

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
NOVEMBER 14, 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 2:00 PM, Wednesday, November 14, 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, William Clarke, General Counsel, Gary McGill with McGill Associates, Roy Davis with DENR, Leah Karpen with the League of Women Voters, Joseph Martin with Woodfin Sanitary Water & Sewer District, Mary Knosky with Black & Veatch, Stan Boyd, Martha Zeigler, Ed Bradford, John Kiviniemi, Peter Weed, Jim Hemphill, Angel Banks, Julie Willingham, Jim Naber, 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 October 14, 2007 Board Meeting:

Mr. Aceto asked if there were any objections to approving the Minutes of the October 14, 2007 meeting as presented. Mr. Venable asked that "Mr. Karpen" be changed to read "Ms. Karpen" on page five, paragraph two, line 13. With no further corrections, the minutes were approved by acclamation as amended.

4. Discussion and Adjustment of Agenda:

None

5. Informal Discussion and Public Comment:

Mr. Aceto welcomed Mr. Davis, Ms. Knosky, Ms. Karpen and Mr. Martin. Mr. Aceto congratulated Mr. VeHaun, Mr. Newman, Mr. Sobol and Mr. Kelly for winning in the recent elections.

6. Report of General Manager:

Mr. Hartye reported that MSD received the "I'll do anything for United Way" award from United Way and expressed his appreciation to Peter Weed, Jim Naber, Sandra Moore, Barry Cook and Mike Butler for their efforts in this year's campaign. He stated that donations increased from \$8,000 to \$16,000 in one year. He also expressed his appreciation to Ed Bradford, Jim Naber and Peter Weed who, along with himself, braved the cold weather to sit in the dunking booth at the company picnic to raise money for United Way.

Mr. Hartye reported that a phone call from 121 Charlotte Street was received expressing appreciation for the efforts and quick response from the following MSD personnel: Bobby Arrowood, Elton Camp, Lloyd Anders, McKinley Hensley and Ray Lunsford.

Mr. Hartye reported that pursuant to Mayor Bellamy's initiative, representatives from the City of Asheville, Buncombe County and MSD have met twice to explore the possibility of working together to abate the rising cost of healthcare. He stated that the group believes that efforts should be focused on the wellness and disease management end, which may have more of an impact than combining plans or negotiating a pool. The

group is currently surveying all such wellness and disease management efforts to put together a list of "Best Practices" that will benefit all.

Mr. Hartye presented an article from the Asheville Citizen Times on the North Carolina State Budget and United Way. He also presented an article from Southern City on the General Assembly and Mayor Bellamy. He reported that the September, 2007 VWIN Report is available for those who are interested.

Mr. Hartye reported that the State Dept. of Environment and Natural Resources (DENR) will be stepping up its enforcement regarding Sanitary Sewer Overflows (SSO's) starting December 1st. Enforcement actions may include fines. He introduced Mr. Roy Davis from the State Regional office to say a few words regarding how enforcement will be carried out and how it may impact MSD.

Mr. Davis reported that the State of North Carolina has been involved in efforts to reduce the number of Sanitary Sewer Overflows for about a decade. He stated that approximately 7 years ago, DENR started issuing collection system permits, which are purely operational and they establish the maintenance requirements for wastewater collection systems, record keeping departments, mapping requirements, etc. The purpose is to slowly guide the State away from the tremendous number of SSO's in years past. He further stated that the number of overflows in a years' time is going down slowly for a number of reasons; one of which, is the age of the infrastructure across the State. He further reported that this program, which is regulatory in nature, has matured to the point that a decision was made to begin issuing Notices of Violation (NOV's) for SSO's and beginning December 1st they will start assessing civil penalties for SSO's. The purpose is to encourage people to look at their programs to see if improvements can be made to reduce the number and severity of overflows and that the regional office will be assessing these penalties. He stated that MSD has an extremely pro-active maintenance program and it's response to SSO's is excellent. He further stated that a number of years ago, MSD's had up to 300 SSO's per year, but is now is down to 50 per year, which is an excellent record, helped along by the capital money MSD is investing; approximately \$13.5 million per year in collection system improvements. Mr. VeHaun asked about people on septic systems that have trouble with overflows. Mr. Davis stated that the statutory focus is on publicly owned collections systems. Mr. Haner asked if DENR has developed a set of criteria that determines the magnitude of a NOV or civil fine. Mr. Davis stated the criteria include volume, volume reaching surface water, duration, gravity, impact, history and cost of rectifying. Mr. Clarke asked if this is guidance or regulation. Mr. Davis said guidance. Mr. Clarke further asked if the regional office will be assessing civil penalties and if they have the authority to resolve those penalties. Mr. Davis stated that the regional office will assess civil penalties and if negotiations occur they will be involved. Mr. Clarke asked if MSD would be given credit for being so pro-active. Mr. Davis stated that at the time of MSD's first collection system permit, it achieved some language protecting it from enforcement action if a line experiencing an SSO is on the 10-year capital improvement list and that this same language is included in MSD's current permit. He gave examples of the type of discretion DENR would use in determining civil penalties. Mr. Haner asked if there would be more attention given to larger lines. Mr. Davis said yes.

Mr. Davis stated that MSD is running a great program in terms of maintenance and upgrade of the system and responding to overflows and there have been times when MSD responded within five minutes of a call and feels staff is doing a great job. Mr. Aceto asked Mr. Davis if he has any advice to the Board about policy and procedures in light of the new enforcement policy. Mr. Davis said no, since MSD has its pipe rating system in place, which identifies those lines in need of attention and rehabilitation.

Mr. Hartye introduced Mr. Jim Hemphill, MSD's new Personnel Director. He reported that Mr. Hemphill comes to the MSD with over 20 years of experience in both

the private and public sectors; City of Spartanburg, Outdoor Marine Corporation and Asheville Industries. He stated that the Personnel Department is now located on the first floor and that Benefits has been added to the department to enhance its effectiveness.

Mr. Hartye reported that the next Right of Way Committee meeting will be held November 28th at 9AM and the next regular Board meeting will be held December 19th at 2PM.

7. Report of Committees:

Right of Way Committee:

Mr. Kelly reported that the Right of Way Committee met October 24th and there were three items that required Board action, which the Board voted on at it's meeting the same day.

8. Consolidated Motion Agenda:

a. Consideration of Bids for Backhoe Fleet Purchase:

Mr. Hartye reported that the following bids for a Backhoe Fleet purchased were received and opened on October 15, 2007: Linder Industrial Machinery with a total bid of \$74,541.00; Carolina Tractor with a total bid of \$74,966.60 and Van Lott with a total bid of \$82,989.00. Staff recommends award of the bid from Linder Industrial Machinery in the amount of \$74,541.00.

b. Consideration of Bids for Pickup Truck Replacements:

Mr. Hartye reported that the following bids for three (3) pickup truck replacements was received and opened on October 26, 2007: Egolf with a total bid of \$68,022.00; Buchanan and Young with a total bid of \$74,160.00 and Ilderton Dodge with a total bid of \$67,938.00. Staff recommends award of the bid to Ilderton Dodge in the amount of \$67,938.00.

c. Consideration of Developer Constructed Sewer Systems: Casa Bello, The Skylofts, Leicester Village Doctor's Park, Village at Bradley Branch – Phase 1 and 2.

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

d. Consideration of Approval of Sole Source of Aqua-Aerobics AquaDisk System for Secondary Microscreen Replacement:

Mr. Hartye reported that Black & Veatch and Staff recommend approval to sole-source an Aqua-Aerobics AquaDisk System for the replacement of the Secondary Microscreen process. He presented a letter from Black & Veatch addressing its procurement recommendations and a letter from Mr. Clarke regarding the sole source purchase. Mr. Hartye stated that the Secondary Microscreen is the final barrier in the plant process, immediately prior to disinfection and discharge into the French Board River and when reviewed by the facilities plan, it was recommended that this system be replaced. He further reported that in October, 2007, Black & Veatch began the preliminary engineering phase for this project and that the recommendation is based upon performance data from recent pilot testing of two different systems. He stated that the preliminary cost estimate of this equipment is \$4,000,000.00 and the current (multi-year) budget for this project is \$5,505,500.00.

Mr. Venable asked when this will appear in the budget. Mr. Hartye stated that this is already included in the 10-year CIP, but that it will appear in the annual budget in late FY 09 or early FY 10, and will be timed around the bond issue. Mr. Aceto asked if the Rotating Biological Contactors (RBC's) will be replaced. Mr. Hartye stated that certain defective ones will be replaced, but that the process will remain for the foreseeable future. Mr. Sobol asked if the new system would get clogged if the plant experienced a flood event. Mr. Hartye stated that pilot testing on this system did include this type of scenario and the equipment performed well.

e. First Quarter FY 07-08 Budget-to-Actual Revenues and Expenditures:

Mr. Hartye presented a budget to actual comparison of revenues and expenditures for the first quarter of the fiscal year ending June 30, 2008. He reported that Industrial Fees are higher than the conservative amounts budgeted since two large industrial users, who planned to slow down operations, are operating at a level higher than originally projected. Facility and Tap Fees, also conservatively budgeted, were higher because of an unanticipated check from a single new development. Also, the Bond principal and interest actually spent are over 25% of budgeted amounts and Capital projects are somewhat below budget.

f. Cash Commitment/Investment Report – Month Ended September 30, 2007:

Presented as information only.

Mr. Bissette moved that the Board approve the Consolidated Motion Agenda as presented. Mr. Gantt seconded the motion. Mr. Aceto called for discussion. With no discussion, roll call vote was as follows: 11 Ayes; 0 Nays. Ms. Bellamy was absent during the vote.

9. Old Business:

Mr. Venable announced that next month would be his last month serving on the MSD Board. He stated that he has served three (3) terms and feels its time for a change. He expressed appreciation to the Board, which he feels is outstanding. He stated that he thinks his replacement will be someone that will improve the Board and has made his recommendation to the Weaverville Town Council. He further stated that it's been a pleasure serving on the Board for the last 9 years and especially working with MSD employees. He said he has not met one person that was not well informed, polite and did everything they could to help him, which in his opinion is a direct reflection of supervision. Mr. Aceto expressed his appreciation to Mr. Venable and stated that his service on the Board has been invaluable.

10. Old Business:

None

11. Adjournment:

With no further business, Mr. Aceto called for adjournment at 2:35PM.

Jackie W. Bryson, Secretary/Treasurer