preliminary Budget and proposed Sewer Rates for FY05-06. Mr. Kelly stated that the Committee recommends the Board approve staff's recommendation to adopt the Preliminary Budget for FY05-06 and 3% increase in domestic sewer rates and fees for FY05-06. Ms. Bellamy seconded the motion. Ms. Ball stated that she feels the Board should vote in favor of the rate increase for two reasons. First, the District has a debt service increase of approximately \$1.4 million and secondly, the only other increases on the expenditure side are the Merit and Insurance increases. With no further discussion, roll call vote was as follows: 11 Ayes; 0 Nays.

7. Consolidated Motion Agenda:

Mr. Aceto excused Ms. Bellamy from voting on Item a. of the Consolidated Motion Agenda due to a conflict of interest.

Mr. Hartye went over the following items:

a. Consideration of Cost Recovery for Northpoint Commons (Mountain Housing Opportunities).

Mr. Hartye reported that staff recommends approval for the General Manager to reimburse Northpoint Commons, LLC \$42,500 upon receipt of surety.

b. Consideration of Developer Constructed Sewer Systems: Dogwood Apartments, Bee Tree Village Phase 2 and Broadview Drive:

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

c. Refunding of Sewer Charges for UNC-A:

Mr. Hartye reported that after an on-site visit by staff, it was determined that there had been a large undetected underground leak during the months of July through December, 2004. He stated that MSD's normal procedure is to credit the amount of volume in excess of the average consumption during this time period. Therefore, staff recommends that MSD refund \$35,608.75 to UNC-A for paid sewer charges resulting from an underground leak during the time period from July to December 8, 2004.

d. Hurricane Damage Repair – Rip Rap Stabilization:

Mr. Hartye reported that the following bids for hurricane damage repair were received and opened on March 31, 2005: Terry Brothers Construction Co., Inc. with a total bid of \$271,835.00; Buckeye Construction Co., Inc. with a total bid of \$215,439.50; Buncombe Construction Co., Inc. with a total bid of \$210,750.00;

APAC Atlantic, Inc., with a total bid of \$210,392.50 and Wike Excavation Co., Inc. with a total bid of \$91,448.38. Mr. Hartye stated that engineering staff met with Wike Excavation Company to make sure they were aware of the scope of the project. Wike indicated they were aware of the scope and were confident they could do the project. Mr. Venable asked if this is the first project they have done for MSD. Mr. Hartye said yes. Mr. Bradford stated that Wike's references were checked carefully and were all very good. Mr. Hartye stated that staff recommends award of this contact to Wike Excavation Co., Inc. in the amount of \$91,448.38, contingent upon review and approval by District Counsel. Mr. Vehaun asked if MSD received any federal reimbursement for damages. Mr. Hartye stated that MSD received approximately \$240,000 from FEMA and that Stan Boyd spent a lot of time getting information together to file for reimbursement. Mr. Vehaun stated that there may be some State money available and that he would let Mr. Boyd know who to contact.

e. Consideration of VWIN Sampling and Testing Services:

Mr. Hartye reported that the Volunteer Water Information Network (VWIN) request that the Board approve \$18,400 for continuing water quality testing services for the Buncombe County VWIN program for 2005. He further reported that this past fall, test results from sampling on a tributary to Beaver Lake helped MSD's System Services Division locate a defect in the system which periodically leaked. Mr. Sobol asked if testing would ever be expanded to determine stormwater runoffs; specifically dissolved metals. Ms. Westphal stated that the Environmental Quality Institute will be working with the City of Asheville on the Urban Storm water Management Plan and the initial phase of this program will be limited to locating a list of illicit discharges. She further stated that VWIN is already testing for copper, lead and zinc. Ms. Ball stated that she met with Ms. Westphal to look at using the database in the stormwater program to help the City meet its NPDES Phase II requirements and to approve money in the budget to do additional monitoring for the City of Asheville. Mr. Venable asked if VWIN has approached the County about funding. Ms. Westphal stated that Rick Maas has been in contact with the County, but they are not giving any funding at this time. Mr. Venable stated he intends to vote for funding this year, but feels it is not MSD's place to fund this effort. Mr. Pace stated that he still feels uncomfortable supporting this when other municipalities are not. He asked Mr. Hartye if MSD is getting information that is useful. Mr. Hartye stated yes.

f. Cash Commitment/Investment Report:

Regarding the Summary of Interest Rate Exchange Agreement Transactions, Ms. Zeigler reported that \$104,050 is the savings MSD realized this fiscal year to date. In addition, as far as the interest rate exchange, MSD is paying bond holders based on a variable rate and receiving a payment from Bank of America based on the LIBOR Rate, and after all of this money switches hands, the first three months of the year, MSD is over \$2,700 to the good.

With no discussion, Mr. Vehaun moved that the Board approve items b.c.d.e.f. of the Consolidated Motion Agenda. Mr. Pace seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

Mr. Bissette moved that the Board approve Item a. (Northpoint Commons) of the Consolidated Motion Agenda. Ms. Ball seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays. Ms. Bellamy was excused from voting.

8. Presentation of Preliminary Engineering Report by Camp Dresser & McKee (CDM) for the Grit and Grease Removal Project:

Mr. Hartye reported that the Grit and Grease process was one of the areas addressed in the Master Plan and because these units are not operating correctly, MSD will have to modify the units and rehab the process. He stated that CDM was hired to do the Preliminary Engineering Report on how to handle this issue. Mr. Tsang reported that CDM did an evaluation of the existing process at the treatment plant and found that the Grit removal facilities are inadequate, resulting in sediment depositing in the RBC basins. He further reported that the removal of grease is satisfactory, but transport and disposal needs to be addressed. Mr. Tsang showed the existing system and how it works. He said the system is sound technology, but requires more maintenance and that space is a consideration. He further stated that after consideration of new technology, it was decided that the Vortex unit is less space intensive, had less maintenance requirements and is compatible with MSD's future expansion needs. Therefore, CDM recommends that this unit be implemented. Also, as part of this project, a new grease handling system will be included that will allow grease to be concentrated for hauling to the landfill. Mr. Tsang reported that design of the grit and grease facility will begin in FY 2006 followed by construction starting in FY 2007 through FY 2009. Ms. Bellamy asked if this is part of the Master Plan and if it's included in the CIP. Mr. Hartye stated that grit/grease and primary clarification were included in the Master Plan and this project is currently included in the CIP. Mr. Bisette asked how much it will cost. Mr. Tsang stated that the estimated cost is \$3.67 million for four (4) Vortex units. Mr. Gantt asked where the units will be located and if the existing system will stay in operation. Mr. Tsang stated that the units will be located south of the existing system and that the existing system will continue to run to maintain operations. He explained that the Vortex unit will not remove grease; therefore, the existing tanks will be utilized for removing grease. Mr. Venable asked if the Vortex unit is better than the existing system. Mr. Tsang said yes. Mr. Sobol asked how much it currently cost in electricity to run the existing units. Mr. Kiviniemi stated that MSD has spent over \$100,000 in the last several years in maintenance and repairs. Last year \$100,000 was spent in cleaning out RBC Basin #1, as well as \$150,000 three years ago. He further stated that during the last six months three (3) sludge pumps have been replaced at a cost of \$10,000 each. He believes that excessive grit may be contributing to the problems with these pumps. Mr. Sobol stated that the cost of these units seems to be out of line. Mr. Kiviniemi stated that much of the cost is the structure to house these units.

9. Old Business:

Mr. Aceto stated that as a result of the Board Retreat eight items were identified that the Board would consider during the year, most of which would require the attention of the Planning Committee. However, there is one item (Board Governance), which will be a new Committee that will considers matters including by-laws, procedures and conduct of board members, clarification of conflict of interest policy, future board membership, travel for board members, contact with the media and guidelines for providing public information. Mr. Aceto stated that Mr. Gantt has agreed to serve as Chairman of this Committee with Mr. Pace, Ms. Bryson, Ms. Bellamy, Mr. Sobol and Mr. Venable as Members.

10. New Business:

None.

11. Adjournment:

With no further business, the meeting adjourned at 3:20 PM.

