

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
MAY 20, 2009**

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 P.M., Wednesday, May 20, 2009. Mr. Aceto presided with the following members present: Bellamy, Bissette, Bryson, Creighton, Haner, Kelly, Metcalf, Sobol and VeHaun. Mr. Stanley and Mr. Russell were absent.

Others present were: Thomas Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, Leah Karpen with the League of Women Voters, Joseph Martin with Woodfin Sanitary Water & Sewer District, Ed Bradford, Dennis Lance, Jim Hemphill, Scott Powell, Peter Weed, Angel Banks, Ken Stines, Kevin Johnson, Monty Payne, 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 April 15, 2009 Board Meeting:

Mr. Aceto asked if there were any objections to approving the Minutes of the April 15, 2009 Board Meeting as presented. With no objections, the Minutes were approved by acclamation.

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 reported the District opened a satellite office at the Buncombe County Building Permits office at 30 Valley Street in October 2008. The County requested this to facilitate a one-stop location for County issued building permits. He stated that Cecilia Cardascio, who has worked as a connections coordinator for about eight years was assigned to the site with access via internet to the MSD database and mapping. He further stated that both the County and MSD have only positive comments about the satellite facility, and the facility has been very well received by those getting permits. The City Building Permits office is only a short distance away and the Satellite Office has facilitated interaction with them as well. The District considers this endeavor a success and intends to continue providing this service.

Mr. Hartye presented two notification letters from NCDENR regarding the approval of stimulus funds for the Lake Julian sewer rehabilitation project. This project is currently out to bid and staff will bring an award recommendation to the June Board meeting. He stated that the preliminary estimate for the project is \$1,029,600. The project is eligible for a 50% loan (0% interest @ 20 years) and 50% principal forgiveness. He expressed his appreciation to Ed Bradford, Mike Stamey, Roger Watson, Shaun Armistead, Sharon Walk and Teresa Gilbert for putting together the 400 plus pages of application materials for this effort.

Mr. Hartye presented articles from Southern City on a Blue Ribbon Committee concerning bond insurance, an AC-T article on Mountain Building Panel, a Mountain Express article on Tupelo Honey back-up, and an AC-T article on the same back-up.

Mr. Hartye reported that the next regular Board Meeting and Public Hearing on the Budget for FY2009-2010 will be held June 10th at 2PM. The May 27th Right of Way Committee meeting has been cancelled and will meet again June 24th at 9AM. A Finance Committee meeting will be scheduled sometime in June for a potential new bond issue.

7. Report of Committees:

Personnel Committee

Mr. VeHaun reported the Personnel Committee met April 29, 2009 to hear a presentation by Mr. Hemphill on Human Resource activities. Mr. Hemphill presented a chart showing MSD's turnover rate of 1% during the last year, and presented information regarding MSD's Wellness program; future programs such as an increase of "3 Streams Medical Services", spousal buyout of MSD's insurance plan, walking program and tobacco cessation. He also provided information about "Succession Planning" and gave an overview of various employee relations activities. With regard to the Cost of Living/Merit Pay Plan, Mr. VeHaun reported that staff is not asking for an increase this year, but is asking for a 16.5% (\$215,000) full funding of the health insurance plan. Following consideration of staff's request, the Personnel Committee recommends the Board approve 16.5% full funding for increases in claim liabilities and fees.

CIP Committee

Mr. Sobol reported the CIP Committee met April 30, 2009, which was well attended by Board Members and representatives from the various municipalities. He stated that Mr. Bradford gave an interesting presentation on the highlights of the current and proposed Capital Improvement Program, highlighting the significant progress made over the last 10 years in the reduction of SSO's; from a high of 288 in FY 2000 to a low of 41 in FY 2008. Also, Mr. Hartye gave a status report on Reimbursement Projects, and Mr. Bradford discussed MSD's rehabilitation program priorities and review of the 10-year CIP document. Mr. Sobol further reported that the CIP Committee endorsed the Capital Improvement Program Budget of \$20,432,008 for FY 2010.

Finance Committee

Mr. Kelly reported that the Finance Committee met May 5, 2009. A presentation was given by Mr. Cole of Davenport and Co., LLC on Capital Funding Options along with reports by Scott Powell on Third Quarter Budget to Actual Review, Self-Insured Health Plan Nine Month Report, Third Quarter City of Asheville Billing Report, proposed FY09-10 Budget and Sewer Rates and Fees, and Standby Purchase Agreement. Mr. Kelly further reported that the Committee endorsed the recommendation of the Personnel Committee for a 16.5% (\$215,000) full funding for insurance plan increases, endorsement of the \$43,128,912 budget for FY09-10 and 3.75% rate increase, and adopted the proposed Standby Bond Purchase Agreement.

8. Consolidated Motion Agenda:

a. Consideration of Developer Constructed Sewer Systems: Creekside Village; Little Beaver Day Care (North); Gorilla Express Car Wash and Northridge Commons Phase 1, 11 and 111:

Mr. Hartye reported that staff recommends acceptance of the Developer Constructed Sewer Systems. All MSD requirements have been met.

b. Consideration of Self-Insured Health Plan and Cost of Living/Merit Pay Plan:

Mr. Hartye reported that Staff and the Personnel Committee recommend approval of a 16.5% full funding of the Self-Insured Health Plan increase in the amount of \$215,000 and no Cost of Living/Merit salary increase.

c. Third Quarter Budget to Actual Review:

Mr. Hartye reported that on the Revenue side, Domestic User Fees are slightly below 75% due to a reduction in residential consumption as well as signs of recessionary constraints on commercial usage. On the expenditures side, the CIP is less due to delay of the Microscreen project.

d. Third Quarter City of Asheville Billing Report:

Mr. Hartye reported that consumption data shows a decrease of nearly 2.5%, which is attributed to a reduction in residential consumption.

e. Standby Bond Purchase Agreement:

Mr. Hartye reported that the Standby Bond Purchase Agreement is for the 2008A and 2008B Series bonds. He stated that this is an agreement with a third party, typically a bank, in which the bank agrees to purchase variable rate bonds tendered for purchase in the event the bonds cannot be remarketed. He further reported that staff obtained informal quotes from three (3) banking institutions, Wachovia (Wells Fargo), BB&T and Bank of America. As a result, staff recommends and the Finance Committee endorses the renewal of the existing Standby Bond Purchase Agreement with Bank of America for a period of two years at a cost not to exceed \$250,000 per year.

f. Cash Commitment/Investment Report – Month Ended March 31, 2009.

Mr. Hartye called on Mr. Powell for a report. Mr. Powell reported that as of the end of March, the District had \$37,397,432. He noted that the amount committed for Construction Funds (9,645,307) does include the \$5 million for the Microscreen Project that was delayed until the next fiscal year. Regarding Investment Performance, Mr. Powell reported that the Weighted Average Maturity is about 211 days, meaning that most of MSD's investments are within a 211 day period. However, there is one CD that is in excess of one year, which is 365 days. He further reported the average rate of return is about 2.53% and that four years ago, two benchmarks were set; a 6 Month T-Bill and a NCCMT Cash Portfolio, and as shown, the yield to maturity is in excess of both benchmarks. Mr. Powell presented graphs showing the performance history of both the Series 2008A Synthetic Fixed Rate Bonds and the 2008B Variable Rate Bonds. He reported that MSD is on target as it pertains to the 2008A and the 2008B Series are well below the 4% budget due to the economics of the variable rate market. He stated that April showed a .51% expenditure and during the last two weeks the bonds have reset at .40%, which means it is good to be in the variable rate market now as it pertains to cash outflow to MSD in relation to debt service. With regard to synthetic fixed rates, Mr. Sobol asked what would happen if Bank of America suddenly went under. Mr. Powell stated that as far as the swap is concerned, the swap does have outs for MSD, and if Bank of America goes under and there are no remedies to MSD, then MSD would be at the mercy of the variable rate market. Mr. Clarke stated that if MSD defaulted on the liquidity agreement, MSD would not have an obligation to pay Bank of America; it would just have to replace the agreement.

Ms. Bellamy moved that the Board adopt the Consolidated Motion Agenda as presented. Mr. Kelly seconded the motion. With no discussion, Mr. Aceto called for the question. Roll call vote was as follows: 10 Ayes; 0 Nays.

9. Consideration of Adoption of the Preliminary Budget for FY 2009-2010 and Schedule of Sewer Rates & Fees:

Mr. Powell reported the Preliminary Budget is \$43,128,912 and consists of a \$20.4 million CIP, \$8.5 million Debt Service, \$13.3 million Operations and Maintenance, which includes the \$215,000 increase in funding of the self-insurance health plan, and \$806,755 for Capital Equipment, which is higher than last year due to the replacement of a pumper truck in the coming year. He further reported that the Budget includes a proposed 3.75% rate increase, but Facility and Tap fees will remain at FY09 levels. He stated that MSD is staying with its 20-year Industrial Parity Plan, which has a 4.3% increase in industrial revenues. Mr. VeHaun asked what kind of problems, if any, would a delay in the rate increase cause. Mr. Powell stated that a delay would have a significant impact on the debt coverage ratio; doubling the rate increase for the next fiscal year and beyond. Mr. Hartye stated that MSD is looking to go out for a new bond issue, and typically the rating agencies look at consistency in a business plan and there would be some explaining to do if there was a zero rate increase and MSD went out for new money as well. Mr. VeHaun asked how much the monthly increase will be. Mr. Hartye said .85¢ per month for the average residential customer. Ms. Bellamy stated that a combination of water and sewer would be approximately \$2.00 per month. Mr. Kelly moved that the Board adopt the Preliminary Budget for FY2009-2010 and the Schedule of Sewer Rates and Fees as presented by staff and endorsed by the Finance Committee. Mr. Creighton seconded the motion. With no discussion, Mr. Aceto called for the question. Roll call vote was as follows: 10 Ayes; 0 Nays.

10. Old Business:

Mr. Aceto asked if a summary of the Retreat was available. Mr. Clarke stated that a report will be available prior to the next Board meeting.

11. New Business:

None

12. Adjournment:

With no further business, Mr. Aceto called for adjournment at 2:30 PM.

Jackie W. Bryson, Secretary/Treasurer

MSD

Regular Board Meeting

Metropolitan Sewerage District
of Buncombe County, NC

AGENDA FOR 5/20/09

✓	Agenda Item	Presenter	Time
	Call to Order and Roll Call	Aceto	2:00
	01. Inquiry as to Conflict of Interest	Aceto	2:02
	02. Approval of Minutes of the April 15, 2009 Board Meeting.	Aceto	2:07
	03. Discussion and Adjustment of Agenda	Aceto	2:12
	04. Informal Discussion and Public Comment	Aceto	2:14
	05. Report of General Manager	Hartye	2:16
	06. Report of Committees: a. Personnel Committee – 4/29/09 – VeHaun b. CIP Committee – 4/30/09 - Sobol c. Finance Committee – 5/5/09 - Kelly	Aceto	2:30
	07. Consolidated Motion Agenda		2:45
	a. Consideration of Developer Constructed Sewer Systems: Creekside Village; Little Beaver Day Care (North); Gorilla Express Car Wash and Northridge Commons Phase I, II and III.	Hartye	
	b. Consideration of Self-Insured Health Plan and Cost of Living/Merit Pay Plan.	Hartye	
	c. Third Quarter Budget to Actual Review	Hartye	
	d. Third Quarter City of Asheville Billing Report	Hartye	
	e. Consideration of Standby Bond Purchase Agreement.	Hartye	
	f. Cash Commitment/Investment Report – Month Ended March 31, 2009.	Hartye	
	08. Consideration of Adoption of the Preliminary Budget for FY 2009-2010 and Schedule of Sewer Rates & Fees.	Hartye	3:00
	09. Old Business:	Aceto	3:15
	10. New Business:	Aceto	3:20
	11. Adjournment (Next Meeting/ Public Hearing 6/10/09)	Aceto	3:30

APPROVAL OF MINUTES

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
APRIL 15, 2009

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 P.M., Wednesday, April 15, 2009. Mr. Aceto presided with the following members present: Bellamy, Bisette, Bryson, Creighton, Haner, Kelly, Russell, Sobol, Stanley and VeHaun. Mr. Metcalf was absent.

Others present were: William Clarke, General Counsel, Leah Karpen with the League of Women Voters, Joseph Martin with Woodfin Sanitary Water & Sewer District, Stan Boyd, Ed Bradford, John Kiviniemi, Jim Hemphill, Scott Powell, Peter Weed, Angel Banks, Ken Stines, Mike Schraven, Monty Payne 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. Mr. Bisette stated that he had a conflict with item 7.e (The Cliffs at Walnut Cove) of the Consolidated Motion Agenda. Mr. Aceto excused Mr. Bisette from voting on this item. No other conflicts were reported.

3. Approval of Minutes of the March 18, 2009 Board Meeting:

Mr. Aceto asked if there were any objections to approving the Minutes of the March 18, 2009 Board Meeting as presented. With no objections, the minutes were approved by acclamation.

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:

In the absence of Mr. Hartye, Mr. Boyd called on Mr. Bradford for a presentation on the Reems Creek Interceptor. Mr. Bradford presented an aerial map showing this and nearby rehabilitation projects over the previous ten years. He reported that this project is currently on-going with the completion of 15,272 L.F of interceptor along with three other projects in this area for a total of 27,801 LF. Mr. Bradford addressed access issues related to the project. He stated that in 2004 hurricane Ivan destroyed two crossings and, as a result, System Services set-up a bypass pumping system, which was maintained 24/7 until they were able to reconstruct the two damaged crossings.

Mr. Bradford reported that in August, 2008, the rehabilitation project was advertised with thirteen contractors submitting bids. The Board awarded the contract to Mendon Pipeline in September, 2008 in the amount of \$3.5 million or \$236.00 per LF for 24" & 30" DIP, which is extremely competitive for the pipe size. Completion of the project is expected in June, 2009. He presented several slides from the project area showing the pipe to be used, temporary crossings that were constructed, manhole bases and restoration efforts. He stated that a permanent, recorded access was obtained through working with property owners.

Mr. Bradford presented an aerial photo of the Reems Creek Valley showing the two pumping system. He stated that this is a growing concern because of the age of the systems and future growth in this area and will be presented to the CIP Committee on April 30th. Mr. Haner asked if MSD uses ductile iron pipe on most of its projects. Mr.

Bradford said yes, except in the case of pipelines subject to corrosion, i.e., force mains. Ms. Karpen asked if the UND Lab, Inc. stamped on the pipe means Underwriters Laboratories. Mr. Bradford said it's possible, since they certify a number of products.

Mr. Boyd reported that once again, MSD has received the GFOA Certificate of Achievement for Excellence in Financial Reporting. He expressed appreciation to Scott Powell and Teresa Gilbert for their efforts.

Mr. Boyd reported that on March 20-22nd, MSD had a booth at the annual Home Show. He stated that a variety of items were handed out including grease lids, magnets, information concerning fats, oils, and grease management, sewer extensions, GIS system, and information from the Call Before You Dig (One Call Center). He stated that MSD's participation in the show not only aids with public relations, but is used to satisfy educational requirements in MSD's Collection System Permit. He expressed appreciation to Jody Germaine, Kathy Meeks, Mary Alice Hunter, Darin Prosser, Tim Revis, Lisa Tolley and, a special thanks to Kay Farlow for organizing and coordinating this effort.

Mr. Boyd presented articles from the Asheville Citizen-Times on a potential insurance pool for City of Asheville employees, and the NCLM Legislative Bulletin of 3/27/09.

Mr. Boyd reported that the Personnel Committee will meet April 29th at 2PM, the CIP Committee will meet on April 30th at 8:30 AM, the Finance Committee will meet on May 5th at 2PM, the Board Retreat will be held May 8th from 9AM till noon and the next regular Board Meeting will be held May 20th at 2PM. Ms. Banks reported that the next Right of Way Committee meeting will be held May 27th at 9AM.

7. Report of Committees:

Right of Way Committee

Mr. Kelly reported that the Right of Way Committee met April 1, 2009 to consider condemnations on the Forest Hill Drive #2 PRP Project, Compensation Budgets on the Cub Road Sewer Replacement, Harmony Lane Sewer Rehabilitation and Laurel Road Phase II Rehabilitation projects, and the NCDOT Bridge Replacement over Swannanoa River on NC 81.

8. Consolidated Motion Agenda:

a. Consideration of Condemnations – Forest Hills Drive #2 PRP Project:

Mr. Boyd reported that the Right of Way Committee recommends authority to obtain appraisals and proceed with condemnations.

b. Consideration of Compensation Budgets – Cub Road Sewer Replacement, Harmony Lane Sewer Rehabilitation and Laurel Road Phase II Rehabilitation:

Mr. Boyd reported that the Right of Way Committee recommends approval of the Compensation Budgets.

c. NCDOT Bridge Replacement Over Swannanoa River on NC 81:

Mr. Boyd reported that the Right of Way Committee recommends that MSD convey to NCDOT the fee simple ownership and temporary construction easement areas described for \$1.00. Staff also recommends that language be added to the conveyance instruments that NCDOT will, in accordance with NC General Statute 136-27.1, be required to fund the relocation of any existing MSD lines and/or

appurtenances in conflict with NCDOT construction plans, subject to review and approval by MSD.

d. Declaration of Intent to Adopt Revised MSD Sewer Use Ordinance:

Mr. Boyd reported that the Sewer Use Ordinance (SUO) was last adopted in May of 2003. Since that time, the Ordinance has undergone two changes. First, the State required local Pretreatment Programs to have a maximum civil penalty authority equal to the Secretary of the Department of Natural Resources, allowing Pretreatment Programs to assess civil penalties up to \$25,000 per violation per day. Secondly, The Streamlining Rule was published in the Federal Register by the EPA, which revised parts of the General Pretreatment Regulations (40 CFR Part 403). He stated that staff recommends the MSD Board endorse the Declaration of Intent to adopt the revised MSD Sewer Use Ordinance. Mr. Clarke stated that the revised SUO will be sent out to the local governing bodies within the District for a 90-day review and comment period, after which, it will be brought back to the Board for final adoption.

With regard to the Sewer Use Ordinance, Mr. Sobol asked if there is a requirement that a resident connect to the sewer line if the resident is within so many feet of an MSD line. Mr. Clarke stated that there is language in the Ordinance by which MSD can require a resident to connect, and that he believed the distance was 300 feet. Mr. Clarke further stated that any utility issuing debt is generally required by its bond holders to have such a provision as the bond holders want to ensure that the utility can require residents to connect to sewer lines so that the utility can be assured of customers. Mr. Sobol asked if the resident could be required to connect if he or she had to cross another property, and Mr. Clarke said MSD could not require a resident to connect if the resident had to cross another person's property. Mr. Haner asked if a resident is required to connect, would this come before the Board, or would it be handled administratively. Mr. Clarke stated that it could be handled administratively unless there is a protest. Mr. Haner stated that he can visualize resistance to connecting to the system if a resident is happy with its current set-up. Mr. Boyd added that MSD cannot require a resident to connect to an MSD line so long as the resident has an approved functioning on-site (septic) system

e. Consideration of Acceptance of Developer Constructed Sewer Systems: Brookstone Lodge, The Cliffs at Walnut Cove Phase 6A, 6B and 6PS, Biltmore Lake Block G-Phase 3, Biltmore Lake Block C-Lots 1059 & 1060 and Reems Creek Townhomes Phase 1V:

Mr. Boyd reported that staff recommends acceptance of the Developer Constructed Sewer Systems. All MSD requirements have been met.

f. Consideration of Resolutions for Federal Stimulus Projects - Middle Beaverdam Creek Interceptor Phase 1, Lake Julian Sewer Rehabilitation (Glenn Bridge Rd. and Long Shoals Rd.) and Dingle Creek Interceptor:

Ms. Bellamy asked if MSD has talked to Ron Kerns with the City of Asheville about the Dingle Creek project, since the City is doing improvements in this area as well and there may be an opportunity for some cost savings. Mr. Bradford said he would be happy to follow-up on this. Mr. Boyd stated that staff recommends adoption of the resolutions.

g. Consideration of Reimbursement Resolution for Bond Projects:

Mr. Boyd reported that the proposed reimbursement resolution identifies a major project intended to be solely or substantially financed by bonds anticipated to be issued in fiscal year 09-10. He stated that Board approval is required to obtain the

tax-exemption of interest paid on MSD bonds by authorizing reimbursement from bond proceeds of the expenditures for this project. He further stated that staff recommends approval of the resolution.

h. Cash Commitment/Investment Report – Month Ended February 28, 2009:

Presented as information only.

Mr. Kelly moved that the Board approve items a.b.c.d.f.g.h. of the Consolidated Motion Agenda. Mr. Stanley seconded the motion. With no discussion, Mr. Aceto called for the question. Roll call vote was as follows: 11 Ayes; 0 Nays.

Ms. Bellamy moved that the Board approve item e. (The Cliffs at Walnut Cove) of the Consolidated Motion Agenda. Mr. Kelly seconded the motion. With no discussion, Mr. Aceto called for the question. Roll call vote was follows: 10 Ayes; 0 Nays. Mr. Bisette was excused from deliberating or voting on this item.

9. Old Business:

Mr. Haner reminded the Board of the Retreat scheduled for May 8th. He requested that Board Members who have issues or ideas they want discussed, to write them down and present them to staff.

10. New Business:

None

11. Adjournment:

With no further business, Mr. Aceto called for adjournment at 2:25 P.M.

Jackie W. Bryson, Secretary/Treasurer

REPORT OF GENERAL MANAGER

MEMORANDUM

TO: MSD Board
 FROM: Thomas E. Hartye, P.E., General Manager
 DATE: May 20, 2009
 SUBJECT: Report from the General Manager

- MSD Satellite Office for Planning and Development

The District opened a satellite office at the Buncombe County Building Permits Office Building (behind Tripps Restaurant) at 30 Valley Street in October 2008. The County requested this to facilitate a one-stop location for county issued building permits.

Cecelia Cardascio, who has worked as a connections coordinator for about eight years, was assigned to the site. There is access via internet to the MSD database and mapping. Cecelia can process sewer service applications and accept payment at the site.

After six months MSD reviewed the operations with Matt Stone who supervises the building permits program. Both the County and the District have only positive comments about the satellite facility. It has also has been very well received by those getting permits.

The City Building Permits location is only a short distance away at the Public Works Facility on Charlotte Street and the Satellite Office has facilitated interaction with them as well. Most of the communication with the City Permit folks is handled by e-mail or fax, but now Cecelia is only a short distance away if someone needs to see her in person. The District considers this endeavor a success and intends to continue providing this service.

- Stimulus Funding Award

Attached are two notification letters from NCDENR regarding the approval of the Lake Julian sewer rehabilitation project. This project is currently out to bid and staff will be bringing and award recommendation to the June board meeting. The preliminary estimate is \$1,029,600. This is eligible for a 50% loan (0% interest @ 20 years) and 50% principle forgiveness. I would like to thank Ed Bradford, Mike Stamey, Roger Watson, Shaun Armistead, Sharon Walk, and Teresa Gilbert for putting together the 400 plus pages of application materials for this effort.

- READING

- Southern City article on Blue Ribbon Committee concerning bond insurance.
- AC-T article on Mountain Building Panel
- Mountain Xpress article on Tupelo Honey back-up
- AC- T blurb on same back-up.

- Board/Committee Meetings

The next Regular Board Meeting will be held June 10th at 2pm. The next ROW Committee will be held on May 27th at 9am. A Finance Committee will likely be scheduled sometime in June.



North Carolina Department of Environment and Natural Resources

Beverly Eaves Perdue, Governor

Dee Freeman, Secretary

April 28, 2009

Mr. Thomas E. Hartye, General Manager
Buncombe County MSD
2028 Riverside Drive
Asheville, North Carolina 28804

Subject: Clean Water SRF ARRA Round 1
Approval Notification


Dear Mr. Hartye:

Congratulations! Your application for Economic Recovery funding under the American Recovery and Reinvestment Act of 2009 has been approved. Successful applications demonstrated the ability to quickly proceed to construction, and rated highly in the priority point system meeting the goals of both the ARRA and the Clean Water Act.

Actual awards will be contingent upon application approval by the Local Government Commission. If you have not done so already, projects are encouraged to begin advertising for bids at this time.

The Department of Environment and Natural Resources commends you on your efforts to protect North Carolina's water quality, and is pleased to provide this notification.

Sincerely,



Dee Freeman, Secretary

Department of Environment and Natural Resources

DB/mh



North Carolina Department of Environment and Natural Resources
Division of Water Quality

Beverly Eaves Perdue
Governor

Coleen H. Sullins
Director

Dee Freeman
Secretary

May 7, 2009

Mr. Thomas E. Hartye, General Manager
Metropolitan Sewerage District of Buncombe County
2028 Riverside Drive
Asheville, North Carolina 28804

SUBJECT: MSD of Buncombe County
Lake Julian Sewer Rehabilitation
Approval of the Funding Application for
American Recovery and Reinvestment Act of 2009
Project No. 2W370391-11

Dear Mr. Hartye:

The subject project was submitted for funding under the American Recovery and Reinvestment Act of 2009 (ARRA). Some ARRA conditions are different than base Clean Water State Revolving Fund (CWSRF) projects – **please carefully read this entire letter.**

The review for completeness and adequacy of the funding application including the project engineering report and construction documents submitted for consideration of funding under the ARRA has been concluded by the Construction Grants & Loans Section (Section) of the North Carolina Division of Water Quality. Therefore, said documents are hereby approved. A Determination of Minor Construction Activities for the project is attached for your files. A loan offer will be transmitted to you separately, contingent upon approval by the Local Government Commission at their May 5, 2009 or May 14, 2009 meetings.

Eligibility for Revolving Loan funding is determined as follows:

Eligible

Removal and replacement of approximately 2,084 linear feet (lf) of 12-inch, 211 lf 10-inch, and 1,839 lf of 8-inch gravity sewer, installation of 250 lf of 6-inch and 700 lf of 4-inch service laterals, installation of ten (10) 4-foot diameter manholes, one (1) 4-foot diameter drop manhole, and abandon 2 manholes, reconnection of service laterals, removal and replacement of pavement, roadways, driveways and curbs, sedimentation and erosion control devices, and associated appurtenances necessary for a complete system within and up to the existing right-of-way.

Mr. Thomas E. Hartye, General Manager
May 7, 2009
Page Two

Non Eligible

Any installation of sewer service laterals outside the right-of-way.

In the event that received bids exceed the amount established through the funding offer, and local funds are not adequate to award contract(s), it will be necessary to consider all alternatives including redesign, re-advertising, and rebidding. Please note that the specifications must include the special provisions of the ARRA (i.e., buy American, Davis-Bacon wage requirements, job reporting) in addition to the regularly required SRF Special Conditions. Job reporting requirements have not been established by the US EPA at this time, but will likely include jobs created or retained, hours worked, type of jobs, etc.

Attached is one (1) copy of the Project Bid Information (Authority to Award) which is to be completed after bids have been received, and **submitted to Mr. Mark Hubbard, P.E., Assistant Section Chief, Construction Grants and Loans Section by June 10th for review.** Upon review and approval of this information, the Section will authorize the Recipient to award contracts. All elements required for a complete Bid Information package must be submitted to ensure a timely review by the Section.

In accordance with a goal of the ARRA, contracts are expected to be executed by June 17th. If these dates cannot be met, you must contact the Section with a detailed explanation and proposed alternative deadlines. Upon execution of contracts and issuance of Notice to Proceed, a bound set of contract documents must be submitted to the Section for approval. Funds cannot be dispersed until executed contracts are approved. While rejection of all bids is possible, such action may be taken only with prior Section concurrence, and only for good cause.

In the event that progress on the approved ARRA CWSRF project is not made in accordance with the loan agreement, construction contracts, or other pertinent requirements reimbursements may be withheld or suspended indefinitely. Funds not requested for reimbursement in a timely manner may also be reallocated to other ARRA ready-to-go projects on the final State project list.

Once the project costs are established, final awards may be adjusted downward in the case of low bids. Five percent contingency is included in the final amount to accommodate change orders and amendments to the engineering contract. In no case will awards be increased.

Neither the State nor Federal Government, nor any of its departments, agencies or employees is or will be a party to the invitation to bids, addenda, any resulting contracts or contract negotiations/changes.

Your project is subject to the one-year performance certification requirements. By this, you are required on the date one year after the completion of construction and initial operation of the subject treatment facilities, to certify, based on your consulting engineer's advisement, whether or not such treatment works meet the design performance, specifications and the permit conditions and effluent limitations.

Mr. Thomas E. Hartye, General Manager

May 7, 2009

Page Three

In accordance with the Federal Regulations, the Recipient is required to assure compliance with the OSHA safety regulations on the subject project. In complying with this regulatory responsibility, the Recipient should, by letter, invite the Bureau Chief, Education Training and Technical Assistance Unit, NC OSHA Division, 1101 Mail Service Center, Raleigh, NC 27699-1101 at (919) 807-2890, to participate in the Preconstruction Conference to assure that proper emphasis is given on understanding and adhering to the OSHA regulations.

It is the responsibility of the Recipient and the Consulting Engineer to insure that the project plan documents are in compliance with Amended N. C. G. S. 133-3 (ratified July 13, 1993). The administrative review and approval of these plans and specifications, and any subsequent addenda or change order, do not imply approval of a restrictive specification for bidding purposes; nor is it an authorization for noncompetitive procurement actions.

Any addenda to be issued for subject project plans and specifications must be submitted by the Recipient for review/approval action by the Section.

It is mandatory for project facilities to be constructed in accordance with the North Carolina Sedimentation Pollution Control Act, and, when applicable, the North Carolina Dam Safety Act. In addition, the specifications must clearly state what the contractors' responsibilities shall be in complying with these Acts.

A goal of 8% of the contract price is established for Minority Business Enterprise (MBE) participation in this project, and a goal of 5% of the contract price is established for Women's Business Enterprise (WBE) participation in this project. The Recipient and Bidders shall make a good faith effort to assure that MBE's and WBE's are utilized, when possible, as sources of goods and services. The good faith effort must include the following affirmative steps: (a) including small, minority, and women's businesses on solicitation lists; (b) assuring that small, minority, and women's businesses are solicited whenever they are potential sources; (c) dividing total requirements, when economically feasible, into small tasks or quantities to permit maximum participation by small, minority, and women's businesses; (d) establishing delivery schedules, and (e) using the services of the Small Business Administration and the Minority Business Development Agency of the U.S. Department of Commerce. Please note that the solicitation efforts should include documentable follow-up phone calls.

The Recipient shall comply with the provisions of 40 CFR, Part 7, Subpart C - Discrimination Prohibited on the Basis of Handicap.

Two (2) copies of any change order must be promptly submitted by the Recipient to the Section. If additional information is requested by the Section, a response is required within two (2) weeks, or the change order will be returned without further or final action.

One (1) set of plans and specifications identical to the approved set must be available at the project site at all times. Upon completion of the project construction, the Recipient shall submit a letter confirming that the project has been constructed in accordance with the plans and specifications approved by the Section. "As-built" plans will need to be submitted with any changes clearly documented on the plans if the above confirmation cannot be made.

Mr. Thomas E. Hartye, General Manager
May 7, 2009
Page Four

If there are any questions concerning this matter, please do not hesitate to contact Kim H. Colson, P.E. at (919) 715-6212 or Mark Hubbard, P.E. at (919) 715-6224.

Sincerely,



Daniel M. Blaisdell, P.E., Section Chief
Construction Grants & Loans Section

Attachments: Determination of Minimum Construction Activity
Bid Information Form

KHC:AR

cc: Michael W. Stamey, Metropolitan Sewerage District of Buncombe County,
Asheville, NC
OSHA Bureau Chief, Wanda Lagoe
DWQ Asheville Regional Office
Daniel Blaisdell, P.E.
Mark Hubbard, P.E.
Jennifer Haynie
CIG
SRF

Determination of Minor Construction Activity

North Carolina Division of Water Quality Construction Grants and Loans Section

Project Applicant: Metropolitan Sewerage District of Buncombe County
Date: April 29, 2009
Project Number: 2W370391-11
Estimated Project Cost: \$ 1,029,600
Estimated Funding Amount: \$ 1,029,600

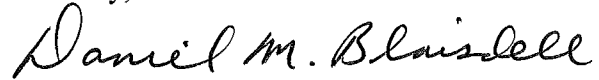
Project Description: The proposed project includes replacement of existing 6-inch, 8-inch, and 12-inch sewer lines which have been in service for many years and are generally constructed of vitrified clay line. These sewers are in very poor condition and the source of numerous maintenance problems including sanitary sewer overflows (SSOs). As such, replacement of these lines has been identified as a high priority by the Metropolitan Sewerage District (MSD). The subject sewers will be replaced with new 12-inch, 10-inch, and 8-inch ductile iron lines in accordance with MSD/NCDENR guidelines. The replacement lines have an approximate combined length of 4,134 linear feet. The project is located at two sites in southern Buncombe County near Lake Julian. These sites are identified as PRP 47006 Glen Bridge Road, and PRP 48002 Long Shoals Road.

The above named applicant intends to apply for assistance from the State Revolving Fund program associated with the American Recovery and Reinvestment Act of 2009 to construct the wastewater facilities described above. The North Carolina Division of Water Quality (DWQ) has conducted a review of the project in accordance with the procedures (NCAC 15A Subchapter 1C) for conformance with the North Carolina Environmental Policy Act. The DWQ has determined that this project is a minor construction activity, and that the preparation of additional environmental documents is not required.

This determination shall become effective upon its distribution by DWQ. This determination can be revoked at any time adverse information is made available. The documentation to support this decision will be on file with the North Carolina Department of Environment and Natural Resources, Division of Water Quality, Construction Grants and Loans Section, and is available for public review at www.nccgl.net.

Comments concerning this decision may be addressed to Mr. Kim H. Colson, P.E., Assistant Chief, Construction Grants and Loans Section, Division of Water Quality, 1633 Mail Service Center, Raleigh, North Carolina 27699-1633, or he may be reached by phone at (919) 715-6212.

Sincerely,

A handwritten signature in cursive script that reads "Daniel M. Blaisdell".

Daniel M. Blaisdell, P.E., Chief
Construction Grants and Loans Section
Division of Water Quality

Commission recommends bond market remedies to NLC

By Cathy Spain,
National League of Cities

FOR MANY MONTHS, SERIOUS DISRUPTIONS in the municipal bond market have affected the ability of cities and other governments to finance infrastructure and meet other capital financing needs and increased the cost of existing variable debt. NLC in cooperation with the National Association of Counties (NACo), created a Blue Ribbon Commission on Municipal Credit Enhancement last fall to identify remedies to improve market access and reduce municipal borrowing costs.

Downgrades of the AAA credit ratings of municipal bond insurers were the primary impetus for establishing the commission. Issuers choose to buy bond insurance because the exceptional ratings of bond insurers lower issuers' borrowing costs. An estimated \$2 billion is paid to insurers on an annual basis. If insurers are downgraded, the benefits of their product are lost.

Other market problems noted by the commission were increased interest rates on variable rate debt; uncertainty about the system for rating municipal market issuers due to calls for a new, unified credit rating system; and the requirement for issuers to make unanticipated payments to debt service reserve funds because of downgrades of their surety providers.

A final report recently issued by the commission recommends three actions that NLC and others can take to help stabilize the municipal bond market.

The first is to support federal tax law changes that would increase the demand for municipal debt by providing incentives for banks and other corporations to purchase

these bonds. While the focus of the commission's work was on credit enhancement, it was very concerned about the growing credit and liquidity crisis in the market and the oversupply of bonds that was occurring as institutional buyers of bonds were selling their holdings to obtain needed funds.

Of particular interest is a commission suggestion that NLC and other groups representing local issuers investigate the feasibility of creating a mutual insurance company that would be owned and operated by local governments. The nonprofit company would insure new, fixed rate general obligation bonds of cities, counties, and school districts and revenue bonds sold to finance essential governmental services such as water and sewer facilities.

The commission also urged the groups to seek support from the federal government for the creation of the new mutual company by having it provide capital for the new entity, a federal guarantee for the company or reinsurance.

The 17-member commission consisted of issuer representatives, bond lawyers, underwriters, financial advisors, academics, rating agency and retirement system staff and bond insurance professionals. Bob Inzer, clerk of the court, Leon County, Fla., chaired the commission and Pat Born, chief financial officer, Minneapolis, served as the vice chair.

In coming to its recommendations, the



commission discussed financial guarantees provided by state agencies, credit enhancement programs sponsored by state pension funds and banks, how rating agencies rate insurers and the state of the municipal market. Insured bond sales have been 50 percent or more of the municipal bond market. Approximately \$200 billion long-term insured municipal bonds are sold annually.

The mutual insurance company recommendation drew considerable interest because of the approach's familiarity to NLC, NACo, state municipal leagues and state associations of counties. In the 1980s, when liability insurance was unavailable and unaffordable, state leagues and county associations created intergovernmental risk pools to provide much-needed insurance coverage for their members. As a result, they and their national associations are familiar with the insurance business. Additionally, NLC and NACo are affiliated with mutual insurance companies that have been established to provide reinsurance for the statewide risk pools.

A voluntary, national mutual insurance company owned and operated by local governments would have many advantages. It would be mission-driven rather than profit-motivated with the objective of minimizing borrowing costs paid by its members. Any profits would be shared by the participants.

There are many issues to consider in developing such an entity, including ways to capitalize the company. Options identified by the commission were selling debt or equity to state and local governments or their pension funds, a federal contribution, requiring the investment of debt service funds from bonds insured by the program

and capital charges (premium) paid by issuers.

Other important issues to consider in forming a new company are:

- whether bond insurance as we have known it needs to be restored
- whether a much greater percentage of issues will be done successfully on a non-insured basis in the future
- whether new commercial entrants will fill the current void in the market
- whether issuers and investors will trust any insurer going forward and especially a new mutual company that is owned and operated by local governments
- the enforceability of assessments on members to provide financial support when the need arises
- how the rating agencies will view such a company
- whether a governance structure can be created that insulates the company from politics in the underwriting process
- how the company will be regulated
- whether experienced talent can be attracted to run the company

A new business model for bond insurance is an innovative idea that NLC will continue to explore. The historic risk involved in municipal credit enhancement has been negligible. The default rate for municipal obligations is nearly 20 times lower than investment grade corporate securities and when there are defaults, the missed payments to bondholders are almost always eventually paid in full for public facility financings, according to a 2007 report by Fitch Ratings.

Editor's note: NCLM Executive Director Ellis Hankins served on this blue ribbon commission.

LAND: Critics worry about possible regulations

Continued from B1

The commission could help local governments coordinate their efforts and share information about techniques for controlling development, Queen said, such as avoiding the building of roads up steep mountainsides.

He said such restraint in road building would have prevented a development he finds particularly objectionable, The Divide.

Development of property along high ridges at the edges of the Smokies has drawn criticism that it spoils views from park trails and threatens ecosystems. Property just feet from the park boundary has been graded to make way for The Divide, a subdivision along Cataloochee Divide.

A Divide builder, James Lowe, has said he should be able to make use of his property. Houses won't be crowded in the development, he said.

Queen is quick to say that the commission will have no power to impose regulations.

That doesn't satisfy skeptics. "In my opinion," Rep. Mitch Gillespie, a Marion Republican, said of the commission, "one of the ultimate goals is to adopt regionwide zoning."

Queen says that's not his goal, adding that zoning doesn't work well in mountain terrain.

Gillespie said he would not fight the effort to establish the commission but would watch the group carefully for signs of what he sees as Queen's agenda.

Lobbying for WNC

Other efforts at regional coordination and planning have come and gone.

One of the longest-lived, WNC Tomorrow, formed in 1978 and drifted apart in the late 1990s.

Its last chairman, Linville Falls inn owner and lobbyist David Huskins, said it couldn't maintain a staff once help from Western Carolina University melted away. He hopes to restart the group but hasn't been able to find benefactors.

Huskins applauded Queen's efforts. "I think it's a good thing — except it does take staff. It takes resources and staff to make something like that possible."

North Carolina faces a projected \$4.5 billion budget shortfall next year.

Other regional agencies, like the Councils of Govern-

ment, are tackling land-use issues.

Land of Sky Regional Council released a report last year on strategies for protecting steep slopes and ridge tops in a four-county area centered on Asheville. Farther west, the seven-county Southwestern Commission helped produce a report on issues including long-range planning and best practices

for home and road building.

A commission could bring efforts like those together, said Land of Sky Executive Director Joe McKinney.

It would pursue some of the same goals over the same area as the Blue Ridge National Heritage Area, said area Executive Director Penn Dameron, like helping communities on park borders maintain their character.

Unlike the heritage area, Dameron said, a commission could lobby the federal government. Queen said the group also would lobby state government for the region's fair share.

Coastal interests are more organized, Queen said, helping them win state initiatives to boost fisheries or insure beach homes against hurricanes.

He said he pushes for regionally important projects, like the health and aging centers in Asheville and Cullowhee that have been partially funded, but WNC's delegation of legislators can't do it alone.

Mountain building panel sought

Queen proposes commission to study WNC growth

By Jordan Schrader
JSCHRADE@CITIZEN-TIMES.COM

RALEIGH — A new voice could soon add to the conversation on growth and development in the mountains.

Legislators, who have balked at regulating development in areas feared at risk for landslides, are moving forward on a differ-

ent effort to grapple with how land should be used.

Sen. Joe Sam Queen envisions his proposed Mountain Resources Commission as an advocate for Western North Carolina projects in Raleigh and Washington and an adviser to local governments that want to preserve land from development.

"There're not organized strategies for what would be called 'smart growth' in the mountains," said Queen, a Waynesville Democrat.

Backed by five mountain senators, a bill authored by Queen would create a 17-member commission which, in better economic times, could receive state

money. It would have a broad mission to "address threats to important mountain resources" in 27 counties.

Encroaching on park


One of the first threats the group could tackle, Queen said, is development encroaching on lands like Great Smoky Mountains National Park, the Appalachian Trail, the Blue

Ridge Parkway and the region's state parks.

Such tourist attractions, along with town parks and private farmlands, woods and game lands, need to be preserved and connected, he said.

"You don't want to kill the golden goose because you're not paying attention," Queen said.

Please see **LAND** on B4

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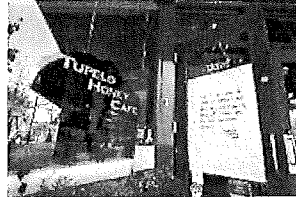
Tupelo Honey Cafe closed for clean-up

by [Jason Sandford](#) on 04/28/2009

Related topics: [restaurants](#)

A clogged sewer line backed up into the basement of Tupelo Honey Cafe, a popular Asheville restaurant and tourist destination, causing thousands of dollars of damage and forcing the restaurant to remain closed for more than a week.

A 6-inch line clogged Friday night "and back-flowed into our basement" for about an hour beginning about 6:30 p.m., restaurant owner **Steve Frabitore** said on Tuesday. The gray water — an estimated 2,000 gallons of it — damaged everything from office space to stored inventory.



"It's significant damage. It's not a \$20,000 or \$30,000 issue. It's going to be significantly higher," Frabitore said, noting that sheet rock will have to be replaced, the basement floor will have to be resealed and all metal surfaces will have to be cleaned and sanitized to meet safety standards.

The cause of the clog? Grease build-up in the main line, said **Ken Stines**, assistant director of system services for the Metropolitan Sewerage District, which oversees the city's sewer lines.

Restaurants dumping grease into the lines remains a significant problem for the maintenance of downtown sewer lines, Stines said. He wasn't pointing a finger at any one restaurant, and Frabitore stressed that his restaurant follows the rules when it comes to dealing with grease. But Stines said that despite the fact that restaurants are required to maintain grease traps and have those traps inspected, the proper disposal of grease remains an issue.

"We really try to do a lot of public education and stress the disposal of grease in the trash and the cleaning of grease traps," Stines said. In the coming weeks, MSD plans to contact all downtown restaurants and remind them of best practices when it comes to maintaining sewer lines, he said.

"The only way to stop the problem is to increase public awareness and get people to help us take care of the environment," Stines said. "It's a never-ending battle."

Both Frabitore and Stines said they were working well together to get the restaurant re-opened as soon as possible. Stines said MSD workers used high-pressure hoses and de-greasers to clean the main sewer line. A crew also planned to install a back-flow preventer on the 2-inch line into the restaurant's basement that overflowed.

Frabitore said insurance adjustors from both sides had been out to survey the situation. "There's no pointing of fingers. Everybody has been terrific."

Tupelo Honey plans to re-open on May 6, according to Frabitore, who said that he's also doing whatever he can to support the restaurant's 47 workers. He said he's pledged to pay all his workers, including tipped employees, at least 60 percent of their wages for missed days. On Tuesday, restaurant managers passed out gift baskets to employees, he added. Some employees took the down time to do other maintenance, such as repainting metalwork encompassing the restaurant's sidewalk seating, while giant fans blew inside.

"At the end of the day, everything's going to be fine," Frabitore said. "Things like this happen. When you have a strong management team and a strong business, you just deal with the situation, you fix it and move on."

Tupelo Honey Cafe specializes in haute Southern cuisine and has become a hot spot for locals looking for lunch and tourists seeking Sunday brunch since it opened in 2000. It's won positive recognition from a host of publications, including the New York Times, Southern Living Magazine and The Food Network. Frabitore has owned the restaurant for about a year.

— [Jason Sandford](#), multimedia editor

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BRIEFS

City: Grease clogged sewer at downtown restaurant

ASHEVILLE — Grease clogged a sewer line that backed up into the basement of Tupelo Honey, forcing the popular downtown restaurant to close until Wednesday.

Some water seeped into the adjacent basement space owned by architect William Langdon, causing only minor damage. No other restaurants or businesses were affected during April 24's incident, according to Ken Stines, assistant director of system services for the Metropolitan Sewerage District. "Tupelo got the brunt of it."

The line, one of four inside the building, was the only one that didn't have a backflow preventer device, Stines said.

"It was definitely grease. There are so many restaurants downtown in buildings that weren't designed for restaurants," Stines said.

Those eateries typically use under-sink grease traps that are smaller than in new restaurants.

Some of the downtown sewer lines date to the early 1900s. Stines said MSD would visit downtown restaurants, cautioning them to regularly check and clean their grease traps. MSD will also increase its cleaning of the downtown line to once a month to ward off future problems.

"Grease in the sewers does the same as in our arteries," Stines said. "It gets in there and clogs up the line until something's going to blow."

REPORT OF COMMITTEES

PERSONNEL COMMITTEE MEETING

April 29, 2009

2:00 p.m.

1. Call to Order

Chairman VeHaun called the meeting to order at 2:05 p.m. in the W.H. Mull Building of the Metropolitan Sewerage District. In attendance, were the following members: Jackie Bryson, Mike Sobol, Bill Stanley, and Bill Russell. Also present were Max Haner, Glenn Kelly, Billy Clarke, Tom Hartye, Jim Hemphill, Scott Powell, Kevin Johnson, Sheila Pike, and Pam Thomas.

2. Inquiry as to Conflict of Interest

Mr. VeHaun stated there was none at this time.

3. Human Resource Activities

Mr. Hemphill discussed several topics about areas of activity within the Human Resource Department: organizational chart with a total of 150 budgeted employees, demographic information with a chart comparison on Buncombe Counties demographic percentages, provided an overview of employees with average age being 45, and years of service at 11. He also presented a chart on personnel reductions from FY 2000-01 with 168 employees to FY 2008-09 at 150 employees. Mr. Hartye stated the decrease in employees since FY 2000-01 has come from re-engineering jobs with an efficient operation target number of 150. He also stated that as our system grows and expands we might increase personnel as needed, but by very small numbers.

Mr. Hemphill also presented a chart showing the turnover rate being 1% with only 2 employees leaving. He also talked about our Wellness program: health fair with 120 participants, health risk assessments with 25 participants, on-site physicals with 33 participants, weight watchers program with a total weight loss to date of over 1100 pounds for 5 different group cycles sessions, Disease Management with a goal of 80 employee participation, and promotion of "Know Your Numbers" which will measure blood pressure, glucose, cholesterol (HDL/LDL), and produce a body mass index.

Mr. Hemphill presented future programs that Human Resources will be working on such as: increase of "3 Streams Medical Services" (nurse practitioner on site one day every week for medical attention), spousal buyout from MSD's insurance plan, walking program, and tobacco cessation.

Information about "Succession Planning" was presented in relation to an aging workforce retiring with significant, institutional knowledge. Mr. Hemphill stated that during the interview process, employees expressed a desire to improve their technical computer skills, and begin supervisor/managerial training. In turn Human Resources has developed a computer lab for basic training on word processing, excel, internet access, and GIS access. Mr. Haner asked if staff members can perform training that is needed. Mr. Hemphill stated that several employees, through succession planning interviews, have shown interest in training. Mr. Hartye stated that there are different levels of computer training needed; one at a lower level for basic skills which will be done at the Human Resources lab, and higher level training using MIS staff and other in house teaching resources.

Mr. Hemphill also reviewed employee relations activities; picnic, Christmas diners, lunch with the boss, employee appreciation cookout, and day of caring along with several photos of our current employees.

Mr. Haner asked about training needs for the employee that cannot be handled in-house and what will be the process. Mr. Hemphill stated that Human Resources receives several training information from external companies and also uses local companies such as: Western Carolina Industries, and North Carolina School of Government for different types of specialized training.

4. Consideration of Self Insured Health Plan & Cost of Living /Merit Pay Plan

Mr. Hemphill presented the chart showing historical pay adjustment between years and providing information to evaluate how MSD employees are progressing across salary ranges over time. Also presented a summary of the CPI over the past years for the South Urban Region showing a 0% increase for the current year, and a chart on the comparisons with other local utilities for their COLA/Merit proposals for the next fiscal year. Mr. Hemphill stated the staff are not asking for an increase in COLA or Merit for the fiscal year.

Mr. Hemphill presented a preliminary estimate of 51% premium increases for stop-loss and aggregate coverage, with a projected 16.5% increase for claim liabilities and fees. Our stop loss trigger amount will increase from \$40,000 to \$60,000. To help with the increase we have addressed issues with the Employee Advisory Committee to decrease cost: increased "3 Streams Medical Services" presence, and "Know Your Numbers" education. Mr. Hemphill stated that we are asking for a full increase in funding to 16.5%. Mr. Hartye discussed the difference in last years funding compared to this year: 16.5% increase, and with freezing salaries we can fund the projected increase in insurance cost while keeping the overall O&M budget at last years level. Mr. VeHaun asked what the dollar amount of increase is at 16.5%. Mr. Hemphill stated the amount is \$215,000.

Mr. Russell asked if there are different tiers within the plan for employees to choose from and if we have given any thought to a high deductible HSA plan. Mr. Hemphill stated that we have a 3 tiered plan and that the Employee Advisory Committee has a sub-committee working on the HSA plan. Mr. Russell stated that at his previous employer they looked into a 60/40 plan that took 5 years to achieve with a high deductible plan. He stated that half of the 80,000 employees chose the plan, which in turn, helped lower premium cost. Mr. Hartye stated that last year staff developed a 3 tier program. He also stated that right now, we are emphasizing Wellness and "3 Streams Medical Services" usage. Mr. Hemphill stated that each employee visit to "3 Streams Medical Services" saves \$150 per employee towards medical claims. Mr. VeHaun asked what is the stop loss carrier's amount for a 51% increase. Mr. Powell stated we pay our stop loss carrier roughly \$350,000 and with an increase of 50% it comes out to be around \$175,000. He also stated that several of the current year claims, exceeded \$40,000. Mr. Hartye stated that we have 312 lives on our insurance which is small compared to other companies so we will experience wider fluctuations, but we have the flexibility to adjust our plan as needed.

Mr. Sobol asked about our job safety record. Mr. Hemphill stated our safety record is excellent and our last key modifier number was .95 which has given us a three year rolling average of less than 1.0.

Recommendation:

Mr. VeHaun moved to consider staffs recommendations of a 16.5% full funding for insurance. Ms. Bryson seconded that motion. Voice vote was unanimous in favor.

5. Other

There was no new business.

6. Adjourn

With no further business, the meeting was adjourned at 2:50 p.m. No future meeting has been scheduled.

CAPITAL IMPROVEMENT PROGRAM COMMITTEE

Minutes
April 30, 2009
8:30 a.m.

The Capital Improvement Program Committee of the Metropolitan Sewerage District met on April 30, 2009 at 8:30 a.m. in the Mull Administration Building on Riverside Drive in Woodfin with the following persons present: Mike Sobol – Committee Chairman; Steve Aceto – Board Chairman; Max Haner, Jerry Vehaun, Joe Martin, Jon Creighton, Roger Edwards, Marcus Jones, Mike Morgan, Jason Young, Nelson Smith, and Marcy Orieal - CIP Committee members; Glenn Kelly, Jackie Bryson, and Bill Stanley – Board Members; Ron Kerns and Ivan Thomas – Asheville Water Resources; David Foster, Asheville Public Works; Tom Hartye – MSD General Manager; Billy Clarke – Roberts & Stevens; Gary McGill – McGill Associates; Ed Bradford, John Kiviniemi, Jim Hemphill, Scott Powell, Barry Cook, Ken Stines, Peter Weed, Angel Banks, Kevin Johnson, and Sharon Walk - MSD.

The following items were considered:

1. Call to Order

Mr. Sobol called the meeting to order at 8:45 a.m., welcomed several new members to the committee and turned the meeting over to Tom Hartye. Mr. Hartye thanked everyone for coming, and turned the meeting over to Ed Bradford, Capital Improvement Program Director.

2. Highlights of the Current and Proposed Capital Improvement Program

Mr. Bradford proceeded to give a power point presentation beginning with a summary of the proposed CIP Budget for the coming fiscal year and following years. The total proposed budget for the coming fiscal year is \$20.4 million which is comprised of Interceptor and Wet Weather rehabilitation of \$2.3 million; General Sewer Rehabilitation of \$4.3 million; Pipe Rated Projects of \$2.1 million. There are no Unclaimed Sewer Rehabilitation projects in the coming year so the budget for these is only \$7,800. Treatment Plant and Pump Station Improvements are estimated at \$7.4 million and Design, ROW and Construction Management Expenses are \$2.7 million. A contingency fund is recommended at \$1.0 million, along with reimbursement projects totaling \$624,500 (primarily for annexation projects in the Black Mountain area) and includes Cost Recovery and Cost Participation funds. The total proposed budget for next year is \$20,432,008.

Mr. Bradford explained that the District's primary approach to Collection System Rehabilitation is centered around SSO reduction, and is therefore the primary source of projects, followed by Pipe Rating and structural problems, and lastly Wet Weather pipeline replacement. He then reviewed several highlights and projects currently being built in the collection system, including photos and details of construction of the projects. These include the Reems Creek Wet Weather which is the most significant project recently undertaken with 15,000 feet of pipe. Mr. Bradford briefly reviewed the construction and restoration on this project, including several creek crossings and explained that the project should be completed in June 2009.

He then reviewed several other projects including Merrimon Avenue @ Ottari which is almost complete, and several pipe bursing projects including Indigo Hotel near downtown. He also showed video of an actual pipe bursting taking place on half-inch cast iron pipe. He briefly reviewed the in-house repair program (the IRS process), the kit and how it is used for lining pipe. He also reviewed the Unclaimed Sewer program, explaining the process of the program and that it was generated at Consolidation to try to address the many unclaimed substandard sewer lines in the area. MSD is obligated to fund no more than \$200,000 per year on rehabbing these projects. No new projects have been added for the coming fiscal year for this program. Mr. Hartye stated that MSD is now taking these lines over for ownership and maintenance once we receive the agreements from the property owners. This has taken a lot of pressure off MSD to fix these lines which may only need minor repairs

immediately. He stated that these lines are typically the ones which would go through the Town Managers on this committee for initiation into the process for takeover and maintenance. Mr. Bradford presented a list of 78 projects that make up the list for the Unclaimed Sewer Rehabilitation program and the status of these projects. Mr. Haner asked how often the status of these projects is reviewed. Mr. Bradford stated it is reviewed yearly, and is driven by the property owners and DENR or the Town itself.

Mr. Bradford then briefly reviewed the Collection System Master Plan, stating that it would be used as a basis to ensure that extensions are done in an orderly, predictable fashion. The Master Plan was done in close cooperation with the different member agencies and constituents, their land use policies and zoning regulations, etc. and was adopted by the MSD Board in November 2008.

He then presented some slides on upcoming projects including Middle Beaverdam Creek Interceptor located in Woodfin near Grace Oil company; Nasty Branch (renamed Town Branch) located near the main switchyard for Norfolk Southern; and Reems Creek Master Plan Interceptor which is almost ready for construction by the developer and will serve the basin for the future. Other projects reviewed were Delano 4" main near Tunnel Road; Eastwood Ave PRP located near Swannanoa and Grovemont; Forest Hill Drive #1 & #2 located in Kenilworth (both Pipe Rated projects) and Glenbridge Road PRP and Long Shoals Rd. PRP both located off Hendersonville Rd. in Skyland. Mr. Haner asked for an explanation of Pipe Rated Project. Mr. Bradford explained that the Pipe Rated Program was developed in-house using off the shelf software whereby pipe segments are structurally rated based on a number of defect codes, i.e. cracks, offset joints, etc. Each pipe segment receives a score and the scores are used to prioritize rehabilitation of these lines. Mr. Sobol stated that several years ago these lines were known as "red-hots" – with System Services keeping track of how many times these lines were worked on for SSO's, blockages, etc. He explained that because of staff's development of this Pipe Rating Program, an award was given to MSD by NACWA. Also, staff from several other municipalities have come here to view and learn from our use of this program.

Mr. Martin asked what the smallest size line was that could be TV'd. Mr. Bradford stated that a 4" line could be TV'd but it is a small push camera. A 6" line can be done by a tractor-type camera, but is a tight fit. Mr. Bradford continued by reviewing the Water Reclamation Facility projects. The only current project at this time is the Venturi Scrubber at the Incinerator. He showed slides of the Venturi and the disintegration that has occurred to the ceramic refractory over time. He then briefly reviewed two significant projects at the plant recommended in the coming year. The first project - the Intermediate Pumps – are old and use fluid to pump fluid. They are very inefficient and pose a contamination risk to the effluent if they leak hydraulic fluid at the tail end of the plant. The proposed replacements will be variable speed electric pumps with an estimated cost of \$2.4 million. This project is designed and ready for construction. The second project is the Final Microscreen project and was one of the Facilities Plan recommendations. There are several operational concerns with the existing microscreens including performance failure. He explained that the procurement phase was initiated last year but because of economic concerns, procurement was delayed. Procurement is recommended for the coming fiscal year in the amount of \$4.8 million with construction recommended in the following year. He stated that the microscreens would be replaced with Aquadisk systems, and briefly reviewed the placement of the new equipment and control systems of the new equipment in the microscreen building. Mr. Hartye stated that by using the existing building and facilities, MSD would save significant money. Mr. Bradford explained that this was one of the main reasons Aquadisk was used as it could be retrofitted easily using existing infrastructure. Another project being recommended is a study of the future of the Weaverville Pumping System. The force main from Weaverville to MSD is about 4.2 miles long. This system pumps everything from the Town of Weaverville and the Reems Creek basin. A study is recommended to determine the future of this system because of growth in the area, the age of this system, and the amount of head between the pump stations and the plant.

Mr. Bradford went on to briefly review the Right of Way Clearing Program, which is administered by System Services and which maintains the recorded rights of way for sewer lines. Right of Way maintenance is a requirement of our Collection System Permit, but no specific amount is required each

year. He presented several photos showing before and after clearing had been done and stated that about 45,000 feet is being completed this year.

Mr. Bradford stated that a cost saving measure regarding the CIP is coordinating projects with member agencies. This certainly helps local neighborhoods and people and saves money for both MSD and the City or Town where construction is taking place. To facilitate this, information is shared with agency staffs, along with UCC meetings, planning meetings, etc. Coordination of sewer construction and paving projects with the City, water line construction, and sidewalk construction are just a few of the many cost savings measures we try to do whenever possible. Also, utilizing lining footage whenever possible developed by the pipe rating program and increased construction by in-house crews helps to save money. The CCTV program is now done entirely in house by System Services where 10% of the system is cleaned and TV'd yearly. Also, MSD claims the value of prescriptive easements.

Mr. Bradford stated that the budgeted revenue for this current fiscal year (2009) amounted to approximately \$41 million, with the bulk of this coming from domestic user and billing fees. About 2/3 of MSD's expenditures are related to reinvestment back into the system. We use an inflationary component in the CIP for years 2-10 of 3.46% per year, based on the ENR construction cost index. This is an average over 10 years.

Mr. Bradford then gave a brief Summary of the CIP ten-year program. The Interceptor and Wet Weather program amounts to approximately \$20.1 million; Collection System Rehabilitation - \$105 million; Treatment Plant and Pump Stations - \$18.4 million; and Reimbursements - \$2.4 million. The total for the next ten year period is estimated at approximately \$146 million.

Mr. Bradford then explained that MSD had formally applied for three projects for the Economic Stimulus Program (American Reinvestment and Recovery Act), and was notified last week that we will receive funding for one of these projects, with the other two going into the Tier Two program. The amount of this funding will be \$1.03 million, and was one of 38 wastewater projects statewide with the total funding of \$46 million in this round. This is a 50% interest free loan over 20 years, and half with principal forgiveness. The realized gain from this will be about \$500,000. This project must be advertised immediately, and MSD is in the process of that right now and staff will bring this project to the June 2009 Board for award.

Mr. Bradford then reviewed several miscellaneous topics - the State Collection System permit was renewed about two years ago and allows us to construct 250,000 feet over five years, rather than 50,000 feet every year. The minimum footage required to be constructed is 25,000 per year. This allows for more efficient project planning, and also the ability to save money over time. He explained that approximately 69,000 feet was rehabilitated this past year, thanks to good efforts of System Services, and also to a development which had a large amount of rehabilitation. The expected rehabilitation for the current year is a little over 46,000 feet (year two of five).

Mr. Bradford then presented a graph of SSO's, stating that significant progress has been made over the last 10 years with SSO's having been reduced from a high of 288 in FY 2000 to a low of 41 in 2008. Mr. Haner asked if the State tracked this information between different municipalities. Mr. Weed stated that this data would be tracked soon by NACWA. Mr. Bradford then presented a map with the locations of all SSO's which occurred during the last fiscal year, flipping back to a map showing locations of SSO's during FY 2000 and the significant difference between the two. He then showed a slide of MSD's web-site, with a link to the proposed CIP budget and stated that there is a lot of good information there. He also thanked staff for their time working on the CIP document.

Mr. Sobol pointed out that, years ago, a project originated at Young Trucking Company where a sewer line had to be replaced. During construction, soil contaminated with petroleum was encountered and the project had to be shut down. Estimates had to be obtained to remove this soil before construction could continue with the lowest estimate coming in at about \$350,000. That fall, during a conference in Chicago, Jackie Bryson and Pete Post found a small company called Ultraliner who we were able to

contract with, and they were able to do this project for less than \$50,000, and without disturbing the soil. From there, we have been able to progress and do a lot of work using the lining process. Mr. Bradford also added that the lining process saves money, no formal design has to be done, and MSD claims prescriptive easements for the work.

3. Status Report on Reimbursement Projects

Mr. Hartye presented a Status Report on Reimbursement Projects and briefly explained the Cost Recovery and Cost Participation programs and requirements of each. He then reviewed the Annexation program initiated by the Consolidation Agreement and explained that the only remaining projects on this list were in Black Mountain and is budgeted in the coming year for reimbursement of 35% of costs. There are no NCDOT betterments projected for the coming year.

Pertaining to Cost Recovery and Cost Participation, Mr. Martin asked wouldn't the developer do the project anyway, even without getting money back from MSD? Mr. Hartye stated that this was a good question, but could not really be answered. He explained that this policy was initiated in 2001, and when MSD was trying to get users on the system. At that time, before the surge of costs and value of land, sewer was the limiting factor in a lot of developments, therefore causing a lot of pressure on the Board from developers. The Board decided to try and partner and facilitate this policy, but only to a certain amount, and only that portion of the line that benefits the rest of the community, i.e. offsite sewer for future growth. Additionally, MSD will only commit to five years worth of revenues from the development, evaluated based on the phasing of the houses, etc. and would also receive a security for that amount, so we could guarantee getting our money back from future revenues. This was before the development surge happened. Recently, amendments have been made to the policy to cap it at \$40,000, preventing some projects from usurping the majority of the \$200,000 per year fund. Also, onsite lines within affordable housing developments were included to apply under the new policy. Currently, there is not a whole lot going on with the program, so it's not usurping funds from the CIP program.

Mr. Aceto reiterated that at that time, people were going to septic instead of sewer because of added expense, so we wanted to make it easier for people to get onto sewer. There was no county zoning, so there was nothing stopping them from doing that and no counter-incentive. Now, we have a Land Use Plan in the county and we have a change in the development situation, and the program dovetailed nicely into the Land Use Plan. The main reason for keeping the program now is affordable housing. Mr. Young stated that given the state of the present economy and the fact that we're not seeing a lot of building, he thinks we would be in a dangerous position to recommend taking this program out right now. Woodfin has a couple of projects that are ready to go but the contractors are trying to squeeze their numbers down to make it work, and programs like this would be very helpful to keep the local economy from sinking further. Mr. Aceto stated that MSD always considered this an incentive to connect, not to build, but this was the reality back in 2000. Now, we are looking for situations where people are looking for incentives to build. He stated that one of the things the Board would be looking at next week at its retreat would be what should its priorities be on the CIP – should we look at interest rates and pricing see if it's a good time to for building, so things will be to be re-prioritized according to the times.

Mr. Hartye stated that one of the recommendations from staff to the Board will be to hold the connection fees at the current level. He stated that 4 or 5 years ago, staff did an assessment of those fees to determine where they really should be and found that they did not come close to reflecting true costs. They were being raised over a five year period, but because of the economic downturn, we want to hold those fees at the current level instead of continuing on as planned. Additionally, allocations will be renewable after one year without re-charging after the initial year runs out if the allocation has not been used. Mr. Young asked what the ratio was now for affordable housing per unit. Mr. Hartye stated that we defer to the member agencies, i.e. it's different in the County than it is for the City, and we also require certification from the member agency that it is affordable housing for our documentation.

4. Rehabilitation Program Priorities & Review of 10 Year CIP Document

Mr. Bradford referred to the Summary Sheet of the CIP program and briefly reviewed the proposed budgets for each category of projects including Interceptor and Wet Weather, including 16 projects amounting to \$2,299,993; General Sewer Rehabilitation including 44 projects and including in-house work amounting to \$4,291,143; Pipe Rated Projects including 17 projects amounting to \$2,088,760; Unclaimed Sewer Rehabilitation including only Right of Way fees on one project and cost for Transfer of Private Sewers to MSD amounting to \$7,800; Treatment Plant and Pump Station Improvements including nine projects and amounting to \$7,370,000; Design, ROW and Construction management expenses totaling \$2,740,812 for a subtotal of \$18,807,508. A Contingency fund of \$1,000,000 is recommended, along with a budget for Reimbursement projects consisting mostly of Black Mountain annexation projects and Reimbursements amounting to \$624,500. The total proposed CIP Budget amount is \$20,432,008 for the coming year. Mr. Hartye explained that in the past, we used 15% contingency on each project, but that not enough for some, and was not used at all on others. We decided instead to have a combined contingency for all projects which reduced the amount of contingency being budgeted.

Following this discussion, Mr. Sobol asked for a motion for endorsement of the CIP Budget from the Committee. He stated that he recommended the Budget be endorsed as this would help keep people working, try to put people to work, and would also enhance our own facilities. He asked for comments. Mr. Smith asked if we knew what if any rate increases would be. Mr. Hartye stated that staff is operating under a plan where 2/3 of the revenue is reinvested back into the facilities. It has been the philosophy of the Board to keep small and consistent rate increases instead of trying to go from 0 to 10% all at once. According to our current business model, staff may be recommending a 3.75% increase in rates for the coming fiscal year to cover this program, debt service and operations. There will be a Finance Committee meeting next week to deliberate over the recommendation of this and other components of the budget and they will then make a recommendation to the full Board in May. Following no further discussion, Mr. Vehaun made a motion to recommend endorsement of the Capital Improvement Program Budget. Mr. Creighton seconded the motion. Mr. Martin noted his objection to the Cost Recovery and Participation programs, but stated that he thought it was a great plan and staff did a great job spreading out the projects really well. Mr. Sobol gave a bit of history regarding a developer request for assistance in paying for a line in Biltmore. The MSD Board felt it had enough dealing its existing lines and declined to participate in the project. Mr. Martin stated he understood the program, but just had a philosophical difference. Following no further discussion, all members voted in favor of the motion. The motion passed unanimously.

5. Adjourn

There was no further business so the Committee adjourned at 9:55 a.m.

Finance Committee

May 5, 2009

1. Call to Order:

The Finance Committee of the Metropolitan Sewerage District met in the Boardroom of the Administration Building at 2 p.m, Tuesday, May 5, 2009. Chairman Kelly presided with the following members present: Terry Bellamy, Louis Bisette, Jackie Bryson, Jon Creighton, Max Haner, and Bill Russell.

Others present were: Thomas Hartye, General Manager, William Clarke, General Counsel, Ted Cole and Bob High of Davenport & Company, LLC, Steve Aceto, Mike Sobol, Bill Stanley, and MSD staff, Scott Powell, Peter Weed, Stan Boyd, Jim Hemphill, Barry Cook, Ed Bradford, John Kiviniemi, Ken Stines, and Cheryl Rice.

2. Update on Capital Funding Options

Mr. Powell introduced Mr. Cole of Davenport and Co, LLC. Mr. Cole gave a Power Point presentation on Capital Funding Options and reported the two options open to the District are public or private sale of bonds. He stated that the public sale of bonds is what the District has done in past years, and the private sale of bonds is a new option due to the American Recovery and Reinvestment Act raising the bank qualified limit from ten million to thirty million.

Chairman Kelly asked Mr. Cole if Davenport & Co. would be involved if the District did public or private financing, and how they would be compensated, and if their company acted as an underwriter. Mr. Cole replied that Davenport & Co. would like to be involved in the financing and compensated in any number of ways, such as hourly or not to exceed amount basis, and if they were MSD's financial advisor, they would be precluded from acting as an underwriter.

Mr. Clark asked if the private bank qualified debt was on a parity or par with the outstanding bond indebtedness. Mr. Cole stated it would be issued under the existing master trust agreement with a supplemental trust agreement, and it would be a parity indebtedness, secured by a senior lien on the revenues, similar to the Districts other revenue bonds.

Mr. Clark asked if the District could issue bank qualified debt under its current bond order. Mr. Cole said he believed it could.

Mr. Hartye stated that Davenport & Co. was brought in to show the board additional financing tools available to the District.

Recommendation:

Since this was an informational item, no recommendation was necessary.

3. Third Quarter Budget to Actual Review

Mr. Powell reported that Domestic Revenues were at little below 75%, and MSD is starting to see a reduction in revenue, based on consumption reduction, as it pertains to conservation from domestic users. In addition, MSD is starting to see recessionary pressures on light and medium commercial users. Industrial user fees are slightly below 75%, resulting from user, Spring Global cutting production. Facility and Tap fees were unusually large because of unanticipated revenue of \$1,158,400 from three new developments this fiscal year. He further reported Interest and Misc. income reflect a higher than expected earnings on investments. Rental income is down, because the old administration building has not been rented yet. The rental income on the report is from the cell tower rental on the premises. Expenditures for the year are slightly below 75%, but are expected to be equal to or less than the budgeted amounts for FY09. Bond principal and interest are below 75% due to principal payments being made on July 1, 2009. Capital Equipment is projected to be significantly lower than budget because of the delay in the Micro Screen project.

Mr. Haner asked if the rental revenue was net of operating or any other costs the District may incur due to the old Administration Building being empty. Mr. Powell stated there were no additional costs for the cell tower rental and asked Mr. Kiviniemi about the additional costs for the old Administration Building. Mr. Kiviniemi stated the only addition cost is for standard utilities, which are absorbed in the O & M expenses.

Mr. Haner asked if MSD is advertising the rental of the building. Mr. Kiviniemi said yes.

Mr. Hartye stated the Board is also pursuing another avenue. The City of Asheville and the District would like to partner on making the site a learning center. The facility would include education on wastewater, storm water, and drinking water, and would be open to schools, tours, etc. However, due to the recent slow down in the economy, this option is on hold at the moment. Mr. Haner asked if future rental revenue would just include cell tower rental. Mr. Hartye stated that the old Administration building would be the District's contribution to the learning center, and the District would maintain ownership of the building.

Recommendation:

Since this was an informational item, no recommendation was necessary.

4. Self-Insured Health Plan Nine Months Report

Mr. Powell stated that as of the end of March MSD is 12% over our budget, due to having five claims in excess of \$50,000, but was tempered by receiving \$335,000 from our stop loss carrier. On a positive note the District did see an \$119,000 decrease in the \$10,000 to \$50,000 claims from the previous year. Prescription cost were held flat this year because Human Resources encouraged to use generic prescriptions, and that 75% of prescriptions filled were generic and amounts to less than 35% of drug costs.

Ms. Bellamy asked Mr. Powell if we have seen cost savings from the District's Disease Management program. Mr. Powell asked Mr. Hemphill to speak on the subject. Mr. Hemphill reported that MSD recently held a "Know your Numbers" campaign, and that MSD has seen between \$1500 and \$2000 less per year in costs for employees participating in the Disease Management program. Ms. Bellamy asked if the claims in excess of \$50,000 were part of claims were part of Disease Management. Mr. Hemphill stated no.

Recommendation:

Since this was an informational item, no recommendation was necessary.

5. Third Quarter City of Asheville Billing Report

Chairman Kelly stated this item is self-explanatory and had no further report.

6. Power Point Presentation regarding the following: MSD Rates and Survey Data Comparisons, Cost of Living/Merit and Self-Insured Health Plan for FY 2009-2010, Capital Improvement Program for FY 2009-210, MSD Business Plan/Financial Forecast, and FY09-10 Budgets and Proposed Sewer Rates.

Mr. Powell reported that the budget needs for FY 2010 are as follows: \$13.3 million for Operations and Maintenance, \$.8 million for Capital Equipment Replacement, \$20.4 million for the Capital Improvement Program, and \$8.5 million for Debt Service. Mr. Powell stated that highlights of the Operations & Maintenance budget include a \$215,000 increase in health care funding, mainly due to the claims discussed earlier, and GASB 45 funding of \$222,000, for post retirement benefits. The District will be funding the post retirement benefits so that it can demonstrate due diligence in setting those funds aside, which should have a positive effect in keeping the current AA rating. Debt administration expenditure will increase by \$254,000. This represents the additional cost for the Standby Purchase Agreement on the variable and synthetic fixed rate bonds. The District is able to keep total O & M expenditures below FY 2009 levels. Mr. Powell showed that over the past five years the District has been able to achieve its operational objectives and have an actual to budget ratio of 96.6%. This demonstrates that management and staff are able to meet and keep costs lower than budgeted. Mr. Hartye stated that this would be a challenge in the upcoming year, since the budget is frozen at last year levels.

Mr. Powell stated that MSD has been to reduce its staff by leveraging technology, from 168 to 150 employees. Mr. Hartye agreed that 150 employees are needed to meet MSD's operational needs.

Mr. Powell stated that the Capital Replacement for Operations & Maintenance budget is \$143,755, which is about 30% less than last year's budget. Fleet Replacement budget is \$453,000, which will be coming out of the Fleet Replacement Reserves. The main cost for Fleet Replacement this year is for a replacement of a Pumper truck and four additional trucks. Waste Water Treatment Plant has \$210,000 for replacement; \$60,000 for RBC's and replacements for pumps at MSD pump stations.

Ms. Bellamy asked if the increase in operations downtown for the grease trap issues, will result in an increase in cost. Mr. Hartye stated it would be done with existing personnel. Mr. Powell concurred and added it would not have any additional impact on the proposed operational budget.

Mr. Powell stated the CIP Committee approved \$20.4 million dollars, including \$2.3 million for Interceptor/Wet Weather Rehab, \$6.4 million for Collection Rehabilitation, \$7.4 million for Treatment Plant, \$2.7 million for Design, ROW, and Construction Management, \$.6 million for Reimbursements, and \$1.0 million for Contingency. He further stated that before MSD committed to the \$5.0 million included in the \$7.4 million for the Micro Screen project; the District would re-evaluate economic conditions.

Mr. Haner asked Mr. Kiviniemi if the effluent quality is threatened since the secondary screens are not running the way they should. Mr. Kiviniemi said MSD is still in compliance.

Mr. Powell reported MSD's debt composition as of June 30, 2009 is \$39 million in traditional fixed income, 22.1 million in variable debt, and \$33.6 million in synthetic fixed debt. He stated the existing debt is \$4.5 million for principle and \$3.3 million for interest, with the anticipation that \$19 million of revenue bonds will be issued in FY10; impacting the budget by \$.7 million if approved.

Mr. Powell reported budgeted expenditures for FY10 are as follows: \$806,755 for Capital Equipment, \$13.3 million O & M, \$20.4 million for Construction Projects, and \$8.5 million for Debt Service. Revenue/Financing highlights include 0% growth in residential users, 2% decrease in domestic consumption, an 86% decrease in Facility and Tap fees, a 1.7% rate of return on investments, issuing \$19 million in revenue bonds, and receiving \$1.0 million in Stimulus funds, with \$500,000 principal forgiveness, and \$500,000 as an interest free loan for 20 years. Budgeted revenues are comprised mainly of \$24 million in domestic user fees, \$19 million in proceeds from revenue bonds, and the \$1.0 million stimulus.

Mr. Powell called on Mr. Hartye for a report on MSD's business plan.

Mr. Hartye reported MSD's Business Plan reflects continuing with the CIP. He said the CIP is aggressive because of MSD's capital re-investments that are required to maintain and help protect the environment and the system long term. Mr. Hartye stated that trends are showing a reduction in consumption of 3 – 4 % for residential and commercial respectively, and are estimating an additional 2% reduction going though FY10. He further stated the Business plan for revenue is to use reimbursement resolutions on previous jobs for lines, and issue \$20,000,000 in bonds. This will continue the policy of an adequate mixture of pay-as-go and debt financing.

Mr. Sobol asked what was included in the engineering force account, which was up 20% from the previous year. Mr. Powell stated this is due to the increase costs of the Standby Bond Purchase agreement and the 16.5% increase in health care contributions for Design, ROW, and CIP Management.

Ms. Bellamy asked if the consumption growth rate for FY10 is down by an additional 2%, will this assumption continue through FY11. Mr. Hartye stated FY10 is down by another 2%, it should be coming back up slowly in FY11 and beyond. Mr. Bellamy congratulated the CIP Committee for investing in capital projects and re-evaluating its priorities as economic trends change.

Mr. Aceto asked about fluctuations in the business plan budget on the revenue side for the City of Asheville Enka bonds, and the expense side on the replacement funds. Mr. Powell stated that the Enka bonds were due to the proportionality of how the bonds were set up, and the replacement funds, were based on projected needs for Fleet and Wastewater Treatment plant replacement, assessed by the Equipment Replacement Committees.

Mr. Powell explained that MSD rates as compared with the 2008 NACWA survey show MSD as being more competitive with rates at the bottom third of the list in the southeast and about average for North Carolina. He stated MSD tries to keep rate increases small and level over time. Mr. Powell further stated that MSD recommends keeping tap and facility fees at current levels, increasing the domestic rate by 3.75%, continuing with the industrial rate parity plan, also a 4.3% increase in the industrial rate following the business plan model.

Chairman Kelly asked for the total budget amount that MSD is recommending to be endorsed by the Committee. Mr. Hartye said the total amount is \$43,128,912.

Recommendation:

Chairman Kelly moved that the Finance Committee endorse the \$43,128,912 budget and the proposed sewer rates set forth in the proposed budget to the Board. Mr. Bisette seconded the motion. Voice vote in favor of motion was unanimous.

7. Schedule of Sewer Rates and Fees FY2010

Steve Aceto asked how proposed rate increases compare to last years projections. Mr. Powell stated that the current year proposed rate is .75% higher than the forecasted rate for FY09. The increase relates to the decrease in consumption as it pertains to recessionary pressures, delaying FY09 projects to be started in FY10, and increases related to health care and debt service.

Mr. Aceto asked why he should vote for the 3.75% rate increase when the inflation rate is considerably less. Mr. Hartye said in order to continue to reinvest in CIP. Ms. Bellamy stated that MSD need to continue to ensure customers have good quality water.

Mr. Russell asked if MSD's bond ratings were based on consistent rate adjustments. Mr. Hartye said yes. The District's projections are compared to actual by the rating agencies whenever MSD goes for a new bond issue, and because its projections have been so close, this helped the District's rating at the last bond issue.

Recommendation:

Chairman Kelly moved that the Finance Committee adopt the Schedule Sewer Rates and Fees for FY2010. Ms. Bryson seconded the motion. Voice vote in favor of the motion was unanimous.

8. Standby Bond Purchase Agreement

Mr. Powell stated that the cost for the Standby Purchase Agreement for the Variable and Synthetic fixed rate bonds have dramatically increased from 100% to 425% due to the economic conditions in the market. Informal quotes were obtained from Wachovia, BB & T, and Bank of America. He further stated that considering all quotes, Bank of America's quote of .55% for the first year and .65% for the second year, along with a banking relationship, was the best choice for MSD. This would result in a \$200,000 and a \$250,000 additional expenditure respectively.

Chairman Kelly stated that even if MSD paid an additional \$200,000 to \$250,000 for the Standby Purchase Agreement, we would still be saving \$.5 million or more on the difference between the fixed rate and variable rate. Mr. Powell confirmed Chairman Kelly's assessment.

Mr. Aceto asked how concerned MSD should be with liquidity. Mr. Powell stated the only exposure to MSD is counterparty exposure i.e., the provider of the liquidity. Mr. Aceto asked if MSD's variable rate debt would trade at a higher interest rate due to a negative counterparty exposure. Mr. Powell said yes, and stated as shown in Mr. Cole's presentation, the District has other tools to act quickly to mitigate said exposure.

Recommendation:

Chairmen Kelly asked for a motion to adopt the proposed Standby Bond Purchase Agreement. Mr. Bissette made the motion. Terry Bellamy seconded the motion. Voice vote in favor of motion was unanimous.

There being no further discussions, the meeting adjourned at 4:00 p.m.

CONSOLIDATED MOTION AGENDA

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: May 20, 2009

SUBMITTED BY: Thomas Hartye, P.E., General Manager

PREPARED BY: Kevin Johnson, David Monteith

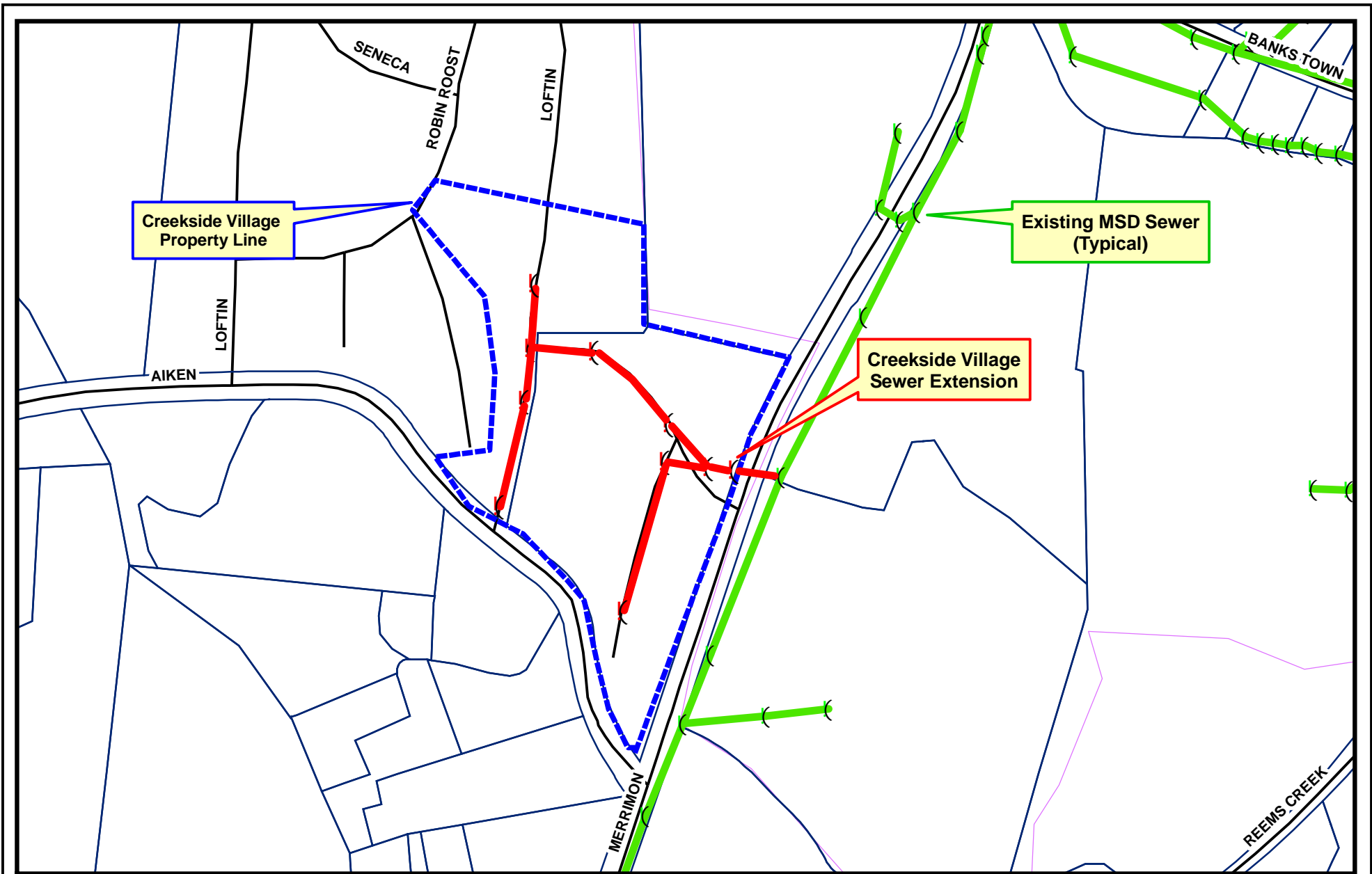
REVIEWED BY: Stan Boyd, PE, Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System
Creekside Village

BACKGROUND: This project is located inside the District boundary off Weaverville Highway in Weaverville, North Carolina. The developer of the project is Mr. Chris Moon. The project included the installation of approximately 1265 linear feet of 8" gravity sewer extension to serve a (295) unit development. A wastewater allocation was issued in the amount of 17,700 GPD for the project. The estimated cost of the sewer extension is \$ 119,532.00.

STAFF RECOMMENDATION: Acceptance of developer constructed sewer system.
(All MSD requirements have been met)

COMMITTEE ACTION TAKEN	
Motion by :	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	
BOARD ACTION TAKEN	
Motion by	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	



Creekside Village
Property Line

Existing MSD Sewer
(Typical)

Creekside Village
Sewer Extension

Project #2007138

Not To Scale



METROPOLITAN SEWERAGE DISTRICT
of
BUNCOMBE COUNTY, NORTH CAROLINA

**Creekside Village
Sewer Extension**

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: May 20, 2009

SUBMITTED BY: Thomas Hartye, P.E., General Manager

PREPARED BY: Kevin Johnson, David Monteith

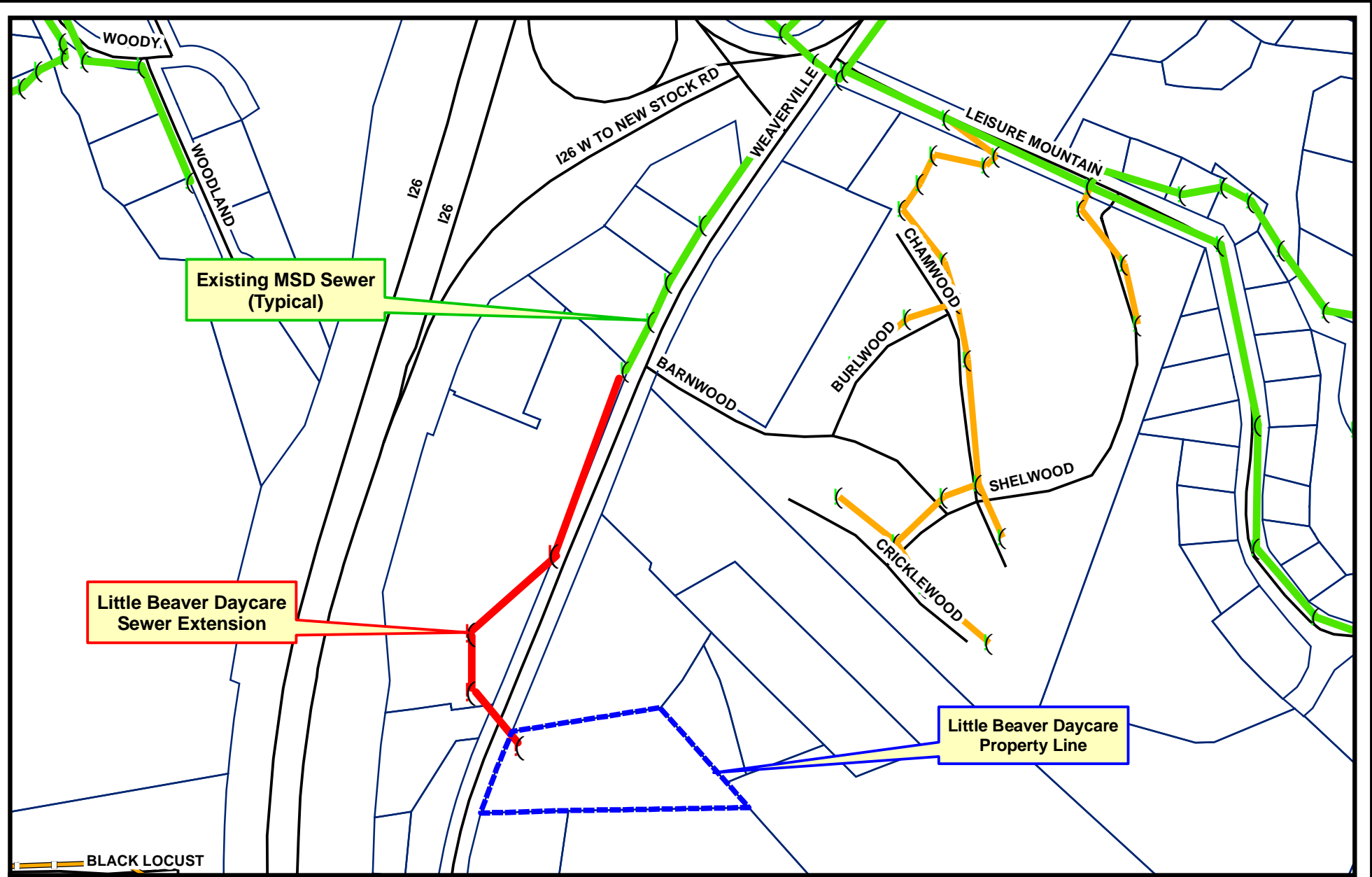
REVIEWED BY: Stan Boyd, PE, Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System
Little Beaver Daycare (North)

BACKGROUND: This project is located inside the District boundary off Weaverville Highway in Buncombe County, North Carolina. The developer of the project is Ms. Lisa Stephens (M. Realty, LLC). The project included the installation of approximately 846 linear feet of 8" gravity sewer extension to serve a daycare facility. A wastewater allocation was issued in the amount of 3,625 GPD for the project. The estimated cost of the sewer extension is \$ 45,000.00.


STAFF RECOMMENDATION: Acceptance of developer constructed sewer system.
(All MSD requirements have been met)

COMMITTEE ACTION TAKEN	
Motion by :	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	
BOARD ACTION TAKEN	
Motion by	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	



Project #2007282

Not To Scale

	METROPOLITAN SEWERAGE DISTRICT of BUNCOMBE COUNTY, NORTH CAROLINA
	Little Beaver Daycare (North) Sewer Extension

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: May 20, 2009

SUBMITTED BY: Thomas Hartye, P.E., General Manager

PREPARED BY: Kevin Johnson, David Monteith

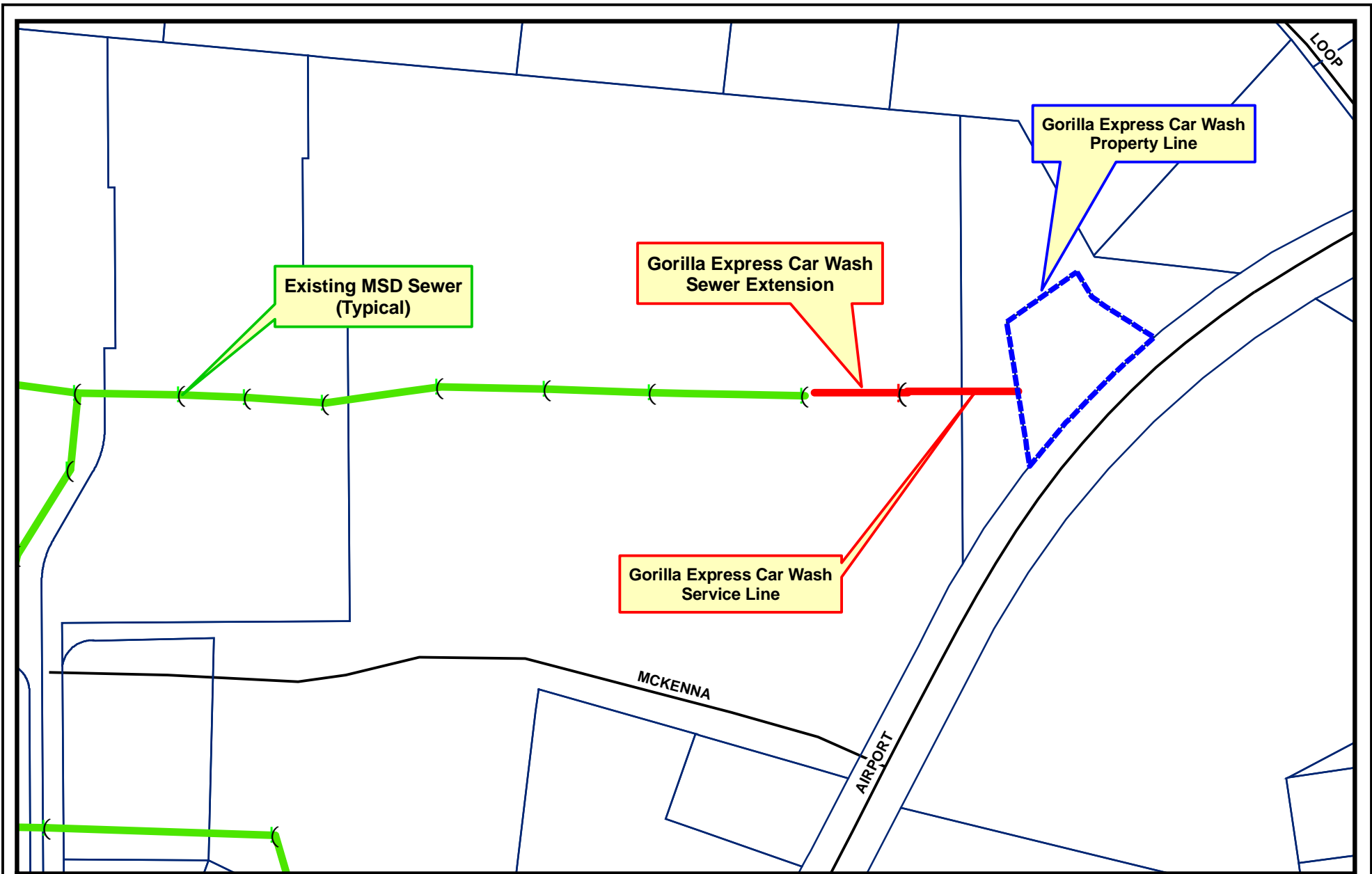
REVIEWED BY: Stan Boyd, PE, Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System
Gorilla Express Car Wash

BACKGROUND: This project is located inside the District boundary off Airport Road in Buncombe County, North Carolina. The developer of the project is Mr. Brian Blakey. The project included the installation of approximately 178 linear feet of 8" gravity sewer extension to serve a car wash. A wastewater allocation was issued in the amount of 4,667 GPD for the project. The estimated cost of the sewer extension is \$ 10,000.00.

STAFF RECOMMENDATION: Acceptance of developer constructed sewer system.
(All MSD requirements have been met)

COMMITTEE ACTION TAKEN	
Motion by :	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	
BOARD ACTION TAKEN	
Motion by	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	



Project #2008086

Not To Scale



METROPOLITAN SEWERAGE DISTRICT
of
BUNCOMBE COUNTY, NORTH CAROLINA

**Gorilla Express Car Wash
Sewer Extension**

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: May 20, 2009

SUBMITTED BY: Thomas Hartye, P.E., General Manager

PREPARED BY: Kevin Johnson, David Monteith

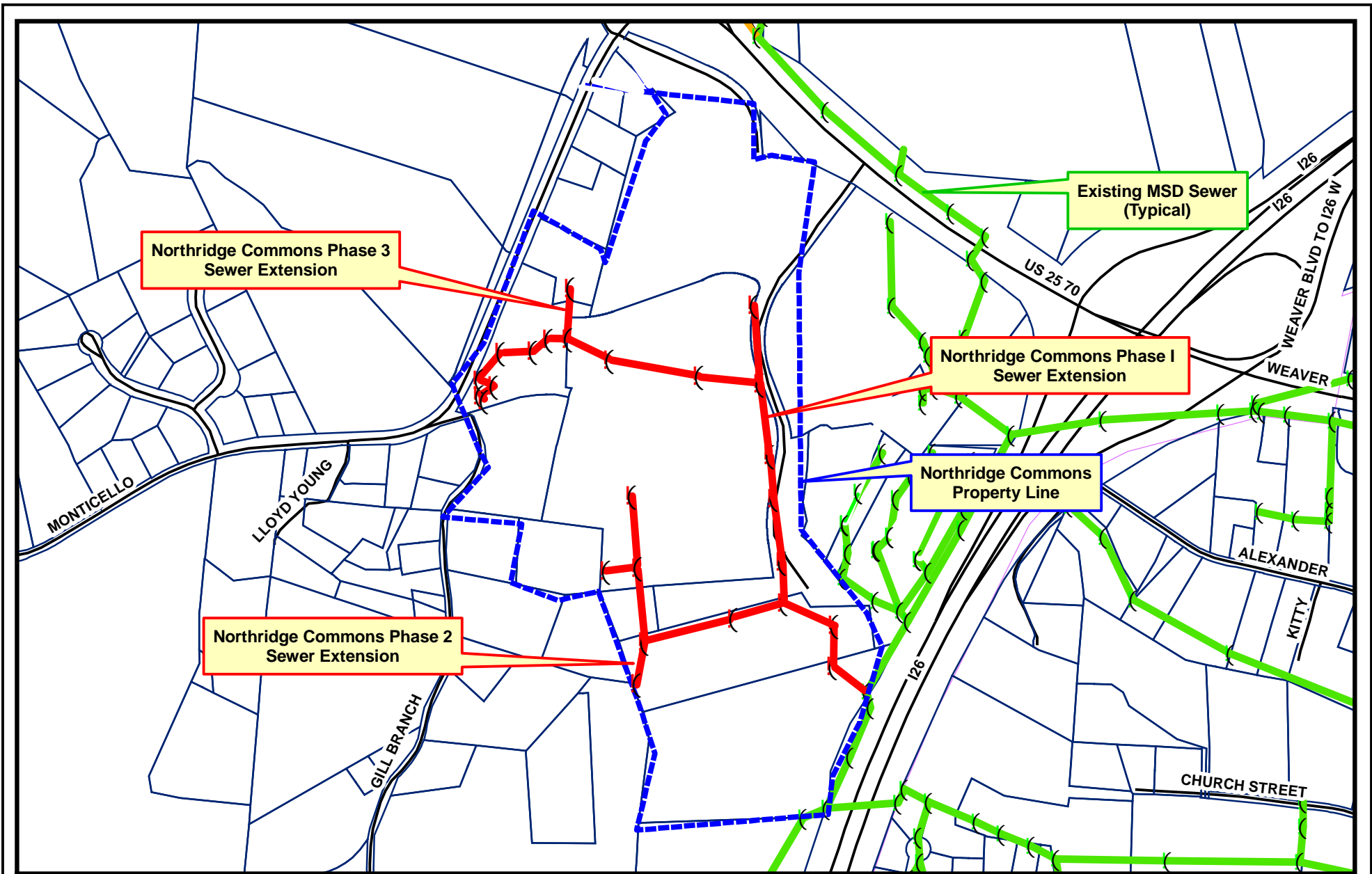
REVIEWED BY: Stan Boyd, PE, Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System
Northridge Commons Phase I, II, and III

BACKGROUND: This project is located inside the District boundary off Monticello Road in Weaverville, North Carolina. The developer of the project is Mr. Steve Vermillion (Harris, Murr, & Vermillion, LLC). The project included the installation of approximately 6,275 linear feet of 8" gravity sewer and approximately 491 linear feet of 12" gravity sewer extension to serve a current (2) unit commercial development. A wastewater allocation was issued in the amount of 84,000 GPD for the project. The estimated cost of the sewer extension is \$310,800.00.

STAFF RECOMMENDATION: Acceptance of developer constructed sewer system.
(All MSD requirements have been met)

COMMITTEE ACTION TAKEN	
Motion by :	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	
BOARD ACTION TAKEN	
Motion by	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	



Project # 2007194,2007193,2007192

Not To Scale



METROPOLITAN SEWERAGE DISTRICT
of
BUNCOMBE COUNTY, NORTH CAROLINA

**Northridge Commons Phase I, II, III
Sewer Extension**

Metropolitan Sewerage District of Buncombe County
BOARD ACTION ITEM - Personnel Committee

COMMITTEE MEETING DATE: April 29, 2009 **BOARD MEETING DATE:** May 20, 2009

SUBMITTED BY: Thomas E. Hartye, General Manager
Jim Hemphill, Director of Human Resources
Scott Powell, Director of Finance

SUBJECT: Consideration of Self Insured Health Plan & Cost of Living/Merit Pay Plan

BACKGROUND: The District obtains consumer price index data, reflecting the “cost of living”, from the Bureau of Labor Statistics for the South Region. The index has shown a 0% increase. Staff is not recommending an increase in salaries. Our insurance consultants have provided a preliminary estimate of 51% premium increase and a projected 16.5% increase in claims liabilities with a maximum stop loss increasing from \$40,000 to \$60,000. Staff has taken action in increasing wellness programs for future outcomes in our insurance claims, therefore would recommend a 16.5% full funding. Please see attached memo from Personnel Committee.

FISCAL IMPACT: Total amount estimated increase for funding in insurance will be \$215,000

COMMITTEE RECOMMENDATION:

Recommends that the Board grant staff request for a 16.5% full funding in our health insurance plan.

Metropolitan Sewerage District of Buncombe County

PERSONNEL COMMITTEE ACTION ITEM

Meeting Date: April 29, 2009

Submitted By: Thomas E. Hartye, P.E., General Manager
Jim Hemphill, Human Resources Director
W. Scott Powell, Director of Finance

Subject: Cost of Living/Merit and Self-Insured Health Plan
for FY 2009-10

Staff Recommendation:

That the MSD Board fund a \$215,000, or 16.5% increase in contributions for the self-funded health insurance plan, but not fund any COLA or Merit increase for FY'10.

Background:

As the Board has requested, the recommendations reflect a composite view of the costs associated with both salary and benefit programs costs.

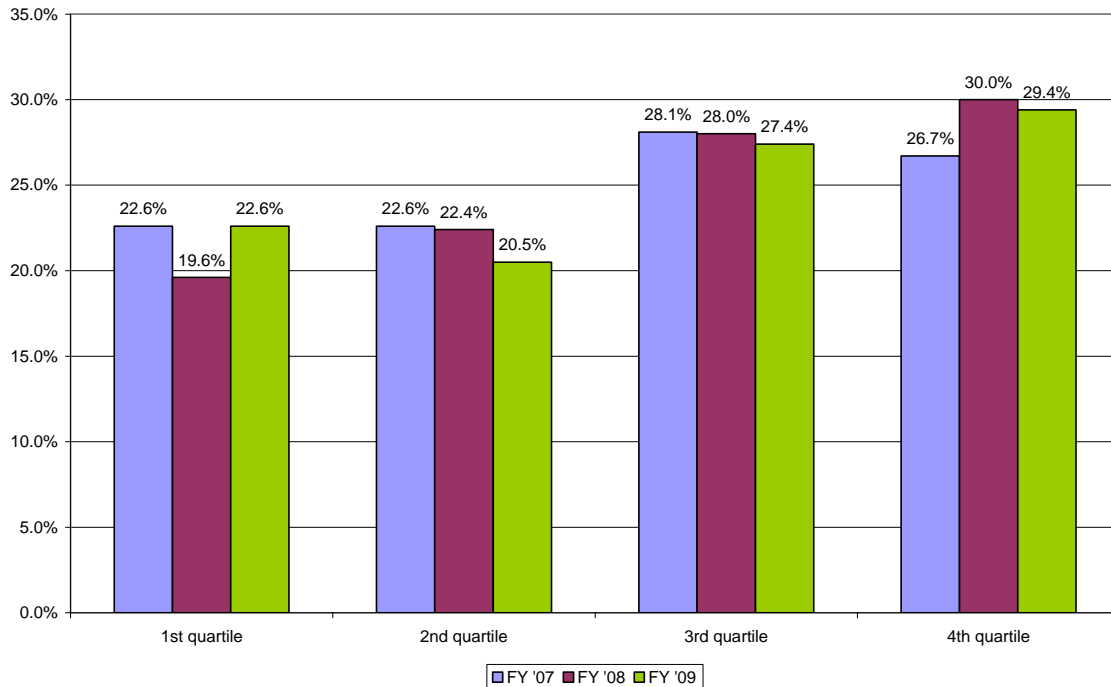
Each year during the budgetary process the Personnel Committee considers cost of living and merit pay salary adjustments to keep MSD's compensation program competitive with other area employers to meet the objective of retaining skilled, high-performing employees. Inadequate wages lead to high turnover levels and increased costs from training new employees and loss of efficiencies until they are fully proficient.

The Personnel Committee also considers benefits as an integral part of budgeting a comprehensive compensation package. The Employee Advisory Committee participated in developing the recommendations presented.

The MSD pay plan is updated by a consulting firm every three to five years to keep salaries in line with regional economic changes and industry norms as well as to ensure equal pay for equal responsibilities that may change with internal reorganizations of job duties. This salary survey was most recently completed in the spring of 2005, and ranges have been updated by the annual cost of living to avoid costly "catch-up" in future years.

Comparing earnings levels between years provides information to evaluate how MSD employees are progressing across salary ranges over time. The chart below compares employees relative position for each year.

Employee Position in Labor Grade



CPI Discussion:

The benefit to MSD of keeping professional and motivated employees has been illustrated repeatedly over the recent past with national and state awards for ISO 14001, the AMSA 2003 Environmental Achievement Award and the 2009 NACWA excellence in Management Award, among others. The District has attempted to provide employees with competitive wages and benefits as a means of retaining and rewarding high-performing employees.

A summary of the last seven years' Consumer Price Index compared with actual and proposed FY 2008-09 cost of living and merit raises is summarized below:

<u>Consumer Price Index (CPI)</u> <u>for South Urban Region</u>	<u>District Adopted COLA and Merit</u>	
2000 – 3.2%	FY 2001-02	2.5% 2.5%
2001 – 2.3%	FY 2002-03	2.5% 0.0%
2002 – 2.5%	FY 2003-04	2.5% 2.5%
2003 – 1.8%	FY 2004-05	2.0% 2.0%
2004 – 3.5%	FY 2005-06	0.0% 4.0%
2005 – 4.1%	FY 2006-07	0.0% 4.1%
2006 – 2.6%	FY 2007-08	0.0% 3.6%
2007 - 4.4%	FY 2008-09	0.0% 5.0%
2008 - 0.0%	FY 2009-10	0.0% 0.0% (proposed)

Cost of Living: The District obtains cost of living data from the Bureau of Labor Statistics for the South Region. The cost of living has NOT increased for “all urban consumers and for wage earners and clerical workers” during the period of December of 2007 to December of 2008.

Other Utilities: To compare MSD’s proposed COLA and Merit increases with other area governments and utilities, see the table below.

Entity	COLA	Merit	Combined	401k/457
MSD	0.0%	0.0%	0.0%	Match: 1% -- 2% 2% -- 4% 3% -- 5%
City of Asheville	0.0%	0.0%	0.0%	5%
Buncombe County	0.0%	None	0.0%	6%
OWASA	0%	0.0%	0.0%	Years of service
CMUD	0%	0.0%	0.0%	0
Knoxville Utilities	0%	0%	0.0%	3% Match
Spartanburg Water & Sewer	No Decision yet	No Decision yet	?	0
Western Carolina Sewer	No Response		?	0
Fayetteville Public Works	0%	0.0%	0.0%	0
Greenville Utilities	0.0%	0.0%	0.0%	\$35/employee/ pay period
Greer Public Works (Calendar 2008)	No Response	No Response	?	0
Henderson County	0.0%	0.0%	0.0%	2%

Health Insurance: The District’s insurance consultants have provided a preliminary estimate of 51% premium increases for stop-loss and aggregate coverage. Based on the last 2 years experience, relevant to the types and number of claims, the consultants initially projected a 16.5% increase for claim liabilities and fees.

In a typical year the Board would have fully funded 5.5% because of “medical inflation” (estimated increase from the Office of the Actuary at the Centers for Medicare & Medicaid Service for 2009) and shared the remaining costs with the employees.

In response to the need to decrease these claims components, MSD’s employees are aggressively exploring alternative approaches to Medical treatment (3 Streams) and Healthier lifestyles (stop smoking, weight watchers, “Know your Numbers” education). Other Wellness and Insurance initiatives will be discussed during the Personnel Committee meeting.

The Employee Advisory Committee has met to review possibilities and programs that would have a positive impact on the Health, Wellness and insurance costs for employees. Employees realize health care costs are continuing to increase, and that they must do their part. After careful deliberation, the EAC endorses the above recommendation. The Division Directors concur with this recommendation.

Therefore, to keep MSD competitive in the relevant Labor Market and within the utility/wastewater industry, the staff requests that the Personnel Committee approve the recommendations.

An increase of 16.5% in funding for the medical plan is requested.

Fiscal Impact:

The proposed Operations & Maintenance budget for FY' 10 reflects no increase. The financial impact of a 16.5% increase in Board contributions for health insurance, is included in this budget.

COMMITTEE ACTION TAKEN	
Motion by:	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	

Exhibit 1

MSD Self-Insurance Funding FY2010

	Prior Year Funding			MSD Funds total plan increase			Employee Pays Medical Inflation, MSD funds rest			Employee/Employer share increase		
	Funding	\$ Inc. Over FY2007	% Inc. Over FY 2007	Funding	\$ Inc. Over Prior Year	% Inc. Over Prior Year	Funding	\$ Inc. Over Prior Year	% Inc. Over Prior Year	Funding	\$ Inc. Over Prior Year	% Inc. Over Prior Year
Employer Contribution	1,303,778	78,796	6.4%	1,518,901	215,123	16.5%	1,500,582	196,804	15.1%	1,475,107	171,329	13.1%
Employee Contribution	<u>333,386</u>	20,101	6.4%	<u>333,386</u>	-	0.0%	<u>351,705</u>	18,319	5.5%	<u>377,210</u>	43,824	13.1%
	1,637,164			1,852,287			1,852,287			1,852,317		
Reserves/ Plan Design Changes	<u>41,979</u>			<u>79,134</u>			<u>79,134</u>			<u>79,105</u>		
Cost Of Budget Insurance Plan	<u><u>1,679,143</u></u>			<u><u>1,931,421</u></u>			<u><u>1,931,421</u></u>			<u><u>1,931,421</u></u>		

Note 1: According to the Office of the Actuary at the Centers for Medicare & Medicaid Services, the average annual percent change from the previous year for overall national health expenditures is estimated to be 5.50% in 2009.

Note 2: 2% Cola/Merit = 169,226

Exhibit 2

MSD Self-Funded Health Insurance Plan Projection

	Actual FY 2002	Actual FY 2003	Actual FY 2004	Actual FY 2005	Actual FY 2006	Actual FY 2007	Actual FY 2008	Estimated Actual FY 2009	Budgeted FY 2010
Beginning Balance	\$695,794	\$613,713	\$286,083	\$402,805	\$368,467	\$389,570	\$448,979	\$533,001	\$501,021
Income:									
Employer Contribution	620,000	620,000	990,310	1,039,826	1,123,012	1,208,118	1,224,982	1,303,778	1,518,901
Employee Contributions	221,796	235,496	253,461	274,023	291,664	319,857	313,285	333,386	333,386
Transfer from Other Insurance Funds								0	79,134
Interest	15,427	6,339	3,611	11,540	23,100	26,270	24,775	10,000	9,838
Total Income	\$857,224	\$861,835	\$1,247,382	\$1,325,389	\$1,437,776	\$1,554,245	\$1,563,042	\$1,647,163	\$1,941,259
Total Funds Available	\$1,553,017	\$1,475,548	\$1,533,465	\$1,728,194	\$1,806,243	\$1,943,815	\$2,012,021	\$2,180,164	\$2,442,280
Expenses:									
Claims Paid	659,140	953,554	811,613	1,030,786	1,084,686	1,147,691	1,126,860	1,305,138	1,536,062
Fixed Costs	280,164	235,911	319,047	328,941	331,987	347,145	352,160	374,005	395,359
Total Expenses	\$939,304	\$1,189,465	\$1,130,660	\$1,359,727	\$1,416,673	\$1,494,836	\$1,479,020	\$1,679,143	\$1,931,421
Ending Balance	\$613,713	\$286,083	\$402,805	\$368,467	\$389,570	\$448,979	\$533,001	\$501,021	\$510,860
Number of Employees	163	158	155	152	153	149	147	149	150
Total Cost per Employee	\$ 5,763	\$ 7,528	\$ 7,295	\$ 8,946	\$ 9,259	\$ 10,032	\$ 10,061	\$ 11,269	\$ 12,876
MSD Cost per Employee	\$ 4,402	\$ 6,038	\$ 5,659	\$ 7,143	\$ 7,353	\$ 7,886	\$ 7,930	\$ 9,032	\$ 10,654
MSD Contribution Increase	3.33%	0.00%	59.73%	5.00%	8.00%	7.58%	1.40%	6.43%	16.50%

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: May 20, 2009

Submitted By: Thomas E. Hartye, PE., General Manager

Prepared By: W. Scott Powell, Director of Finance

Subject: Third Quarter Budget to Actual Review

Background

Attached for the Board's information is a budget to actual comparison of the revenues and expenditures for the third quarter of the fiscal year ending June 30, 2009. This information is based on cash revenues and invoices received prior to April 1, 2009 and may not include some accruals of revenue and expenditures as explained below.

Discussion

The attached sheet summarizes revenues and expenditures per the budget summary, comparing actual plus encumbered expenditures to budgeted amounts. The notes are added to anticipate any questions or comments concerning amounts reported. Additional notes to aid in the analysis of the District's financial performance for the fiscal year are as follows:

- Domestic User Fees are slightly below 75%. Staff believes the variance is attributed to a reduction in residential consumption as well as seeing signs of recessionary constraints on commercial usage. Staff will continue to monitor consumption data as this has a direct effect on the District's current and future budgets.
- Industrial User Fees are slightly below 75%. This is a direct result of Spring Global cutting production.
- Facility and Tap Fees, also conservatively budgeted, can be significantly higher than budget. The unusually large variance is due to receiving unanticipated checks for \$1,158,400 from three (3) new developments this fiscal year.
- Interest and miscellaneous income reflect higher than expected earnings on investments.
- Rental income is down, as the facility vacated by the Buncombe County Solid Waste Department has not yet been leased to another tenant.
- Operational and maintenance expenditures and debt service are anticipated to be equal to or less than budgeted amounts for FY 09. The percentage of year-to-date encumbered and actual reflects the amounts presently encumbered which will be spent prior to the end of the year.
- Bond principal and interest actually spent/reserved are below 75% of budgeted amounts due to the entire amount of principal payments being made on July 1 2009.
- Amounts budgeted for capital equipment and projects are rarely expended proportionately throughout the year and are expected to be fully spent prior to the end of the year.

Staff Recommendation

None – Informational only

Action Taken

Motion by:	to	Approve	Disapprove
Second by:		Table	Send to Committee
Other:			
Follow-up required:			
Person responsible:			Deadline:

Metropolitan Sewerage District
Budget to Actual Revenue and Expenditure Report
For the fiscal year ended March 31, 2009
UNAUDITED--NON-GAAP

	Budget	Actual to Date	% Budget to Actual
REVENUES			
Domestic User Fees ¹	\$ 23,408,339	\$ 17,304,304	73.92%
Industrial User Fees	1,438,311	1,043,036	72.52%
Facility Fees ²	1,330,000	2,138,130	160.76%
Tap Fees ³	147,000	209,730	142.67%
Billing and Collection	590,181	463,352	78.51%
Interest and Misc. Income	855,607	950,499	111.09%
Employee Contribution to Health Ins.	333,370	247,806	74.33%
City of Asheville (Enka Bonds) ⁴	37,000	-	0.00%
Rental Income	58,750	12,420	21.14%
Use of Available Funds ⁵	12,823,337		0.00%
Total Revenues ⁶	<u>\$ 41,021,895</u>	<u>\$ 22,369,277</u>	79.33%
EXPENDITURES			
Operations and Maintenance ⁷	\$ 13,520,130	\$ 9,407,821	69.58%
Bond Principal and Interest ⁸	8,160,540	3,340,145	40.93%
Capital Equipment (Other than O&M)	537,500	352,739	65.63%
Capital Projects	17,803,725	11,624,909	61.82%
Contingency	<u>1,000,000</u>		
Total Expenditures	<u>\$ 41,021,895</u>	<u>\$ 24,725,613</u>	60.27%

Notes:

- ¹ Revenues are on the cash basis
- ² Received \$608,000 from Continental Properties, \$246,400 from Berrington Village Apartments and \$304,000 for Rockwood Road Apartments
- ³ Increase in number of Taps requiring Bore Fees
- ⁴ Payment to be received in May
- ⁵ Prior year bond and pay-as-go funds to be used for CIP
- ⁶ Budget-to-Actual Ratio does not include use of available funds
- ⁷ Includes encumbered amounts as well as actual insurance expenditures
- ⁸ Below 75% because 100% of principal payments due on July 1, 2009 for the entire FY09

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: May 20, 2009

Submitted By: Thomas E. Hartye, PE., General Manager

Prepared By: W. Scott Powell, Director of Finance

Subject: Third Quarter City of Asheville Billing Report

Background

At the end of each quarter, the City of Asheville Staff prepares a summary of all billing and collections activity for MSD, which is reconciled to beginning and ending receivables balance. This is designed to monitor billing and collection rates and trends to maximize the accuracy of financial projections for the current fiscal year and budgeted revenues for the upcoming year. The City of Asheville represents approximately 80% of domestic sewer revenues so data is periodically reviewed for trends and anomalies impacting MSD financial management decisions.

Discussion

The attached report summarizes billing activity for the last six quarters. A comparison of the first three quarters of FY 09 with the same time period in FY 08 reveals the following:

- ◆ Net billings are up .5% from the previous period last year. Since the billing data includes the board approved 3% rate increase for the current fiscal year, this corresponds to the consumption data, which shows a decrease of nearly 2.5%. Staff believes the decrease is attributed to a reduction in residential consumption as well as seeing signs of recessionary constraints on commercial usage. Staff will continue to monitor consumption data as this has a direct effect on the District's current and future budgets.
- ◆ Cash received during the first six months of the year is about the same as last fiscal year.
- ◆ The aging percentages do not currently indicate any significant changes. Staff will continue to monitor this in future quarters as this could have a cash flow effect on the District.
- ◆ The comparability of increased rates of billings, receivables, and payments indicates a good likelihood of all funds being remitted to MSD in a timely manner.

Staff Recommendation

None. Information only.

Action Taken

Motion by:	to	Approve	Disapprove
Second by:		Table	Send to Committee
Other:			
Follow-up required:			
Person responsible:			Deadline:

City of Asheville Quarterly Billing Report

Billing Report Summary:	First Quarter FY08	Second Quarter FY08	Third Quarter FY08	Fourth Quarter FY08	First Quarter FY 09	Second Quarter FY 09	Third Quarter FY 09	Fourth Quarter FY 09		
Beginning Receivables	\$ 1,154,817	\$ 1,263,125	\$ 958,877	\$ 935,888	\$ 1,135,787	\$ 1,077,751	\$ 954,284	\$ -	Net Billings First Three Qtrs. FY 09	\$ 13,631,178
Activity:									Net Billings First Three Qtrs. FY 08	13,565,750
Billings	4,903,515	4,636,994	4,275,840	4,601,348	4,834,187	4,669,866	4,489,849		\$ 65,428	
Bad Debt Collected	522	489	12,165	4,611	(347)	489	14,019		% Increase	0.5%
Bad Debt Remitted	(490)	(427)	(12,227)	(4,302)	(539)	(456)	(13,967)			
Payments	(4,326,875)	(4,364,682)	(4,142,915)	(3,683,623)	(4,256,369)	(4,305,319)	(3,898,322)		Net Payments First Three Qtrs. FY 09	\$ 13,881,411
Payments Collected but not yet remitted	(381,008)	(452,178)	(84,227)	(508,322)	(583,813)	(334,309.37)	(503,279)		Net Payments First Three Qtrs. FY 08	13,751,886
Adjustments	(87,355)	(91,651)	(71,625)	(156,485)	(51,156)	(153,739)	(157,028)		\$ 129,525	
Total Activity	108,308	(271,455)	(22,989)	253,227	(58,036)	(123,467)	(68,729)	-	% Increase	0.9%
Bad Debt Write-off		(32,793)		(53,327)						
Ending Receivables	\$ 1,263,125	\$ 958,877	\$ 935,888	\$ 1,135,787	\$ 1,077,751	\$ 954,284	\$ 885,554	\$ -		
Current Receivables <30 Days	\$ 1,101,932	\$ 829,823	\$ 757,898	\$ 1,036,509	\$ 931,544	\$ 805,615	\$ 747,949		A/R End of Third Qtr. FY 09	\$ 885,554
Aged Receivables									A/R End of Third Qtr. FY 08	935,888
30 to 60 Days	\$ 64,663	\$ 47,045	\$ 87,932	\$ 48,492	\$ 70,643	\$ 70,832	\$ 76,878		\$ (50,334)	
Over 60 Days	96,531	82,009	90,057	50,786	75,565	77,837	60,727		% Decrease	-5.4%
Total Over 30 Days	\$ 161,194	\$ 129,054	\$ 177,989	\$ 99,278	\$ 146,208	\$ 148,669	\$ 137,605	\$ -		
Aging Percentages										
Less than 30 Days	87.24%	86.54%	80.98%	91.26%	86.43%	84.42%	84.46%			
30 to 60 Days	5.12%	4.91%	9.40%	4.27%	6.55%	7.42%	8.68%			
Over 60 Days	7.64%	8.55%	9.62%	4.47%	7.01%	8.16%	6.86%			
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%			

Metropolitan Sewerage District of Buncombe County

BOARD ACTION ITEM

Meeting Date: May 20, 2009

Submitted By: Thomas E. Hartye, PE., General Manager
W. Scott Powell, Director of Finance

Reviewed by: Billy Clarke, District Legal Counsel

Subject: Standby Bond Purchase Agreement

Background

Series 2008A and 2008B Standby Bond Purchase Agreement with Bank of America are due to expire on June 30, 2009. These agreements initially expired on April 1, 2009 and May 1, 2009 respectively. Due to an increase in the quoted fee from the existing .20% to .85% annually on outstanding debt, Bank of America extended the existing agreements to allow staff time to investigate alternatives in the market.

Discussion

A Standby Bond Purchase Agreement is an agreement with a third party, typically a bank, in which the bank agrees to purchase variable rate bonds tendered for purchase in the event the bonds cannot be remarketed. MSD is required to have such an agreement in place for its outstanding variable rate bonds. Due to current economic conditions, the cost of providing such an agreement in the variable rate market has increased from 100% to 425% depending on the provider. In addition, banks providing such services now require a formal banking relationship.

Staff obtained informal quotes from three (3) banking institutions, Wachovia [Wells Fargo], BB&T, and Bank of America. These quotes ranged from 1.05% from Wachovia to .55% from Bank of America for a one-year agreement. Two year agreements ranged from 1.0% from BB&T to .65% from Bank of America. As a condition of entering into the Standby Bond Purchase Agreements, the banks require that MSD establish a banking relationship with them.

Fiscal Impact

Staff calculates the fiscal impact of the one-year Bank of America agreement to be an additional expenditure of \$200,000 and the two-year agreement at \$250,000. Either of these options can be executed in FY 10 while keeping O&M expenditures at FY 09 levels.

Staff/Committee Recommendation

Staff recommends and the Finance Committee endorses the renewal of the existing Standby Bond Purchase Agreement with Bank of America for a period of two years at a cost not to exceed \$250,000 per year.

Action Taken

Motion by:	to	Approve	Disapprove
Second by:		Table	Send to Board
Other:			
Follow-up required:			
Person responsible:			Deadline:

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: May 20, 2009
Submitted By: Thomas E. Hartye, PE., General Manager
Prepared By: W. Scott Powell, Director of Finance
Subject: Cash Commitment/Investment Report-Month Ended March 31, 2009

Background

Each month staff presents to the Board an investment report for all monies in bank accounts and specific investment instruments. The total investments as of March 31, 2009 were \$37,397,432. The detailed listing of accounts is available upon request. The average rate of return for all investments is 2.980%. These investments comply with North Carolina General Statutes, Board written investment policies and the District's Bond Order.

The attached investment report represents cash and cash equivalents as of March 31, 2009 does not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of March 31, 2009 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$9,174,105.

Total Cash & Investments as of 03/31/09	37,397,432
Less:	
Budgeted Commitments (Required to pay remaining FY09 budgeted expenditures from unrestricted cash)	
Construction Funds	(9,645,307)
Operations & Maintenance Fund	(4,474,759)
	(14,120,066)
Bond Restricted Funds	
Bond Service (Funds held by trustee):	
Funds in Principal & Interest Accounts	(1,418,246)
Debt Service Reserve	(4,992,020)
Remaining Principal & Interest Due	(4,270,938)
	(10,681,204)
District Reserve Funds	
Fleet Replacement	(1,056,842)
WWTP Replacement	(848,406)
Maintenance Reserve	(803,739)
	(2,708,986)
Self-Funded Employee Medical	(713,071)
Designated for Capital Outlay	9,174,105

Staff Recommendation

None. Information Only.

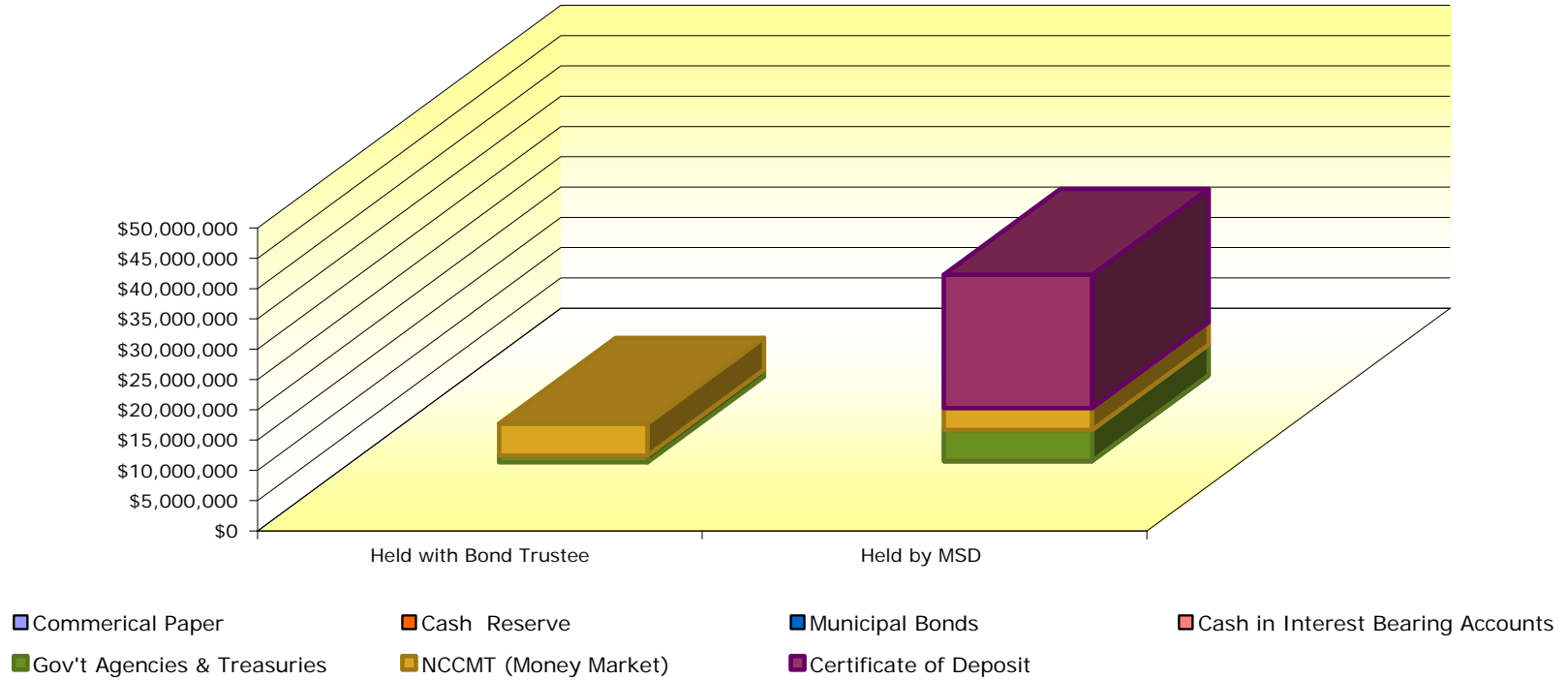
Action Taken

Motion by: _____ to Approve _____ Disapprove _____
Second by: _____ Table _____ Send to Committee _____
Other: _____
Follow-up required: _____
Person responsible: _____ **Deadline:** _____

Metropolitan Sewerage District of Buncombe County Investment Portfolio

	Cash in Interest Bearing Accounts	NCCMT (Money Market)	Certificate of Deposit	Commercial Paper	Municipal Bonds	Cash Reserve	Gov't Agencies & Treasuries	Total
Held with Bond Trustee	\$ -	\$ 5,286,254				\$ -	\$ 1,124,012	\$ 6,410,266
Held by MSD	251,804	3,665,973	22,000,000	-	-		5,069,390	30,987,167
	<u>\$ 251,804</u>	<u>\$ 8,952,227</u>	<u>\$ 22,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,193,402</u>	<u>\$ 37,397,433</u>

**MSD of Buncombe County
Investment Portfolio by Location
As of March 31, 2009**



MSD Investment Managers' Report at March 31, 2009

Summary of Asset Transactions

	Original Cost	Market
Beginning Balance	\$ 29,211,385	\$ 29,280,635
Capital Contributed (Withdrawn)	35,421	35,421
Realized Income	52,319	52,319
Unrealized/Accrued Income	(86,510)	(87,120)
Ending Balance	<u>\$ 29,212,615</u>	<u>\$ 29,281,255</u>

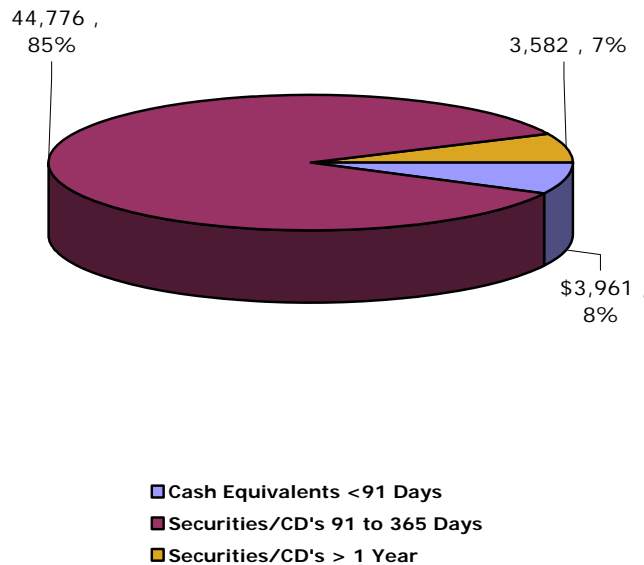
Value and Income by Maturity

	Original Cost	Income
Cash Equivalents <91 Days	\$ 2,211,865	\$ 3,961
Securities/CD's 91 to 365 Days	25,000,750	44,776
Securities/CD's > 1 Year	2,000,000	3,582
	<u>\$ 29,212,615</u>	<u>\$ 52,319</u>

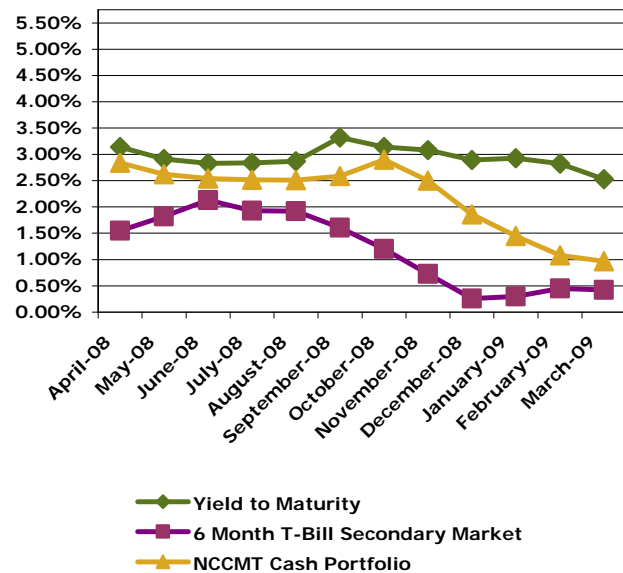
Month End Portfolio Information

Weighted Average Maturity	211
Yield to Maturity	2.53%
6 Month T-Bill Secondary Market	0.42%
NCCMT Cash Portfolio	0.97%

Metropolitan Sewerage District of Buncombe Co.
Investment Portfolio Income by Maturity
March 31, 2009

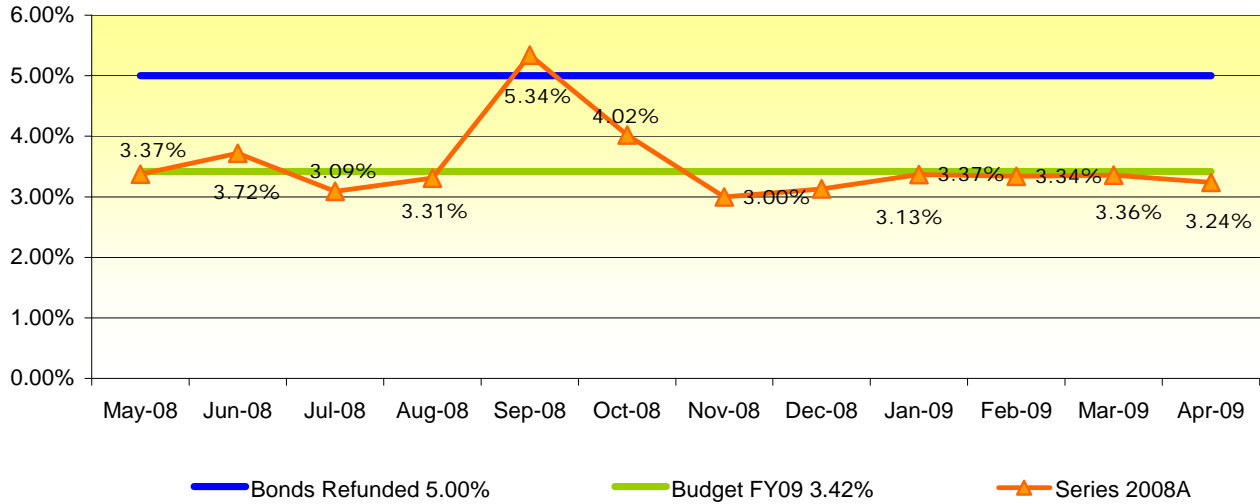


Metropolitan Sewerage District of Buncombe County
Yield Comparison
March 31, 2009



MSD Variable Debt Service Report As of April 30, 2009

Series 2008A Synthetic Fixed Rate Bonds Performance History



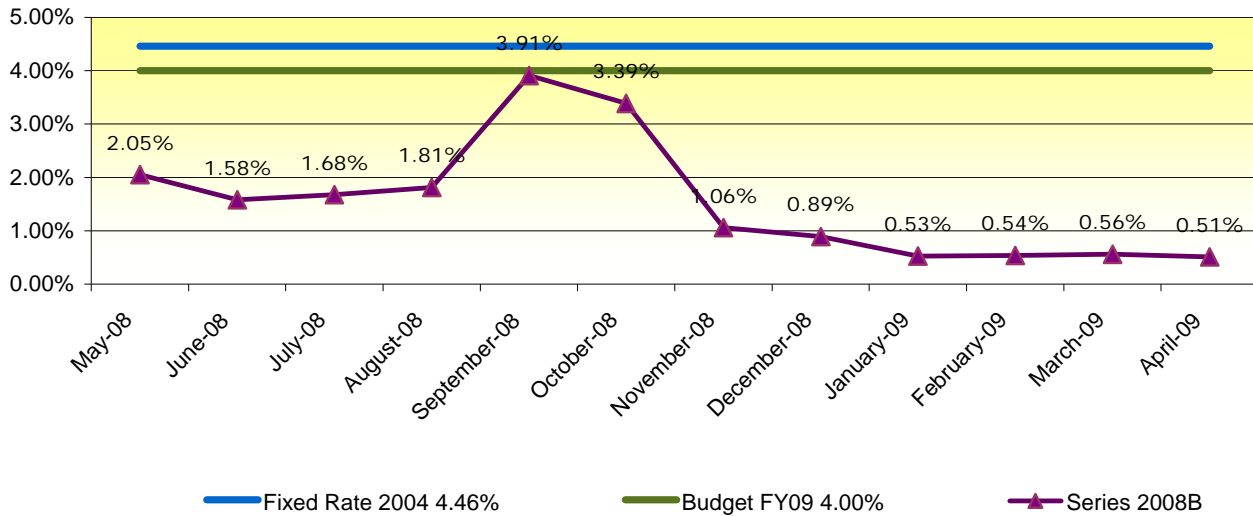
Series 2008A:

Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$481,141 as compared to 4/1 fixed rate of 4.83%.

Assuming that the rate on the Series 2008A Bonds continue at the current all-in rate of 3.7175%. MSD will achieve cash savings of \$5,923,474 over the life of the bonds.

MSD would pay \$4,950,000 to terminate the existing Bank of America Swap Agreement.

2008B Variable Rate Bond Performance History



Series 2008B:

Saving to date on the 2008B Variable Rate Bonds is \$605,492 as compared to 5/1 fixed rate of 4.24%

Since May 1, 2008, the Series 2008B Bonds average variable rate has been 1.60% .

MSD will achieve \$6,817,720 in cash savings over the life of the bonds at the current average variable rate.

**PRELIMINARY BUDGET
2009-2010**

Metropolitan Sewerage District of Buncombe County

BOARD ACTION ITEM

Meeting Date: May 20, 2009

Submitted By: Thomas E. Hartye, PE., General Manager

Prepared By: W. Scott Powell, Director of Finance

Subject: Proposed FY2010 Budget

Background

The District Budget process must comply with North Carolina General Statutes and the MSD Revenue Bond Order. The Bond order requires that the District adopt its final budget on or before June 15 of each year. The North Carolina General Statutes required that an annual balanced budget ordinance, based upon expected revenues, along with a budget message, to be presented to the governing board no later than June 1 of each year.

Staff/Committee Recommendation

The Committee recommends to the Board that the attached proposed FY 2010 Budget and Schedule Rates and Fees be considered today and adopted at the June 10, 2009 board meeting.

Action Taken

Motion by:	to	Approve	Disapprove
Second by:		Table	Send to Board
Other:			
Follow-up required:			
Person responsible:			Deadline:

FY 2009-2010 Preliminary Budget

Steven T. Aceto, Chairman
Michael C. Sobol, Vice-Chairman
Jackie W. Bryson, Secretary/Treasurer
Terry Bellamy
W. Louis Bissette, Jr.
Jon E. Creighton
Max Haner
E. Glenn Kelly
Stephen M. Metcalf
Bill Russell
Bill Stanley
M. Jerry VeHaun

Thomas E. Hartye, General Manager
W. Scott Powell, Director of Finance



**METROPOLITAN SEWERAGE DISTRICT
OF BUNCOMBE COUNTY,
NORTH CAROLINA**

2028 Riverside Drive
W.H. Mull Building
Asheville, North Carolina 28804

Phone: (828) 254-9646
Fax: (828) 232-5530
Website: www.msdbc.org



"To provide wastewater collection and treatment to its users which promotes the health and safety of affected citizens in the most effective and efficient manner possible today and in the future".

FY 2009-2010 Preliminary Budget
for

Metropolitan Sewerage District
of
Buncombe County, North Carolina

Asheville, North Carolina



2028 Riverside Drive
W H Mull Building
Asheville, North Carolina 28804
Phone: (828) 254-9646
Fax: (828) 254-3299

Thomas E. Hartye, General Manager
W. Scott Powell, Director of Finance

Website: www.msdbc.org

Principal Officials

Board Member	Representative of
Steven T. Aceto, Chairman	Town of Montreat
C. Michael Sobol, Vice Chairman	Town of Black Mountain
Jackie W. Bryson, Secretary/Treasurer	Woodfin Sanitary Water & Sewer
Terry Bellamy	City of Asheville
W. Louis Bissette, Jr.	City of Asheville
Jon E. Creighton	County of Buncombe
Max L. Haner	County of Buncombe
E. Glenn Kelly	Town of Biltmore Forest
Stephen M. Metcalf	Town of Weaverville
Bill Russell	City of Asheville
Bill Stanley	County of Buncombe
M. Jerry VeHaun	Town of Woodfin

Legal Counsel	Auditing Firm	Engineer of Record
Roberts & Stevens, P.A.	Cherry, Bekaert & Holland, L.L.P.	McGill & Associates

General Manager	Director of Finance
Thomas E. Hartye, PE	W. Scott Powell

Table of Contents

<i>Section Title</i>	<i>Subdocuments</i>	<i>Page No.</i>
Introduction	Budget Message	1
Policies & Budget Process	Budget Process	7
	Budget/Rate Forecast	9
	Current Business Plan	10
	Budget Summary	11
	Component Fund Chart	12
	Revenue	14
O & M Fund Budget	Operation & Maintenance Fund	17
CIP Program	Capital Improvement Program	27
	Program Summary	31
Replacement Funds	Fleet Equipment Replacement Fund	36
	Wastewater Treatment Plant	36
	Capital Reserve Fund	36
Insurance Funds	Self-Funded Employee Medical Program	38
	Post Employment Insurance	38
	General Liability Financial Plan	39
	Worker's Compensation Financial Plan	39
Sewer Rates & Fees	Schedule of Sewer Rates and Fees FY2010	41

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Metropolitan Sewerage District

OF BUNCOMBE COUNTY, NORTH CAROLINA

May 20, 2009

Members of the Board
Metropolitan Sewerage District of Buncombe County, North Carolina
W. H. Mull Building
2028 Riverside Drive
Asheville, North Carolina 28804

Subject: FY 2009-2010 Budget and Proposed Sewer Rates

Dear Members of the Board,

We respectfully present the FY10 Budget for the Metropolitan Sewerage District of Buncombe County, North Carolina. The budget incorporates staff recommendations presented to and accepted by the Personnel Committee, which met on April 29, 2009, the Capital Improvement Program Committee, which met on April 30, 2009, and the Finance Committee, which met on May 5, 2009.

We have developed the FY10 Budget to advance the organization's mission "*to provide wastewater collection and treatment to its users which promotes the health and safety of affected citizens in the most effective and efficient manner possible today and in the future*". The following operational and capital budget is designed to provide services meeting or exceeding all state regulations and Bond Order covenants with which the District must comply, with any rate changes to be at the lowest responsible level.

Current Year Highlights

In FY09, the District operations have experienced a 2.5 % decrease in domestic consumption, which will have a corresponding effect on domestic revenue. The decrease in current consumption is primarily due to residential conservation and recessionary pressures on the District's light and medium commercial consumers. The District's industrial revenue should meet projections due to the minimal dependence on the textile industry.

The District has had to contend with increased healthcare cost as well as increased debt administrative cost pertaining to the District's variable rate debt, which has been offset by decreased interest expenditures. By limiting the increase of other operating expenditures and by strategically planning the timing of CIP projects, the District has been able to limit the proposed rate increase to 3.75% for the upcoming year. Additionally, the District's long-range business plan incorporates these changes and projects that future rate increases will approximate 3.5% for next year and 3% for the remaining nine years.

This budget continues several recent initiatives to maintain the District's overall strategy of keeping collection lines and the plant functioning effectively while rehabilitating significant portions of aging infrastructure. The most important goal remains the reduction of sanitary sewer overflows (SSOs).

- ◆ ***The Systems Services Department*** continues to expand its participation in sewer line rehabilitation and replacement efforts to minimize SSOs. Goals for FY 2009-10 include utilizing Infrastructure Rehabilitation System (IRS) lining and dig-and-replacement construction to rehabilitate and replace at least 20,000 linear feet, while providing preventative maintenance for approximately 500,000 linear feet of the system by employing in-house jet wash cleaning and both chemical and mechanical root control. In addition, the Systems Services Department will manage the District's Right-of-Way maintenance program whereby easements will be periodically cleared or mowed.

TO: Members of the Board
SUBJECT: FY 2009-2010 Budget and Proposed Sewer Rates
May 20, 2009

- ◆ **The Wastewater Treatment Plant** is continuing systematic improvements as part of the District's detailed Facilities Management Plan. In FY10, the District will replace the intermediate pumps as well as begin a large project to replace the existing secondary microscreens.

Operating Budget

The proposed \$13.6 million operating budget represents routine expenditures and capital equipment acquisitions needed for the day-to-day operations of the District. Highlights of significant components and changes include:

- **Compensation and benefits:** The staff and employees considered salary and health insurance increases together as part of a comprehensive compensation package.
 - ◆ **A 0% cost of living and merit raise increase:** Due to current economic conditions and the CPI being 0% for the last twelve month period, the directors believe salaries should be kept at FY 09 levels. The Personnel Committee has recommended keeping salaries at FY 09 levels in accordance with the recommendation of staff as described above.
 - ◆ **A 16.5% increase in funding for self-insured medical plan:** During FY 09, staff worked with the employee advisory committee to limit certain health plan benefits and increase cost sharing by employees. The two groups are currently working on a long-term strategic plan to address controllable medical issues. Due to holding salaries at FY 09 funding level, staff is requesting a 16.5% increase in employer contribution, which is estimated to be sufficient to cover all expenses of the plan while maintaining prudent reserves for claims.
 - ◆ **Funding for Post-Employment Insurance:** Starting in FY 09, GASB 45 requires recognition of cost for Post-Employment Insurance. An actuarial study was done last year, which stated that current year funding should be \$222,000. Current funding has been implemented into the proposed FY 10 budget and the current business plan and represents 1.6% of total operations.
- **Debt Administration expenditures increased 100% over prior year:** The District has two bond issues, which require standby bond purchase agreements. Due to current economic conditions, cost for such agreements has increased dramatically in the industry. The current agreements increase from .20% to .65%. The increase has a \$251,108 impact on FY10 expenditures. The District will be able to fund this increase while maintaining total operation and maintenance expenditures at FY 09 levels.

Capital Improvement Program

The District prepares a ten-year Capital Improvement Program as required by its State Collection System Permit and the Consolidation Agreements. The estimated construction expenditure for FY10 is \$20.4 million, which is comprised of an estimated \$18.8 million in construction, \$624,500 of reimbursement and \$1 million in contingency. A detailed list of individual projects and planned expenditures by year was presented at the April 30, 2009 CIP meeting.

The District has adopted a capital projects ordinance, which authorizes commitment of funds currently available in the general fund for several multi-year projects and contracts, including expenditures anticipated for FY 10.

The Board has consistently financed its capital improvement program through revenue bonds and pay-as-you-go moneys. As of June 30, 2009, the District will have \$95.4 million in outstanding revenue bond debt, with total debt service of \$8.5 million due before the end of the fiscal year. Of the total debt, approximately \$21.4 million is variable.

TO: Members of the Board
SUBJECT: FY 2009-2010 Budget and Proposed Sewer Rates
May 20, 2009

In addition, the District is planning to issue \$19 million in the third quarter of 2009. Unlike counties and cities, the District does not have a legally mandated debt limit.

MSD has initiated a major program to rehabilitate its Wastewater Collection System. This program will conform to the North Carolina Department of Environmental and Natural Resources (NCDENR) new Collection System Permit requirements, and will improve the operational performance and extend the life of the collection system. The estimated cost over a 10-year period is approximately \$146 million. This Permit ushers in a change in focus of the District's Capital Improvement Plan. In the previous decade, efforts had been directed to expediting completion of certain projects identified by the member agencies and assumed by the District during the consolidation process. For example, construction of the 23.8-mile North Swannanoa Interceptor begun in 1993 was completed during FY 2004 at a cost in excess of \$44 million. Now that most of these "consolidation" projects have been completed, our focus has been redirected to rehabilitation of the State-mandated 250,000 feet of sewer line every five (5) years and other projects identified in the Master Plan.

This rehabilitation has been made more cost-effective by the development of the Pipe Rating Program. Pipe Rating is a proactive planning tool, which utilizes Closed Circuit Television (CCTV) information, a GIS database, and actual maintenance history to view, rate, and computer-score pipe segments based on a number of factors. These factors, for any given manhole-to-manhole segment, include maintenance work order history, number and severity of defects, and record of overflows on that segment, and are combined to yield a rating useful for prioritizing rehabilitation efforts.

Pipe Rating minimizes costs by helping the District focus rehabilitation dollars where they are needed most, rather than the previous replacement of collector lines throughout an entire basin. In recognition of this innovative program, the Association of Metropolitan Sewerage Agencies (AMSA) awarded the District one of only two 2003 National Environmental Achievement Awards.

Major projects for FY 10 include completion of the \$1.2 million Middle Beaverdam Creek Interceptor with over 3,951 linear feet, and the \$2.6 million Intermediate Pump Replacement. The Secondary Microscreens project will be evaluated at the end of 2009 to determine if economic conditions warrant the procurement of the secondary microscreens at \$4.9 million. These are in addition to numerous smaller projects completed throughout the collection system. Further details are available in the CIP section of the budget document.

The District's Collection System Master Plan is now complete. This plan addresses the orderly extension of the District's collection system into future service areas. The plan has been prepared in close cooperation with the District's member agencies and regional stakeholders. The land use policies and zoning regulations of each agency were used for land usage, growth projections/densities, and line locations. For areas outside of corporate or jurisdictional limits, Buncombe County's proposed Zoning Ordinance has played an integral role in defining future service areas.

Lines have been located at a planning level of detail - in an orderly, predictable fashion utilizing natural drainage patterns and the existing topography. Existing roads and rights-of-way have been used for routing when feasible, and pump stations have been minimized to the greatest extent possible.

This has been a significant effort, which involved mapping over 890 miles of new collection lines. In addition, flow projections, hydraulic modeling, and GIS mapping of the new areas have also been completed. The newly mapped areas comprise over 128,000 acres, in addition to the District's current service area of approximately 67,000 acres.

The plan will serve as a basis to ensure that the sewer system will be extended in an orderly fashion, and is done so in accordance with the planning policies of the various local governments within the District's service area.

TO: Members of the Board
SUBJECT: FY 2009-2010 Budget and Proposed Sewer Rates
May 20, 2009

During FY 07, a new Facilities Plan was completed for the Water Reclamation Facility. Although there has been no major increase in flow, due to the age of the equipment and level of technology, some processes were under-performing or not performing as desired. Therefore, consulting engineers met with staff to evaluate current operations and equipment and to prepare recommendations for maintenance and improvements.

Four projects were identified as critical and are included in the ten-year CIP:

- **Grit and Grease Removal**—Grit and grease facilities were not working effectively and were causing problems with downstream processes. This process was rehabilitated during FY08 by both WRF maintenance staff and contractors at a cost of \$554,000. This represents approximately 10% of the cost to completely replace the equipment.
- **Secondary Microscreens**—Rusty and no longer performing satisfactorily, this equipment has become an operational and maintenance headache. Being the critical barrier between the WRF and the river, the secondary microscreens have been scheduled for replacement. Design is complete and procurement is proposed for FY10, with construction expected to begin in FY 11. Total cost of the project is estimated to be \$10.8 million.
- **Rotating Biological Contactors (RBC)**—These large rotating wheels house biomass growth, which dip into the wastewater and allow waste to be biologically consumed as it flows through the basins. These RBCs can weigh up to 45,000 pounds and after turning constantly for 20 years propelled by compressed air, some are suffering mechanical failure and broken shafts. Access is problematic and replacements units use an electric motor, rather than the current compressed air configuration. Currently, this process is operating adequately, and funds for further study into replacement of or alternatives to this process have been included in future years of the CIP.
- **Intermediate Pumps**—These aging pumps are hydraulically driven which is highly inefficient, and there is concern of contaminating the effluent with hydraulic fluid should the system leak. Funds of approximately \$2.5 million for installing new variable-speed electric pumps are included in the CIP for fiscal years 2010 and 2011.

Impact of CIP on Operations

For most municipal and county governments, capital improvements often result in higher operating costs. For example, larger buildings increase utility expenses, and new facilities such as libraries or swimming pools involve hiring additional staff. The opposite holds true for the District.

Through major rehabilitation projects to the sewer collection system, the District is expected to realize a modest cost reduction in wastewater treatment operations by reducing infiltration of groundwater and inflow of surface water into the sewer system. Mud and grit, which accompany infiltration/inflow, will also be reduced, thereby increasing the life of pumps and other treatment equipment adversely effected by abrasion.

Other savings are realized from capital expenditures as new or rehabilitated sewer lines also require less maintenance and are not as susceptible to frequent blockages and overflows as older and smaller lines.

The District's major environmental responsibility is reduction of Sewer System Overflows (SSOs). Staff has estimated the average cost of responding to an SSO to be approximately \$2,175. During FY 2000, the District experienced more than 289 SSOs, which have been reduced to less than 50 in recent years. Thus, the District has been able to focus approximately \$500,000 additional dollars annually on preventative maintenance as opposed to responding to spill events.

TO: Members of the Board
SUBJECT: FY 2009-2010 Budget and Proposed Sewer Rates
 May 20, 2009

Moreover, the North Carolina Department of Environment and Natural Resources has the discretion to levy fines up to \$25,000 per day per SSO if the District does not follow through on renovations and rehabilitations planned for areas identified as requiring capital improvements. Therefore, the CIP has a positive impact on operations by reducing repair and replacement while avoiding environmental penalties.

Sewer Rate Increase

Staff recommends a 3.75% increase in domestic sewer rates and meter fees for FY10, including a previously approved plan to achieve flow rate parity between industrial and domestic users. This amount is in line with past increases. We believe this rate increase is prudent under the current economic situation and is necessary to provide for the following District responsibilities and objectives:

- ⊙ Obligation of State Collection Permit for approximately 250,000 LF/ 5 years rehabilitation
- ⊙ Debt coverage ratio attractive to investors and rating agencies
- ⊙ Support of the pay-as-you-go element of the CIP in addition to bonds
- ⊙ Continue with goal of periodic smaller rate increases in lieu of large increase in future years
- ⊙ Adequate current funding and maintenance of prudent reserves for self-insured medical and dental plan

The MSD Board has over the past seven years attempted to keep rate increases to a minimum. In setting the annual sewer rate, the Board must comply with its Bond Order, which requires that sewer rates be set to ensure that the excess of revenues over current expenditures is at least 120% of debt service.

Domestic sewer rates are shown below:

	FY05	FY06	FY07	FY 08	FY 09	FY 10
Rate Increase %	2.0%	3%	4.5%	4.0%	3.0%	3.75%
Meter, Maintenance & Billing Fees	\$5.58	\$5.75	\$6.01	\$6.23	\$6.43	\$6.64
Flow Rate (per ccf)	\$3.05	\$3.14	\$3.28	\$3.41	\$3.51	\$3.64
Avg. Monthly Bill (5ccf)	\$20.83	\$21.45	\$22.41	\$23.27	\$23.99	\$24.84

Distinguished Budget Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Metropolitan Sewerage District of Buncombe County, North Carolina for its annual budget for the fiscal year beginning July 1, 2008. This is the eleventh consecutive year that the MSD has received this award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

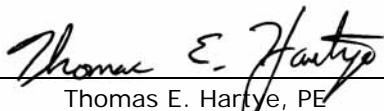
This award is valid for a period of one year only. We believe our FY08 budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

TO: Members of the Board
SUBJECT: FY 2009-2010 Budget and Proposed Sewer Rates
May 20, 2009

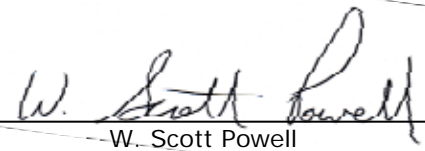
In Closing

The Budget represents the combined efforts and guidance of the Board, its Committees and staff. A special thanks to Teresa Gilbert for assembling the proposed budget documents, Ed Bradford, CIP Director, and Sharon Walk for assembling the CIP Section of the Budget, and to Peter Weed for updating the sewer rate projections. We look forward to working with you, staff, and our ratepayers as we implement this financial plan and policy document.

Respectfully submitted,



Thomas E. Hartye, PE
General Manager



W. Scott Powell
Director of Finance

Budget Process

Budgetary Adoption

The District budget process must comply with North Carolina General Statutes and the MSD Revenue Bond Order as amended to date. The Bond Order requires that the District adopt its final budget on or before June 15 of each year. North Carolina General Statutes mandate an annual balanced budget ordinance based upon expected revenues, along with a budget message, to be presented to the governing board no later than June 1 and mandates a public hearing be held. The Bond Order calls for a preliminary budget hearing 30 days prior to adoption if requested by a certain percentage of bondholders. The budget calendar is designed to provide for input by all stakeholders into a systematic and deliberate process.

For the Operations and Maintenance Budget, the process begins with the mission statement as approved by the Board. Each Division or section of the District develops a specific mission statement setting forth its role in supporting the overall mission of the District. Next, key responsibilities are defined for each unit, with associated goals and objectives. To evaluate progress, performance measures are identified and tracked for the previous three years. Once the District staff develops the operational activities required to implement the mission-directed strategies, necessary resources can be quantified and presented in a budgetary format.

Because payroll and benefits represent such a large proportion of expenditures, and because an experienced and appropriately compensated, well-trained staff is necessary to accomplish the District's mission, extra effort is made to ensure salaries and benefits are competitive without being excessive. To this end, a human resources consultant prepares a salary survey every three to five years that compares District pay scales with other utilities and governmental entities in the area. During those years a consultant is not retained, the Human Resources Director and other staff take surveys among regional governments and wastewater utilities of intended increases and types/levels of benefits considered. After reviewing comparative data, the Finance and Personnel Committees take an active role in ratifying increases of cost of living and merit pay, as well as contributions to health insurance and other employee benefit programs. Before approval of any new positions, the Board must be convinced of the cost-benefit, efficiency, and programmatic benefit.

The Capital Budget incorporates short-term improvements mandated by the State-issued Collection System Permit with long-term needs identified and prioritized by the 20-year Wastewater System Master Plan to handle wet-weather flow conditions, to improve the performance at the wastewater treatment plant, and to prepare the system to handle expected future wastewater flows. Engineering staff prepare annual estimates of expenditures over the life of projects in a proposed timetable for construction in a 10-year Capital Improvement Plan (CIP).

Meanwhile, Administrative staff prepares an update of the District's ten-year financial forecast based on estimated revenues, expenditures, and debt issuance, which is integrated with the 10-year CIP, along with projections for fleet and wastewater plant replacement funds. The effect of current expenditures on cash flows and debt coverage ratios are verified for adequacy, and any indicated adjustments to expenditures are made to sustain services within the desired user rate levels, which are set annually in connection with budget adoption.

Budget Administration

The Budget Resolution is adopted at the fund level and allows for the carry forward of encumbered contracts and purchase orders from the previous fiscal year. This budget book illustrates the initial allocations among departments and between line items for authorized expenditures not including carryover amounts. Authority for modifying these allocations varies.

The General Manager has the authority to transfer amounts between departments within a fund without limitation. Division directors may transfer amounts between line items and sections within their departments without limitation. The entire allocation is available at the beginning of the year, and the unexpended balance will remain available during the year, unless otherwise limited by the General Manager and Director of Finance due to cash flow considerations.

Several strategies are used to monitor expenditures throughout the year. The General Manager and Division Directors receive monthly expenditure reports, which compare actual to budgeted amounts for the period and for the year to date. In addition, the procurement software is designed to require approval from the General Manager or Director of Finance if the line item has insufficient funds to cover the requisition or if the expenditure is over a certain amount. Purchasing staff make periodic reviews of outstanding inventory levels, requisitions, and purchase orders to update available line item balances.

Budget Amendment

Budget Amendments require approval by the Board of Directors and as such are submitted through the agenda process for consideration at a regularly scheduled Board meeting.

Budget/Rate Forecast

The District is required by its Bond Order to set rates at such a level that the excess of revenues over current expenditures equals at least 120% of debt service. The Board established a revenue policy that the goal for debt coverage ratio be 150% or 1.5, and sufficient to meet all operating and capital needs with modest level increases.

The Board has also established a budget policy that calls for a ten-year projected operating budget and capital improvement program for long-term planning purposes. Revenue and expenditure projections are integrated with anticipated capital expenditures to anticipate rate increases and timing of debt issuance based on cash flow levels and debt coverage ratios.

Consumer revenue projections are based on consumption rates, growth in number of taps during the previous year, and projected rate increase. Industrial revenue is developed from anticipated fees of actual individual companies, since there are relatively few industrial customers and the charges are determined by effluent strength, as well as volume, which may vary greatly depending on the particular entity. As there are a limited number of large customers, any major change to a particular facility such as announced layoffs or closings, may be immediately factored into the industrial revenue computation.

Operating expenditures are anticipated to increase at the regional cost of living rate, and capital expenditures at the general inflation rate. Future debt service is projected to be issued at slightly above prevailing rates. As this forecast is updated at least semiannually, management is able to adjust timing of capital projects and discuss in advance with Board members proposed timing and levels of rate increases.

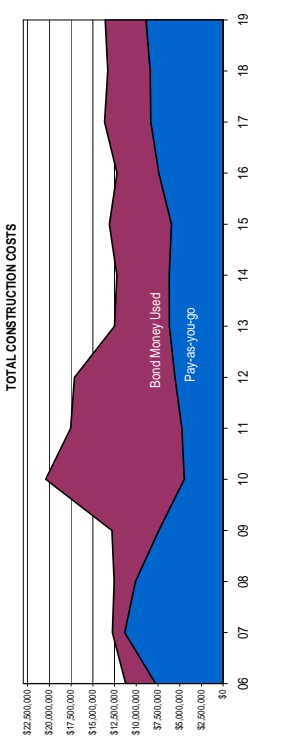
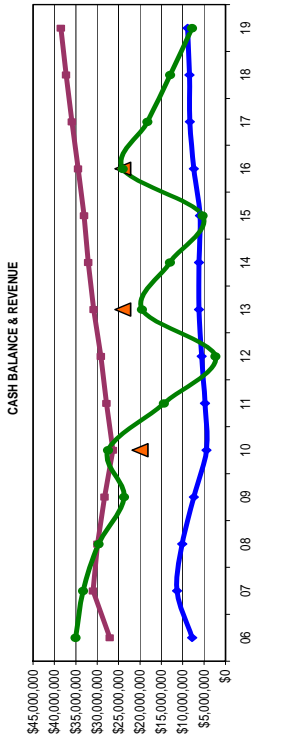
Using consumption data projected from the recent historical population growth statistics within the Asheville-Buncombe County area, the District anticipates annual rate increases of 3.75% in the current year, 3.5% next year and 3.0% for the remaining eight years. Construction costs are fairly level reflecting the District's Master Plan to consistently rehabilitate approximately 50,000 linear feet of pipe per year. The increase in the CIP expenditure forecast for FY 2010 reflects a major rehabilitation project at the Wastewater Treatment Plant.

This long-range budgetary projection also shows how the District plans to finance these projects with a combination of bond proceeds and pay-as-you-go funding from sewer revenues. Overall, the ten-year projection indicates the District's continuing ability to provide wastewater collection and treatment for customers, infrastructure maintenance in accordance with state regulations, and debt service in compliance with Bond Order, all with minimal, uniform rate increases.

Current Business Plan

Draft Forecast for FY10 Budget	Sewer Rate Increase										Average Monthly Bill			
	3.0%	4.5%	4.0%	3.0%	3.75%	3.5%	3.0%	3.0%	3.0%	3.0%		3.0%		
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
July 1 - Available for Construction	\$21.45	\$22.41	\$23.28	\$23.99	\$24.84	\$25.71	\$26.48	\$27.28	\$28.09	\$28.94	\$29.80	\$30.70	\$31.62	\$32.57
REVENUE:	38,827,187	35,046,692	32,628,926	29,669,151	23,707,383	27,442,521	14,361,370	2,302,208	19,498,930	12,958,517	5,321,514	24,013,147	18,252,968	12,926,360
Domestic Users	19,840,872	21,523,457	22,800,471	22,865,194	23,353,145	24,299,681	25,195,640	26,224,790	27,276,611	28,351,640	29,504,242	30,682,246	31,941,151	33,227,778
Industrial Users	2,617,298	2,693,328	1,510,669	1,368,440	1,427,014	1,488,107	1,552,560	1,619,825	1,693,166	1,762,207	1,837,407	1,915,676	1,998,829	2,083,371
Billing and Collections (User Fee)	522,799	554,317	584,554	590,181	596,083	613,965	632,384	651,356	670,896	691,023	711,754	733,107	755,100	777,753
Tap Fees	199,600	203,370	333,185	220,000	36,750	73,500	110,250	147,000	147,000	147,000	147,000	147,000	147,000	147,000
Facility Fees	2,282,250	2,851,580	2,671,999	2,500,000	332,500	770,000	1,312,500	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Interest & Non-operating Revenues	1,520,926	2,582,983	1,792,514	650,000	511,499	522,549	229,124	327,017	486,862	274,200	440,020	633,992	623,586	414,096
City of Asheville (annex-Enka)	37,003	37,003	37,003	37,000	37,000	45,000	75,000	103,000	36,000	49,000	37,000	37,000	37,000	37,000
Rental Income	58,056	37,578	16,560	16,560	16,560	16,560	16,560	16,560	16,560	16,560	16,560	16,560	16,560	16,560
Transfer from Reserves (to / from)	(51,926)	500,980	171,411	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	2,689	4,324	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	27,029,567	30,988,920	29,918,366	28,247,375	26,310,550	27,823,362	29,124,018	30,839,548	32,073,096	33,041,630	34,443,982	35,915,581	37,269,227	38,453,558
State and Federal (EPA) Grants														
Revenue Bonds/Stimulus					20,000,000									
EXPENSES:														
Operations & Maintenance	11,264,280	11,584,471	11,754,849	13,305,729	13,303,885	13,792,297	14,227,346	14,767,763	15,277,610	15,871,205	16,492,101	17,141,697	17,821,583	18,533,421
Replacement Funds (WRF & Fleet)	350,000	360,000	400,000	400,000	300,000	300,000	475,000	475,000	500,000	500,000	500,000	450,000	450,000	450,000
Debt Service	7,982,730	8,068,069	8,167,726	7,705,189	8,539,519	9,267,302	9,352,747	9,888,875	10,589,267	11,217,805	10,545,575	10,442,315	11,042,412	11,049,237
CIP (Including Bond Projects)	11,213,052	12,732,294	12,555,566	12,988,225	20,432,008	17,550,915	17,428,086	12,511,189	12,247,631	13,089,624	12,214,673	13,641,748	13,281,839	13,568,796
Total Expenses	30,810,062	32,744,834	32,878,141	34,209,143	42,575,412	40,910,513	41,183,179	37,642,827	38,613,508	40,678,634	39,752,349	41,675,760	42,595,834	43,601,454
Pay-as-you-go (Current Revenue only)	7,782,557	11,336,380	10,090,081	7,405,037	4,467,146	4,769,764	5,543,925	6,182,910	6,207,218	5,952,621	7,406,307	8,331,569	8,405,232	8,870,899
Debt Coverage (User Fees only)	1.5	1.8	1.7	1.6	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.6	1.6
Debt Coverage with Total Revenue	2.0	2.4	2.2	1.9	1.5	1.5	1.6	1.6	1.6	1.5	1.7	1.8	1.8	1.8
Active Plan CIP	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Interceptor/Wet Weather Rehabilitation	2,200,079	2,299,993	3,177,257	3,208,301	18,494	1,575,406	1,458,033	1,528,104	2,667,104	0	0	0	0	0
General Sewer Rehabilitation	5,793,892	4,291,143	3,776,152	9,128,926	5,289,449	5,247,134	6,849,438	5,132,516	6,091,707	8,270,282	8,556,434	8,270,282	8,556,434	8,556,434
Pipe Rated Projects	1,289,410	2,088,760	1,430,583	1,398,637	3,983,436	2,182,654	1,314,601	2,155,411	1,402,704	1,497,299	1,497,299	1,497,299	1,497,299	1,497,299
Unclaimed Sewer Rehabilitation	110,875	7,800	284,412	444,750	116,280	120,304	124,466	128,773	133,228	137,838	142,607	137,838	142,607	142,607
Treatment Plant / Pump Stations	500,000	7,379,000	5,881,863	74,928	166,115	171,863	325,983	183,961	190,326	196,911	196,911	196,911	196,911	196,911
Engineering Force Account	2,307,110	2,740,812	2,798,648	2,672,544	2,737,415	2,750,270	2,817,103	2,885,908	2,956,679	3,029,509	3,104,471	3,104,471	3,104,471	3,104,471
Reimbursements	596,859	624,500	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Contingency	0	1,000,000	0	0	0	0	0	0	0	0	0	0	0	0
Capital Improvement Program Totals	11,213,052	12,732,294	12,555,566	12,988,225	20,432,008	17,550,915	17,428,086	12,511,189	12,247,631	13,089,624	12,214,673	13,641,748	13,281,839	13,568,796

- Pay-as-you-go
- Revenue w/o Bonds
- Bond Issues
- Cash Balance



April 29, 2009

Budget Summary

The District utilizes a fund structure developed to accommodate mandates of the District's Bond Order with generally accepted accounting principles for proprietary governments. Appropriated funds, which are those funds that must have a board-approved budget, include ❶ the revenue fund from which operational and maintenance expenditures are made, ❷ the general fund that transfers pay-as-you-go funding authorized for construction, ❸ the construction fund that incorporates CIP expenditures, ❹ replacement funds providing funding for fleet and WRF equipment, and ❺ debt service funds.

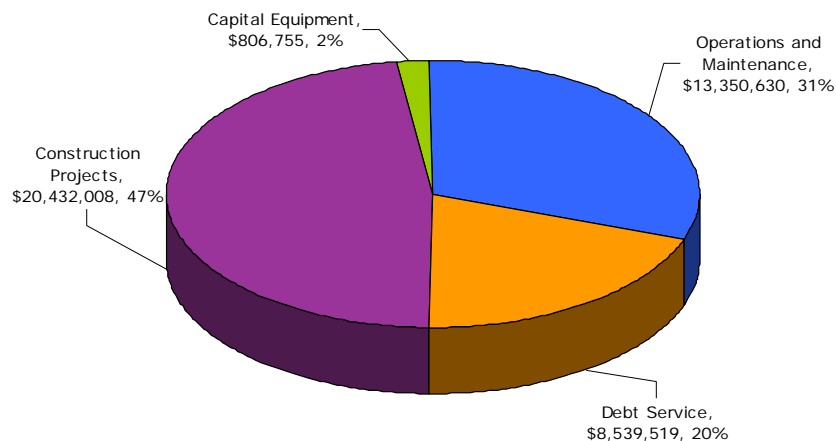
Financial plans are approved for those other funds whose expenditures are determined by external parties or contractual agreements such as the insurance, debt reserve, and capital reserve funds.

The budget summary chart below shows total activity for all funds and consolidates the effect of transfers between funds.

	FY 2008 Actual Total	FY 2009 Budget	FY 2010 Proposed Budget	Increase (Decrease)	% Change
REVENUES & FINANCING SOURCES					
Domestic User Fees	22,800,471	23,408,339	23,353,145	(55,194)	-0.2%
Industrial User Fees	1,510,669	1,438,311	1,427,014	(11,297)	-0.8%
Billing and Collection	584,554	590,181	596,083	5,902	1.0%
Facility and Tap Fees	3,005,184	1,477,000	369,250	(1,107,750)	-75.0%
Interest and Misc. Income	2,078,036	855,607	704,203	(151,404)	-17.7%
Rental Income	16,560	58,750	16,560	(42,190)	-71.8%
City of Asheville (Enka Bonds)	37,003	37,000	37,000	-	0.0%
Employee Contributions to Health Fund	313,286	333,370	333,386	16	0.0%
Proceeds from Revenue Bonds	-	-	19,000,000	19,000,000	N/A
Stimulus Loan/Grant	-	-	1,000,000	1,000,000	N/A
Use of (Contributions to) Available Funds	2,814,483	12,823,337	(3,707,729)	(16,531,066)	-128.9%
Total Revenues & Financing Sources	33,160,246	41,021,895	43,128,912	2,107,017	5.1%
EXPENDITURES					
Operations and Maintenance	12,070,195	13,520,550	13,350,630	(169,920)	-1.3%
Construction	12,471,794	18,803,725	20,432,008	1,628,283	8.7%
Capital Equipment	450,531	706,080	806,755	100,675	14.3%
Bond Principal and Interest	8,167,726	8,160,540	8,539,519	378,979	4.6%
Total Expenditures	33,160,246	41,190,895	43,128,912	1,938,017	4.7%

NOTE: Both Operation and Maintenance and Capital Equipment expenditures represent actual amounts to be spent in the respective reserve funds. These amounts do not include current year reserve funds funding request.

FY 10 Budgeted Expenditures \$43,128,912



Component Fund Chart

The following chart shows revenues, expenditures, and transfers by individual fund and provides the detail supporting the summary amounts.

	Operating and Construction		Equipment Replacement		Debt Services	Appropriated Funds	
	Revenue/O&M	General	Construction	Fleet Repl. Reserve	WWTP Reserve	Bond Service	
Projected Net Assets at 6/30/09	18,061,181	5,645,984	218	936,568	695,729	3,405,000	28,744,680
Revenues and Other Financing Sources:							
Domestic User Charges	23,353,145	-	-	-	-	-	23,353,145
Industrial User Charges	1,427,014	-	-	-	-	-	1,427,014
Billing and Collection Fees	596,083	-	-	-	-	-	596,083
Facility and tap fees	-	369,250	-	-	-	-	369,250
Proceeds from Revenue Bonds	-	-	19,000,000	-	-	-	19,000,000
Stimulus Loan/Grant	-	-	1,000,000	-	-	-	1,000,000
Sale of Surplus Property	-	-	-	81,540	-	-	81,540
Non-governmental Grants	2,500	-	-	-	-	-	2,500
Investment interest & misc.	378,505	113,000	20,000	23,000	10,000	3,500	548,005
City of Asheville for Enka Bond	37,000	-	-	-	-	-	37,000
Rental Income	16,560	-	-	-	-	-	16,560
Employee Contributions Medical	-	-	-	-	-	-	-
Total Revenues and Fin. Sources	25,810,807	482,250	20,020,000	104,540	10,000	3,500	46,431,097
Expenditures and Other Financing Uses							
Operating Expenses	(10,631,905)	-	-	-	-	-	(10,631,905)
Debt--Principal	-	-	-	-	-	(4,478,000)	(4,478,000)
Debt--Interest	-	-	-	-	-	(4,061,519)	(4,061,519)
Construction	-	-	(20,432,008)	-	-	-	(20,432,008)
Capitalized Equipment Expenditures	(143,755)	-	-	(453,000)	(210,000)	-	(806,755)
Total Expenditures and Other Financing Uses	(10,775,660)	-	(20,432,008)	(453,000)	(210,000)	(8,539,519)	(40,410,187)
Interfund/account transfers	(11,367,724)	(412,008)	412,008	100,000	200,000	8,539,519	(2,528,205)
Excess (Deficit) of Revenues over Expenditures	3,667,423	70,242	-	(248,460)	-	3,500	3,492,705
Projected Net Assets at 06/30/10	21,728,604	5,716,226	218	688,108	695,729	3,408,500	32,237,385

Funding comes primarily from the Revenue Fund, from which Operations and Maintenance expenditures are paid. Revenues are transferred to other funds, including construction, insurance internal funds, debt service and replacement reserve funds. Infrastructure over \$15,000 is capitalized and budgeted through the Construction Fund. Capitalized equipment such as trucks and rolling stock are budgeted through the Fleet Replacement Fund and capitalized equipment such as pumps and plant machinery are budgeted through the Water Reclamation Facility Replacement Fund. While the O&M budget contains line items entitled "Capital Equipment", while such expenditures are below the capitalization threshold, they are in excess of \$1,000 and budgeted and tracked internally for managerial purposes.

Component Fund Chart (continued)

The net assets of non-appropriated funds are decreasing because as debt principal is repaid, amounts held in the debt service reserve, which are based on a percentage of outstanding debt, correspondingly are reduced and may be transferred to the general fund.

	Designated for Insurance				Held by Bond Trustee		Non- Appropriated	Budget Summary
	Insurance Medical	Insurance Post Employment	Insurance Prop & Liab	Insurance Work Comp	Debt Reserve	Capital Reserve		
Projected Net Assets at 6/30/09	501,021	169,000	245,134	270,410	4,857,000	803,739	6,846,304	35,590,984
Revenues and Other Financing Sources:								
Domestic User Charges	-	-	-	-	-	-	-	23,353,145
Industrial User Charges	-	-	-	-	-	-	-	1,427,014
Billing and Collection Fees	-	-	-	-	-	-	-	596,083
Facility and tap fees	-	-	-	-	-	-	-	369,250
Proceeds from Revenue Bonds	-	-	-	-	-	-	-	19,000,000
Stimulus Loan/Grant	-	-	-	-	-	-	-	1,000,000
Sale of Surplus Property	-	-	-	-	-	-	-	81,540
Non-governmental Grants	-	-	-	-	-	-	-	2,500
Investment interest & misc.	9,838	1,750	2,000	2,000	48,570	8,000	72,158	620,163
City of Asheville for Enka Bond	-	-	-	-	-	-	-	37,000
Rental Income	-	-	-	-	-	-	-	16,560
Employee Contributions Medical	333,386	-	-	-	-	-	333,386	333,386
Total Revenues and Fin. Sources	343,224	1,750	2,000	2,000	48,570	8,000	405,544	46,836,641
Expenditures and Other Financing Uses								
Operating Expenses	(1,931,421)	-	(593,504)	(193,800)	-	-	(2,718,725)	(13,350,630)
Debt--Principal	-	-	-	-	-	-	-	(4,478,000)
Debt--Interest	-	-	-	-	-	-	-	(4,061,519)
Construction	-	-	-	-	-	-	-	(20,432,008)
Capitalized Equipment Expenditures	-	-	-	-	-	-	-	(806,755)
Total Expenditures and Other Financing Uses	(1,931,421)	-	(593,504)	(193,800)	-	-	(2,718,725)	(43,128,912)
Interfund/account transfers	1,598,035	222,000	514,370	193,800	-	-	2,528,205	-
Excess (Deficit) of Revenues over Expenditures	9,838	223,750	(77,134)	2,000	48,570	8,000	215,024	3,707,729
Projected Net Assets at 06/30/10	510,859	392,750	168,000	272,410	4,905,570	811,739	7,061,328	39,298,713

Now that the District's financial overview has been presented, we will examine revenues and various expenditures in greater detail.

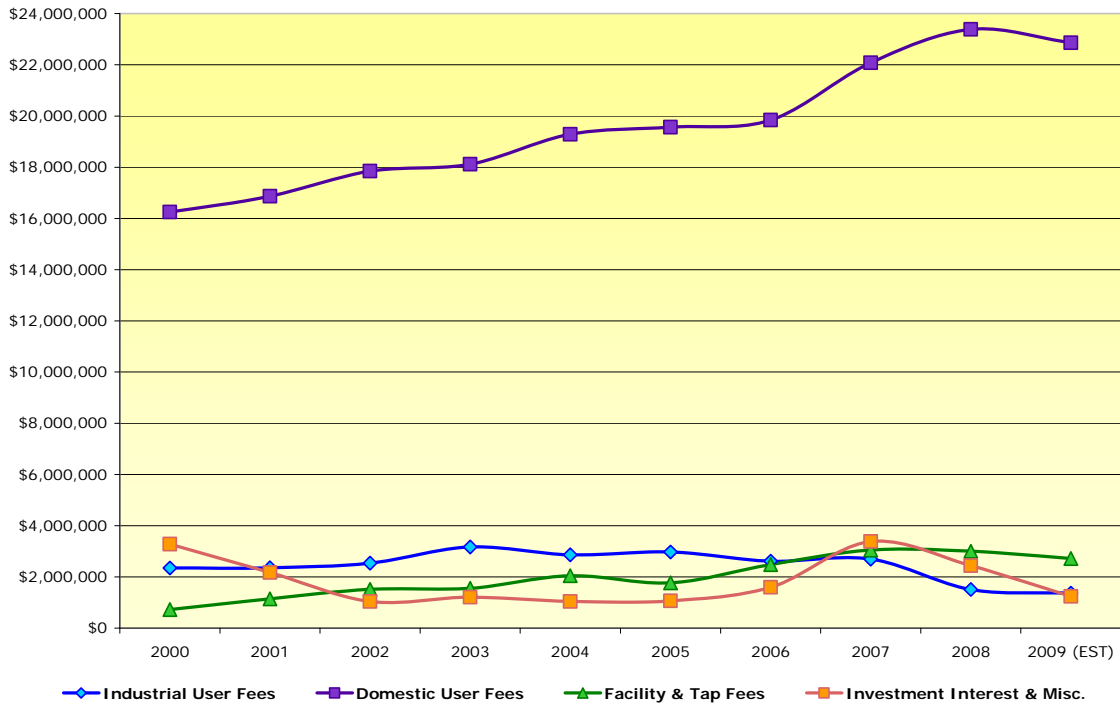
Revenue

Overview

The District has the authority to establish rates and charges for service to be approved by a budget resolution of the District Board of Directors. The District has established separate rates for domestic and industrial customers, adopted a schedule of facility and tap fees applying to new customers, and receives minor amounts of income from rental of real property and investment of surplus cash. The various types of revenues and other financing sources are described in greater detail below.

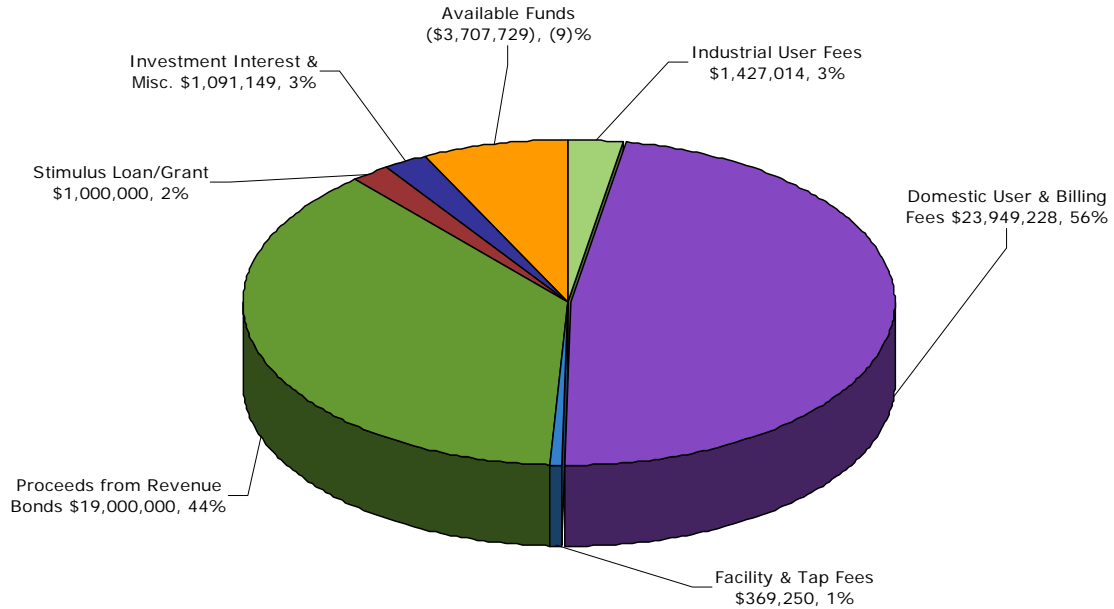
A graph of historical revenues by type reveals the overwhelming percentage of the District's income derives from domestic (residential & commercial) customers and has increased for the past eight consecutive years. Industrial user fees clearly show the effect of the shrinking textile industry in Buncombe County and are diminishing as larger industries wind down and are replaced with smaller new enterprises. Facility and tap fees testify to the growth fueled by population in-migration and expansion of non-industrial type businesses. The decline of investment income FY 08 will continue in FY09. Overall, income for FY09 is estimated to be slightly lower than in FY08.

Revenue Trends



Revenue Summary for FY 09-10

FY 10 Budgeted Revenues \$43,128,912



When projecting FY10 revenues, a 3.75% domestic customer rate increase was considered in conjunction with a projected 2% decrease domestic consumption. In addition, the budget reflects no growth in industrial users. Conservative assumptions based on recent income trends underlie other budgeted income amounts as explained below.

Domestic User Charges

The primary source of District revenues are domestic charges. The District has approximately 42,000 accounts. The District direct bills only about 350 of these domestic users all of which are on private well systems but are connected to MSD's sewer collector system. Billing and collection of the remainder of District domestic customers is performed by the member agencies providing water, who charge a fee for this service, which is added to the monthly bill and paid by MSD customers.

Domestic sewer rate increases for the past six years are shown below:

<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-2010</u>
2.0%	3.0%	4.5%	4.0%	3.0%	3.75%

Industrial User Charges

Prior to FY 2001, industrial users were charged decreasing tiered rates based on total volume so that actual rates charged were considerably below those paid by residential consumers. In FY 2001, the Board approved a plan to achieve rate parity between industrial and residential customers over the upcoming twenty years. The annual increases from this parity plan are incorporated in adopted rates. Industrial revenue has been declining over several years as local industrial facilities contracted operations or closed. The FY09 estimated industrial revenue is expected to decrease somewhat over FY08 amounts as several major industries have reduced production due to current economic conditions.

Fortunately, the number of new residential customers continues to increase which is anticipated to mitigate the impact from the decline of industrial revenue.

Investment Interest

This revenue source reflects interest earned on public funds held by the District and the Revenue Bond Trustee. Investment income is determined by interest rates and cash balances available for investment. Interest rates decreased rapidly during the current year due to adverse economic conditions. The projected yield for the current fiscal year will be 1.7%.

All MSD investments conform to its Bond Order and the North Carolina General Statutes governing investments, and due to the minimum acceptable level of risk, produce fairly conservative rates of return.

Facility Fees

This revenue source represents the buying of equity in completed wastewater facilities paid by consumers who are added to the sewer collection system. In June 2006, the actual cost was determined to be significantly greater than the fee charged. To moderate the impact on customers, the board determined to implement 20% of this increase over each of the subsequent five years.

Fees were last updated in June 2008 to be effective in FY09 and range from \$580 to \$1,900 for residential users based on size of structure, and from \$1,900 to \$180,500 for nonresidential customers based on meter size.

Due to current economic conditions, a one-year moratorium has been enacted on rate increases.

Tap Fees

This revenue source represents the cost of physically installing new connections to the sewer system. Tap charges were last changed in June of 2007. The cost for installing a tap is \$600, with additional charges up to \$2,200 if pavement disturbance involved. The costs for performing this service have not increased and therefore there is no rate increase proposed for FY10.

Billings & Collections

The District will pay the municipalities \$2.05 per customer bill for meter reading, billing and collection services.

Rental Income

The District leases land to a private company for a cell tower.

City of Asheville (Enka Bonds Annexation)

In the Consolidation Agreements, MSD agreed to assume debt service on the \$1,500,000 sanitary sewer bond issued by the Enka-Candler Water and Sewer District. This debt was used to pay a part of constructing the sewer system in Enka-Candler, which at that time was located in an unincorporated area of western Buncombe County. After the consolidation, the City of Asheville annexed a portion of the Enka-Candler Sewer District, so the City of Asheville reimburses the District for its proportionate amount (41%) of the annual principal and interest payment.

Operation & Maintenance Fund

Overview

The Operation & Maintenance Fund budget finances the program and administrative activities for the wastewater treatment plant, pump stations, and collection system. The FY10 Operation & Maintenance Fund budget totals \$13,603,885. This represents a 0.74% decrease over the previous year. The District budgets to the Departmental level are as follows:

Office of the General Manager	\$ 1,443,609
Human Resources	\$ 363,198
Administrative Services	\$ 1,883,517
Financial Services	\$ 626,211
Wastewater Treatment Plant Division	\$ 5,740,133
System Services Division	\$ 4,448,642
Planning & Development	\$ 688,685
Capital Improvement	\$ 2,222,245
Total Expenditures	\$17,416,240
Less: Capitalized in Construction Funds	(3,812,355)
Net Operation & Maintenance Fund	\$13,603,885

	ACTUAL 2007-2008	APPROVED 2008-2009 BUDGET	ESTIMATED 2008-2009 ACTUAL	PROPOSED 2009-2010 BUDGET	INC(DEC) OVER PRIOR YR BUDGET
SALARIES & WAGES	\$ 6,827,781	\$ 7,448,210	\$ 7,243,157	\$ 7,423,328	-0.33%
BENEFITS	2,510,857	2,797,234	2,766,640	3,011,960	7.68%
POST-EMPLOYMENT HEALTH BENEFIT	-	169,000	169,000	222,000	31.36%
MATERIALS, SUPPLIES & SERVICES	5,191,281	5,911,657	5,633,303	5,839,089	-1.23%
REPLACEMENT FUNDS & TRANSFERS	630,889	630,000	625,000	776,108	23.19%
CAPITAL EQUIPMENT	94,290	196,415	194,321	143,755	-26.81%
SUB-TOTAL O&M FUND	\$ 15,255,098	\$ 17,152,516	\$ 16,631,421	\$ 17,416,240	1.54%
LESS:					
Capitalized Construction Expenses	\$ (3,100,249)	\$ (3,446,835)	\$ (3,404,899)	\$ (3,812,355)	10.60%
NET OPERATION & MAINTENANCE FUND	\$ 12,154,849	\$ 13,705,681	\$ 13,226,522	\$ 13,603,885	-0.74%

The major factors that impact our operating and maintenance budget include:

- Repairs and Maintenance:** A majority of the District's 900 miles of collection lines are between thirty and one hundred years old. While many capital projects are planned and in process, these aging facilities often require frequent repairs and maintenance costs prior to commencement of a major rehabilitation funded in the CIP. The Asset Management Plan calls for periodic maintenance and repairs. The District has budgeted significant amounts for maintenance of equipment, buildings, and grounds as well as for in-house sewer line repair and maintenance.
- Salaries and Benefits:** Due to current economic conditions, salary funding is kept at FY09 levels. A 16.5% increase for the self-funded health insurance plan is included. Personnel costs represent over 61% of the operating and maintenance budget.
- Post- Employment Health Benefit:** Starting in FY09, GASB45 requires the recognition of cost for Post-Employment Health Benefits. Current funding represents 1.6% of total operations.
- Debt Administration:** The District has two bond issues, which require a standby bond purchase agreements. Due to current economic conditions, cost for such agreements has increased dramatically in the industry. Current funding increased 107%.

FY10 All Departments Budget Summary

	ACTUAL	ACTUAL	ACTUAL	APPROVED	ESTIMATED	PERCENT	PROPOSED	INC (DEC)	
	2005-2006	2006-2007	2007-2008	2008-2009	ACTUAL	EXPENDED	2009-2010	OVER	
				BUDGET	6/30/2009	TO TOTAL	BUDGET	PRIOR YEAR	
						BUDGET		BUDGET	
SALARIES & WAGES									
51100	Salaries & Wages	\$ 6,377,520	\$ 6,389,185	\$ 6,625,037	\$ 7,170,210	\$ 6,992,082	98%	\$ 7,156,378	-0.19%
51150	Overtime	\$ 354,680	\$ 218,771	\$ 202,744	\$ 278,000	\$ 251,075	90%	\$ 266,950	-3.97%
TOTAL SALARIES & WAGES		\$ 6,732,200	\$ 6,607,956	\$ 6,827,781	\$ 7,448,210	\$ 7,243,157	97%	\$ 7,423,328	-0.33%
BENEFITS									
51200	NC Retirement	\$ 327,395	\$ 323,463	\$ 333,322	\$ 364,962	\$ 354,917	97%	\$ 363,746	-0.33%
51250	Payroll Taxes	\$ 492,915	\$ 482,809	\$ 497,992	\$ 569,788	\$ 554,100	97%	\$ 567,884	-0.33%
51300	Group Medical, Dental & Life	\$ 1,123,012	\$ 1,208,118	\$ 1,224,982	\$ 1,303,778	\$ 1,303,778	100%	\$ 1,518,901	16.50%
51350	Worker's Compensation	\$ 199,599	\$ 183,899	\$ 181,595	\$ 190,000	\$ 190,000	100%	\$ 193,800	2.00%
51450	Automobile Allowance	\$ 9,533	\$ 9,875	\$ 10,202	\$ 12,400	\$ 8,600	69%	\$ 9,800	-20.97%
51500	401(k)	\$ 299,767	\$ 292,931	\$ 262,766	\$ 356,306	\$ 355,245	100%	\$ 357,829	0.43%
SUB-TOTAL BENEFITS		\$ 2,452,220	\$ 2,501,094	\$ 2,510,857	\$ 2,797,234	\$ 2,766,640	99%	\$ 3,011,960	7.68%
51325	Post Retirement Insurance	\$ -	\$ -	\$ -	\$ 169,000	\$ 169,000	100%	\$ 222,000	31.36%
TOTAL SALARIES, WAGES & BENEFITS		\$ 9,184,420	\$ 9,109,051	\$ 9,338,638	\$ 10,414,444	\$ 10,178,797	98%	\$ 10,657,288	2.33%
MATERIALS, SUPPLIES & SERVICES									
52010	Advertising	\$ 20,387	\$ 30,497	\$ 35,002	\$ 30,718	\$ 29,000	94%	\$ 39,500	28.59%
52050	Dues & Subscriptions	\$ 31,703	\$ 29,125	\$ 42,247	\$ 46,982	\$ 41,528	88%	\$ 45,250	-3.69%
52100	Postage	\$ 6,929	\$ 10,635	\$ 11,494	\$ 12,000	\$ 11,500	96%	\$ 12,000	0.00%
52150	Travel, Meetings & Trainings	\$ 118,869	\$ 87,621	\$ 124,611	\$ 136,113	\$ 126,885	93%	\$ 135,298	-0.60%
52160	Tuition Assistance	\$ 4,420	\$ 4,909	\$ 3,966	\$ 9,000	\$ 7,500	83%	\$ 7,500	-16.67%
52170	Director's Fees & Expenses	\$ 49,305	\$ 37,092	\$ 32,336	\$ 51,500	\$ 40,000	78%	\$ 50,000	-2.91%
52180	Insurance	\$ 546,644	\$ 568,008	\$ 581,834	\$ 581,866	\$ 581,859	100%	\$ 593,504	2.00%
52200	Telephone & Telefax	\$ 29,009	\$ 21,357	\$ 21,400	\$ 21,400	\$ 24,200	95%	\$ 27,420	7.53%
52210	Communications (other than telephone)	\$ 79,690	\$ 76,256	\$ 73,495	\$ 106,305	\$ 94,125	89%	\$ 106,130	-0.16%
52240	Uniforms	\$ 65,626	\$ 55,044	\$ 54,191	\$ 74,947	\$ 69,523	93%	\$ 75,000	0.07%
52250	Office Supplies	\$ 26,635	\$ 25,429	\$ 27,188	\$ 34,455	\$ 31,250	91%	\$ 32,800	-4.80%
52260	Special Departmental Supplies	\$ 331,311	\$ 306,950	\$ 328,421	\$ 364,661	\$ 356,800	98%	\$ 368,850	1.15%
52270	Safety Equipment/Supplies	\$ 44,085	\$ 41,980	\$ 38,475	\$ 36,006	\$ 36,000	100%	\$ 40,000	11.09%
52280	Supplies/Small Tools	\$ 110,390	\$ 95,018	\$ 100,325	\$ 118,000	\$ 113,700	96%	\$ 116,950	-0.89%
52290	Chemicals	\$ 259,177	\$ 272,733	\$ 373,179	\$ 440,000	\$ 400,000	91%	\$ 444,000	0.91%
52300	Line Cleaning & Supplies	\$ 56,662	\$ 41,063	\$ 52,492	\$ 50,000	\$ 48,000	96%	\$ 57,582	15.16%
52330	Legal Fees	\$ 41,377	\$ 45,717	\$ 39,585	\$ 45,500	\$ 43,850	96%	\$ 45,500	0.00%
52350	Professional/Contractual Services	\$ 380,550	\$ 492,336	\$ 490,718	\$ 606,054	\$ 592,004	98%	\$ 618,333	2.03%
52400	Repairs - Office Equipment	\$ 1,549	\$ 917	\$ 348	\$ -	\$ -	-	\$ -	-
52410	Maintenance - Bldgs. & Ground	\$ 98,762	\$ 103,206	\$ 117,271	\$ 137,500	\$ 135,000	98%	\$ 137,000	-0.36%
52420	Maintenance Equipment	\$ 414,128	\$ 478,332	\$ 422,595	\$ 428,303	\$ 421,353	98%	\$ 435,150	1.60%
52430	Landscape Restoration	\$ 10,421	\$ 12,485	\$ 7,593	\$ 13,000	\$ 12,500	96%	\$ 13,000	0.00%
52440	Pump Maintenance	\$ 18,936	\$ 31,529	\$ 32,354	\$ 30,000	\$ 29,500	98%	\$ 30,000	0.00%
52450	Equipment Rental	\$ 20,747	\$ 11,631	\$ 31,457	\$ 24,000	\$ 21,000	88%	\$ 22,000	-8.33%
52460	Motor Fuel & Lubricants	\$ 207,343	\$ 206,370	\$ 181,905	\$ 279,956	\$ 225,000	80%	\$ 165,000	-41.06%
52470	Outside Vehicle Maintenance	\$ 6,149	\$ 5,242	\$ 6,385	\$ 7,500	\$ 7,450	99%	\$ 10,000	33.33%
52500	Rents & Leases	\$ 31,200	\$ 29,614	\$ 28,729	\$ 33,000	\$ 30,500	92%	\$ 28,500	-13.64%
52510	Permits & Fees	\$ 131,653	\$ 100,417	\$ 82,647	\$ 147,750	\$ 146,200	99%	\$ 147,750	0.00%
52650	Utilities	\$ 1,218,081	\$ 1,293,608	\$ 1,177,853	\$ 1,350,000	\$ 1,285,000	95%	\$ 1,335,000	-1.11%
52690	Freight	\$ 3,794	\$ 4,160	\$ 4,341	\$ 4,200	\$ 4,895	117%	\$ 5,000	19.05%
52715	Safety Incentive Program	\$ 1,975	\$ 3,089	\$ 2,686	\$ 2,000	\$ 2,000	100%	\$ 2,000	0.00%
52720	Health Fair	\$ 1,435	\$ 2,193	\$ 2,837	\$ 4,000	\$ 3,700	93%	\$ 4,000	0.00%
52725	Wellness Program	\$ 7,703	\$ 10,403	\$ 9,344	\$ 7,500	\$ 7,189	96%	\$ 7,500	0.00%
52730	Employee Assistance Program	\$ 4,255	\$ 4,255	\$ 4,321	\$ 6,755	\$ 6,500	96%	\$ 6,000	-11.18%
52900	Other Operating Expenses	\$ 6,162	\$ 14,415	\$ (8,217)	\$ 6,970	\$ 6,900	99%	\$ 7,500	7.60%
52910	Non-Capital Equipment	\$ 65,424	\$ 54,149	\$ 64,514	\$ 55,934	\$ 52,892	95%	\$ 58,489	4.57%
52915	Copiers, Printers & Faxes	\$ 14,987	\$ 10,134	\$ 6,802	\$ 13,500	\$ 13,000	96%	\$ 13,500	0.00%
52920	Billing & Collections	\$ 522,799	\$ 556,385	\$ 584,554	\$ 590,181	\$ 575,000	97%	\$ 596,083	1.00%
52990	Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
TOTAL MATERIALS, SUPPLIES & SERVICES		\$ 4,990,271	\$ 5,174,305	\$ 5,191,281	\$ 5,911,657	\$ 5,633,303	95%	\$ 5,839,089	-1.23%
INTERFUND TRANSFERS									
52340	Debt Administration Expenses	\$ 116,438	\$ 230,419	\$ 230,889	\$ 230,000	\$ 225,000	98%	\$ 476,108	107.00%
53040	Fleet Equipment Replacement Fund	\$ 200,000	\$ 150,000	\$ 200,000	\$ 200,000	\$ 200,000	100%	\$ 100,000	-50.00%
53050	WWTP Replacement Fund	\$ 150,000	\$ 210,000	\$ 200,000	\$ 200,000	\$ 200,000	100%	\$ 200,000	0.00%
TOTAL INTERFUND TRANSFERS		\$ 466,438	\$ 590,419	\$ 630,889	\$ 630,000	\$ 625,000	99%	\$ 776,108	23.19%
54010	Capital Equipment - NEW	\$ 67,579	\$ 136,724	\$ 90,301	\$ 150,515	\$ 150,221	100%	\$ 84,030	-44.17%
54020	Capital Equipment - Software	\$ 23,373	\$ 1,500	\$ 3,989	\$ 24,000	\$ 22,200	93%	\$ 40,000	66.67%
54030	Capital Equipment - Replacement	\$ -	\$ -	\$ -	\$ 21,900	\$ 21,900	100%	\$ 19,725	-9.93%
TOTAL CAPITAL EQUIPMENT		\$ 90,952	\$ 138,224	\$ 94,290	\$ 196,415	\$ 194,321	99%	\$ 143,755	-26.81%
SUB-TOTAL O&M FUND		\$ 14,732,081	\$ 15,011,998	\$ 15,255,098	\$ 17,152,516	\$ 16,631,422	97%	\$ 17,416,240	1.54%
59200	LESS:								
	Chargebacks to General Fund for CIP	\$ (2,025,783)	\$ (2,156,450)	\$ (2,062,160)	\$ (2,333,245)	\$ (2,323,444)	100%	\$ (2,627,782)	12.62%
	Chargebacks to General Fund for SSD	\$ (955,037)	\$ (1,033,853)	\$ (1,038,089)	\$ (1,113,590)	\$ (1,081,455)	97%	\$ (1,184,573)	6.37%
NET OPERATION & MAINTENANCE FUND		\$ 11,751,260	\$ 11,821,695	\$ 12,154,849	\$ 13,705,681	\$ 13,226,522	97%	\$ 13,603,885	-0.74%

FY10 Office of the General Manager Budget Summary

		ACTUAL	ACTUAL	ACTUAL	APPROVED	ESTIMATED	PERCENT	PROPOSED	INC (DEC)
		2005-2006	2006-2007	2007-2008	2008-2009	ACTUAL	EXPENDED	2009-2010	OVER
					BUDGET	6/30/2009	TO TOTAL	BUDGET	PRIOR YEAR
							BUDGET		BUDGET
SALARIES & WAGES									
51100	Salaries & Wages	\$ 163,215	\$ 204,809	\$ 209,846	\$ 186,093	\$ 188,631	101%	\$ 208,631	12.11%
TOTAL SALARIES & WAGES		\$ 163,215	\$ 204,809	\$ 209,846	\$ 186,093	\$ 188,631	101%	\$ 208,631	12.11%
BENEFITS									
51200	NC Retirement	\$ 8,155	\$ 10,215	\$ 10,441	\$ 9,119	\$ 9,243	101%	\$ 10,223	12.11%
51250	Payroll Taxes	\$ 10,828	\$ 13,635	\$ 13,764	\$ 14,236	\$ 14,430	101%	\$ 15,960	12.11%
51300	Group Medical, Dental & Life	\$ 14,776	\$ 16,107	\$ 16,333	\$ 17,384	\$ 17,384	100%	\$ 20,253	16.50%
51350	Worker's Compensation	\$ 2,580	\$ 2,475	\$ 2,421	\$ 2,533	\$ 2,533	100%	\$ 2,584	2.01%
51450	Automobile Allowance	\$ 3,451	\$ 3,575	\$ 3,325	\$ 5,500	\$ 5,500	100%	\$ 5,500	0.00%
51500	401(k)	\$ 6,124	\$ 8,022	\$ 8,353	\$ 9,305	\$ 9,305	100%	\$ 10,432	12.12%
SUB-TOTAL BENEFITS		\$ 45,915	\$ 54,029	\$ 54,637	\$ 58,076	\$ 58,395	101%	\$ 64,952	11.84%
51325	Post Retirement Insurance	\$ -	\$ -	\$ -	\$ 2,253	\$ 2,253	100%	\$ 2,960	31.38%
TOTAL SALARIES, WAGES & BENEFITS		\$ 209,130	\$ 258,838	\$ 264,483	\$ 246,423	\$ 249,279	101%	\$ 276,543	12.22%
MATERIALS, SUPPLIES & SERVICES									
52010	Advertising	\$ 8,960	\$ 5,912	\$ 8,880	\$ 8,000	\$ 7,500	94%	\$ 17,000	112.50%
52050	Dues & Subscriptions	\$ 15,147	\$ 14,943	\$ 22,102	\$ 22,100	\$ 18,000	81%	\$ 22,000	-0.45%
52100	Postage	\$ 6,929	\$ 10,635	\$ 11,494	\$ 12,000	\$ 11,500	96%	\$ 12,000	0.00%
52150	Travel, Meetings & Trainings	\$ 5,046	\$ 4,080	\$ 9,603	\$ 3,600	\$ 3,200	89%	\$ 3,000	-16.67%
52160	Tuition Assistance	\$ 3,539	\$ 483	\$ 471	\$ -	\$ -	-	\$ -	-
52170	Director's Fees & Expenses	\$ 49,291	\$ 37,092	\$ 32,336	\$ 51,500	\$ 40,000	78%	\$ 50,000	-2.91%
52180	Insurance	\$ 105,179	\$ 109,733	\$ 111,643	\$ 111,645	\$ 111,645	100%	\$ 113,878	2.00%
52210	Communications (other than telephone)	\$ 1,125	\$ 1,414	\$ 2,027	\$ 2,830	\$ 2,700	95%	\$ 2,850	0.71%
52240	Uniforms	\$ -	\$ -	\$ 12	\$ 200	\$ 100	50%	\$ -	-100.00%
52250	Office Supplies	\$ 1,148	\$ 709	\$ 623	\$ 1,000	\$ 950	95%	\$ 1,000	0.00%
52260	Special Departmental Supplies	\$ 891	\$ 1,213	\$ 967	\$ 500	\$ 425	85%	\$ 500	0.00%
52330	Legal Fees	\$ 37,143	\$ 44,664	\$ 37,946	\$ 32,500	\$ 31,500	97%	\$ 32,500	0.00%
52350	Professional/Contractual Services	\$ 35,064	\$ 46,815	\$ 39,399	\$ 33,000	\$ 29,000	88%	\$ 30,000	-9.09%
52410	Maintenance - Bldgs. & Ground	\$ 95,879	\$ 100,867	\$ 114,085	\$ 125,500	\$ 125,000	100%	\$ 127,000	1.20%
52500	Rents & Leases	\$ 3,326	\$ 5,703	\$ 5,327	\$ 7,500	\$ 7,000	93%	\$ 7,500	0.00%
52650	Utilities	\$ 138,592	\$ 129,586	\$ 115,813	\$ 150,000	\$ 135,000	90%	\$ 135,000	-10.00%
52690	Freight	\$ 3,794	\$ 4,160	\$ 4,341	\$ 4,200	\$ 4,895	117%	\$ 5,000	19.05%
52720	Health Fair	\$ 1,044	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
52725	Wellness Program	\$ 1,136	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
52900	Other Operating Expenses	\$ 6,162	\$ 14,179	\$ (8,217)	\$ 6,970	\$ 6,900	99%	\$ 7,500	7.60%
52910	Non-Capital Equipment	\$ -	\$ 150	\$ 979	\$ -	\$ -	-	\$ -	-
52920	Billing & Collections	\$ 522,799	\$ 556,385	\$ 584,554	\$ 590,181	\$ 575,000	97%	\$ 596,083	1.00%
TOTAL MATERIALS, SUPPLIES & SERVICES		\$ 1,042,194	\$ 1,088,724	\$ 1,094,386	\$ 1,163,226	\$ 1,110,315	95%	\$ 1,162,811	-0.04%
INTERFUND TRANSFERS									
53040	Fleet Equipment Replacement Fund	\$ 4,000	\$ 3,000	\$ 4,000	\$ 4,000	\$ 4,000	100%	\$ 4,255	6.38%
TOTAL INTERFUND TRANSFERS		\$ 4,000	\$ 3,000	\$ 4,000	\$ 4,000	\$ 4,000	100%	\$ 4,255	6.38%
54010	Capital Equipment - NEW	\$ 2,328	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
TOTAL CAPITAL EQUIPMENT		\$ 2,328	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
SUB-TOTAL O&M FUND		\$ 1,257,652	\$ 1,350,562	\$ 1,362,869	\$ 1,413,649	\$ 1,363,594	96%	\$ 1,443,609	2.12%
59200	LESS:								
	Chargebacks to General Fund for CIP	\$ (1,617)	\$ -	\$ (69)	\$ -	\$ -	-	\$ -	-
NET OPERATION & MAINTENANCE FUND		\$ 1,256,035	\$ 1,350,562	\$ 1,362,800	\$ 1,413,649	\$ 1,363,594	96%	\$ 1,443,609	2.12%

FY10 Human Resources Budget Summary

	ACTUAL	ACTUAL	ACTUAL	APPROVED	ESTIMATED	PERCENT	PROPOSED	INC (DEC)
	2005-2006	2006-2007	2007-2008	2008-2009	ACTUAL	EXPENDED	2009-2010	OVER
				BUDGET	6/30/2009	TO TOTAL	BUDGET	PRIOR YEAR
						BUDGET		BUDGET
SALARIES & WAGES								
51100 Salaries & Wages	\$ 100,115	\$ 109,408	\$ 146,659	\$ 205,820	\$ 204,118	99%	\$ 204,118	-0.83%
TOTAL SALARIES & WAGES	\$ 100,115	\$ 109,408	\$ 146,659	\$ 205,820	\$ 204,118	99%	\$ 204,118	-0.83%
BENEFITS								
51200 NC Retirement	\$ 4,893	\$ 5,351	\$ 7,171	\$ 10,085	\$ 10,002	99%	\$ 10,002	-0.82%
51250 Payroll Taxes	\$ 7,344	\$ 8,042	\$ 10,798	\$ 15,745	\$ 15,615	99%	\$ 15,615	-0.83%
51300 Group Medical, Dental & Life	\$ 14,776	\$ 24,161	\$ 29,211	\$ 34,767	\$ 34,767	100%	\$ 40,504	16.50%
51350 Worker's Compensation	\$ 2,769	\$ 3,712	\$ 4,407	\$ 5,067	\$ 5,067	100%	\$ 5,168	1.99%
51500 401(k)	\$ 4,997	\$ 5,186	\$ 6,426	\$ 10,291	\$ 10,291	100%	\$ 10,206	-0.83%
SUB-TOTAL BENEFITS	\$ 34,779	\$ 46,451	\$ 58,014	\$ 75,955	\$ 75,742	100%	\$ 81,495	7.29%
51325 Post Retirement Insurance	\$ -	\$ -	\$ -	\$ 4,507	\$ 4,507	100%	\$ 5,920	31.35%
TOTAL SALARIES, WAGES & BENEFITS	\$ 134,895	\$ 155,859	\$ 204,673	\$ 286,283	\$ 284,367	99%	\$ 291,533	1.83%
MATERIALS, SUPPLIES & SERVICES								
52010 Advertising	\$ 1,457	\$ 6,162	\$ 5,492	\$ 3,000	\$ 2,500	83%	\$ 3,000	0.00%
52050 Dues & Subscriptions	\$ 2,472	\$ 590	\$ 2,864	\$ 4,400	\$ 4,000	91%	\$ 4,400	0.00%
52150 Travel, Meetings & Trainings	\$ 3,667	\$ 5,876	\$ 5,951	\$ 7,840	\$ 7,500	96%	\$ 10,365	32.21%
52160 Tuition Assistance	\$ 882	\$ 4,427	\$ 3,495	\$ 9,000	\$ 7,500	83%	\$ 7,500	-16.67%
52170 Director's Fees & Expenses	\$ 14	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
52210 Communications (other than telephone)	\$ 868	\$ 733	\$ 648	\$ 1,500	\$ 1,000	67%	\$ 1,200	-20.00%
52240 Uniforms	\$ -	\$ -	\$ 437	\$ 500	\$ 450	90%	\$ 500	0.00%
52250 Office Supplies	\$ 853	\$ 551	\$ 1,451	\$ 1,255	\$ 1,200	96%	\$ 1,200	-4.38%
52260 Special Departmental Supplies	\$ 273	\$ 959	\$ 748	\$ 745	\$ 725	97%	\$ 1,000	34.23%
52330 Legal Fees	\$ 975	\$ -	\$ 440	\$ 5,000	\$ 4,750	95%	\$ 5,000	0.00%
52350 Professional/Contractual Services	\$ 9,759	\$ 9,799	\$ 11,636	\$ 20,000	\$ 18,750	94%	\$ 20,000	0.00%
52720 Health Fair	\$ 390	\$ 2,193	\$ 2,837	\$ 4,000	\$ 3,700	93%	\$ 4,000	0.00%
52725 Wellness Program	\$ 6,568	\$ 10,403	\$ 9,344	\$ 7,500	\$ 7,189	96%	\$ 7,500	0.00%
52730 Employee Assistance Program	\$ 4,255	\$ 4,255	\$ 4,321	\$ 6,755	\$ 6,500	96%	\$ 6,000	-11.18%
52900 Other Operating Expenses	\$ -	\$ 236	\$ -	\$ -	\$ -	-	\$ -	-
TOTAL MATERIALS, SUPPLIES & SERVICES	\$ 32,433	\$ 46,185	\$ 49,663	\$ 71,495	\$ 65,764	92%	\$ 71,665	0.24%
SUB-TOTAL O&M FUND	\$ 167,328	\$ 202,044	\$ 254,336	\$ 357,778	\$ 350,131	98%	\$ 363,198	1.51%
NET OPERATION & MAINTENANCE FUND	\$ 167,328	\$ 202,044	\$ 254,336	\$ 357,778	\$ 350,131	98%	\$ 363,198	1.51%

FY10 Administrative Services Budget Summary

		ACTUAL	ACTUAL	ACTUAL	APPROVED	ESTIMATED	PERCENT	PROPOSED	INC (DEC)
		2005-2006	2006-2007	2007-2008	2008-2009	ACTUAL	EXPENDED	2009-2010	OVER
					BUDGET	6/30/2009	TO TOTAL	BUDGET	PRIOR YEAR
							BUDGET		BUDGET
SALARIES & WAGES									
51100	Salaries & Wages	\$ 680,118	\$ 450,374	\$ 605,489	\$ 693,483	\$ 688,441	99%	\$ 688,443	-0.73%
51150	Overtime	\$ 3,897	\$ 3,474	\$ 3,515	\$ 3,000	\$ 2,775	93%	\$ 3,000	0.00%
TOTAL SALARIES & WAGES		\$ 684,015	\$ 453,849	\$ 609,004	\$ 696,483	\$ 691,216	99%	\$ 691,443	-0.72%
BENEFITS									
51200	NC Retirement	\$ 33,660	\$ 22,338	\$ 29,927	\$ 34,128	\$ 33,871	99%	\$ 33,881	-0.72%
51250	Payroll Taxes	\$ 49,828	\$ 32,878	\$ 44,208	\$ 53,281	\$ 52,878	99%	\$ 52,895	-0.72%
51300	Group Medical, Dental & Life	\$ 103,435	\$ 72,515	\$ 89,832	\$ 104,303	\$ 104,303	100%	\$ 121,512	16.50%
51350	Worker's Compensation	\$ 20,056	\$ 11,130	\$ 13,317	\$ 15,200	\$ 15,200	100%	\$ 15,504	2.00%
51450	Automobile Allowance	\$ 2,896	\$ 3,000	\$ 3,000	\$ 3,100	\$ 3,100	100%	\$ 3,100	0.00%
51500	401(k)	\$ 33,192	\$ 23,563	\$ 26,708	\$ 34,674	\$ 34,464	99%	\$ 34,424	-0.72%
SUB-TOTAL BENEFITS		\$ 243,067	\$ 165,424	\$ 206,991	\$ 244,686	\$ 243,816	100%	\$ 261,316	6.80%
51325	Post Retirement Insurance	\$ -	\$ -	\$ -	\$ 13,520	\$ 13,520	100%	\$ 17,760	31.36%
TOTAL SALARIES, WAGES & BENEFITS		\$ 927,082	\$ 619,272	\$ 815,996	\$ 954,689	\$ 948,552	99%	\$ 970,519	1.66%
MATERIALS, SUPPLIES & SERVICES									
52010	Advertising	\$ 9,888	\$ 10,722	\$ 10,621	\$ 8,718	\$ 8,500	97%	\$ 9,500	8.97%
52050	Dues & Subscriptions	\$ 2,812	\$ 3,161	\$ 3,673	\$ 3,482	\$ 3,453	99%	\$ 2,450	-29.64%
52150	Travel, Meetings & Trainings	\$ 18,536	\$ 14,147	\$ 18,137	\$ 22,810	\$ 21,850	96%	\$ 15,795	-30.75%
52180	Insurance	\$ 127,334	\$ 132,850	\$ 133,785	\$ 130,056	\$ 130,056	100%	\$ 132,658	2.00%
52200	Telephone & Telefax	\$ 29,009	\$ 21,357	\$ 21,400	\$ 25,500	\$ 24,200	95%	\$ 25,500	0.00%
52210	Communications (other than telephone)	\$ 17,319	\$ 14,339	\$ 10,871	\$ 14,875	\$ 14,825	100%	\$ 15,580	4.74%
52240	Uniforms	\$ 2,940	\$ 1,944	\$ 1,123	\$ 1,811	\$ 1,761	97%	\$ 1,650	-8.88%
52250	Office Supplies	\$ 1,870	\$ 1,211	\$ 1,828	\$ 2,300	\$ 2,200	96%	\$ 1,700	-26.09%
52260	Special Departmental Supplies	\$ 231,428	\$ 219,586	\$ 230,250	\$ 242,139	\$ 240,425	99%	\$ 250,450	3.43%
52270	Safety Equipment/Supplies	\$ 44,085	\$ 41,902	\$ 38,475	\$ 36,006	\$ 36,000	100%	\$ 40,000	11.09%
52280	Supplies/Small Tools	\$ 4,378	\$ 4,356	\$ 3,413	\$ 3,500	\$ 3,500	100%	\$ 3,500	0.00%
52290	Chemicals	\$ 4,186	\$ 6,494	\$ 2,730	\$ 4,000	\$ 3,850	96%	\$ 4,000	0.00%
52350	Professional/Contractual Services	\$ 35,894	\$ 26,073	\$ 27,598	\$ 34,875	\$ 32,625	94%	\$ 38,833	11.35%
52400	Repairs - Office Equipment	\$ 1,549	\$ 917	\$ 348	\$ -	\$ -	-	\$ -	-
52420	Maintenance Equipment	\$ 5,955	\$ 2,662	\$ 7,106	\$ 2,153	\$ 2,153	100%	\$ 3,000	39.34%
52460	Motor Fuel & Lubricants	\$ 207,323	\$ 206,370	\$ 181,905	\$ 279,956	\$ 225,000	80%	\$ 165,000	-41.06%
52470	Outside Vehicle Maintenance	\$ 6,149	\$ 5,242	\$ 6,385	\$ 7,500	\$ 7,450	99%	\$ 10,000	33.33%
52500	Rents & Leases	\$ 27,873	\$ 23,910	\$ 23,402	\$ 25,500	\$ 23,500	92%	\$ 21,000	-17.65%
52510	Permits & Fees	\$ 17,928	\$ 18,008	\$ 19,798	\$ 25,000	\$ 25,000	100%	\$ 25,000	0.00%
52715	Safety Incentive Program	\$ 1,975	\$ 3,089	\$ 2,686	\$ 2,000	\$ 2,000	100%	\$ 2,000	0.00%
52910	Non-Capital Equipment	\$ 61,732	\$ 52,498	\$ 45,879	\$ 46,471	\$ 44,250	95%	\$ 53,690	15.53%
52915	Copiers, Printers & Faxes	\$ 14,987	\$ 10,134	\$ 6,802	\$ 13,500	\$ 13,000	96%	\$ 13,500	0.00%
TOTAL MATERIALS, SUPPLIES & SERVICES		\$ 875,150	\$ 820,972	\$ 798,214	\$ 932,152	\$ 865,598	93%	\$ 834,806	-10.44%
54010	Capital Equipment - NEW	\$ 12,349	\$ 52,907	\$ 60,854	\$ 62,015	\$ 61,721	100%	\$ 35,000	-43.56%
54020	Capital Equipment - Software	\$ 12,135	\$ 1,500	\$ 1,328	\$ 20,000	\$ 18,200	91%	\$ 40,000	100.00%
TOTAL CAPITAL EQUIPMENT		\$ 24,484	\$ 54,407	\$ 62,182	\$ 82,015	\$ 79,921	97%	\$ 75,000	-8.55%
SUB-TOTAL O&M FUND		\$ 1,826,717	\$ 1,494,652	\$ 1,676,392	\$ 1,968,856	\$ 1,894,071	96%	\$ 1,883,517	-4.33%
NET OPERATION & MAINTENANCE FUND		\$ 1,826,717	\$ 1,494,652	\$ 1,676,392	\$ 1,968,856	\$ 1,894,071	96%	\$ 1,883,517	-4.33%

FY10 Financial Services Budget Summary

		ACTUAL	ACTUAL	ACTUAL	APPROVED	ESTIMATED	PERCENT	PROPOSED	INC (DEC)
		2005-2006	2006-2007	2007-2008	2008-2009	ACTUAL	EXPENDED	2009-2010	OVER
					BUDGET	6/30/2009	TO TOTAL	BUDGET	PRIOR YEAR
							BUDGET		BUDGET
SALARIES & WAGES									
51100	Salaries & Wages	\$ 377,935	\$ 400,306	\$ 380,088	\$ 382,843	\$ 373,775	98%	\$ 373,776	-2.37%
51150	Overtime	\$ 427	\$ 2,989	\$ 2,350	\$ 2,000	\$ 1,900	95%	\$ 2,000	0.00%
TOTAL SALARIES & WAGES		\$ 378,362	\$ 403,295	\$ 382,438	\$ 384,843	\$ 375,675	98%	\$ 375,776	-2.36%
BENEFITS									
51200	NC Retirement	\$ 18,338	\$ 20,013	\$ 18,374	\$ 18,857	\$ 18,408	98%	\$ 18,413	-2.36%
51250	Payroll Taxes	\$ 27,611	\$ 30,096	\$ 27,655	\$ 29,440	\$ 28,739	98%	\$ 28,747	-2.36%
51300	Group Medical, Dental & Life	\$ 59,106	\$ 64,430	\$ 68,787	\$ 69,535	\$ 69,535	100%	\$ 81,008	16.50%
51350	Worker's Compensation	\$ 10,697	\$ 9,899	\$ 8,520	\$ 10,133	\$ 10,133	100%	\$ 10,336	2.00%
51500	401(k)	\$ 18,590	\$ 17,352	\$ 17,221	\$ 18,842	\$ 18,689	99%	\$ 18,689	-0.81%
SUB-TOTAL BENEFITS		\$ 134,342	\$ 141,789	\$ 140,558	\$ 146,808	\$ 145,504	99%	\$ 157,193	7.07%
51325	Post Retirement Insurance	\$ -	\$ -	\$ -	\$ 9,013	\$ 9,013	100%	\$ 11,840	31.37%
TOTAL SALARIES, WAGES & BENEFITS		\$ 512,704	\$ 545,084	\$ 522,996	\$ 540,663	\$ 530,192	98%	\$ 544,809	0.77%
MATERIALS, SUPPLIES & SERVICES									
52050	Dues & Subscriptions	\$ 2,157	\$ 1,685	\$ 2,169	\$ 2,300	\$ 2,250	98%	\$ 2,000	-13.04%
52150	Travel, Meetings & Trainings	\$ 13,542	\$ 10,807	\$ 11,428	\$ 12,478	\$ 10,750	86%	\$ 13,902	11.41%
52210	Communications (other than telephone)	\$ 1,350	\$ 1,437	\$ 1,344	\$ 2,100	\$ 2,000	95%	\$ 1,500	-28.57%
52240	Uniforms	\$ 719	\$ 1,039	\$ 632	\$ 1,100	\$ 1,000	91%	\$ 1,000	-9.09%
52250	Office Supplies	\$ 5,235	\$ 4,200	\$ 5,758	\$ 7,500	\$ 7,000	93%	\$ 7,000	-6.67%
52260	Special Departmental Supplies	\$ 1,793	\$ 1,385	\$ 1,017	\$ 1,217	\$ 1,200	99%	\$ 1,500	23.25%
52330	Legal Fees	\$ -	\$ -	\$ -	\$ 2,000	\$ 1,900	95%	\$ 2,000	0.00%
52350	Professional/Contractual Services	\$ 30,582	\$ 32,652	\$ 46,222	\$ 50,179	\$ 50,179	100%	\$ 52,000	3.63%
52910	Non-Capital Equipment	\$ -	\$ -	\$ 1,107	\$ 583	\$ 442	76%	\$ 500	-14.24%
TOTAL MATERIALS, SUPPLIES & SERVICES		\$ 55,378	\$ 53,206	\$ 69,678	\$ 79,457	\$ 76,721	97%	\$ 81,402	2.45%
54010	Capital Equipment - NEW	\$ 8,435	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
TOTAL CAPITAL EQUIPMENT		\$ 8,435	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
SUB-TOTAL O&M FUND		\$ 576,517	\$ 598,290	\$ 592,674	\$ 620,120	\$ 606,913	98%	\$ 626,211	0.98%
NET OPERATION & MAINTENANCE FUND		\$ 576,517	\$ 598,290	\$ 592,674	\$ 620,120	\$ 606,913	98%	\$ 626,211	0.98%

FY10 Wastewater Treatment Plant Budget Summary

		ACTUAL	ACTUAL	ACTUAL	APPROVED	ESTIMATED	PERCENT	PROPOSED	INC (DEC)
		2005-2006	2006-2007	2007-2008	2008-2009	ACTUAL	EXPENDED	2009-2010	OVER
					BUDGET	6/30/2009	TO TOTAL	BUDGET	PRIOR YEAR
							BUDGET		BUDGET
SALARIES & WAGES									
51100	Salaries & Wages	\$ 1,559,812	\$ 1,704,420	\$ 1,670,461	\$ 1,886,481	\$ 1,739,947	92%	\$ 1,880,129	-0.34%
51150	Overtime	\$ 101,460	\$ 91,731	\$ 87,536	\$ 110,500	\$ 107,000	97%	\$ 99,450	-10.00%
TOTAL SALARIES & WAGES		\$ 1,661,271	\$ 1,796,151	\$ 1,757,997	\$ 1,996,981	\$ 1,846,947	92%	\$ 1,979,579	-0.87%
BENEFITS									
51200	NC Retirement	\$ 81,371	\$ 88,095	\$ 86,276	\$ 97,852	\$ 90,501	92%	\$ 97,001	-0.87%
51250	Payroll Taxes	\$ 122,311	\$ 131,635	\$ 128,948	\$ 152,769	\$ 141,291	92%	\$ 151,437	-0.87%
51300	Group Medical, Dental & Life	\$ 280,753	\$ 330,233	\$ 326,662	\$ 338,982	\$ 338,982	100%	\$ 394,914	16.50%
51350	Worker's Compensation	\$ 50,810	\$ 50,731	\$ 46,825	\$ 49,400	\$ 49,400	100%	\$ 50,388	2.00%
51450	Automobile Allowance	\$ 3,186	\$ 3,300	\$ 3,877	\$ 3,600	\$ -	-	\$ -	-100.00%
51500	401(k)	\$ 69,044	\$ 74,402	\$ 73,858	\$ 93,778	\$ 93,080	99%	\$ 94,010	0.25%
SUB-TOTAL BENEFITS		\$ 607,474	\$ 678,396	\$ 666,446	\$ 736,381	\$ 713,254	97%	\$ 787,750	6.98%
51325	Post Retirement Insurance	\$ -	\$ -	\$ -	\$ 43,940	\$ 43,940	100%	\$ 57,720.00	31.36%
TOTAL SALARIES, WAGES & BENEFITS		\$ 2,268,746	\$ 2,474,547	\$ 2,424,443	\$ 2,777,302	\$ 2,604,141	94%	\$ 2,825,049	1.72%
MATERIALS, SUPPLIES & SERVICES									
52010	Advertising	\$ 81	\$ 7,702	\$ 9,474	\$ 10,000	\$ 9,500	95%	\$ 9,000	-10.00%
52050	Dues & Subscriptions	\$ 1,696	\$ 1,677	\$ 3,716	\$ 3,500	\$ 3,250	93%	\$ 3,200	-8.57%
52150	Travel, Meetings & Trainings	\$ 13,901	\$ 13,766	\$ 15,406	\$ 25,000	\$ 22,500	90%	\$ 21,000	-16.00%
52180	Insurance	\$ 119,916	\$ 125,110	\$ 127,370	\$ 127,370	\$ 127,370	100%	\$ 129,917	2.00%
52210	Communications (other than telephone)	\$ 22,855	\$ 23,521	\$ 24,424	\$ 32,500	\$ 25,300	78%	\$ 32,500	0.00%
52240	Uniforms	\$ 21,305	\$ 17,289	\$ 18,090	\$ 25,000	\$ 22,300	89%	\$ 25,500	2.00%
52250	Office Supplies	\$ 2,762	\$ 4,092	\$ 2,207	\$ 5,000	\$ 4,000	80%	\$ 4,500	-10.00%
52260	Special Departmental Supplies	\$ 91,507	\$ 79,050	\$ 91,228	\$ 112,500	\$ 106,950	95%	\$ 107,000	-4.89%
52270	Safety Equipment/Supplies	\$ -	\$ 78	\$ -	\$ -	\$ -	-	\$ -	-
52280	Supplies/Small Tools	\$ 37,406	\$ 28,662	\$ 27,916	\$ 39,500	\$ 36,700	93%	\$ 37,500	-5.06%
52290	Chemicals	\$ 254,991	\$ 266,239	\$ 370,450	\$ 436,000	\$ 396,150	91%	\$ 440,000	0.92%
52330	Legal Fees	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000	100%	\$ 1,000	0.00%
52350	Professional/Contractual Services	\$ 139,590	\$ 259,386	\$ 177,552	\$ 258,000	\$ 252,000	98%	\$ 250,000	-3.10%
52410	Maintenance - Bldgs. & Ground	\$ 2,883	\$ 2,339	\$ 3,186	\$ 12,000	\$ 10,000	83%	\$ 10,000	-16.67%
52420	Maintenance Equipment	\$ 379,883	\$ 421,655	\$ 369,888	\$ 375,000	\$ 371,500	99%	\$ 375,000	0.00%
52440	Pump Maintenance	\$ 18,936	\$ 31,529	\$ 32,354	\$ 30,000	\$ 29,500	98%	\$ 30,000	0.00%
52450	Equipment Rental	\$ 5,458	\$ 195	\$ 20,229	\$ 10,000	\$ 7,500	75%	\$ 8,000	-20.00%
52460	Motor Fuel & Lubricants	\$ 20	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
52510	Permits & Fees	\$ 5,912	\$ 5,992	\$ 7,163	\$ 6,500	\$ 6,450	99%	\$ 6,500	0.00%
52650	Utilities	\$ 1,079,489	\$ 1,164,022	\$ 1,062,040	\$ 1,200,000	\$ 1,150,000	96%	\$ 1,200,000	0.00%
TOTAL MATERIALS, SUPPLIES & SERVICES		\$ 2,198,592	\$ 2,452,304	\$ 2,362,693	\$ 2,708,870	\$ 2,581,970	95%	\$ 2,690,617	-0.67%
INTERFUND TRANSFERS									
53040	Fleet Equipment Replacement Fund	\$ 44,000	\$ 33,000	\$ 44,000	\$ 44,000	\$ 44,000	100%	\$ 24,467	-44.39%
53050	WWTP Replacement Fund	\$ 150,000	\$ 210,000	\$ 200,000	\$ 200,000	\$ 200,000	100%	\$ 200,000	0.00%
TOTAL INTERFUND TRANSFERS		\$ 194,000	\$ 243,000	\$ 244,000	\$ 244,000	\$ 244,000	100%	\$ 224,467	-8.01%
54010	Capital Equipment - NEW	\$ 10,280	\$ 52,902	\$ 5,236	\$ -	\$ -	-	\$ -	-
TOTAL CAPITAL EQUIPMENT		\$ 10,280	\$ 52,902	\$ 5,236	\$ -	\$ -	-	\$ -	-
SUB-TOTAL O&M FUND		\$ 4,671,618	\$ 5,222,753	\$ 5,036,372	\$ 5,730,172	\$ 5,430,111	95%	\$ 5,740,133	0.17%
NET OPERATION & MAINTENANCE FUND		\$ 4,671,618	\$ 5,222,753	\$ 5,036,372	\$ 5,730,172	\$ 5,430,111	95%	\$ 5,740,133	0.17%

FY10 System Services Budget Summary

		ACTUAL	ACTUAL	ACTUAL	APPROVED	ESTIMATED	PERCENT	PROPOSED	INC (DEC)
		2005-2006	2006-2007	2007-2008	2008-2009	ACTUAL	EXPENDED	2009-2010	OVER
					BUDGET	6/30/2009	TO TOTAL	BUDGET	PRIOR YEAR
							BUDGET		BUDGET
SALARIES & WAGES									
51100	Salaries & Wages	\$ 2,024,649	\$ 2,019,241	\$ 2,194,493	\$ 2,280,941	\$ 2,257,304	99%	\$ 2,261,412	-0.86%
51150	Overtime	\$ 235,615	\$ 110,505	\$ 104,344	\$ 150,000	\$ 128,500	86%	\$ 150,000	0.00%
TOTAL SALARIES & WAGES		\$ 2,260,264	\$ 2,129,746	\$ 2,298,837	\$ 2,430,941	\$2,385,804	98%	\$ 2,411,412	-0.80%
BENEFITS									
51200	NC Retirement	\$ 108,471	\$ 103,474	\$ 111,748	\$ 119,116	\$ 116,904	98%	\$ 118,159	-0.80%
51250	Payroll Taxes	\$ 163,870	\$ 154,342	\$ 166,821	\$ 185,967	\$ 182,514	98%	\$ 184,473	-0.80%
51300	Group Medical, Dental & Life	\$ 413,741	\$ 459,060	\$ 465,493	\$ 495,435	\$ 495,435	100%	\$ 577,182	16.50%
51350	Worker's Compensation	\$ 65,889	\$ 70,529	\$ 69,006	\$ 72,200	\$ 72,200	100%	\$ 73,644	2.00%
51500	401(k)	\$ 97,590	\$ 94,074	\$ 67,393	\$ 112,688	\$ 112,688	100%	\$ 113,072	0.34%
SUB-TOTAL BENEFITS		\$ 849,563	\$ 881,480	\$ 880,460	\$ 985,407	\$ 979,741	99%	\$ 1,066,530	8.23%
51325	Post Retirement Insurance	\$ -	\$ -	\$ -	\$ 64,220	\$ 64,220	100%	\$ 84,360	31.36%
TOTAL SALARIES, WAGES & BENEFITS		\$ 3,109,826	\$ 3,011,226	\$ 3,179,297	\$ 3,480,567	\$3,429,765	99%	\$ 3,562,302	2.35%
MATERIALS, SUPPLIES & SERVICES									
52010	Advertising	\$ -	\$ -	\$ 536	\$ 1,000	\$ 1,000	100%	\$ 1,000	0.00%
52050	Dues & Subscriptions	\$ 2,853	\$ 3,136	\$ 4,339	\$ 4,000	\$ 4,000	100%	\$ 4,000	0.00%
52150	Travel, Meetings & Trainings	\$ 23,984	\$ 11,230	\$ 29,206	\$ 28,960	\$ 27,500	95%	\$ 31,365	8.30%
52180	Insurance	\$ 150,823	\$ 157,352	\$ 160,350	\$ 160,352	\$ 160,352	100%	\$ 163,559	2.00%
52210	Communications (other than telephone)	\$ 28,441	\$ 27,489	\$ 25,852	\$ 38,000	\$ 35,000	92%	\$ 38,000	0.00%
52240	Uniforms	\$ 34,644	\$ 30,367	\$ 30,946	\$ 40,000	\$ 38,000	95%	\$ 40,000	0.00%
52250	Office Supplies	\$ 5,825	\$ 6,271	\$ 7,730	\$ 6,500	\$ 6,000	92%	\$ 6,500	0.00%
52260	Special Departmental Supplies	\$ -	\$ 22	\$ -	\$ -	\$ -	-	\$ -	-
52280	Supplies/Small Tools	\$ 68,606	\$ 62,000	\$ 68,996	\$ 75,000	\$ 73,500	98%	\$ 75,950	1.27%
52300	Line Cleaning & Supplies	\$ 56,662	\$ 41,063	\$ 52,492	\$ 50,000	\$ 48,000	96%	\$ 57,582	15.16%
52350	Professional/Contractual Services	\$ 91,896	\$ 89,391	\$ 118,999	\$ 150,000	\$ 150,000	100%	\$ 165,000	10.00%
52420	Maintenance Equipment	\$ 27,572	\$ 52,640	\$ 44,037	\$ 49,000	\$ 45,600	93%	\$ 54,500	11.22%
52430	Landscape Restoration	\$ 10,421	\$ 12,485	\$ 7,593	\$ 13,000	\$ 12,500	96%	\$ 13,000	0.00%
52450	Equipment Rental	\$ 15,289	\$ 11,436	\$ 11,228	\$ 14,000	\$ 13,500	96%	\$ 14,000	0.00%
52510	Permits & Fees	\$ 81,231	\$ 48,166	\$ 30,386	\$ 85,000	\$ 83,500	98%	\$ 85,000	0.00%
52910	Non-Capital Equipment	\$ 3,092	\$ 1,501	\$ 16,365	\$ 8,880	\$ 8,200	92%	\$ 4,299	-51.59%
TOTAL MATERIALS, SUPPLIES & SERVICES		\$ 601,339	\$ 554,547	\$ 609,055	\$ 723,692	\$ 706,652	98%	\$ 753,755	4.15%
INTERFUND TRANSFERS									
53040	Fleet Equipment Replacement Fund	\$ 140,000	\$ 105,000	\$ 140,000	\$ 140,000	\$ 140,000	100%	\$ 63,830	-54.41%
TOTAL INTERFUND TRANSFERS		\$ 140,000	\$ 105,000	\$ 140,000	\$ 140,000	\$ 140,000	100%	\$ 63,830	-54.41%
54010	Capital Equipment - NEW	\$ 34,187	\$ 23,694	\$ 23,153	\$ 85,000	\$ 85,000	100%	\$ 49,030	-42.32%
54030	Capital Equipment - Replacement	\$ -	\$ -	\$ -	\$ 21,900	\$ 21,900	100%	\$ 19,725	-9.93%
TOTAL CAPITAL EQUIPMENT		\$ 34,187	\$ 23,694	\$ 23,153	\$ 106,900	\$ 106,900	100%	\$ 68,755	-35.68%
SUB-TOTAL O&M FUND		\$ 3,885,352	\$ 3,694,468	\$ 3,951,505	\$ 4,451,159	\$4,383,317	98%	\$ 4,448,642	-0.06%
59200	LESS:								
	Chargebacks to General Fund for SSD	\$ (955,037)	\$ (1,033,853)	\$ (1,038,089)	\$ (1,113,590)	\$ (1,081,455)	97%	\$ (1,184,573)	6.37%
NET OPERATION & MAINTENANCE FUND		\$ 2,930,315	\$ 2,660,614	\$ 2,913,416	\$ 3,337,569	\$3,301,862	99%	\$ 3,264,069	-2.20%

FY10 Planning & Development Budget Summary

		ACTUAL	ACTUAL	ACTUAL	APPROVED	ESTIMATED	PERCENT	PROPOSED	INC (DEC)
		2005-2006	2006-2007	2007-2008	2008-2009	ACTUAL	EXPENDED	2009-2010	OVER
					BUDGET	6/30/2009	TO TOTAL	BUDGET	PRIOR YEAR
							BUDGET		BUDGET
SALARIES & WAGES									
51100	Salaries & Wages	\$ 435,681	\$ 408,860	\$ 432,100	\$ 455,491	\$ 460,611	101%	\$ 460,612	1.12%
51150	Overtime	\$ 1,699	\$ 2,462	\$ 2,982	\$ 3,500	\$ 3,350	96%	\$ 3,500	0.00%
TOTAL SALARIES & WAGES		\$ 437,380	\$ 411,323	\$ 435,082	\$ 458,991	\$ 463,961	101%	\$ 464,112	1.12%
BENEFITS									
51200	NC Retirement	\$ 21,388	\$ 20,111	\$ 21,244	\$ 22,491	\$ 22,734	101%	\$ 22,741	1.11%
51250	Payroll Taxes	\$ 32,508	\$ 30,242	\$ 31,943	\$ 35,113	\$ 35,493	101%	\$ 35,505	1.12%
51300	Group Medical, Dental & Life	\$ 66,494	\$ 64,430	\$ 65,332	\$ 69,535	\$ 69,535	100%	\$ 81,008	16.50%
51350	Worker's Compensation	\$ 14,502	\$ 9,899	\$ 10,752	\$ 10,133	\$ 10,133	100%	\$ 10,336	2.00%
51450	Automobile Allowance	\$ -	\$ -	\$ -	\$ 200	\$ -	-	\$ 1,200	500.00%
51500	401(k)	\$ 19,321	\$ 18,103	\$ 19,246	\$ 22,775	\$ 22,775	100%	\$ 23,031	1.13%
SUB-TOTAL BENEFITS		\$ 154,214	\$ 142,784	\$ 148,517	\$ 160,246	\$ 160,670	14%	\$ 173,821	8.47%
51325	Post Retirement Insurance	\$ -	\$ -	\$ -	\$ 9,013	\$ 9,013	100%	\$ 11,840	31.37%
TOTAL SALARIES, WAGES & BENEFITS		\$ 591,594	\$ 554,107	\$ 583,599	\$ 628,250	\$ 633,644	101%	\$ 649,773	3.43%
MATERIALS, SUPPLIES & SERVICES									
52050	Dues & Subscriptions	\$ 1,657	\$ 665	\$ 1,044	\$ 1,300	\$ 1,125	87%	\$ 1,300	0.00%
52150	Travel, Meetings & Trainings	\$ 8,420	\$ 6,575	\$ 13,773	\$ 7,800	\$ 7,000	90%	\$ 7,750	-0.64%
52180	Insurance	\$ 14,835	\$ 15,478	\$ 16,645	\$ 16,645	\$ 16,645	100%	\$ 16,978	2.00%
52210	Communications (other than telephone)	\$ 2,735	\$ 2,492	\$ 2,386	\$ 3,500	\$ 3,000	86%	\$ 3,500	0.00%
52240	Uniforms	\$ 1,871	\$ 1,513	\$ 1,616	\$ 1,800	\$ 1,700	94%	\$ 1,800	0.00%
52250	Office Supplies	\$ 1,646	\$ 2,299	\$ 1,609	\$ 2,100	\$ 1,800	86%	\$ 2,100	0.00%
52260	Special Departmental Supplies	\$ 470	\$ 471	\$ 423	\$ 500	\$ 450	90%	\$ 500	0.00%
52330	Legal Fees	\$ 23	\$ -	\$ -	\$ 1,000	\$ 850	85%	\$ 1,000	0.00%
52350	Professional/Contractual Services	\$ 535	\$ 583	\$ 219	\$ 1,000	\$ 700	70%	\$ 1,000	0.00%
TOTAL MATERIALS, SUPPLIES & SERVICES		\$ 32,192	\$ 30,076	\$ 37,717	\$ 35,645	\$ 33,270	93%	\$ 37,848	6.18%
INTERFUND TRANSFERS									
53040	Fleet Equipment Replacement Fund	\$ 4,000	\$ 3,000	\$ 4,000	\$ 4,000	\$ 4,000	100%	\$ 1,064	-73.40%
TOTAL INTERFUND TRANSFERS		\$ 4,000	\$ 3,000	\$ 4,000	\$ 4,000	\$ 4,000	100%	\$ 1,064	-73.40%
54010	Capital Equipment - NEW	\$ -	\$ -	\$ 1,059	\$ -	\$ -	-	\$ -	-
TOTAL CAPITAL EQUIPMENT		\$ -	\$ -	\$ 1,059	\$ -	\$ -	-	\$ -	-
SUB-TOTAL O&M FUND		\$ 627,786	\$ 587,183	\$ 626,374	\$ 667,895	\$ 670,914	100%	\$ 688,685	3.11%
59200	LESS:								
	Chargebacks to General Fund for CIP	\$ (435,433)	\$ (422,413)	\$ (439,192)	\$ (468,145)	\$ (468,145)	100%	\$ (485,175)	3.64%
NET OPERATION & MAINTENANCE FUND		\$ 192,353	\$ 164,770	\$ 187,182	\$ 199,750	\$ 202,769	102%	\$ 203,510	1.88%

FY10 Capital Improvement Budget Summary

	ACTUAL	ACTUAL	ACTUAL	APPROVED	ESTIMATED	PERCENT	PROPOSED	INC (DEC)	
	2005-2006	2006-2007	2007-2008	2008-2009	ACTUAL	EXPENDED	2009-2010	OVER	
				BUDGET	6/30/2009	TO TOTAL	BUDGET	PRIOR YEAR	
						BUDGET		BUDGET	
SALARIES & WAGES									
51100	Salaries & Wages	\$ 1,035,995	\$ 1,091,766	\$ 985,901	\$ 1,079,058	\$ 1,079,255	100%	\$ 1,079,257	0.02%
51150	Overtime	\$ 11,582	\$ 7,610	\$ 2,017	\$ 9,000	\$ 7,550	84%	\$ 9,000	0.00%
TOTAL SALARIES & WAGES		\$ 1,047,578	\$ 1,099,376	\$ 987,918	\$ 1,088,058	\$ 1,086,805	100%	\$ 1,088,257	0.02%
BENEFITS									
51200	NC Retirement	\$ 51,119	\$ 53,868	\$ 48,141	\$ 53,315	\$ 53,254	100%	\$ 53,326	0.02%
51250	Payroll Taxes	\$ 78,615	\$ 81,940	\$ 73,855	\$ 83,236	\$ 83,140	100%	\$ 83,252	0.02%
51300	Group Medical, Dental & Life	\$ 169,929	\$ 177,181	\$ 163,331	\$ 173,837	\$ 173,837	100%	\$ 202,520	16.50%
51350	Worker's Compensation	\$ 32,296	\$ 25,524	\$ 26,346	\$ 25,334	\$ 25,334	100%	\$ 25,840	2.00%
51450	Automobile Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
51500	401(k)	\$ 50,907	\$ 52,229	\$ 43,560	\$ 53,953	\$ 53,953	100%	\$ 53,965	0.02%
SUB-TOTAL BENEFITS		\$ 382,866	\$ 390,741	\$ 355,233	\$ 389,675	\$ 389,518	100%	\$ 418,903	7.50%
51325	Post Retirement Insurance	\$ -	\$ -	\$ -	\$ 22,534	\$ 22,534	100%	\$ 29,600	31.36%
TOTAL SALARIES, WAGES & BENEFITS		\$ 1,430,443	\$ 1,490,117	\$ 1,343,151	\$ 1,500,267	\$ 1,498,857	100%	\$ 1,536,760	2.43%
MATERIALS, SUPPLIES & SERVICES									
52050	Dues & Subscriptions	\$ 2,909	\$ 3,268	\$ 2,341	\$ 5,900	\$ 5,450	92%	\$ 5,900	0.00%
52150	Travel, Meetings & Trainings	\$ 31,772	\$ 21,141	\$ 21,106	\$ 27,625	\$ 26,585	96%	\$ 32,121	16.27%
52180	Insurance	\$ 28,557	\$ 27,486	\$ 32,041	\$ 35,798	\$ 35,791	100%	\$ 36,514	2.00%
52210	Communications (other than telephone)	\$ 4,996	\$ 4,831	\$ 5,942	\$ 11,000	\$ 10,300	94%	\$ 11,000	0.00%
52240	Uniforms	\$ 4,147	\$ 2,892	\$ 1,335	\$ 4,537	\$ 4,212	93%	\$ 4,550	0.29%
52250	Office Supplies	\$ 7,297	\$ 6,096	\$ 5,982	\$ 8,800	\$ 8,100	92%	\$ 8,800	0.00%
52260	Special Departmental Supplies	\$ 4,949	\$ 4,264	\$ 3,788	\$ 7,060	\$ 6,625	94%	\$ 7,900	11.90%
52330	Legal Fees	\$ 3,237	\$ 1,052	\$ 1,199	\$ 4,000	\$ 3,850	96%	\$ 4,000	0.00%
52350	Professional/Contractual Services	\$ 37,229	\$ 27,636	\$ 69,092	\$ 59,000	\$ 58,750	100%	\$ 61,500	4.24%
52420	Maintenance Equipment	\$ 718	\$ 1,376	\$ 1,564	\$ 2,150	\$ 2,100	98%	\$ 2,650	23.26%
52510	Permits & Fees	\$ 26,582	\$ 28,251	\$ 25,300	\$ 31,250	\$ 31,250	100%	\$ 31,250	0.00%
52910	Non-Capital Equipment	\$ 599	\$ -	\$ 184	\$ -	\$ -	-	\$ -	-
TOTAL MATERIALS, SUPPLIES & SERVICES		\$ 152,993	\$ 128,291	\$ 169,875	\$ 197,120	\$ 193,013	98%	\$ 206,185	4.60%
INTERFUND TRANSFERS									
52340	Debt Administration Expenses	\$ 116,438	\$ 230,419	\$ 230,889	\$ 230,000	\$ 225,000	98%	\$ 476,108	107.00%
53040	Fleet Equipment Replacement Fund	\$ 8,000	\$ 6,000	\$ 8,000	\$ 8,000	\$ 8,000	100%	\$ 3,192	-60.10%
TOTAL INTERFUND TRANSFERS		\$ 124,438	\$ 236,419	\$ 238,889	\$ 238,000	\$ 233,000	98%	\$ 479,300	101.39%
54010	Capital Equipment - NEW	\$ -	\$ 7,220	\$ -	\$ 3,500	\$ 3,500	100%	\$ -	-100.00%
54020	Capital Equipment - Software	\$ 11,238	\$ -	\$ 2,661	\$ 4,000	\$ 4,000	100%	\$ -	-100.00%
TOTAL CAPITAL EQUIPMENT		\$ 11,238	\$ 7,220	\$ 2,661	\$ 7,500	\$ 7,500	100%	\$ -	-100.00%
SUB-TOTAL O&M FUND		\$ 1,719,112	\$ 1,862,047	\$ 1,754,576	\$ 1,942,887	\$ 1,932,370	99%	\$ 2,222,245	14.38%
59200	LESS:								
	Chargebacks to General Fund for CIP	\$ (1,588,733)	\$ (1,734,037)	\$ (1,622,899)	\$ (1,865,101)	\$ (1,855,300)	99%	\$ (2,142,607)	14.88%
NET OPERATION & MAINTENANCE FUND		\$ 130,378	\$ 128,010	\$ 131,677	\$ 77,787	\$ 77,071	99%	\$ 79,638	2.38%

Capital Improvement Program

Overview

The District's Capital Improvement Program commands the largest portion of budgeted expenditures, and as such, is planned strategically and in great detail for all infrastructure projects in excess of the \$15,000 infrastructure capitalization threshold. The District updates its ten-year capital improvement program (CIP) annually to comply with state regulatory and bond order requirements. Objectives of constructing these capital projects include handling wet-weather flow conditions, improving the performance at the wastewater treatment plant, and preparing the system to handle expected future wastewater flows over the upcoming decade.

The process begins with engineering staff developing projects, which often originate from problem areas identified by other departments during maintenance procedures, and includes consideration of those projects outlined in the 20-year Wastewater System Master Plan. MSD is mandated through its Collection System Permit to rehabilitate a minimum of 250,000 linear feet of collection system lines over a five-year period. Engineers evaluate and prioritize each proposed project based upon the District's short-term requirements and long-term mission. Engineering staff then prepare cost estimates for identified projects and a proposed timetable for construction.

Once the CIP is drafted, the CIP committee, consisting of representatives from the member agencies, meets to review the costs, locations, and necessity of proposed projects and when satisfied, recommends that the Board adopt the plan. A copy of the CIP summary sheets follows in the succeeding pages of this budget document. A separate document compiling individual pages for each project with detailed costs and location map as presented to the CIP Committee may be obtained upon request to W. Scott Powell, Director of Finance at (828)225-8211 or spowell@msdbc.org.

The ten-year CIP prioritizes projects identified by the Board as fulfilling the District's mission but does not obligate District resources for their construction past the end of the current budget year. The District has a capital projects ordinance, which is periodically updated as necessary, to make available funds for all projects scheduled for construction in the upcoming budget year and certain other projects to be begun in the current year but completed in a subsequent year.

Current Year Highlights

Approximately 80 infrastructure projects are included in the CIP for FY 10, ranging in length from 205 feet to over 3,951 feet. In-house forces as well as outside contractors will be used to rehabilitate the regulated amounts as prescribed by the District's Collection System Permit. The CIP has adapted to the recent loss of industrial revenue by rebalancing the proportion of relining and dig-and-replace projects to maintain the required footage within tighter cost constraints.

Collection System. Significant collection system projects scheduled for the upcoming year include: ❶ Middle Beaverdam Creek Interceptor, a 3,951 foot \$1.2 million endeavor; ❷ a 2,104 linear foot pipe rated project of Glennbridge Road at a cost of \$531,000; and ❸ a 3,605 linear foot pipe-rated project of Long Shoals Road at a cost of \$1.1 million.

Water Reclamation Facility. During FY 07, the Water Reclamation Facilities Plan was completed which is a highly detailed assessment of the condition, performance, and future needs of the various unit processes and equipment within the WRF. CIP staff has incorporated major recommendations into four critical long-range replacement and rehabilitation project.

- **Intermediate Pumps**—These aging pumps are hydraulically driven which is highly inefficient, and there is concern of contamination the effluent with hydraulic fluid should the system leak. Funds of approximately \$2.5 million for installing new variable-speed electric pumps are included in the CIP for fiscal years 2010 and 2011.
- **Secondary Microscreens**—Rusty and no longer performing satisfactorily, this equipment has become an operational and maintenance headache. Being the critical barrier between the WRF and the river, the secondary microscreens have been scheduled for replacement. Design is

complete and procurement is proposed for FY10 Fund design and procurement, with construction expected to begin in FY11. Total cost of the project is estimated to be 10.8 million.

- **Rotating Biological Contactors (RBC)**—These large rotating wheels house biomass growth, which dip into the wastewater and allow waste to be biologically consumed as it flows through the basins. These RBCs can weigh up to 45,000 pounds and after turning constantly for 20 years propelled by compressed air, some are suffering mechanical failure and broken shafts. Access is problematic and replacement units use an electric motor, rather than the current compressed air configuration. Currently, this process is operating adequately, and funds for further study into replacement of or alternatives to this process have been included in future years of the CIP.

Background

The capital improvement program is essential to the efficient functioning of the District, as evidenced by the requirement from both the bond order and state collection system permit. A well-planned CIP provides customers with the assurance of having reliable and affordable wastewater collection and treatment both now and in the future.

Throughout the history of the District, staff has continued to seek increasingly effective ways of identifying and prioritizing individual projects, to ensure a more comprehensive and balanced CIP. In 1990, as part of the political process of forming the District, certain construction and rehabilitation projects were identified by the various member municipalities and sanitary districts.

Once these designated projects were completed, the District then focused on rehabilitating aging, undersized collection lines to minimize unregulated discharges of raw sewage (sanitary sewer overflows or SSOs) and inflow/infiltration (I/I). Inflow and infiltration are the intrusion of groundwater and storm water runoff into the collection system, which can deplete capacity in sewer mains and at wastewater treatment plants.

As part of this comprehensive evaluative process, the District developed and implemented a program to monitor wastewater flows from the various parts of the sewerage system. The flow monitoring data was used to develop a computer hydraulic model of the flows of the sewerage system to help identify and remediate the worst areas of inflow and infiltration. In 1999, MSD began an aggressive line cleaning and television inspection program wherein the District contracted with outside companies to clean the pipes with water under high pressure and then to send a video camera (also known as closed circuit television or CCTV camera) through the line. The videotapes have enabled the District to more accurately determine the condition of the lines and to prioritize necessary repairs. Each year 10% of the pipes will be cleaned and then inspected by CCTV cameras to maintain the efficient operation of the collection system.

The District developed a proactive cost-effective rehabilitation strategy with the development of the Pipe Rating Program. Pipe rating is a proactive planning tool, which utilizes Closed Circuit Television (CCTV) information, GIS database, and actual maintenance history to view, rate, and computer-score pipe segments based on a number of factors. These factors, manhole-to-manhole, include work order history, number and severity of defects, and record overflows on that segment, which are combined to yield a numerical rating used to prioritize efforts.

Pipe Rating minimizes costs by helping the District focus rehabilitation dollars where they are needed most, rather than the usual full-scale replacement of entire collector lines. In recognition of this innovative program, the Association of Metropolitan Sewerage Agencies (AMSA) awarded the District one of only two 2003 National Environmental Achievement Awards.

Wastewater System Master Plan

Realizing the need for a comprehensive long-term plan, which would address both emerging environmental regulations and land use considerations, the District contracted with a professional engineering firm to develop a detailed action plan for infrastructure growth and maintenance, while keeping user rates at an affordable level. The Wastewater System Master Plan was completed in 2001, citing the single most compelling system need for MSD was to control SSOs. The Plan focused on the Collection System.

The Master Plan recommended a three-prong approach to achieve this goal. The first prong consists of an effective management, operation, and maintenance (MOM) program to reduce line blockages and optimize spill responses when they occur. The second prong consists of an on-going rehabilitation program to improve the structural condition of the system and to reduce infiltration/inflow. The third prong requires implementation of an effective means of providing increased system conveyance and treatment capacity (C) to handle wastewater flows from existing high infiltration/inflow and from future projected dry-weather flows.

The District's Collection System Master Plan was completed in FY09. The plan was a combined effort of District engineering staff and an engineering consultant. In addition, the District is in the process of developing the internal resources to perform the hydraulic modeling function, which serves as the central component to the Master Plan. The plan will help identify areas of future growth along with the location and sizing of the infrastructure required to provide public sewer service to these areas. As a part of this effort, the District will again perform a system-wide flow monitoring effort as which was last done in FY 1999. This information will be utilized within the hydraulic model for identifying future interceptor and wet weather projects and to update their timing and cost within the Capital Improvement Program.

Impact of CIP on Operations

One of the purposes of a budget document is to describe the impact of significant nonroutine capital expenditures on a government's current and future operating budgets. For most municipal and county governments, nonroutine capital improvements consist of expansion of facilities, which often result in higher operating costs. For example, larger buildings increase utility expenses, and new structures such as libraries or swimming pools involve hiring additional staff. In addition, for most municipal and county governments, nonroutine capital improvements are, for the most part, based upon the decisions of the local governing authority.

The District's CIP is different in two respects. First, almost all nonroutine capital expenditures involve rehabilitation of already existing sewer pipe infrastructure, and secondly, the District's capital improvements to infrastructure are mandated by the state environmental regulatory department, imposing limits on discretionary action and cost.

Through major capital improvements to the sewer collection system, the District expects to realize a significant long-term cost reduction in wastewater treatment operations; however quantifying such savings is difficult. Infiltration of groundwater and inflow of surface water into the sewer system will be reduced which, in the long run, should equate to less water being treated at the regional wastewater treatment facility. Because the proportion of variable costs in the treatment process are relatively minor, the primary cost impact will be realized by extending the amount of time before capacity issues at the water reclamation facility will need to be addressed. Mud and grit, which accompany infiltration/inflow, will also be reduced, thereby increasing the life of pumps and other treatment equipment adversely effected by abrasion. Sufficient operational flow data is not available to estimate the decrease of infiltration/inflow, or to compute the cost savings, which might be realized.

Other operational savings are realized from infrastructure capital expenditures since new or rehabilitated sewer lines require less maintenance and are not as susceptible to frequent blockages and overflows as older and smaller lines. The District's major environmental responsibility is reduction of Sewer System Overflows (SSOs). Staff has estimated the average cost of responding to an SSO to be approximately \$2,175. During FY 2000, the District experienced a record high of 289 SSOs, which due to the District's extensive CIP over the past seven years, have been reduced to 41. Using this estimate of foregone emergency response cost, the District has been able to focus approximately \$500,000 a year on preventative maintenance as opposed to responding to spill events.

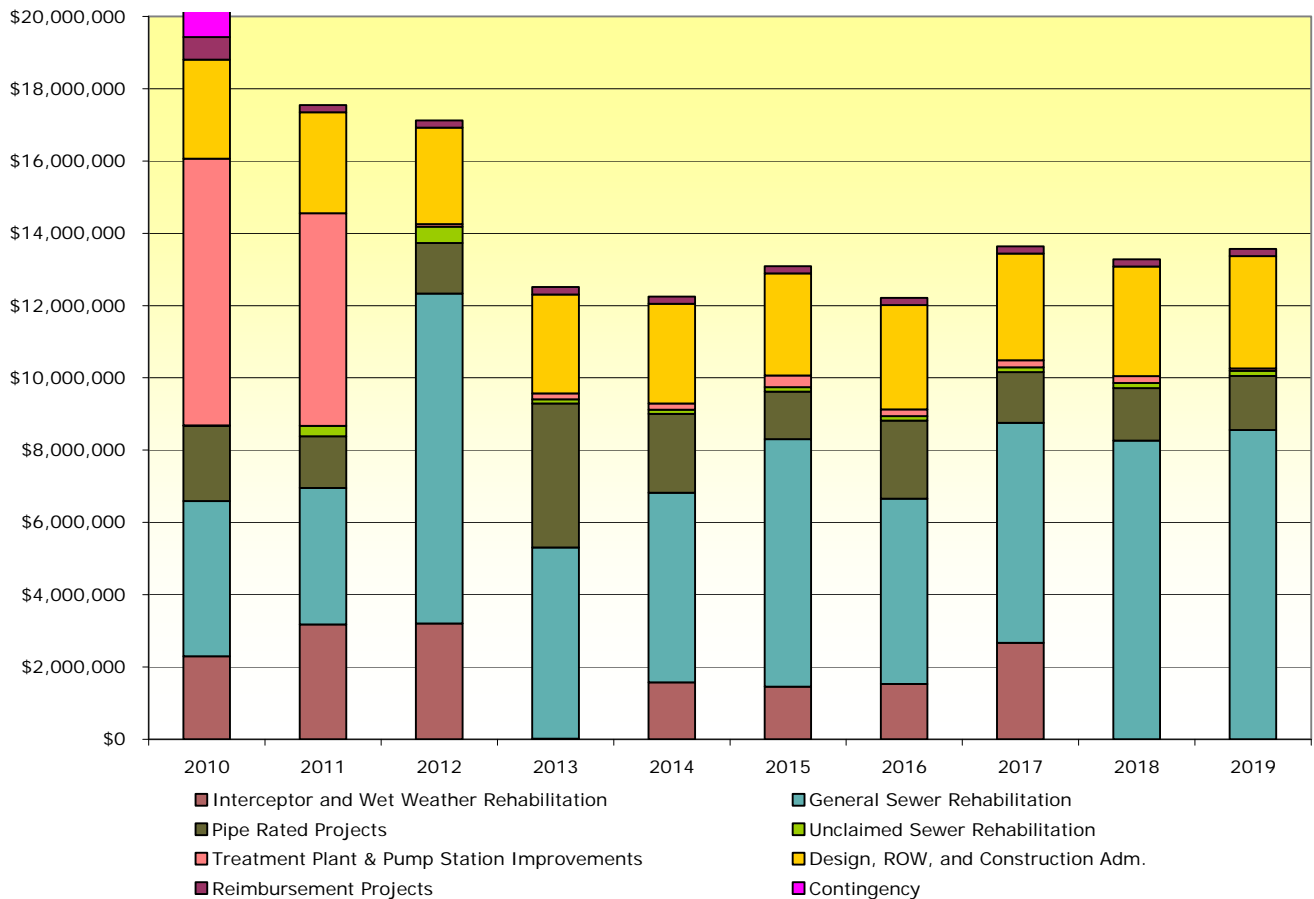
Moreover, the North Carolina Department of Environment and Natural Resources has the discretion to levy fines up to \$25,000 per day for any SSO if the District does not follow through on specified renovations and rehabilitations planned for areas identified as requiring capital improvements. In summary, the CIP has saved the District hundreds of thousands of dollars annually in forgone pump maintenance and spill response labor and supplies expense, and avoided potentially thousands of dollars in environmental penalties, although quantifying any amount with increased accuracy would be highly speculative.

Types of Projects

The projects in the CIP are classified into several types, based on the objective of the project. The projects are determined and scheduled based on the Master Plan, the pipe-rating score, and other factors impacting the overall well-being of the District.

The Interceptor and Wet Weather Rehabilitation projects address the third prong of the Master Plan by providing increased system conveyance. The General Sewer Rehabilitation projects combine the first and second prongs by surveying all lines to plan maintenance activities and to improve the structural condition of the system. The Private Sewer Rehabilitation projects have the same objectives as the General but are separately presented to address environmental concerns resulting from sewers that were not publicly maintained at the time the District was formed. A limited amount of funding is budgeted annually to address the problem locations on a "worst first" basis as identified.

The District's Water Reclamation Facility (WRF) has a permitted capacity to treat up to 40 million gallons of wastewater a day, and uses roughly half of this capacity. In accordance with the Master Plan's twenty year planning period, there are no plans to replace or expand the plant in the near future. However, Water Reclamation Facility & pump station improvements are included in the CIP to maintain these facilities at their optimum level and to replace equipment that has exceeded its maintenance level.



Program Summary

PROJECT NAME	LOCATION OF PROJECT	PROJECT NUMBER	PROJECT FOOTAGE	TOTAL ESTIMATED COST	TOTAL EXPENDS THRU 6/30/08	BUDGET					BUDGET	
						FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14		FY 2014-2019
INTERCEPTOR AND WET WEATHER REHABILITATION												
Dingle Creek at Crowfields	Asheville	2004036	2,317	\$620,865	\$91,266	\$1,000	\$525,000	\$2,500	\$0	\$0	\$0	\$0
Dingle Creek Interceptor	Asheville	2006010	7,189	\$2,325,450	\$58,364	\$2,350	\$2,214,500	\$9,100	\$0	\$0	\$0	\$0
Heywood Road Interceptor Ph. 2	Buncombe Co.	2004251	1,412	\$417,400	\$28,168	\$2,100	\$326,500	\$2,700	\$0	\$0	\$0	\$0
Lower Smith Mill Creek Interceptor	Asheville	2002056	7,226	\$3,986,826	\$3,840,123	\$93,500	\$0	\$0	\$0	\$0	\$0	\$0
Middle Beaverdam Creek Interceptor	Woodfin	2002057	3,951	\$1,219,025	\$104,677	\$1,090,800	\$4,000	\$0	\$0	\$0	\$0	\$0
Nasty Branch Interceptor	Asheville	2004230	1,337	\$823,100	\$23,736	\$780,423	\$0	\$0	\$0	\$0	\$0	\$0
Reems Creek Master Plan Interceptor	Weaueville	2007293	5,545	\$452,900	\$42,747	\$311,820	\$0	\$0	\$0	\$0	\$0	\$0
Beaverdam Creek WW (CDM #10)	Buncombe Co.	Future	5,500	\$935,000	\$0	\$0	\$0	\$0	\$0	\$935,000	\$0	\$0
Biltmore WW (CDM #3)	Biltmore	Future	2,200	\$440,000	\$0	\$0	\$0	\$0	\$0	\$440,000	\$0	\$0
Caribou Road WW (CDM #5)	Asheville	Future	3,000	\$503,000	\$0	\$0	\$0	\$0	\$0	\$0	\$503,000	\$0
Christian Creek WW (CDM #7)	Buncombe Co.	Future	3,500	\$727,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$727,000
Four Mile Creek WW (CDM #1)	Biltmore Forest	Future	3,400	\$589,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$589,000
Haw Creek WW (CDM #6)	Asheville	Future	3,800	\$657,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$657,000
Lake Julian WW Interceptor Ph. 3	Buncombe County	2006015	8,048	\$2,643,300	\$31,345	\$10,000	\$2,583,000	\$10,000	\$0	\$0	\$0	\$0
Lake Julian WW Interceptor Ph. 4	Buncombe County	2007035	1,652	\$425,200	\$0	\$8,000	\$1,000	\$400,000	\$6,700	\$0	\$0	\$0
South Swannanoa WW (CDM #4)	Asheville	Future	8,040	\$2,102,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,102,000
SUBTOTAL			68,117	\$18,867,066	\$4,220,426	\$2,299,993	\$3,071,000	\$2,997,300	\$16,700	\$1,375,000	\$4,578,000	
Inflation per ENR Const. Cost Index				1.0000			1.0346	1.0704	1.1074	1.1458	1.2349	
SUBTOTAL with inflation				\$18,867,066	\$4,220,426	\$2,299,993	\$3,177,257	\$3,208,301	\$18,494	\$1,575,406	\$5,653,242	
GENERAL SEWER REHABILITATION												
Bradley Branch Road	Asheville	2007319	2,653	\$581,400	\$10,350	\$17,000	\$43,500	\$5,000	\$490,000	\$5,000	\$0	\$0
Charland Forest	Fairview	2006130	1,357	\$349,600	\$16,158	\$4,443	\$276,000	\$9,250	\$0	\$0	\$0	\$0
Cub Road	Asheville	2008173	303	\$91,800	\$0	\$36,300	\$5,500	\$500	\$500	\$3,000	\$44,100	\$0
Forest Ridge Road	Asheville	2006013	2,842	\$564,200	\$0	\$28,900	\$5,500	\$500	\$4,500	\$509,000	\$3,000	\$0
Four Inch Main - Delano Road	Asheville	2006018	775	\$199,533	\$3,635	\$192,000	\$0	\$0	\$0	\$0	\$0	\$0
Four Inch Main - Dillingham Rd	Asheville	2008098	1,200	\$283,500	\$0	\$5,000	\$0	\$273,500	\$1,000	\$0	\$0	\$0
Four Inch Main - Gladstone Road	Asheville	2007010	697	\$191,800	\$0	\$17,300	\$500	\$500	\$142,500	\$0	\$0	\$0
Four Inch Main - Mountain Terrace	W. Asheville	2007016	448	\$128,200	\$0	\$26,300	\$1,000	\$94,500	\$0	\$0	\$0	\$0
Four Inch Main - N. Griffing Blvd.	Asheville	2006022	680	\$284,800	\$22,545	\$35,800	\$8,500	\$207,000	\$0	\$0	\$0	\$0
Four Inch Main - Town Mtn. Road	Asheville	2008182	530	\$133,300	\$0	\$13,800	\$2,500	\$500	\$0	\$0	\$110,600	\$0
Four Inch Main - Westhaven Dr.	Asheville	2006023	1,000	\$335,450	\$19,800	\$40,400	\$6,500	\$10,000	\$247,500	\$2,600	\$0	\$0
Givens Estates	Asheville	2006014	3,610	\$1,048,300	\$22,574	\$71,300	\$6,100	\$928,500	\$11,800	\$0	\$0	\$0
Glendale Avenue	Asheville	2007318	463	\$121,500	\$0	\$0	\$0	\$0	\$0	\$500	\$116,500	\$0
Hendersonville Rd. at Mills Gap Rd.	Arden	2008185	2,852	\$778,300	\$0	\$11,500	\$32,300	\$5,500	\$9,000	\$1,000	\$697,000	\$0
Hickory Court	Arden	2008170	1,282	\$221,400	\$0	\$31,100	\$5,500	\$500	\$0	\$0	\$179,800	\$0
Horizon Hill Rd.	Asheville	2008084	1,100	\$268,300	\$0	\$62,000	\$7,300	\$500	\$4,000	\$0	\$194,500	\$0
Indiana Avenue	Asheville	2007017	2,837	\$614,000	\$0	\$17,500	\$55,700	\$497,000	\$18,000	\$0	\$0	\$0
Kitazuma Road	Ridgcrest	2006302	1,102	\$251,900	\$7,829	\$3,300	\$500	\$237,000	\$0	\$500	\$116,500	\$0

Program Summary (continued)

PROJECT NAME	LOCATION OF PROJECT	PROJECT NUMBER	PROJECT FOOTAGE	TOTAL ESTIMATED COST	TOTAL EXPENDS THRU 6/30/08	BUDGET					BUDGET	
						FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14		FY 2014-2019
GENERAL SEWER REHABILITATION												
Laurel Road	Arden	2007321	686	\$217,800	\$4,750	\$42,300	\$500	\$500	\$500	\$156,000	\$0	\$0
Liberty Street Rehabilitation	Oakley	2008002	2,045	\$434,100	\$0	\$72,000	\$15,600	\$322,500	\$0	\$0	\$0	\$0
Macon Ave. at Sunset Parkway	Asheville	2006016	2,629	\$669,700	\$13,500	\$59,500	\$13,500	\$17,000	\$561,000	\$8,200	\$0	\$0
Maplewood Road	Asheville	2007320	614	\$149,700	\$0	\$0	\$27,000	\$3,300	\$1,500	\$5,000	\$107,200	\$0
Martel Lane at Penley Ave.	Woodfin	2008177	830	\$167,800	\$0	\$7,300	\$1,000	\$152,500	\$3,000	\$0	\$0	\$0
Meadow Lark Road	Asheville	2008085	635	\$170,300	\$0	\$14,300	\$6,000	\$145,500	\$0	\$0	\$0	\$0
Merrimon Ave. at Clearview Terrace	Asheville	2007012	600	\$156,750	\$0	\$7,500	\$24,300	\$6,250	\$116,000	\$2,700	\$0	\$0
Merrimon Ave. at Ottari Road	Asheville	2004203	1,143	\$569,800	\$12,403	\$73,500	\$0	\$0	\$0	\$0	\$0	\$0
Merrimon Ave. at Stratford	Asheville	2004252	2,559	\$793,700	\$60,395	\$0	\$500	\$710,420	\$6,816	\$0	\$0	\$0
Old Lakey Gap Road	Black Mountain	2008154	1,000	\$261,300	\$0	\$20,000	\$42,300	\$500	\$1,000	\$197,500	\$0	\$0
Old US 70 at Grovmont	Swannanoa	2007322	3,212	\$634,600	\$0	\$85,000	\$14,600	\$500	\$500	\$517,650	\$0	\$0
Patton Ave. at Parkwood Rd.	W. Asheville	2007021	1,190	\$418,700	\$3,500	\$35,500	\$1,000	\$371,000	\$1,200	\$0	\$0	\$0
Riverside Dr. / Westover Dr.	Asheville	2003101	392	\$215,210	\$38,921	\$158,000	\$10,000	\$0	\$0	\$0	\$0	\$0
Roebling Circle	Asheville	2007011	205	\$59,025	\$4,550	\$0	\$0	\$54,000	\$0	\$0	\$0	\$0
Rowland Drive	Asheville	2004034	968	\$304,700	\$1,400	\$0	\$500	\$298,000	\$3,800	\$0	\$0	\$0
Ruth Street	Black Mountain	2008183	665	\$139,800	\$0	\$18,300	\$500	\$500	\$0	\$0	\$117,500	\$0
Shadowlawn Drive	Asheville	2007019	3,437	\$1,098,900	\$9,400	\$53,000	\$110,000	\$6,700	\$6,700	\$13,000	\$884,000	\$0
Short Cox at Southside	Asheville	2004025	696	\$507,800	\$21,200	\$89,600	\$1,000	\$8,000	\$331,000	\$2,000	\$0	\$0
Sunset Drive at Bee Tree Rd.	Swannanoa	2008153	4,000	\$965,800	\$0	\$41,000	\$12,300	\$500	\$4,000	\$1,000	\$907,000	\$0
Sunset Drive at Old Toll Rd.	Asheville	2007013	500	\$120,800	\$0	\$14,800	\$102,000	\$0	\$0	\$0	\$0	\$0
U.S. 70 at Neil Price Ave.	Swannanoa	2005098	2,967	\$692,450	\$43,065	\$25,800	\$1,000	\$552,621	\$0	\$0	\$0	\$0
Wendover Drive	Asheville	2004035	3,074	\$892,300	\$16,239	\$52,300	\$10,300	\$806,500	\$2,500	\$355,500	\$3,000	\$0
Right of Way Clearing (Annual)	Various	2005009	0	\$500,000	\$55,275	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000	\$0
SSD Rehabilitation & Replacement (Annual)	Various	2002101	200,000	\$27,000,000	\$2,484,000	\$2,700,000	\$2,700,000	\$2,700,000	\$2,700,000	\$2,700,000	\$13,500,000	\$0
Surveys for Design	Various Projects	2002060	N/A	\$500,000	\$0	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000	\$0
Future Projects - General Rehabilitation	Various	N/A	62,500	\$10,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000,000	\$0
SUBTOTAL			324,146	54,485,118	2,871,469	4,291,143	3,651,800	8,528,541	4,776,316	4,579,650	27,364,200	\$0
Inflation per ENR Const. Cost Index	3.4600%			1,0000	1,0000	1,0000	1,0346	1,0704	1,1074	1,1458	1,2754	\$0
SUBTOTAL with inflation				\$54,485,118	\$2,871,469	\$4,291,143	\$3,778,152	\$9,128,926	\$5,289,449	\$5,247,134	\$34,900,378	\$0
PIPE RATED PROJECTS												
Braddock Way - PRP 20002	Asheville	2006025	3,241	\$891,800	\$15,690	\$74,000	\$13,500	\$1,600	\$739,000	\$13,500	\$0	\$0
Brookliff Drive - PRP 59001	Buncombe County	2004267	2,529	\$554,600	\$0	\$15,000	\$68,500	\$9,100	\$6,500	\$439,500	\$5,000	\$0
Crockett Road - PRP 36002	Asheville	2004265	2,088	\$689,635	\$15,855	\$500	\$500	\$4,152	\$618,000	\$5,000	\$0	\$0
Eastwood Ave. @ Old US 70-PRP 29015	Swannanoa	2006012	2,120	\$438,900	\$39,062	\$399,750	\$0	\$0	\$0	\$0	\$0	\$0
Elk Park Drive - PRP 35001	Woodfin	2006028	2,100	\$509,000	\$0	\$60,600	\$11,000	\$1,200	\$414,650	\$0	\$0	\$0
Fairfax Avenue - PRP 65001	W. Asheville	2004268	2,042	\$446,300	\$2,950	\$0	\$0	\$0	\$548,350	\$0	\$0	\$0
Forest Hill Drive #1 - PRP 11006	Asheville	2004260	1,011	\$297,800	\$10,750	\$284,000	\$2,000	\$0	\$0	\$0	\$0	\$0
Forest Hill Drive #2 - PRP 11005	Asheville	2004258	762	\$274,800	\$6,500	\$162,500	\$6,000	\$0	\$0	\$0	\$0	\$0
Glenbridge Road (Royal Pines)-PRP 47006	Asheville	2003051	2,104	\$531,014	\$144,319	\$386,600	\$0	\$0	\$0	\$0	\$0	\$0
Long Shoals Road (Allen Ave.) Ph. 3-PRP 48002	Arden	2004028	3,605	\$1,124,835	\$272,995	\$631,400	\$71,200	\$18,700	\$0	\$0	\$0	\$0
Moore Circle - PRP 45001	Buncombe County	2004266	1,000	\$219,050	\$0	\$36,050	\$5,500	\$1,000	\$165,000	\$4,000	\$0	\$0
Old Home Road - PRP 64001	Weaverlyville	2004261	2,390	\$653,826	\$138,188	\$660	\$515,040	\$0	\$0	\$0	\$0	\$0

Program Summary (continued)

PROJECT NAME	LOCATION OF PROJECT	PROJECT NUMBER	PROJECT FOOTAGE	TOTAL ESTIMATED COST	TOTAL EXPENDS THRU 6/30/08	BUDGET					BUDGET	
						FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14		FY 2014-2019
PIPE RATED PROJECTS												
Rockdale Avenue - PRP 29003	Swannanoa	2006312	3,603	\$748,600	\$9,500	\$10,600	\$684,500	\$8,000	\$0	\$0	\$0	\$0
Royal Pines Drive - PRP 47009	Asheville	2007020	3,500	\$897,800	\$7,500	\$19,300	\$3,500	\$857,900	\$0	\$0	\$0	\$0
Scenic View Drive - PRP 29020	Swannanoa	2007023	1,619	\$347,800	\$5,800	\$0	\$0	\$0	\$0	\$340,500	\$1,500	\$0
Sycamore Terrace - PRP 34012	Arden	2007014	3,336	\$701,000	\$10,500	\$7,800	\$1,000	\$3,000	\$0	\$0	\$0	\$658,000
VA Hospital - PRP 28001	Asheville	2004262	1,772	\$411,911	\$6,351	\$0	\$500	\$402,000	\$3,000	\$0	\$0	\$0
Pipe Rated Projects-Future Lining Contracts	Various	2007024	70,000	\$7,717,500	\$0	\$0	\$0	\$0	\$1,102,500	\$1,102,500	\$0	\$5,512,500
SUBTOTAL		108,822		17,456,171	685,960	2,088,760	1,382,740	1,306,652	3,597,000	1,905,000	1,145,800	6,177,000
Inflation per ENR Const. Cost Index	3.4600%			1,0000	1,0000	1,0346	1,0704	1,1074	1,1074	1,1458	1,2656	
SUBTOTAL with inflation				\$17,456,171	\$685,960	\$2,088,760	\$1,430,583	\$1,398,637	\$3,983,436	\$2,182,654	\$7,817,392	
UNCLAIMED SEWER REHABILITATION												
Rollingwood Road USR	Asheville	2005078	2225	\$428,833	\$18,333	\$0	\$0	\$410,500	\$0	\$0	\$0	\$0
Wellington Drive USR	Woodfin	2007325	1,064	\$283,450	\$0	\$2,800	\$269,900	\$0	\$0	\$0	\$0	\$0
Transfer of Private Sewers to MSD	All Locations	2002168	0	\$50,000	\$6,897	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Unclaimed Sewer Rehab. (Future Projects)	Various Locations	N/A	4375	\$700,000	\$0	\$0	\$0	\$0	\$100,000	\$100,000	\$100,000	\$500,000
SUBTOTAL		7,664		\$1,462,283	\$25,230	\$7,800	\$274,900	\$415,500	\$105,000	\$105,000	\$105,000	\$525,000
Inflation per ENR Const. Cost Index	3.4600%			1,0000	1,0000	1,0346	1,0704	1,1074	1,1074	1,1458	1,2703	
SUBTOTAL with inflation				\$1,462,283	\$25,230	\$7,800	\$284,412	\$444,750	\$116,280	\$120,304	\$666,913	
WATER RECLAMATION FACILITY & PUMP STATION IMPROVEMENTS												
Building Trades - Roofing & Misc.	MSD-WRF	2002068	0	\$500,000	\$0	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
Final Microscreen Replacement	MSD-WRF	2007026	0	\$10,795,000	\$208,233	\$4,956,000	\$5,162,657	\$0	\$0	\$0	\$0	\$0
Flow Monitoring	MSD-WRF	2008013	0	\$61,500	\$0	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0
Headworks Odor Control	MSD-WRF	2007075	0	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$125,000
Intermediate Pump Replacement	MSD-WRF	2007067	0	\$2,638,500	\$28,959	\$2,036,000	\$432,500	\$0	\$0	\$0	\$0	\$0
RBC Replacement	MSD-WRF	2007068	0	\$600,000	\$0	\$0	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$400,000
SCADA @ WRF	MSD-WRF	2001181	0	\$342,100	\$212,076	\$40,000	\$40,000	\$20,000	\$0	\$0	\$0	\$0
Venturi Scrubber at Incinerator	MSD-WRF	2002065	0	\$303,059	\$0	\$177,000	\$0	\$0	\$0	\$0	\$0	\$0
Weaverville Pumping System Study	MSD-WRF	2008186	0	\$100,000	\$0	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL		0		\$15,465,159	\$449,268	\$7,379,000	\$5,685,157	\$70,000	\$150,000	\$150,000	\$150,000	\$775,000
Inflation per ENR Const. Cost Index	3.4600%			1,0000	1,0000	1,0346	1,0704	1,1074	1,1074	1,1458	1,2453	
SUBTOTAL with inflation				\$15,465,159	\$449,268	\$7,379,000	\$5,881,863	\$74,928	\$166,115	\$171,863	\$965,090	
DESIGN, ROW, & CONSTRUCTION MGMT. EXPENSES												
Design, ROW, & Const. Mgmt. Expenses	MSD/ENG.		0	\$28,493,357	\$2,062,109	\$2,740,812	\$2,798,648	\$2,672,544	\$2,737,415	\$2,750,270	\$2,750,270	\$14,793,669
SUBTOTAL		N/A		\$28,493,357	\$2,062,109	\$2,740,812	\$2,798,648	\$2,672,544	\$2,737,415	\$2,750,270	\$2,750,270	\$14,793,669
BUDGET SUMMARY												
SUBTOTAL with Inflation			508,749	136,229,154	10,314,462	18,807,508	17,350,915	16,928,086	12,311,190	12,047,630	64,796,684	
CONTINGENCY						\$1,000,000						
REIMBURSEMENT PROJECTS	Various Locations	Summary	0	\$2,502,600	\$173,117	\$624,500	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
TOTAL			508,749	\$138,731,754	\$10,487,579	\$20,432,008	\$17,550,915	\$17,128,086	\$12,511,190	\$12,247,630	\$65,796,684	

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Replacement Funds

Overview

The replacement funds are funded through annual appropriations from the Operations and Maintenance Fund Budget. The District has established two replacement funds as part of its sewer rate stabilization strategy, with third reserve fund required under the Bond Order. Background information and current year budget highlights of the replacement funds follow.

Fleet Equipment Replacement

The District has projected replacement dates and estimated prices for all vehicles and construction-type equipment over \$10,000. This information has been used to develop a funding plan whereby relatively constant amounts are to be transferred in from the annual Operations and Maintenance budget, with annual expenditures to be made in varying amounts to secure new vehicles and equipment as indicated in the plan's timetable. The projected balance in the fund at the end of FY09 is anticipated to approximate \$936,600. The FY10 contribution is \$100,000, with anticipated expenditures of \$453,000 including (2) 1-Ton Trucks, Small Flusher, and (2) 3/4-Ton Pickup Trucks.

Wastewater Treatment Plant Replacement

The replacement fund for the wastewater treatment plant and pump stations was set up to develop a reserve to address general equipment replacement cost at these facilities. A similar strategy of periodic, uniform contributions from the Operations and Maintenance Fund and withdrawals for planned equipment rehabilitation or replacement is employed. The FY10 contribution is \$200,000 with anticipated expenditures for \$210,000 including (2) emergency generators, (1) pump station replacement motor, (1) HVAC computer upgrade, and various RBC's basin upgrades.

Capital Reserve Fund

This fund is mandated by the Bond Order to contain six percent (6%) or such greater percentage, as may be determined from time to time by the Board, of the amount shown by the Annual Budget to be necessary for current expenses for the current Fiscal Year. As this fund is to be tapped only for unusual and unforeseen expenditures, none are budgeted. There will be no contributions to this fund this year as the balance is in excess of that required.

FY10 Replacement Fund Budgets

Fleet Equipment Replacement	Description	Actual 07-08	Projected 08-09	Budget 09-10
	Beginning Balance:	\$1,143,291	\$1,023,619	\$936,568
	Revenue:			
	District Contributions	200,000	200,000	100,000
	Sale of Surplus Property	60,941	22,557	81,540
	Interest Income	<u>48,324</u>	<u>27,892</u>	<u>23,000</u>
	Total Revenue	309,265	250,449	204,540
	Expenditures:			
	Various	428,937	337,500	
	(2) 1 Ton Pickup Trucks	-	-	70,000
	Small Flusher	-	-	325,000
	(2) ¾ Ton Pickup Trucks	-	-	<u>58,000</u>
	Total Expenditure Replacements	<u>428,937</u>	<u>337,500</u>	<u>453,000</u>
	Ending Balance:	<u>\$1,023,619</u>	<u>\$936,568</u>	<u>\$688,108</u>

Wastewater Treatment Plant Replacement	Description	Actual 07-08	Projected 08-09	Budget 09-10
	Beginning Balance:	\$ 661,851	\$ 695,729	\$ 695,729
	Revenue:			
	District Contributions	200,000	200,000	200,000
	Interest Income	<u>32,079</u>	<u>21,000</u>	<u>10,000</u>
	Total Revenue	232,079	221,000	210,000
	Expenditures:			
	Various	198,201	221,000	
	RBC Basin Upgrades	-	-	100,000
	Emergency Generators	-	-	70,000
	Pump Station Replacement Motor	-	-	30,000
	HVAC computer upgrade	-	-	<u>10,000</u>
	Total Expenditure Replacements	<u>198,201</u>	<u>221,000</u>	<u>210,000</u>
	Ending Balance:	<u>\$ 695,729</u>	<u>\$ 695,729</u>	<u>\$ 695,729</u>

Capital Reserve Fund	Description	Actual 07-08	Projected 08-09	Budget 09-10
	Beginning Balance:	\$ 758,718	\$ 791,479	\$ 803,739
	Revenue:			
	Interest Income	<u>32,761</u>	<u>12,260</u>	<u>8,000</u>
	Total Revenue	32,761	12,260	8,000
	Ending Balance:	<u>\$ 791,479</u>	<u>\$ 803,739</u>	<u>\$ 811,739</u>

Note: Ending balance must be at least 6% of annual O & M current expenses. FY 2009-2010 O & M Budget (\$13,603,885-\$300,000 transfer to reserves-\$143,755 capital equipment) X 6% = \$789,608).

Insurance Funds

Overview

The insurance funds are funded through annual appropriations from the Operations and Maintenance Fund Budget. The District has established four (4) insurance funds as part of its sewer rate stabilization strategy. Background information and current year budget highlights of the insurance funds follow.

Self-funded Employee Medical Program

The District offers medical, dental, and life insurance to all employees. Employees may purchase optional dependent coverage through payroll deduction. These benefits are funded by a combination of District contributions as well as commercial insurance premiums.

The District has established a self-insured group health and dental insurance program, with premiums paid to commercial carriers for stop-loss and aggregate coverage to limit the amount of risk the District will assume. A third party administrator processes all claims, and a commercial healthcare provider network is retained to negotiate fees and authorize payments. Prescription benefits are administered through a private contractor.

Employees pay a nominal amount for individual medical and dental coverage and pay approximately 36% of the actuarial cost for dependent coverage. After employee payment of specified deductibles and co-payments for medical and dental services, the Plan covers the remaining authorized charges in total. The budget for FY 10 includes employer contributions increase of 16.5% to cover anticipated expenditure needs.

Post Employment Insurance

The District has established a post employment insurance fund to accumulate funds now, which will reduce future operational expenditures when retirees begin taking advantage of this benefit. The District will annually fund the equivalent of the annual required contribution less expenses as determined by an actuarial study as required by GASB 45. The accumulated funds will only be used for post employment insurance. However, the District's Board does reserve the right to use the reserve funds for unforeseen emergencies. FY10 funding of \$222,000 represents 1.6% of total operations.

As of May 2009, the District did not have any eligible participants in its post employment insurance plan.

Worker's Compensation

The District established a separate insurance fund for worker's compensation, which will facilitate allocation of costs to respective department, division, and section budgets. The Safety Officer acts as liaison with the insurance carrier to administer claims and to minimize future claims by providing training and equipment designed to prevent injuries. The budget for FY10 includes employer contributions increase of 2% to cover anticipated expenditure needs.

General Liability

The District's general liability insurance fund was established to: 1) allocate insurance costs to all departments, divisions and sectional budgets, 2) provide funds for payment of no-fault sewer back-ups and 3) establish reserves to offset future unanticipated increases in sewer back-up liabilities in excess of budgeted amounts. The budget for FY10 includes employer contributions increase of 2% to cover anticipated expenditure needs.

FY10 Self-funded Employee Medical Program Budget

	Actual 2007-2008	Estimated Actual 2008-2009	Budget 2009-2010
Beginning Balance	\$ 448,979	\$ 533,001	\$ 501,021
Income:			
District Contributions	1,224,982	1,303,778	1,518,901
Employee Contributions	313,285	333,385	333,386
Transfer from Other Insurance Funds	-	-	79,134
Interest	24,775	10,000	9,838
Total Income	<u>1,563,042</u>	<u>1,647,163</u>	<u>1,941,259</u>
Total Funds Available	2,012,021	2,180,164	2,442,280
Expenses:			
Expected Claim Liability	1,126,860	1,305,138	1,536,062
Fixed Costs <small>(see note below)</small>	352,160	374,005	395,359
Total Expenses	<u>1,479,020</u>	<u>1,679,143</u>	<u>1,931,421</u>
Ending Balance	<u>\$ 533,001</u>	<u>\$ 501,021</u>	<u>\$ 510,859</u>
Note: Fixed Costs			
Aggregate & Stop Loss Premiums/TPA	334,160	356,005	377,359
Life Insurance	18,000	18,000	18,000
COBRA Administration Fee	-	-	-
Total Fixed Expenses	<u>352,160</u>	<u>374,005</u>	<u>395,359</u>

FY10 Post Employment Insurance Budget

	Actual 2007-2008	Estimated Actual 2008-2009	Budget 2009-2010
Beginning Balance	\$ -	\$ -	\$ 169,000
Income			
District Contributions	-	169,000	222,000
Interest Income	-	-	1,750
Total Income	<u>-</u>	<u>169,000</u>	<u>223,750</u>
Total Funds Available	-	-	392,750
Expenses			
Total Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Ending Balance	<u>\$ -</u>	<u>\$ 169,000</u>	<u>\$ 392,750</u>

FY10 Worker's Compensation Financial Plan

	Actual 2007-2008	Estimated Actual 2008-2009	Budget 2009-2010
Beginning Balance	\$ 173,966	\$ 180,064	\$ 270,410
Income			
District Contributions	181,595	190,000	193,800
Interest Income	<u>3,811</u>	<u>4,145</u>	<u>2,000</u>
Total Income	185,406	194,145	195,800
Total Funds Available	359,372	374,209	466,210
Expenses			
Deductibles for Individual Claims	9,905	10,000	13,800
Premiums to commercial carrier	<u>169,403</u>	<u>93,799</u>	<u>180,000</u>
Total Expenses	179,308	103,799	193,800
Ending Balance	<u>\$ 180,064</u>	<u>\$ 270,410</u>	<u>\$ 272,410</u>

FY10 General Liability Financial Plan

	Actual 2007-2008	Estimated Actual 2008-2009	Budget 2009-2010
Beginning Balance	\$ 122,642	\$ 168,039	\$ 245,134
Income			
District Contributions	581,834	581,866	593,504
Interest Income	<u>1,599</u>	<u>900</u>	<u>2,000</u>
Total Income	583,433	582,766	595,504
Total Funds Available	706,075	750,805	840,638
Expenses			
Interfund Transfer	-	-	79,134
Premiums to commercial carrier	386,794	314,801	402,404
No Fault Sewer Back-Up Claims	36,988	75,000	75,000
Claim Deductibles	108,543	110,000	110,000
Flood Insurance	<u>5,711</u>	<u>5,870</u>	<u>6,100</u>
Total Expenses	538,036	505,671	672,638
Ending Balance	<u>\$ 168,039</u>	<u>\$ 245,134</u>	<u>\$ 168,000</u>

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Metropolitan Sewerage District of Buncombe County

BOARD ACTION ITEM

Meeting Date: May 20, 2009

Submitted By: Thomas E. Hartye, PE., General Manager

Prepared By: Stan Boyd, Director of Engineering
Peter Weed, Director of Administrative Services
W. Scott Powell, Director of Finance

Subject: Schedule of Sewer Rates and Fees FY2010

Background

At the budget work session on March 31, 2006, staff was directed to revisit fees and charges to determine if they adequately represented actual current costs for services. After careful consideration, the Board instituted a five-year sewer facility and user fee parity plan. This plan spreads the increase equally over five years to ease the effect on ratepayers.

Discussion

- ◆ **Tap Fee:** The tap fee is the charge for the actual physical connection to the sewer system. The District has traditionally done this work with its System Services forces while outsourcing certain parts of the tap installation.

No cost increases are anticipated for FY 2010. Therefore, staff is not recommending a fee increase.

- ◆ **Facility Fee:** The District established the facility fee in 1990 to put new users on a parity basis with existing customers. The District had taken the position that all of its revenues come from users of the system. Therefore, a new user would not have contributed to the cost of any portion of the sewage collection, transport, and treatment infrastructure. Consequently, the new users should pay a fee to offset the investment in existing sewerage facilities made by existing customers over the years.

Facility fees are based on a certain percentage of the value of the infrastructure and have been updated periodically to reflect improvements and discoveries to the infrastructure as documented in the District's GIS system. In 2006, the District performed a comprehensive calculation of the replacement value of the entire system. This study is being used to compute the "fair share" for an incoming customer's capital contribution to the infrastructure.

Due to current economic conditions, the District has put a one-year moratorium on the five-year sewer facility fee parity plan.

- ◆ **Manhole Installation:** These costs have remained constant as no significant cost increases for materials, labor, or equipment are anticipated. Staff is not recommending a fee increase.
- ◆ **Allocation and Other Fees:** These fees have not traditionally been computed to recover actual cost of Planning and Development personnel. The Board accepted staff recommendation of a 20% increase in FY 2009.

Due to current economic conditions, staff is recommending no fee increase in FY 2010. The proposed fee is still considerably below the actual cost for P&D staff to perform this service. In addition, staff is recommending a one-year moratorium on allocation renewal fees.

- ◆ **Bulk Charges:** Septage hauler fees have been updated to reflect the current industrial rates in accordance with the industrial fee parity plan.

Board Meeting

May 20, 2009

Subject: Schedule of Sewer Rates and Fees FY 10

- ◆ **Returned Check Charge:** Such charges do not fully reimburse the time spent by District staff processing and collecting bad checks, nor for charges assessed by our bank. However, these fees are comparable to charges assessed by retail merchants and other governments, and no change is recommended at this time.

- ◆ **Copy and Printing Fees:** These were computed by Information Technology staff and reflect the cost of materials used to be in compliance with NC public records regulations. They also are in line with copy fees assessed by certain other NC governmental units. No change is recommended at this time.

Fiscal Impact

Staff anticipates a drop in development activity as well as water consumption due to current recessionary pressures. This fee schedule corresponds to the rates and fees presented in the updated business plan.

Staff Recommendation

The Committee recommends to the Board that the attached Schedule of Fees and Charges be incorporated into the FY 2010 Budget and adopted at the June 10, 2009 meeting.

Action Taken

Motion by:

Second by:

Other:

Follow-up required:

Person responsible:

to

Approve
Table

Disapprove
Send to Board

Deadline:

Metropolitan Sewerage District
FY 2010 Rates, Fees & Charges
Effective July 1, 2009

	Current FY09	PROPOSED FY 10
Rate increase	3.0%	3.75%
Average Monthly Sewer Charge (Without Billing Charges)	\$ 22.96	\$ 23.81
Average Monthly Sewer Charge (With 1/2 Billing Charges-COA example)	\$ 23.99	\$ 24.84
Collection Treatment Charge		
Residential & Commercial Volume Charges (per CCF) Inside	\$ 3.51	\$ 3.64
Industrial Volume Charges (per CCF) Inside	\$ 2.045	\$ 2.270
Industrial Surcharge for BOD (per lb., BOD >170 mg/l) Inside	\$ 0.386	\$ 0.378
Industrial Surcharge for TSS (per lb., TSS >170 mg/l) Inside	\$ 0.283	\$ 0.281
Residential & Commercial Volume Charges (per CCF) Outside	\$ 3.52	\$ 3.65
Industrial Volume Charges (per CCF) Outside	\$ 2.055	\$ 2.280
Industrial Surcharge for BOD (per lb., BOD >170 mg/l) Outside	\$ 0.386	\$ 0.378
Industrial Surcharge for TSS (per lb., TSS >170 mg/l) Outside	\$ 0.283	\$ 0.281
Base Meter/Maintenance Charge & Billing Fee		
5/8"	\$ 5.41	\$ 5.61
3/4"	\$ 7.87	\$ 8.16
1"	\$ 13.95	\$ 14.47
1 1/2"	\$ 31.97	\$ 33.17
2"	\$ 56.56	\$ 58.68
3"	\$ 125.42	\$ 130.13
4"	\$ 223.78	\$ 232.17
6"	\$ 504.11	\$ 523.01
8"	\$ 895.12	\$ 928.69
10"	\$ 1,401.70	\$ 1,454.26
Billing Fee (per bill)	\$ 2.05	\$ 2.05
Sewer Facility Fees		
Residential		
Per Unit (non-mobile home)	\$ 1,900	\$ 1,900
Mobile Home	\$ 1,320	\$ 1,320
Affordable Housing	\$ 490	\$ 490
Nonresidential (modifiable per economic development waiver)		
5/8"	\$ 1,900	\$ 1,900
3/4"	\$ 2,200	\$ 2,200
1"	\$ 4,200	\$ 4,200
1 1/2"	\$ 8,600	\$ 8,600
2"	\$ 15,200	\$ 15,200
3"	\$ 34,200	\$ 34,200
4"	\$ 66,500	\$ 66,500
6"	\$ 158,200	\$ 158,200
8"	\$ 180,500	\$ 180,500
Additions < 1,400 GPD	\$ 660	\$ 660

Note: Facility fees being raised to actual allocated cost at March 2006 over 5 years

A one-year moratorium has been enacted on Facility Fee increase

Metropolitan Sewerage District
FY 2010 Rates, Fees & Charges
Effective July 1, 2009

Page -2-

Sewer Tap Fees		
Tap installed by MSD	\$ 600	\$ 600
Additional Charge for Pavement Disturbance	\$ 2,200	\$ 2,200
Additional Charge for Boring	N/A	N/A
Refund if Boring avoids pavement disturbance	\$ (1,300)	\$ (1,300)
Inspection Fee for Developer-Installed Tap	\$ 140	\$ 140
Manhole Installation/Replacement		
Cost per foot	\$ 250	\$ 250
Pavement replacement (if required)	\$ 1,800	\$ 1,800
Other Fees		
Allocation Fee	\$ 170	\$ 170
Non-Discharge Permit	\$ 200	\$ 200
Plan Review Fee	\$ 400	\$ 400
Plan re-review Fee	\$ 350	\$ 350
Final Inspection	\$ 350	\$ 350
Pump Station Acceptance Fee	Note 1	Note 1
Note 1-- See policy for details of computation of O&M and equipment replacement costs for upcoming 20 years;		
50% discount for affordable housing		
Bulk Charges		
Volume Charge for Septic Haulers (per 1000 Gal.)	\$ 45.00	\$ 45.00
Biochemical Oxygen Demand > 170 mg/l (per lb.)	\$ 0.386	\$ 0.378
Total Suspended Solids >170 mg/l (per lb.)	\$ 0.283	\$ 0.281
Returned Check Charge		
Returned Check (per event)	\$ 50.00	\$ 25.00
Dishonored Draft (per event)	\$ 25.00	\$ 25.00
Copy and Printing Fees (each)		
8x11 first print of standard GIS inquiry	\$ 1.00	\$ 1.00
8x14 first print of standard GIS inquiry	\$ 1.00	\$ 1.00
11x17 first print of standard GIS inquiry	\$ 2.00	\$ 2.00
24x36 first print of standard GIS inquiry	\$ 7.00	\$ 7.00
34x44 first print of standard GIS inquiry	\$ 12.00	\$ 12.00
36x48 first print of standard GIS inquiry	\$ 14.00	\$ 14.00
8x11, 8x14 and 11x17 copies after first print	N/A	N/A
8x11 or 8x14 copies after first print	\$ 0.11	\$ 0.11
11x17 copies after first print	\$ 0.20	\$ 0.20
24x36 copies after first print	\$ 0.94	\$ 0.94
34x44 copies after first print	\$ 1.76	\$ 1.76
36x48 copies after first print	\$ 2.03	\$ 2.03
Foam Core mounting per sq. foot	\$ 3.00	\$ 3.00
Data CD	\$ 30.00	\$ 30.00
Shipping for CD	\$ 5.00	\$ 5.00

STATUS REPORTS

CAPITAL IMPROVEMENT PROGRAM

STATUS REPORT SUMMARY

Current as of May 12, 2009

PROJECT	AWARD DATE	NOTICE TO PROCEED	*COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
BEECH GLEN DRIVE FOUR INCH MAIN	3/26/2009	4/20/2009	7/18/2009	\$115,830.00	90%	Informal Pipeline is complete. Waiting on asphalt & final inspection.
DORCHESTER AVENUE FOUR INCH MAIN	3/26/2009	5/4/2009	8/1/2009	\$109,079.00	0%	Informal No work has begun yet.
GLEN BRIDGE ROAD (PRP 47006)	NA	NA	NA	NA	0%	Formal Project is scheduled to bid on May 21st. This project is part of the government stimulus package.
GRINDSTAFF ROAD (PRP 11008)	3/26/2009	5/4/2009	8/1/2009	\$40,971.00	0%	Informal No work has begun yet.
HAYWOOD STREET @ INDIGO HOTEL	12/17/2008	1/19/2009	4/18/2009	\$70,436.00	95%	Formal Project is complete. Waiting on final inspection.
LONG SHOALS ROAD (PRP 48002)	NA	NA	NA	NA	0%	Formal Project is scheduled to bid on May 21st. This project is part of the government stimulus package.
MERCHANT STREET (PRP 34007)	3/26/2009	4/6/2009	7/4/2009	\$135,267.50	90%	Informal Pipeline construction is complete. Restoration, asphalt and final clean up is progressing.
MERRIMON AVENUE @ OTTARI ROAD	1/21/2009	2/9/2009	6/8/2009	\$283,910.00	90%	Formal Pipeline construction is complete. Asphalt replacement and cleanup are still remaining.
MONROE PLACE	12/17/2008	1/19/2009	4/18/2009	\$185,990.00	95%	Formal Project is complete. Waiting on final inspection.
REEMS CREEK INTERCEPTOR	9/17/2008	10/9/2008	6/30/2010	\$3,549,320.00	85%	Formal All 30 inch pipe is complete. Approximately 400 feet of 24 inch pipe remains. Working on grouting manholes and restoration.
ROGERS PLACE	12/17/2008	1/19/2009	4/18/2009	\$135,253.00	95%	Formal Project is complete. Waiting on final inspection.
WEAVERVILLE HIGHWAY @ HILLCREST ROAD	3/26/2009	5/4/2009	8/1/2009	\$40,973.00	0%	Informal No work has begun yet.
WRF - VENTURI REHAB AT INCINERATOR	1/21/2009	2/10/2009	10/7/2009	\$263,000.00	15%	Informal Planned replacement of water works to scrubber to be completed this week. Venturi & inlet fabrication ahead of schedule.

*Updated to reflect approved Change Orders and Time Extensions

Planning and Development Projects
Status Report May 11, 2009

Status	Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
	Gene Bradley Subdivision	2004022	Fletcher	9	420	3/3/2005	Complete-Waiting on final documents
	Acton Woods Apartments	2002195	Enka	20	0	1/27/2003	Complete-Waiting on final documents
	Davidson Road Sewer Extension	2004154	Asheville	3	109	12/15/2004	Complete-Waiting on final documents
	Givens Estates	2001143	S. Asheville	116	267	7/16/2003	Complete-Waiting on final documents
	Falconwood Subdivision	2004122	Enka	23	502	12/6/2005	Complete-Waiting on final documents
	Reynolds Mountain Phase IV	1995126	Asheville	37	2,036	7/6/2005	Complete-Waiting on final documents
	Riverbend Urban Village	2004206	Asheville	260	1250	8/29/2006	Complete-Waiting on final documents
	N. Bear Creek Road Subdivision	2005137	Asheville	20	127	7/11/2006	Complete - Waiting on final documents
	Woodfin Manor	2003154	Woodfin	60	575	10/11/2006	Complete - Waiting on final documents
	Willowcreek Village Ph.3	2003110	Asheville	26	597	4/21/2006	Complete - Waiting on final documents
	Westmore Subdivision	2003003	West Asheville	92	1163	8/29/2006	Complete - Waiting on final documents
	Rock Hill Road Subdivision	2005153	Asheville	2	277	8/7/2006	Complete - Waiting on final documents
	Ken Higgins	199153	Asheville	-	240	6/15/2007	Complete - Waiting on final documents
	Waightstill Mountain Ph-2-A	2003158	Arden	50	5011	10/14/2005	Complete - Waiting on final documents
	Waightstill Mountain Ph.2	2003158	Arden	32	5,011	5/5/2006	Complete - Waiting on final documents
	Jim Beck	2003003	West Asheville	future	75	12/12/2000	Complete - Waiting on final documents
	Holiday Inn	2001068	Asheville	1	474	8/11/2003	Complete - Waiting on final documents
	Bitmore Park Town Square II-4	2007079	Arden	-	481	6/21/2007	Complete - Waiting on final documents
	Byrd Street Condos	2007085	Asheville	14	300	7/31/2007	Complete - Waiting on final documents
	MWB Sewer Extension	2008046	Asheville	Comm.	285	5/12/2008	Complete - Waiting on final documents
	The Cottages on Liberty Green	2007297	Asheville	7	124	5/30/2008	Complete - Waiting on final documents
	Haw Creek Tract	2006267	Asheville	49	1,817	10/16/2007	Complete - Waiting on final documents
	Oak Crest Place	2004056	West Asheville	27	791	12/3/2004	Ready for final inspection
	Buncombe County Animal Shelter	2007216	Asheville	Comm.	78	5/1/2008	Ready for final inspection
	Ridgefield Business Park	2004188	Asheville	18	758	2/16/2005	Complete-Waiting on final documents
			Subtotal	866	22,768		

Planning and Development Projects
Status Report May 11, 2009

Status	Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
Under Construction	Bell Road	2007159	Black Mtn	5	285	11/28/2007	Punchlist pending
	Crayton Creek Green	2006282	Asheville	10	482	3/15/2007	Ready for final inspection
	Haywood Village	2007172	Asheville	55	749	7/15/2008	testing
	Grove Park Cove Subdivision	2004101	Asheville	14	1122	6/28/2006	Pre-con held ready for construction
	The Settings (6 Acre Outparcel)	2004192	Black Mountain	21	623	3/15/2006	Ready for final inspection
	Asheville Ford	2008083	Asheville	Comm.	243	2/16/2009	Pre-con held, ready for construction
	McGinnis Sewer Extension	2004225	Asheville	9	48	5/19/2005	In redesign.
	Falcon Ridge	2004240	Asheville	38	3,279	10/11/2006	Ready for final inspection
	Waightstill Mountain PH-8	2006277	Arden	66	3,387	7/26/2007	testing
	Artisan Park	1998125	West Asheville	133	4,529	4/26/2001	Changed Engineer - work to restart soon
	Brookside Road Relocation	2008189	Black Mtn	n/A	346	1/14/2009	Pre-con held, ready for construction
	Scenic View	2006194	Asheville	48	534	11/15/2006	Ready for final inspection
	Ingles	2007214	Black Mtn.	Comm.	594	3/4/2008	Ready for final inspection
	Bartram's Walk	2007065	Asheville	100	10,077	7/28/2008	testing
	Morgan Property	2008007	Candler	10	1,721	8/11/2008	Pre-con held, ready for construction
	Village at Bradley Branch - Ph. III	2008076	Asheville	44	783	8/8/2008	Installing
	Versant Phase I	2007008	Woodfin	64	12,837	2/14/2007	Ready for final inspection
	Canoe Landing	2007137	Woodfin	4	303	5/12/2008	Ready for construction
	Central Valley	2006166	Black Mtn	12	472	8/8/2007	Punchlist pending
	Hominy Valley Center	2005010	Candler	5	433	8/9/2005	Punchlist pending
	Kenilworth Cottages	2008031	Asheville	11	177	5/12/2008	Ready for construction
	CVS-Acton Circle	2005163	Asheville	4	557	5/3/2006	Ready for final inspection
	Hamburg Mountain Phase 3	2004086	Weaverville	13	844	11/10/2005	Ready for final inspection
	UNCA New Science Building	2005039	Asheville	5	538	10/28/2005	Ready for final inspection
	Bostic Place Sewer Relocation	2005102	Asheville	3	88	8/25/2005	Ready for final inspection
	Kyfields	2003100	Weaverville	35	1,118	5/10/2004	Ready for final inspection
	Brotherton Co-Housing	1999162	West Asheville	32	152	1/24/2003	Ready for final inspection
	Teems Road Subdivision	2007143	Asheville	40	1,308	5/27/2008	Ready for construction
	Thom's Estate	2006309	Asheville	40	3,422	1/24/2008	testing
	Thom's Estate - Phase II	2008071	Asheville	40	3,701	6/10/2008	testing
	Rockwood Apartments	2008109	Asheville	256	4072	1/27/2009	Pre-con held, ready for construction
	Skyland Apartments	2007117	Arden	63	96	4/23/2008	Ready for construction
	Leicester Village Townhomes	2007291	Weaverville	56	427	4/15/2008	testing
Berrington Village Apartments	2008164	Asheville	308	4,690	5/5/2009	Pre-con held, ready for construction	
Oak Crest Drive	2008138	Asheville	5	290	1/14/2009	Pre-con held, ready for construction	
Forest Manor Complex	2088050	Asheville	Comm.	96	12/4/2008	Installing	
Subtotal				2531	92,299		
Total Units:				3,397			
Total LF:					115,067		