

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT  
NOVEMBER 17, 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 November 17, 2010. Chairman Aceto presided with the following members present: Bissette, Bryson, Haner, Kelly, Russell, Stanley, VeHaun and Watts. Ms. Bellamy, Mr. Creighton and Mr. Root were absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, Inc., Joseph Martin with Woodfin Sanitary Water and Sewer District, Stan Boyd, Ed Bradford, Peter Weed, Jim Hemphill, Scott Powell, 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 October 20, 2010 Meeting:**

Mr. Aceto asked if there were any changes to the Minutes of the October 20, 2010 Board Meeting. With no changes, the Minutes were approved by acclamation.

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

None

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

Mr. Aceto welcomed Mr. Martin.

**6. Report of General Manager:**

Mr. Hartye reported that he and staff attended the NC AWWA-WEA Annual Conference in Winston-Salem and announced that John Kiviniemi was inducted as Chair of the Association for next year; the System Services crew won second place in the Men's Operations Challenge and Stan Boyd received the AWWA Life Membership award.

Mr. Hartye went over some of the accomplishments by department for FY 2010. He reported the Capital Improvement Program Division administered a CIP budget of \$18,807,508 with in-house personnel; rehabilitated 45,450 LF of collection system during FY 10; began the construction phase for the rehabilitation of the Intermediate Pumping System at the WRF, which is now operational; acquired rights of way across 60 separate properties, and designed and implemented a new GIS Flex Web Viewer application. The System Services Division achieved an average response time of 30 minutes to customer service requests during regular working hours and 39 minutes of after hour calls; cleaned 997,238 LF of pipeline with in-house crews and chemically treated for roots 206,831 LF of pipeline. He stated that of the 45,450 LF of rehab pipe, 24,999 LF was done in-house by System Services. Mr. Aceto asked what types of calls are received. Mr. Hartye said sewer back-ups, sewer odor complaints, questions about outside work being done and storm water issues. Mr. Haner asked if the staff contacts customers later to make sure they are satisfied. Mr. Hartye said yes, that most calls involve more than one visit and the Supervisor communicates with residents throughout the process. Mr. Hartye further reported that System Services cleaned approximately 10,000 LF of 36" interceptor. Environment, Health and Safety had zero (0) OSHA violations and was awarded the

North Carolina Department of Labor Safety Award for the fifth consecutive year. Information Technology (IT) rolled out over 20+ laptop replacements/installations and 25+ desktops for MSD users and planned and implemented a new server room in the TP Administration building. Management Information Systems (MIS) continued efforts to move databases to web interfaces, and integrated the real-time flow monitoring sites with SCADA and the GIS Flex System. The Wastewater Treatment Division received the National Association of Clean Water Agencies "Peak Performance Award" for the eighth consecutive year, acknowledging Treatment Plant compliance, and has begun the Final Micro-screen Replacement Project. The Finance Division received both the GFOA's "Excellence in Financial Reporting" and "Distinguished Budget" awards for FY 2009 and 2010 respectively; implemented revisions to the monthly Board reports, and is leveraging the GIS Flex System and P&D application data with respective member agencies to check for unbilled sewer customers. The Human Resources Division is coordinating Supervisory, Management, Leadership training plans for Succession Planning; working with the Employee Advisory Committee on medical insurance and wellness initiatives, and worked with Mission Hospital to bring the "Asheville Project" services on site at MSD. Mr. Hartye presented statistics from The Planning and Development Division, which shows a downward trend due to the economy. Mr. Aceto asked if the financial benchmarking project will be beneficial in decision making policies. Mr. Powell reported that initially there was dialogue about general financial benchmarking then it was used in the budget process. He stated that this is an ideal tool to augment the information the District has with its business model and all other processes used when doing the budget. He further stated that staff would entertain any suggestions from the Board on how this can be used going forward. Mr. Aceto suggested that this subject be placed on a future Board agenda. Mr. Hartye stated that this was discussed at the last Finance Committee meeting, prior to adoption of the Budget.

Mr. Hartye presented a letter from Mr. Clarke regarding Board Compensation. Mr. Clarke stated that Board compensation is governed by NC General Statutes. The Board receives \$100 per meeting with a limit of \$300 per month. Also, Members of the District Board are reimbursed the amount of actual expenses incurred by them in the performance of their duties.

Mr. Hartye reported that the next Planning Committee meeting will be held December 2<sup>nd</sup> at noon. The next regular Board Meeting will be held December 15<sup>th</sup> at 2 p.m. and the next Right of Way Committee meeting is scheduled for December 1<sup>st</sup> at 9 a.m.

**7. Report of Committees:**

Planning Committee

Mr. Bissette reported that the Planning Committee met October 20, 2010 to hear a presentation from the City of Asheville concerning sewers extended into areas to be annexed. The Committee asked staff to look at the pros and cons of this proposal and give an analysis at the next meeting.

**8. Consolidated Motion Agenda:**

**a. Consideration of Bids for Sanitary Sewer Rehabilitation Project – US Hwy 70 @ Parkway:**

Mr. Hartye reported that this line serves the Veteran's Administration Hospital, residential properties and businesses along US 70 near the Blue Ridge Parkway. The project is comprised of 2,620 LF of 12" DIP, and includes 215 LF of pipe bursting for the crossing under US-70. He further reported that the following bids were received

on October 7, 2010: Haren Construction Co. with a total bid of \$798,985.00; Spur Construction Co., LLC with a total bid of \$767,812.55; Huntley Construction Co., with a total bid of \$707,054.00; Carolina Specialties, Inc. with a total bid of \$692,590.00; T&K Utilities, Inc. with a total bid of \$589,003.00 and Terry Brothers Construction Co., with a total bid of \$547,088.00. Mr. Hartye stated that staff recommends award of this contract to Terry Brothers Construction Co., Inc. in the amount of \$547,088.00, subject to review and approval by District Counsel.

**b. Consideration of Developer Constructed Sewer Systems:**

**1. Habitat Brotherton Sewer Extension Project.**

Mr. Hartye reported that the project included the installation of approximately 744 linear feet of 8" gravity sewer to serve a 23 unit residential development. The estimated cost of the sewer extension is \$45,000 and is eligible for the District's Cost Recovery Reimbursement for the lesser of the construction cost of the sewer or five years estimated revenue. The estimated revenue is \$23,549.00. He further reported that staff recommends acceptance of the developer constructed sewer system (all MSD requirements have been met) and authorizing the General Manager to disburse \$23,549 to Habitat for Humanity for cost recovery upon receipt of satisfactory security.

**2. Kenilworth Cottages Sewer Extension Project:**

Mr. Hartye reported that the project included the installation of approximately 159 linear feet of 8" gravity sewer to serve an eleven (11) unit residential development off Aurora Avenue in Asheville. Staff recommends acceptance of the developer constructed sewer system. All MSD requirements have been met.

**3. Skyland Apartments Sewer Extension Project:**

Mr. Hartye reported that the project is located off Springside Road in Buncombe County and included the installation of approximately 97 linear feet of 8" gravity sewer to serve a 63 unit residential development. Staff recommends acceptance of the developer constructed sewer system. All MSD requirements have been met.

**4. Sunset Park Subdivision Sewer Extension Project:**

Mr. Hartye reported that the project is located off Baird Street in Asheville and included the installation of approximately 824 linear feet of 8" gravity sewer to serve a 19 unit residential development. Staff recommends acceptance of the developer constructed sewer system. All MSD requirements have been met.

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

Mr. Powell reported that Domestic User Fees are at budgeted expectations, and Facility and Tap Fees are above budgeted expectation, due to receiving an unanticipated fee of \$609,000 from a developer. Interest and Miscellaneous income are below budgeted expectations, due to recessionary pressures on the fixed income market, which affects how the District invest its monies, and the yield on those investments. Mr. Powell stated it was anticipated the market would be stronger than it is. As a result, the District experienced low returns during the first part of the year, but is expected to be up by the end of this fiscal year. Mr. Powell further reported that O&M expenditures are at 28.8% of budget and include encumbered amounts, which has elevated the budget to actual ratio slightly above 25%. Bond principal and interest expenditures are less than budget due to timing of the debt and interest

payments. He stated that interest payments are due on December 1<sup>st</sup> and principal and interest payments on July 1<sup>st</sup>. He further stated that capital equipment and capital projects are rarely expended proportionately throughout the year and are currently at 25%.

**d. First 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 from the previous quarter. Net billings are up 4.6% as compared to last year, which includes a 3.7% rate increase and Cash receipts are up 8.1%. Receivables are up 12.8% due to timing of a couple of quarter-end billing cycles as well as accounts requiring additional time to collect. He stated that staff will continue to monitor aging of these accounts for future quarters as this could have a cash flow effect on the District.

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

Mr. Powell reported that Page 2 presents the makeup of the District's Investment Portfolio with no change from the prior month. Page 3 is the Investment Manager's report as of the month of September. The weighted average maturity of the investment portfolio is 130 days. The yield to maturity is 1.05% and exceeds benchmarks for the 6 month T-Bill and NCCMT cash portfolio. Mr. Aceto asked if the District usually keeps 41.46% in its checking accounts. Mr. Powell explained that this number includes the Governmental Advantage account at the Bank of America, which has an excess of \$10 million, and is currently yielding 60 basis points. He stated that in order to get 60 basis points in a fixed income instruments such as a Fannie Mae or Freddie Mac, the portfolio would have to be extended past two years. Mr. Powell further reported that Pages 4 and 5 are the makeup of cash receipts and expenditures as previously reported. Page Six is the Variable Debt Service Report. He stated that both the 2008 A&B Series Bonds are performing better than budgeted expectations. As of the end of October, both issues have saved ratepayers approximately \$3.1 million dollars in debt service payments, since the bonds were issued in April, 2008.

Mr. Watts moved that the Board adopt the Consolidated Motion Agenda as presented. Mr. Stanley seconded the motion. With no discussion, roll call vote was as follows: 9 Ayes; 0 Nays

**9. Old Business:**

None

**10. New Business:**

None

**11. Adjournment:**

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

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Jackie W. Bryson, Secretary/Treasurer

# MSD

## Regular Board Meeting

Metropolitan Sewerage District  
of Buncombe County, NC

## AGENDA FOR 11/17/10

✓	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 October 20, 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 Committee a. Planning Committee – 10/20/10 - Bissette	Aceto	2:35
	07. Consolidated Motion Agenda		2:45
	a. Consideration of Bids –Sanitary Sewer Rehabilitation Project – US Hwy 70 @ Parkway.	Hartye	
	b. Consideration of Developer Constructed Sewer Systems: Brotherton Avenue; Kenilworth Cottages; Skyland Apartments and Sunset Park.	Hartye	
	c. First Quarter Budget to Actual Review	Hartye	
	d. First Quarter City of Asheville Billing Report	Hartye	
	e. Cash/Commitment Investment Report Month Ending September 30, 2010.	Hartye	
	08. Old Business:	Aceto	3:00
	09. New Business:	Aceto	3:05
	10. Adjournment (Next Meeting December 15, 2010)	Aceto	3:10

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT  
OCTOBER 20, 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, October 20, 2010. Chairman Aceto presided with the following members present: Bellamy, Bissette, Bryson, Haner, Kelly, Root, Russell, Stanley, VeHaun and Watts. Mr. Creighton was absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, Inc., Ryan Beaver and Steele Bryce Windle, III with Shumaker, Loop & Kendrick representing Shane Herbert of Buckeye Construction Company, Inc., Jack Westall with Westall, Gray, Connelly & Davis representing Wendell Howard of T&K Utilities, Inc., Jason Beard with Hickory Construction Company, Gerri Barraco with Sperling & Barraco, Inc., Leah Karpen with the League of Women Voters, Joseph Martin with Woodfin Sanitary Water & Sewer District, Stan Boyd, Ed Bradford, John Kiviniemi, Scott Powell, Jim Hemphill, Peter Weed, Roger Watkins, Ken Stines, Mike Butler, Lisa Tolley, 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 September 15, 2010 Meeting:**

Mr. Aceto asked if there were any changes to the Minutes of the September 15, 2010 Board Meeting. With no changes, the Minutes were approved by acclamation.

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

None

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

Mr. Aceto welcomed Mr. Beaver, Mr. Windle, Mr. Herbert, Mr. Howard, Mr. Westall, Mr. Beard, Ms. Barraco, Ms. Karpen and Mr. Martin.

**6. Hearing to Consider Withdrawal of Bid: Lake Julian Interceptor Phase III Sewer Rehabilitation Project – Buckeye Construction:**

At 2:04 PM, Mr. Aceto declared the hearing on the withdrawal of the bid by Buckeye Construction Co., Inc. open.

Mr. Aceto called on Ed Bradford for a presentation on the project. Mr. Bradford reported that the project is located at Lake Julian and begins at the French Broad River, runs under 1-26, then along the south side of the lake. He stated that this is phase III of an overall four-phase rehabilitation around the lake. Phase I was around the north side of the lake and Phase II, MSD partnered with the NCDOT on the Long Shoals Road widening project. These phases consisted of approximately 13,000 LF and are now complete. He further reported that Phase III is the largest collection project in the current CIP at approximately 8,200 LF, with a construction budget of \$2.4 million. The project was advertised and eight bids were received on September 7, 2010. On September 8, 2010, Buckeye Construction Company submitted a request to withdraw its bid citing a mathematical error. On September 10, 2010, T&K Utilities, Inc. submitted a request to withdraw its bid citing a clerical error. As a result, neither contractor can now be considered for this project. The lowest responsive bidder is now Ruby-Collins and NCGS 143-129.1 requires that a hearing be held to determine whether or not Buckeye

Construction Company, Inc. and T&K Utilities, Inc. shall be allowed to withdraw their bids.

The Board then heard a presentation from Al Windle, an attorney representing Buckeye Construction. Mr. Windle also presented copies of Buckeye Construction's bid papers which he said showed that Buckeye made a mathematical error of approximately \$162,000. Mr. Shane Herbert, Vice President of Buckeye Construction, was sworn in and offered testimony as well. The documents presented by Mr. Windle on behalf of Buckeye, and the testimony of Mr. Herbert, demonstrated that, upon learning it was the lowest bidder on the project, Buckeye reviewed the papers it has used to prepare its bid. In the course of the review, Buckeye determined that it had calculated the cost of equipment for the project at \$2,105.00 per day. That figure did not carry over properly to the bid sheet; however, it was reflected on the bid sheet as \$1,002.50. The difference of \$1,103 per day times the contract period of 138 days resulted in an error of \$162,000.00. Buckeye Construction submitted the request to withdraw its bid within 72 hours. Mr. Herbert testified that Buckeye Construction had been doing work for MSD for twenty years and that this was the first time Buckeye had asked to withdraw a bid. Mr. Kelly asked Mr. Windle if, in his experience, he had seen two contractors request withdrawal of their bids on the same project. Mr. Windle said that up until the last few years, he had not experienced this, but he had seen it a number of times in recent years. Mr. Kelly asked Mr. Clarke that if the Board allowed Buckeye and T&K to withdraw their bids, would MSD be required to take the remaining lowest bidder. Mr. Clarke said that MSD was not required to, but could take the remaining lowest bidder. MSD could also reject all the bids and readvertise. If MSD were to reject all bids and readvertise, Buckeye and T&K would not be allowed to bid.

Mr. Clarke then reviewed the requirements of North Carolina General Statute 143-129.1. Following discussion Mr. Kelly moved that the Board find that Buckeye Construction Company submitted a request to withdraw its bid on the Lake Julian Interceptor Project, Phase III within 72 hours of the opening of the bid; that the reason for the withdrawal was a mistake constituting a substantial error, that the bid was submitted in good faith and that the mistake was clerical in nature and due to an unintentional omission of a substantial quantity of equipment and that the mistake could be shown from work papers used to prepare the bid. Based on these findings, Mr. Kelly moved the Board allow Buckeye Construction to withdraw its bid and MSD forfeit any right to claim the bid security. Mr. Stanley seconded the motion. Roll call vote in favor of the motion was 10 Ayes; 0 Nays. Mayor Bellamy was excused by the Chair, upon her request, from the consideration and the vote as she came into the meeting after the public hearing had begun.

At 2:33 PM, Mr. Aceto declared the hearing on the matter of Buckeye Construction Company, Inc. closed.

**7. Hearing to Consider Withdrawal of Bid: Lake Julian Interceptor Phase III Sewer Rehabilitation Project – T&K Utilities:**

At 2:34 PM, Mr. Aceto declared the hearing on the withdrawal of the bid of T&K Utilities, Inc. open.

Mr. Wendell Howard, the president of T&K Utilities, first being duly sworn, testified on behalf of T&K. Mr. Howard offered evidence tending to show that he looked at his bid papers after being informed that Buckeye Construction had withdrawn its bid. Upon reviewing the work papers used to prepare his bid, he realized he had omitted certain items of work. Mr. Howard testified he submitted a request to withdraw the bid within 72 hours of the bid opening, that he had done work for MSD and the City of Asheville and others for 24 years, and this was the first time he had asked to withdraw a bid. Based on the work papers, Mr. Howard showed he omitted approximately 80 tons

of stone bedding valued at about \$12,104.00 and rock excavation valued at approximately \$462,000.00 resulting in a total mistake of approximately \$474,000.00. In response to a question from Mr. Kelly, Mr. Howard testified that his expected profit margin on the job would have been in the range of 6%. Mr. Howard submitted a copy of his letter requesting withdrawal of his bid and his bid papers in support of his request.

Mr. Stanley then moved that the Board find that T&K Utilities had made a timely request to withdraw its bid on the Lake Julian Interceptor, Phase III Project, that the reason for the withdrawal was a mistake constituting a substantial error, that the bid was submitted in good faith, that the mistake was clerical in nature and due to an unintentional and substantial arithmetic error or an unintentional omission of a substantial quantity of work and that the mistake could be shown from the work papers used to prepare the bid. Based on these findings, Mr. Stanley moved that T&K Utilities be allowed to withdraw its bid and that MSD forfeit any right to claim the bid security. Mr. Watts seconded the motion. Roll call vote in favor of the motion was 11 Ayes; 0 Nays.

At 2:56 PM, Mr. Aceto declared the hearing on the matter of T&K Utilities, Inc. closed.

#### **8. Report of General Manager:**

Mr. Hartye reported that the former MSD Administration Building has been leased to Smart Start of Buncombe County effective October 1, 2010. He stated that Smart Start is a non-profit which coordinates plans, and funds programs for children aged birth through five and their families, and contracts with local organizations to implement these programs. The lease has a 5-year term with two renewal periods of 3 years each. The building has 5,798 SF and was leased for \$8.85/SF which is \$4,348.50/month or \$52,182/year. He further reported that MSD had tentative plans to collaborate with the City of Asheville to put a learning center for drinking water, storm water, and wastewater in this building, but due to the economy, plans have been put off indefinitely.

Mr. Hartye presented a copy of the Asheville Citizen Times article on MSD's sewer rehabilitation program and the resulting reduction in Sanitary Sewer Overflows. He stated that everyone at MSD, from the Board on down, is a part of this success. Also, he presented a copy of the response from the French Broad River Keeper on the same issue.

With regard to billing investigations of existing customers, Mr. Hartye reported that MSD has been leveraging its GIS system and detailed billing information from the City of Asheville to further investigate potential customers who may be tied onto the system, but are not being billed. He stated that staff has been through all commercial and large meter customers and is currently working on domestic customers. The number of commercial entities found is 17 with 14 resolved, multi-family is 6 with 4 resolved. This will increase annual user charge revenue by about \$100,000 annually, or 0.5%. Staff has recently begun the single family homes with 105 found and 65 resolved. He further stated that this effort will continue to completion over the next few months. All future water connections can now be cross referenced to assure proper billing. He expressed his thanks to Scott Powell who has spearheaded this effort of continual improvement. Ms. Bellamy asked if the 105 single family homes are located in the City of Asheville. Mr. Powell said both the City of Asheville as well as customers that are served by the City of Asheville Water Department. Ms. Bellamy asked if there is anything the City can do as far as permitting. Mr. Hartye said now that MSD has the detailed billing this can be cross referenced with development information on MSD's GIS System.

Regarding rehab work in the Lake Julian area, Mr. Hartye reported that Ed Bradford will give a presentation regarding the substantial rehabilitation effort in the area surrounding Lake Julian. He stated that MSD has already constructed approximately \$4



million worth of sewer rehab in the area over the last 10 years and plans to complete another \$6.6 million over the next 5 years, including the Lake Julian Phase III project.

Mr. Bradford presented an aerial photo of the Lake Julian project. He stated that under consideration is Phase III of the four-phase project that runs around the lake. Phases I and II are complete, totaling 12,977 LF. Phase I, on the north side of the lake was done several years ago and Phase II, MSD partnered with the NCDOT during the widening of Long Shoals Road. Phase III consist of approximately 8,181 LF and Phase IV will consist of approximately 1,652 LF; totaling 22,810 LF. Mr. Bradford presented a map showing those areas that are complete and areas that are proposed. He stated that there were smaller projects in the same basin and MSD's stimulus projects were located in this area, totaling about \$700,000. Ms. Bellamy asked how many people were employed as a result of the stimulus projects. Mr. Bradford said about 25.

Mr. Bradford reported that the existing line is constructed of Clay, PVC, Iron and Plastic, which is not a concern in itself, but indicates how often the line has been repaired. Other concerns include multiple flat grade areas around the lake with not enough velocity causing solids deposition and the line runs through Progress Energy's main plant facility under their coal piles, resulting in coal in the line over the years. Mr. Aceto asked if MSD has a deeded right of way through Progress Energy's property. Mr. Bradford said yes; 16 feet. Mr. Bradford further reported that another problem is brick manholes that are severely deteriorated; particularly below the dam. As a result, a durable temporary by-pass was constructed around several sections.

As previously mentioned, some of the design issues with Phase III include flat grades, and severe deterioration of the line below the dam. Mr. Bradford stated that MSD met with Progress Energy staff several times to consider various alignments due to power lines to account for future growth of the power plant. He pointed out that MSD rights-of-way around Lake Julian (for all phases, about 16,300 LF) were acquired without compensation. He reported that Phase III consist of replacement of 7,826 LF of 20-inch DIP and 355 LF of 8-inch DIP. The project begins at the main interceptor along the French Broad, then runs under 1-26 and along the southwest side of Lake Julian. He explained that large projects like this are bid unclassified as far as rock goes, therefore, the burden of finding rock is placed on the contractor. In this case, Ruby-Collins drilled the whole project themselves. On smaller projects, there is a line item for rock, which helps to keep MSD's bid prices lower, since contractors do not have to assume the risk for rock.

Mr. Bradford stated that as a result of Buckeye Construction and T&K Utilities withdrawal of bids, Ruby-Collins is the next lowest responsive bidder at \$2,905,408.50. Because the construction budget for this project is \$2.4 million, staff negotiated with Ruby-Collins and they reduced their price to \$2,710,661.93. He further stated that after meeting with Mr. Clarke, Mr. McGill and staff, it is believed that re-advertisement will not benefit the District, and based on the market value of this project, (\$3 million) staff recommends the Board award this contract to Ruby-Collins, Inc. in the amount of \$2,710,661.93 subject to review and approval by District Counsel. Mr. Root asked if MSD has done business with Ruby-Collins in the past. Mr. Bradford said yes; that they did Phase I of this project. Mr. Haner asked if MSD is required by the General Statute to award a contract to the lowest bidder. Mr. Bradford said no, that the bids can be rejected. Mr. Clarke stated that if a bid is awarded, it must be awarded to the lowest responsible, responsive bidder; however, all bids can be rejected.

Mr. Hartye continued his report. He stated that a Planning Committee meeting will be held immediately following the Board meeting. The next regular Board meeting will be held November 17<sup>th</sup> at 2PM. The next Right of Way Committee meeting is scheduled for December 1<sup>st</sup> at 9AM.

In other business, Mr. Hartye reported that the new intermediate pumps have arrived at the plant, which will save over \$75,000 per year in electrical costs; will reduce the noise level significantly and eliminate the hydraulic fluid that was driving the other pumps, which can also be a pollutant.

**9. Consolidated Motion Agenda:**

**a. Consideration of Bids for Sanitary Sewer Rehabilitation Project – Lake Julian Interceptor Phase III:**

Mr. Hartye reported that the project was re-estimated because of a change in the bore under I-26, which added another \$100,000, but the District has saved \$280,000 on previous jobs. He stated that the following bids were received and opened on September 7, 2010: BC&D Associates, Inc. with a total bid of \$3,911,370.00; Mendon Pipe Line Co., with a total bid of \$3,776,014.00; Terry Brothers Const. Co., with a total bid of \$3,303,391.00; Moorhead Const., with a total bid of \$3,150,307.00; Huntley Const. Co., with a total bid of \$2,908,786.32; Ruby-Collins, Inc., with a total bid of \$2,905,408.50; T&K Utilities, Inc. with a total bid of \$2,251,903.00 and Buckeye Const. Co., with a total bid of \$2,251,903.00. He further reported because of the withdrawal of bids by Buckeye Construction Company and T&K Utilities, Inc. and re-negotiation of the bid of Ruby-Collins, staff recommends award of the contract to Ruby-Collins in the amount of \$2,710,661.93, subject to review and approval of District Counsel.

**b. Consideration of Bids for Final Microscreen Replacement Project – Construction/Installation Contract:**

Mr. Hartye reported that the procurement of the equipment for the Microscreen Replacement Project was approved by the Board at its regular meeting on September 15, 2010. A competitively-bid construction/installation contract was advertised and the following bids were received on September 21, 2010: Ruby-Collins, Inc. with a total bid of \$10,183,942.56; Crowder Const. Co. with a total bid of \$9,708,742.56; State Utility Contractors with a total bid of \$9,446,000.00 and Hickory Const. Co. with a total bid of \$8,937,108.20. Mr. Hartye further reported that the combined construction budget for this project totals \$10,311,000.00 and staff recommends award of this contract to Hickory Construction Co. in the amount of \$8,937,108.20, subject to review and approval by District Counsel. Mr. Haner asked since this company is already on site is there an option to re-negotiate this bid. Mr. Clarke said no.

**c. Consideration of acceptance of Developer Constructed Sewer System for the CVS Pharmacy Sewer Extension Project:**

Mr. Hartye reported that staff recommends acceptance of the developer constructed sewer system. All MSD requirements have been met.

**d. Cash Commitment/Investment Report – Month Ended August 30, 2010:**

Mr. Powell reported there is no significant change in the investment portfolio from the prior month and all of the expenditures and revenues are at acceptable tolerance levels at it pertains to historical trends. He further reported that both the 2008 A&B Series Bonds are continuing to perform better than budgeted expectations, and as of the end of September, both issues have saved the District rate payers approximately \$3 million dollars in debt service.

**e. Consideration of Reimbursement Resolution for Bond Projects:**

Mr. Powell reported that when the District issues tax-exempt debt, a majority of that debt is reimbursable in nature to meet the business model. As of this year there are approximately \$17 million in projects and staff request the Board adopt a Reimbursement Resolution so when the District issues debt in FY 13, it can use these projects to free-up reserves from the debt issue.

Mr. Bissette moved that the Board adopt the Consolidated Motion Agenda as presented. Mr. Stanley seconded the motion. Mr. Russell asked if there is a remedy in the District's bid process should a minor mathematical error be found after a bid is awarded. Also, can a contractor make an amendment and still be awarded the contract or do they have to withdraw their bid? Mr. Clarke stated that if a contractor is the low bidder and is awarded the contract, they have to do it. If they decide to withdraw the bid, it must be a substantial error. He further stated that there is no statutory process that addresses this issue and except for rock, the unit prices, etc. are clearly laid out. Mr. Bradford stated that most projects come in at 90 to 95% of the contract price. Mr. Clarke stated that MSD staff review quantities and unit prices to make sure contractors add and multiply correctly. With no further discussion, roll call vote was as follows: 11 Ayes; 0 Nays.

**10. Old Business:**

None

**11. New Business:**

None

**12. Adjournment:**

With no further business, Mr. Aceto called for adjournment at 3:23PM.

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Jackie W. Bryson, Secretary/Treasurer

## MEMORANDUM

TO: MSD Board  
FROM: Thomas E. Hartye, P.E., General Manager  
DATE: November 10, 2010  
SUBJECT: Report from the General Manager

- Accomplishments Fiscal Year 2010

Attached is a copy of the Accomplishments for fiscal year 2010 by department. I will touch on some highlights at the meeting.

- Board Compensation

At the request of the Board please find the attached letter from Billy Clarke regarding how MSD Board compensation was established and is determined.

- Board/Committee Meetings

The next Planning Committee meeting will be held December 2<sup>nd</sup> at noon(with lunch). The next Regular Board Meeting will be held December 15<sup>h</sup> at 2 pm. The next Right of Way Committee is scheduled for December 1st at 9am.

# Metropolitan Sewerage District of Buncombe County

## Accomplishments for Fiscal Year 2010

### Capital Improvement Program Division

- Administered a Capital Improvement Program budget of \$18,807,508 with in-house personnel.
- Actively managed 95 projects within the program. These are projects ranging from preliminary design to recently completed.
- 45,450 Linear Feet (LF) of collection system were rehabilitated during FY10. This includes 20,090 LF rehabilitated through contract construction, 24,999 LF rehabilitated in-house by System Services, and 361 LF rehabilitated by developers. (Note: Due to an amendment to the N.C. General Statutes by SB831, the District's Collection System Permit has been extended to an eight-year period, requiring 400,000 LF of rehabilitation over this interval. FY10 was year three of eight.)
- Began the construction phase for the rehabilitation of the Intermediate Pumping System at the WRF. This will be the second Facilities Plan project to be completed.
- Completed the design of the Final Microscreen Replacement Project. This major project is now ready to advertise and construct.
- Initiated study of the Weaverville Pumping System.
- Added 15 capital projects to the CIP. Additionally, 10 in-house projects were added during FY09-10 for System Services to construct. Design is complete for 8 of these projects, and 6 have been constructed as of August 23, 2010.
- Acquired Rights-of-Way across 60 separate properties.
- Designed and implemented a new GIS Flex Web Viewer application and rolled out a new server on which to host this application. Created both internal and external sites.
- Approximately 18,700 CCTV videos were reviewed, renamed, mapped, and moved to new server.
- Updated all laptops with ArcReader software that now also has the 2006 color imagery.
- Flat file hardcopies moved to 3<sup>rd</sup> floor in Administration Building and began planning for their reorganization and digital dissemination.
- Coordinated with ROW staff to start the process of creating a ROW layer in GIS.

- GIS Section Participated in many community based events such as Mountain Regional Geographic Advisory Council (MRGAC) and Carolina Geospatial Infrastructure Technology Association (CGITA) and Carolina Urban and Regional Information Systems Association (CURISA) Water and Wastewater Meeting.
- Input 46 As-Built and Record drawing into GIS; verified 240 public SSES manholes (thanks to SSD field work); process 19 major mapping requests, process 574 CCTV videos; mapped 267 field edits; created 49 IRS work orders; mapped 194 tap locations, and responded to 393 phone and/or walk-in public inquiries.
- Administered formal contract construction of 21 capital projects.
- Actively pursued project coordination with local municipalities, and accelerated several MSD projects to account for timing of other municipalities' work. Coordination is accomplished by participation in the local Utilities Coordinating Committee, the CIP Project Lists being sent to local municipalities, and partnering when opportunities arise.

### System Services Division

- Achieved an average response time of 30 minutes to customer service requests during regular working hours.
- Achieved an average response time of 39 minutes to after hours calls with the Night First Responder and the Night Crew.
- Responded to 1,331 customer service calls during regular working hours. Responded to 1,037 customer service calls after hours and on holidays.
- Cleaned 997,238 LF of pipeline with in-house crews. Mechanically removed or chemically treated for roots 206,821 LF of pipeline.
- Completed CCTV inspection of 375,252 LF of pipeline.
- Completed 445 emergency and scheduled construction repairs.
- Installed 225 taps.
- Completed 461 manhole repairs.
- Rehabilitated 8,462 LF of pipeline with in-house crews through dig and replace.
- Completed 81 IRS repairs resulting in rehabilitation of 12,921 LF of pipeline with in-house crews.
- Installed 3,616 LF of point repairs with in-house crews by repairing line sections.
- Cleared 81,159 LF of right-of-way.
- Had a total of 34 Sanitary Sewer Overflows this fiscal year.
- On-going cross training program for System Services employees.
- Reduced infiltration from Biltmore Estate basin by repairs of manholes and lines into main interceptor.
- Cleaned approximately 10,000 LF of 36" interceptor line on the Thompson Street project.
- Increased trenchless technology to reduce street paving costs.

- Eliminated 90% of unconfirmed SSES manholes.
- Purchased a new fuel efficient vacuum truck.
- Purchased new smoke testing equipment to increase the volume of testing done over the District.
- Assisted in confirming several customers that were not being billed for sewer.
- Established a second crew dedicated to rehabilitation of sewer lines.

## Administrative Services Division

### Environment, Health and Safety (EHS)

- Zero (0) OSHA violations.
- Lowest recorded worker compensation claim activity (5) for calendar year.
- Managed District experience modifier rate below 1.0.
- Awarded the North Carolina Department of Labor (NCDOL) Safety Award for fifth consecutive year by maintaining a Lost Workday Case rate less than 50% of the NAICS (North American Industrial Classification System) pertaining to the District SIC code.
- Applied for and awarded the 2010 North Carolina League of Municipalities safety grant.
- Successful management of re-registration of the MSD Environmental Management System.
- Established paperless MSDS management throughout MSD.
- Purchase of IQ express gas detector program with dock to ensure OSHA calibration compliance.

### Fleet Management

- The Biodiesel program began in July 2003. By end of June 2010, MSD purchased more than 525,000 gallons of B20 replacing more than 105,000 gallons of fossil fuel with oil made from soybeans. This renewable energy also serves to lower air pollution emissions by a corresponding twenty percent.
- The use of E10 (10 percent ethanol) for all gasoline powered vehicles acts to fulfill MSD's commitment to alternative "green" energy choices. Annual purchases average 12,000 gallons.
- Maintained a 91% work order completion rate for direct labor on vehicles versus shop time (85% target).

### Information Technology (IT)

- Rolled out over 20+ laptop replacements/installations and 25+ desktop replacements/installations for MSD users.
- Continued District-wide systematic hardware and software upgrades as needed. Upgraded backup hardware/software on servers to improve reliability, performance and case storage capacity.

- Planned and implemented new server room in TP Admin building. Clean, secure, environment. Designed to house Disaster Recovery solutions including backup replications.
- Created plan to include all GIS data into SAN storage and backup. Including, ortho imagery, as-builts, sewer pipe videos, etc.
- Installed WSUS server to push out Windows updates to all in-house MSD computers. This will greatly help to reduce the chance of any security issues with user machines as well as stay current with any operating system updates and bug fixes.
- Rolled out over 20+ laptop replacements/installations and 20+ desktop replacements/installations for MSD users.
- Built 10 new laptops to be used as training laptops for in-house computer training for MSD employees.
- Continued District-wide systematic hardware and software upgrades as needed. Upgraded backup hardware/software on servers to improve reliability, performance and case storage capacity.
- Replaced existing switches and routers throughout the MSD network with gigabit switches to greatly increase network speeds and reduce lag.
- Implemented new centralized, low overhead ESET Antivirus/Antispyware to monitor and protect MSD user hardware. This change has led to drastic reductions in spyware and virus problems amongst all users.
- Continued migration of all servers data to SANs storage for reliable storage and backup. SAN storage reduces data restore times from hours or days to minutes. Also stops need for environmentally unfriendly tape backups.

### Management Information Systems (MIS)

- Continued efforts to move databases to web interfaces.
- Establish DB office at Treatment plant to better address data issues and provide local support.
- Integrated flow graphs with SCADA and GIS Flex in addition to website.
- Upgraded both internal and external websites to use CSS styling for more consistent and professional look.
- In coordination with GIS developed new CIP generation and tracking procedures.
- Created Parcel Diary Tracking Module for ROW Negotiations Tracking Database.
- Quality control on all CIP lines to generate new Increased Inspections for SSD.
- Developed and implemented district wide training for Outlook
- Generated training outline for majority of classes to be taught over the next 2 years at MSD.
- Construction of Gasboy management database.
- Construction of a new Fleet Management Database tied directly to Gasboy database.
- Streamlined water billing data for consistency with smaller utilities.



- Creation of the Technology Leveraging Committee (TLC) to help identify and prioritize tasks for future development and implementation of IT/MIS related issues.
- Began meetings with Software Vendors in evaluation for software may be purchased to better organize and streamline our business processes.

## Wastewater Treatment Division

- Received the National Association of Clean Water Agencies (NACWA) “Peak Performance Award” for eighth consecutive year acknowledging Treatment Plant compliance.
- Final Micro-screen Replacement Project - "Shovel Ready".
- Intermediate Pump Replacement Project - initiated construction phase.
- WRF SCADA – continued improvements to plant, remote pump station & flow monitoring SCADA
- Completed full scale testing - chemically assisted settling @ intermediate clarifier.
- Completed source emission testing & air dispersion modeling @ incinerator.
- Continued comprehensive WRF process monitoring/evaluation – RBC & solids separation process.
- Completed comprehensive WRF cyanide monitoring & evaluation –NPDES permit.
- Completed repair to inlet plenum of heat exchanger @ incinerator.
- Continued hydrogen sulfide (H<sub>2</sub>S) gas detection/monitoring system at Carrier Bridge Pump Station – liquid and vapor phase odor control program.
- Completed replacement of venturi system @ incinerator.
- Continued conversion of plant SCADA systems.
- Continued structural systems improvements at WRF and pump stations.
- Completed new offices for IW & IT at WRF facility.
- Continued/Expanded Grease Public Education – local schools, civic groups, advertising.
- Continued development of in-house replacement work order database for WRF.

## Finance Division

- Received the GFOA “Excellence in Financial Reporting” award for the Comprehensive Annual Financial Report (CAFR) for FY ending June 30, 2009.
- Received the GFOA “Distinguished Budget” award for the Budget Document prepared for FY ending June 30, 2010.
- Implemented revisions to monthly board reports with the objective to increase the transparency and understanding of the District’s financial condition.
- Implemented financial benchmarking project. This outlined the District’s financial condition as compared to all AA and AAA credit rated utilities in North Carolina.
- As part of auditor recommendations, initiated billing agency review. District’s staff is leveraging GIS flex system and P&D application data with our respective member agencies customer data to check for unbilled sewer customers.
- Started paperless office initiative. Finance’s goal is to have a completely paperless office in five years.

## Human Resources Division

- Coordinating Supervisory, Management, Leadership training plans for Succession Planning
- Coordinated 12th Annual Health Fair, 125 participants (flu shots, health information & HRA)
- Increased participation over 100% of on-site physicals through North Greenville Fitness
- Worked with the Employee Advisory Committee on medical insurance and wellness initiatives
- Revitalized the Wellness Committee
- Provided Benefit Information booklet to employees at open enrollment
- Replaced major equipment in Employee Exercise Room
- Coordinated a variety of Employee Relations activities through the year: Picnic, Holiday Meal, Halloween event, “Wear Red” Day for Heart Risk awareness
- Worked with Mission Hospital to bring “Asheville Project” services on site @ MSD
- Participating at the Board level with Crescent Health Network

- Produced “Just Move” video to encourage healthy activity
- Redesigned the pay and promotion process in System Services
- Incentivized the annual physical to ensure employee awareness of personal health
- Changed the Medical Plan to allow increased coverage for Tobacco Cessation
- Held training seminars & workshops Retirement issues, Stress in the workplace, Flexible Spending Accounts (FSA), MSD provided Life Insurance benefit, quarterly 401k/ 457 presentations
- Wrote and published company newsletters: Metrolite, Rejuvenations
- Presented “MSD Wellness Activities” at Regional Health Conference.

### Planning and Development Division

	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
<u>Allocations Issued</u>	206	131	100
<u>Sewer Service Applications Approved</u>	1,145	983	1,094
<u>Allocation, Facility and Tap Fees</u>	\$3,005, 184	\$2,959,115	\$1,654,010
<u>Affordable Housing Rebates</u>	\$51,060	\$68,520	\$88,840
<u>Plans Reviewed</u>	123	101	47
<u>Non –discharge Permits Issued</u>	86	60	33
<u>Non-discharge Permit Fees</u>	\$46,440	\$36,000	\$19,800
<u>Preconstruction Conferences</u>	43	23	12
<u>Final Inspections</u>	33	35	16
<u>Systems Transferred to District</u>	44	52	16
<u>Asset Value of Systems Transferred</u>	\$6,302,750	\$5,920,825	\$947,201
<u>Linear feet of Systems Transferred</u>	78,451	77,572	10,400
<u>Civil Penalties Collected</u>	\$250	\$1,150	0
<u>TRC Projects Reviewed</u>	53	33	22
<u>Grading Permits Reviewed</u>	47	23	17
<u>Subdivision Plat Approvals</u>	161	97	60
<u>Private Sewer Rehabilitation Projects</u>	4	15	12
<u>Cost Recovery Paid</u>	\$4,421	\$40,000	0

- Completed transfer of Avery Creek District Sewers to MSD

ROBERTS  
&  
STEVENS  
ATTORNEYS AT LAW

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JOHN W. MASON  
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STEPHEN L. CASH

LONDON ROBERTS  
(1921-2007)

November 11, 2010

Mr. Steve Aceto  
MSD Board Chair  
181 Charlotte Street  
Asheville, NC 28801

Via E-mail: [steve@acetolaw.com](mailto:steve@acetolaw.com)

Re: *Board Compensation*

Dear Steve:

You asked me to look into compensation for MSD Board members. Under MSD's current policy, Board members are compensated \$100 for each board and committee meeting attended with a limit of three meetings per month.

Compensation of MSD Board members is governed by North Carolina General Statutes 162A-67(d) and 93B-5(a). 162A-67(d) reads, in part, as follows:

*The members of the district board may receive compensation in an amount to be determined by the board, but not to exceed that compensation paid to members of the Occupational Licensing Boards as provided in G.S. 93B-5(a) for each meeting of the board attended and for attendance at each regularly scheduled committee meeting of the board. The members of the district board may also be reimbursed the amount of actual expenses incurred by them in the performance of their duties.*

93B-5(a) reads as follows:

*Board members shall receive as compensation for their services per diem not to exceed one hundred dollars (\$100) for each day during which they are engaged in the official business of the board.*

Please let me know if you need additional information.

Sincerely,

ROBERTS & STEVENS, PA

WC/sh

cc: Mr. Tom Hartye (via e-mail: [thartye@msdbc.org](mailto:thartye@msdbc.org))

William Clarke

**Planning Committee  
Minutes**

**October 20, 2010  
3:30 p.m.**

**Chairman**

Lou Bissette

**Members**

Terry Bellamy  
Jon Creighton  
Al Root  
Bill Stanley  
Jerry VeHaun  
Bob Watts

The Planning Committee of the Board of the Metropolitan Sewerage District met on Wednesday, October 20, 2010, at 3:30 p.m. in the Board Room of the Mill Administration Building with the following persons present: Lou Bissette - Committee Chair; Bill Stanley, Jerry VeHaun, Bob Watts, Al Root and Terry Bellamy - Committee Members; Steve Aceto, Jackie Bryson, Bill Russell and Max Haner, - Board Members; Tom Hartye - MSD General Manager; Billy Clarke, Attorney - Roberts & Stevens; Cathy Ball - City of Asheville Public Works Director; Ester Manheimer - COA Councilwoman; Albert Sneed - Attorney; Gary McGill - McGill Associates; Ed Bradford, Stan Boyd, Peter Weed, Scott Powell, Roger Watson, John Kiviniemi, Jim Hemphill, Sondra Honeycutt, Mike Butler, and Sharon Walk - MSD.

Item 1: Call to Order:

The meeting was called to order at 3:30 p.m.

Mr. Bissette welcomed everyone to the meeting and explained that this was a continuation of discussion from the last Planning Committee meeting and the last Board meeting relating to proposed revisions to the sewer extension reimbursement policy. He then introduced Ms. Cathy Ball, Public Works Director from the City of Asheville for a presentation.

The following items were considered:

2. Presentation from City of Asheville concerning sewers extended into areas to be annexed.

Ms. Ball began by introducing Ester Manheimer, City Councilwoman, and Albert Sneed, attorney. She began a power point presentation, and asking that there be some partnership between MSD and the local membership and non-profits to make it more feasible to extend sewer lines. She stated the concern that they would have now is that the Consolidation Agreement that was signed in 1991 has some allowances for partnerships on specific projects. These projects were ones that the City was working on at the time and MSD agreed to pay up to 35% of the cost of the project. Since that time, all of those projects have been completed. The other concern is that member agencies do on occasion (including other agencies) have a need to extend sewers for not only annexation purposes, but for existing residences that do not have sewer services and are served by septic tanks. The City of Asheville did a study several years ago regarding failing septic tanks and took a comprehensive look at the areas currently within the corporate boundaries that had no sewer service where there were four or more homes not served. She went on to present a map of nine areas within the City that are not served by sewer service - some of which are topographically challenged, and some have low density issues that makes it difficult - from a cost feasibility standpoint - to provide sewer service. Ms. Ball then presented a map of an area off Rock Hill Road that came to them and that MSD also has worked on. This was a piece of property with a failing septic system, and there was concern whether another septic tank could go back in, and was not at all cost efficient for a sewer extension. There was also no partnership at that time for revenue sharing, etc.

She went on to explain that the proposal that they would like to recommend is that MSD share revenues for sewer extensions completed by member agencies, and that the member agency receive 50% of the 10 year actual revenues. She explained the reason for this is so that money would be coming back to help offset that construction cost. She stated that the benefit to MSD is that it does generate revenue that is not currently budgeted because it is an extension of lines to new customers. MSD has no significant costs for those first 10 years because these are new lines and would require minimal service. She explained that MSD's newly proposed policy would prioritize the extensions of lines for failing septic systems, so it is another opportunity to partner with local agencies for a win-win for both parties. The benefits to the community would be the environment benefit of reduction of failing septic systems; it creates a partnership with MSD above and beyond what developers have; and provides incentives to member agencies to participate. In some circumstances, depending on the reason for the extension, the cost of the extension could fall solely on MSD or solely on the local government, and under this scenario, there would be the opportunity for both to partner. Ms. Ball stated that, in conclusion, it does meet both partners' goals, and they think it's a good business model in that it allows the local government to recoup some of the costs, but yet doesn't take all of the money that would come to MSD. It also provides incentives to local governments to protect the public health and also encourages them to take some ownership and participation in providing sewer service to unsewered areas within their jurisdiction. She stated she would appreciate the consideration of this before the MSD Board, and welcomed questions and comments.

Mr. Vehaun asked how many of those nine areas are related to annexations. Ms. Ball replied that probably all of them were at some point – none of them are at the core of the city that was the original city boundary when it was first established, so they were all part of some annexation. Mr. Haner asked what parts were annexations after consolidation. Ms. Ball stated that none were to her knowledge. She stated that none of them had occurred since 1991 – the Rock Hill Road annexation occurred in 1987. She stated that the City provided a report that stated the year of the annexation for each area. She said she be happy to provide that information for the Board. Mr. Powell asked if the 10 years of revenue was regarding only new customers, not about areas that are being served by city water already and served by MSD lines. Ms. Ball stated that there were water customers that were not yet being served by sewer, so these would be new sewer customers – people who connect onto that new extended line who were on septic before and who were not paying for sewer. The city could have been getting revenues from water service to those properties. Mr. Vehaun asked for an explanation of the benefit to MSD that they have no significant cost for the first 10 years. Mr. Hartye stated that during the first 10 years of new pipe, there was not a lot of maintenance involved – beyond the installation cost. He explained the MSD is required to clean 10% per year of the entire system, so theoretically, we would have cleaned it once in that 10 year period. Ms. Ball went on to explain that the member agency would provide the installation costs up front, so the initial construction costs would be paid by that agency, group or non-profit. In order to re-coup some of these costs MSD would share revenues with that agency for the next 10 years. Therefore, there would not be a request for out-of-pocket initial funding from MSD. She went on to provide the years for the nine annexation areas – 1973, 1983, 1988, 1973, 1960, 1960, 1973, 1960, and 1960. Mr. Watts asked if we were talking about just the projects installed by the member agencies, or developers, or any others. Ms. Ball stated that she thought there was a required from the development community for 5 years, but the request that the City was asking was that non-profits and member agencies be given special acknowledgement that there's not a profit margin built in and there be a 10 year window to receive reimbursement. Mr. Root asked if she was representing developers also, or if she was just representing member agencies and non-profits. Ms. Ball stated she was not representing that group, and that they would like there to be a difference between developers and member agencies / non-profits. Mr. Bissette stated, just to clarify, that the reimbursement policy that the Planning Committee approved recently did not delineate between member agencies, non-profits, and developers. We had included in that policy extensions to the system by others, which would be subject to a number of requirements and would be eligible for 5 years of actual revenues to be disbursed semi-annually to the particular entity. He explained that the City is asking the Committee to consider a proposal strictly for member agencies and non-profits for 50% of the 10 year actual revenues from the extension. This policy has been approved by the Planning Committee, but has not gone to the Board for consideration and this new proposal from the City would be a modification to that policy. Ms. Bellamy stated that there was already a significant policy for non-

profits regarding reimbursement and that this would be more for member agencies. Mr. Bissette stated that we also have a policy for documented failing septic tank emergencies and for new affordable housing projects already in place for a 5 year reimbursement (provided it is approved by the Board).

Mr. Aceto reviewed the information, stating that we have a Committee approved recommendation to the Board that is on the table right now. That policy was for all entities, it was a level playing field proposal, and that anybody that wanted to construct a sewer extension within an area that was approved by municipal land use planning, MSD would share the cost of construction. Mr. Hartye explained that the only policy actually approved at this point was the affordable housing projects, which is 5 years of estimated project revenues because they need the money up front. The proposal for the documented failing septic tanks is considered a public health emergency and is eligible for 10 year estimated revenues once the extension is complete and given over to MSD. The third proposal is for those that we are discussing now – Extension to System by Others – whether it is a public agency or developer and includes 5 years of actual revenues to be disbursed semi-annually. This would only apply to projects over \$50,000 of estimated revenues over five years whose systems have been approved by the MSD Board, so that there were not be a bunch of small projects that MSD would have to track. These were postponed from going to the Board so that all members could be present to consider these new policies and to give the City a chance to respond with their proposal.

Mr. Aceto went on to state that the proposal that is currently on the table, did not originate from the developer community – it originated from a desire of the Board that staff provide a “level playing field policy” that didn’t distinguish between who was building the sewer. The idea was that we are in the business of building sewers and we’re not going to get into the business of who is a “worthy” sewer builder. He reiterated that this is what is before the Committee – to come up with a policy that doesn’t distinguish between the municipality and type of organization, but that MSD is ready to extend its system according to and within the parameters established by our member agencies, and to use our unused treatment capacity. He stated that now, the Committee is being asked to modify the proposal that has they have already approved. Ms. Ball stated yes, they are asking that there to be a distinction between a local government and a developer. Some discussion followed regarding the nine areas that were annexed before consolidation, and why they were not built and included in the 35% reimbursement at consolidation. Mr. Clarke explained that at consolidation, the municipalities agreed to convey their collector sewer system to MSD, and part of that transaction was that MSD fix them and operate and maintain them. Additionally as part of this agreement, there were specific annexation projects – for all the municipalities – that MSD would pay 35% of costs of construction, and this was basically a political compromise.

Ms. Ball stated that the reason they were asking for different treatment is that she understood that MSD does not want to be a “planning” board, and so if MSD is allowing those decisions to be made by member agencies, they are doing the planning and MSD is simply providing some level of support, but not making those decisions.

At this time, Ms. Manheimer made several comments. She stated that there were a number of partnerships that the City was working on this needed to be one of them. She explained that as a member of the City and also as a citizen of this county, she felt that this makes good economic development sense, and we should want to encourage anyone and everyone who’s willing to pay to build sewer lines in this county to go ahead and do so and to then provide some type of incentive to be able to recover some of the costs of that capital outlay. She stated that we, as a city, have had to modify a lot of current policies to reflect this economic situation that we’re in right now, as it is different than it was in 2007, when everyone wanted to build and property values were through the roof. Laying line might have been relatively small compared to the project, etc. The City is just asking for 50% of actual revenues for 10 years after it builds new lines – nothing retroactive. For instance, the City has recently, built some line in south Asheville that they think will be very helpful to future businesses that might want to be able to locate there. They will obviously want the entire utility infrastructure in place, and we need to make that possible for them, so Asheville is an attractive place in which to locate and to do business in. She stated that she understood that there is lots of history here – she was just out of



high school when the consolidation agreement was signed. She asked for consideration of this proposal on behalf of the City and as a citizen of the county.

Mr. Aceto asked Ms. Manheimer to respond to the proposal already on the table that the Committee has already approved which is 5 years revenue sharing for all extensions by others. Ms. Manheimer stated she was not aware that this was 100% for 5 years – she had thought it was 50% so MSD could begin drawing revenue immediately, so she stated she thought that this would be an excellent modification. She stated that she had discussions with CIBO who also wanted an opportunity for all – non-profit, private business, and municipalities – to recover some of the costs of line extension. CIBO's concern is that it is a good economic development policy. She stated that Mr. Albert Sneed was also present, and he would also express that there was capacity, and we need to help our rate payers by bringing online new customers to spread out the cost of this service, and to her, anyone that does anything who does anything to bring new customers online and MSD does not have to pay for it, hopefully would be appealing. If it's not, please tell them what they need to do to make it appealing, as they are ready to modify their proposal, ready to listen, and come back with something else. She stated that hopefully, the way this proposal has been tweaked will have some appeal to MSD.

Mr. Albert Sneed made several comments regarding the cost of connections, capacity, etc. He stated that at one point, MSD had adopted a policy to participate with developers, and then somewhere along the line in the real estate boom, forgot all principals and abandoned it. He stated that this was a government agency, and when you read the financial statements and have the accounting set up, its "government think" – but government think is thinking in a box. When you get a cell phone and you sign up to pay them \$46 per month, do they charge you a tap fee? No – they give you a free telephone, and then pay the salesman a commission for selling you the service. He went on to say that MSD does not think like that since they are all wrapped up in "government think". He gave another example of airplane flights reducing the price of the seats so as to fill up the empty seats, rather than charge full price and not be able to fill the seats, and making a profit by selling more seats. He stated that this is what anybody does that doesn't think "government think". He stated that he was asking MSD to "back off" and look at the rate payers – we have 40 mgd capacity; with 20 mgd being paid for. That extra capacity is costing a lot of money; MSD has \$100 million worth of bonds, we have this "great big plant" sitting here that's not running full speed and you add another customer you don't have to pay staff any more money – but you might have to pay 2 cents extra worth of chlorine, and the new customer is going to pay \$20-\$40 a month. He stated that MSD ought to be trying to add as many customers as you can, and one way to do it is to participate in extensions. Instead, you charge them a tap fee, which is opposite of what you should be doing. You should get rid of the tap fee, and you should participate with developers - with small developers being treated the same as big developers. It should be the same with the City. He stated that he didn't know about new policy for 100% for five years but we should do it for large and small developers and towns and municipalities alike. He stated he knew that the City and town were looking out for themselves, but MSD needs to look out for the ratepayers and the best thing they can do for them is get more customers right now. He stated there was no reason to give the City or any other municipality any extra break because they're a government. They're bringing MSD new customers to help pay the bill that everyone is having to pay.

Mr. Bissette thanked Mr. Sneed for his comments as asked if anyone had any questions. Mr. Vehaun asked if MSD did the 50% revenue sharing, would this at some point in time cause a rate increase? Mr. Hartye stated that the bottom line was the more expenses you have the more rate increases you have. He also stated that with this, MSD was not having to put out a capital expense up front, so we're not going to have maintenance costs for the first five years. Typically in the annexation projects, there are not a lot of connections in the first five years. In the large scheme of things, it will not affect rates in a significant way. Ms. Bellamy stated that we did get the facility fees for capacity when they do tie onto the system.

Mr. Hartye explained that we're "not just flying a plane with empty seats"; that those fees charged for capacity are used to help pay for replacement of the treatment facility and equipment which come to about \$100 million worth of investment that we have to keep replacing. He gave an example of the project just approved at the Board meeting of \$10 million which is a small part of what must be done

over the years for the capital reinvestment of plant equipment replacement. A lot of these people have been paying into the system for 20 to 50 years on these rates to help pay for the operation and replacements here and new people coming on haven't had that privilege.

Mr. Aceto stated that what was in front of the committee at this time is are we going to do 5 years, 10 years, etc., etc. Brief discussion followed concerning treatment costs vs. added users coming onto the system. Ms. Ball stated that there were two issues she wished to address: First, in she stated that neither she nor the City of Asheville wanted to be perceived as "wanting it all". They wanted to come with a proposal of this 50/50 split because they do recognize that there ought to be some benefit to MSD, so they are not wanting to be greedy; not wanting to roll over people; they don't have that intention. The difference in the development side is that when Asheville extends sewer lines, they are not guaranteed that people are going to tie on until their septic tanks fail. Most people can't afford to until that happens. If a developer extends a sewer line for 10 homes, those are 10 new homes and they are all tied onto sewer, and they all start paying sewer immediately. With City annexations, they only see 50% of people tying on from the projects they have done so far, and would not see a significant number of connections within that first five years and therefore does not help reimburse that cost as opposed to the development community who immediately get that revenue. Mr. Aceto interrupted Ms. Ball stating that there seemed to be a disconnect in these discussions. The City has brought a proposal to address these nine neglected un-sewered areas, but the Committee has a proposal that addresses ALL sewer extensions and says that "MSD will participate as to this percentage and includes what the City is proposing now and doesn't distinguish between developers and non-developers – it's basically a proposal to encourage connections system wide. He stated that the City has come forward with a proposal, and he is not sure where it fits in the context of where this committee is with the policy right now, and also that he is not sure what the objective is of bringing this forward.

Mr. Watts interjected that as he sees it, the proposal that is on the table that the Planning Committee came up with was "iffy" on passing and the City of Asheville is trying to present something that may be a little less "iffy" on passing and is trying to present an alternative. Ms. Ball asked that the City was asking that the Committee modify what they have voted on before – the City has heard what Planning has approved, and the Committee is willing to let them come forward and ask for a modification to the proposal. Mr. Bissette stated that what the Committee had already approved he liked because he thought it would be easier for the county representatives to accept because it didn't distinguish between the City and other entities – it included everyone equally – and that is why the committee approved it the first time.

Ms. Ball stated that yes, Mr. Watts was perhaps correct, but that it was not equal – the development community would get more revenue during that first five years that the City would or any member agency because the City will not have the same number of people connecting to the system during that time. Mr. Bissette asked whether it would be acceptable if MSD changed the policy to 50% for 10 years for everyone, not just the City. Ms. Ball and stated that they were win-win – they were not here for other people to lose – they were here to try to protect the taxpayers, while also recognizing that the City's tax payers are also MSD rate payers. She also stated that they wanted a partnership, a team – they didn't want MSD to feel taken advantage of.

Mr. Vehaun asked if it was possible to meet again before the next regular Board meeting to discuss this issue further, and to get exactly what had been approved by the Committee and review the differences between the proposals, and also to review all pros and cons associated with each. Mr. Hartye had several questions that arose because of this discussion. He stated that the reason for the 5 years was because some of these annexations included commercial properties being annexed where it is going to pay off really quickly. He went on to ask what the intent was of the city – was it to just revenue share, or pay the cost of the extension? Would it be limited to 50% of the extension – the residential would not pay off themselves within the 10 year time period – it would be very rare. However, a commercial one would pay off their full extension in two years, so the revenue share is beyond the extension – we would just be giving revenue back to the City over and above 50% of the cost of the extension. He asked Ms. Ball to clarify this issue and perhaps make a ceiling at 50% of the extension cost. She stated that they were open to having those discussions and negotiations – that the general feeling that

while they had some extensions that would pay for themselves through this proposal, there are others that won't, so the revenues would average out equal. For instance, the Sardis Road extension was not profitable at all, whereas the Airport Road extension was very profitable. She stated that they would definitely be open to discussions. Mr. Hartye asked if City's proposal stated that the member agencies would be putting these extensions in as opposed to MSD as far as the design, right of way and construction. Ms. Ball stated they initially made a proposal for MSD to do it all because that is the business they are in and they know how to do it, but the City would pay for it. Mr. Hartye stated that the design and construction are possible, but that right of way acquisition would be an issue for MSD for the forced annexation projects. Mr. Sneed stated that as a ratepayer, he couldn't imagine that MSD would pay any entity back more than what it cost them on any extension, and there should be a cap on every extension for that amount. Brief discussion followed regarding these issues.

Mr. Haner stated that if this Committee was going to meet again, he would hope that there would be a full discussion, not only on the positive aspects of the proposal(s) but also the negative aspects, including possible rate increases, etc. Additionally, he stated that he lived in the City, and would not be opposed to having his rates reduced, but he also represents the County on the MSD Board, and he hoped that while this Committee pursues its recommendation, that it consider those projects for member agencies other than the City of Asheville, and that cooperative effort is long overdue. He went on to explained that if we have a proposal before us that involved the "hot button" issue that the County is interested in, i.e. annexations, then, as a representative of the County, do I want to foster annexation on behalf of the City and contribute rate-payer money towards that issue. He expressed that this would be a hard decision that he would have to make, but it would help if they had a full disclosure of the "other side" of those issues, away from the promotion. There very well may be nothing more than the rate increase question, but he did not know that. Mr. Russell stated that he certainly did not like annexation, and when this first came up he was opposed to it as he felt this may aid annexation. He stated that his opinion had changed from the perspective of the MSD ratepayers, and also the economic development and infrastructure build out standpoint, and he is a fan of it and thinks it is good. Mr. Bissette agreed, and stated that he hated to see this get bogged down in that one issue of annexation – to him it was a lot more. This would mean a lot to the County and all the municipalities and member agencies and hopefully could design something that would not be looked at as promoting annexation.

Mr. Vahaun made a motion to postpone this issue until the Planning Committee could meet and discuss this issue in much more detail. Mr. Bissette stated that he agreed that the Committee should meet again after staff had had a chance to look at the new proposal to see if something can be designed that can be acceptable to all involved. Mr. Root stated that he would like to see an actual proposal written proposal and how it relates to the proposal already done. Mr. Bissette agreed that the Committee would meeting within the next couple of weeks to review this issue, and asked that all committee members attend as it was a very important issue. Ms. Bellamy asked that it not be on the Board meeting day. Mr. Stanley asked that staff look at the pros and cons of this proposal and give an analysis at the meeting.

### Item 3: Other Business

There was no other business.

### Item 4: Adjourn

Mr. Bissette adjourned the meeting at 4:25 p.m.

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

**BOARD MEETING DATE:** November 17, 2010

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

**PREPARED BY:** Ed Bradford, P.E. - Director of CIP  
Roger Watson, P.E. - Project Manager

**SUBJECT:** Sanitary Sewer Rehabilitation Project: US Hwy. 70 @ Parkway, MSD  
Project No. 2004035

**BACKGROUND:** This project is for the replacement of an aged Vitrified Clay and PVC sanitary sewer line. It has poor joints, broken sections, and portions where the existing pipe slope is too flat to adequately carry the existing flows.

The line serves the Veteran's Administration Hospital, residential properties, and businesses along US-70 near the Blue Ridge Parkway. The project is comprised of 2,620 LF of 12" DIP, and includes 215 LF of pipe bursting for the crossing under US-70.

The contract was advertised and six bids were received on Tuesday, October 7, 2010 as follows:

<u>Bidder</u>	<u>Bid</u>
1) Haren Construction Co.	\$798,985.00
2) Spur Construction Co, LLC	\$767,812.55
3) Huntley Construction Co.	\$707,054.00
4) Carolina Specialities, Inc.	\$692,590.00
5) T & K Utilities, Inc.	\$589,003.00
<b>6) Terry Brothers Const. Co.</b>	<b>\$547,088.00</b>

The apparent low bidder is Terry Brothers Const. Co., Inc. with a bid amount of \$547,088.00. Terry Brothers has extensive experience with previous MSD rehabilitation projects, and their work quality has been excellent to date.

Please refer to the attached documentation for further details.

**FISCAL IMPACT:** The FY10-11 construction budget for this project is \$803,000.00.

**STAFF RECOMMENDATION:** Staff recommends award of this contract to Terry Brothers Const. Co., Inc. in the amount of \$547,088.00, subject to review and approval by District Counsel.

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

**U.S. HWY. 70 @ PARKWAY SEWER REPLACEMENT  
PROJECT NO. 2004035**

**BID TABULATION  
October 7, 2010**

BIDDER	Bid Bond	MBE Form	Bid Forms (Proposal)	Total Bid Amount
Haren Construction Company Etowah, TN	5%	1	Yes	\$798,985.00
Spur Construction Company Waynesville, NC	5%	1	Yes	\$767,812.55
Huntley Construction Company Asheville, NC	5%	1	Yes	\$707,054.00
Carolina Specialties, LLC Hendersonville, NC	5%	1	Yes	\$692,590.00
T & K Utilities, Inc. Asheville, NC	5%	1	Yes	\$589,003.00
<b>Terry Brothers Construction Company Leicester, NC</b>	5%	1	Yes	<b>\$547,088.00</b>

**APPARENT LOW BIDDER**


  
*F. Roger Watson*  
 F. Roger Watson  
 Project Engineer  
 Metropolitan Sewerage District of  
 Buncombe County, North Carolina

This is to certify that the bids tabulated herein were publicly opened and read aloud at 2:00 p.m. on the 7th day of October, 2010, in the W.II. Mull Building at the Metropolitan Sewerage District of Buncombe County, Asheville, North Carolina, and that said bids were accompanied by acceptable bidders bonds in the amount of 5% of the bid.

## Interoffice Memorandum

**TO:** Tom Hartyc, General Manager

**FROM:** Ed Bradford, CIP Manager  
Roger Watson, Project Engineer

**DATE:** October 25, 2010

**RE:** US Hwy 70 @ Parkway, MSD Project No. 2004035

This project is for the replacement of an existing sanitary sewer line serving areas along US 70 near the Blue Ridge Parkway and the Veteran's Administration Hospital in Oteen. This line begins just north of US-70 at Lower Grassy Branch Road and extends westward along US 70 to the VA Hospital property. The existing line is an old vitrified clay and PVC line with very poor joints, broken pipes, and sections where the existing pipe slope is too flat to adequately carry the existing flows. There have been maintenance problems with this line because of varying line diameters and flat grades, which have caused backups and overflows.

Much of the proposed construction for this project is within the Blue Ridge Parkway (US Park Service) property and MSD staff has worked with the US Park Service to secure a Construction Permit across this property. The portion of the project east of the US Park Service property currently goes thru a small business strip center and is very near existing buildings. The presence of rock and the close proximity to the buildings in this location makes reconstruction at its present location impossible; therefore, this section of the line has been shifted to be within the US-70 Right-of-Way, and an Encroachment Agreement has been secured from the NCDOT.

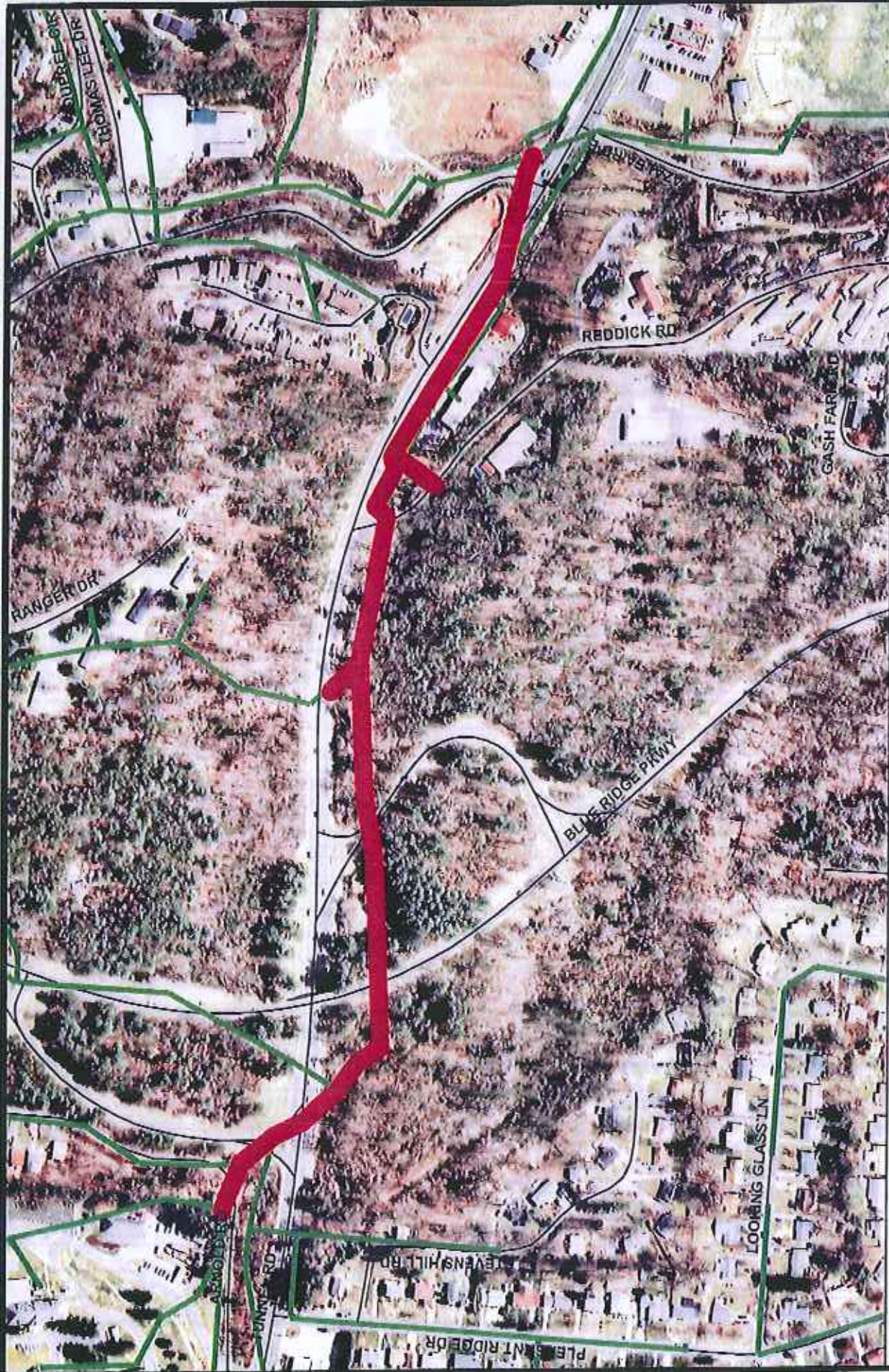
This portion of MSD's Sewer System has been identified by System Services as one of their higher maintenance priorities. The existing line will be replaced with 2620 LF of 12" DIP, as well as 215 LF of HDPE installed via pipe bursting (for the crossing under US-70).

Bids were received at 2:00 PM on Tuesday, October 7, 2010. Bids were received from six bidders as shown below:

<u>Bidder</u>	<u>Bid</u>
1. Haren Construction Co of Etowah, NC	\$798,985.00
2. Spur Construction Co, LLC of Waynesville, NC	\$767,812.55
3. Huntley Construction Company, Asheville, NC	\$707,054.00
4. Carolina Specialities on Hendersonville, NC	\$692,590.00
5. T & K Utilities, Asheville, NC	\$589,003.00
6. Terry Brothers Construction Company, Leicester, NC	\$547,088.00

Terry Brothers has extensive experience with MSD rehabilitation and their work quality has been excellent to date. Staff therefore recommends that this project be awarded to Terry Brother Construction Co of Leicester, NC in the amount of \$547,088.00, subject to review and approval by MSD Legal Counsel.

The FY10-11 construction budget for this project is \$803,000.00.



**US 70 at Parkway  
Project No. 2004035**



NOT TO SCALE



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

**Budget Map**

METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA

**CAPITAL IMPROVEMENT PROGRAM**

BUDGET DATA SHEET - FY 2010 - 2011

PROJECT:	U.S. 70 at Parkway	LOCATION:	Asheville	REVIEWED BY:
TYPE:	General Sewer Rehabilitation	DATE OF REPORT:	January-10	
PROJECT NO.	2004035	TOTAL L.F.:	3,138	
PROJECT BUDGET:	\$830,216.00	PROJECT ORIGIN:	SSO's, Work Orders, Line Condition	

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: [ 3 ]	\$9,800.00	\$7,300.00	\$750.00		
02 - LEGAL FEES	\$2,681.00	\$2,003.00	\$618.00		
03 - ENGINEERING ASSISTANCE					
04 - ACQUISITION SERVICES					
05 - COMPENSATION	\$5,285.00		\$5,285.00		
06 - APPRAISAL	\$1,950.00	\$1,950.00			
07 - CONDEMNATION					
08 - ENVIRONMENTAL SURVEY					
09 - PRELIM. ENG. REP.					
10 - DESIGN / ASBUILT SURVEYS	\$12,500.00	\$6,600.00			
11 - ENVIRONMENTAL ASSESSMENT					
12 - ARCHAEOLOGICAL					
13 - GEOTECHNICAL					
14 - CONSTRUCTION CONTRACT ADM.					
15 - CONSTRUCTION	\$803,000.00				\$803,000.00
16 - PERMITS	\$500.00				\$500.00
17 - PUBLIC MEETINGS					
18 - TESTING	\$3,600.00	\$525.00			\$2,900.00
<b>TOTAL AMOUNT</b>	<b>\$830,216.00</b>	<b>\$18,338.00</b>	<b>\$6,653.00</b>	<b>\$0.00</b>	<b>\$805,400.00</b>

ENGINEER:	MSD	ESTIMATED BUDGETS - FY '10 - '18	
CONTRACTOR:		FY 11-12	\$5,000.00
CONSTRUCTION ADMINISTRATION:	MSD	FY 12-13	\$0.00
INSPECTION:	MSD	FY 13-14	\$0.00
R.O.W. ACQUISITION:	MSD	FY 14-15	\$0.00
		FY 15-16	\$0.00
PROJECT NOTES:		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

BOARD MEETING DATE: November 17, 2010

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

PREPARED BY: David Monteith, Kevin Johnson

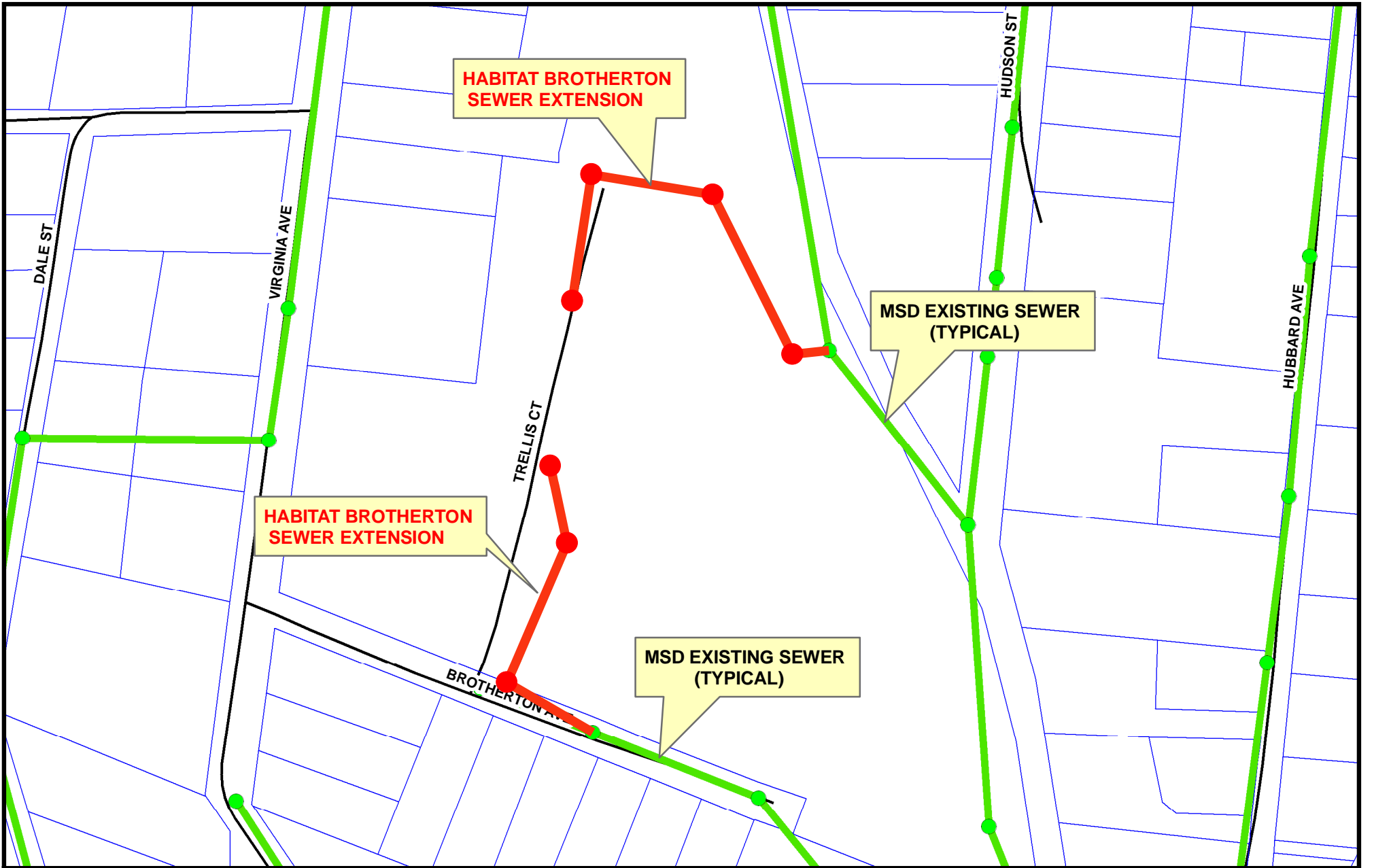
REVIEWED BY: Stan Boyd, PE, Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System and Cost Recovery for the Habitat Brotherton Sewer Extension Project.

BACKGROUND: This project is located inside the District boundary off Brotherton Avenue in Asheville, North Carolina. The developer of the project is Keith Levi of Asheville Area Habitat for Humanity. The project included the installation of approximately 744 linear feet of 8" gravity sewer to serve a 23 unit residential development. A wastewater allocation was issued in the amount of 6,900 GPD for the project. The estimated cost of the sewer extension is \$45,000.00. The project also qualifies for the District's Cost Recovery Reimbursement for the lesser of the construction cost of the sewer or five years estimated Revenue. The estimated revenue is \$23,549.00.

STAFF RECOMMENDATION: Acceptance of developer constructed sewer system. (All MSD requirements have been met) and authorize General Manager to disburse \$23,549 to Habitat for Humanity for cost recovery upon receipt of satisfactory security.

<b>COMMITTEE 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
<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
<input type="checkbox"/> Other:	



**Project # 2009079**

Not To Scale



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

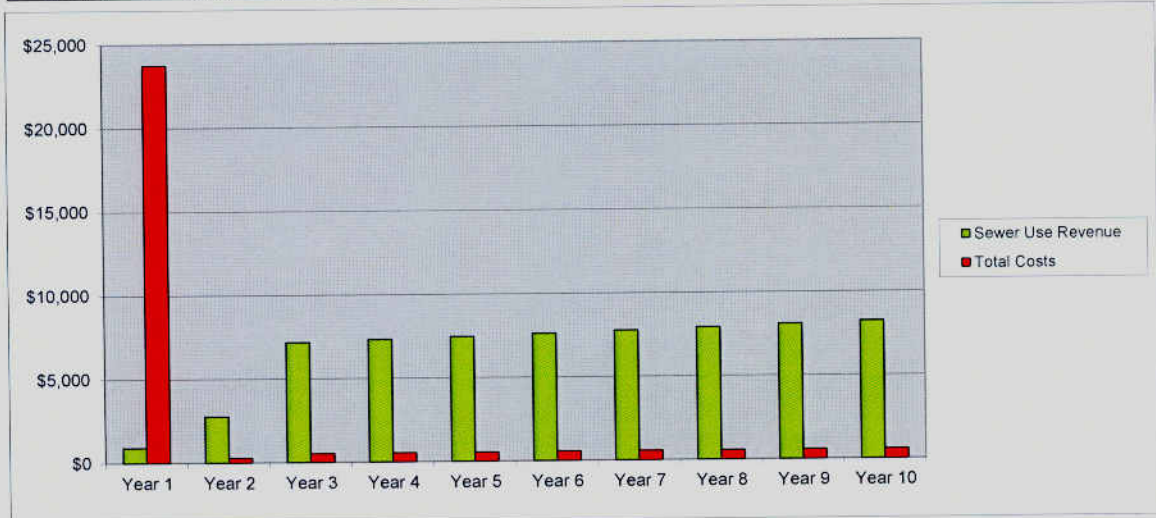
**Habitat Brotherton  
Sewer Extension**

## Habitat Brotherton Project - Cost Recovery

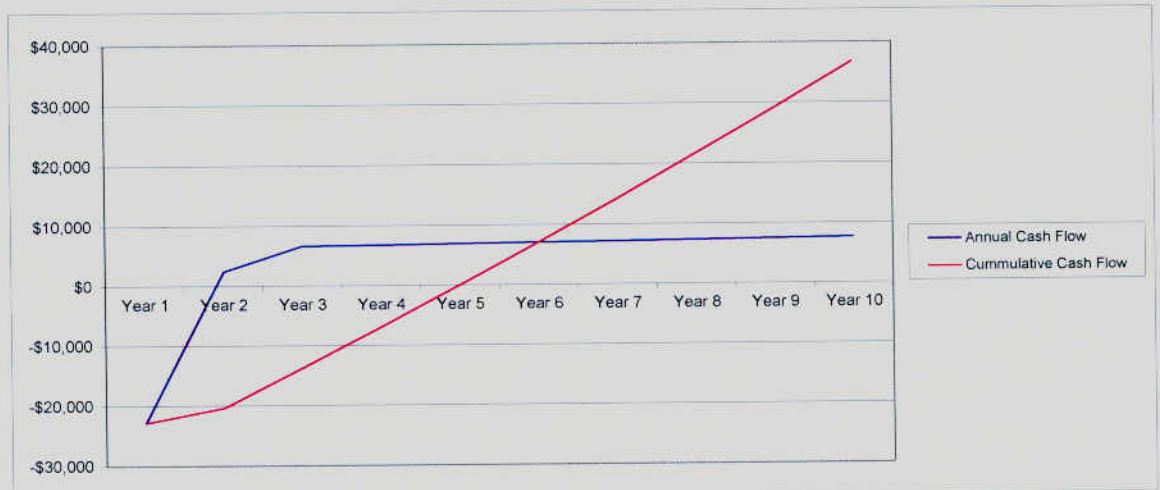
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Wastewater Treatment	\$49	\$151	\$394	\$402	\$410	\$418	\$427	\$435	\$444	\$453
Collection System PM	\$18	\$19	\$19	\$19	\$20	\$20	\$21	\$21	\$22	\$22
<b>Total O &amp; M Costs</b>	<b>\$68</b>	<b>\$170</b>	<b>\$413</b>	<b>\$422</b>	<b>\$430</b>	<b>\$439</b>	<b>\$447</b>	<b>\$456</b>	<b>\$466</b>	<b>\$475</b>

Sewer Line Participation	\$23,549									
Depreciation	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109
<b>Total Capital Costs</b>	<b>\$23,658</b>	<b>\$109</b>	<b>\$109</b>	<b>\$109</b>	<b>\$109</b>	<b>\$109</b>	<b>\$109</b>	<b>\$109</b>	<b>\$109</b>	<b>\$109</b>

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Sewer Use Revenue	\$899	\$2,751	\$7,171	\$7,314	\$7,461	\$7,610	\$7,762	\$7,917	\$8,076	\$8,237
<b>Total Costs</b>	<b>\$23,726</b>	<b>\$279</b>	<b>\$522</b>	<b>\$530</b>	<b>\$539</b>	<b>\$547</b>	<b>\$556</b>	<b>\$565</b>	<b>\$574</b>	<b>\$584</b>
<b>Net Revenue</b>	<b>-\$22,827</b>	<b>\$2,472</b>	<b>\$6,649</b>	<b>\$6,784</b>	<b>\$6,922</b>	<b>\$7,062</b>	<b>\$7,206</b>	<b>\$7,352</b>	<b>\$7,501</b>	<b>\$7,654</b>



	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Annual Cash Flow	-\$22,827	\$2,472	\$6,649	\$6,784	\$6,922	\$7,062	\$7,206	\$7,352	\$7,501	\$7,654
<b>Cummulative Cash Flow</b>	<b>-\$22,827</b>	<b>-\$20,355</b>	<b>-\$13,706</b>	<b>-\$6,922</b>	<b>\$0</b>	<b>\$7,062</b>	<b>\$14,268</b>	<b>\$21,620</b>	<b>\$29,122</b>	<b>\$36,775</b>



Service Connections	23 (5/8" Meters)
Off-site Construction Costs	\$45,000
On-site Public Sewer Mains (for Depreciation & P.M.)	653 feet
Off-site Sewer Mains	91 feet
Estimated 5-Year Revenue	\$23,549
MSD Sewer Line Participation	\$23,549

# Metropolitan Sewerage District of Buncombe County

## Board Action Item

BOARD MEETING DATE: November 17, 2010

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

PREPARED BY: David Monteith, Kevin Johnson

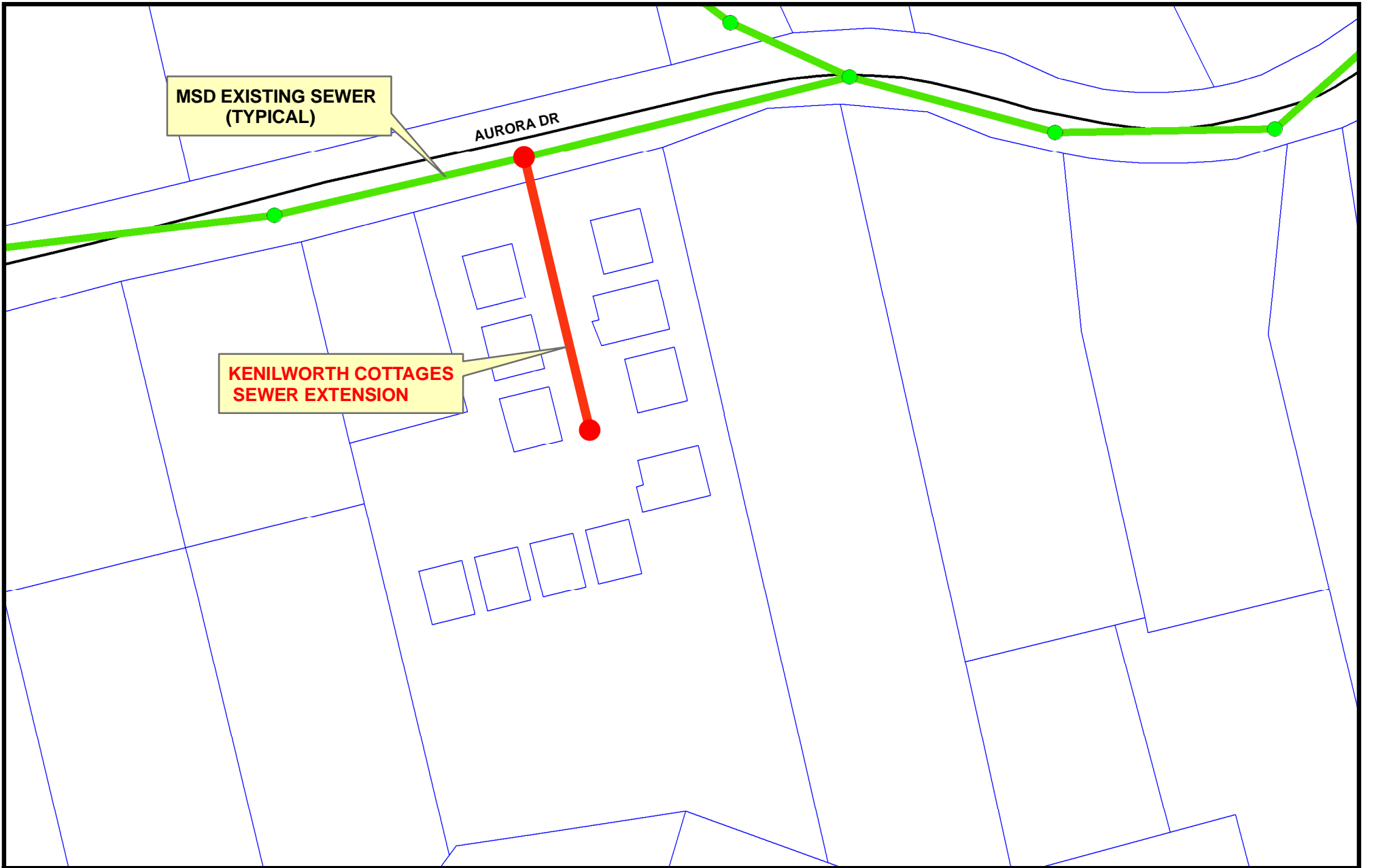
REVIEWED BY: Stan Boyd, PE, Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System for the Kenilworth Cottages Sewer Extension Project.

BACKGROUND: This project is located inside the District boundary off Aurora Avenue in Asheville, North Carolina. The developer of the project is 129 Aurora Partners, LP. The project included the installation of approximately 159 linear feet of 8" gravity sewer to serve an eleven (11) unit residential development. A wastewater allocation was issued in the amount of 3,300 GPD for the project. The estimated cost of the sewer extension is \$30,000.00.

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

<b>COMMITTEE 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
<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
<input type="checkbox"/> Other:	



**Project # 2008031**

Not To Scale



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

**Kenilworth Cottages  
Sewer Extension**

# Metropolitan Sewerage District of Buncombe County

## Board Action Item

BOARD MEETING DATE: November 17, 2010

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

PREPARED BY: David Monteith, Kevin Johnson

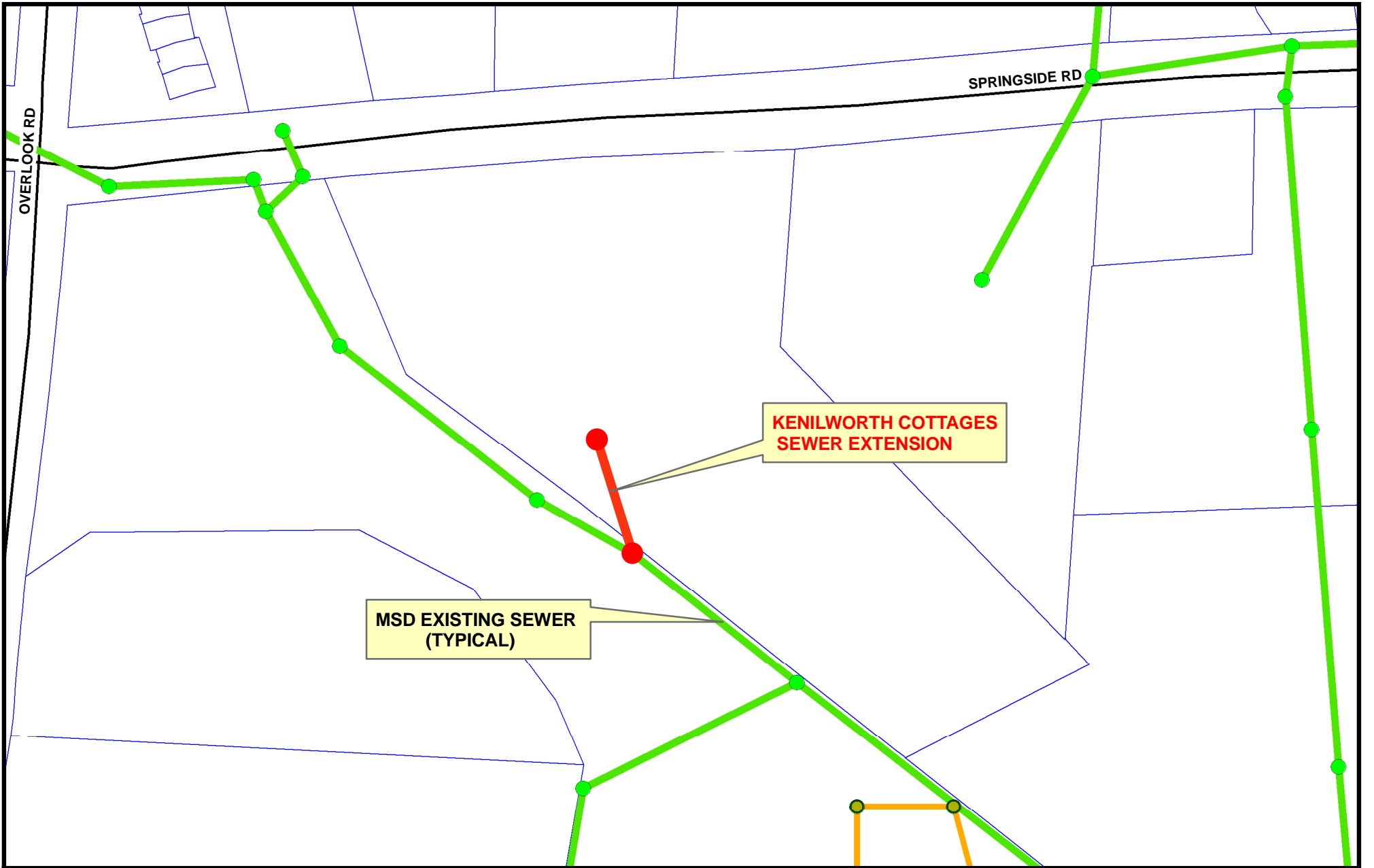
REVIEWED BY: Stan Boyd, PE, Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System for the Skyland Apartments Sewer Extension Project.

BACKGROUND: This project is located inside the District boundary off Springside Road in Buncombe County, North Carolina. The developer of the project is David Bowman of Skyland Apartments Asheville, LLC. The project included the installation of approximately 97 linear feet of 8" gravity sewer to serve a 63 unit residential development. A wastewater allocation was issued in the amount of 8,900 GPD for the project. The estimated cost of the sewer extension is \$9,700.00.

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

<b>COMMITTEE 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
<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
<input type="checkbox"/> Other:	



**Project # 2007117**

Not To Scale



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

**Skyland Apartments  
Sewer Extension**

# Metropolitan Sewerage District of Buncombe County

## Board Action Item

BOARD MEETING DATE: November 17, 2010

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

PREPARED BY: David Monteith, Kevin Johnson

REVIEWED BY: Stan Boyd, PE, Engineering Director

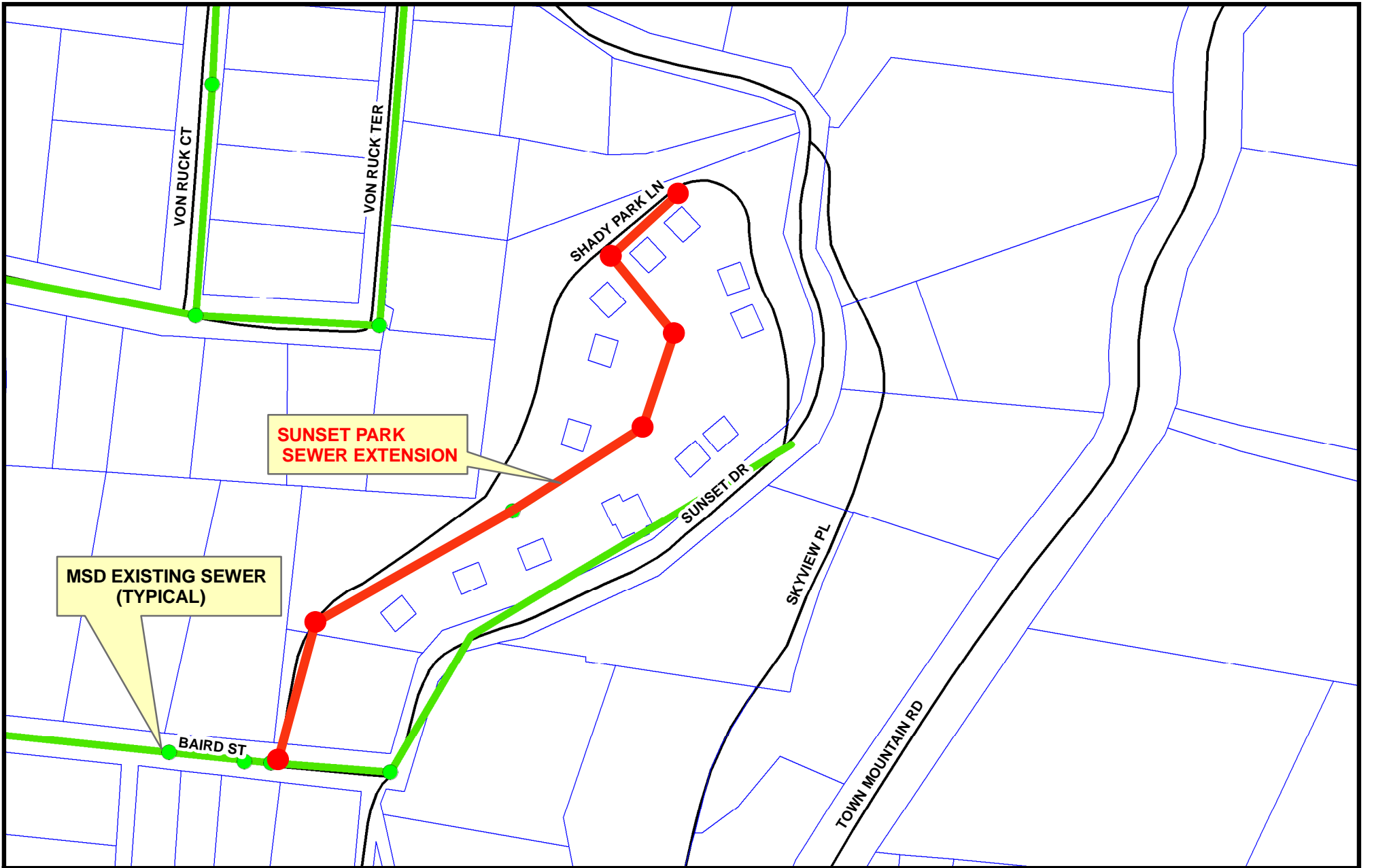
SUBJECT: Acceptance of Developer Constructed Sewer System for the Sunset Park Subdivision Sewer Extension Project.

BACKGROUND: This project is located inside the District boundary off Baird Street in Asheville, North Carolina. The developer of the project is Alan Laibson of Iris Properties, LLC. The project included the installation of approximately 824 linear feet of 8" gravity sewer to serve a 19 unit residential development. A wastewater allocation was issued in the amount of 4,900 GPD for the project. The estimated cost of the sewer extension is \$61,205.00.

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

<b>COMMITTEE 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
<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
<input type="checkbox"/> Other:	





**Project # 2006283**

Not To Scale



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

**Sunset Park  
Sewer Extension**

# Metropolitan Sewerage District of Buncombe County

## BOARD INFORMATIONAL ITEM

**Meeting Date:** November 17, 2010

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

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

**Subject:** First Quarter Budget to Actual Review

### Background

At the end of each quarter, actual revenue and expenditure amounts are compared with the budget to evaluate the District's financial performance. The attached schedule includes year-to-date actual amounts as of September 30, 2010 as well as the adopted budget for FY 10-11.

### Discussion

There are several explanatory notes at the bottom of the page to assist in using this schedule as a management tool. Other considerations are as follows:

- ★ Domestic and Industrial User Fees are at budget expectations. Staff monitors consumption trends as they have a direct effect on the District's current and future revenue projections.
- ★ Facility and Tap Fees, also conservatively budgeted, can be significantly higher than budget. The unusually large variance in the first quarter is due to receiving unanticipated revenue of \$609,000 from one development.
- ★ Interest and miscellaneous income are below budgeted expectations. This is a direct result of recessionary pressure on the fixed income market.
- ★ Rental income reflects expected earnings.
- ★ O&M expenditures are at 28.8% of budget. The expenditures include encumbered amounts, which has elevated the budget to actual ratio slightly above 25%. The aforementioned encumbrances will be spent in the future.
- ★ Bond principal and interest actually spent is less than 25% of budget. This is due to the timing of the District's debt service payments. The District is required to make a semi-annual interest payment on December 1, 2010 and a principal and semi-annual interest payment on July 1, 2011.
- ★ Amounts budgeted for capital equipment and capital projects are rarely expended proportionately throughout the year and are expected to be fully spent prior to the end of the year.

### Staff Recommendation

None. Information only.

### Action Taken

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

## Board Meeting

November 17, 2010

Subject: First Quarter Budget to Actual Review

Page -2-

### Metropolitan Sewerage District

#### Budget to Actual Revenue and Expenditure Report

For the three months ended September 30, 2010

UNAUDITED--NON-GAAP

	Budget	Actual to Date	% Budget to Actual
<b>REVENUES</b>			
Domestic User Fees <sup>1</sup>	\$ 23,654,586	\$ 6,263,673	26.48%
Industrial User Fees	1,562,644	403,238	25.80%
Facility Fees <sup>2</sup>	825,000	769,105	93.22%
Tap Fees <sup>3</sup>	78,750	47,680	60.55%
Billing and Collection	645,243	155,075	24.03%
Interest and Misc. Income <sup>4</sup>	929,201	84,369	9.08%
Employee Contribution to Health Ins.	368,361	94,438	25.64%
City of Asheville (Enka Bonds) <sup>5</sup>	37,000	-	0.00%
Rental Income	16,560	4,140	25.00%
Use of Available Funds <sup>6</sup>	17,303,055	-	0.00%
Total Revenues <sup>7</sup>	<u>\$ 45,420,400</u>	<u>\$ 7,821,717</u>	17.22%
<b>EXPENDITURES</b>			
Operations and Maintenance <sup>8</sup>	\$ 14,086,560	\$ 4,059,570	28.82%
Bond Principal and Interest <sup>9</sup>	8,577,769	205,865	2.40%
Capital Equipment (Other than O&M)	600,000	206,831	34.47%
Capital Projects	21,156,071	5,618,661	25.36%
Contingency	1,000,000	-	0.00%
Total Expenditures	<u>\$ 45,420,400</u>	<u>\$ 10,090,926</u>	22.22%

#### **Notes:**

<sup>1</sup> Revenues are on the cash basis.

<sup>2</sup> Increase due to unanticipated revenue from one development.

<sup>3</sup> Increase in number of taps requiring bore fees.

<sup>4</sup> Interest Rates have fallen below budgeted expectations.

<sup>5</sup> Payment to be received in May.

<sup>6</sup> Prior year bond and pay-as-go funds to be used for CIP.

<sup>7</sup> Budget-to-Actual Ratio does not include use of available funds.

<sup>8</sup> Includes encumbered amounts as well as actual insurance expenditures.

<sup>9</sup> Below 25% because 100% of principal payments due on July 1, 2011 for the entire FY11.

## Metropolitan Sewerage District of Buncombe County BOARD INFORMATIONAL ITEM

**Meeting Date:** November 17, 2010

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

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

**Subject:** First Quarter City of Asheville Billing Report

### **Background**

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

### **Discussion**

The attached report summarizes billing activity for the last five quarters. A comparison of the first quarter of FY 11 with the same time period in FY 10 reveals the following:

- ◆ Net billings are up 4.6% from the previous period last year. Since the billing data includes the board approved 3.5% rate increase for the current fiscal year, this corresponds to the consumption data, which shows an increase of nearly 1.1%.
- ◆ Cash received during the year is up 8.1%, which is attributed to collection patterns as well as the timing of one cash receipt in the prior year.
- ◆ The aging percentages show signs of outstanding accounts requiring additional time to collect. Staff will continue to monitor future quarters as this could have a cash flow effect on the District.
- ◆ The comparability of increased rates of billings, receivables, and payments indicates a good likelihood of all funds being remitted to MSD in a timely manner.

### **Staff Recommendation**

None. Information only.

### **Action Taken**

<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>

### City of Asheville Quarterly Billing Report

Billing Report Summary:	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	
	FY10	FY10	FY10	FY10	FY 11	FY 11	FY 11	FY 11	
<b>Beginning Receivables</b>	\$ 968,944	\$ 1,037,070	\$ 1,060,163	\$ 995,011	\$ 1,259,460	\$ -	\$ -	\$ -	
									<b>Net Billings First Qtr. FY 11</b>
									\$ 4,886,077
Activity:									
Billings	4,736,685	4,764,892	4,527,740	4,857,303	5,113,204	-	-	-	<b>Net Billings First Qtr. FY 10</b>
Bad Debt Collected	504	654	10,146	2,531	163	-	-	-	\$ 214,369
Bad Debt Remitted	(230)	(381)	-	(1,105)	-	-	-	-	<b>% Increase</b>
Payments	(4,367,993)	(4,308,430)	(4,256,663)	(4,290,337)	(4,716,535)	-	-	-	
Payments Collected but not yet remitted	(235,863)	(330,942)	(245,025)	(263,631)	(259,049)	-	-	-	<b>Net Payments First Qtr. FY 11</b>
Adjustments	(64,977)	(102,699)	(101,350)	3,267	(227,127)	-	-	-	\$ 4,975,421
Total Activity	68,126	23,093	(65,152)	308,028	(89,344)	-	-	-	<b>Net Payments First Qtr. FY 10</b>
Bad Debt Write-off				(43,579)					\$ 4,603,582
<b>Ending Receivables</b>	\$ 1,037,070	\$ 1,060,163	\$ 995,011	\$ 1,259,460	\$ 1,170,116	\$ -	\$ -	\$ -	<b>% Increase</b>
									8.1%
<b>Current Receivables &lt;30 Days</b>	\$ 873,738	\$ 860,611	\$ 758,339	\$ 1,111,649	\$ 949,397	\$ -	\$ -	\$ -	
									<b>A/R End of First Qtr. FY 11</b>
									\$ 1,170,116
<b>Aged Receivables</b>									<b>A/R End of First Qtr. FY 10</b>
30 to 60 Days	\$ 77,142	\$ 91,223	\$ 120,278	\$ 68,027	\$ 118,533	\$ -	\$ -	\$ -	1,037,070
Over 60 Days	86,189	108,329	116,394	79,783	102,186	-	-	-	
Total Over 30 Days	\$ 163,331	\$ 199,552	\$ 236,672	\$ 147,811	\$ 220,719	\$ -	\$ -	\$ -	\$ 133,046
									<b>% Increase</b>
									12.8%
<b>Aging Percentages</b>									
Less than 30 Days	84.25%	81.18%	76.21%	88.26%	81.14%	0.00%	0.00%	0.00%	
30 to 60 Days	7.44%	8.60%	12.09%	5.40%	10.13%	0.00%	0.00%	0.00%	
Over 60 Days	8.31%	10.22%	11.70%	6.33%	8.73%	0.00%	0.00%	0.00%	
Total	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%	

# Metropolitan Sewerage District of Buncombe County

## BOARD INFORMATIONAL ITEM

**Meeting Date:** November 17, 2010  
**Submitted By:** Thomas E. Hartye, PE., General Manager  
**Prepared By:** W. Scott Powell, Director of Finance  
**Subject:** Cash Commitment/Investment Report-Month Ended September 30, 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 September 30, 2010 were \$47,274,151. The detailed listing of accounts is available upon request. The average rate of return for all investments is 1.120%. These investments comply with North Carolina General Statutes, Board written investment policies and the District's Bond Order.

The attached investment report represents cash and cash equivalents as of September 30, 2010 does not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of September 30, 2010 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$3,532,950.

<b>Total Cash &amp; Investments as of 9/30/2010</b>		47,274,151
<b>Less:</b>		
Budgeted Commitments (Required to pay remaining FY11 budgeted expenditures from unrestricted cash)		
Construction Funds	(18,891,045)	
Operations & Maintenance Fund	(10,949,485)	
		(29,840,530)
Bond Restricted Funds		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(18,851)	
Debt Service Reserve	(2,612,508)	
Remaining Principal & Interest Due	<u>(7,859,744)</u>	
		(10,491,103)
District Reserve Funds		
Fleet Replacement	(545,291)	
WWTP Replacement	(889,967)	
Maintenance Reserve	<u>(813,649)</u>	
		(2,248,907)
Post-Retirement Benefit		(494,996)
Self-Funded Employee Medical		<u>(665,665)</u>
<b>Designated for Capital Outlay</b>		<u><u>3,532,950</u></u>

### Staff Recommendation

None. Information Only.

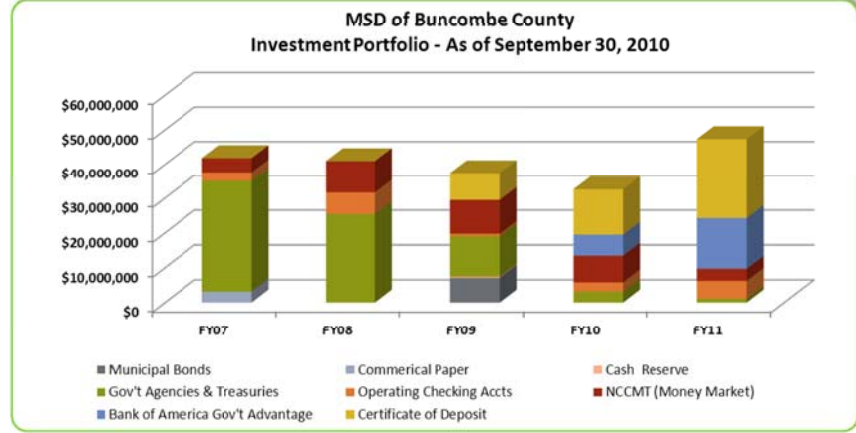
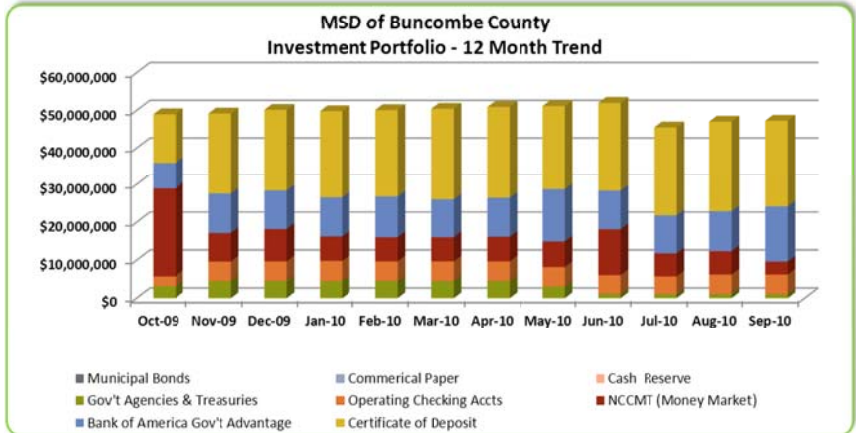
### Action Taken

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

### Metropolitan Sewerage District of Buncombe County Investment Portfolio

	Cash in Operating Checking Accounts	Bank of America Gov't Advantage	NCCMT (Money Market)	Certificate of Deposit	Commercial Paper	Municipal Bonds	Cash Reserve	Gov't Agencies & Treasuries	Total
<b>Held with Bond Trustee</b>	\$ -		\$ 1,502,359				\$ -	\$ 1,129,000	\$ 2,631,359
<b>Held by MSD</b>	5,073,106	14,527,572	1,940,859	23,101,255	-	-		-	44,642,792
	<u>\$ 5,073,106</u>	<u>\$ 14,527,572</u>	<u>\$ 3,443,218</u>	<u>\$ 23,101,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,129,000</u>	<u>\$ 47,274,151</u>

Investment Policy Asset Allocation	Maximum Percent	Actual Percent	
U.S. Government Treasuries, Agencies and Instrumentalities	100.00%	2.39%	No significant changes in the investment portfolio as to makeup or total amount.
Bankers' Acceptances	20.00%	0.00%	
Certificates of Deposit	100.00%	48.87%	The District 's YTM of 1.05% is exceeding the YTM benchmarks of the 6 month T-Bill and NCCMT Cash Portfolio.
Commercial Paper	20.00%	0.00%	
North Carolina Capital Management Trust	100.00%	7.28%	
Checking Accounts	100.00%	41.46%	All funds invest in CD's, operating checking accounts, BOA government advantage are fully collateralized with the State Treasurer.



**Board Meeting**

November 17, 2010

Subject: Cash Commitment/Investment Report-Month Ended September 30, 2010

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**METROPOLITAN SEWERAGE DISTRICT  
INVESTMENT MANAGERS' REPORT  
AT SEPTEMBER 30, 2010**

**Summary of Asset Transactions**

	Original Cost	Market	Interest Receivable
Beginning Balance	\$ 39,009,324	\$ 39,009,324	\$ 110,586
Capital Contributed (Withdrawn)	218,965	218,965	
Realized Income	19,614	19,614	(14,227)
Unrealized/Accrued Income	-	-	26,800
Ending Balance	<u>\$ 39,247,903</u>	<u>\$ 39,247,903</u>	<u>\$ 123,159</u>

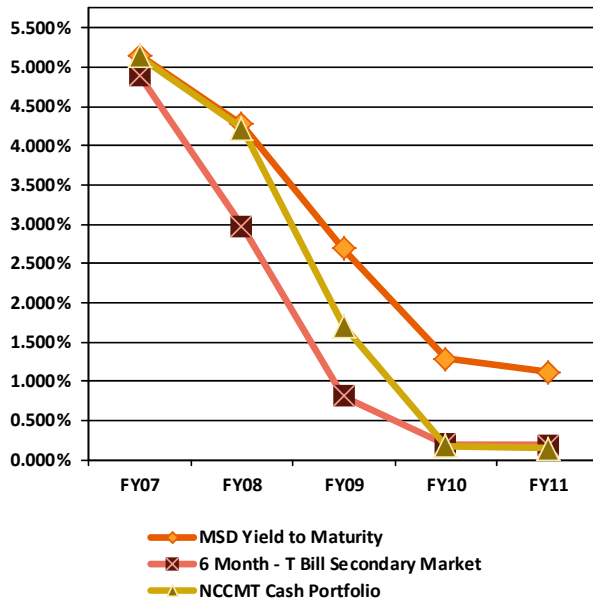
**Value and Income by Maturity**

	Original Cost	Income
Cash Equivalents <91 Days	\$ 16,146,648	\$ 13,242
Securities/CD's 91 to 365 Days	23,101,255	\$ 18,945
Securities/CD's > 1 Year	-	\$ -
	<u>\$ 39,247,903</u>	<u>\$ 32,187</u>

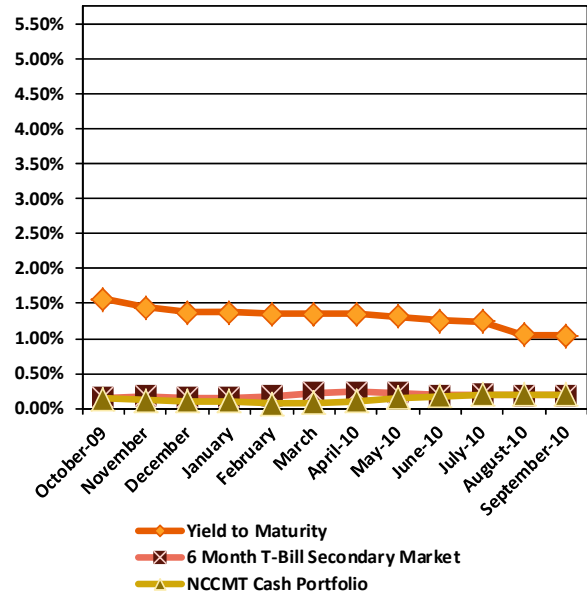
**Month End Portfolio Information**

Weighted Average Maturity	130 Days
Yield to Maturity	1.05%
6 Month T-Bill Secondary Market	0.19%
NCCMT Cash Portfolio	0.20%

**Metropolitan Sewerage District  
Annual Yield Comparison**



**Metropolitan Sewerage District  
Yield Comparison - September 30, 2010**





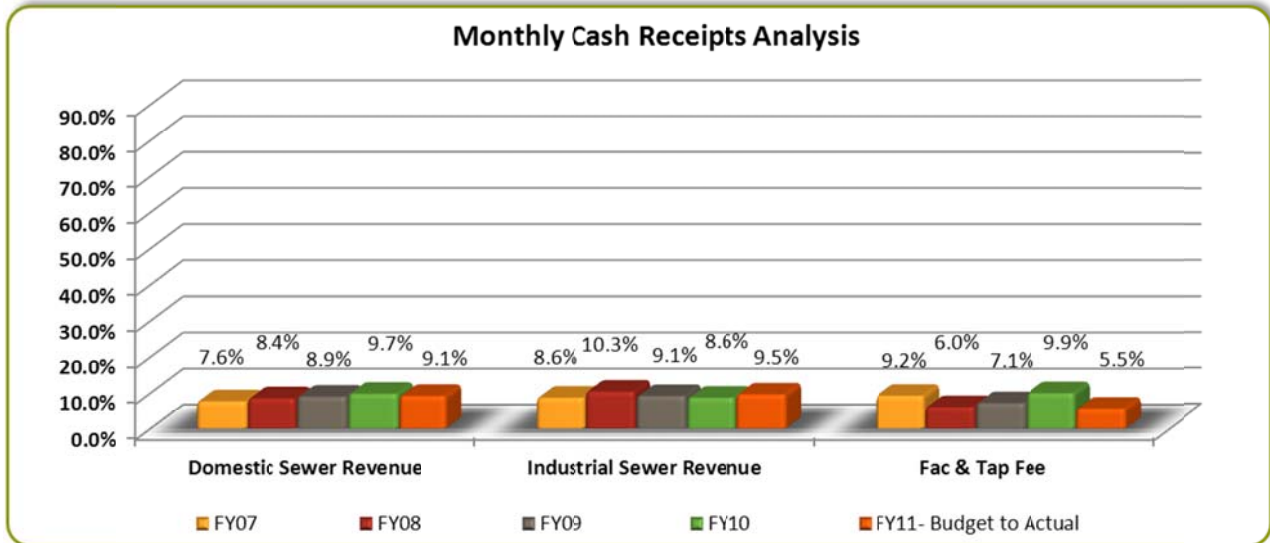
**Board Meeting**

November 17, 2010

Subject: Cash Commitment/Investment Report-Month Ended September 30, 2010

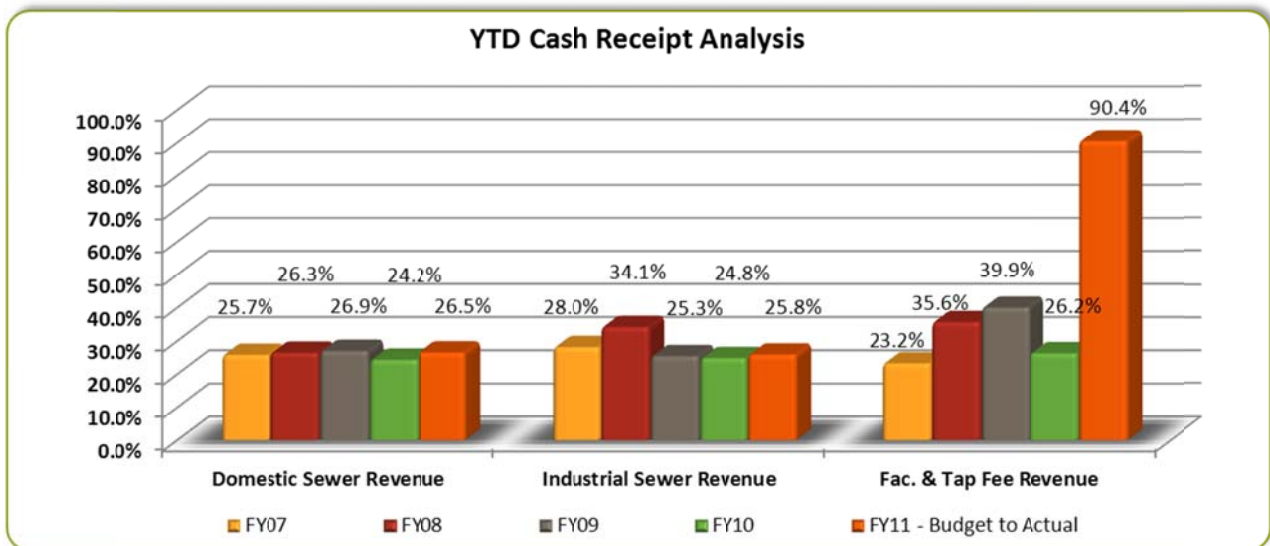
Page -4-

**METROPOLITAN SEWERAGE DISTRICT  
ANALYSIS OF CASH RECEIPTS  
AS OF SEPTEMBER 30, 2010**



**Monthly Cash Receipts Analysis:**

- ▲ Monthly domestic sewer revenue is lower due to the timing of one cash receipt.
- ▲ Monthly industrial sewer revenue is considered reasonable based on historical trends.
- ▲ Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap fee revenue reasonable.



**YTD Actual Revenue Analysis:**

- ▲ YTD domestic sewer revenue is considered reasonable based on historical trends.
- ▲ YTD industrial sewer revenue is considered reasonable based on historical trends.
- ▲ YTD facility and tap fee is higher due to one unexpected cash receipt.

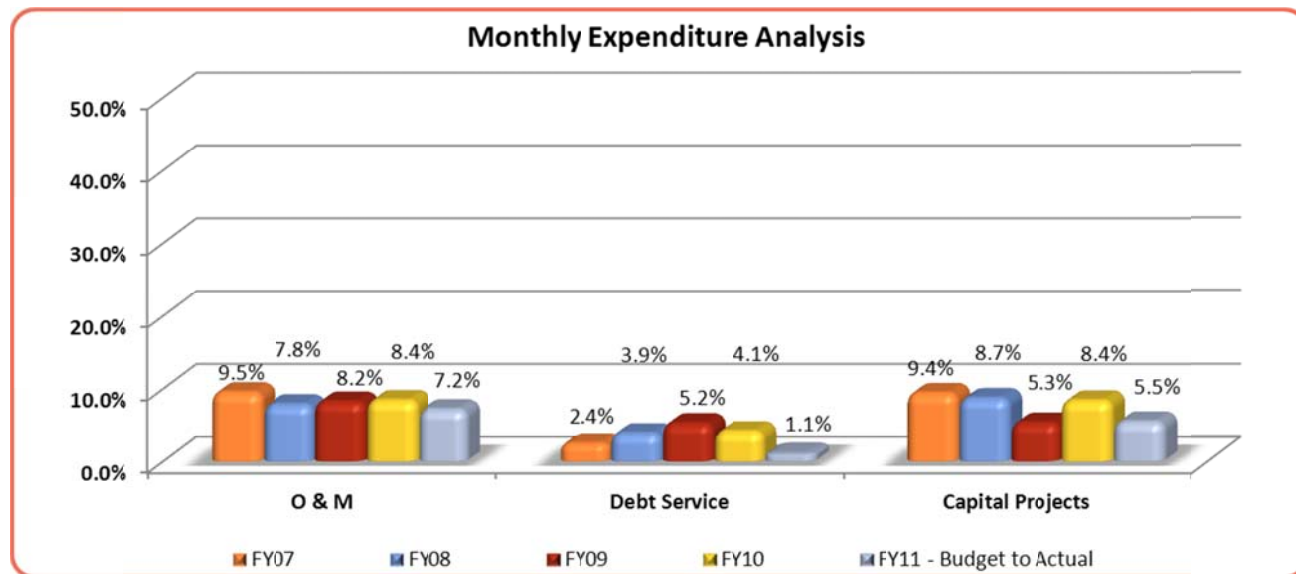
**Board Meeting**

November 17, 2010

Subject: Cash Commitment/Investment Report-Month Ended September 30, 2010

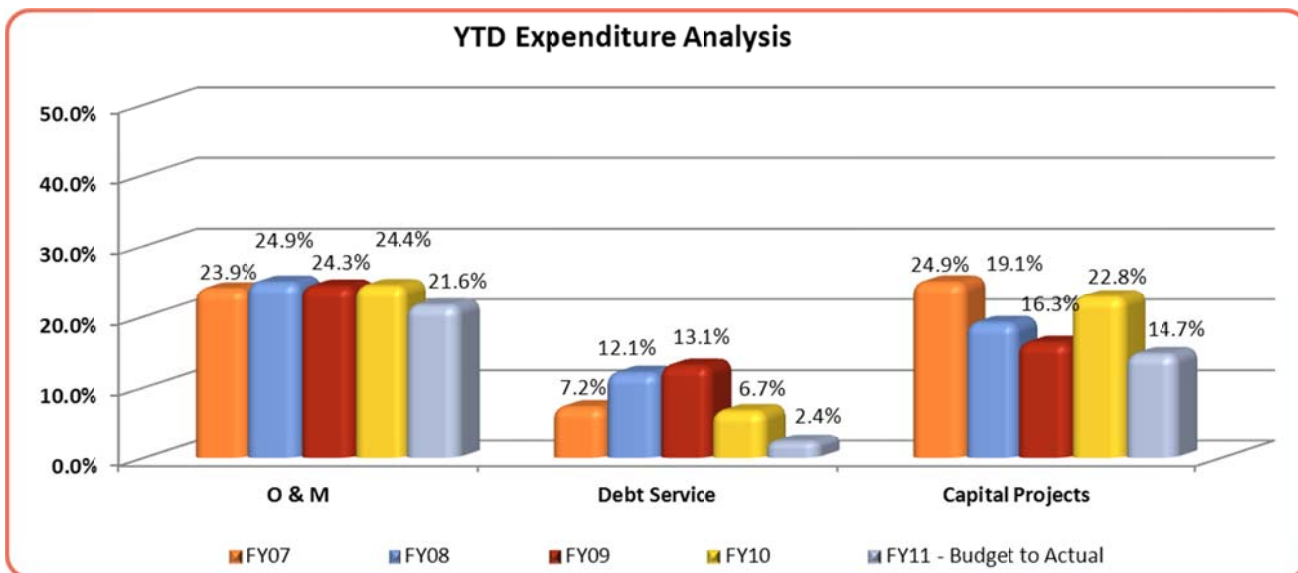
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**METROPOLITAN SEWERAGE DISTRICT  
ANALYSIS OF EXPENDITURES  
AS OF SEPTEMBER 30, 2010**



**Monthly 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 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.

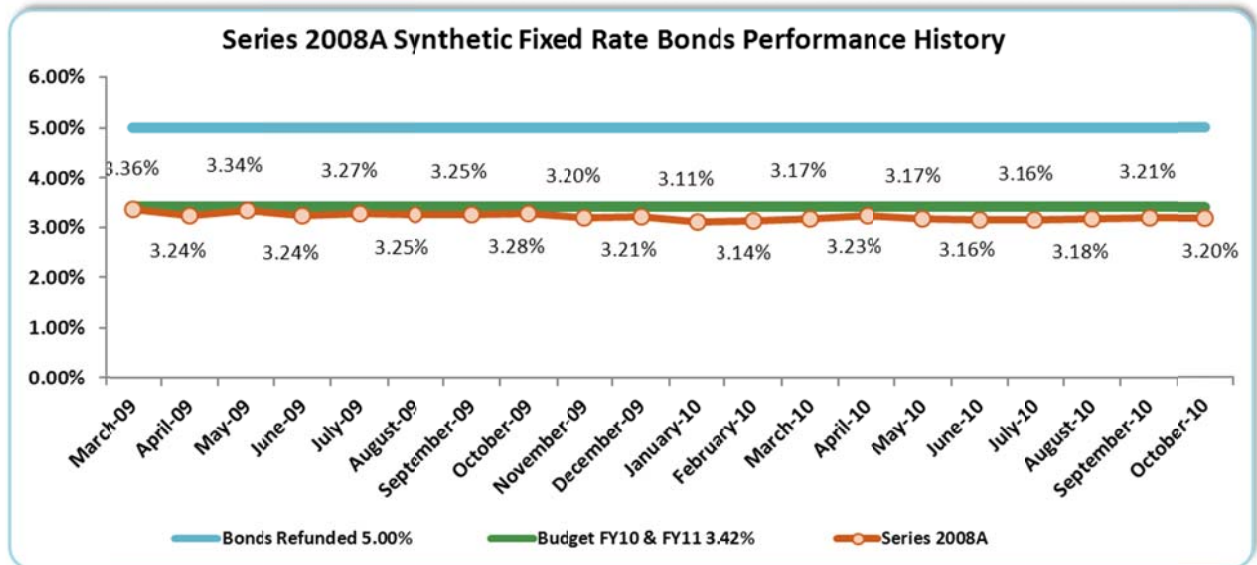
**Board Meeting**

November 17, 2010

Subject: Cash Commitment/Investment Report-Month Ended September 30, 2010

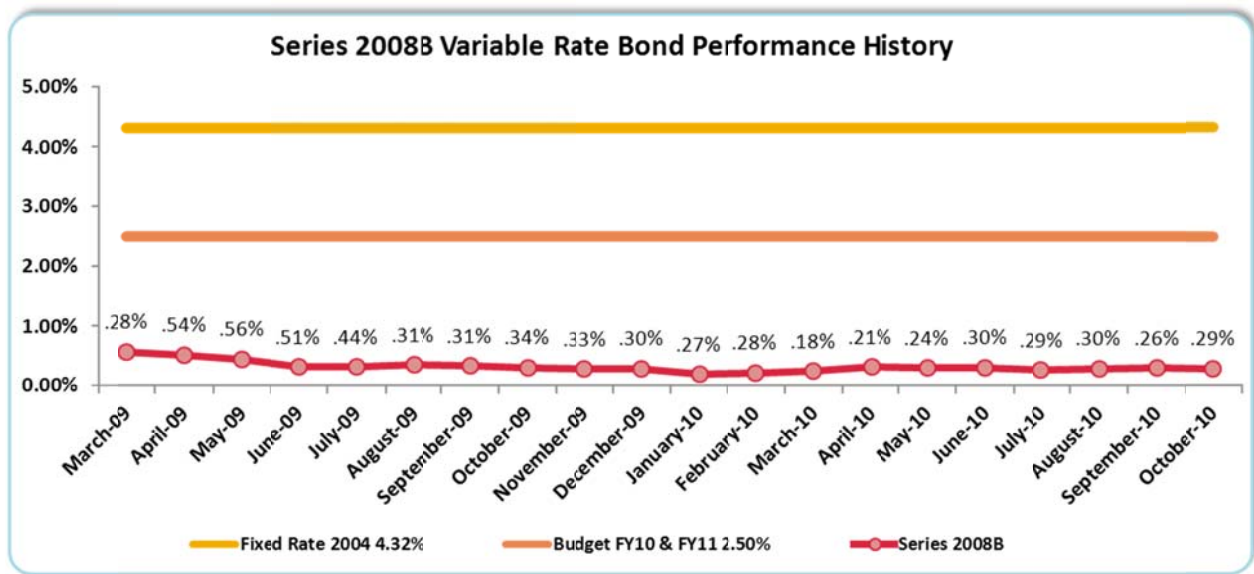
Page -6-

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



**Series 2008A:**

- ◆ Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$1,299,001 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 \$5,339,000 to terminate the existing Bank of America Swap Agreement.



**Series 2008B:**

- ◆ Savings to date on the 2008B Variable Rate Bonds is \$1,871,142 as compared to 5/1 fixed rate of 4.32%.
- ◆ Since May 1, 2008, the Series 2008B Bonds average variable rate has been 0.80%.
- ◆ MSD will achieve \$8,325,000 in cash savings over the life of the bonds at the current average variable rate.

CAPITAL IMPROVEMENT PROGRAM

STATUS REPORT SUMMARY

November 10, 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	11/22/2010	4/21/2011	\$127,170.00	0%	<b>Informal</b> Preconstruction meeting scheduled for Nov. 10.
FOREST HILL DRIVE #1 (PRP 11006)	T & K Utilities	2/17/2010	3/29/2010	10/30/2010	\$147,653.00	100%	<b>Formal</b> Project is complete and in closeout
FOREST HILL DRIVE #2 (PRP 11005)	T & K Utilities	2/17/2010	3/29/2010	10/30/2010	\$68,590.00	100%	<b>Formal</b> Project is complete and in closeout
LAKE JULIAN INTERCEPTOR PHASE III	Ruby-Collins	10/20/2010	11/1/2010	11/1/2011	\$2,710,661.93	0%	<b>Formal</b> Contractor has mobilized to the site.
MARTEL LANE @ PENLEY AVENUE	Huntley Construction	6/9/2010	9/7/2010	1/5/2011	\$106,300.00	0%	<b>Informal</b> Contractor has mobilized on site.
MIDDLE BEAVERDAM CREEK INTERCEPTOR	Moore & Son	7/15/2009	8/31/2009	11/15/2010	\$854,118.91	97%	<b>Formal</b> Contractor working on punchlist.
MORRIS STREET @ TALMADGE STREET	Terry Brothers	6/9/2010	7/21/2010	11/15/2010	\$368,972.50	95%	<b>Formal</b> Mainline is complete. Service lines are being renewed.
REEMS CREEK MASTER PLAN EXTENSION PHASE II	Dillard Excavating Co.	N/A	N/A	11/30/2010	\$198,621.99	92%	Construction by developer. MSD cost participation is \$198,621.99. Mainline construction complete. Project being restored and awaiting prefinal inspection.
TOWN BRANCH INTERCEPTOR	BC&D Associates	8/19/2009	9/21/2009	11/30/2010	\$726,875.00	80%	<b>Formal</b> 30-inch mainline is complete. 8-inch line along Depot Street is complete. Waiting on paving and old mainline to be abandoned.
TC BUILDING PUMP STATION REMOVAL	Carolina Specialties	TBA	TBA	TBA	TBA	5%	<b>Informal</b> Exploratory dig is complete. MSD deciding whether to proceed with project.
U.S. HWY. 70 @ PARKWAY	TBA	TBA	TBA	TBA	TBA	0%	<b>Formal</b> Bids were opened on October 7th. Terry Brothers Construction Company is the apparent low bidder. Project will be presented at the November Board meeting.
WRF - FINAL MICROSCREEN REPLACEMENT	Hickory Construction	10/20/2010	TBA	TBA	TBA	0%	<b>Formal</b> Project awaiting preconstruction meeting. Some site prep has begun.
WRF - INTERMEDIATE PUMPING REPLACEMENT	Hickory Construction	7/15/2009	8/19/2009	10/31/2010	\$1,754,675.22	90%	<b>Formal</b> All pumps working as designed. Training complete and contractor working on miscellaneous small tasks preparing for punchlist.

\*Updated to reflect approved Change Orders and Time Extensions

Planning and Development Projects  
Status Report November 17, 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
	The Villages at Crest Mountain	2009049	Asheville	63	1,364	9/9/2009	Complete - Waiting on final documents
	Grove Park Cove Subdivision	2004101	Asheville	14	1122	6/28/2006	Complete - Waiting on final documents
	The Settings at Blk Mtn. - Ph. 3	2006297	Black Mtn.	45	3,906	4/22/2010	Complete - Waiting on final documents
	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>647</b>	<b>16,267</b>		

Planning and Development Projects  
Status Report November 17, 2010

Status	Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
	Woodland and Central Homes	2010073	Asheville	5	1,200	10/25/2010	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
	Teems Road Subdivision	2007143	Asheville	40	1,308	5/27/2008	Ready for construction
	Thom's Estate	2006309	Asheville	40	3,422	1/24/2008	testing
	Thom's Estate - Phase II	2008071	Asheville	40	3,701	6/10/2008	Redesign
	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
	Self Help Housing	2009024	Black Mtn.	6	152	10/7/2010	Pre-con held, ready for construction
	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
				Subtotal	2103	99,578	
				Total Units:	2,750		
				Total LF:		115,845	