

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT  
SEPTEMBER 15, 2010**

**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, September 15, 2010. Chairman Aceto presided with the following members present: Bellamy, Bisette, Bryson, Creighton, Haner, Kelly, Root, Russell, VeHaun and Watts. Mr. Stanley was absent

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, Inc., Marcus Jones with Henderson County, Kent Lackey with Black & Veatch, Stan Boyd, Ed Bradford, John Kiviniemi, Scott Powell, Jim Hemphill, Peter Weed, Lisa Tolley, Angel Banks, Julie Willingham 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 August 18, 2010 Meeting:**

Mr. Aceto asked if there were any changes to the Minutes of the August 18, 2010 Board Meeting. With no changes, the Minutes were approved as presented.

**4. Discussion and Adjustment of Agenda:**

None

**5. Informal Discussion and Public Comment:**

Mr. Aceto welcomed Mr. Lackey and Mr. Jones.

**6. Report of the General Manager:**

Mr. Hartye reported that calls were received from both Gayle Childress and Sarah Larson of South Lexington Avenue, praising the MSD crew for its professionalism in accomplishing their work and keeping the construction site clean so that access and traffic from the neighborhood could be maintained. In addition, the crew has been very polite and thoughtful with assisting the residential and commercial tenants on the block. Mr. Hartye expressed his thanks to Ben Reeves, Gilbert Karn, Randy Norton, Jason Brigmon, Marvin Felder, Tommy Brooks and Robert Denny. He further reported that a letter was received from Nancy Boyce of Asheville showing appreciation for the assistance provided by James Beaver, Marcus Bynum, John Crowe, Keith Gass, Jason Price and Eric Sams. Also, a call was received from Kate Horbaugh of Asheville who praised Jodi Germaine for helping her with a sewer adjustment. She said Jodi was very helpful, kind, and represented MSD very well.

Mr. Hartye presented a copy of a bill stuffer concerning MSD's System Performance Annual Report (SPAR) along with a press release which summarizes the report and refers to the MSD web site for accessing the complete report.

Mr. Hartye presented a copy of the Asheville Citizen Times article and photos of MSD employees helping out with the United Way Day of Caring. He stated that MSD has participated in the annual event for quite some time. In addition to those mentioned in the article concerning the Irene Wortham Center, MSD's Building Trades folks helped out at the 4H club building. He expressed his thanks to those mentioned in the article as well as Scott Monroe, Keith Lewis, Prichard Hensley, Calvin Nolan and David Vicary, Darin Processer, Tommy Brooks, Randy Norton and Brenda Parker.

Mr. Hartye announced that the next Right of Way Committee meeting is scheduled for October 27<sup>th</sup> at 9AM. The next regular Board Meeting will be held October 20<sup>th</sup> at 2PM. The next Planning Committee meeting will be held immediately following the October Board Meeting.

Mr. Kelly asked if the Board is informed about complaints from the public. Mr. Hartye stated that typically if there is a complaint about MSD it goes through the political route instead of calling MSD directly. Rarely, does MSD receive letters or calls regarding the actions of particular employees. When this does occur, an investigation is made and disciplinary action is taken if necessary. He further stated that the intent of his report is to recognize employees. Ms. Bellamy stated that in many cases, MSD is confused with other utilities.

**7. Report of Committees:**

**Right of Way Committee**

Mr. Kelly reported the Right of Way Committee met August 25, 2010 to consider the Compensation Budget for the Hickory Court Sanitary Sewer Improvements, and Condemnations and Declaratory Judgments on Short Coxe @ Southside Avenue GSR project. In addition, Mr. Clarke presented information concerning the Northfolk Southern Railway agreements.

**8. Consolidated Motion Agenda:**

**a. Consideration of Compensation Budget – Hickory Court Sanitary Sewer Improvements:**

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

**b. Consideration of Condemnations – Short Coxe @ Southside Avenue GSR:**

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

**c. Consideration of Declaratory Judgments on Short Coxe @ Southside Avenue GSR:**

Mr. Hartye reported that the Right of Way Committee recommends authority to file Actions for Declaratory Judgments to have the easements judicially declared.

**d. Consideration of Sole-Source Procurement Bid for Disk Filter Equipment from Aqua Aerobics Systems, Inc. (AASI) for the Final Microscreen Replacement Project:**

Mr. Hartye reported that on September 17, 2008 the Board awarded the sole-source procurement of the AquaDisk system from Aqua Aerobics Systems, Inc.(AASI) for the final microscreen replacement. However, the award was later rescinded at the November 19, 2008 meeting because of a severe downturn in the economy. Since that time, Black & Veatch (B&V) has completed the construction plans and a bid was again solicited from AASI and received on August 2, 2010. It is the recommendation of staff that the District sole-source procure the specified AASI AquaDisk System for the replacement of its final microscreen process based upon the fact that performance and price competition are not available among other disk-filter suppliers, and the bulk of this equipment is available from only one source of supply.

The total purchase amount will be \$5,216,442.56, including \$368,251.56 in refundable state tax. Mr. Hartye called on Mr. Lackey of B&V for an update.

Mr. Lackey reported the goal of the project is to replace the existing Secondary Microscreen units with disk filters. He stated that finding microscreen replacement parts was very difficult, so the level of treatment they were providing declined rapidly and they were slowly taken out of service. He said the Disk Filters will provide more effective treatment with a higher level of reliability. Mr. Lackey further stated that another goal of the project is to enhance disinfection contact time.

He further reported that the bid from AASI in the amount of \$5,216,442.56 will be considered at today's meeting and that this amount includes the disk filters, pumps, electrical control panel and valves. The construction contract for the installation of the equipment as well as retrofitting the existing facility is currently advertised and bids will be opened September 21, 2010. Also, all permits are in place. He stated that once the procurement contract with AASI is awarded and executed by MSD, this contract will be assigned to the construction contractor and will be a part of the construction contract amount.

Mr. Lackey reported that MSD performed on-site pilot testing of both the Krueger and Aqua Aerobics Systems and the Aqua System outperformed Krueger dramatically. As a result, it was determined it was in MSD's best interest to procure this equipment; allowing for the best equipment at the lowest cost. Mr. Lackey stated that B&V worked with AASI to customize the design and look for areas where they could optimize the overall design and reduce costs, so they took into account a Consolidated Control System and Consolidated Backwash System. Mr. Lackey presented a slide showing the existing facility, and 3-D slides showing the final Microscreen building and process. He said there is a new electrical room, which will combine the electrical components of the Intermediate Pump Project and the Microscreen Project into one.

With past concerns about Chlorine being in the atmosphere, Mr. Haner asked if the building will be properly ventilated. Mr. Lackey said yes. He explained that a new mechanical system will be added along with new doors and window replacements. Also, the disk filters are made of chlorine tolerant cloth. Mr. Bellamy asked if the existing electrical transformers can handle the new system. Mr. Lackey said yes. Mr. Aceto asked what warranty is being given for the system and who is giving it. Mr. Lackey stated that at the end of construction, the general contractor will have a one-year warranty on the entire project and that there is a separate warranty from AASI on the disk filter system, which is for one-year with an option to extend. Mr. Aceto asked whether this is a defects warranty or performance warranty. Mr. Lackey stated that prior to placing the system in service, performance testing is done to demonstrate the equipment performs as specified in the bid, and there are penalties associated with an inability to meet that performance. Mr. Aceto said there were situations in the past where innovative technology did not perform as advertised. He asked Mr. McGill to address this. Mr. McGill stated that the AASI technology is proven and does not carry the same level of risks on MSD's part. He further stated that this technology is in plants around the country and is proven; unlike what MSD has had in the past. Mr. Kelly asked why there is only one bidder on a \$5.2 million purchase, unless the specifications are such that only AASI could qualify. Mr. Lackey stated there are a limited number of manufacturers that make this equipment. In the pilot testing of this equipment, the Aqua system used less backwash water, provided consistent effluent quality and clearer process advantages over the other manufacturer. He further stated that this could have been openly bid, but MSD would not have gotten the process advantages this system proved during open performance testing. Mr. McGill stated if MSD had not selected this equipment based on performance testing, it would be considering sole-source procurement from Krueger.

He further stated that a great deal of time was spent with AASI in evaluating their pricing. Mr. Lackey stated that on the high flow rate and high solids test that was done, Krueger was having difficulty meeting the limits needed; AASI did not. Mr. Bradford said MSD's cost was compared to the Lubbock, Texas facility and was found to be consistent. Mr. Haner asked what kind of flow the post disinfection system can handle. Mr. Lackey said it can handle the full plant flow of 40mgd. The real question is how much contact time there is at the specified flow rate. He stated that on average flow, all the criteria are being met. On maximum flow, the contact time has increased 50-60%. Mr. McGill stated the chlorine atmosphere in the Microscreen building was very corrosive and this equipment is not exposed in the same way because there are not as many corrosive pieces to it, but there would still be some level of chlorine in the atmosphere. Mr. Lackey explained how the process works. Ms. Bellamy asked if the new process will improve water quality. Mr. Hartye stated that we currently chlorinate, then de-chlorinate before it goes in the river; the only difference is the contact time. Mr. Kiviniemi said the filters will greatly reduce the amount of solids released; enhancing water quality from a solids standpoint. Mr. Hartye stated that this process will take the solids out and some of the BOD, which is critical for water quality. The chlorination is done at the end of the process. Mr. Haner asked if this system was designed to take the intermediate clarifiers off-line. Mr. Lackey said the purpose of the clarifiers is to reduce the loading coming to the disk filters. The design was not meant to remove the clarifiers. Mr. Haner asked if Mr. Kiviniemi had input into the design. Mr. Kiviniemi said yes.

**e. Consideration of Revision to the Sewer Billing & Procedures Policy:**

Mr. Powell reported that on August 14, 2004, the Board adopted a resolution establishing the District's Sewer Billing Policy and Procedures. He stated that in connection with last year's audit engagement, the Finance Department implemented steps to validate that all sewer connections were being billed. Staff leveraged the District's GIS flex system with existing P&D application and member agency billing databases to help determine connections. Because of the increased effort and volume of discoveries, staff developed a program to help resolve back balances while billing all usage going forward. The program has been successful and staff wishes to incorporate this program into the District's existing Sewer Billing Policy and Procedures.

Mr. Powell further reported that on pages 8 and 9 of the Policy the program for newly discovered customers is outlined as follows: Customers will be billed for service for the previous 36 months (based on the customer's water consumption), or for the period the customer has been receiving sewer service, if the period is less than 36 months. In an effort to expedite resolution and reduce administrative burden the following credits may be allowed: All meter maintenance fees will be waived; a one-time credit based on meter size; credit equal to the first year's treatment cost for immediate payment, and the customer must enter into a written payment agreement.

Ms. Bellamy asked how smoke testing works. Mr. Hartye said smoke is blown through the sewer system, and if homes are connected, the smoke will come out of the sewer vent stacks. Smoke testing is typically used to identify if there are rainwater facilities connected to the sewer. You would see smoke coming out of a gutter if the house gutter drain is connected to the sewer. Another method is dye testing. Ms. Bellamy asked how residents are notified. Mr. Hartye stated the fire department is notified and door-hangers are placed on homes where testing will take place.

**f. Cash Commitment/Investment Report – Month Ended July 31, 2010:**

Mr. Powell reported that Page 2 presents the makeup of the District's Investment Portfolio. He stated that the District Portfolio decreased by approximately \$7 million dollars, which is attributed to the annual July 1 debt payment. Page 3 is the MSD

Investment Manager Report as of the month of July. The weighted average maturity of the investment portfolio is 108 days and the yield to maturity is 1.24% which is exceeding the bench marks of the 6-month T-Bill and NCCMT cash portfolio. Pages 4 & 5 are an analysis of the District's Cash Receipts and Expenditures which are considered reasonable based on historic trends. Page 6 is MSD Variable Debt Service Report. Both the 2008 A&B Series are performing better than budgeted expectations. As of August, both issues have saved District rate payers approximately \$3 million dollars in debt service.

Mr. Kelly moved that the Board adopt the Consolidated Motion Agenda as presented. Ms. Bellamy seconded the motion. With no discussion, roll call vote was as follows: 11 Ayes; 0 Nays.

**9. Consideration of MSD Travel Policy Revisions:**

Mr. Hartye stated that Mr. Clarke revised the existing Travel Policy for employees and added wording for the Board. Mr. Clarke reported that Item 7 was amended to read as follows: "The General Manager shall provide information to Board members about seminars, conferences and educational opportunities which might be useful to Board members. Board travel shall be approved by the General Manager. Board members will let other members know which conferences, seminars and educational opportunities they plan to attend so as to avoid unnecessary duplication of attendance. Board members shall report back to the full board and staff about conferences, seminars and educational opportunities they attend." Mr. Clarke stated that at the Retreat, the Board recommended amending the existing policy to include the aforementioned items. Mr. Aceto asked if staff and the Board are reimbursed on a per diem basis or on expenditures. Mr. Clarke stated Board members are reimbursed for actual expenses and they would be reimbursed for actual expenses up to an amount for meals. Mr. Russell said he thinks the policy regarding Board members is good and moved that the Board adopt the Travel Policy as amended. Mr. Bisette seconded the motion. Ms. Bellamy asked if there are other conferences, not provided by the General Manager, will be considered. Mr. Hartye said yes. Mr. Clarke stated that in the preamble to the policy, he included the reasons for board travel. With no further discussion, voice vote in favor of the motion was unanimous.

**10. Old Business:**

None

**11. New Business:**

None

**12. Adjournment:**

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

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Jackie W. Bryson, Secretary/Treasurer

# MSD

## Regular Board Meeting

Metropolitan Sewerage District  
of Buncombe County, NC

## AGENDA FOR 9/15/10

✓	Agenda Item	Presenter	Time	
	Call to Order and Roll Call	Aceto	2:00	
	01. Inquiry as to Conflict of Interest	Aceto	2:05	
	02. Approval of Minutes of the August 18, 2010 Board Meeting.	Aceto	2:10	
	03. Discussion and Adjustment of Agenda	Aceto	2:15	
	04. Informal Discussion and Public Comment	Aceto	2:20	
	05. Report of General Manager	Hartye	2:25	
	06. Report of Committees	Aceto	2:45	
	a. Right of Way Committee – 8/25/10 – Kelly			
	07. Consolidated Motion Agenda		3:00	
	a. Consideration of Compensation Budget – Hickory Court Sanitary Sewer Improvements.	Hartye		
	b. Consideration of Condemnations – Short Cox @ Southside Avenue GSR Project.	Hartye		
	c. Consideration of Declaratory Judgements – Short Coxe @ Southside Avenue GSR Project.	Hartye		
	d. Consideration of Sole-Source Procurement Bid for Aqua Disk – Final Microscreen Replacement Project.	Hartye		
	e. Consideration of Revision to the Sewer Billing & Procedures Policy.	Hartye		
	f. Cash Commitment/Investment Report – Month Ended July 31, 2010.	Hartye		
	08. Consideration of MSD Travel Policy	Aceto	3:15	
	09. Old Business:	Aceto	3:30	
	10. New Business:	Aceto	3:40	
	11. Adjournment (Next Meeting October 20, 2010)	Aceto	3:45	

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT  
AUGUST 18, 2010**

**1. Call to Order and Roll Call:**

The regular monthly meeting of the Metropolitan Sewerage Board was held in the Boardroom of MSD's Administration Building at 2:00 P.M., Wednesday, August 18, 2010. Chairman Aceto presided with the following members present: Bissette, Bryson, Haner, Kelly, Root, Russell, Stanley, VeHaun and Watts. Ms. Bellamy and Mr. Creighton were absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, Inc., Kathy Ball with the City of Asheville, Chuck McGrady with Henderson County, Leah Karpen with the League of Women Voters, Stan Boyd, Ed Bradford, John Kiviniemi, Scott Powell, Jim Hemphill, Peter Weed, Ken Stines, Angel Banks, Julie Willingham 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 July 21, 2010 Meeting:**

Mr. Aceto asked if there were any changes to the Minutes of the July 21, 2010 Board Meeting. With no changes, the Minutes were approved as presented.

**4. Discussion and Adjustment of Agenda:**

Mr. Aceto stated that Mr. Bissette, Chairman of the Planning Committee, has requested that Item 9. (Discussion regarding revisions to the MSD Sewer Extension Reimbursement Policy) be referred back to the Planning Committee for further deliberation. Mr. Aceto asked if there were any objection to the request. With no objections, the request was approved.

**5. Informal Discussion and Public Comment:**

None

**6. Report of the General Manager:**

Mr. Hartye reported that a thank you call was received from Mr. Carroll Neville of Greybeard Trail in Montreat who was most appreciative of the assistance provided by Cecilia Cardasio, Connections Coordinator and Keith Gass, System Services Crew Foreman. Mr. Neville said his on-site septic system failed and he was in dire need of a connection to the sewer adjacent to his property. He commented that both staff are knowledgeable of their jobs, professional and helpful.

Mr. Hartye presented a copy of a portion of the WCI Monthly News Brief about recent supervisory development program graduates. He expressed his congratulations to Kathryn Brewer and Mike Stamey. Also, a kind note from WCI about MSD being a strong partner in the community was included.

Mr. Hartye announced the upcoming United Way Golf Tournament scheduled for September 24<sup>th</sup> at 10AM at Broadmoor Golf Links. He stated that the tournament is a fun way for golfers to celebrate and support our local United Way.

Mr. Hartye presented a copy of a letter and Gold Peak Performance Award from NACWA recognizing the MSD Treatment Plant for 100% compliance with the NPDES permit for this last year. He expressed his congratulations and thanks to all operations and maintenance staff who work at the treatment plant.

Mr. Hartye reported that the Right of Way Committee meeting is scheduled for August 25<sup>th</sup> at 9 a.m. and the next regular Board Meeting will be held September 15<sup>th</sup> at 2 p.m.

Mr. Aceto expressed his appreciation to James Beaver of System Services, who came to his home when he ran out of options to fix a sewer problem.

**7. Report of Committees:**

Planning Committee

Mr. Bisette reported the Planning Committee met July 8<sup>th</sup> to consider proposed revisions to the MSD Sewer Extension Reimbursement Policy. The Committee voted to adopt staff's recommendation to revise the MSD Sewer Extension Reimbursement Policy with language stating that MSD participation in any extensions be guided by the MSD Master Plan which incorporates the Buncombe County Land Use Plan and Land Use Plans of MSD Member agencies. Mr. Bisette referenced Page two of the Policy. He stated that the primary recommendations under Cost Recovery Reimbursements for Sewer Line Extension by Others include: (1. Documented Failing Septic Tank Emergencies; (2. New Affordable Housing Projects, and (3. Extension to Systems by Others will be subject to the General Conditions and Requirements and eligible for 5 years of actual revenues to be disbursed semi annually and will apply only to projects over \$50,000 of estimated revenue whose systems have been approved by the MSD Board. Mr. Bisette further stated that since Mr. Stanley's request to table consideration of the Policy for one month, City representatives have asked that they be allowed to look at the Policy again and come back to the Planning Committee with other recommendations.

Personnel Committee:

Mr. VeHaun reported that the Personnel Committee met August 12<sup>th</sup> to evaluate the General Manager and discuss renewal of his contract. The Committee recommends renewing the General Manager's contract for 4 years with a salary increase to \$147,367.50, provide a \$375.00 car allowance per month and increase his annual leave from 20 to 23 days. In other business, the Committee heard a presentation by Mr. Hemphill on medical insurance premium cost. Mr. VeHaun called on Mr. Hemphill to update the Board. Mr. Hemphill reported that staff is asking the Board for some guidance on the cost sharing split between MSD and the employee, and what should be done for the future. He stated that the Board has typically supported an 80-20% split, where MSD pays 80% of the medical insurance cost and the employee 20%. Within that there is a structure where the employee only coverage pays 5% and the MSD pays 95%. On the family plan, the employee pays 36% and MSD provides 64%. Mr. Hemphill reported that a survey was done to find out what other agencies are doing. From the employee only perspective it was found to be consistent, with some agencies providing insurance at no cost, and others providing from 2 – 8%. On the family side, MSD was on the low side in terms of providing support, except for Henderson County who provides no support for dependent coverage of any type. Therefore, the question is whether MSD is providing the appropriate split for family coverage. Mr. Hartye said this is in preparation for other Personnel Meetings where additional parts of the health plan will be discussed, i.e. upcoming regulations and the tiered program.

**8. Consolidated Motion Agenda:**

**a. Consideration of Bids for Charland Forest Rehabilitation Project:**

Mr. Hartye reported that this project is for the replacement of an eight-inch clay line with a large number of structural defects and is located under a house. The project consists of 1,378 linear feet of 8" and 12" DIP. The following bids were



received on August 5, 2010: Huntley Construction with a total bid of \$214,976.00; Patton Construction Group, Inc. with a total bid of \$205,000.00; Buckeye Construction Company with a total bid of \$193,639.00; Carolina Specialties Construction Co. with a total bid of \$193,148.00; Freestone Construction Company with a total bid of \$172,332.70; Terry Brothers Construction Company with a total bid of \$170,493.00; Koster Construction Company with a total bid of \$164,117.00; Spur Construction Company with a total bid of \$158,091.00 and T&K Utilities, Inc. with a total bid of \$127,170.00. Mr. Hartye stated that staff recommends award of this contract to T&K Utilities, Inc. in the amount of \$127,170.00, subject to review and approval by District Counsel.

**b. Consideration of Developer Constructed Sewer Systems for the Family Dollar Store and the Lee's Creek Apartments Project:**

Mr. Hartye reported that the Family Dollar Store project is located inside the District near the intersection of Franklin Road and U.S. Highway 70 and includes the installation of approximately 40 linear feet of 8" gravity sewer. The Lee's Creek Apartment Project is located outside the District boundary off Lee's Creek Road and includes the installation of approximately 443 linear feet of gravity sewer to serve a 12 unit residential development. Mr. Hartye stated that staff recommends acceptance of the developer constructed sewer systems. All MSD requirements have been met.

**c. Fourth Quarter Budget to Actual Review:**

Mr. Powell reported that on a cash receipts perspective the Domestic User Fees are at approximately 98% of budget. He stated that when year-end accounts data is received from member agencies in September, the variance will tighten to 99%+. The Facility and Tap Fees are above budgeted expectations, due to the District's approach of budgeting revenues conservatively, and that both revenue sources are down in comparison to FY 09. Interest and Miscellaneous Income reflect expected earnings on investment. Regarding expenditures, Mr. Powell reported the District typically achieves a 96% budget to actual ratio on O&M expenditures. However, this year the 93% budget to actual ratio is due to efficiencies in utility expense primarily due to increase usage of the hydro plant. He stated that over the past two years the District has earned over \$263,000 in deferred expenditures by use of the Hydro Plant. This year the same item was \$481,000; a savings of \$220,000 from last year to this year. Bond Principal and Interest actually spent are less than budget due to actual variable interest rates averaging .32% basis points over the entire year. Capital Expenditures are approximately 48% of budget, due to placing the secondary microscreen project on hold until FY11 as well as achieving favorable bids on CIP projects.

**d. Fourth Quarter City of Asheville Billing Report:**

Mr. Powell reported that at the end of each quarter, City of Asheville staff prepares a summary of all billing and collection activities for MSD which is reconciled to beginning and ending account receivable balances. Net billing was up 3.9%, and because of the 3.75% rate increase, there was a 1.5% increase in revenue. He further reported that cash receipts were up 1.4% and receivables are up 30%, due to timing of a couple of year-end billing cycles as well as accounts requiring additional time to collect. He stated that staff will continue to monitor trends in aged receivables as this could have a slight impact on the District's cash flow effect. Mr. Hartye reported that staff, led by Mr. Powell, has been able to leverage some detailed billing data and merge this with the GIS system in order to find customers that may not have been billed for sewer service. He said this may be discussed in more detail in September.

**e. Cash Commitment/Investment Report – Month Ended June 30, 2010:**

Mr. Powell reported that Page 2 represents the makeup of the District's Investment Portfolio with no change from the prior month. The yield to maturity is 1.25% and is exceeding bench marks of the 6-month T-Bill and NCCMT cash portfolio. All funds invested in bank CD's and operating accounts are secured through the collateralization, participation and pooling method with the State Treasurer and reciprocal banks. He reported that Page 3 shows the weighted average maturity of the investment portfolio is 105 days. Page 6 is the MSD Variable Debt Service Report, which shows both the 2008 A&B Series are performing better than budgeted expectations. As of the end of July both issues have saved District customers approximately \$3 million dollars in debt service payments since April, 2008.

Mr. Clarke asked if the General Manager's contract is part of the Consolidated Motion Agenda. Mr. Kelly moved that the Board adopt the Consolidated Motion Agenda as presented along with the General Manager's contract. Mr. VeHaun seconded the motion. Regarding the General Manager's contract, Mr. Clarke restated the Personnel Committee's recommendation. With no discussion, roll call vote was as follows: 10 Ayes; 0 Nays.

**9. Discussion of Proposed Revisions to MSD Sewer Extension Reimbursement Policy:**

This item was referred back to the Planning Committee.

**10. Old Business:**

None

**11. New Business:**

None

**12. Adjournment:**

With no further business, Mr. Aceto called for adjournment at 2:25 p.m.

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Jackie W. Bryson, Secretary/Treasurer

## MEMORANDUM

TO: MSD Board  
FROM: Thomas E. Hartye, P.E., General Manager  
DATE: September 9, 2010  
SUBJECT: Report from the General Manager

- Kudos

- Received calls from both Gayle Childress and Sarah Larson from South Lexington Ave. praising the MSD crew for their professionalism in accomplishing their work and keeping the construction site clean so that access and traffic from the neighborhood can be maintained. In addition the crew has been very polite and thoughtful with in assisting the residential and commercial tenants on the block. Many thanks to Ben Reeves, Gilbert Karn, Randy Norton, Jason Brigmon, Marvin Felder, Tommy Brooks, and Robert Denny.
- Attached is a copy of a letter from Nancy Boyce of Asheville showing appreciation for the assistance provided by James Beaver, Marcus Bynum, John Crowe, Keith Gass, Jason Price and Eric Sams.
- Received a call from Kate Horbaugh of Asheville who praised Jodi Germaine for helping her with a sewer adjustment as being very helpful and kind and representing MSD very well.

- System Performance Annual Report

A copy of a bill stuffer concerning our System Performance Annual Report (SPAR) is in your board book. Also attached is a copy of the press release which summarizes the report and refers to our web site for accessing the complete report.

- United Way Day of Caring

Attached is a copy of the Asheville Citizen Times article and some photos of MSD employees helping out with the United Way Day of Caring. MSD has been participating in this annual event for quite some time. In addition to those mentioned in the article concerning the Irene Wortham Center, our building trades folks helped out at the 4H club building the facilities shown in the pictures. Thanks to those mentioned in the article and as well to Scott Monroe, Keith Lewis, Pritchard Hensley, Calvin Nolan and David Vicary, Darin Prosser, Tommy Brooks, Randy Norton and Brenda Parker.

- **Board/Committee Meetings**

The next Right of Way Committee is scheduled for October 27<sup>th</sup> at 9am. The next Regular Board Meeting will be held October 20<sup>th</sup> at 2 pm. The next Planning Committee meeting will be held immediately following the October Board Meeting.

Boyce  
14 Looking Glass Lane  
Asheville, NC 28805

13 August 2010

Dear Mr. Hemphill,

I would like to let you know how nice Mr. James Beaver was when he came to my father's house to evaluate our problem with the sewerage line.

I also want to let you know that the crew (Marcus Bynum, John Crowe, Keith Bass, Jason Price, and Eric Sims) did a fantastic job. They must be one of your best crews!

I'm confident that they have corrected the problem on Dad's line. Thank you for having such a good staff.

Sincerely,

Nancy Boyce

# Metropolitan Sewerage District of Buncombe County

## System Performance Annual Report

The Metropolitan Sewerage District along with all wastewater collection and treatment systems in the State publish annual reports detailing their performance during the year. Included are reported sewage spills and overflows, and any other federal or local environmental guidelines.



### How did we do?

MSD successfully collected and treated 99.96% of the 7 billion gallons of wastewater that entered our system. Although most of our collection system is greater than 70 years, less than 0.04% of the wastewater escaped in the form of sanitary sewer overflows (SSO's). Most often SSO's are caused by clogged or partially blocked pipes. *Kitchen grease, fats, and oils disposed of down sink drains contribute to many of our sewer spills.*

To view a full report visit  
[www.msdbc.org](http://www.msdbc.org)  
or request a printed copy by calling  
254-9646



### MSD surpasses water quality standards for NC

The Metropolitan Sewerage District serves over 125,000 within a 180 square mile area. Treatment in 2010 exceeded State guidelines by removing over 90% of wastewater pollutants. That success is offset by the challenge of an aged collection system. Over 960 miles of public sewers with about 26,800 manholes are the core of this system. Most of these sewers are 50 to 100 years old, forcing MSD to plan wisely for the costly rehabilitation that will be required for future compliance.

**MSD wins  
NACWA Peak Performance  
Award for Excellence**

THE NATIONAL ASSOCIATION OF CLEAN WATER AGENCIES

*This year the MSD treatment facility was awarded the NACWA Peak performance Award for Excellence in Environmental Protection. This high level award recognizes MSD achievement in maintaining consistent effluent compliance over a consecutive ten year period.*



MSD

Metropolitan Sewerage District of Buncombe County

Metropolitan Sewerage District of Buncombe County



# Caring volunteers pitch in



PHOTOS BY JOHN FLETCHER/JFLETCHER@CITIZEN-TIMES.COM

From back to front, Jim Hemphill, Tom Hartye and Marvin Felder cut wood as volunteers from the Metropolitan Sewerage District help rebuild a ramp Thursday at the Irene Wortham Center during the United Way's annual Day of Caring in Asheville.

## Annual United Way day of work benefits 72 nonprofits and schools

By Barbara Blake  
BBLAKE@CITIZEN-TIMES.COM

**ASHEVILLE** — Buncombe County is more beautiful today than it was Thursday.

Thanks to more than 1,000 volunteers taking part in the United Way's annual Day of Caring on Thursday, 72 nonprofits and schools throughout the community are enjoying new landscaping, wheelchair-accessible decks and ramps, deep-cleaned offices and even supplemental educational materials to help children improve their reading skills.

The annual tradition, which began in 1992, com-

Go to [CITIZEN-TIMES.com](http://CITIZEN-TIMES.com) for a photo gallery.

pelled 1,100 volunteers from 57 local businesses and organizations to get their hands and knees dirty while enjoying some camaraderie with their co-workers.

"We just love giving back," said Liz Atkinson, one of nine Asheville-Buncombe Technical Community College staff members who planted 30 azaleas and spread huge loads of mulch on the grounds of the YMCA on Woodfin Street.

"A-B Tech is a big presence



From left, MSD volunteers Jason Brigmon, Ben Reeves and Kathy Meeks work together at the Irene Wortham Center during the Day of Caring.

in Asheville, and it's important to us to show we feel the community is important in more ways than education," Atkinson said.

"And it's fun," said her co-

worker Jimmie Cochran-Pratt, sporting a large sun hat as she pushed a wheelbarrow full of mulch. "We're all from so

Please see **CARING** on B3



# CARING: A-B Tech, Lowe's, MSD among groups helping

Continued from B1

many different areas of the college, we hardly ever see each other. Last year, we had lunch together after we were done, and it was so much fun we're heading out to do it again."

Across town at the Irene Wortham Center off Hendersonville Road, 14 employees from the Metropolitan Sewerage District spent the day replacing a wheelchair-accessible deck behind a group home serving people with disabilities and installing a new culvert on campus.

"The United Way calls us first when they've got a larger project, because we have construction and building backgrounds," MSD human resources director Jim Hemphill said with a touch of pride.

"Our people work outside in all weather, and we just enjoy a good day's work for people who need help," he said.

"We're very blessed at MSD with the organization we've got, and we like to give back."

James Caldwell, program director at the center, looked around the campus pointing to projects that had been completed on Day of Caring



JOHN FLETCHER/JFLETCHER@CITIZEN-TIMES.COM

Volunteers from the Metropolitan Sewerage District rebuilt this ramp at the Irene Wortham Center on Thursday during the Day of Caring in Asheville.

## WATCH THE VIDEO

The United Way will not host a live kickoff event for its 2010 campaign, but has a five-minute virtual kickoff video at [www.youtube.com/watch?v=a45n9udUakk](http://www.youtube.com/watch?v=a45n9udUakk).

work days in prior years, and said he couldn't imagine how it would look without the work of volun-

teers over the years.

"If we didn't have them, it would take us a long, long time to get these things done," he said, shaking his head. "This really helps us out."

At the A-HOPE day center for homeless people downtown, Lowe's employees were power-washing the building, painting, mulching the grounds and installing steppingstones embedded in sand.

Lowe's management, like many other businesses, "wants us to be visible in the community, to show that we're not just a place to buy nails and a hammer, but that we give back, too," said employee Sarah Phillips, a veteran Day of Caring volunteer.

"What I like most about this is to see somebody and, in a very small way, say, 'I care about you, and I want to help.'"







**RIGHT OF WAY  
COMMITTEE RECOMMENDATIONS  
AND MINUTES  
August 25, 2010**

**I. Call To Order**

The regular monthly meeting of the Right of Way Committee was held in the Boardroom of the William H. Mull Building and called to order at approximately 9:00 a.m. on Wednesday, August 25, 2010. The following Right of Way Committee members were present: Glenn Kelly, Jackie Bryson, Jon Creighton, Jerry VeHaun and Robert Watts.

Others present were: Billy Clarke, MSD Counsel; Steven Aceto, Chairman of the Board; Max Haner and Al Root, Board members; Ellen McKinnon, Martin/McGill; Tom Hartye, Ed Bradford, Angel Banks, Mike Stamey, Scott Powell, Jim Hemphill, Wesley Banner and Pam Nolan, M.S.D.

**II. Inquiry as to Conflict of Interest**

Mr. Kelly inquired if anyone had a conflict of interest with Agenda items. There was none.

**III. Consideration of Compensation Budget–**

**Hickory Court Sanitary Sewer Improvements, Project No. 2008170**

The attached Compensation Budget is based on current ad valorem tax values and follows the MSD approved formula.

**STAFF RECOMMENDATION: Approval of Compensation Budget.**

Ms. Banks explained the above project location. There was no discussion.

Mr. Kelly again asked Mr. Clarke if all recommendations to the Board could be made at one time in one motion. Ms. Banks pointed out that all items were for different recommendations. Mr. Clarke stated that he was ok with one motion for all items even though they are all different recommendations.

**IV. Consideration of Condemnations – Short Coxe @ Southside Avenue GSR,  
Project No. 2004025**

**PIN 9648.06-37-9512** – Subject parcel is improved with medical business. Owners have expressed displeasure with the project from the beginning. Designed through the parking area, our engineer has revised the alignment three times and accommodated owner's request to hug alignment as close as possible to the property line. This design minimizes parking loss to the extent possible, and will allow continued traffic flow for clients during construction. Owners are not agreeable to grant the easement for the \$40,582 compensation offered.

Total Contacts: 11

**PIN 9648.10-37-7432** – Subject parcel is improved with a commercial business. The proposed alignment is behind the building. Owners are not agreeable to grant the easement for the \$8,219 compensation offered.

Total Contacts: 12

**STAFF RECOMMENDATION: Authority to obtain appraisals and proceed with condemnations.**

Ms. Banks explained the above situations. There was some discussion regarding the location of the parcels. Mr. Watts asked if parking issues would be affected permanently or only during construction. Ms. Banks stated only during construction would parking be affected.

**V. Consideration of Declaratory Judgments – Short Coxe @ Southside Avenue GSR, Project No. 2004025**

**PIN 9648.10-37-6334** – Subject parcel is vacant. Existing sewer runs diagonally through small lot and has been in that location since approximately 1925. The first proposed alignment ran partially in and partially out of the existing trench. Owners were not agreeable to grant the easement for the \$17,742 compensation offered. The last revised alignment is completely in the existing trench. As MSD and its predecessors in title have owned and operated the sewer for approximately 85 years, MSD believes it holds a prescriptive easement. A prescriptive easement is an easement arising from continuous and uninterrupted use for the prescriptive period established by state statute; however, prescriptive easements are not “of record”.

Total Contacts: 12

**PIN 9648.10-37-6288 & 7371** – Both parcels are under same ownership. The first parcel is improved with a commercial building. Existing sewer runs approximately 5’ off the rear property line and has been in that location since approximately 1925. The second parcel is vacant and the existing sewer runs through the lot’s mid-section. Owner has been offered three separate alignment proposals and was not agreeable to grant any of them for the \$42,901 compensation offered. The last revised alignment is completely in the existing trench across both lots. As MSD and its predecessors in title have owned and operated the sewer for approximately 85 years, MSD believes it holds a prescriptive easement. A prescriptive easement is an easement arising from continuous and uninterrupted use for the prescriptive period established by state statute; however, prescriptive easements are not “of record”.

Total Contacts: 10

**STAFF RECOMMENDATION: Authority to file Actions for Declaratory Judgments to have the easements judicially declared.**

Ms. Banks explained the above situations. Mr. Aceto asked if the owners were just not consenting to anything and Ms. Banks stated that the owners would not consent to any of the alignment options that have been presented to them. Mr. Root asked if this action would slow down the project. Mr. Clarke stated that MSD could probably obtain an injunction to go ahead with the project. Mr. Clarke further stated that, if approved, MSD would send out a notice to the owners stating that this action would be taking place and at that time the owners may be more willing to negotiate.

**VI. Informational Item – Norfolk Southern Railway**

Billy Clarke will present information concerning Norfolk Southern Railway agreements.

**STAFF RECOMMENDATION: For information only. No action required.**

Mr. Clarke stated that there was not a lot of further information. Sheila Billingsley has turned this matter over to a new lawyer. Mr. Clarke has not had any substance of discussions with the new attorney but will continue to keep Staff and Committee advised.

Mr. Kelly made the motion to accept staff recommendations for items III, IV and V. Mr. VeHaun seconded the motion. Voice vote was unanimous.

**COMMITTEE RECOMMENDATION: Accept staff recommendations for items III, IV and V.**

There being no further business the meeting adjourned at approximately 9:13 am.

# Metropolitan Sewerage District of Buncombe County

## Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 8/25/2010

BOARD MEETING DATE: 9/15/2010

SUBMITTED BY: Tom Hartye, PE, General Manager  
 PREPARED BY: Angel Banks, Right of Way Manager  
 REVIEWED BY: Ed Bradford, PE, Director of CIP

**SUBJECT: Consideration of Compensation Budget-**

### Hickory Court Sanitary Sewer Improvements, Project No. 2008170

The attached Compensation Budget is based on current ad valorem tax values and follows the MSD approved formula.

**STAFF RECOMMENDATION: Approval of Compensation Budget.**

Ms. Banks explained the above project location. There was no discussion. Mr. Kelly made the motion to accept staff recommendation. Mr. VeHaun seconded the motion. Voice vote was unanimous.

**COMMITTEE RECOMMENDATION: Approval of Compensation Budget.**

<b>COMMITTEE ACTION TAKEN</b>	
Motion by: Glenn Kelly	To: XX Approve <input type="checkbox"/> Disapprove
Second by: Jerry VeHaun	<input type="checkbox"/> Table <input type="checkbox"/> Send back to Staff
	<input type="checkbox"/> Other
<b>BOARD ACTION TAKEN</b>	
Motion by:	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to Staff

# Hickory Court Sanitary Sewer Improvements

Project Number 2008170

## Compensation Budget

18-Aug-10

Pin Number and Name

27 Pin	83 Pin	Acres	Parcel SF	Land Value	LV/SF	PE	PE Assd. Value	50% PE Assd. Value	TCE SF	TCE Assd.	10% Annl Return	Proj Time (Months)	TCE Rent Value	Total Comp. (Rounded)
965411678046	965467911200000	0.21	9,147.60	\$30,300.00	\$3.31	0.00	\$0.00	\$0.00	0.00	\$0.00	\$0.00	5	\$0.00	\$0
965411770403	965477140700000	0.93	40,510.80	\$39,600.00	\$0.98	46.00	\$45.08	\$22.54	2,607.00	\$2,554.86	\$255.49	5	\$106.45	\$129
965411678262	965467923700000	0.27	11,761.20	\$30,800.00	\$2.62	0.00	\$0.00	\$0.00	0.00	\$0.00	\$0.00	5	\$0.00	\$0
965411778373	9654679349	0.34	14,810.40	\$31,400.00	\$2.12	0.00	\$0.00	\$0.00	0.00	\$0.00	\$0.00	5	\$0.00	\$0
965411679177	965477027500000	0.77	33,541.20	\$38,800.00	\$1.16	506.40	\$587.42	\$293.71	4,233.70	\$4,911.09	\$491.11	5	\$204.63	\$498

<b>TOTALS:</b>	\$627
<b>Staff Contingency:</b>	\$5,000
<b>GM's Contingency</b>	\$5,000
<b>Amendment</b>	
<b>Total Budget:</b>	\$10,627

# Metropolitan Sewerage District of Buncombe County Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 8/25/2010

BOARD MEETING DATE: 9/15/2010

SUBMITTED BY: Tom Hartye, PE, General Manager  
PREPARED BY: Angel Banks, Right of Way Manager  
REVIEWED BY: Ed Bradford, PE, Director of CIP

**SUBJECT: Consideration of Condemnations – Short Coxe @ Southside Avenue GSR, Project No. 2004025**

**PIN 9648.06-37-9512** – Subject parcel is improved with medical business. Owners have expressed displeasure with the project from the beginning. Designed through the parking area, our engineer has revised the alignment three times and accommodated owner’s request to hug alignment as close as possible to the property line. This design minimizes parking loss to the extent possible, and will allow continued traffic flow for clients during construction. Owners are not agreeable to grant the easement for the \$40,582 compensation offered.

Total Contacts: 11

**PIN 9648.10-37-7432** – Subject parcel is improved with a commercial business. The proposed alignment is behind the building. Owners are not agreeable to grant the easement for the \$8,219 compensation offered.

Total Contacts: 12

**STAFF RECOMMENDATION: Authority to obtain appraisals and proceed with condemnations.**

Ms. Banks explained the above situations. There was some discussion regarding the location of the parcels. Mr. Watts asked if parking issues would be affected permanently or only during construction. Ms. Banks stated only during construction would parking be affected. Mr. Kelly made the motion to accept staff recommendation. Mr. VeHaun seconded the motion. Voice vote was unanimous.

**COMMITTEE RECOMMENDATION: Authority to obtain appraisals and proceed with condemnations.**

COMMITTEE ACTION TAKEN	
Motion by: Glenn Kelly	To: <input checked="" type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by: Jerry VeHaun	<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

# Metropolitan Sewerage District of Buncombe County Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 8/25/2010

BOARD MEETING DATE: 9/15/2010

SUBMITTED BY: Tom Hartye, PE, General Manager  
PREPARED BY: Angel Banks, Right of Way Manager  
REVIEWED BY: Ed Bradford, PE, Director of CIP

**SUBJECT: Consideration of Declaratory Judgments – Short Coxe @ Southside Avenue GSR,  
Project No. 2004025**

**PIN 9648.10-37-6334** – Subject parcel is vacant. Existing sewer runs diagonally through small lot and has been in that location since approximately 1925. The first proposed alignment ran partially in and partially out of the existing trench. Owners were not agreeable to grant the easement for the \$17,742 compensation offered. The last revised alignment is completely in the existing trench. As MSD and its predecessors in title have owned and operated the sewer for approximately 85 years, MSD believes it holds a prescriptive easement. A prescriptive easement is an easement arising from continuous and uninterrupted use for the prescriptive period established by state statute; however, prescriptive easements are not “of record”.

Total Contacts: 12

**PIN 9648.10-37-6288 & 7371** – Both parcels are under same ownership. The first parcel is improved with a commercial building. Existing sewer runs approximately 5’ off the rear property line and has been in that location since approximately 1925. The second parcel is vacant and the existing sewer runs through the lot’s mid-section. Owner has been offered three separate alignment proposals and was not agreeable to grant any of them for the \$42,901 compensation offered. The last revised alignment is completely in the existing trench across both lots. As MSD and its predecessors in title have owned and operated the sewer for approximately 85 years, MSD believes it holds a prescriptive easement. A prescriptive easement is an easement arising from continuous and uninterrupted use for the prescriptive period established by state statute; however, prescriptive easements are not “of record”.

Total Contacts: 10

**STAFF RECOMMENDATION: Authority to file Actions for Declaratory Judgments to have the easements judicially declared.**



Ms. Banks explained the above situations. Mr. Aceto asked if the owners were just not consenting to anything and Ms. Banks stated that the owners would not consent to any of the alignment options that have been presented to them. Mr. Root asked if this action would slow down the project. Mr. Clarke stated that MSD could probably obtain an injunction to go ahead with the project. Mr. Clarke further stated that, if approved, MSD would send out a notice to the owners stating that this action would be taking place and at that time the owners may be more willing to negotiate. Mr. Kelly made the motion to accept staff recommendation. Mr. VeHaun seconded the motion. Voice vote was unanimous.

**COMMITTEE RECOMMENDATION: Authority to file Actions for Declaratory Judgments to have the easements judicially declared.**

<b>COMMITTEE ACTION TAKEN</b>	
Motion by: Glenn Kelly	To: XX Approve <input type="checkbox"/> Disapprove
Second by: Jerry VeHaun	<input type="checkbox"/> Table <input type="checkbox"/> Send back to Staff
	<input type="checkbox"/> Other
<b>BOARD ACTION TAKEN</b>	
Motion by:	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to Staff

# Metropolitan Sewerage District of Buncombe County

## BOARD ACTION ITEM

**BOARD MEETING DATE:** 9/15/10

**SUBMITTED BY:** Tom Hartye, P.E. - General Manager

**REVIEWED BY:** Billy Clarke - District Counsel  
Gary McGill, P.E. - Engineer of Record  
Black & Veatch - Project Engineers

**PREPARED BY:** Ed Bradford, P.E. - Director of CIP  
John Kiviniemi - Director of WRF

**SUBJECT:** Final Microscreen Replacement Project, MSD Project Number 2007026: Procurement of Disk Filter Equipment from Aqua Aerobics Systems, Inc. (AASI)

**BACKGROUND:** The Final Microscreen System is a filtration process which was intended to remove residual solids from the treated wastewater. This system has been problematic since its construction in 1987, and has never given reliable, trouble-free performance. It is also important to note that the Intermediate Clarifier was added shortly after construction of this system, in order to offset the microscreens' lack of performance.

A primary recommendation from the District's Facilities Plan has been the abandonment of this type of filtration. *This is a particularly critical process because it serves as the final barrier in the process train, immediately prior to disinfection and discharge into the French Broad River.*

Various alternative filtration technologies were evaluated, and two were pilot tested on-site during Spring of 2007. The AquaDisk™ system consistently performed better, and was ultimately selected as the replacement process. This was based upon the performance data from the pilot testing including operational characteristics, references from other utilities, lower equipment cost, and a better fit into the existing microscreen facility.

At its November 14, 2007 regular meeting, the MSD Board authorized staff to proceed with a sole-source procurement of the AquaDisk™ system. The primary benefits of sole-sourcing this equipment are:

- That the District will receive the better performing equipment at a lower cost; and
- That the design of the new facilities has been customized around the specific equipment being supplied. This leads to cost savings in both engineering and construction because of the ability to focus the design effort on a single, customized layout rather than the bidding of multiple designs for different equipment; and
- The ability to take greater advantage of the disk filter manufacturer's expertise and experience *during the design phase* to optimize the overall facility design.

Staff and Black & Veatch (B&V) visited multiple facilities utilizing AquaDisk™ systems and also met with AASI in order to tailor a specific system best suited for MSD's operational characteristics and facility needs.

B&V then prepared equipment plans and specifications. An equipment procurement bid was solicited from AASI and received on August 4, 2008. The Board awarded the procurement at its regular meeting on September 17, 2008; however, the economy began its severe downturn at this time, and the award was later rescinded at the Board's November 19, 2008 regular meeting.

Since that time, Black & Veatch has completed the construction plans. An equipment procurement bid was again solicited from AASI and received on August 2, 2010 in the following amounts:

#### **AASI Lump Sum Bid**

a. Filter Equipment	\$ 4,514,842.00
b. MCC and AFD's	\$ 333,349.00
c. Taxes	<u>\$ 368,251.56</u>

**Total Base Bid (a+b+c) \$ 5,216,442.56**

MSD is tax-exempt; therefore the taxes noted above (\$368,251.56) will be refunded by the State of N.C. The net equipment cost is therefore **\$4,848,191.00**.

B&V has reviewed AASI's bid, and their opinion is that the price given to MSD for the filters "is a competitive price in line with recent pricing for similar equipment" (see attached bid review). B&V will be present at the Board meeting and available to answer any questions.

#### **Assignment of Procurement Contract**

B&V recommends that MSD initiate a contract with Aqua-Aerobics for the equipment procurement, then *assign* the contract to the successful bidder. B&V typically handles their large procurement contracts in this manner for the following reasons:

1. The price for the Aqua system is based not only on equipment costs but the terms and conditions established by B&V/MSD to protect MSD. If the contract is not executed by MSD prior to assignment to the contractor, then the terms may or may not be agreed to by both parties during execution of the sub-agreement between Aqua and the construction contractor. If it is executed, it becomes the sub-agreement so all protections will be in place for MSD as well as the Contractor. This minimizes risk.



2. This eliminates the potential for the contractor or procurement contractor trying to change terms or pricing at a later date. If we merely include the procurement price in the construction contract, that does not guarantee Aqua they will get paid that amount. It only guarantees MSD will pay that amount. The contractor could later try to force Aqua down on price to save money for themselves. Executing the procurement ahead, and then assigning it guarantees the cost to Aqua based on the negotiated terms and conditions.

The competitively-bid installation/construction contract is currently in advertisement - bids are scheduled to be opened on September 21, 2010.

Please refer to the attached documentation for more detailed information.

**FISCAL IMPACT:** The combined FY2011 & FY2012 construction budgets for this project total \$10,311,000.00, which includes both equipment and construction. The AASI equipment bid is **\$5,216,442.56**. Excluding refundable taxes, this amount is \$4,848,191.00.

**STAFF RECOMMENDATION:** Staff recommends that the District sole-source procure the specified Aqua Aerobics Systems, Inc. AquaDisk™ System for the replacement of its Final Microscreen process based upon the fact that:

- I) Performance and price competition are not available among other disk-filter suppliers; and
- II) The bulk of this equipment is available from only one source of supply.

The total purchase amount will be \$5,216,442.56, including \$368,251.56 in refundable state tax.

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

*Final Microscreen Replacement Project, MSD Project No. 2007026*

*Equipment Procurement*

**BID TABULATION**

BIDDER	BID BOND	MBE FORM	BID FORMS (PROPOSAL)	BASE BID AMOUNT (*)
Aqua-Aerobic Systems, Inc.	5%	N/A	Yes	\$5,216,442.56

(\*) Includes \$368,251.56 in reimbursable N.C. Sales Tax.

Ed Bradford, P.E.  
Project Engineer  
Metropolitan Sewerage District  
of Buncombe County  
North Carolina



This is to certify that this bid tabulated herein was publicly opened and read aloud at 5:00 p.m. on the 2<sup>nd</sup> day of August, 2010, in the W. H. Mull Building at the Metropolitan Sewerage District of Buncombe County, Asheville, North Carolina, and that this bid was accompanied by an acceptable bidders bond in the amount of 5% of the bid.

ROBERTS  
&  
STEVENS

ATTORNEYS AT LAW

JOHN S. STEVENS  
JAMES W. WILLIAMS  
JOHN W. MASON  
MARC RUDOW  
SHERYL H. WILLIAMS  
WILLIAM CLARKE  
VINCENT D. CHILDRESS, JR.  
MARJORIE ROWE MANN\*  
GREGORY D. HUTCHINS  
JACKSON D. HAMILTON  
WYATT S. STEVENS  
MARK C. KURDYS\*  
JACQUELINE D. GRANT

\*DRG CERTIFIED MEDIATOR

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KENNETH R. HUNT  
DENNIS L. MARTIN, JR.  
KEVIN P. KOPP  
M. FRANCES DURDEN  
REBECCA JOHNSTON REINHARDT  
ANN-PATTON HORNTAL  
STEPHEN L. CASH

LONDON ROBERTS  
(1921-2007)

September 7, 2010

Mr. Ed Bradford  
MSD  
2028 Riverside Drive  
Asheville, NC 28804

Via Electronic Mail Bradford@msdbc.org

Re: Purchase of Disk Filters from Aqua-Aerobics

Dear Ed:

I have reviewed the bid from Aqua-Aerobic Systems for the AquaDisk Cloth Media Filter Equipment, the accompanying bid bond, and letters from Black & Veatch dated August 13, 2010 and September 4, 2008. I previously reviewed a memorandum from Black & Veatch regarding the performance testing of the Aqua-Aerobics disk filters for use in replacing the secondary microscreens. Based on that memorandum, it is clear the Aqua-Aerobics product is better performing and better suited to a retrofit application.

MSD can make a sole source purchase (without advertising or otherwise soliciting bids) where 1) performance or price competition are not available, or 2) a product is available from only one source of supply. Based on the results of the performance testing, performance and price competition are not available for this product. It is also my understanding this product is available from only one sources of supply. Any sole source purchase must be approved by the MSD board in open session.

The MSD Board can approve the sole source purchase of the AquaDisk Cloth Media Filter Equipment from Aqua-Aerobic Systems in accordance with the proposal dated July 30, 2010. The motion approving the purchase should include a finding that performance and price competition are not available for this product, and the product is available from only one source of supply. Please let me know if you have questions.

Sincerely,

ROBERTS & STEVENS, PA

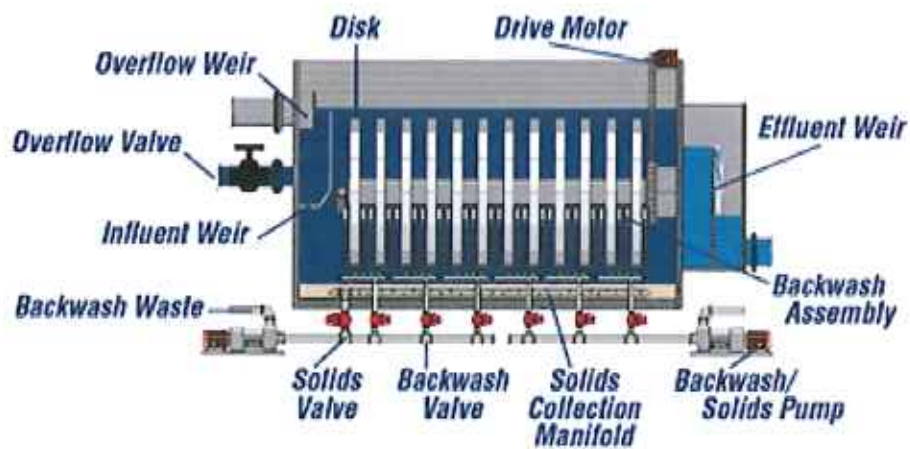
  
William Clarke

WC:cm





~ Side-By-Side Pilot Testing (May 2007) at the MSD Final Microscreen Facility ~  
 On the left is the Aqua-Aerobics AquaDisk System, on the right is the Kruger Hydrotech Diskfilter.



Cutaway View of an AquaDisk



# BLACK & VEATCH

8520 Cliff Cameron Drive  
Suite 210  
Charlotte, North Carolina 28269

Black & Veatch International Company

Ph (704) 548-8461  
Fax (704) 548-8640

Metropolitan Sewerage District of Buncombe County  
Final Microscreen Replacement Project  
Filter Procurement Bid Evaluation

B&V Project 160163  
B&V File Cygnet  
August 13, 2010

Ed Bradford - Director of Capital Improvement  
2028 Riverside Drive  
Asheville, N.C. 28804

Dear Mr. Bradford,

We have received the final disk filter equipment procurement bid provided by Aqua Aerobics Systems, Inc (AASI) dated July 30, 2010. This letter summarizes our evaluation of the bid, a comparison to previous bids received from AASI, and our recommendations to the Metropolitan Sewerage District of Buncombe County (MSD). In general, the bid received matches previous pricing received from AASI, therefore, the Black & Veatch recommendation remains for MSD to proceed with the cloth disk filter procurement through AASI.

## **Bid Evaluation**

Bids for the Filter Procurement have been requested from AASI on three different occasions. The first bid was received in August of 2008. The original bid was reviewed and recommendations were provided by Black & Veatch in a letter to MSD dated September 4, 2008. The original review letter is attached for reference. Due to the economic downturn, MSD elected to delay the project. In the meantime, the decision was made to proceed with all 16 filters and the documents were updated to reflect this change. Further, the intermediate pumping station replacement project was moved ahead of the final microscreen replacement project. This required the purchase of the backwash control panel to be executed separate from the remaining AASI contract. A second bid was received in March, 2010. AASI would only hold that bid price through July 1, 2010. Therefore, a third bid was required when it was decided to move the project forward in mid July, 2010. The table below summarizes the bids received.



**Table 1 - AASI Bid Comparison**

Bid Date Opened	August 1, 2008	March 1, 2010	August 2, 2010
Total Base Bid (16 filters)	\$5,145,904.52	\$5,216,442.56	\$5,216,442.56
Backwash Panel Value	Included	\$116,655	\$116,655
Comparable Base Bid (16 filters)	\$5,145,904.52	\$5,333,097.56	\$5,333,097.56
Change from Original Bid	0%	+3.6%	+3.6%

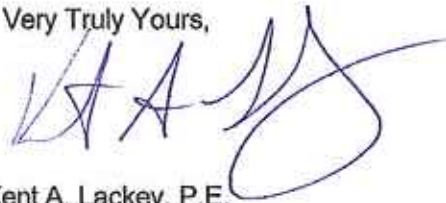
Based upon this comparison, it is the opinion of Black & Veatch that the price given to MSD for the filters is a competitive price in line with recent pricing for similar equipment. The cost has been unchanged from the March 2010 bid received. The escalation costs from 2008 to 2010 pricing that have been added are consistent with our expectation in today's market.

**Bid Recommendation**

Based upon the Bid received from AASI that was opened on August 2, 2010, their proposal appears to be reasonable with regard to both cost and performance. For the reasons stated in the September 4 bid recommendation letter, Black & Veatch recommends that MSD of Buncombe County proceed with the sole source purchase of the AASI equipment. We would therefore recommend MSD proceed with the approval of the sole source procurement contract based on the AASI bid proposal.

Please feel free to contact me (704.510.8421) if you should have any questions or would like to discuss this evaluation further.

Very Truly Yours,



Kent A. Lackey, P.E.  
Project Manager

Enclosures: AASI section 00400P – BID Form (Opened August 2, 2010)  
B&V Bid Recommendation Letter, September 4, 2008

CC: John Kiviniemi, MSD  
Todd Briggeman, Black & Veatch

Section 00400P

BID FORM

IDENTIFICATION OF GOODS AND SPECIAL SERVICES:

- (16) Cloth Disk Filter Units and Appurtenances
- (8) Backwash Pumps
- Motor Control Center (MCC)
- Backwash Pump Adjustable Frequency Drives (AFD)

ARTICLE 1 – BID RECIPIENT

1.01. This Bid is submitted to:

Metropolitan Sewerage District of Buncombe County  
C/O Denise Moore  
2028 Riverside Drive  
Asheville, North Carolina 28804

---

1.02. The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into an agreement with Buyer in the form included in the Bidding Documents to furnish all Goods and Special Services as specified or indicated in the Bidding Documents for the prices and within the times indicated in this Bid and in accordance with the other terms and conditions of the Bidding Documents.

ARTICLE 2 – BIDDER'S ACKNOWLEDGEMENTS

2.01. Bidder accepts all of the terms and conditions of the Invitation to Bid and the Instructions to Bidders, including without limitation those dealing with the disposition of Bid security. This Bid will remain subject to acceptance for 90 days after the day of Bid opening, or for such longer period of time that Bidder may agree to in writing upon request of Buyer. Bidder will sign and submit the Agreement with the Bonds and other documents required by the Bidding Documents to Buyer within 15 days after the date of Buyer's Notice of Award.  
\*BID OPENING DATE IS 8/2/2010.

2.02. Bidder accepts the provisions of the Agreement as to liquidated damages in the event of its failure to furnish the Goods and Special Services in accordance with the schedule set forth in the Agreement.

**ARTICLE 3 – BIDDER’S REPRESENTATIONS**

3.01. In submitting this Bid, Bidder represents, as set forth in the Agreement, that:

- A. Bidder has examined and carefully studied the Bidding Documents, the other related data identified in the Bidding Documents and the following Addenda, receipt of which is hereby acknowledged.

	<u>Addendum No.</u>		<u>Addendum Date</u>
No.	NO ADDENDUMS RECEIVED	Dated	_____
No.	_____	Dated	_____
No.	_____	Dated	_____
No.	_____	Dated	_____
No.	_____	Dated	_____

- B. If specified, or if in Bidder's judgment, any local condition may affect cost, progress, or the furnishing of Goods and Special Services, Bidder has visited the Point of Destination and become familiar with and is satisfied as to the local conditions that may affect cost, progress, or the furnishing of Goods and Special Services.
- C. Bidder is familiar with and is satisfied as to all Federal, state, and local Laws and Regulations that may affect cost, progress, and performance of the Goods and Special Services.
- D. Bidder has carefully studied and correlated the information known to Bidder, and information and observations obtained from Bidder's visits, if any, to the Point of Destination with the Bidding Documents
- E. Bidder has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Bidder has discovered in the Bidding Documents, and the written resolution thereof by Engineer is acceptable to Bidder.
- F. The Bidding Documents are generally sufficient to indicate and convey understanding of all terms and conditions for the performance of the Goods and Special Services for which this Bid is submitted.



3.02. Bidder further represents that this Bid is genuine and is not made in the Interest of or on behalf of any undisclosed individual or entity and is not submitted in conformity with any agreement or rules of any group, association, organization, or corporation; Bidder has not directly or indirectly induced or solicited any other Bidder to submit a false or sham Bid; Bidder has not solicited or induced any individual or entity to refrain from bidding; and Bidder has not sought by collusion to obtain for itself any advantage over any other Bidder or over Buyer.

ARTICLE 4 – BASIS OF BID

4.01. Bidder will furnish the Goods and Special Services in accordance with the Contract Documents for the following price(s):

Lump Sum Bid:

a. Filter Equipment	\$ <u>4,514,842.00</u>	
b. MCC and AFDs	\$ <u>333,349.00</u>	(Start-up services valued at \$96,558 are tax exempt)
c. Taxes 7.75%	\$ <u>368,251.56</u>	
<b>Total Base Bid (a+b+c)</b>	<b>\$ <u>5,216,442.56</u></b>	

4.02 Limitation of Owners Performance Liability. In the event the system is unable to meet the specified minimum forward flow through the filters as a percent of the rated flow per specification 11205 – Cloth Filters, the maximum extent of the Owner’s liability will be to modify the system to allow a single pump to backwash two filters in lieu of four as designed. Once complete Seller assumes full responsibility for performance guarantee as outlined in these contract documents.

Supplier assumes liability for all performance guarantees not specifically modified above.

Owner’s maximum liability to Seller for additional equipment shall be limited to the costs outlined below:

Liability Line Item Costs:

a. Ten (10) replacement backwash pumps (Gorman Rupp TA4) and delivery	\$ 83,162.00	
b. Four (4), six inch diameter magnetic flow meters and delivery.	\$ 22,556.00	
c. Necessary engineering, programming, software modifications, field inspection and startup up to three (3) trips and eight (8) days on site.	\$ 38,145.00	(Start-up services valued at \$13,113 are tax exempt)
b. Taxes 7.75%	\$ 10,133.16	
c. Credit to Owner for buy back of originally specified backwash pumps	Less than 1 hr of operation	
	\$ - 0 -	
	1 hr to 80 hrs of operation	
	\$ - 0 -	

Owner will incur all costs for labor and materials required for installation of these components and necessary programming modifications associated with the plant SCADA system.

ARTICLE 5 – TIME OF COMPLETION

5.01. Bidder agrees that the furnishing of Goods and Special Services will be completed and ready for final payment in accordance with Paragraph 10.06 of the Procurement General Conditions on or before 365 days after notice to proceed (NTP) to Installation Contractor.

5.02 Bidder agrees that the furnishing of Goods and Special Services covered by the Milestone or Milestones indicated in the Agreement will be completed as required by the Contract Documents.

5.03. Bidder accepts the provisions of the Agreement as to liquidated damages in the event of failure to complete the furnishing of Goods and Special Services within the times specified above.

ARTICLE 6 - ATTACHMENTS TO THIS BID – Not used.

ARTICLE 7 – DEFINED TERMS

7.01. The terms used in this Bid have the meanings indicated in the Instructions to Bidders, the Procurement General Conditions, and the Procurement Supplementary Conditions.

**ARTICLE 8 – BID SUBMITTAL**

8.01. This Bid is submitted by:

~~If an Individual~~

~~By \_\_\_\_\_ Not Applicable  
(signature of individual)~~

~~doing business as \_\_\_\_\_~~

~~Business address \_\_\_\_\_~~

~~Phone No. \_\_\_\_\_~~

~~Date \_\_\_\_\_~~

~~If a Partnership~~

~~By \_\_\_\_\_ Not Applicable  
(firm name)~~

~~(signature of general partner)~~

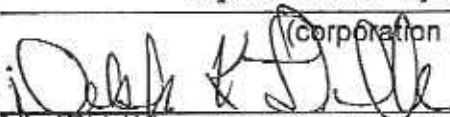
~~Business address \_\_\_\_\_~~

~~Phone No. \_\_\_\_\_~~

~~Date \_\_\_\_\_~~

If a Corporation

By Aqua-Aerobic Systems, Inc.  
(corporation name)

By   
Deborah K. LaVelle (signature of authorized person)  
Vice President, Sales & Marketing  
(title)

Business address 6306 N. Alpine Road  
Loves Park, IL 61111

Phone No. 815/639-2501

Date July 30, 2010

If a Joint Venture (Other party must sign below.)

If an individual

By \_\_\_\_\_  
(signature of individual)

doing business as \_\_\_\_\_

Business address \_\_\_\_\_

Phone No. \_\_\_\_\_

Date \_\_\_\_\_

End of Section

\* Aqua-Aerobic Systems' bid package and documents listed on Aqua-Aerobic Correspondence ID# AAL-25628 dated July 30, 2010 are an integral part of this bid offering.

MSD of Buncombe County  
French Broad River WRF  
Filter Procurement  
MSD Project No. 2007026

00400P  
-6-

December 2009  
B&V No. 160163

FOR PROCUREMENT





# BLACK & VEATCH

8520 Cliff Cameron Drive  
Suite 210  
Charlotte, North Carolina 28269

Black & Veatch International Company

Ph (704) 548-8461  
Fax (704) 548-8640

Metropolitan Sewerage District of Buncombe County  
Final Microscreen Replacement Project  
Filter Procurement Bid Evaluation

B&V Project 160163  
B&V File Cygnet  
September 4, 2008

Ed Bradford - Director of Capital Improvement  
2028 Riverside Drive  
Asheville, N.C. 28804

Dear Ed,

We have received the disk filter equipment procurement bid provided by Aqua Aerobics Systems, Inc (AASI). This letter summarizes our evaluation of the bid and our recommendations to the Metropolitan Sewerage District of Buncombe County (MSD)

## **Bid Evaluation**

### **Filters**

The Bid for the Filter Procurement was received from AASI on August 4, 2008. The bid was compared to a construction bid received from AASI in November of 2007 for the installation of comparable filters at the Lubbock Southeast WRP located in Lubbock, Texas. At that time, the Lubbock bid was deemed reasonable based on our previous experience and evaluations. The cost comparison is shown in Table 1 below.

There are a few differences between the MSD filters and the Lubbock filters. First, the MSD project includes chlorine resistant media on the filters where Lubbock did not. The MSD proposal also includes a performance bond that was not included in the Lubbock project cost. Next, there are additional performance testing requirements and extended site visits included in the MSD project filters. Each of these differences would be expected to increase the filter price. Finally, the MSD project had some anticipated savings compared to Lubbock due to the utilization of a consolidated backwash piping and control system arrangement that results in fewer backwash pumps per filter and a reduced number of control panels and control packages.



**Table 1: Filter Price Comparison**

	MSD of Buncombe County	Lubbock
Cost per Filter	\$294,150	\$271,554
Total Base Amount (based on 14 filters)	\$4,118,100	\$3,801,756
Chlorine Resistant Media cost increase, estimated	0	\$100,000
Performance Bond, estimated	0	\$200,000
Escalation (9 months at 10%)	0	\$281,708
Approximate Equivalent Cost	\$4,118,100	\$4,383,464
Estimated Consolidated Backwash and Controls total Savings	\$265,364	

Based upon this comparison, it is the opinion of Black & Veatch that the price given to MSD for the filters is a competitive price in line with recent pricing for similar equipment. It is also evident that significant cost savings were achieved by utilizing the consolidated backwash and control approach. Additionally, when compared to the liability line item costs, even if the consolidated backwash and control system has to be revised to utilize a single pump per basin (two filters), there still appears to be a savings of over \$100k over the Lubbock system.

**MCC and AFDs**

Black & Veatch received a preliminary budget estimate from Allen Bradley for the motor control center (MCC) and backwash pump adjustable frequency drives (AFD) in March, 2008. There were some changes made to the MCC and AFD since the quote in March, so some price adjustments must be made to get to a comparable cost. The quote in March also did not include shipment of the equipment. The comparison of the price received from Allen Bradley is shown in table 2 below.

**Table 2: MCC Cost Comparison**

	Allen Bradley Quote	AASI Bid
MCC with AFDs	\$175,000	\$311,070
Modifications from March Quote, (AFD hp change, additional breakers, etc)	\$40,000	Included
Escalation*	\$8,710	\$0
Shipping	\$10,000	Included
Management, Coordination, and Engineering by AASI	\$15,000	Included
Estimated Contractor Markup**	\$33,557	Included
Comparable Price	\$282,267	\$311,070
Difference	\$28,803	

\*Assumes a 10 percent escalation rate over the five month period.

\*\*Assumes 15 percent contractor markup.

There are several advantages to including the MCC and AFD in the AASI scope of supply. First, it puts the responsibility for engineering, coordination, and quality of the MCC and AFD onto AASI as the primary equipment supplier. The overall responsibility helps to ensure that when the system is installed all components will work together and will communicate properly between various devices. Next, including the MCC in the AASI scope allows MSD to select Allen Bradley as the MCC and AFD supplier to match the existing equipment on site and provide the level of service and responsiveness that MSD is used to for this equipment. Finally, the Allen Bradley system offers an intelligent MCC arrangement that will increase the data that can be gathered and transmitted from the equipment to the operator workstations. This increases the functionality of the equipment and increases the ability of the operators to troubleshoot and trend important feedback data. Because of the integrated communication system, field wiring is substantially reduced which saves on installation costs and improves trouble shooting once the system is installed.

The advantages gained by including the MCC in the AASI scope are difficult to estimate. However, it is our opinion that the advantages gained are worth at least the cost difference calculated between the preliminary Allen Bradley bid and the AASI bid and that based on that the cost included in their bid for the MCC and AFDs is reasonable.

**Alternative A**

Bid alternative A was to provide an additional two filters to complete the four Quad and bring the total installed filters to 16. The controls, control panels, and backwash pumps associated with the two additional filters are already included in the base filter bid because two filters will already be installed in that Quad. Therefore, it is expected that the cost per



filter for the two additional filters should be less than the per filter cost in the base bid. The cost per filter for Alternative A is \$198,000 per filter unit or about \$100k less than the cost per filter in the base bid. It is the opinion of Black & Veatch that this per filter cost is very reasonable.

Considering long term costs, the cost to MSD to install the two additional filters and gain additional installed redundancy will only increase over time. Material escalation rates will continue to increase the cost of the filters anywhere from 8 to 12 percent per year. Additionally, installing the additional filters under a separate installation contract will increase the future cost due to additional mobilization costs and overhead from a separate contractor. Therefore, it is the opinion of Black & Veatch that if MSD has funding available, MSD should consider selecting Alternative A for the two additional filters and have them installed under the upcoming Final Microscreen Replacement Project.

#### **Sole Source Procurement Recommendation**

We previously provided our considerations for the sole source procurement of the Aqua Aerobic's AquaDisk filters in our memorandum dated October 25, 2007. We based our recommendation on our experience executing similar projects with disk filters and the results of the pilot testing completed by MSD. There are few competitors in the market that provide disk filters and the pilot test results indicated the AASI filter outperformed the major competitor, Kruger. It is to MSD's advantage to get the best performance possible out of the new filtration system and it is clear based on the pilot test results that AAS provided the best performance and that the competition would not be able to meet the same performance level. The specific equipment provided for the AquaDisk filter system is only manufactured by Aqua Aerobics and in order to allow for competition MSD would have to allow for alternative system configurations that as stated above would not have the same performance.

Furthermore, disk filter systems vary dramatically with regards to installation of the equipment and it was in the best interest of the project and MSD to finalize the system manufacturer ahead of design to allow for a tailored design around the specific equipment to be purchased. If multiple equipment vendors were allowed it would have led to higher engineering costs because multiple design documents would have to be developed to allow for the installation of the different systems. Furthermore construction costs would have been higher due to portions of the facility that would have been designed for either system such as electrical or control systems. We are comfortable that based on the final AASI proposal costs and information regarding life cycle costs provided during the pilot testing that the AASI system represents the lowest cost to MSD.

Aqua Aerobics fully supported Black & Veatch during the design of the Disk Filter Retrofit project. As stated in our procurement recommendation memorandum this provides significant value to MSD. By working with Aqua Aerobics directly we were able to develop alternative system configurations that reduced the overall cost of the project. Two significant

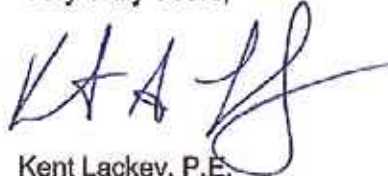
changes include: the consolidation of backwashing systems from what would be 32 pumps to 8 pumps for 16 filters, and the consolidation of the filter control systems to a single panel for four filters in lieu of a panel for each filter. Additionally, by working with AASI we were able to consolidate the electrical motor control system such that all electrical loads for the facility would be incorporated into the AASI provided MCC in lieu of having a separate MCC for building loads.

**Bid Recommendation**

Based upon the Bid received from AASI on August 4, 2008, and our evaluation of the proposal for the purchase of the cloth disk filters submitted by AASI, their proposal appears to be reasonable with regard to both cost and performance. We would therefore recommend MSD proceed with the approval of the sole source procurement contract based on their proposal. Their cost of the additional two filters is also very reasonable. The additional two filters would provide for an increased level of redundancy and reliability as well as provide for additional capacity in the future. We would, therefore, also recommend Alternative A for the additional two (2) filters be accepted provided project funding allows.

Please feel free to contact me (704.510.8421) if you should have any questions or would like to discuss this evaluation further.

Very Truly Yours,



Kent Lackey, P.E.  
Project Manager

Enclosure: AASI section 00400P – BID Form

CC: John Kiviniemi, MSD  
Gary Hunter, Black & Veatch  
Chris Debarbadillo, Black & Veatch  
Todd Briggeman, Black & Veatch



**AASI RECEIVED  
AUGUST 1 2008**

Section 00400P

**BID FORM**

**IDENTIFICATION OF GOODS AND SPECIAL SERVICES:**

(14) Cloth Disk Filter Units and Appurtenances  
(8) Backwash Pumps  
Motor Control Center (MCC)  
Backwash Pump Adjustable Frequency Drives (AFD)

Alternative Bid A: Two (2) Cloth disk filters and appurtenances

**ARTICLE 1 – BID RECIPIENT**

1.01. This Bid is submitted to:

Metropolitan Sewerage District of Buncombe County  
C/O Denise Moore  
2028 Riverside Drive  
Asheville, North Carolina 28804

1.02. The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into an agreement with Buyer in the form included in the Bidding Documents to furnish all Goods and Special Services as specified or indicated in the Bidding Documents for the prices and within the times indicated in this Bid and in accordance with the other terms and conditions of the Bidding Documents.

**ARTICLE 2 – BIDDER'S ACKNOWLEDGEMENTS**

2.01. Bidder accepts all of the terms and conditions of the Invitation to Bid and the Instructions to Bidders, including without limitation those dealing with the disposition of Bid security. This Bid will remain subject to acceptance for 60 days after the day of Bid opening, or for such longer period of time that Bidder may agree to in writing upon request of Buyer. Bidder will sign and submit the Agreement with the Bonds and other documents required by the Bidding Documents to Buyer within 15 days after the date of Buyer's Notice of Award.

2.02. Bidder accepts the provisions of the Agreement as to liquidated damages in the event of its failure to furnish the Goods and Special Services in accordance with the schedule set forth in the Agreement.

MSD of Buncombe County  
French Broad River WRF  
Filter Procurement  
MSD Project No. 2007026

00400P  
-1-  
AD-2

August 1, 2008  
B&V No. 160163

**FOR PROCUREMENT**

**AASI RECEIVED  
AUGUST 1 2008**

**ARTICLE 3 – BIDDER'S REPRESENTATIONS**

3.01. In submitting this Bid, Bidder represents, as set forth in the Agreement, that:

- A. Bidder has examined and carefully studied the Bidding Documents, the other related data identified in the Bidding Documents and the following Addenda, receipt of which is hereby acknowledged.

	<u>Addendum No.</u>		<u>Addendum Date</u>
No.	<u>1</u>	Dated	<u>July 24, 2008</u>
No.	<u>1 (Supplement)</u>	Dated	<u>July 25, 2008</u>
No.	<u>2</u>	Dated	<u>August 1, 2008</u>
No.	<u>                    </u>	Dated	<u>                    </u>
No.	<u>                    </u>	Dated	<u>                    </u>

- B. If specified, or if in Bidder's judgment, any local condition may affect cost, progress, or the furnishing of Goods and Special Services, Bidder has visited the Point of Destination and become familiar with and is satisfied as to the local conditions that may affect cost, progress, or the furnishing of Goods and Special Services.
- C. Bidder is familiar with and is satisfied as to all Federal, state, and local Laws and Regulations that may affect cost, progress, and performance of the Goods and Special Services.
- D. Bidder has carefully studied and correlated the information known to Bidder, and information and observations obtained from Bidder's visits, if any, to the Point of Destination with the Bidding Documents
- E. Bidder has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Bidder has discovered in the Bidding Documents, and the written resolution thereof by Engineer is acceptable to Bidder.
- F. The Bidding Documents are generally sufficient to indicate and convey understanding of all terms and conditions for the performance of the Goods and Special Services for which this Bid is submitted.

MSD of Buncombe County  
French Broad River WRF  
Filter Procurement  
MSD Project No. 2007026

00400P  
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AD-2

August 1, 2008  
B&V No. 160163

**FOR PROCUREMENT**

**AASI RECEIVED  
AUGUST 1 2008**

3.02. Bidder further represents that this Bid is genuine and is not made in the Interest of or on behalf of any undisclosed individual or entity and is not submitted in conformity with any agreement or rules of any group, association, organization, or corporation; Bidder has not directly or indirectly induced or solicited any other Bidder to submit a false or sham Bid; Bidder has not solicited or induced any individual or entity to refrain from bidding; and Bidder has not sought by collusion to obtain for itself any advantage over any other Bidder or over Buyer.

**ARTICLE 4 – BASIS OF BID**

4.01. Bidder will furnish the Goods and Special Services in accordance with the Contract Documents for the following price(s):

Lump Sum Bid:

a. Filter Equipment	\$ 4,118,100.00	
b. MCC and AFDs	\$ 311,070.00	
c. Taxes	\$ 292,451.31	(Startup services valued at
Total Base Bid (a+b+c)	\$ 4,721,621.31	\$96,588 is tax exempt)
Alternative A		
d. Filters 43, 44 and Appurtenances	\$ 397,455.00	
e. Taxes	\$ 26,828.21	
Total Alternative A (d+e)	\$ 424,283.21	

4.02 Limitation of Owners Performance Liability. In the event the system is unable to meet the specified minimum forward flow through the filters as a percent of the rated flow per specification 11205 – Cloth Filters, the maximum extent of the Owner's liability will be to modify the system to allow a single pump to backwash two filters in lieu of four as designed. Once complete Seller assumes full responsibility for performance guarantee as outlined in these contract documents.

Supplier assumes liability for all performance guarantees not specifically modified above.

Owner's maximum liability to Seller for additional equipment shall be limited to the costs outlined below:

MSD of Buncombe County  
French Broad River WRF  
Filter Procurement  
MSD Project No. 2007026

00400P  
-3-  
AD-2

August 1, 2008  
B&V No. 160163

**FOR PROCUREMENT**



AASI RECEIVED  
AUGUST 1 2008

Liability Line Item Costs:

a. Ten (10) replacement backwash pumps (Gorman Rupp TA4) and delivery	\$ 82,085.00
b. Four (4), six inch diameter magnetic flow meters and delivery.	\$ 22,264.00
c. Necessary engineering, programming, software modifications, field inspection and startup up to three (3) trips and eight (8) days on site.	\$ 38,145.00
b. Taxes	\$ 8,733.22
c. Credit to Owner for buy back of originally specified backwash pumps	Less than 1 hr of operation
	\$ -0-
	1 hr to 80 hrs of operation
	\$ -0-

Owner will incur all costs for labor and materials required for installation of these components and necessary programming modifications associated with the plant SCADA system.

ARTICLE 5 – TIME OF COMPLETION

5.01. Bidder agrees that the furnishing of Goods and Special Services will be completed and ready for final payment in accordance with Paragraph 10.06 of the Procurement General Conditions on or before May 15, 2010.

5.02 Bidder agrees that the furnishing of Goods and Special Services covered by the Milestone or Milestones indicated in the Agreement will be completed as required by the Contract Documents.

5.03. Bidder accepts the provisions of the Agreement as to liquidated damages in the event of failure to complete the furnishing of Goods and Special Services within the times specified above.

ARTICLE 6 - ATTACHMENTS TO THIS BID -- Not used.

ARTICLE 7 – DEFINED TERMS

7.01. The terms used in this Bid have the meanings indicated in the Instructions to Bidders, the Procurement General Conditions, and the Procurement Supplementary Conditions.

MSD of Buncombe County  
French Broad River WRF  
Filter Procurement  
MSD Project No. 2007026

00400P  
-4-  
AD-2

August 1, 2008  
B&V No. 160163

FOR PROCUREMENT



AASI RECEIVED  
AUGUST 1 2008

NOT APPLICABLE

~~ARTICLE 8 -- BID SUBMITTAL~~

~~8.01. This Bid is submitted by:~~

~~If an Individual~~

~~By \_\_\_\_\_  
(signature of individual)~~

~~doing business as \_\_\_\_\_~~

~~Business address \_\_\_\_\_~~

~~Phone No. \_\_\_\_\_~~

~~Date \_\_\_\_\_~~

~~If a Partnership~~

~~By \_\_\_\_\_  
(firm name)~~

~~\_\_\_\_\_  
(signature of general partner)~~

~~Business address \_\_\_\_\_~~

~~Phone No. \_\_\_\_\_~~

~~Date \_\_\_\_\_~~

MSD of Buncombe County  
French Broad River WRF  
Filter Procurement  
MSD Project No. 2007026

00400P  
-5-  
AD-2

August 1, 2008  
B&V No. 160163

FOR PROCUREMENT

AASI RECEIVED  
AUGUST 1 2008

If a Corporation

By Aqua-Aerobic Systems, Inc.  
(corporation name)

By *Debra K. Falls*  
(signature of authorized person)  
Vice President, Marketing  
(title)

Business address 6306 N. Alpine Road  
Rockford, IL 61111

Phone No. 815/654-2501

Date August 1, 2008

If a Joint Venture (Other party must sign below.)

If an Individual NOT APPLICABLE

By \_\_\_\_\_  
(signature of individual)

doing business as \_\_\_\_\_

Business address \_\_\_\_\_

Phone No. \_\_\_\_\_

Date \_\_\_\_\_

End of Section

MSD of Buncombe County  
French Broad River WRF  
Filter Procurement  
MSD Project No. 2007026

00400P  
-6-  
AD-2

August 1, 2008  
B&V No. 160163

FOR PROCUREMENT





METROPOLITAN SEWERAGE DISTRICT  
of  
BUNCOMBE COUNTY, NORTH CAROLINA

Budget Map



NOT TO SCALE

# Final Microscreen Replacement Project No. 2007026





METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA

**CAPITAL IMPROVEMENT PROGRAM**

BUDGET DATA SHEET - FY 2010 - 2011

PROJECT:	Final Microscreen Replacement	LOCATION:	MSD-WRF	REVIEWED BY:
TYPE:	WRF	DATE OF REPORT:	January-10	
PROJECT NO.	2007026	TOTAL L.F.:	0	
PROJECT BUDGET:	\$11,162,000.00	PROJECT ORIGIN:	Facilities Plan	

DESCRIPTION	ESTIMATED PROJECT COST	TOTAL EXPENDS THRU 6/30/09	TOTAL COSTS JULY - DEC 09	EST. COST JAN - JUNE 10	EST. BUDGET FY 10-11
01 - SURVEY / EASEMENT PLATS # PLATS: [ ]					
02 - LEGAL FEES					
03 - ENGINEERING ASSISTANCE					
04 - ACQUISITION SERVICES					
05 - COMPENSATION					
06 - APPRAISAL					
07 - CONDEMNATION					
08 - ENVIRONMENTAL SURVEY					
09 - PRELIM. ENG. REP.	\$208,000.00	\$207,465.00			
10 - DESIGN / SURVEY	\$493,000.00	\$440,655.00	\$11,750.00	\$20,000.00	\$20,000.00
11 - ENVIRONMENTAL ASSESSMENT					
12 - ARCHAEOLOGICAL					
13 - GEOTECHNICAL					
14 - CONSTRUCTION CONTRACT ADM.	\$85,000.00			\$10,000.00	\$50,000.00
15 - CONSTRUCTION	\$10,338,000.00			\$25,000.00	\$5,165,500.00
16 - PERMITS					
17 - PUBLIC MEETINGS					
18 - TESTING	\$30,000.00		\$19,250.00		\$5,000.00
TOTAL AMOUNT	\$11,162,000.00	\$648,320.00	\$31,000.00	\$55,000.00	\$5,230,500.00

ENGINEER:	Black & Veatch, Inc.	ESTIMATED BUDGETS - FY '10-'19	
CONTRACTOR:		FY 11-12	\$5,185,500.00
CONSTRUCTION ADMINISTRATION:	MSD	FY 12-13	\$0.00
INSPECTION:	MSD / Black & Veatch	FY 13-14	\$0.00
R.O.W. ACQUISITION:		FY 14-15	\$0.00
		FY 15-16	\$0.00
PROJECT NOTES:	Testing line item includes clarifier settleability testing performed during Fall 2009.	FY 16-17	\$0.00
		FY 17-18	\$0.00
		FY 18-19	\$0.00
		FY 19-20	\$0.00



# Metropolitan Sewerage District of Buncombe County

## BOARD ACTION ITEM

**Meeting Date:** September 15, 2010

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

**Prepared By:** W. Scott Powell, CLGFO, Director of Finance

**Subject:** Revision of the Sewer Billing Policy and Procedures

### **Background**

On August 14, 2004 the board adopted a resolution establishing the District's Sewer Billing Policy and Procedures. The board amended the policy to reflect changes in the average domestic usage on May 16, 2007. The attached policy reflects those changes as well as other operational and format changes.

### **Discussion**

In connection with last years audit engagement, the Finance department implemented steps to validate that all sewer connections were being billed. Staff leveraged the District's GIS flex system with existing P&D application and member agency billing databases to help determine connections. Prior to this year efforts, the District has periodically pursued unbilled customers through smoke testing of existing sewers to confirm connection. Newly discovered customers would be added to the billing system but back balances were handled informally.

Because of the increased effort and volume in recent months, staff developed a definitive program to resolve back balances while billing all usage going forward. This program has been successful and staff wishes to formalize this program by its inclusion into the District's Sewer Billing Policy and Procedures.

Attached is a copy of the District's Sewer Billing Policy and Procedures with the recommended revisions, which appear in section **B.5** on page 8 and 9.

### **Staff Recommendation**

Staff recommends to the Board the adoption of the revised Sewer and Billing Policy and Procedures.

### **Action Taken**

**Motion by:**

to

Approve

Disapprove

**Second by:**

Table

Send to Committee

**Other:**

**Follow-up required:**

**Person responsible:**

**Deadline:**

## Sewer Billing Policy & Procedures

**Objective:** To bill for sewer service accurately and promptly, and to take timely and reasonable actions to collect past due amounts.

**Scope:** The majority of sewer customers are billed by the municipality or authority providing water. However, there are several hundred customers billed directly by the District primarily individuals living in residences on wells but tied into the sewer system and industrial customers.

### A. Sewer Billing Set Up

1. **Initial contact.** Upon receiving a request for new sewer service from an industry or from a residential customer on a well living outside of any municipality or other agency providing water, the Planning and Development Department is responsible for determining meter size, if any, having the customer complete the application, collect the appropriate deposit amount, and coordinating connection with Systems Services and billing staff.
2. **Application.** A completed application for service must be received and reviewed for completeness by the Billing Coordinator prior to installation of new service or releasing responsibility of prior customer if residence is sold, transferred, or leased to new tenant. An application is reproduced in Appendix I.
3. **Customer Deposit.** The purpose of a customer deposit is to try to ensure that all sewer charges are collected, which helps keep rates from unduly increasing for those customers who do pay their bills.
  - i. Any person requesting sewer service who has previously had an unpaid bill charged off by the District will be required to repay this amount, plus pay a deposit of the greater of the previously delinquent bill and the appropriate deposit in section ii below.
  - ii. Any other person requesting sewer service will be required to do **one** of the following (a, b, **OR** c):
    - a) Pay an initial deposit based on the size of the meter;

Meter less than 1"	\$120
Meter 1" or more	\$150
Other	Five months' estimated sewer charges
    - b) Provide evidence of satisfactory credit by one of the following:
      - a. Letter from prior water/sewer utility attesting that within the prior twelve months customer had no returned checks, no more than two late payments, and no disconnections for nonpayment.
      - b. Credit report from one of three major credit reporting agencies revealing no more than two late payments for the prior twelve month period.
      - c. Any equivalent documentation satisfactory to the Director of Finance that sewer bills will be paid in their entirety by the due dates.
    - c) Provide social security numbers for the person(s) responsible for payment and pay an initial deposit of \$60 for meters less than 1" or \$75 for a 1" or larger meter. In the event of nonpayment, the social security number will be used to allow the District to claim payment from the customer's State income tax refund or to facilitate other collection options. The District will comply with The Identity Theft Act of 2005 as passed by the NC legislature in collecting and safeguarding all social security numbers. A disclosure and collection form may be found at Appendix 2.
  - iii. The District has the right to apply the customer deposit to unpaid sewer charges after an account is more than 60 days past due. If all or any portion of a customer deposit is applied to past due charges, and the customer continues to receive sewer services, the District may require the customer to replenish deposit amounts at the discretion of the Director of Finance.
4. **Refund of Deposit.** The District reserves the right to retain deposits indefinitely to assure payment of sewer treatment charges. No interest will be paid upon deposited amounts. However, the District may elect to refund deposits in the following situations provided the account is at a zero balance:
  - i. After twenty-four consecutive months of payments received on time and without instances of returned checks or ACH/bank drafts; or
  - ii. Upon customer request for termination of service and District determination that either the residence will remain vacant or another responsible person has applied for service; or

- iii. Other circumstances satisfactory to the Director of Finance that all future sewer bills will be paid in their entirety and in a timely manner.

The District retains the option of effecting refunds in cash or applying to outstanding or future sewer charges. No interest will be credited to any deposits.

5. **Transfer or Disconnection of Service.** A customer will remain responsible for any sewer charges until a properly completed Application for Termination or Transfer of Service is accepted by the Billing Coordinator. A copy of this form is reproduced as Appendix 8. An MSD staff member may visit a location where service has been terminated without a new customer assuming responsibility to verify that the location is and remains vacant.
6. **Temporary Cessation of Service.** In the event a customer will not be occupying a residence for at least six months, the customer may contact the billing coordinator to qualify for a reduced rate for the length of time the building will be vacant. The monthly rate for sewer service to an unoccupied residence will reflect the estimated cost of maintaining the condition of the collection lines. At the time of application, the customer shall let the billing coordinator know when to resume regular billing. If this date must be postponed, the customer should notify the billing clerk at least 30 days in advance. In the event the District discovers the residence has been reoccupied without notification to the billing coordinator, the customer will be assessed the difference between the reduced and full rate for the entire period unless evidence satisfactory to the Director of Finance (such as electric bills) corroborates the length of time the building was vacant.
7. **Permanent or Indefinite Cessation of Service.** In the event a customer abandons or demolishes or otherwise permanently or indefinitely discontinues service to a residence, sewer charges may be waived upon notification to the billing coordinator. The District, at its discretion, may disconnect the service and/or reroute collector lines. If the service is not disconnected and the customer resumes using sewer services, the District retains the right to bill for past services for the period the service was discontinued, but not to exceed two years.

## **B. Sewer Billing Procedures**

### **I. Industrial Billing**

#### **a. Industrial Billing Rate**

The Industrial Billing Rate is for establishments that discharge wastewater generated from an industrial process.

1. The Industrial Rate is assessed to entities meeting the following criteria:
  - i. Have been issued a Permit to Discharge Industrial Wastewater by the Metropolitan Sewerage District (MSD) in accordance with Federal, State, or local guidelines.
  - ii. Have an average discharge of process wastewater equal to or greater than 5,000 gallons per day.
2. The MSD reserves the right to add or remove an entity from this rate structure.
3. Bio-Chemical Oxygen Demand (BOD) and Total Suspended Solids (TSS) Averages will be determined as follows:
  - i. The averages will be based on a one-year rolling average. The one-year rolling average will be the period from the most current data going back one year.
  - ii. Additional monitoring collected by the establishment and analyzed by a State Certified Laboratory, may be used in the BOD and TSS averages for billing purposes.
  - iii. Entities being added to the Industrial Billing rate structure will be monitored for three or four days to develop a base for the rolling averages.

4. Industrial Billing Charges shall be computed as the sum of:
  - i. Flow (1 CCF=748 gallons) multiplied by the Industrial Flow Rate
  - ii. Pounds BOD discharged per billing cycle multiplied by the Rate per Pound BOD
  - iii. Pounds TSS discharged per billing cycle multiplied by the Rate per Pound TSS; and
  - iv. Sewer maintenance fee. *(Maintenance charge will be based on the size of the meter measuring the water coming into the facility or the size of the line if there is no installed meter. Where a compound meter exists, maintenance charge will be based on the largest meter size).*
  
5. Meter Calibration
  - i. Effluent Meters used for Industrial Billing must be calibrated annually and a certification of this calibration must be submitted to MSD within 30 days of receipt.
  - ii. Private Meters used to measure process flows or credits for water not discharged to the sewer, with a diameter below 2 inches must be calibrated or replaced every ten (10) years and a certification of this calibration must be submitted to MSD within 30 days of receipt.
  - iii. Private Meters used to measure process flows or credits for water not discharged to the sewer, with a diameter 2 inches or greater must be calibrated or replaced annually and a certification of this calibration must be submitted to MSD within 30 days of receipt.

**2. Residential & Commercial Billing**

**a. Single and Multiple Family Dwellings**

Family dwellings whose water are supplied by a well and are connected to MSD will be billed at the following monthly flat rates.

Dwelling	Consumption Charged per Month	Sewer Maintenance Fee
Single Family home	5 CCF	5/8" meter
Mobile Home	5 CCF	5/8" meter
Multiple Family dwelling	5 CCF per dwelling	Based on size of incoming water line

**b. Multi-Family Dwelling and Commercial Establishments**

Multi-Family Dwellings and Commercial Establishments with a functioning private meter or who wish to install a private water meter at their own expense are subject to the following conditions:

1. The customer will install the water meter for the well or spring to measure accurately the amount of water entering the building. The meter must be a non re-settable totalizer. In other words, the number indicator will continuously advance forward and cannot be reset back to zero.
2. The customer will submit to MSD a beginning meter reading and date when the meter was installed. In cases where the meter is replaced, the customer must also include the date the previous meter was removed with its final meter reading.
3. The customer will have the responsibility of reading the meter each month and submitting this information to the MSD via a phone call, email, or fax on or before the 10<sup>th</sup> day of each month.
4. If this meter reading is not submitted to the MSD by the 10<sup>th</sup> day of the month, the highest consumption of the last (3) three consecutive months will be used to determine the billing rate for that month's bill.



5. If a meter reading is not submitted within six (6) months, MSD staff may obtain a reading and a meter reading fee will be charged.
6. If the meter reading is not submitted for three consecutive months, a non-refundable surcharge of 10% will be added to the three-month average on each successive month's bill until an accurate meter reading is submitted.
7. The customer should keep a log of those readings. Should there be any question about the reliability of the meter, the log will help to resolve or confirm the concerns.

### **3. Administrative Procedures for MSD - Prepared Sewer Bills**

#### **a. Billing**

1. Bills shall be prepared monthly and mailed between the 15<sup>th</sup> and the 20<sup>th</sup> days of the month.
2. Bills are due within 25 days of the date of preparation. Payment may be made by check, money order, bank ACH draft, **credit card**, or in cash at the District office.
3. The billing coordinator shall be authorized to create and post credit memoranda for adequately documented adjustments incurred by customers billed directly by the District. The billing coordinator may also make adjustments of up to \$5 to correct errors or remove disputed charges.
4. All delinquent customer accounts billed directly by the District shall be subject to reasonable collection efforts. After such efforts have been exhausted, writing off uncollectible accounts shall be authorized as follows: the billing coordinator may write off amounts up to \$10, the Director of Finance amounts up to \$1,000, and the General Manager amounts over \$1,000. The Director of Finance shall prepare an annual reporting of bad debts to be submitted to the Finance Committee. These reports shall be maintained for at least three years, and any such past due amounts shall be paid if a customer (including spouse or other adult family member of same household) re-applies for sewer service.
5. If a bill is returned to MSD by the post office as undeliverable, the billing coordinator shall contact the post office and/or other public entities as indicated, to obtain a forwarding address and correct the address in MSD records. In the event the bill becomes delinquent, the billing coordinator shall follow the collection efforts below.

#### **b. Returned checks or Drafts**

1. All checks returned for uncollected or insufficient funds will be presented to the customer's bank twice before contacting the customer for replacement.
2. Bank drafts will only be presented once, and if returned, the customer will be contacted immediately.
3. Customers will be contacted by phone first. If the billing coordinator cannot speak with customer personally and just leaves a message, a letter notifying the customer of the event and requesting replacement of the check or alternative payment arrangements will be sent.
4. Customers presenting checks and drafts which are not honored by their banks will be assessed a charge to reimburse for District staff administrative time in accordance with the fee schedule in effect at that time. Any such fees will be added to the next bill, and in the event service is terminated, must be repaid with other past due charges to reinstate sewer service.
5. Customers who do not make good any returned checks or bank drafts and applicable fees will be considered to have not made any payment, and will be subject to procedures for collection of past due sewer charges.

#### **c. Collection of Past Due Sewer Charges**

1. *Accounts 31 to 60 days.* If payment is not received within 30 days, the past due amount plus a finance charge of 1½% a month (18% annually) will be added to the current month's charges and mailed to the customer. This charge will be assessed monthly until the bill is paid in full.
2. *Accounts 60 to 90 days.* If payment is not received within 60 days, the billing coordinator will attempt to contact the customer by telephone and either secure payment or execute a mutually agreeable repayment schedule. Monthly finance charges will continue to accrue.

3. *Accounts over 90 days.* If payment is not received within 90 days, the District may take one or more of the following actions, based upon the judgment of the Director of Finance as to the most optimum method of securing payment.

- a. The billing coordinator will forward the name, address, and balance due to the District's attorney who will prepare a collection letter explaining the legal consequences of non-payment.
- b. The terms of the nonpayment will be communicated to any or all of the nationally recognized credit reporting agencies.
- c. Customer may be denied access to septage dumping facilities.
- d. With the concurrence of the General Manager, sewer service will be cut-off. Once it is determined that the delinquent customers still reside at the address, District staff will leave a door hanger (see Appendix 9) at the service address noting the date and approximate time of disconnection which must be at least one business day after placement of the notice and which includes procedures for reinstatement of service. District staff will use spray paint to mark the service connection location in the right-of-way for the dig-up crew. If the customer wishes to reinstate service, a fee of \$750 will need to be paid for removal of the valve in addition to payment of all past charges and interest assessments.

d. **Extended Payment Option.** If a customer cannot pay the entire amount of past due charges at one time, the Finance Director may arrange with the customer to make partial payments over a specified period of time. This form is reproduced as Appendix 3. If a customer does not honor the extended payment schedule, the District may disconnect sewer service or take any other legal action to collect past due charges.

e. **Customer's Rights Prior to Disconnection of Service.**

- i. If a customer disputes the accuracy or validity of sewer charges assessed by the District, he/she has the right to present his assertions to the Finance Director or designee, either in person, by phone, via e-mail, or in writing within 30 days of receipt of the bill or assessment. The Finance Director will communicate his/her determination in writing, either in a letter or e-mail, within 10 business days.
- ii. If the customer disagrees with the Director of Finance's determination, he/she has 10 business days to appeal to the General Manager either in person, by phone, via e-mail, or in writing. The General Manager will communicate the final determination in writing, either in a letter or e-mail, within the next 10 business days.
- iii. Disconnections will not be made until at least 10 days after notification of the final determination to allow the customer time to remit payment.

f. **Debt Set-Off Program.** In the event that a debtor has left the premises where unpaid sewer bills have been incurred, or all other collection efforts have proved unsuccessful, the District may use the Debt Set-Off Program allowed by North Carolina General Statutes 105A-5. Under this legislation, a government may submit duly authorized claims to the North Carolina Department of Revenue which will withhold amounts available from the debtor's North Carolina state income tax refund to satisfy the debt. This process requires that a local agency has given notice to the debtor, given the debtor an opportunity to be heard, and the claim has been finally determined. The procedures enumerated below shall be followed with the Director of Finance responsible for any additional detailed administrative procedures necessary to implement this program in accordance with this policy and applicable law.

- i. The billing coordinator will mail a notification letter certified return receipt requested, reproduced as Appendix 4, to the debtor's last known address.
- ii. If the debtor requests a hearing, the billing coordinator will mail a Notice of Hearing reproduced as Appendix 5, certified return receipt requested.
- iii. After a hearing, the debtor shall be notified of the results using the form contained in Appendix 6 to be sent certified return receipt requested.
- iv. If the debtor files a petition for a contested case, the billing coordinator shall notify the Director of Finance who will set up a date and time with the General Manager who will hear the appeal. At the General Manager's discretion, the Chair of the Finance Committee may participate in the appeal.

#### 4. **Consideration of Credits and Refunds**

Customers may submit to the Metropolitan Sewerage District of Buncombe County (MSD) or the entity, which bills the customer for sewer service, a request for refund or credit on the customer's sewer service accounts. MSD may

review the request for refund or credit, and, if necessary, investigate to confirm that the water used was not discharged to the MSD sewer system. However, sewer service credits or refunds issued to customers by the applicable Water Billing Agency for leaks in the lines maintained by the agency or from a faulty meter maintained by the water agency will not be investigated.

In reviewing and evaluating a request for a credit or refund, the MSD may consider all documentation provided by the customer or the Water Billing Agency going back 36 months from the date of the request.

**A. Refunds**

**Water Turned on Temporarily During Construction, Construction Cleanup or Landscaping**

Contractors, Developers, Builders, and Homeowners may receive a refund for sewer charges on metered water, used temporarily for the purpose of construction, construction cleanup or landscaping of a new site or restoration for which a Certificate of Occupancy has not been issued. Contractors, Developers, Builders, and Homeowners will be required to pay the sewer service charges and sewer maintenance charges during this period and should retain copies of the bills. After the construction, construction cleanup or landscaping has been completed and prior to the issuance of a Certificate of Occupancy, the water bill account must be closed and the water to the site shut off by the applicable Water Billing Agency. Once the Certificate of Occupancy for that site has been issued, a request for refund substantiated by copies of the paid bills may be submitted to the MSD for approval. Upon satisfactory receipt and review of a request for refund, MSD will refund the amount paid or direct the appropriate billing agency to do so.

**B. Credits**

**Filling Swimming Pools**

The applicable Water Billing Agency or the MSD may allow credit for sewer service charges on water used for filling up a swimming pool. This credit will be based on the following criteria:

1. Credit may be extended for one filling of a swimming pool per calendar year.
  - i. Full credit may be given for pools that have meters properly installed, maintained and approved by the MSD or applicable Water Billing Agency.
  - ii. Pools that do not have meters may be given 75% of the credit as calculated to be Above Normal Usage. *(Above Normal Usage is determined by subtracting the high water consumption from the billing period when the pool was filled, from an established average based on previous billing periods. Established Average for existing residences will be determined by averaging 3-4 months of normal usage. Established Average for new residences will be six (6) CCF.)*
2. Pool Drainage must not be released to the MSD sewer lines. The customer, at the request of the MSD or the applicable Water Billing Agency, may be required to demonstrate that the pool water does (did) not drain to the sewer lines.
3. Pools with maintenance problems will be considered on a case-by-case basis.

**C. Establishing New Landscaping**

The applicable Water Billing Agency or the MSD may allow credit for sewer service charges on water used for establishing new landscaping (lawns, trees, flower gardens) based on the following criteria:

1. Credit may be extended to the customer's account one time every (3) three years.
  - i. Full credit will be given for irrigation lines that have meters properly installed, maintained and approved by the MSD or applicable Water Billing Agency.
  - ii. Customers who do not have meters may be given 75% of the credit as calculated to be Above Normal Usage. *(Above Normal Usage is determined by subtracting the high water consumption, from the billing period when the irrigation water was used, from an established average based on previous billing periods. Established Average for existing residences will be determined by averaging 3-4 months of normal usage. Established Average for new residences will be six (6) CCF.)*

2. The customer, at the request of the MSD or the applicable Water Billing Agency, may be required to demonstrate that the irrigation water does (did) not drain to the sewer lines.

**D. Continued Irrigation After Certificate of Occupancy**

Customers who foresee a lot of lawn watering, etc. may purchase a second water meter from their water agency ("irrigation meter") to record amounts of water used for irrigation purposes. The water department does not charge sewer fees for these irrigation meters. The cost of installing a second water meter can range from \$250.00 to \$1,500.00 and is subject to change.

**E. Maintenance Problems**

The applicable Water Billing Agency or the MSD may allow credit for sewer service charges on water usage resulting from leaks.

**1. Leak(s) Discharging to the MSD Sewer Lines**

A customer may request a credit on the sewer charges due to leaks that discharge to the MSD sewer lines. Such leaks may be from toilets, faucets, etc. MSD or the appropriate billing authority may grant a credit in response to such a request based on the following criteria:

- i. Credit may be extended to the customer's account only once in a calendar year.
- ii. The customer must provide, to the MSD or the applicable Water Billing Agency, a bill for repairing the leak(s). This must be accompanied with a statement confirming that a leak (or multiple leaks) had been repaired and a description designating where the leak(s) occurred.
- iii. The customer may receive for credit 75% of the water usage determined to be Above Normal Usage. *(Above Normal Usage is determined by subtracting the high water consumption, from the billing period(s) when the leak(s) occurred, from an established average based on previous billing periods. The established average for existing residences will be determined by averaging 3-4 months of normal usage. The established average for new residences will be six (5) CCF.)*

**2. Leak(s) Not Discharging to the MSD Sewer Lines**

A customer may request credit for sewer charges due to leaks that do not discharge to the MSD sewer lines. This credit may be based on the following criteria:

- i. Credit may be extended to the customer's account only for a one-time event per calendar year basis.
- ii. The customer must provide, to the MSD or the applicable Water Billing Agency, a bill for repairing the leak(s). This must be accompanied with a statement confirming that a leak (or multiple leaks) had been repaired and a description(s) that the leak(s) occurred in a location where water would not be discharged into the sewer line.
- iii. The customer may receive credit only for the amount of water calculated to be Above Normal Usage. *(Above Normal Usage is determined by subtracting the high water consumption, from the billing period(s) when the leak(s) occurred, from an established average based on previous billing periods. The established average for existing residences will be determined by averaging 3-4 months of normal usage. The established average for new residences will be six (5) CCF.)*

**3. Leak(s) in Lines and Meters Maintained By Applicable Water Billing Agency**

- i. If the applicable Water Billing Agency determines that a customer was unfairly billed for excessive water usage due to a leak in the service line or meter, the customer may automatically receive credit on sewer service charges based on the equivalent consumption adjustment recommended by the applicable Water Billing Agency.
- ii. Credit for leaks occurring in the service lines maintained by the applicable Water Billing Agency will not be subject to the one-time event per calendar year basis.



- iii. If a meter, maintained by the applicable Water Billing Agency is determined to have become faulty, credit on sewer service charges may be based on the equivalent consumption adjustment recommended by the applicable Water Billing Agency.

**F. Commercial and Industrial Customers Submitting Private Meter Readings for Credit**

Commercial and Industrial Customers may install an additional water meter(s) to measure water usage not discharged to the sewer system. MSD or applicable Water Billing Agency may issue credit based on the following criteria:

- 1. The meter(s) and proposed location(s) for the installation of the credit meter(s) shall be approved by the Metropolitan Sewerage District. It must be in a position where it will only measure the amount of water not having access to the sewer system. The meter must be a non re-settable totalizer. In other words, the number indicator will continuously advance forward and will not have the capability of resetting the numbers back to zero.
- 2. The customer will submit to the MSD a beginning meter reading when the meter is installed or an ending reading when replaced along with the date that the meter was installed or replaced.
- 3. The customer must submit a monthly meter reading to be received no later than by the 10<sup>th</sup> of each month. If the monthly meter reading is not submitted by the 10<sup>th</sup>, no credit may be given for that month.
- 4. The customer will be required to purchase and maintain their private water meters in proper working order at their own expense.
- 5. The customer shall keep a log of their monthly readings. Should there be any question(s) regarding the reliability of the meter, the log will help to resolve or confirm the concern(s).
- 6. If MSD has not received any credit meter readings for five months, a letter will be sent to the user. If a credit meter reading is not submitted within the next billing period, the sewer billing for this account will be turned back over to the applicable Water Billing Agency, where no credits will be given.

**5. Newly Discovered Sewer Customers**

Where it is discovered that Customers have been receiving sewer service for which they have not been billed, the customer will be added to the respective member agencies' billing system immediately, or to MSD's, if applicable. The Customer will be billed for sewer service for the previous 36 months (based on the Customer's water consumption for the period) or for the period the Customer has been receiving sewer service if the period is less than 36 months. If actual water consumption cannot be determined for the period in question, staff will estimate consumption, in its discretion.

**Resolution of unbilled balances**

In an effort to expedite resolution & reduce administrative burden, the following credits may be allowed for Customers willing to immediately resolve charges for sewer provided but not billed. The District may apply the following credits to the customer's unbilled balance. If the newly discovered customer has been connected to the system less than 36 months, the credits outlined below will be prorated based on length of service.

- 1. All meter maintenance fees will be waived for period in question.
- 2. One-time credit adjustment according to meter size:

5/8" Meter	\$360
3/4" Meter	\$540
1" Meter	\$900
1 1/2" Meter	\$2,160
2" Meter	\$3,600
3" Meter	\$9,000
- 3. Credit equal to first year's treatment cost for immediate payment.
- 4. Upon calculation of the credits, the customer must enter into a written payment agreement with the District.

The Credits set forth above are only for unbilled balances and are not transferable to any other amounts owed to the District.

Remaining unbilled balances will be subject to the collection practices outlined in section **B.3.(c)**.

## **6. Meter Maintenance**

Meter calibration/maintenance may be required to be performed on effluent and private meters as follows:

- i. Effluent Meters used for billing must be calibrated annually and a certification of this calibration must be submitted to MSD within 30 days of receipt.
- ii. Private Meters used with a diameter below 2 inches must be calibrated or replaced every ten (10) years and a certification of this calibration must be submitted to MSD within 30 days of receipt.
- iii. Private Meters with a diameter 2 inches or greater must be calibrated or replaced annually and a certification of this calibration must be submitted to MSD within 30 days of receipt.

**Appendix I – Application for Service**

**Property and Applicant Information:**

- (1) Full name, mailing address, home phone and business phone numbers of responsible party receiving service, (if married, provide name of spouse).

Name: \_\_\_\_\_

If business, Name of Contact: \_\_\_\_\_

If married, Name of Spouse: \_\_\_\_\_

Billing Address: \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Home Phone: \_\_\_\_\_ Business Phone: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

- (2) Street Address of Property Receiving Service:

Street: \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

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**Customer Billing Information:**

**PLEASE NOTE:**

- A. Sewer charges are the legal responsibility of the above party.
- B. In addition to legal action against the responsible party, failure to pay such charges when due may result in disconnection of sewer services.
- C. Based on the information provided to our office, your security deposit will be \$\_\_\_\_\_. Payment of this amount will be required upon your submission of this application.
- D. Original bills for sewer service will be mailed to the responsible party, at the address specified on this form. MSD will provide a duplicate copy of the bills to one other party (such as a tenant or accountant) if so requested below.

If you would like a duplicate copy of bills sent to another party, please check here  and fill out the following information:

Name of Party to Receive Duplicate Copies of Bills: \_\_\_\_\_

Mailing Address: \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Relationship to Customer (check one): Managing Agent  Accountant  Tenant  Other (please explain): \_\_\_\_\_

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**Customer's Approval:**

The undersigned certifies that the above billing contact information is correct and that he/she has read and understands Paragraphs A, B, C, D under the section captioned "Customer Billing Information".

(3) Applicant's EIN or SSN: \_\_\_\_\_ Email: \_\_\_\_\_

(4) Print Name: \_\_\_\_\_

(5) Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Appendix 2 - Customer Social Security Number Collection Form**

**CUSTOMER SOCIAL SECURITY NUMBER COLLECTION FORM**  
**This form is not a Public Record and may NOT be disclosed except**  
**as permitted by G.S. 132-1.10(b).**

**Purpose of form:** The Metropolitan Sewerage District ("District" or "MSD") is required to collect payment for all sewer services provided to customers. Your social security number will be used to facilitate collection of your sewer bill or any other sewer-related charges if you do not pay the bill voluntarily when due. Using your social security number will allow the District to claim payment of unpaid sewer charges from any North Carolina state income tax refund that otherwise might be owed to you. Your social security number also could be used in other collection efforts such as from a commercial collection agency or to disclose your payment history to a national credit bureau.

You are not required under the Identity Theft Act of 2005 to disclose your social security number to receive sewer services; however, the District is permitted to require reasonable assurance of payment for services prior to establishing a new account or reinstating a delinquent account. If you do not disclose your social security number, you may be required to pay increased deposit amounts to obtain sewer service.

**Statement of Privacy:** Your social security number will be maintained in a secure manner and will not be divulged for any purpose other than stated above, or as allowed under the Identity Theft Act of 2005 in G.S. 132-1.10(b). These exceptions include release to another governmental entity or its agents, employees, or contractors if disclosure is necessary for the receiving entity to perform its duties and responsibilities and disclosure to other parties if the social security number is redacted (meaning that the number is truncated or otherwise not displayed in excess of the last four digits).

Under penalty of perjury, I affirm that the number shown on this form is my correct Social Security Number.

Customer Name: \_\_\_\_\_

Address for sewer service: \_\_\_\_\_  
Street City Zip

Billing address if different: \_\_\_\_\_  
Street City Zip

Social Security Number: \_\_\_\_\_

\_\_\_\_\_  
Customer Signature

\_\_\_\_\_  
Date





**Appendix 4 - Debt Set Off Notification Letter**

Today's Date

Mr./Ms. \_\_\_\_\_  
Street Address  
Town, NC Zip

**RE:** Notice of Debt Owed to the Metropolitan Sewerage District of Buncombe County  
Intention to setoff debt  
Mr./Ms. \_\_\_\_\_ Social Security Number: \_\_\_\_\_

Dear Mr./Ms. \_\_\_\_\_:

Our records indicate that you owe the following past due amount to the local agency above:

<i>Explanation of Debt</i>	<i>Bill Date</i>	<i>Date Past Due</i>	<i>Past Due Amount</i>
Sewer Service	MM-DD-YYYY	MM-DD-YYYY	\$XX.XX
Interest (XX mos)	MM-DD-YYYY	MM-DD-YYYY	X.XX
Total Debt			\$XX.XX

As authorized by North Carolina General Statutes, Chapter 105A-2 (6), The Setoff Debt Collection Act (the "Act"), the Metropolitan Sewerage District of Buncombe County (District) intends to submit the above debt to the North Carolina Department of Revenue for collection by applying the debt against any income tax refund in excess of \$50 that you may be entitled to receive.

Additionally, you are further advised that in accordance with the Act, a local collection assistance fee of \$15 will be added to the obligation or account described above if it is submitted for set off.

You have the right to contest this action by filing a written request for a hearing with the District. Your request must be filed no later than 30 days from the postmarked date of this letter. Your request for hearing may be filed within the specified time by delivering it to the local regional agency office or by delivering it for mailing with postage prepaid and properly addressed to the local agency at the following address.

Metropolitan Sewerage District of Buncombe County  
2028 Riverside Drive  
Asheville, NC 28804

Failure to request a hearing within the 30 days time limit will result in the setoff of the above debt, and the addition of the applicable local collection assistance fee.

Sincerely,

Name  
Director of Finance

**Appendix 5 – Debtor Notice of Hearing**

Today's Date

Mr./Ms. \_\_\_\_\_  
Street Address  
Town, NC Zip

**RE:** Notice of hearing for debt owed to the Metropolitan Sewerage District of Buncombe County  
Intention to setoff debt  
Mr./Ms. \_\_\_\_\_  
Social Security Number: \_\_\_\_\_

Dear Mr./Ms. \_\_\_\_\_

Pursuant to your request, dated \_\_\_\_\_, and as provided by North Carolina General Statutes, Chapter 105A-2(6), The Setoff Debt Collection Act, a hearing will be held \_\_\_\_\_ (time and date) at \_\_\_\_\_ (location of hearing) to give you the opportunity to be heard on the above matter. The matter will be heard before \_\_\_\_\_ (name and position of hearing official of the local agency governing body). If you have any questions please contact \_\_\_\_\_ (local debt setoff contact person) at \_\_\_\_\_ (phone number).

After the hearing, the local agency will mail to your last known address, a written decision as to whether the debt is owed and the amount.

Sincerely,

Name  
Director of Finance

**Appendix 6 – Post Hearing Notification Letter**

Today's Date

Mr./Ms. \_\_\_\_\_  
Street Address  
Town, NC Zip

**RE:** Notice of hearing decision for debt owed to the Metropolitan Sewerage District of Buncombe County  
Intention to setoff debt  
Mr./Ms. \_\_\_\_\_  
Social Security Number: \_\_\_\_\_

Dear Mr./Ms. \_\_\_\_\_

Pursuant to your request, dated \_\_\_\_\_, and as provided by North Carolina General Statutes, Chapter 105A-2 (6), The Setoff Debt Collection Act, a hearing was held \_\_\_\_\_ (Date of hearing) to consider your challenge to the Metropolitan Sewerage District of Buncombe County's intention to submit the above debt to the North Carolina Department of Revenue for collection by applying the debt against any income tax refund you may be entitled to receive.

**(Choose the appropriate paragraph)**

[This is to inform you that the decision of the (hearing officer)(Board) is that the debt is owed in the amount of \$ \_\_\_\_\_. If you disagree with this decision of the \_\_\_\_\_ (Hearing Officer) (Governing Body), you may file a petition for a contested case under Article 3 of Chapter 150B of the North Carolina General Statutes, The Administrative Procedures Act. This petition must be filed with the Office of Administrative Hearings within 30 days after you receive this letter.]

(Or)

[This is to inform you that the decision of the \_\_\_\_\_ (Hearing officer) (Governing Body) is that the debt is not owed. The District will not submit the debt to the North Carolina Department of Revenue for collection through the Setoff Debt Collection Act.]

Sincerely,

Name  
Director of Finance



**Appendix 7—Debtor Information Tracking Sheet**

**1. Debtor Information:**

<b>Name:</b>	
<b>Address:</b>	
<b>City/Zip</b>	
<b>SSN:</b>	

**2. Debt Information:**

Explanation of Debt	Bill Date	Amount

**3. Appeal Hearing Information:**

**a. Notification**

Notification Procedure	Date
Date Letter Mailed to Debtor	
Deadline Date for Debtor Appeal Notice ( <i>30 days from above date</i> )	
Postmark Date of Debtor Appeal Letter	
Date of Actual Receipt of Debtor Appeal Letter	

**b. Administrative Review**

Review Procedure	Complete ↓
Date/Time of Hearing	
Date Notice of Hearing Mailed to Debtor	
Decision of Hearing (circle debt confirmation decision)	Owed Not Owed
Date Decision Mailed to Debtor	
Final Date for Petition to Contest Decision (30 days from date debtor receives above notice of decision)	

**4. Clearinghouse Information**

Submittal Information	Date
Date debt information sent to Clearinghouse	
<i>Comments Below</i>	

Appendix 8—Application for Transfer or Termination of Service

Application for Transfer or Termination of Sewer Service

Customer Name: \_\_\_\_\_

Service Address: \_\_\_\_\_

\_\_\_\_\_

<b>Office Use</b>
Deposit Refund Amt: _____
Refund Check #: _____
Date Mailed: _____

I hereby wish to:

**Terminate Service**

Date Sewer Service to be discontinued: \_\_\_\_\_

Address to mail final bill and/or deposit refund as applicable:

Street: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_

Zip: \_\_\_\_\_

**Note:** Your sewer charges deposit will be applied against your final bill and you will receive a refund or bill for the difference.

**Transfer Service to another location:**

Date OLD sewer service to be discontinued: \_\_\_\_\_

NEW sewer service location: \_\_\_\_\_

\_\_\_\_\_

Date NEW sewer service effective: \_\_\_\_\_

Billing address, if different: \_\_\_\_\_

\_\_\_\_\_

I hereby certify that the above information is true and accurate.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

**Appendix 9 - Doorhanger Notice of Disconnection**

**Notice of Disconnection**

This is to notify you that due to nonpayment of your sewer bill, your sewer service will be disconnected on or after \_\_\_\_\_ (time) on \_\_\_\_\_(date). To prevent this action you may make payment in full of \$\_\_\_\_\_ at the offices of the Metropolitan Sewerage District, 2028 Riverside Drive, Asheville, NC 28804 on or before \_\_\_\_\_(time) on \_\_\_\_\_(date).

To reconnect service, you will need to first pay the amount past due at the offices of the District (address above), plus a reconnection fee of \$\_\_\_\_\_ for a total of \$ \_\_\_\_\_. Your reconnection will be scheduled at that time. If you pay by personal check, you will need to wait at least five business days or until payment from your account is assured.

If you believe the amount due is in error or that you are not responsible for this amount, please call 828-254-9646 and ask for the Billing Coordinator or the Director of Finance.

# Metropolitan Sewerage District of Buncombe County

## BOARD INFORMATIONAL ITEM

**Meeting Date:** September 15, 2010  
**Submitted By:** Thomas E. Hartye, PE., General Manager  
**Prepared By:** W. Scott Powell, Director of Finance  
**Subject:** Cash Commitment/Investment Report-Month Ended July 31, 2010

### 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 July 31, 2010 were \$45,484,747. The detailed listing of accounts is available upon request. The average rate of return for all investments is 1.215%. 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 July 31, 2010 does not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of July 31, 2010 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$(2,673,387).

<b>Total Cash &amp; Investments as of 7/31/2010</b>		45,484,747
<b>Less:</b>		
Budgeted Commitments (Required to pay remaining FY11 budgeted expenditures from unrestricted cash)		
Construction Funds	(21,088,917)	
Operations & Maintenance Fund	(13,039,601)	
		(34,128,518)
Bond Restricted Funds		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(17,618)	
Debt Service Reserve	(2,597,268)	
Remaining Principal & Interest Due	(7,956,364)	
		(10,571,250)
District Reserve Funds		
Fleet Replacement	(658,201)	
WWTP Replacement	(880,514)	
Maintenance Reserve	(806,319)	
		(2,345,034)
Post-Retirement Benefit		(454,977)
Self-Funded Employee Medical		(658,355)
<b>Designated for Capital Outlay</b>		<b>(2,673,387)</b>

### Staff Recommendation

None. Information Only.

### Action Taken

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



## Metropolitan Sewerage District of Buncombe County Investment Portfolio

Held with Bond Trustee Held by MSD	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
	\$ -	\$ 10,005,243	\$ 1,499,003	\$ 23,666,591	-	-	-	\$ 1,115,883	\$ 2,614,886
	\$ 4,625,983	10,005,243	4,572,044	23,666,591	-	-	-	-	42,869,861
	\$ 4,625,983	\$ 10,005,243	\$ 6,071,047	\$ 23,666,591	\$ -	\$ -	\$ -	\$ 1,115,883	\$ 45,484,747

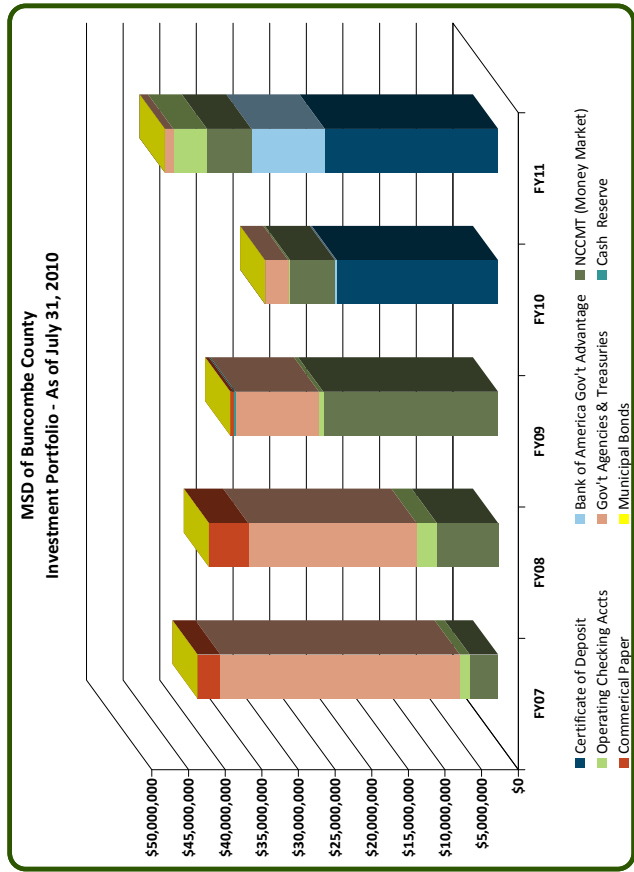
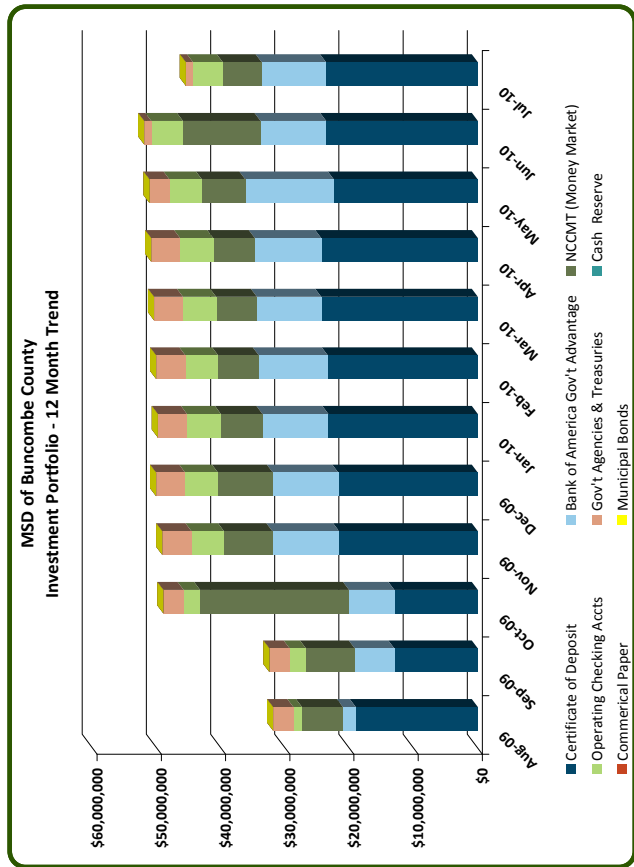
**Investment Policy Asset Allocation**

U.S. Government Treasuries, Agencies and Instrumentalities	Maximum Percent	Actual Percent
Bankers' Acceptances	100.00%	2.45%
Certificates of Deposit	20.00%	0.00%
Commercial Paper	100.00%	52.03%
North Carolina Capital Management Trust	20.00%	0.00%
Checking Accounts	100.00%	13.35%
	100.00%	32.17%

No significant changes in the investment portfolio as to makeup or total amount.

The District's YTM of 1.24% is exceeding the YTM benchmarks of the 6 month T-Bill and NCCMT Cash Portfolio.

All funds invest in CD's, operating checking accounts, BOA government advantage are fully collateralized with the State Treasurer.



**Board Meeting**

September 15, 2010

Subject: Cash Commitment/Investment Report-Month Ended July 31, 2010

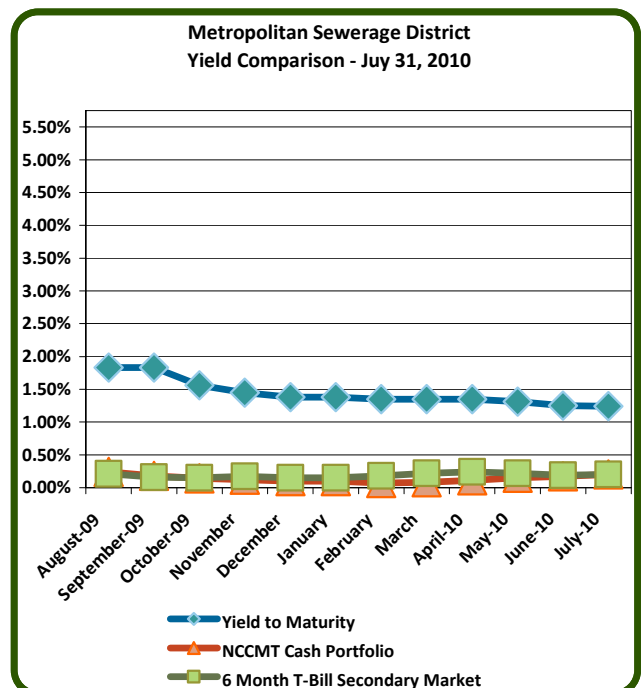
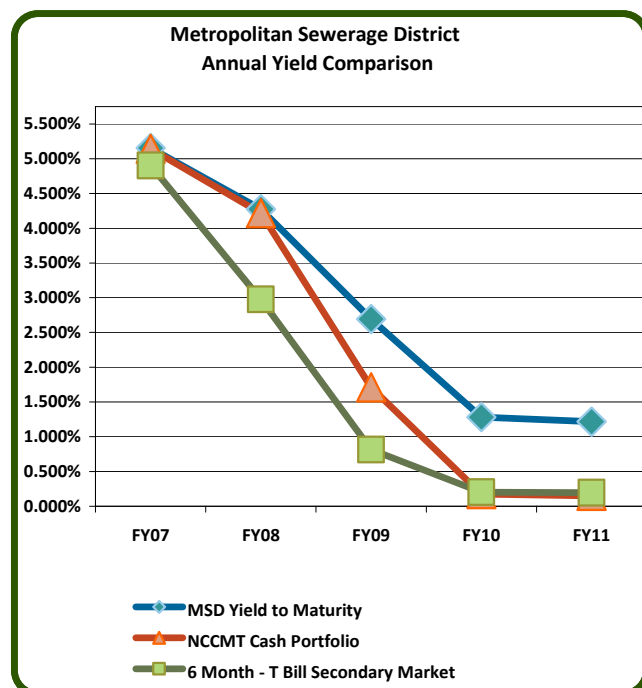
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**METROPOLITAN SEWERAGE DISTRICT  
INVESTMENT MANAGERS' REPORT  
AT JULY 31, 2010**

<u>Summary of Asset Transactions</u>			
	Original Cost	Market	Interest Receivable
Beginning Balance	\$ 38,154,975	\$ 38,154,975	\$ 172,181
Capital Contributed (Withdrawn)	(618,902)	(618,902)	-
Realized Income	30,605	30,605	(25,245)
Unrealized/Accrued Income	-	-	32,524
Ending Balance	\$ 37,566,678	\$ 37,566,678	\$ 179,460

<u>Value and Income by Maturity</u>			
	Original Cost	Income	
Cash Equivalents <91 Days	\$ 13,900,087	\$ 14,017	
Securities/CD's 91 to 365 Days	23,666,591	23,866	
Securities/CD's > 1 Year	-	-	
	\$ 37,566,678	\$ 37,884	

<u>Month End Portfolio Information</u>	
Weighted Average Maturity	108 Days
Yield to Maturity	1.24%
6 Month T-Bill Secondary Market	0.20%
NCCMT Cash Portfolio	0.20%



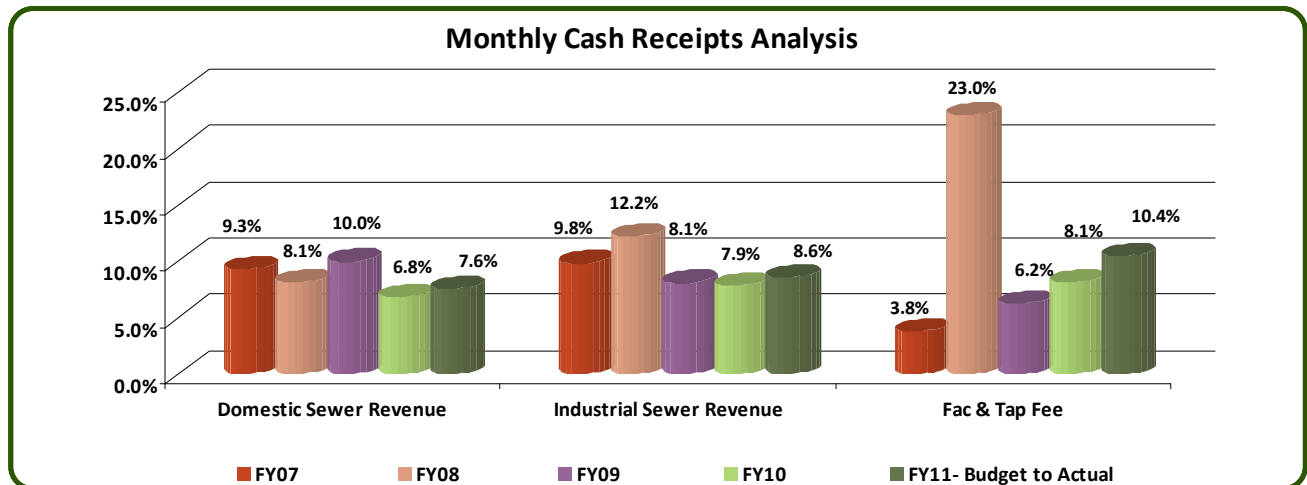
**Board Meeting**

September 15, 2010

Subject: Cash Commitment/Investment Report-Month Ended July 31, 2010

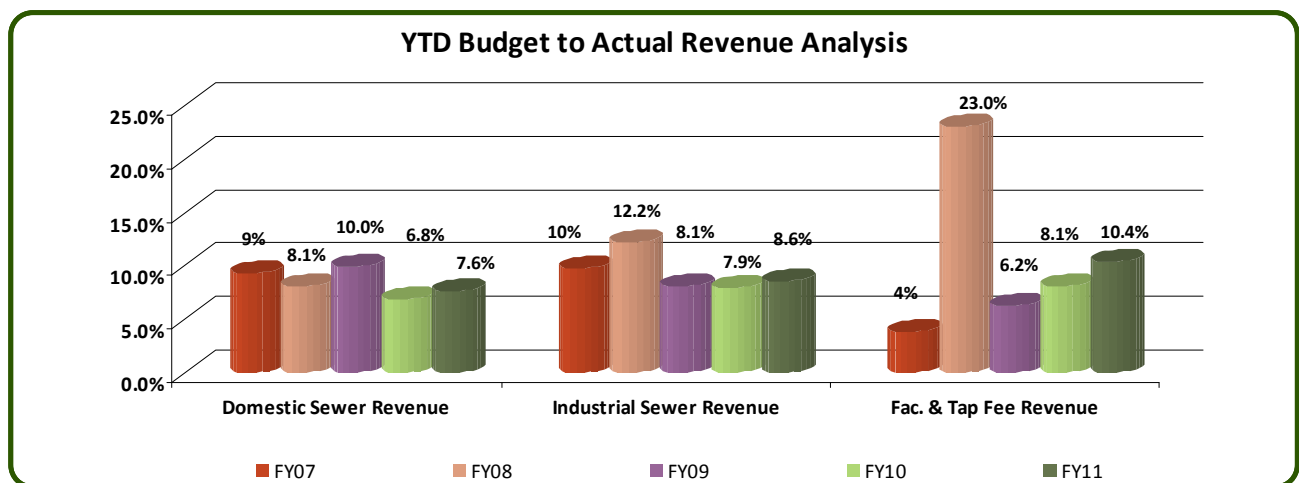
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**METROPOLITAN SEWERAGE DISTRICT  
ANALYSIS OF CASH RECEIPTS  
AS OF JULY 31, 2010**



**Monthly Cash Receipts Analysis:**

- ▲ Monthly domestic sewer revenue is considered reasonable based on cash receipt patterns.
- ▲ 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 domestic sewer revenue did not meet budgeted expectations due to the wet summer of 09.
- ▲ 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.

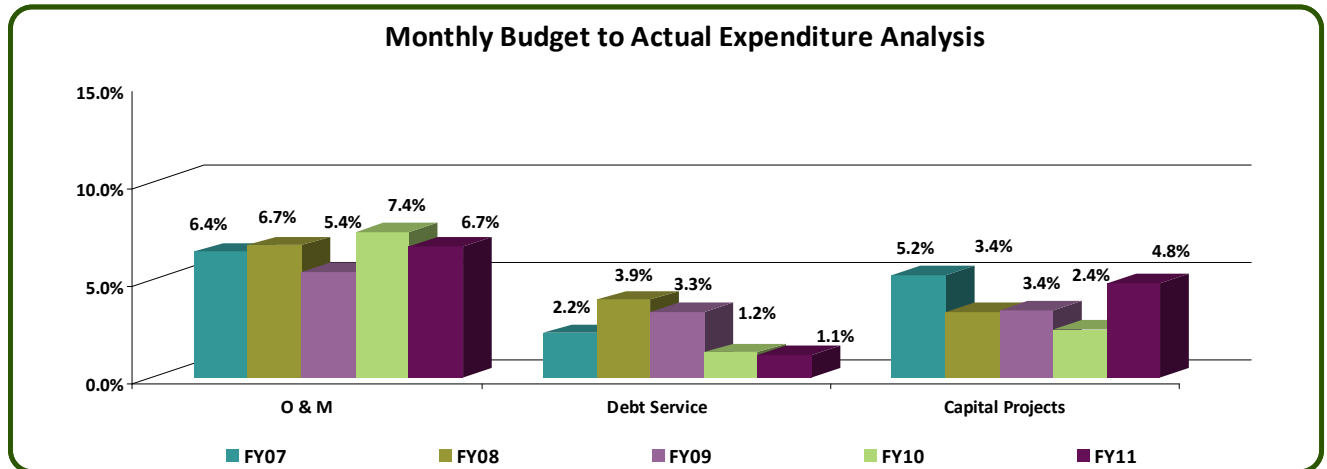
**Board Meeting**

September 15, 2010

Subject: Cash Commitment/Investment Report-Month Ended July 31, 2010

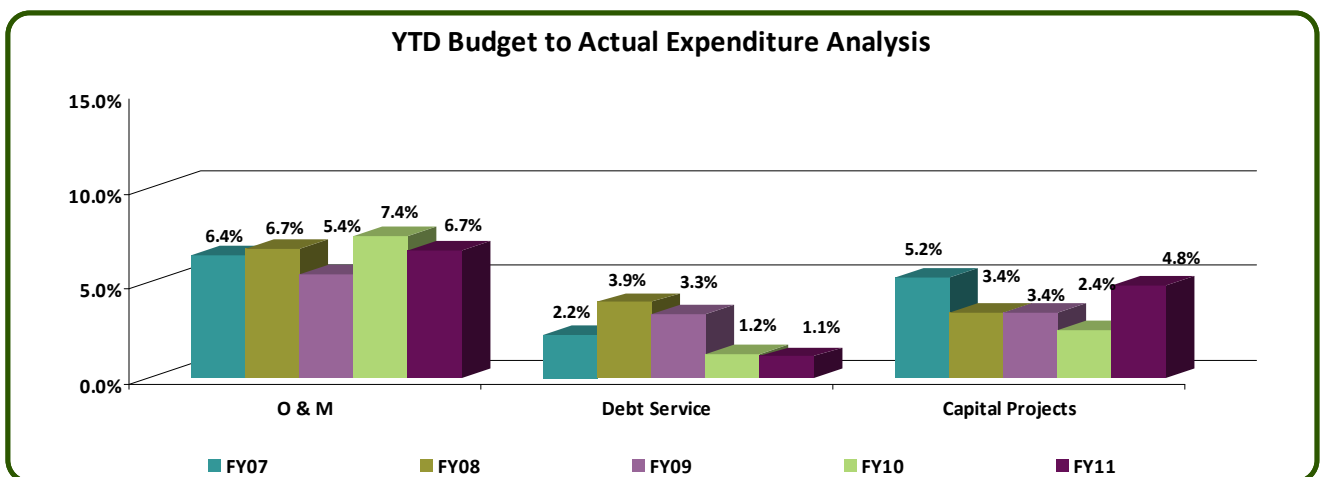
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**METROPOLITAN SEWERAGE DISTRICT  
ANALYSIS OF EXPENDITURES  
AS OF JULY 31, 2010**



**Monthly Budget to Actual Expenditure Analysis:**

- \* Monthly O&M expenditures are considered reasonable based on historical 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 considered 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 considered reasonable.



**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 considered 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 considered reasonable.



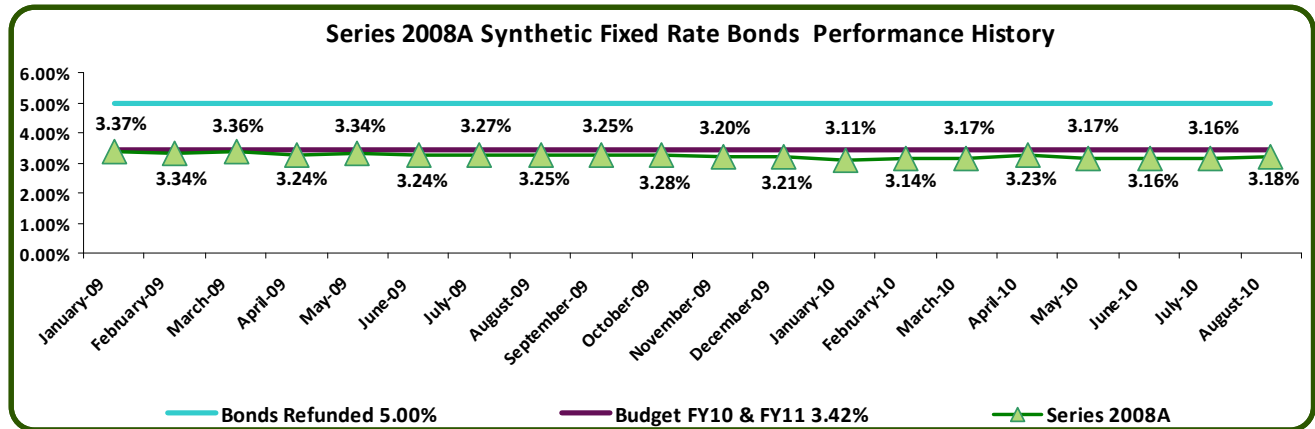
**Board Meeting**

September 15, 2010

Subject: Cash Commitment/Investment Report-Month Ended July 31, 2010

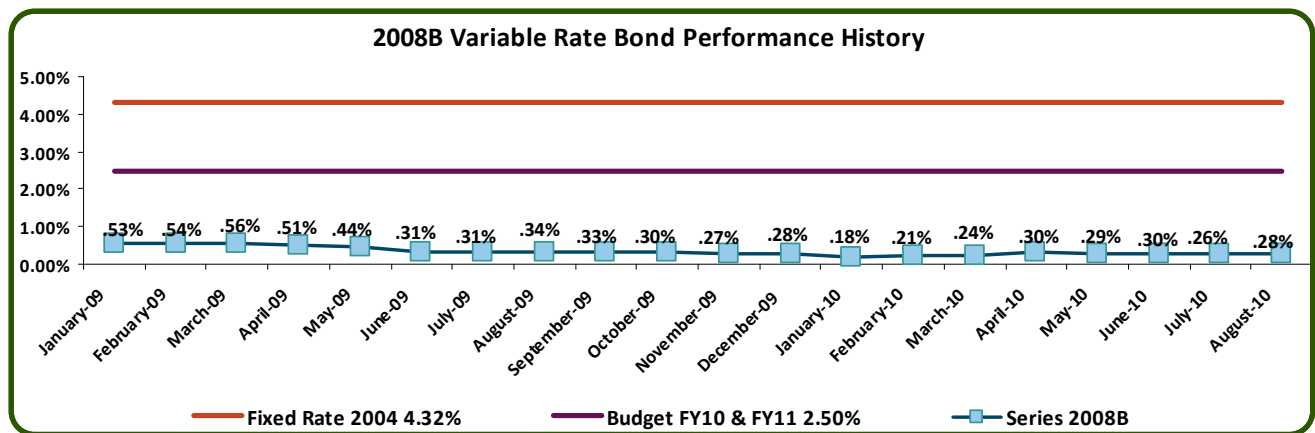
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**METROPOLITAN SEWERAGE DISTRICT  
Variable Debt Service Report  
As of August 31, 2010**



**Series 2008A:**

- ◆ Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$1,209,874 as compared to 4/1 fixed rate of 4.83%.
- ◆ Assuming that the rate on the Series 2008A Bonds continues at the current all-in rate of 4.1675%, MSD will achieve cash savings of \$3,503,702 over the life of the bonds.
- ◆ MSD would pay \$5,400,000 to terminate the existing Bank of America Swap Agreement.



**Series 2008B:**

- ◆ Savings to date on the 2008B Variable Rate Bonds is \$1,735,069 as compared to 5/1 fixed rate of 4.32%.
- ◆ Since May 1, 2008, the Series 2008B Bonds average variable rate has been 0.84%.
- ◆ MSD will achieve \$7,795,000 in cash savings over the life of the bonds at the current average variable rate.

**Metropolitan Sewerage District of Buncombe County****BOARD ACTION ITEM**

**Meeting Date:** September 15, 2010

**Submitted By:** William Clarke, General Counsel  
Thomas E. Hartye, General Manager

**Subject:** Consideration of MSD Travel Policy Revisions

**Background:** Attached is a revised travel policy prepared by Billy Clarke at the request of the Board. The revisions involve inclusion of wording referring to travel by Board Members to conferences etc.

**Fiscal Impact:** None.

**Staff**  
**Recommendation:** Approve revised policy.

## MSD TRAVEL POLICY

The District Board of the Metropolitan Sewerage District of Buncombe County has determined that travel by board members and employees of the District is necessary for carrying out the business of the District, for education and training of board members and employees and for the preservation and promotion of the health and welfare of the District.

To achieve the goals in the preceding paragraph and to ensure the efficient and reasonable expenditure of District resources, the board hereby adopts this amended Travel Policy

1. **Approval** – Board member travel (outside North Carolina or involving overnight stays) must be approved in advance by the General Manager. Employee travel (outside North Carolina or involving overnight stays) must be approved in advance by the Division Director for the Division in which the employee works. A board member or employee seeking approval for travel on behalf of the District shall fill out an appropriate travel request form. All travel requests must be submitted to the Finance Director for pre-audit approval.
2. **Means of Travel** – Necessary travel should be accomplished by most economical reasonably expeditious means. If employees or board members choose to have a Saturday lay-over resulting in reduced airfare, the cost of lodging, meals and a rental car shall be provided to the employee provided the cost of such lodging, meals and rental car shall be less than the cost of travel with no Saturday lay-over. Although not mandatory, employees are encouraged to share rooms with other employees whenever possible.
3. **Vehicular Travel** - Employees are encouraged to carpool or use District vehicles for travel whenever possible. Please refer to the State Motor Fleet Management Division vehicle use policy at [www.ncmotorfleet.com/mfmregs.pdf](http://www.ncmotorfleet.com/mfmregs.pdf) for issues concerning the use of District vehicles not addressed in this policy. Reimbursement for use of personal vehicles, while attending meetings and conferences will be at the approved Internal Revenue Service rate per mile in effect at the time of the travel. The IRS rate covers all vehicle expenses except for parking and tolls. Employees do not need to purchase insurance on rental vehicles while traveling for the District as the District's insurance policy provides such coverage.
4. **Meals** – The per diem rate for meals will be at the approved IRS daily per diem rate of the destination city. If the destination city is not listed, please contact the Accounting Manager for the rate. Employees may receive allowances for meals for partial day travel according to the following schedule:

Breakfast - Departs prior to 6 A.M.  
Lunch - Departs prior to 11 A.M. or returns after 2 P.M.  
Dinner - Departs prior to or returns after 7 P.M.

For partial day travel, the rates are as follows: 20% of the IRS daily per diem rate for breakfast, 25% of the IRS daily per diem rate for lunch and 55% of the IRS per diem rate for dinner. Gratuities are included in the meal reimbursement rate. Meals provided as a part of any meeting or conference will be deducted from the daily allowance.

5. **Cell Phones** – Employees on overnight trips away from MSD are encouraged to use their MSD cell phone as long as they are in the calling plan area. Employees traveling outside the calling plan area, or who do not have an MSD cell phone, will be issued one prepaid phone card for every three days on the road. Employees should contact the Accounting Manager at least three days prior to travel to make arrangements for obtaining a prepaid phone card.
6. **Tips** – reimbursement for baggage handling shall be limited to \$1.00 per bag; for hotel room service attendants, \$1.00 per day. Taxicab tips shall be included on the receipt. Business related expenses such as faxes shall be reimbursed at actual cost. Personal expenses unrelated to the purpose of the travel will not be reimbursed.
7. **Board Travel** – The General Manager shall provide information to Board members about seminars, conferences and educational opportunities which might be useful to Board members. Board travel shall be approved by the General Manager. Board members will let other members know which conferences, seminars and educational opportunities they plan to attend so as to avoid unnecessary duplication of attendance. Board members shall report back to the full board and staff about conferences, seminars and educational opportunities they attend.



**CAPITAL IMPROVEMENT PROGRAM**

**STATUS REPORT SUMMARY**

**September 8, 2010**

PROJECT	CONTRACTOR	AWARD DATE	NOTICE TO PROCEED	ESTIMATED COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
CHARLAND FOREST	T & K Utilities	8/18/2010	TBA	TBA	TBA	0%	<b>Informal</b> Project was awarded to T & K Utilities, Inc.
FOREST HILL DRIVE #1 (PRP 11006)	T & K Utilities	2/17/2010	3/29/2010	9/15/2010	\$147,653.00	95%	<b>Formal</b> Mainline is complete; pavement yet to be done.
FOREST HILL DRIVE #2 (PRP 11005)	T & K Utilities	2/17/2010	3/29/2010	9/15/2010	\$68,590.00	95%	<b>Formal</b> Project is complete and awaiting punchlist
LAKE JULIAN INTERCEPTOR PHASE III	TBA	TBA	TBA	TBA	TBA	0%	<b>Formal</b> Bids were opened on September 7th. Buckeye Construction Company is the apparent low bidder. Project will be presented at the September Board meeting.
MARTEL LANE @ PENLEY AVENUE	Huntley Construction	6/9/2010	9/7/2010	1/5/2010	\$106,300.00	0%	<b>Informal</b> Preconstruction meeting was held on September 7th.
MIDDLE BEAVERDAM CREEK INTERCEPTOR	Moore & Son	7/15/2009	8/31/2009	9/30/2010	\$854,118.91	90%	<b>Formal</b> Tie-in manhole has been set. Contractor has several services to lay out of pavement, then finish pavement will be completed along Merrimon Avenue.
MORRIS STREET @ TALMADGE STREET	Terry Brothers	6/9/2010	7/21/2010	2/16/2011	\$368,972.50	70%	<b>Formal</b> Mainline is progressing well.
REEMS CREEK MASTER PLAN EXTENSION PHASE II	Dillard Excavating Co.	N/A	N/A	10/30/2010	\$198,621.99	90%	Construction by developer. MSD cost participation is \$198,621.99. Mainline construction is in progress. Rock excavation is making progress extremely slow. Pipeline construction is 90% complete.
TOWN BRANCH INTERCEPTOR	BC&D Associates	8/19/2009	9/21/2009	9/30/2010	\$726,875.00	60%	<b>Formal</b> Tunnelling operation is considered complete and conventional mainline construction has resumed.
WRF - FINAL MICROSCREEN REPLACEMENT	TBA	TBA	TBA	TBA	TBA	0%	<b>Formal</b> Mandatory pre-bid conference was held on August 31st. Equipment procurement bid will be presented at the September Board meeting. Construction contract is scheduled to be bid on September 21st and will be presented at the October Board meeting.
WRF - INTERMEDIATE PUMPING REPLACEMENT	Hickory Construction	7/15/2009	8/19/2009	10/31/2010	\$1,754,675.22	85%	<b>Formal</b> Pumps failed noise parameter of testing although performed better than specified in pumping and amperage load. A fix is being pursued by GE the motor manufacturer. Construction complete, minus pumps.

\*Updated to reflect approved Change Orders and Time Extensions

Planning and Development Projects  
Status Report September 15, 2010

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
	Willowcreek Village Ph.3	2003110	Asheville	26	597	4/21/2006	Complete - Waiting on final documents
	Rock Hill Road Subdivision	2005153	Asheville	2	277	8/7/2006	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
	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	Complete - Waiting on final documents
	Buncombe County Animal Shelter	2007216	Asheville	Comm.	78	5/1/2008	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
	Momentum Health Adventure	2008097	Asheville	Comm.	184	8/19/2009	Complete - Waiting on final documents
	Forest Manor Complex	2088050	Asheville	Comm.	96	12/4/2008	Complete - Waiting on final documents
	Honeysuckle Breeze	2007246	Asheville	5	70	9/22/2009	Complete - Waiting on final documents
	North Point Baptist Church	2008105	Weaverville	Comm.	723	5/20/2009	Complete - Waiting on final documents
	CVS- Weaverville Hwy	2006301	Woodfin	Comm.	59	8/18/2009	Complete - Waiting on final documents
	The Villages at Crest Mountain	2009049	Asheville	63	1,364	9/9/2009	Testing
	Crayton Creek Green	2006282	Asheville	10	482	3/15/2007	New developer & Engineer, ready for final
	Ridgefield Business Park	2004188	Asheville	18	758	2/16/2005	Complete-Waiting on final documents
			<b>Subtotal</b>	<b>588</b>	<b>11,298</b>		

Planning and Development Projects  
Status Report September 15, 2010

Status	Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
	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
	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 / in foreclosure
	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
	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
	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 (Habitat)	2009079	West Asheville	23	735	1/24/2003	New engineer & developer under constr.
	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 / in foreclosure
	Thom's Estate - Phase II	2008071	Asheville	40	3,701	6/10/2008	testing / in foreclosure
	Skyland Apartments	2007117	Arden	63	96	4/23/2008	Ready for final inspection
	Berrington Village Apartments	2008164	Asheville	308	4,690	5/5/2009	Installing
	Cottonwood Townhomes	2009110	Black Mtn.	8	580	10/20/2009	Installing
	Mission Hospitals (Victoria Road)	2009022	Asheville	Comm.	532	2/12/2010	Installing
	Lutheridge - Phase I	2009112	Arden	Comm.	330	3/16/2010	Ready for final inspection
	Kenilworth Cottages	2008031	Asheville	11	177	5/12/2010	Ready for final inspection
	AVL Technologies	2010018	Woodfin	Comm.	133	5/21/2010	Installing
	Woodbriar Subdivision	2009004	Weaverville	72	3,888	8/2/2010	Pre-con held, ready for construction
	Westmore	2009004	Asheville	72	675	8/3/2010	Pre-con held, ready for construction
	Carolina Hand Surgery	2009063	Asheville	Comm.	298	10/7/2009	Testing
	Graylyn Hills	2008108	Asheville	4	176	2/12/2010	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
	South Buncombe Intermediate Sch.	2009065	Arden	Comm.	1,656	6/7/2010	Installing
	Black Mtn Annex: Avena Rd.	1999026	Black Mtn.	24	4,300	8/19/2010	Pre-con held, ready for construction
	Black Mtn Annex: Blue Ridge Rd.	1992171	Black Mtn.	24	2,560	8/19/2010	Pre-con held, ready for construction
	Black Mtn Annex: McCoy Cove	1992174	Black Mtn.	24	2,067	8/19/2010	Pre-con held, ready for construction
	The Settings at Blk Mtn. - Ph. 3	2006297	Black Mtn.	45	3,906	4/22/2010	Installing
			Subtotal	2130	94,324		
			Total Units:	2,718			
			Total LF:		105,622		