

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
JUNE 15, 2005

1. Call to Order and Roll Call:

The regular monthly meeting of the Metropolitan Sewerage District Board and a Public Hearing on the Budget, Rates & Fees for FY 2005-06 were held in the Boardroom of MSD's Administration Building at 2:00 PM, Wednesday, June 15, 2005. Chairman Aceto presided with the following members present: Bryson, Gantt, Graham, Kelly, Pace and Vehaun. Those members absent were: Ball, Bellamy, Bisette, Sobol and Venable.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, Joseph Martin with Woodfin Sanitary Water & Sewer District, Randy Darden with Arcadis, Stan Boyd, Martha Zeigler, Peter Weed, Ed Bradford, Dennis Lance, John Kiviniemi, Ann LeMieux, Tony Franklin, Neil Hall and Sondra Honeycutt, MSD.

2. Approval of Minutes of the May 18th and June 3rd Meetings:

Ms. Graham noted typographical errors in paragraphs 7 and 8 of the June 3, 2005 meeting. Mr. VeHaun moved that the minutes of May 18, 2005 and the minutes of the June 3, 2005 meetings be approved with correction of the typographical errors noted by Ms. Graham. Mr. Gantt seconded the motion. Voice vote in favor of the motion was unanimous.

3. Discussion and Adjustment of Agenda:

Mr. Aceto welcomed Mr. Martin and Mr. Darden.

4. Informal Discussion and Public Comment:

None

5. Report of General Manager:

Mr. Hartye presented information regarding the Platinum Award, 2005 Safety Grant, Annual Developers Meeting and Board/Committee Meetings:

Regarding the Platinum Award, Mr. Hartye reported that the MSD Treatment Plant received the Platinum Peak Performance Award from the National Association of Clean Water Agencies (NACWA) for outstanding wastewater treatment efforts. He stated that the platinum award is presented to member agency facilities that met all NPDES permit limits for five consecutive years. He further reported that MSD has received AMSA Gold awards from 2000-2004. Mr. Hartye recognized the following Treatment Plant Staff and Mechanical Staff for their efforts: John Kiviniemi, Plant Superintendent, Dennis Lance, Chief Operator, Neil Hall, Mechanical Maintenance Manager and Tony Franklin, Instrumentation Electrical Manager. Mr. Hartye stated that Scott Monroe, Building Trades Manager could not be at today's meeting, but will be recognized at another time.

Mr. Hartye reported that MSD was again awarded a \$1,000 Safety Grant from the North Carolina Interlocal Risk Management Agency.

Mr. Hartye presented a memo from Stan Boyd regarding the annual Engineers and Developers meeting held March 17, 2005. He stated that twenty-nine (29) attendees from the engineer and development community were present. As a result of this meeting, a change in MSD Standards & Specification was discussed and authorized by the Asheville Regional Office allowing two 4" service lines to connect to a single 6" road

crossing, with MSD maintaining the 6" line under the road. This change will become effective July 1, 2005.

Regarding Board/Committee meetings, Mr. Hartye reported that the ROW Committee meeting scheduled for June 22nd has been cancelled and the next regular meeting of the Board is scheduled for July 20, 2005 at 2PM.

6. Consolidated Motion Agenda:

a. Consideration of Developer Constructed Sewer Systems: Long Shoals East and Riceville Meadows:

Mr. Hartye reported that the Long Shoals East Sewer Extension is located outside the District boundary off Long Shoals Road and the Riceville Meadows Sewer Extension is located inside the District off Riceville Road. He stated that staff recommends acceptance of these systems and that all MSD requirements have been met.

b. Consideration of Acceptance of Town of Black Mountain Constructed Sewer System – Camp Branch Road Sewer Extension:

Mr. Hartye reported that the Camp Branch Road Sewer Extension is located inside the District Boundary off NC#9 (Lakey Gap Road) in Black Mountain. He stated that the estimated cost of the sewer extension is \$185,632.00 and that staff recommends acceptance of the sewer system and that all MSD requirements have been met.

c. Consideration of Sanitary Sewer Rehabilitation Project: Pipe Rating Contract No. 3 – Lining:

Mr. Hartye reported that the following bids for the Pipe Rating Contract No. 3 were received and opened on June 2, 2005: Terry Brothers Construction Co., Inc. with a total bid of \$550,688.00; Cooper Construction Company with a total bid of \$439,038.00 and H&M Constructors, Inc. with a total bid of \$410,876.00. He stated that the line segments in this contract are located in four drainage basins and will be rehabilitated using the trenchless "fold and form" method. He further stated that staff recommends award of the contract to H&M Constructors, Inc. in the amount of \$410,876.00, contingent upon review and approval by District Counsel.

d. Consideration of Capital Projects Ordinance:

Mr. Hartye presented a revised version of Exhibit "A" of the Capital Projects Ordinance, which will correspond to the Ordinance itself. Mr. Hartye reported that the purpose of the Ordinance is approval of all multi-year projects that will be started in the next fiscal year. He stated that MSD generally approves a 10-year CIP concept at the Board, but the Budget Ordinance is only for one year of expenditures, both in Operations and in CIP. He further stated that typically there are a few multi-year projects that will start in the next fiscal year and will continue on into the next fiscal year. The Ordinance will allow Ms. Zeigler to approve purchase orders for construction projects that go beyond this fiscal year. Mr. Pace asked if these projects are obligated for out of the fund balance. Mr. Hartye stated yes. Mr. Aceto asked if there is a reason MSD should not adopt a Capital Projects Ordinance. Mr. Clarke agrees with the adoption of the ordinance. The only risk is that funds would be encumbered in future years. Mr. Hartye pointed out that this ordinance is only for a two year period. Mr. Aceto asked if this will be done annually. Mr. Hartye said yes.

e. Cash Commitment/Investment Report – Month Ended April 30, 2005:

Mr. Kelly asked about the status of MSD's alternative financing. Ms. Zeigler reported that the May results show that MSD is not in the black yet, with \$12,734.57 negative savings, but MSD is looking at \$104,050.00 savings for the year, leaving \$96,000.00 to the good. She further stated that in a conversation with Mr. Hobson, with Bank of America, he stated that traditionally in April, May and June, there is a withdrawal of a lot of money and not much on-demand for money market, but this should turn around for the rest of the year. Mr. Aceto asked what the cash reserve is being spent on. Ms. Zeigler stated if the Capital Projects Ordinance passes, \$19 million is earmarked for capital projects through 2007-08 until MSD issues debt in 2009, leaving a balance of \$10 million. Ms. Graham asked if the \$10 million is held in reserve. Ms. Zeigler said yes. Mr. Hartye explained that the \$29 million figure means nothing alone, it's how much is going in and out of the fund that matters. He stated that MSD is spending \$14 to \$15 million a year.

Mr. Gantt moved that the Board approve the Consolidated Motion Agenda as presented. Mr. Pace seconded the motion. Roll call vote was as follows: 7 Ayes; 0 Nays.

7. Public Hearing and Consideration of Final Budget and Rates & Fees for Fiscal Year 2005-06:

MINUTES OF PUBLIC HEARING

At 2:15PM, Mr. Aceto opened the Public Hearing on the Budget and Rates & Fees for Fiscal Year 2005-06.

Mr. Hartye presented resolutions adopting the Budget and Sewer Use Charges for FY 2005-06. He stated that the Schedule of Rates & Fees was reformatted to make it easier to understand and that the background information explains what the fees are used for. He presented a copy of the Final budget, which is the same as the Preliminary Budget adopted in April and includes a 3% rate increase in sewer user charges. Mr. Hartye stated the budget includes all departmental write-ups that include performance measures; goals & objectives, key responsibilities and accomplishments over the last year along with the financial budget for next year. He pointed out that both the budget and comprehensive financial report have a section with statistical information that may be of interest. Mr. Pace asked where the percent of rate increase is shown. Mr. Hartye stated that this information is found in the Introduction Section on page 5 of the Budget.

Mr. Aceto asked for comments from the public on the budget. There being no comments, Mr. Aceto declared the Public Hearing closed at 2:20PM. Ms. Graham moved that the Board adopt the Budget and Sewer Use Charges for FY 2005-06. Ms. Bryson seconded the motion. Roll call vote was as follows: 7 Ayes; 0 Nays.

8. Old Business:

Mr. Kelly asked about the status of MSD's bio-diesel program and how many gallons MSD is saving per year by using bio-diesel instead of diesel fuel. Mr. Weed stated that MSD uses about 8,000 gallons per month of bio-diesel for all vehicles and equipment. Mr. Kelly asked if there is any adverse affect to the equipment. Mr. Weed stated that there has been no adverse affect on the equipment and that the only modification made was to change the fuel filters.

8. New Business:

None

9. Adjournment:

With no further business, Ms. Graham moved for adjournment at 2:30PM. Mr. Kelly seconded the motion. Voice vote in favor of the motion was unanimous.

Jackie W. Bryson, Secretary/Treasurer