

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
NOVEMBER 18, 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, November 18, 2009. Vice Chairman Sobol presided with the following members present: Bissette, Bryson, Creighton, Haner, Kelly, Russell, Stanley and VeHaun. Mr. Aceto, Ms. Bellamy and Mr. Metcalf were absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, Gary Jackson, Asheville City Manager, Joseph Martin, with Woodfin Sanitary Water & Sewer District, Leah Karpen with the League of Women Voters, Patti Beaver with CIBO, Stan Boyd, Ed Bradford, Scott Powell, John Kiviniemi, Barry Cook, Jim Hemphill, Peter Weed, Angel Banks, Julie Willingham, Ken Stines, Pam Thomas and Sondra Honeycutt, MSD.

2. Inquiry as to Conflict of Interest:

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

3. Approval of Minutes of the October 21, 2009 Board Meeting:

Mr. Bissette moved that the Minutes of the October 21, 2009 Board Meeting be approved as presented. Mr. Stanley seconded the motion. Voice vote in favor of the motion was unanimous.

4. Discussion and Adjustment of Agenda:

None

5. Informal Discussion and Public Comment:

Mr. Sobol welcomed Mr. Martin, Mr. Jackson, Ms. Beaver and Ms. Karpen.

6. Report of the General Manager:

Mr. Hartye presented a letter from Stanford and Jan Clontz for the rehab work that was performed on and about their property by System Services Personnel. He expressed his thanks to Ben Reeves, Roy Lytle, Shane Meadows, Eric Gillis, Eric Dawson and Chris Johnson.

Mr. Hartye presented a map of the Avery Creek Sanitary District (ACSD). He reported that the yellow area, adjacent to I-26 and across from the Long Shoals Road intersection, is about 9,100 acres. He presented a system map of the area. He stated that the green lines (approximately 90,000 feet) are owned and operated by MSD along with four (4) pump stations. The lines in red are the (ACSD) lines, (approximately 45,000 LF). Mr. Hartye called on Mr. Clarke for a report.

Mr. Clarke reported that the (ACSD) was established in 1972 under Chapter 130A of the North Carolina General Statutes, and is not a part of MSD. He stated that (ACSD) has its own governing board elected by registered voters resident in that District. He further reported that Avery Creek built, with the help of developers, approximately 45,000 LF of lines and discharged waste to MSD. He stated that in the late 90's, MSD had an agreement with Avery Creek to treat wastewater generated in Avery creek, however, the agreement expired, and currently there is no written agreement in place, but MSD does treat Avery Creek's waste. He further stated that Avery Creek has no employees, no equipment, and contracts with Buncombe County for maintenance. He explained that Avery Creek charges a tap/connection fee for new

connections, but no sewer use charge. Buncombe County does the books for Avery Creek which has a fund balance of approximately \$670,000 and no indebtedness.

Mr. Clarke reported that over the years there have been discussions of making Avery Creek Part of the MSD. He explained that the procedure to dissolve sanitary districts is cumbersome, requiring a petition signed by 51% of landowners, and there was also a question of representation on the MSD Board. He stated that there was one amendment to the MSD Statutes that addresses this; if an unincorporated area comes into the District, that area is deemed to be represented by Buncombe County representatives. Mr. Clarke further stated that in discussions with Mr. Bob Long, the Attorney for Avery's Creek, he indicated that Avery Creek needs to remain a legal entity to deal with other issues.

Mr. Clarke reported that Avery Creek proposes to transfer ownership of its sewer lines to MSD and in turn, MSD would own and operate the sewers in Avery Creek, and the fund balance of \$670,000 would go to MSD, with MSD committing to spend those funds in the Avery Creek District. He stated that Avery Creek is not interested in continuing to own and operate this sewer system, and a proposal will be brought to the Planning Committee in December. Mr. Kelly asked what the financial impact will be to MSD if it takes over this system. Mr. Hartye stated that since there is only 45,000 LF of line in this area, and the lines are in good shape, MSD will commit to use the fund balance in this area as needed. Mr. Kelly asked if Avery Creek is taxed to come up with the money that makes up a portion of the fund balance. Mr. Clarke said no. Mr. Hartye stated that (ACSD) do not add on to MSD's user charges, but to its facility fees. The proposal will allow for better control, coordination, and more preventative maintenance. The initial amount will be spent on cleaning, TV inspection of the entire system, and pipe rating. Mr. Clarke stated that MSD will assume the obligation to operate, maintain and repair the system. Mr. Hartye stated that a Planning Committee Meeting will be held December 9th to go over the proposal in detail and brought back to the Board at its December meeting.

Mr. Hartye called on Mr. Hemphill for an update on personnel activities and programs. Mr. Hemphill reported that the Human Resources Department, with input from the Employee Advisory Committee, (EAC) has been working on several activities this year, with a focus on health and wellness. He stated that in May a "Know Your Numbers" campaign was initiated with 54% of employees participating. Based on information from MSD's third party administrator, about 50% of MSD employees had no interaction with a doctor from a wellness standpoint, and no physical of any type. Although physicals are covered at 100%, the EAC wanted to give employees an incentive to get a physical and recommend a \$100 reduction in their insurance premium if they did so. If an employee chooses not to participate, a \$100 increase per pay period will be added to their premium beginning January, 2011. He further stated that because some employees do not have a regular doctor, 90 employees and spouses have signed up to have a physical through North Greenville Fitness; provided by MSD.

Regarding tobacco cessation, Mr. Hemphill reported that one-third of MSD employees use tobacco in various forms. He stated that as MSD moves toward a smoke-free campus, MSD wants to encourage these employees with opportunities to get better. Therefore, the current cessation plan has been changed from \$150 per employee per year for medicine, gum, patches, etc. to \$2,000 per year. MSD has partnered with Memorial Mission to provide 12 counseling sessions for each employee who signs up. However, if employees sign up for the sessions and do not go, they are committed to pay MSD back for the counseling time.

Mr. Hemphill reported that in the past MSD's Wellness Committee has won a bronze award for "A Well Workplace", but would like to do better. He stated that the

Committee has put together a Health Fair scheduled for November 19th. The fair will be held at the Woodfin Community Center and will include several vendors, flu shots, etc.

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The Wellness Committee has also been very involved in MSD's exercise program, and because the IT Department needed the addition space, the exercise room was relocated to a 2,000 square foot space above Fleet Maintenance for employees to use at their convenience. Ms. Karpen asked if the Wellness Program is budgeted by MSD. Mr. Hemphill stated that some of the funds are budgeted, and MSD receives grants from the NC League of Municipalities. Mr. Hemphill presented a video produced by the Wellness Committee to encourage employees to participate. Mr. Hemphill introduced Pam Thomas, who is the Wellness Coordinator/Chairman and is responsible for putting the video together.

Mr. Hartye presented a list of accomplishments for FY 2009 and touched on a few of the accomplishments from each division as follows: MSD was awarded the "Excellence in Management Award" from NACWA; the Finance Division received the GFOA "Excellence in Financial Reporting" award for the CAFR for FY ending June 30, 2008; issued \$17.2 million in reimbursement Revenue bonds and issued \$13.4 million of refunding Revenue bonds with a \$1 million present value savings. The CIP Division administered a CIP budget of \$17,206,866 with in-house personnel; actively managed 115 projects within the program; rehabilitated 45,643 LF of collection system; completed the Dry Weather Flow Monitoring Project and completed the rehabilitation of the Reems Creek Interceptor. The Environmental, Health and Safety Division reported zero (0) OSHA violations and continued to maintain a low worker compensation claim activity for the calendar year. The IT and MIS Divisions, implemented encrypted wireless connection for MSD trucks, TV Vans, Plant and Maintenance employees to update maps, email, etc.; implemented new Exchange/Edge email servers; implemented web-based email interface for all MSD employees and a District-wide upgrade to Serenic Navigator 5.0. The System Services Division achieved an average response time over a 180 square mile area in less than 30 minutes to customer service requests during regular hours; achieved an average response time of 37 minutes to after hour calls; cleaned 893,079 LF of pipeline with in-house crews; mechanically removed or chemically treated for roots 164,464 LF of pipeline; completed 528 emergency and scheduled construction repairs; rehabilitated 6,539 LF of pipeline and 8,180 LF of pipeline with in-house crews; reduced SSO's from a total of 41 in last fiscal year to 23 this fiscal year, however there were four (4) large SSO's last week due to Hurricane Ida. The Wastewater Treatment Division had successful WRF, pump station, IW, Nutri-Lime and Air Quality Permit Inspections; received a "Peak Performance Award" from NACWA for the 9th consecutive year; started the replacement of intermediate hydraulic pumps, and completed replacement of the venturi scrubber system at the incinerator. The Human Resources Division has expanded "Housecalls" from Three Streams to a weekly event in addition to the accomplishments reported by Mr. Hemphill. The Planning and Development Division is slow due to the economy, but have seen a fair amount of linear feet of systems transferred and completing of projects.

Mr. Hartye reported that the Right of Way Committee meeting scheduled for November 25th is cancelled and the next meeting is scheduled for January 27, 2010. The next regular Board meeting will be held December 16th at 2PM.

7. Consolidated Motion Agenda:

a. Consideration of acceptance of Developer Constructed Sewer Systems: 96 Midland Drive, Biltmore Park Town Square Phase II-Section 4, and Rockwood Apartments, LLC-Phase I projects.

Mr. Hartye reported that staff recommends acceptance of the developer constructed sewer systems and abandonment of a portion of existing sewer systems for 96 Midland Drive and Biltmore Park Town Square. Also, acceptance of developer

constructed sewer system for Rockwood Apartments. All MSD requirements have been met.

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b. First Quarter Budget to Actual Review:

Mr. Powell reported that on page two, the domestic user fees are showing signs of being below projections, which reflect a decrease in consumption due to a wet summer and continuing recessionary pressures on commercial customers. He stated that historically, the District at this point in time, would be at 27% of budget, but is at 24% of budget. The 3% variance should have an impact on the District's current year budget in the range of \$6 to 7 hundred thousand dollars. With regard to Facility Fees, the District has already met its budget expectations. As of the end of the first quarter, the District achieved \$432,710 worth of revenue. Mr. Powell explained that historically, these numbers were budgeted conservatively going into this fiscal year, not knowing how the numbers would be impacted by the recession. At this time last year, revenue, as it pertains to facility and tap fees, was at \$1.2 million which shows development has dropped off this last fiscal year. Mr. Powell further reported that Interest and Rental Income reflects expected earnings, and all expenditures for O&M, Debt, and Capital Projects are within reason, taking into consideration associated encumbrances. Mr. Hartye stated that the reason Capital Projects is low is that staff is waiting to see where the trend is going with incoming revenues the next quarter before "pulling the trigger) on the \$10 million Micro Screen project.

c. First Quarter City of Asheville Billing Report:

Mr. Powell reported that 80% of MSD's domestic sewer revenues are billed by the City of Asheville (COA). At the end of each quarter COA staff prepares a summary of billing and collection data as seen on page 2 of the report. He stated that net billings are down 2.3%, which translates to a 6% decrease in overall consumption. Cash receipts are down 4.9%, which is attributed to the decrease in net billings as well as a timing of one particular cash receipt that normally comes in July 1st, but came in June instead. He further reported that the Aging Percentages do not currently indicate any problems with collections, but staff is always looking at this information and is touch with staff at the COA to make certain these percentages are within reason, since a negative trend would have a cash flow affect to the District. Mr. Haner asked Mr. Powell to address the Bad Debt Write-off of \$34,572. Mr. Powell stated that this happened at the end of the fourth quarter. He explained that at the end of every year, the COA writes off uncollectible accounts. However, the COA as well as the MSD and other municipalities, participate in NC Debt Set-Off, which means these funds can be captured from those individuals that were not willing to pay their bills from their NC State tax returns in addition to participating with collection agencies.

d. Cash Commitment/Investment Report – Month Ended September 30, 2009:

Mr. Powell reported that page two illustrates the make-up of the District's investment portfolio on a historical and current perspective. He noted that the portfolio itself does not change dramatically in its make-up as it pertains to State Statute 159-30, which gives the District the ability to invest in governmental agencies, municipal bonds, commercial papers, certificates of deposit, NCCMT (money market), and bank CD's re-purchase agreements. He stated that the District participates in bank CD's, NCCMT and owns two agencies, and as of September, the District has \$32 million in its portfolio. He further stated that MSD issued debt at the beginning of October and next month, the report will show approximately \$18 million coming on the books from that issue. Mr. Powell reported that page 3 is the Investment Managers Report, and as of September, the weighted average maturity of the portfolio was 87 days with a yield to maturity of 1.78%. Page 4 is the District's Analysis of Cash Receipts. On a monthly prospective, cash receipts are considered

reasonable based on historical trends. Year to date budget to actual reflects a wet summer and recessionary pressures on domestic revenues, and Facility & Tap fees are

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high. Mr. Powell reported that page 5 is an analysis of the District's monthly and YTD expenditures. He stated that all expenditures are considered reasonable based on historic trends. Page six illustrates the performance of the District's variable rate debt. He stated that since the time of the refunding, the District has saved in debt service payments, \$743,343 on the 2008A Series debt, and \$1,026,060 on the 2008B Series debt.

Mr. Kelly suggested setting up a meeting of the Finance Committee to discuss the pros and cons of staying with the District's current accounting firm as opposed to going out for RFP's. He further suggested the meeting be held at 12:30 p.m., prior to the regular meeting of the Board on December 16th.

Mr. Jackson reported that the City of Asheville has seen a very high response in payment from customers, with less spending in other areas and expects to see this trend continue. With regard to storm water fees, which are billed independently, the City is expecting to move this fee over to the water and sewer bill in order to cut down on billing costs. Mr. Haner asked if the fee will be billed annually. Mr. Jackson said no, that it will be a pro-rata fee. Mr. Hartye asked if the City is considering a monthly billing. Mr. Jackson stated that he has not heard of any move toward changing the billing cycle. With no further discussion, Mr. Sobol called for a motion to approve the Consolidated Motion Agenda as presented. Mr. Kelly moved. Mr. VeHaun seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays.

8. Old Business:

None

9. New Business:

None

10. Adjournment:

With no further business, Mr. Sobol called for adjournment at 2:50 P.M.

Jackie W. Bryson, Secretary/Treasurer

<h1 style="margin: 0;">MSD</h1> <h2 style="margin: 0;">Regular Board Meeting</h2>

Metropolitan Sewerage District
of Buncombe County, NC

AGENDA FOR 11/18/09

✓	Agenda Item	Presenter	Time	
	01. Call to Order and Roll Call	Aceto	2:00	
	02. Inquiry as to Conflict of Interest	Aceto	2:05	
	03. Approval of Minutes of the October 21, 2009 Board Meeting.	Aceto	2:10	
	04. Discussion and Adjustment of Agenda	Aceto	2:15	
	05. Informal Discussion and Public Comment	Aceto	2:20	
	06. Report of General Manager	Hartye	2:25	
	07. Consolidated Motion Agenda		2:50	
	a. Consideration of Developer Constructed Sewer Systems: 96 Midland Drive, Biltmore Park Town Square – Phase IV, and Rockwood Apartments – Phase 1.	Hartye		
	b. First Quarter Budget to Actual Review.	Hartye		
	c. First Quarter City of Asheville Billing Report.	Hartye		
	d. Cash Commitment/Investment Report – Month Ended September 30, 2009.	Hartye		
	08. Old Business:	Aceto	3:05	
	09. New Business:	Aceto	3:20	
	10. Adjournment (Next Regular Meeting –12/16/09)	Aceto	3:30	

APPROVAL OF MINUTES

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
OCTOBER 21, 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, October 21, 2009. Chairman Aceto presided with the following members present: Bellamy, Bissette, Bryson, Haner, Kelly, Metcalf, Russell, Sobol, Stanley and VeHaun. Mr. Creighton was absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, Marcus Jones with Henderson County, Stan Boyd, John Kiviniemi, Ed Bradford, Jim Hemphill, Scott Powell, Barry Cook, Peter Weed, Angel Banks 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 September 16, 2009 Board Meeting:

Mr. Aceto asked if there were any objections to approving the Minutes of the September 16, 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:

None

6. Report of the General Manager:

Mr. Hartye reported that under Old Business, Scott Powell will give a recap of MSD's Bond Issue.

Mr. Hartye reported that a called was received from Mr. Chester Pankowski of Marlowe Drive to let MSD know how much he appreciated the quickness and great customer service that Herman Shelton provided. In addition, he presented a letter from United Way in appreciation of District employee efforts with the Day of Caring. MSD had 19 employees involved in 2 projects for the day. Mr. Hartye expressed his thanks to all involved for helping to give back to the community.

Mr. Hartye reported that Gary McGill will give a presentation on background information about Cane Creek Water & Sewer District (CCWSD). Mr. Hartye stated that the District completed its Master Plan and the CCWSD has done its own planning effort to look into the future to see what type of capacity is needed in the southern end of the county. He further stated that CCWSD has come up with a proposed allocation of 3.0 mgd, which MSD has done some analysis on, and will likely enter into negotiations with regard to updating the current agreement, and would like to get the full Board up to a level of understanding of the CCWSD; what it is and how it works. Once staff gets further into negotiations with CCWSD, this will be brought to the Planning Committee to go over the details. Mr. Hartye called on Mr. McGill for a presentation.

Mr. McGill reported that the CCWSD was formed in 1981, and in March of 1988, MSD entered into an agreement to accept their wastewater flow of 0.55 mgd in order that it would not have to be treated within the CCWSD. During this time, MSD was laying its

South Buncombe interceptor from the plant into Henderson County. He stated that most important to the agreement, as it relates to where MSD is headed, is that it allocated 550,000 gpd to the CCWSD from the MSD. In March of 1989, the agreement was amended to increase the allocation from 0.55 mgd to 1.35 mgd. Ms. Bellamy asked if Henderson County and the CCWSD are the same entity. Mr. Clarke stated that CCWSD is a separate legal entity, but the Henderson County Board of Commissioners serves as the governing body. Mr. McGill further reported that in October of 1990, a second amendment was made that states CCWSD customers inside the original boundary would not pay MSD's new capacity depletion fee, currently called a facility fee.

Mr. McGill reported that the agreement with CCWSD remains in effect and the current flow is approximately 750,000 gpd; well below its current allocation. However, CCWSD wants to be sure if it came to MSD, it would have the capacity to go forward with its planning process; particularly in the north Henderson County area. Mr. McGill presented a map from the Henderson County 2020 Comprehensive Plan showing the sewer services areas and districts; areas currently served by sewer; wastewater treatment plants/discharges and sewer lines, including the MSD interceptor line. Mr. Bellamy asked how far the MSD interceptor is from the City's water plant at Mills River. Mr. Jones said approximately 10 miles. Ms. Bellamy asked if the interceptor runs along NC 191. Mr. McGill said it runs along the French Broad River. Mr. McGill further reported that CCWSD/Henderson County completed a Basin Study in 2009, which looks at the whole area of northern Henderson County, not just the current boundaries of the CCWSD, and as a result, is looking for a long-term allocation from MSD of 3.0 mgd.

Mr. McGill presented a map of the 2009 Basin Study showing CCWSD's existing service area and potential service area, which is outside the current boundary; thus the reason for a long-term allocation. He stated that MSD's interceptor system within Henderson County is very important in the future and can be merged into what Henderson County is planning.

Mr. McGill reported that the initial evaluation of the existing agreement and provisions of a new agreement began in June. He stated that considerable time was spent in review of the South French Broad Interceptor and the Carrier Bridge Pump Station capacity. In addition, there was a review of MSD's Master Plan as it relates to future consideration about the collection system down to the Henderson County line. Mr. McGill presented a map showing MSD's interceptors and pipe sizes along the 30-miles from the treatment plant to Cane Creek. He stated that MSD's interceptor system is monitored continuously with flow monitoring stations throughout the entire system and this data will help determine the impact Henderson County will have on the MSD system. Mr. Aceto recognized Marcus Jones with Henderson County. Mr. Jones stated that this is the logical way to move forward, and with Henderson County's basin study, hopefully they can move forward with contributing information and being an integral part of the planning process. Mr. Sobol asked what the current capacity of the interceptor is. Mr. McGill stated that flow monitoring shows a fair amount of fluctuation in each of the pipe segments. The most critical portion of the line is the 48" pipe above the Carrier Bridge Pump Station, because the land is very flat, meaning there is not as much capacity because of the slope. He further stated that System Services has trouble keeping this line clean because of the velocity of the flow due to the slope of the pipe being only .04%. However, none of the line segments are at capacity at this time. Mr. Hartye expressed his appreciation to System Services for work done on the 36" segment of line across the Biltmore Estate to bring the level of flow down, which was the critical portion of the interceptor for a long time. Ms. Bellamy asked how many flow monitoring stations there are. Mr. McGill stated that the two main stations are located across from the Lake Julian Power Plant and the other is located on Amboy Road. Also, there are stations located along the tributaries. The question is whether to construct other permanent stations. Mr. Aceto asked where MSD will go from here. Mr. McGill stated that once a bulk of information is established and there is an understanding, then this can be brought to the

Planning Committee. Mr. Aceto asked if there will be any impacts on the Bond Covenants or Bond Order. Mr. Clarke said no. He stated that although the District cannot own sewer lines outside the District, it can provide service outside the District. Mr. Hartye continued with his report.

Mr. Hartye presented a description of the UNC School of Government Course on Finance to be given in Asheville on February 24, 2010. He stated that the course will also include a 2-hour ethics segment which meets the new statutory requirement discussed at the last Board Meeting. Several members indicated a desire to attend.

Mr. Hartye called on Mr. Clarke for a report on a meeting held with Norfolk Southern Railroad. Mr. Clarke reported that a very productive meeting was held with two representatives from Norfolk Southern, himself, Angel Banks and Ed Bradford and Mike Stamey. He stated that they came up with the framework for an agreement on existing crossings and the replacement of crossings, and will report back to the Board next month. Ms. Banks stated that the meeting went very well and expressed her appreciation to Mr. Clarke for his input.

Mr. Hartye reported that the Right of Way Committee meeting scheduled for October 28th has been cancelled. The next regular meeting of the Board will be held November 18th at 2PM.

7. Report of Committees:

Right of Way Committee

Mr. Kelly reported that the Right of Way Committee met September 23rd to consider a Compensation Budget on the Town Mountain Road 4" Main Rehabilitation Project and Condemnations on the Gladstone Road 4" Main and Sycamore Terrace PRP Projects.

8. Consolidated Motion Agenda:

a. Consideration of Compensation Budget – Town Mountain Road 4" Main:

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

b. Consideration of Condemnation – Gladstone Road 4" Main:

Mr. Hartye reported that the Right of Way Committee recommends authority to obtain appraisal and proceed with condemnation.

c. Consideration of Condemnation – Sycamore Terrace PRP:

Mr. Hartye reported that the Right of Way Committee recommends authority to obtain appraisal and proceed with condemnation.

d. Consideration of Adoption of Revised MSD Sewer Use Ordinance:

Mr. Hartye reported that the Board at its April 2009 meeting adopted a declaration of intent to adopt the revised MSD Sewer Use Ordinance. The Ordinance was sent out to the local governing bodies within the District for review and comment. He stated that the State of North Carolina requires adoption of a Sewer Use Ordinance, and since last approval in 2003, 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

(DENR). Secondly, The Streamlining Rule was published in the Federal Register by the EPA; designed to reduce the overall regulatory burden of both the Industrial User (IU) and the Control Authority (MSD), without adversely affecting the environmental protection. Mr. Hartye stated that only one comment was received from the City of Asheville, who had no concerns with the proposed changes. Staff recommends the Board adopt the revised MSD Sewer Use Ordinance.

e. Cash Commitment/Investment Report – March Ended August 31, 2009:

Mr. Powell reported that on page 2 of the report is an Investment Portfolio Analysis for five years as well as the last two months. He stated that when MSD makes investments, it holds that investment to maturity; therefore, not much fluctuation can be seen on a month to month basis. However, when looking at the investment portfolio in relation to the last five years, it shows a trend of what MSD invested in the past, which were predominately governmental agencies and treasuries. During the current year and last fiscal year, MSD invested in certificate of deposits. Page 3 shows the Annual Yield Comparison. He stated that in FY 06, investment yields were higher, and then in FY 09-10, yields are lower due to the type of investments MSD has that are mandated by State Statutes. Pages 4 and 5 is an Analysis of Cash Receipts; month to day and year to day showing MSD revenues trending down lower than in the past due to recessionary pressures and having a wet summer. Facility and tap fee percentages are higher than last year; this is in comparison to budget. When looking at the revenue numbers as of the end of August, facility and tap fee revenues year to day is \$269,000, and last year at that same time period for the first two months, there was approximately \$1 million in revenue. Although facility and tap fee revenue have declined from the previous year, they were budgeted conservatively; thus the decline does not have an impact on the current years' budget. Mr. Powell stated that expenditures are normally flat month to month and that debt service percentages have come down significantly due to the low rates on the variable rate debt. Page 6 shows the performance of variable rate debt, which is in line with budget. Mr. Aceto asked what MSD would do if anything happened to Bank of America. Mr. Powell stated that any monies invested in any banks are dealt with on the pooling method, which means they put money aside at the State Treasurer, so if something happens; MSD can go to the State Treasurer and receive those funds. Mr. Sobol asked how much money is put aside. Mr. Powell stated that Bank of America has securities pledged at the State Treasurer in the amount of \$16.5 million. If there is an issue, the State Treasurer takes control of those securities and MSD receives its funds.

Mr. Stanley moved that the Board adopt the Consolidated Motion Agenda as presented. Mr. Haner seconded the motion. Following a brief discussion, Mr. Aceto called for the question. Roll call vote was as follows: 11 Ayes; 0 Nays.

9. Old Business:

Mr. Powell presented pricing statistics for the 2009A and 2009B revenue bonds. He reported that MSD priced the bonds at exactly the right time in that the all-in true interest cost for the 2009A new money issues was at 4.13%. He stated that at the time of this process, staff was anticipating the rate to be 4.5%. The District will recognize \$65,000 in annual debt service savings for the life of the Bonds. On the refunding bonds, the all-in interest rate was 2.2%. Staff anticipated the net savings on this issue would be about 4%, but ended up being 6.34%, which amounted to \$51,000 annual savings in additional annual debt service. With regard to Subscriptions, which is how many bidders there are in relations to a specific maturity, Mr. Powell explained that a high subscription rate means the bonds were priced too rich, and a low subscription rate means the bonds were priced just right. He stated that the subscription rates at each maturity were 1 to 1.5 in relation to the amount of par value debt that was issued out. He further stated that Allotments were 70% institutional and 30% retail. Mr. Aceto asked whether a

subscription rate of 1 to 1.5 is too high or too low. Mr. Powell stated that this is where MSD wants to be. If the subscription rate was 3 to 4, this would mean the rate offering on the debt is high in relation to the rate of return. Mr. Aceto asked who made the decision that this turned out so well. Mr. Hartye stated that this was a lucky shot, in that MSD hit a 40-year low at the time of pricing, which is now going back up. He further stated that Scott and Billy worked very hard to keep the process going. Mr. Clarke stated that it was Wachovia personnel who pegged the price and that these are the lowest fixed rate bonds the District has ever had. Mr. Powell stated that the underwriters look at the Municipal Market Data (MMD), which is the baseline rate for fixed rate issues, and how MSD's rates are priced in relation to (MMD). He further stated that a week before, in pricing the bonds, MSD was looking at an issue that was 45 basis points higher than the MMD, and it was anticipated that MSD's bonds would be at this amount or higher. When the bonds were priced, the bonds were at 37 basis points of the MMD. Mr. Aceto asked Mr. Powell to discuss who the bond team was. Mr. Powell stated that there is a senior manager (Wachovia) and two (2) co-managers (BB&T & Citi). When looking at this issue, 15% went to BB&T and 15% went to Citi in relation to retail sales. When looking at the analysis at the end of the deal, BB&T had 11% and Citi had 2%. He further stated that when the idea of issuing debt was brought to the Board in May, a discussion was held regarding having more of a retail presence as opposed to an institutional presence, since an institutional buyer is more sophisticated and are asking for more basis points in relation to the deal. Due to a 40-year low in the municipal market, the higher institutional presence did not have an adverse effect on the pricing of the 2009A and 2009B revenue bonds.

10. New Business:

Ms. Bellamy asked for an update on the line going through the Livingston Street softball field. Ms. Banks reported that staff has been in conversation with Al Kopf and looked at the City's concerns in regard to future developments with the community center. She stated that because there have been some recent problems with this line, the line was TV'd and is in critical shape and will need to be replaced. She further stated that staff will meet with Mr. Kopf and his design team on site next week. Mr. Bradford stated that replacement of this line will be put in the budget for next year. Mr. Russell stated that it was his understanding that the current line was going to be abandoned and re-routed. Mr. Bradford stated that staff will be working closely with City staff on this issue.

Mr. Russell reported that the City is looking at a potential land purchase along Hominy Creek and asked if it would be inappropriate for MSD to give an opinion on any foreseeable problems with this tract of land, since an MSD line runs the length of the property. Mr. Hartye stated that Planning & Development will be happy to look at this. Mr. Russell stated that MSD has an easement throughout the entire piece of property, which is part of the Greenway Master Plan that the City is looking to acquire. Mr. Clarke stated that MSD has an easement for a sewer line, but not for anything else.

11. Adjournment:

With no further business, Mr. Aceto called for adjournment at 3:05 PM.

Jackie W. Bryson, Secretary/Treasurer

REPORT OF GENERAL MANAGER

MEMORANDUM

TO: MSD Board
FROM: Thomas E. Hartye, P.E., General Manager
DATE: November 12, 2009
SUBJECT: Report from the General Manager

- Kudos
 - Letter from Stanford and Jan Clontz for the rehab work that was performed on and about their property by our System Services Personnel. Thanks to Ben Reeves, Roy Lytle, Shane Meadows, Eric Gillis, Eric Dawson and Chris Johnson.
- Avery Creek Water and Sewer District

Billy Clarke will give a short presentation on the history of Avery Creek Water and Sewer District (ACWSD) and some of the elements of a new agreement that staff is working on to assume ownership and maintenance responsibilities for the ACWSD system. Staff intends to bring an agreement along with other pertinent information to the upcoming Planning Committee Meeting in December.

- Personnel Activities update

Jim Hemphill will give an update on personnel activities/programs such as free physicals, “know your numbers,” tobacco cessation, the exercise room and other initiatives.

- Fiscal Year 2009 Accomplishments

Attached is the annual list of accomplishments for MSD by Department. I will touch on some highlights at the meeting.

- Board/Committee Meetings

The Right of Way Committee scheduled for November 25th has been cancelled (the next ROW Committee meeting will be January 27, 2010). The next Regular Board Meeting will be held December 16th at 2pm.

STANFORD K. CLONTZ
ATTORNEY AT LAW
ONE OAK PLAZA, SUITE 306
ASHEVILLE, NORTH CAROLINA 28801

PHONE: (828) 281 - 0740
Fax: (828) 258 - 8117

October 21, 2009

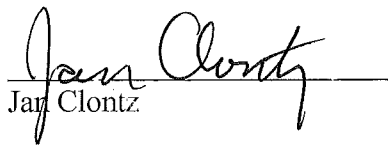
Tom Hartye, General Manager
Metropolitan Sewage District
2028 Riverside Drive
Asheville, North Carolina 28804

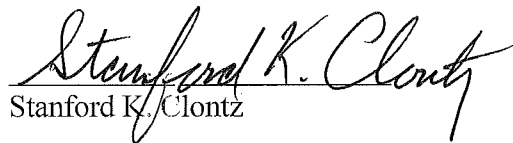
Re: Woodrow Hunter Property, 100 Crestwood Road

Dear Mr. Hartye:

We appreciate your not having to take Mr. Hunter's driveway at 100 Crestwood Road for the new sewer line. We believe that Ben Reeves, Roy, and the construction crew did a good job. We appreciate them restoring the Hunter property to its original condition prior to manhole installation.

Sincerely,


Jan Clontz


Stanford K. Clontz

SKC/lit

CC: Ben Reeves

Metropolitan Sewerage District of Buncombe County

Accomplishments for Fiscal Year 2009

MSD was awarded the NACWA "Excellence in Management Award"

Finance Division

- Received the GFOA "Excellence in Financial Reporting" award for the Comprehensive Annual Financial Report (CAFR) for FY ending June 30, 2008
- Received the GFOA "Distinguished Budget" award for the Budget Document prepared for FY ending June 30, 2009.
- Successfully completed cross training of all departmental functions.
- Implemented Finance software upgrades which will help the department achieve its goal of a paperless office in five years.
- Issued \$17.2 million in reimbursement Revenue bonds with all in interest rate of 4.13%.
- Issued \$13.4 million of refunding Revenue bonds with \$ 1 million present value savings.
- Successfully renegotiated the District's standby purchase agreement for a two year period; T saving the District an estimated \$225,000 in annual fees.
- Revised the District's Purchasing Policy which was approved by the Board in February 09 .

Capital Improvement Program Division

- Administered a Capital Improvement Program budget of \$17,206,866 with in-house personnel.
- Actively managed 115 projects within the program. These are projects ranging from preliminary design to recently completed.
- Rehabilitated 45,643 Linear Feet (LF) of collection system during FY09. This includes 29,297 LF rehabilitated through contract construction. Began construction for the rehabilitation of the Intermediate Pumping System at the WRF.
- Completed the design of the Final Microscreen Replacement Project.
- Completed the Dry Weather Flow Monitoring Project, which took advantage of the recent drought conditions.
- Completed the rehabilitation of the Reems Creek Interceptor (15,400 LF of 24-inch and 30-inch DIP).

- Added 10 capital projects to the CIP. Additionally, 18 in-house projects were added during FY08-09 for System Services to construct. Design is complete for all 18, and 7 have been constructed as of 10/6/09.
- Acquired Rights-of-Way across 65 separate properties.
- Designed and implemented a new geospatial database design to allow for easier administration and tighter security.
- Along with MIS, was instrumental in starting the Technology Leveraging Committee and the Application Working Groups to encourage discussion and coordination with the various levels of the organization when dealing with technology projects.
- Hosted a successful GIS Day Open House which brought together many departments to learn more about what GIS is doing to support the organization and provided a format for users to express ideas and concerns.
- Actively pursued project coordination with local municipalities. This is accomplished by participation in the local Utilities Coordinating Committee, the CIP Project Lists being sent to local municipalities, and partnering when opportunities arise.

Administrative Services Division

Fleet Maintenance

- The Biodiesel program began in July 2003. By end of June 2009, MSD purchased more than 475,000 gallons of B20 replacing more than 95,000 gallons of fossil fuel with oil made from soybeans. This renewable energy also serves to lower air pollution emissions by a corresponding twenty percent.
- The use of E10 (10 percent ethanol) for all gasoline powered vehicles acts to fulfill MSD's commitment to alternative "green" energy choices. Annual purchases average 12,000 gallons.
- Maintained a 91% work order completion rate for direct labor on vehicles versus shop time (85% target).

Environmental, Health and Safety

- Zero (0) OSHA violations.
- Continued to maintain a low worker compensation claim activity for calendar year.
- Managed District experience modifier rate below 1.0
- Awarded the North Carolina Department of Labor (NCDOL) Safety Award for sixth consecutive year by maintaining a Lost Workday Case rate less than 50% of the NAICS (North American Industrial Classification System) pertaining to the District SIC code.
- Applied for and awarded the 2009 North Carolina League of Municipalities safety grant.

- Successful management of bi-annual surveillance auditing of the MSD Environmental Management System.
- Establishing as a best management practice a paperless EHS system.

Information Technologies (IT)

- Implemented MSD Wireless for MSD Employees and guests.
- Implemented encrypted wireless connection for MSD Trucks, TV Vans, Plant and Maintenance employees. Updates maps, email, etc.
- Installed notification server to monitor core MSD hardware and alert members of MSD IT department, via email or phone, in the event of a failure.
- Created VPN access path for remote MSD office at Buncombe County Permit location. Enables user to access all MSD resources off site in secure fashion.
- Rolled out over 20+ laptop replacements/installations and 25+ desktop replacements/installations for MSD users.
- Re-wired Treatment Plant administrative area with new, organized CAT6 cabling and rack.
- Planned and negotiated seed of Dell Blade Container and Dell Servers for future MSD infrastructure growth.
- Continued District-wide systematic hardware and software upgrades as needed. Upgraded backup hardware/software on servers to improve reliability, performance and case storage capacity.
- Adopted the policy of replacing failing CRT monitors with LCD monitors as prices have dropped. This appears to have eased eyestrain for many users. Several users have adopted the dual monitor setup to allow data analysis on one screen while viewing maps on the other. We have replaced over 20 monitors this year.
- Purchased three laptops to allow Plant Management and On-call personnel to remotely access the Plant SCADA system utilizing broadband cellular modems.
- Implemented new Exchange/Edge email servers for MSD. Enables faster, more secure email transfer. Ensures backup, redundancy and archiving of all MSD email.
- Implemented web-based email interface for all MSD employees.
- Planned and began implementation of new server room in Mull Building. Clean, secure, static free environment. Designed to house entire MSD data infrastructure, including SANs and Blades.

Management Information Systems (MIS)

- Major reworking of database to track information from the Belt Filter Press operations.
- District-wide upgrade to Serenic Navigator 5.0.
- Enhanced Paving Contract database to accommodate city data.
- Developed on-line work request system for plant and building trades tied directly to OSIRIS.

- In coordination with GIS created new Dukes Root application and generated footage for this year.
- Created Parcel Diary Tracking Module for ROW Negotiations Tracking Database.
- QC on all CIP lines to generate new Increased Inspections for SSD.
- Construction of a new Fleet Management Database tied directly to Gasboy database.
- Assist in creation of the Technology Leveraging Committee (TLC).
- Creation of vendor management module for OSIRIS.
- Creation of automatic PIN conversion (NAD 27 to 83) in the ROW Management system.
- Creation of NOV reporting in SSD Work Order System.

System Services Division

- Achieved an average response time of less than 30 minutes to customer service requests during regular working hours.
- Achieved an average response time of 37 minutes to after hours calls with the Night First Responder and the Night Crew.
- Responded to 1,399 customer service calls during regular working hours. Responded to 1,067 customer service calls after hours and on holidays.
- Cleaned 893,079 LF of pipeline with in-house crews. Mechanically removed or chemically treated for roots 164,464 LF of pipeline.
- Completed CCTV inspection of 264,431 LF of pipeline.
- Completed 528 emergency and scheduled construction repairs.
- Installed 211 taps.
- Completed 458 manhole repairs.
- Rehabilitated 6,539 LF of pipeline with in-house crews through dig and replace.
- Completed 60 IRS repairs resulting in rehabilitation of 8,180 LF of pipeline with in-house crews.
- Installed 968 LF of point repairs with in-house crews by repairing line sections.
- Cleared 34,131 LF of right-of-way.
- Reduced Sanitary Sewer Overflows from a total of 41 in the last fiscal year to 23 this fiscal year.
- On-going cross training program for System Services employees.
- Reduced major inflow and infiltration in the south end of town in the Bradley Branch area through smoke testing.
- Washed and bucketed approximately 10,000 LF of 36" line on the Biltmore Estate. Also TV'd approximately 8,500 LF.
- Working with the City of Asheville Water Department on joint ventures to save money. Received a plaque from the City for our partnership on the Merrimon Avenue project.
- Purchased a Compact Hydraulic Excavator to allow staff to maneuver in smaller areas without destroying customer's property. This will also reduce rental fees and restoration costs.

Wastewater Treatment Division

- Successful WRF, pump station, IW, Nutri-Lime & Air Quality Permit Inspections
- Received “Peak Performance Award” from NACWA (9th consecutive year)
- Completed full scale testing of chemically assisted settling @ intermediate clarifier
- Completed source emissions testing & air dispersion modeling @ incinerator
- WRF SCADA – continued improvements to WRF, remote pump station & flow monitoring SCADA systems
- Completed replacement of constant emissions monitoring system @ incinerator
- Completed replacement of preheat burner management panel & associated controls
- Initiated construction project - replacement of intermediate hydraulic pumps
- Continued comprehensive process monitoring/evaluation of aging RBC system
- Completed on-site repair to inlet plenum of heat exchanger @ incinerator
- Completed 2nd of two gravity thickener drive system replacements
- Completed replacement of venturi scrubber system @ incinerator
- Numerous structural maintenance improvements at WRF and remote pump stations; inclusive of roof replacements/interior/exterior improvements
- Continued Media Campaign – Grease Education Program (billboards, city buses, etc.)
- Completed new, climate controlled, dedicated IT server room (in-house)
- Completed new employee wellness/exercise room @ fleet mezzanine (in-house)

Human Resources

- Developed action plans for Succession Planning program
- Coordinated “Employee Physicals” event
- Held District’s 11th Annual Health Fair, 115 participants (flu shots & Health Risk Assessments)
- Coordinated on-site physicals through North Greenville Fitness
- Coordinated relocation and outfitting of Employee Exercise Room
- Coordinated a variety of Employee Relations activities through the year
- Held “Know your Numbers” event to promote awareness of chronic conditions, 117 participants out of 218 possible adult members participated
- Participated in “Homecoming Job Fair” @ Biltmore Square Mall
- Participating at the Board level with Crescent Health Network
- Expanded “Housecalls” to weekly event
- Held 11 training seminars & workshops to include: Heart Attack symptoms, Eldercare, 401(K), 457, Planning for College, Credit Reports, Retirement
- Obtained \$2,500 Grant from NCLM
- Worked with the Employee Advisory Committee on medical insurance and wellness initiatives
- Implemented a computer lab for basic skills development of SSD people.
- Wrote and published company newsletters

**Planning and Development
FY 09**

- Staffed and implemented Buncombe County One-stop Permit Office

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
<u>Allocations Issued</u>	270	206	131
<u>Sewer Service Applications Approved</u>	1,321	1,145	983
<u>Allocation, Facility and Tap Fees</u>	\$3,054,950	\$3,005,184	\$2,959,115
<u>Affordable Housing Rebates</u>	\$154,800	\$51,060	\$68,520
<u>Plans Reviewed</u>	140	123	101
<u>Non –discharge Permits Issued</u>	76	86	60
<u>Non-discharge Permit Fees</u>	\$36,480	\$46,440	\$36,000
<u>Preconstruction Conferences</u>	55	43	23
<u>Final Inspections</u>	60	33	35
<u>Systems Transferred to District</u>	46	44	52
<u>Asset Value of Systems Transferred</u>	\$8,404,343	\$6,302,750	\$5,920,825
<u>Linear feet of Systems Transferred</u>	129,025	78,451	77,572
<u>Civil Penalties Collected</u>	\$0	\$250	\$1,150
<u>TRC Projects Reviewed</u>	111	53	33
<u>Grading Permits Reviewed</u>	26	47	23
<u>Subdivision Plat Approvals</u>	197	161	97
<u>Private Sewer Rehabilitation Projects</u>	11	4	15
<u>Cost Recovery Paid</u>	\$65,310	\$4,421	\$40,000

CONSOLIDATED MOTION AGENDA

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: November 18, 2009

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

PREPARED BY: David Monteith, Kevin Johnson

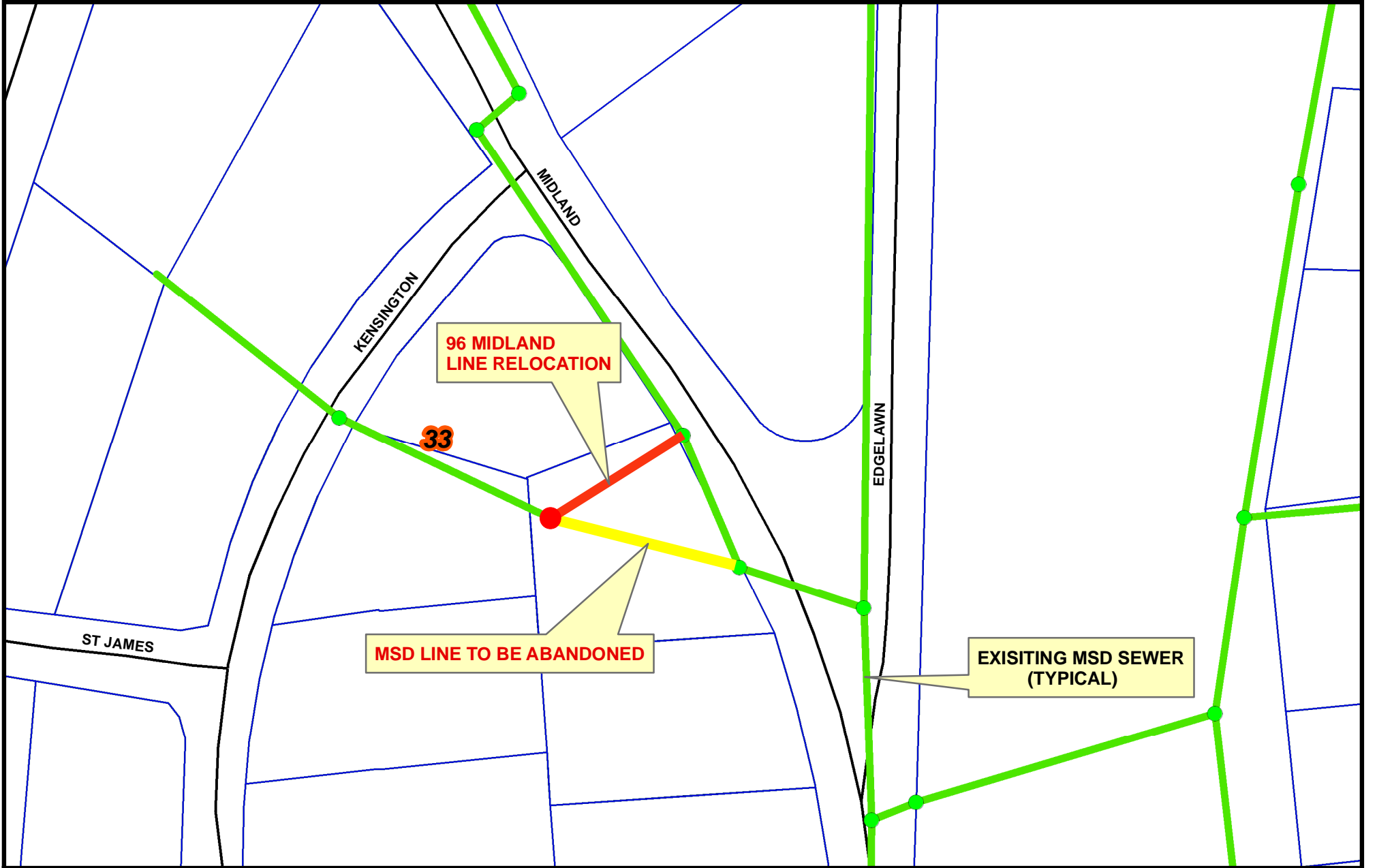
REVIEWED BY: Stan Boyd, PE, Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System and Abandonment of Portion of Existing System for the 96 Midland Drive Project.

BACKGROUND: This project is located inside the District boundary at the intersection of Midland Drive and Edgelawn Road near Beaver Lake in Asheville, North Carolina. The owner of the project is Sara West. The project included the relocation of approximately 86 linear feet of 8" gravity sewer from under an existing house. In addition, approximately 120 linear feet of existing 6" sewer line with related appurtenances and easement will be abandoned as part of this project. A wastewater allocation was not required for this project. The estimated cost of the sewer relocation is \$10,689.00.

STAFF RECOMMENDATION: Acceptance of developer constructed sewer system and abandonment of a portion of existing 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 # 2009107

Not To Scale



METROPOLITAN SEWERAGE DISTRICT
of
BUNCOMBE COUNTY, NORTH CAROLINA

**96 MIDLAND DRIVE
LINE RELOCATION**

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: November 18, 2009

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

PREPARED BY: David Monteith, Kevin Johnson

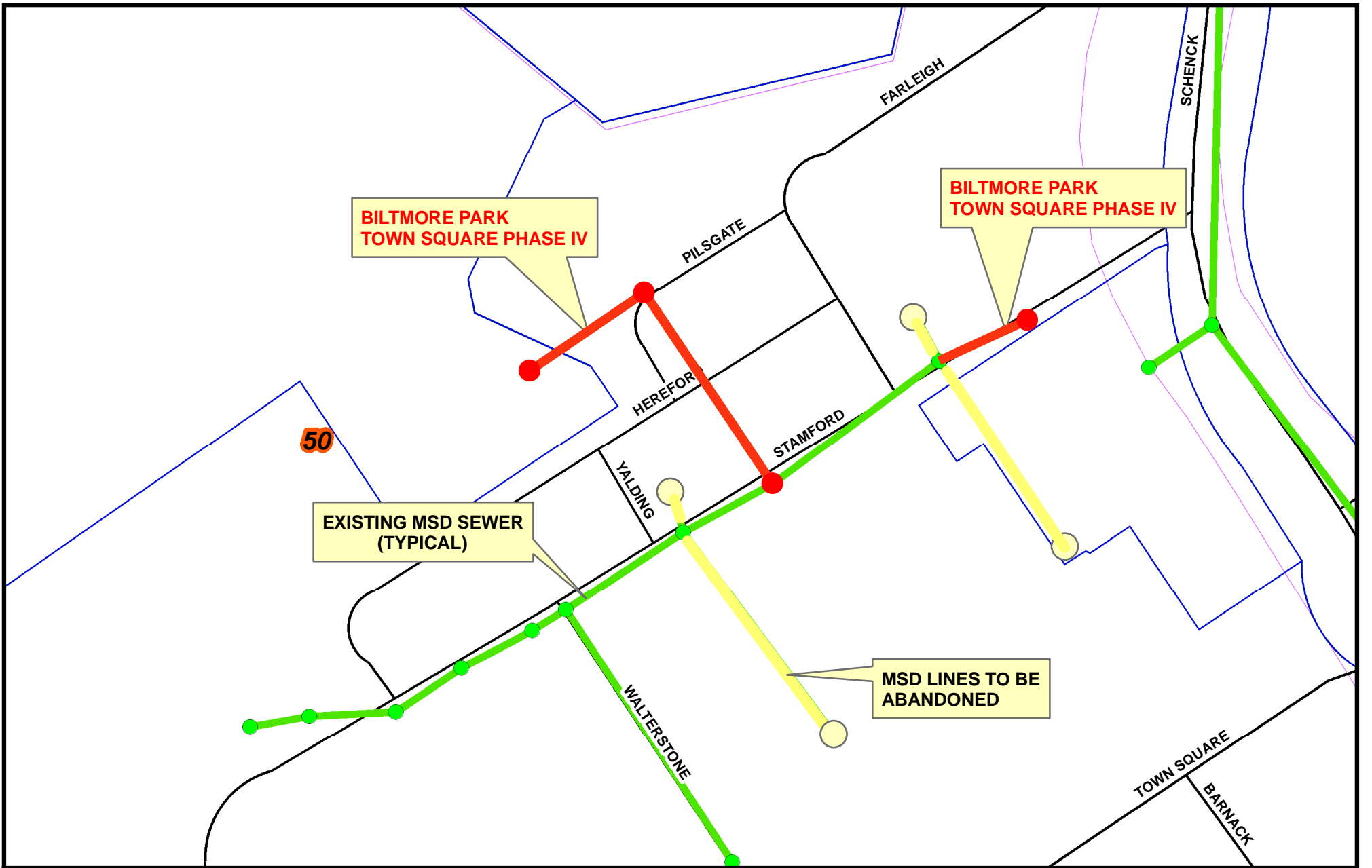
REVIEWED BY: Stan Boyd, PE, Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System and Abandonment of Portion of Existing System for the Biltmore Park Town Square Phase II – Section 4 Project.

BACKGROUND: This project is located inside the District boundary off Schenck Parkway near Long Shoals Road/ I-26 Exchange in Asheville, North Carolina. The developer of the project is Crosland/Biltmore Farms, LLC. The project included the installation of approximately 735 linear feet of 8" gravity sewer to serve the Mixed Use (267 Residential and 8 Commercial Units) development. In addition, approximately 466 linear feet of existing 8" sewer line with related appurtenances and easement will be abandoned as part of this project. A wastewater allocation was issued in the amount of 153,350 GPD for this project. The estimated cost of the sewer extension is \$82,775.00

STAFF RECOMMENDATION: Acceptance of developer constructed sewer system and abandonment of a portion of existing 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:	



**BILTMORE PARK
TOWN SQUARE PHASE IV**

**BILTMORE PARK
TOWN SQUARE PHASE IV**

**EXISTING MSD SEWER
(TYPICAL)**

**MSD LINES TO BE
ABANDONED**

Project # 2007079

Not To Scale



METROPOLITAN SEWERAGE DISTRICT
of
BUNCOMBE COUNTY, NORTH CAROLINA

**BILTMORE PARK
TOWN SQUARE PHASE IV**

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: November 18, 2009

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

PREPARED BY: David Monteith, Kevin Johnson

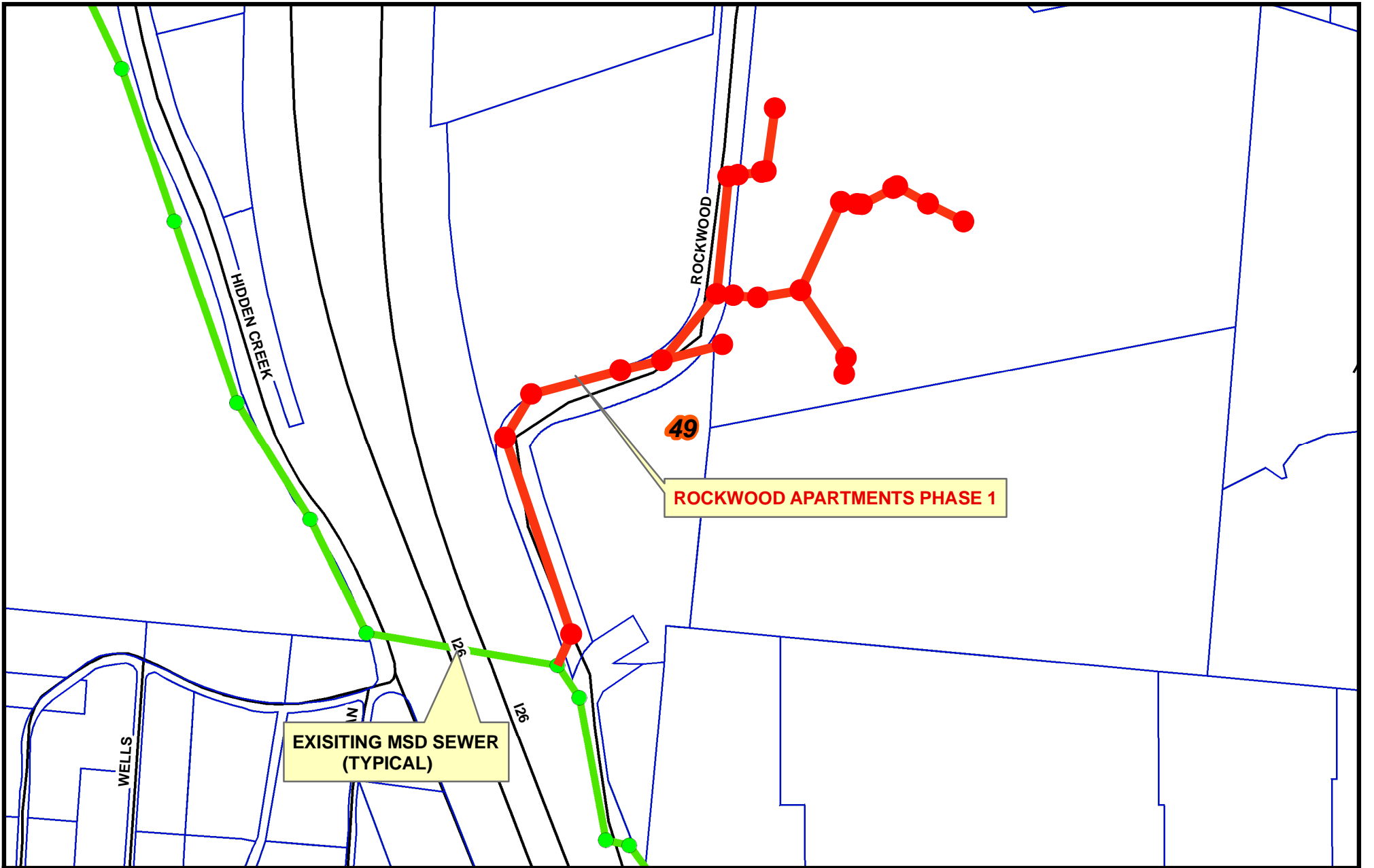
REVIEWED BY: Stan Boyd, PE, Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System for the Rockwood Apartments, LLC - Phase I Project.

BACKGROUND: This project is located outside the District boundary off Rockwood Road in Arden, North Carolina. The developer of the project is Edward Kassinger of Rockwood Road Apartments, LLC. This phase of the project included the installation of approximately 2,211 linear feet of 8" gravity sewer to serve the residential (120 Apartments plus Clubhouse) development. A wastewater allocation was issued in the amount of 44,600 GPD for this project. The estimated cost of the sewer extension is \$234,960.00

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 # 2008109

Not To Scale



METROPOLITAN SEWERAGE DISTRICT
of
BUNCOMBE COUNTY, NORTH CAROLINA

**ROCKWOOD APARTMENTS
PHASE I**

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: November 18, 2009

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

Prepared By: W. Scott Powell, Director of Finance

Subject: First 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 first quarter of the fiscal year ending June 30, 2010. This information is based on cash revenues and invoices received prior to November 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 the District's financial performance for the fiscal year are as follows:

- ◆ Domestic User Fees are slightly below projected. This reflects decrease in consumption due to a wet summer and continuing recessionary pressures on our commercial customers.
- ◆ Facility and Tap Fees, also conservatively budgeted, are often significantly higher than budget. The higher than expected variance is due to receiving \$84,540 for various apartment developments in the first quarter.
- ◆ Interest and miscellaneous income reflect expected earnings on investments.
- ◆ Rental income reflects expected earnings
- ◆ Actual O&M expenditures are slightly over 25% as they also include encumbered amounts which will be spent in the future.
- ◆ Bond principal and interest actually spent/reserved are below 25% of budgeted amounts due to the entire amount of principal payments being made on July 1 2010.
- ◆ 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 Table	Disapprove Send to Committee
Second by:			
Other:			
Follow-up required:			
Person responsible:			Deadline:

Meeting Date: November 18, 2009

Subject: First Quarter Budget to Actual Review

Page 2

Metropolitan Sewerage District
Budget to Actual Revenue and Expenditure Report
For the three months ended September 30, 2009
UNAUDITED--NON-GAAP

	Budget	Actual to Date	% Budget to Actual
REVENUES			
Domestic User Fees ¹	\$ 23,353,145	\$ 5,632,698	24.12%
Industrial User Fees	1,427,014	370,931	25.99%
Facility Fees ²	332,500	364,170	109.52%
Tap Fees ³	36,750	68,540	186.50%
Billing and Collection	596,083	149,310	25.05%
Interest and Misc. Income	704,203	179,326	25.47%
Employee Contribution to Health Ins.	333,386	82,926	24.87%
City of Asheville (Enka Bonds) ⁴	37,000	-	0.00%
Proceeds from Revenue Bonds	19,000,000	-	0.00%
Stimulus Loan/Grant	1,000,000	-	0.00%
Rental Income	16,560	4,140	25.00%
Use of Available Funds ⁵	<u>(3,707,729)</u>	<u>-</u>	0.00%
Total Revenues ⁶	<u>\$ 43,128,912</u>	<u>\$ 6,852,041</u>	15.89%
EXPENDITURES			
Operations and Maintenance ⁷	\$ 13,716,385	\$ 3,675,810	26.80%
Bond Principal and Interest ⁸	8,539,519	489,634	5.73%
Capital Equipment (Other than O&M)	663,000	477,283	71.99%
Capital Projects	19,432,008	6,326,499	30.96%
Contingency	<u>1,000,000</u>	<u>-</u>	0.00%
Total Expenditures	<u>\$ 43,350,912</u>	<u>\$ 10,969,227</u>	25.30%

Notes:

¹ Revenues are on the cash basis

² Received \$84,540 for new apartments, Pine Mtn. Drive, Church St., Hendersonville Rd, and Creekside Village

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 25% because 100% of principal payments due on July 1, 2010 for the entire FY10

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: November 18, 2009

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

Prepared By: W. Scott Powell, Director of Finance

Subject: First 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 quarter of FY 10 with the same time period in FY 09 reveals the following:

- ◆ Net billings are down 2.3% from the previous period last year. Since the billing data includes the board approved 3.75% rate increase for the current fiscal year, this corresponds to the consumption data which shows a decrease of nearly 6.0%. Staff believes the decrease is attributed to a reduction in residential consumption due to a wet summer 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 budgets.
- ◆ Cash received during the fiscal year is down 4.9% which is attributed to a timing issue of cash receipt.
- ◆ 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:

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: November 18, 2009
Submitted By: Thomas E. Hartye, PE., General Manager
Prepared By: W. Scott Powell, Director of Finance
Subject: Cash Commitment/Investment Report-Month Ended September 30, 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 September 30, 2009 were \$32,478,868. The detailed listing of accounts is available upon request. The average rate of return for all investments is 2.646%. 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 September 30, 2009 does not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of September 30, 2009 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is (\$11,736,242).

Total Cash & Investments as of 09/30/2009	32,478,868
Less:	
Budgeted Commitments (Required to pay remaining FY10 budgeted expenditures from unrestricted cash)	
Construction Funds	(18,323,282)
Operations & Maintenance Fund	(10,513,168)
	(28,836,450)
Bond Restricted Funds	
Bond Service (Funds held by trustee):	
Funds in Principal & Interest Accounts	(295,402)
Debt Service Reserve	(4,426,374)
Remaining Principal & Interest Due	(6,986,448)
	(11,708,224)
District Reserve Funds	
Fleet Replacement	(992,298)
WWTP Replacement	(919,207)
Maintenance Reserve	(805,720)
	(2,717,225)
Post-Retirement Benefit	(273,181)
Self-Funded Employee Medical	(680,030)
Designated for Capital Outlay	(11,736,242)

Staff Recommendation

None. Information Only.

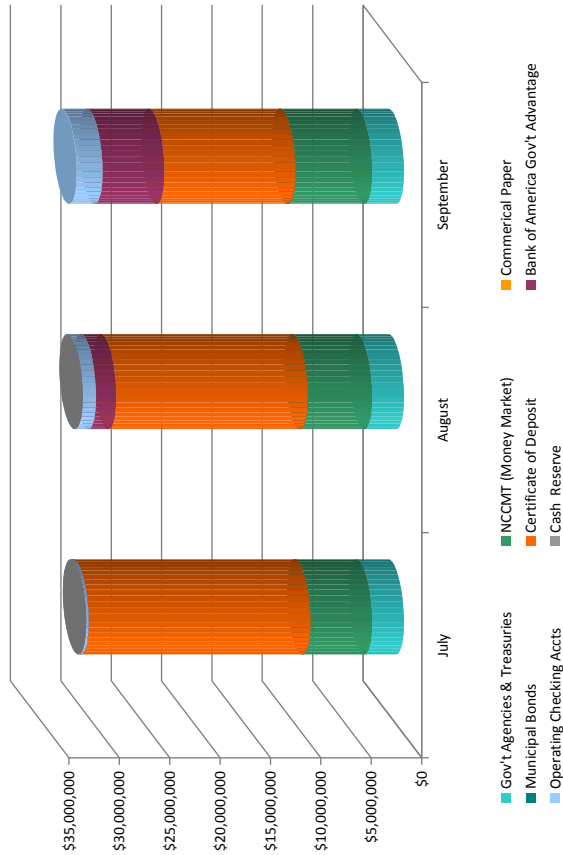
Action Taken

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

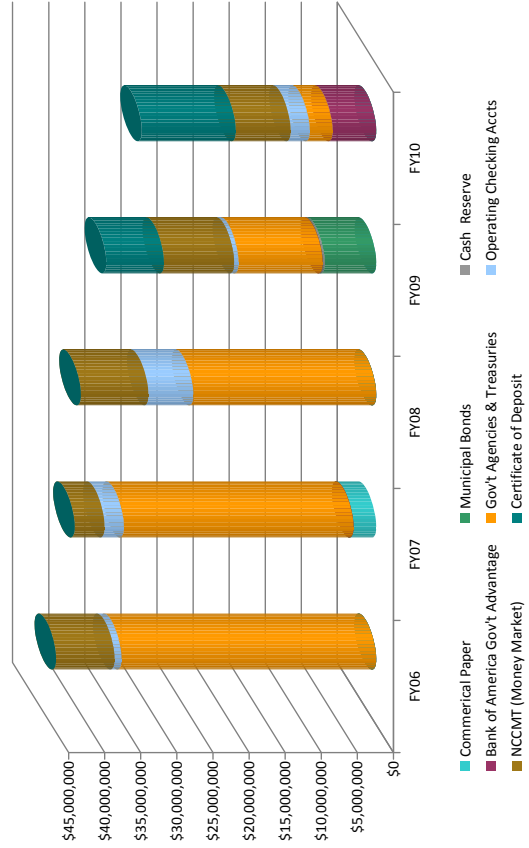
**Metropolitan Sewerage District of Buncombe County
Investment Portfolio**

	Cash in Operating Checking Accounts	Bank of America Gov't Advantage	NCCMT (Money Market)	Certificate of Deposit	Commercial Paper	Municipal Bonds	Cash Reserve	Gov't Agencies & Treasuries	Total
Held with Bond Trustee	\$ -	\$ -	\$ 3,596,769	\$ -	\$ -	\$ -	\$ -	\$ 1,125,007	\$ 4,721,776
Held by MSD	\$ 6,690,294	\$ 2,000,336	\$ 4,010,666	\$ 13,015,796	\$ -	\$ -	\$ -	\$ 2,040,000	\$ 27,757,092
	\$ 6,690,294	\$ 2,000,336	\$ 7,607,435	\$ 13,015,796	\$ -	\$ -	\$ -	\$ 3,165,007	\$ 32,478,868

**MSD of Buncombe County
Investment Portfolio - FY10**



**MSD of Buncombe County
Investment Portfolio
As of September 30, 2009**



Board Meeting

November 18, 2009

Subject: Cash Commitment/Investment Report-Month Ended September 30, 2009

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**MSD Investment Managers' Report
at September 30, 2009**

Summary of Asset Transactions

	Original		Interest
	Cost	Market	Receivable
Beginning Balance	\$ 24,429,204	\$ 24,472,964	\$ 283,504
Capital Contributed (Withdrawn)	(1,081,492)	(1,081,492)	0
Realized Income	63,056	63,056	(60,679)
Unrealized/Accrued Income	-	(3,760)	40,287
Ending Balance	\$ 23,410,768	\$ 23,450,768	\$ 263,112

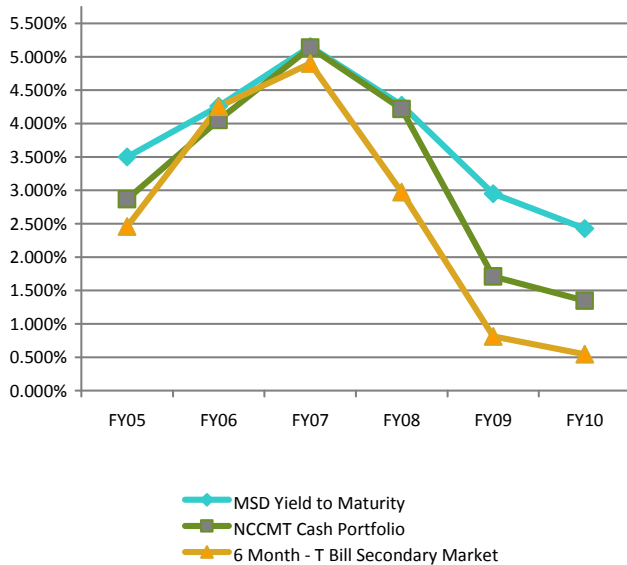
Value and Income by Maturity

	Original Cost		Income	
Cash Equivalents <91 Days	\$ 8,394,971	\$ 13,951		
Securities/CD's 91 to 365 Days	13,015,796	\$ 21,629		
Securities/CD's > 1 Year	2,000,000	\$ 3,324		
	\$ 23,410,768	\$ 38,904		

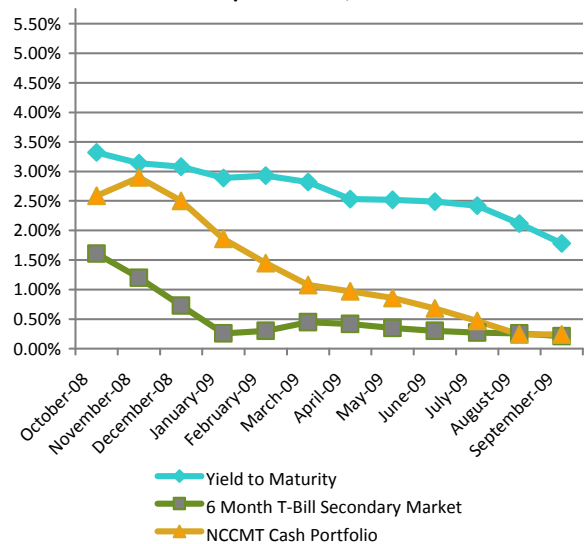
Month End Portfolio Information

Weighted Average Maturity	87 Days
Yield to Maturity	1.78%
6 Month T-Bill Secondary Market	0.21%
NCCMT Cash Portfolio	0.24%

**Metropolitan Sewerage District
Annual Yield Comparison**



**Metropolitan Sewerage District
Yield Comparison
September 30, 2009**



Board Meeting

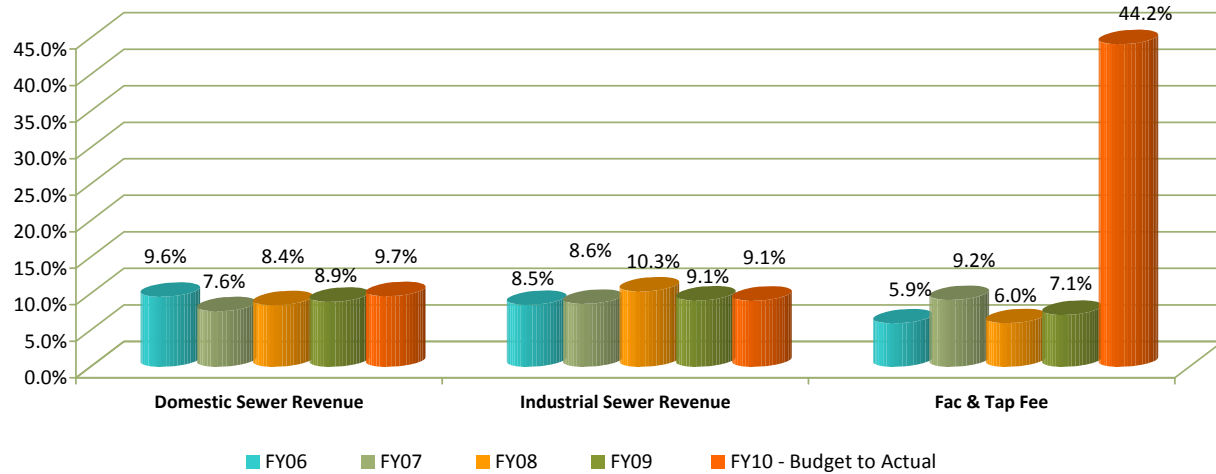
November 18, 2009

Subject: Cash Commitment/Investment Report-Month Ended September 30, 2009

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**METROPOLITAN SEWERAGE DISTRICT
ANALYSIS OF CASH RECEIPTS
AS OF 09/30/09**

Monthly Cash Receipts Analysis



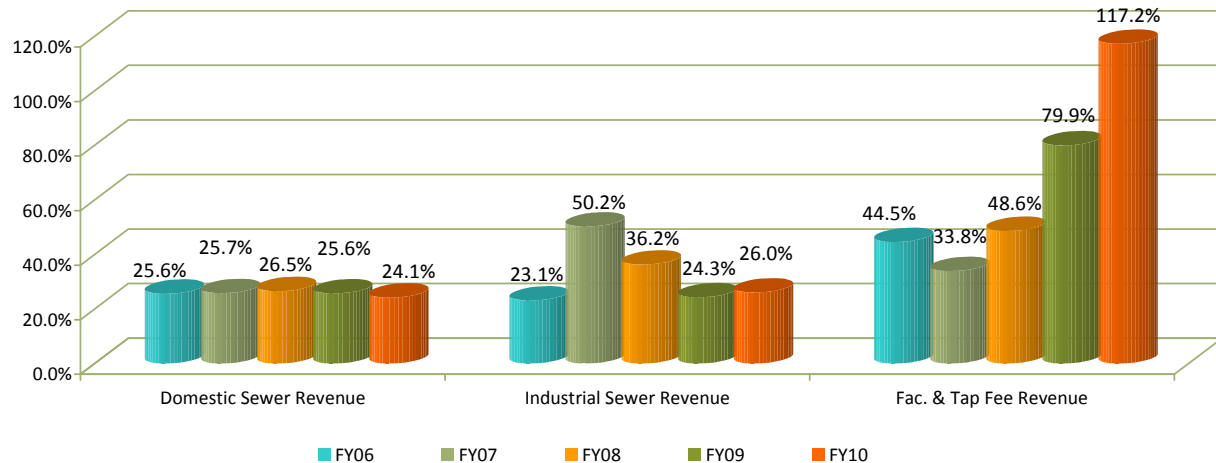
Monthly Cash Receipts Analysis:

Monthly Domestic Sewer Revenue is considered reasonable based on historical trends.

Monthly Industrial Sewer Revenue is considered reasonable based on historical trends.

Due to the unpredictable nature of facility and tap fee revenue, staff budgets this revenue stream conservatively. Based on that facility and tap fee revenue is considered reasonable.

YTD Budget to Actual Revenue Analysis



YTD Budget to Actual Revenue Analysis:

YTD Domestic Sewer Revenue is lower due to a wet summer as well as continuing recessionary pressures.

YTD Industrial Sewer Revenue is considered reasonable based on historical trends.

Due to the unpredictable nature of facility and tap fee revenue, staff budgets this revenue stream conservatively. Based on that facility and tap fee revenue is considered reasonable.

Board Meeting

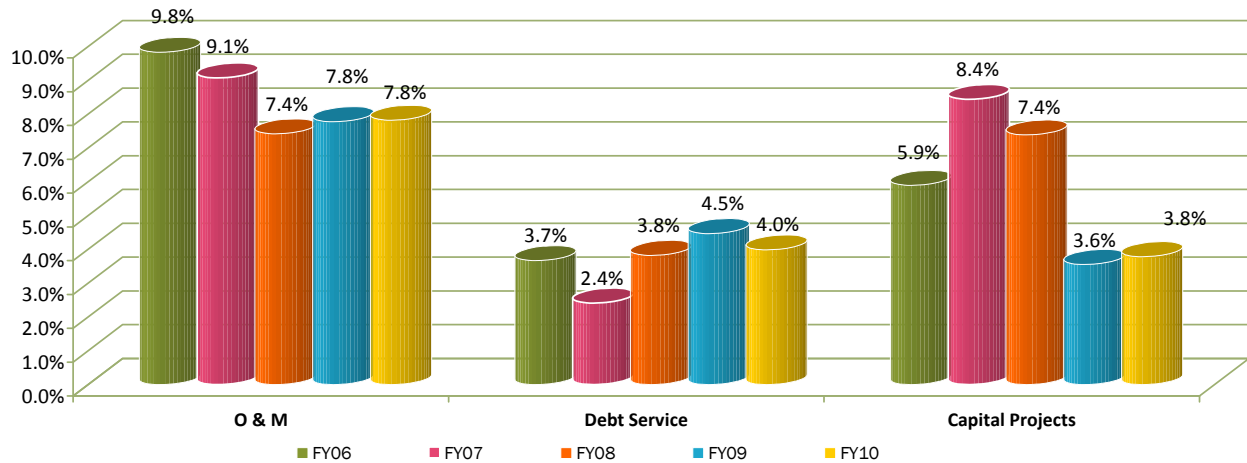
November 18, 2009

Subject: Cash Commitment/Investment Report-Month Ended September 30, 2009

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**METROPOLITAN SEWERAGE DISTRICT
ANALYSIS OF EXPENDITURES
AS OF SEPTEMBER 30, 2009**

Monthly Budget to Actual Expenditure Analysis



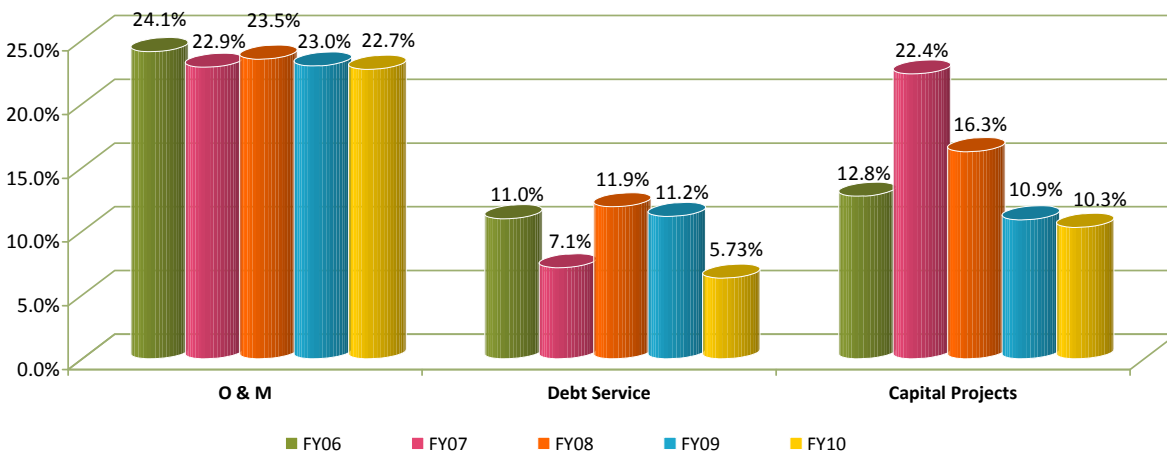
Monthly Budget to Actual Expenditure Analysis:

O&M expenditures are consider reasonable based on historic trends.

Due to the nature of the variable rate bond market, monthly expenditures can vary year to year. Based on current variable interest rates monthly debt service expenditures are consider reasonable.

Due to nature and timing of capital projects, monthly expenditures can vary from year to year. Based on the current outstanding capital projects, monthly capital project expenditures are consider reasonable.

YTD Budget to Actual Expenditure Analysis



YTD Budget to Actual Expenditure Analysis:

YTD O&M expenditures are considered reasonable based on historical trends.

Due to the nature of the variable rate bond market, YTD expenditures can vary year to year. Based on current variable interest rates YTD debt service expenditures are consider reasonable.

Due to nature and timing of capital projects, YTD expenditures can vary from year to year. Based on the current outstanding capital projects, YTD capital project expenditures are consider reasonable.

Board Meeting

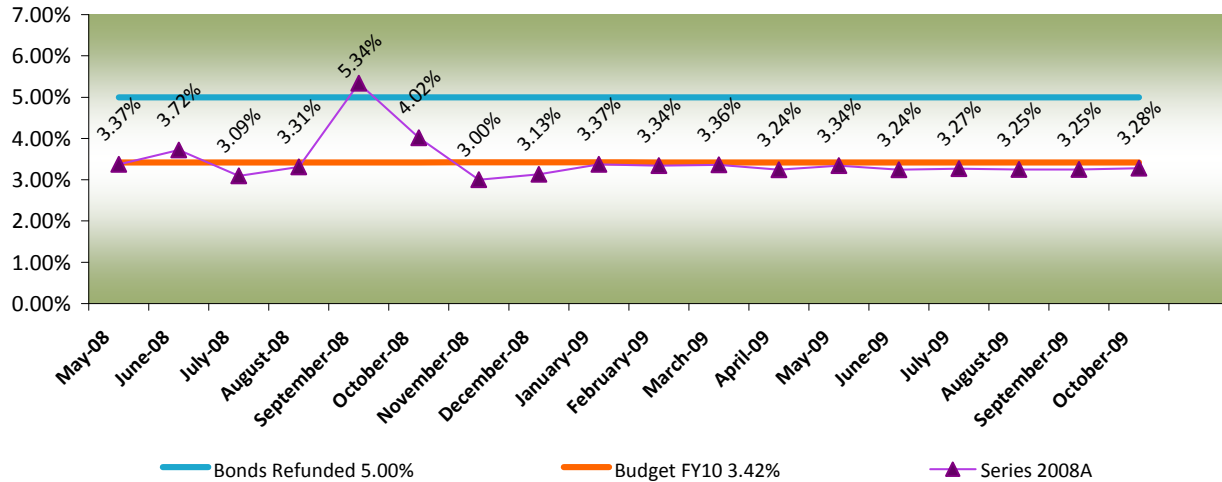
November 18, 2009

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**MSD Variable Debt Service Report
As of October 31, 2009**

Series 2008A Synthetic Fixed Rate Bonds Performance History



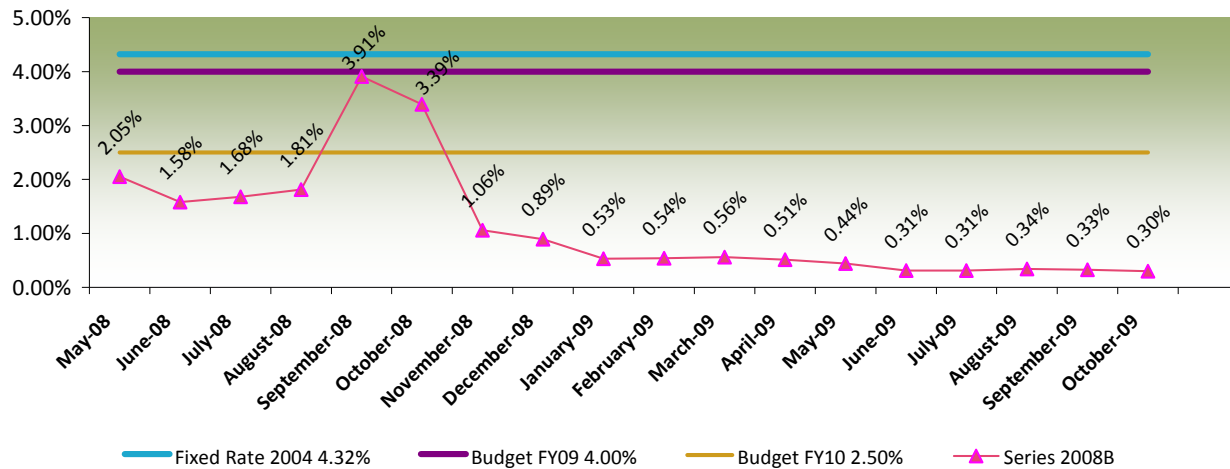
Series 2008A:

Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$743,343 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 4.1675%. MSD will achieve cash savings of \$4,730,000 over the life of the bonds.

MSD would pay \$3,430,000 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 \$1,026,060 as compared to 5/1 fixed rate of 4.32%

Since May 1, 2008, the Series 2008B Bonds average variable rate has been 1.16% .

MSD will achieve \$7,315,000 in cash savings over the life of the bonds at the current average variable rate.

STATUS REPORTS

CAPITAL IMPROVEMENT PROGRAM

STATUS REPORT SUMMARY

Current as of November 10, 2009

PROJECT	AWARD DATE	NOTICE TO PROCEED	*COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
BALLANTREE ROAD (NCDOT)	9/3/2009	9/8/2009	10/7/2009	\$12,280.00	100%	Informal Project is complete and in close out.
BILTMORE AVENUE BRIDGE REPLACEMENT (NCDOT) / THOMPSON STREET SEWER	10/16/2009	10/26/2009	12/9/2009	\$42,068.00	0%	Informal Tarheel Paving Company could not provide the appropriate bonding. Therefore, contract was awarded to Terry Brothers Construction Company, the second low bidder.
DINGLE CREEK INTERCEPTOR @ CROWFIELDS, PHASE 1	TBA	TBA	TBA	TBA	0%	Informal Bid opening is scheduled for December 1, 2009.
EASTWOOD AVENUE @ OLD U.S. 70	9/16/2009	TBA	TBA	\$165,330.00	0%	Informal Contract was awarded to T & K Utilities, Inc. No work has begun yet.
GLEN BRIDGE ROAD (PRP 47006)	6/10/2009	7/6/2009	2/1/2010	\$227,967.50	95%	Formal - ARRA project Mainline construction is complete. Asphalt resurfacing is nearing completion. Contractor is working on punch list items.
LONG SHOALS ROAD (PRP 48002)	6/10/2009	7/6/2009	2/1/2010	\$365,024.50	95%	Formal - ARRA project Mainline construction is complete. Asphalt resurfacing is nearing completion. Contractor is working on punch list items.
MIDDLE BEAVERDAM CREEK INTERCEPTOR	7/15/2009	8/31/2009	2/27/2010	\$736,476.00	35%	Formal Mainline construction is progressing slowly because of rock excavation.
REEMS CREEK INTERCEPTOR	9/17/2008	10/9/2008	6/30/2010	\$3,549,320.00	98%	Formal Contractor is working on punch list.
TOWN BRANCH INTERCEPTOR	8/19/2009	9/21/2009	2/18/2010	\$726,875.00	0%	Formal Project was awarded to B C & D Associates. Construction has begun.
U.S. HIGHWAY 70 @ NEIL PRICE AVENUE, PHASES I AND II B	TBA	TBA	TBA	TBA	0%	Formal Bid opening is scheduled for December 1, 2009.
WRF - INTERMEDIATE PUMPING REPLACEMENT	7/15/2009	8/19/2009	8/19/2010	\$1,690,788.00	10%	Formal Contractor was directed to build alternate route / plan for the primary electrical feed. Walls and beams under operating floor have been formed & poured.

*Updated to reflect approved Change Orders and Time Extensions

Planning and Development Projects
Status Report November 18, 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
	Davidson Road Sewer Extension	2004154	Asheville	3	109	12/15/2004	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	1999153	Asheville	-	240	6/15/2007	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
	Byrd Street Condos	2007085	Asheville	14	300	7/31/2007	Complete - Pending punchlist/ final docs
	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
	Haywood Village	2007172	Asheville	55	749	7/15/2008	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	Complete - Waiting on final documents
	Oak Crest Drive	2008138	Asheville	5	290	1/14/2009	Complete - Waiting on final documents
	Lodging at Farm (Gottfried)	2008169	Candler	20	45	6/2/2009	Complete - Waiting on final documents
	Camp Dorothy Walls - Ph. 1	2007294	Black Mtn.	Comm.	593	6/16/2009	Complete - Waiting on final documents
	Leicester Village Townhomes	2007291	Weaverville	56	427	4/15/2008	Complete - Waiting on final documents
	Momentum Health Adventure	2008097	Asheville	Comm.	184	8/19/2009	Complete - Waiting on final documents
	Honeysuckle Breeze	2007246	Asheville	5	70	9/22/2009	Complete - Waiting on final documents
	Ridgefield Business Park	2004188	Asheville	18	758	2/16/2005	Complete-Waiting on final documents
			Subtotal	729	11,818		

Planning and Development Projects
Status Report November 18, 2009

Status	Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments	
Under Construction	Buchanan Road	2009005	Asheville	3	392	5/19/2009	Ready for final inspection	
	Crayton Creek Green	2006282	Asheville	10	482	3/15/2007	New developer & Engineer, ready for final	
	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	Ready for final inspection	
	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	Ready for final inspection	
	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 - Phase 2	2008109	Asheville	256	4072	1/27/2009	Installing	
	Skyland Apartments	2007117	Arden	63	96	4/23/2008	Installing	
	Berrington Village Apartments	2008164	Asheville	308	4,690	5/5/2009	Installing	
	Cottonwood Townhomes	2009110	Black Mtn.	8	580	10/20/2009	Installing	
	North Point Baptist Church	2008105	Weaverville	Comm.	723	5/20/2009	Ready for final inspection	
	The Villages at Crest Mountain	2009049	Asheville	63	1,364	9/9/2009	Pre-con held, ready for construction	
	CVS- Weaverville Hwy	2006301	Woodfin	Comm.	59	8/18/2009	Pre-con held, ready for construction	
	Camp Dorothy Walls - Ph. 2	2007294	Black Mtn.	Comm.	593	6/16/2009	Pre-con held, ready for construction	
	Forest Manor Complex	2088050	Asheville	Comm.	96	12/4/2008	Ready for final inspection	
	Subtotal				2488	85,186		
	Total Units:				3,217			
	Total LF:					97,004		