

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT  
OCTOBER 19, 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 2:00PM, Wednesday, October 19, 2005. Chairman Aceto presided with the following members present: Ms. Bellamy, Mr. Bisette, Ms. Bryson, Mr. Gantt, Ms. Graham, Mr. Pace, Mr. Sobol, Mr. VeHaun and Mr. Venable. Ms. Ball and Mr. Kelly were absent.

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, Roy Davis with DENR, Stan Boyd, Martha Zeigler, Ed Bradford, Ann LeMieux, Angel Banks, Ken Stines, Eric Bryant and Sondra Honeycutt, MSD.

**2. Approval of Minutes of the September 21, 2005 Meeting:**

Mr. Gantt moved that the Minutes of the September 21, 2005 meeting be approved as presented. Mr. Pace 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:**

Mr. Aceto welcomed Mr. Davis and Mr. Martin. Mr. Aceto called for Public Comment. None was received.

**5. Report of General Manager:**

Mr. Hartye reported that Ed Bradford and Eric Mann will be giving a paper on the Districts' Pipe Rating Program development and implementation at the national WEFTEC convention in Washington DC on October 29<sup>th</sup>. He further reported that staff will walk the exhibit floor with the Board on Monday following the open session.

Mr. Hartye reported that the NC AWWA/WEA conference will be held November 13 through 16<sup>th</sup> in Greensboro, NC. He stated that Hazen and Sawyer will give presentations on the District's belt filter and incinerator projects with assistance from John Kiviniemi.

With regard to Board/Committee Meetings, Mr. Hartye reported that the Right of Way Committee scheduled for October 26<sup>th</sup> has been cancelled. The next meeting of the Board Governance Committee is scheduled for November 16<sup>th</sup> at noon, prior to the regular Board Meeting at 2PM.

**6. Report of Committees:**

**Right of Way Committee**

Mr. Pace reported that the Right of Way Committee met September 28, 2005 to consider compensation budgets on the Merrimon Avenue @ Beaverdam Creek Rehabilitation Project and the Greeley Street Private Sewer Rehabilitation Project and to consider condemnation on the Lower Smith Mill Creek Rehabilitation Project. He further reported that the Committee considered the use of eminent domain for extension of the public sewer system, which was driven by a request from a private developer. Mr. Pace stated that the Committee's recommendation was not to use MSD's power of eminent domain to assist private developers. He further stated that the developer can use

a gravity system if available, but is not allowed build a pump station to connect to the sewer system. Mr. Venable asked whether MSD is currently prohibited from using its power of eminent domain to assist private developers. Mr. Pace stated no; the Committee decided not exercise its right in this situation only. Mr. Venable asked if the Board could prohibit both its right and that of the Right of Way Committee from using eminent domain to assist private developers. Mr. Clarke stated the Board can make a policy decision not to exercise its right of eminent domain for private developers, but cannot change the law. Mr. Pace presented a copy of an article regarding the Supreme Court's decision affirming Connecticut's lower court ruling that eminent domain could be used for the purpose of economic redevelopment.

### **Board Governance Committee**

Mr. Gantt reported that the Board Governance Committee met today. He commended Martha Zeigler and Tom Hartye for preparing the documentation to assist the Committee in addressing issues pertaining to Board Ethics. He stated that the Committee does not have a recommendation to the full Board today, but hopes to have a recommendation at the next meeting. He expressed his appreciation to the Committee and others for their participation.

#### **7. Consolidated Motion Agenda:**

##### **a. Consideration of Compensation Budget – Merrimon Avenue @ Beaverdam Creek Rehabilitation:**

Mr. Hartye reported that the Right of Way Committee recommends approval of the Compensation Budget for the Merrimon Avenue @ Beaverdam Creek Rehabilitation Project.

##### **b. Consideration of Compensation Budget – Greeley Street Private Sewer Rehabilitation Project:**

Mr. Hartye reported that the Right of Way Committee recommends approval of the Compensation Budget for Greeley Street Private Sewer Rehabilitation Project.

##### **c. Consideration of Preventative Maintenance Contract IX, 2005-2007:**

Mr. Hartye reported that Preventative Maintenance Contract IX will complete the cleaning and inspection of all 69 basins with 2,781,372 LF inspected and 716,055 pending. He further reported that RFP's were sent to six contractors on September 22nd and the following four responses were received: Video Pipe Services with a total bid of \$2,166,073.55; Underground Camera with a total bid of \$2,090,123.50; AUI,LLC with a total bid of \$1,906,280.00 and CES with a total bid of \$1,596,595.95. He stated that staff recommends accepting the proposal from Compliance EnviroSystems, LLC pending Counsel's review and that funds for this contract are available in the CIP Budget "Preventative Maintenance". Mr. Sobol asked if the money is coming out of the budget for pipe rating. Mr. Hartye stated it will come out of general sewer rehabilitation. Mr. Aceto asked if this completes the cycle of closed circuit television (CCTV) inspection of the system. Mr. Hartye stated that this completes inspection of the smaller collection lines, but not the large interceptors; however some sonar/subsurface inspections will be done as part of the contract. Mr. Sobol asked how long it will take to complete the project. Mr. Hartye stated that the contractor's effort to clean, CCTV inspect the system and input this information into the GIS network will take two years, which will be survived by MSD's efforts to clean and inspect at least 10% of the system each year. Mr. Sobol asked if the 4.6 million feet of line is the entire system, or just those lines that are 8" and above. Mr. Stines stated that this includes lines 6" and up.

Mr. Venable asked if the District has used Compliance EnviroSystem in the past. Mr. Hartye said yes.

**d. Consideration of Bids for Sanitary Sewer Rehab – Waters Road AMP and Swindale Street PSR:**

Mr. Hartye reported that only two bids for the Waters Road AMP and Swindale Street PSR project were received on September 8, 2005, therefore it was re-advertised; and two bids were received and opened on September 15, 2005 in the following amounts: Buckeye Construction Company, Inc. with a total bid of \$799,445.50 and Terry Brothers Construction Co., Inc. with a total bid of \$720,781.20. He further reported that staff recommends award of this contract to Terry Brothers Construction Co., Inc. in the amount of \$720,781.20, contingent upon review by District Counsel.

**e. Consideration of Cost Recovery for Enka Land Subdivision:**

Mr. Hartye reported that the Enka Land Subdivision is located off Sandhill Road and consists of 55 residential units with an estimated 5-year net revenue of \$37,145.00. He further reported that staff recommends that the Board approve authority for the General Manager to reimburse Habitat for Humanity \$37,145, upon receipt of surety and Board acceptance of the sewer system.

**f. Self-insured Health Plan Report for FY 2005:**

Mr. Hartye reported that the Self-insured Health Plan Report for FY 2005 includes budget to actual figures and a history of the plan. He stated that because claims have increased, Ms. Zeigler is educating staff on the reasons for the increase, and with the help of the Wellness Committee, is looking at ways to approach this problem in the next budget year. Ms. Bellamy asked why there was an increase in contributions from employees. Ms. Zeigler stated that from the time of budget to the year end, six more employees added spouses and started paying premiums. Mr. Venable asked about the increase in stop-loss retention and if it would have an adverse affect on the premium. Ms. Zeigler stated that the reason for the increase was due to large claims occurring between the time of the preliminary insurance figures and year end and the insurance company decided to compensate for that increase. She further stated that the total increase was about 8.5%, which is in line with what health insurance increases were last year. She reported that the insurance company paid out about \$100,000.00 of the total claims, holding the increase for the net cost per employee to 28%.

**g. Cash Commitment/Investment Report – Month Ended August 31, 2005:**

Regarding the Variable Bonds Summary, Mr. Sobol asked what the rate would be if MSD lost the \$210,000.00. Ms. Zeigler stated that the variable rate is budgeted at 3.5%, but the fixed rate at the time of issuance of the bonds was approximately 4.7%. Mr. Sobol asked if the bonds are not resold during a remarketing period, how long will the bank hold them, since there is a maximum rate of 12%. Ms. Zeigler stated that Mr. Hobson, with Bank of America said that if interest rates increased to that degree, MSD would purchase a cap or convert the bonds to a fixed rate. If it was a temporary trend, MSD could petition the Local Government Commission to allow raising the cap temporarily so the bonds could be bought on the open market; giving MSD enough time to decide on a long-term solution. Mr. Sobol asked if the interest rate goes up, what percent would the cap go up. Ms. Zeigler stated that there are so many variables that it's hard to predict. Mr. Sobol asked about buying a cap for the life of the bonds. Ms. Zeigler stated that the farther out you have a cap the more it costs. Also, Mr. Hobson said it would be

better to buy a swap and swap the bonds to a fixed rate.

Mr. Vebaun moved that Board approve the Consolidated Motion Agenda as presented. Mr. Pace seconded the motion. With no discussion, roll call vote was as follows: 9 Ayes; 0 Nays. Ms. Graham was absent during the vote.

**8. Old Business:**

None

**9. New Business:**

None

**10. Adjournment:**

With no further business, Mr. Pace moved for adjournment at 2:45 PM. Mr. Venable seconded the motion. Voice vote in favor of the motion was unanimous.

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Jackie W. Bryson, Secretary/Treasurer