

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
FEBRUARY 21, 2007**

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 on Wednesday, February 21, 2007. Chairman Aceto presided with the following members present: Bellamy, Bisette, Bryson, Creighton, Gantt, Haner, Kelly, Newman, Sobol, VeHaun and Venable.

Others present were: Thomas E. Hartye, General Manager, Marjorie Mann, Attorney, Gary McGill with McGill Associates, Leah Karpen with the League of Women Voters, Joseph Martin with Woodfin Sanitary Water & Sewer District, Stan Boyd, Martha Zeigler, John Kiviniemi, Ed Bradford, Peter Weed, Angel Banks, Ken Stines and Sondra Honeycutt, MSD.

2. Inquiry as to Conflict of Interest:

Mr. Aceto asked if there were any conflicts of interest with the agenda items. No conflicts were reported.

3. Approval of Minutes of the January 17, 2007 Meeting:

Mr. VeHaun moved that the Minutes of the January 17, 2007 Meeting be approved as presented. Mr. Venable seconded the motion. Mr. Aceto called for discussion. With no discussion, Mr. Aceto called for the question. Voice vote in favor of the motion was unanimous.

4. Discussion and Adjustment of Agenda:

None

5. Informal Discussion and Public Comment:

Mr. Aceto welcomed Ms. Karpen and Mr. Martin.

6. Report of General Manager:

Mr. Hartye expressed appreciation to Buncombe County for funding half of the VWIN program for FY 08.

Mr. Hartye presented an article from the Asheville Citizen Times on the loss of 150 jobs at Owen Manufacturing from April to August, 2007. In addition, he presented copies of the NC League of Municipalities Legislative Bulletin No. 1 and No. 3 regarding infrastructure and annexation.

Regarding the Board Retreat, Mr. Hartye reported that the Retreat will be held Wednesday, March 21, 2007 at 11AM prior to the 2:00 PM Board Meeting.

Mr. Hartye reported that the February ROW Committee Meeting has been cancelled. The next regular Board Meeting will be held March 21st at 2PM.

Regarding Legislative Bulletin No. 3 on Water and Sewer, Mr. Venable noted that the report says that "Three-fourths of N.C. public utilities have water and sewer rates more than 1.5 percent of the median household income (that is, more than the generally accepted standard of affordability)." He asked where MSD stands with regard to this statement. Mr. Hartye stated that the average annual sewer bill for Buncombe County of \$257.00 represents 0.6 percent of the median household income, which would be less than half of that amount. Mr. Aceto asked if this is sewer only or water and sewer combined. Mr. Hartye stated that the EPA guideline for affordability is 2% for water and

2% for sewer. Mr. Sobol asked what the amount is for the City of Asheville. Ms. Bellamy said she didn't know, but commended staff on its ability to forecast and come up with the means and ways to get the infrastructure built.

7. Report of Committees:

Right of Way Committee

Mr. Kelly reported that the Right of Way Committee met January 24, 2007 to consider condemnations on the Long Shoals Road PRP; the compensation budget for Mardell Circle four-inch main sewer system rehabilitation project and to consider the issue of condemnation authority. Mr. Kelly stated that he expressed concerns about the Board delegating condemnation authority to the Right of Way Committee and suggested that these items be placed on the Consolidated Motion Agenda and voted on by the full Board. Mr. Aceto suggested a motion to rescind the previous action of the Board of June, 1998; delegating condemnation authority to the Right of Way Committee. Mr. Venable expressed his concern that this action may slow down what the Right of Way Committee is doing. Mr. Hartye stated that the situation was different ten years ago when MSD projects were behind schedule; now projects are ahead of schedule in design and obtaining rights of way before construction starts. Ms. Banks stated that she is not concerned about the time frame like she was ten years ago. Mr. Aceto moved that the Board rescind the previous direction of the Board delegating condemnation authority to the Right of Way Committee and to bring condemnations before the full Board upon the recommendation of the Committee. Mr. Kelly seconded the motion. Mr. Aceto called for discussion. With no discussion, Voice vote in favor of the motion was unanimous.

Planning Committee

Mr. Bissette reported that the Planning Committee met prior to the Board meeting to review and consider changes to the District's Policy for Takeover and Rehabilitation of Unclaimed Collector Sewer Systems. He stated that a motion was made to revise this policy as follows: paragraph one, delete the word "such" and add the words "an unclaimed"; delete Section 1.d. having to do with the \$25 fee; delete the wording "receipt of the fee" in paragraph 2. and change the wording in paragraph 4. regarding payment and collection of the \$25 fee. In addition, staff and legal counsel were asked to review the policy as it relates to Section 1.c.; how to revise the policy so that all property owners would not have to sign a commitment to convey the rights of way and easements up front. Mr. Bissette moved that the Board adopt the changes as noted; with the exception of anticipated changes to Section 1.c. Mr. Aceto called for discussion. With no discussion, voice vote in favor of the motion was unanimous.

Regarding the Sewer Extension Policy, Mr. Bissette moved that the Board approve an update of the Sewer Master Plan. Mr. Aceto called for discussion. Mr. Haner asked how long the update will take and whether the Board will be briefed on its progress. Mr. Hartye stated it will take 6-9 months and the Board will be briefed midway through the process. Mr. Venable asked if CDM will do the update. Mr. McGill stated that they will know more when they start the procurement of services process. With no further discussion, voice vote in favor of the motion was unanimous.

8. Consolidated Motion Agenda:

a. Consideration of Condemnations – Long Shoals Road PRP:

Mr. Hartye reported that the Right of Way Committee moved to accept Staff's recommendation for authority to obtain appraisal and proceed with condemnation if the Attorneys are not able to resolve the indemnification issue.

b. Consideration of Compensation Budget – Mardell Circle Four Inch Main Sewer System Rehabilitation:

Mr. Hartye reported that the Right of Way Committee recommends approval of the Compensation Budget for this project.

c. Acceptance of Developer Constructed Sewer Systems – Reynolds Mountain Phase IV Sewer Extension, Frank Cole Subdivision and Bonito Ocaso Sewer Line Extension:

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

d. Consideration of Cost Recovery for Waightstill Mountain Subdivision:

Mr. Hartye reported that staff recommends that the General Manager be authorized to reimburse Keith Vinson, doing business as Waightstill Mountain, LLC in the amount of \$40,000.00 for cost recovery for Waightstill Mountain Subdivision upon receipt of appropriate security. Mr. Sobol asked if a portion of this development is served by a pump station. Mr. Hartye stated that one portion of the development has a pump station, but the cost recovery is for the gravity main only. Mr. Sobol asked if the pump station is maintained by the development. Mr. Boyd stated that MSD took over the pump station in January, 2005.

e. Second Quarter City of Asheville Billing Report:

Mr. Hartye reported that comparison of the first two quarters of FY 07 with the same period in FY 06 reveals that net billings are up nearly 7%, which reflects primarily the 4.5% rate increase, however, consumption data shows an overall 3% increase, which reflects current growth trends.

f. Self-Insured Health Plan Report for the First Six Months of FY 2007:

Mr. Hartye stated that the report shows a dramatic jump in claims for the first six months of FY 2007 as compared to the same six months last year. Ms. Bellamy asked if the Disease Management Program will be expanded to include the four major chronic conditions. Mr. Hartye stated that there has been a lot of discussion about the program, but it's not in place yet. Ms. Zeigler stated that they hope to implement this Program in July starting with hypertension and diabetes and add the remaining conditions (high cholesterol and asthma) in January or later depending on how well it goes. Mr. Venable asked if the increase is due to more small claims or several large claims. Ms. Zeigler said it was a combination of both. She stated that there were fewer claims under \$10,000, but the average claim was higher. The large increase in claims over \$10,000 was as a result of volume, since some of the claims were major.

g. Report on First Six Months Revenues and Expenditures:

Regarding Industrial User Fees, Mr. Hartye reported that fees were up, since the large industrial user who planned to wind down operations by the end of the calendar year has not completed this process as fast as expected.

h. Cash Commitment/Investment Report – Month Ended December 31, 2006:

Presented as information only.

Regarding Item c. (Reynolds Mountain Phase IV Sewer Extension) Mr. Haner asked, from the time of the initial process until today, have there been changes in the line that will necessitate additional rehabilitation measures on MSD's part because of the additional flow. Mr. Boyd said there are no additional requirements. Mr. Hartye said if there was, the developer would be required to do it, but MSD would participate pursuant to its cost participation policy. Mr. Gantt moved that the Board approve the Consolidated Motion Agenda as presented. Ms. Bellamy seconded the motion. Mr. Aceto called for discussion. With no discussion, roll call vote was as follows: 12 Ayes; 0 Nays.

9. Old Business:

Mr. Aceto reminded the Board of the Retreat scheduled for March 21, 2007 at 11:00AM.

10. New Business:

11. Adjournment:

With no further business, the meeting adjourned at 2:35PM.

Jackie W. Bryson, Secretary/Treasurer