

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

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

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2:00 P.M., Wednesday, December 15, 2010. Chairman Aceto presided with the following members present: Bellamy, Bissette, Bryson, Creighton, Haner, Kelly, Root, Russell, Stanley, VeHaun and Watts.

Others present were: Thomas E. Hartye, General Manager, Marjorie Mann, Roberts & Stevens, Gary McGill with McGill Associates, Inc., Russell Coleman of Cherry, Bekaert & Holland, L.L.P., Joseph Martin with Woodfin Sanitary Water and Sewer District, Esther Manheimer, Jennifer Mazza and Cathy Ball, City of Asheville, Mike Plemmons, CIBO, Ben Pace, Christopher George with Mountain Express, Barry Cook, Stan Boyd, Ed Bradford, Peter Weed, Jim Hemphill, Scott Powell, John Kiviniemi, Angel Banks, Ben Reeves, Julie Willingham, Pam Thomas and Sondra Honeycutt.

**2. Inquiry as to Conflict of Interest:**

Mr. Aceto asked if there were any conflicts of interest with the agenda items. Mr. Bissette stated that he had a conflict with Item e. (Carolina Hand Surgery) of the Consolidated Motion Agenda and asked to be excused from voting on this item. Mr. Bissette was excused from deliberation and voting on this item.

**3. Approval of Minutes of the November 17, 2010 Meeting:**

Mr. Aceto asked if there were any changes to the Minutes of the November 17, 2010 Board Meeting. Mr. Watts moved that the Minutes be approved as presented. Mr. Stanley seconded the motion. Voice vote in favor of the motion was unanimous.

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

Mr. Aceto stated that Mr. Plemmons of CIBO requested the opportunity to address the Board regarding the impact of the proposed Planning Committee Item i. of the Consolidated Motion Agenda, on small developers.

Mr. Plemmons reported that Mr. Hartye and others attended CIBO's Issues Meeting on December 3, 2010 to discuss MSD's proposals concerning revenue sharing for sewer extensions constructed by member agencies and private developers, but because of bad weather, they have not been able to address this issue. He stated that CIBO had planned to get a group of small to medium developers together to look at this policy to see if this is something they could really use, and feels these two groups could utilize the policy more so than large developers. Therefore, CIBO is asking for a delay of one month to get these groups together. He further stated that CIBO was the group that put this together and pushed hard to get the parties to the table, and do not want anything to damage MSD. If it's not a "net positive" to MSD, CIBO does not want it. He reminded the Board of the Incinerator project where there were groups that wanted to compost all sewer sludge, but CIBO pushed for the incinerator. He stated that CIBO appreciates the work MSD does and wants to be part of this process. He further stated that MSD, along with other authorities, could be an economic push for the area and would appreciate a delay in this matter.

As a result of CIBO's presentation, and in the absence of Mayor Bellamy, Mr. Russell moved that the Board table Item i. (revenue sharing for sewer extensions) of the Consolidated Motion Agenda and allow CIBO and impacted developers time to look at the proposal. Mr. Root seconded the motion. Mr. Haner said he is not in favor of tabling the vote, but instead have the Planning Committee assign an ad hoc committee of not only its members, but members of the small business community that know what

constitutes a turning point in the construction and design process. Mr. Bissette said he is willing to table this for one month in order to get comments on the proposal, but does not see the need to appoint a special committee. Mr. Creighton expressed a concern about the delay. He stated that the proposal, as written, is not for small developers, but rather to reimburse for lines. Mr. Kelly asked Mr. Plemmons to define the difference between a small and large developer. Mr. Plemmons said it is difficult to make such a distinction, since CIBO has not had a chance to meet with the developers. Mr. Pace stated that a small developer is three lots or less and there is a big difference. On behalf of the City of Asheville, Ms. Manheimer said she supports the motion if it involves the process whereby the City has an opportunity to make a modification to the current proposal, if the proposal is not acceptable by a majority. She further stated that MSD is very thorough and wants to make sure this is something that can be supported. She suggested considering public and private developments separately. Ms. Manheimer reported that the City of Asheville is about to begin a major project (Azalea Road) which is a large storm water and road project. She stated that if this policy is adopted, the City could also include new MSD lines in the area, which is a pocket in the City that is currently not being served. With no further discussion, Mr. Aceto called for the question. By a show of hands the motion carried with a vote of 6 in favor and 5 against (Mr. Vehaun, Mr. Haner, Mr. Creighton, Ms. Bryson and Mr. Kelly). Ms. Bellamy was absent during the vote. Mr. Bissette suggested that comments from CIBO, the City of Asheville and others be received by January 6<sup>th</sup>. Mr. Creighton announced that he and Mr. Stanley will be out of town for the January Meeting. As a result, Mr. Aceto suggested that this issue be moved to the February meeting of the Board. Mr. Hartye stated that he will forward comments to the Board and Planning Committee Members and decide if another committee meeting is necessary or if the proposal can be changed by amendment. Mr. Haner requested an opinion from Counsel as to whether MSD is exposing itself legally if it draws a line between small and large developers. Mr. Aceto reminded the Board that the current policy does not distinguish a difference between the two.

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

Mr. Aceto welcomed other guests, Mr. Coleman, Mr. Martin, Ms. Mazza, Ms. Ball and Mr. George.

**6. Report of General Manager:**

Mr. Hartye reported that the NC AWWA-WEA annual conference was held last month and because some of the staff was not back for the November Board meeting, he wanted to take this opportunity to recognize them. John Kiviniemi was inducted as President of the Association for this upcoming year; Stan Boyd received a lifetime service award, and System Services fielded their first ever team in the Operations Challenge. The "Mountain Tappers" came away with a second place trophy. He expressed his congratulations to the team consisting of Jason Brigmon, Grady Brooks, Shaun Armistead, and Gilbert Karn. Ben Reeves served as Captain and Dave Nisbeth as Coach with Mike Rice and Darin Prosser serving as reserves. Mr. Cook presented the Operations Challenge trophy and stated that in addition to the pipe tapping challenge, staff participated in the pump competition and beat all but one team in the State. He also presented an award given to Jason Brigmon for pipe cutting, which was best in the State. He stated that the team received great support and that he is proud of those who participated in the challenge and proud to be part of the MSD organization.

Mr. Hartye called on Russell Coleman for a presentation on the District's annual audit. Mr. Coleman expressed his appreciation to the Board for entrusting Cherry, Bekeart and Holland with the audit services for 2010. He stated Scott Powell has worked very closely in trying to make sure he is doing what needs to be done and has observed him going through the process of reviewing MSD's financial situation with respect to

financing and banking arrangements. He reported that MSD engaged his firm to not only perform a financial audit, but a compliance audit under Government Auditing Standards and requirements of the Office of Management and Budget, Budget Single Audit Act, because MSD entered into a grant where it has expended more than the base threshold for a single audit.

Mr. Coleman stated that the standards they are required to consider include risk factors which affect fairness of financial statement amounts and disclosures; laws and regulations that could materially affect the financial statements in the event of non-compliance, and major Federal and State financial assistance programs and fraud that could result in a material misstatement in the financial statements. He reported that the audit is complete and they have issued an opinion. The audit was filed with the Local Government Commission before the deadline of October 31. Also, they have issued reports on internal control and compliance with respect to Government Auditing Standards and have issued reports on compliance with the requirements of the Clean Water Act.

Mr. Coleman went over the required communications to the Board of Directors. He stated that this is a pure audit in that Mr. Powell drafted the financial statement and on occasion asked for assistance. He reported that in the concept of MSD's accounting practices, it's the auditor's responsibility to tell the Board about new accounting pronouncements which were adopted this year; GASB Statement No. 51 having to do with easements, and GASB Statement No 53 having to do with derivatives. Also, informing the Board about accounting estimates; allowance for uncollectible accounts; difficulties encountered in performing the audit; corrected and uncorrected misstatements; disagreements with management; management representations; management consultations with other independent accountants, and other audit findings or issues. He stated that no difficulties were encountered in any of the aforementioned communication requirements.

With regard to the Financial Statement Highlights, Mr. Coleman reported that Capital assets increased \$2.7 million after depreciation of \$8.6 million with expansion of collector lines and other projects. Cash increased by \$16.6 million, primarily from day to day operations, but also from sales of investments and interest, much of which goes back into the plant. Long-term debt increased by \$13.2 million through the issuance of new debt for capital construction and refunding other debt. Operating revenues and expenses are consistent with 2009, with some change within categories that offset each other. Net non-operating revenues and expenses decreased the change in net assets by \$228 thousand more in 2010. Capital contributions decreased by \$4.7 million; almost 100% of the decrease in net assets in 2010 over 2009. Mr. Coleman reported that the Cash Flow statement tells more about a public utility than anything else. Operations generated \$14.7 million in cash, after adding depreciation of \$8.6 million and changes in operating assets of \$365 thousand. Capital and related financing activities consumed \$837 thousand, and investing activities provided \$2.7 million.

Mr. Coleman reported that the results of the audits, as of and for the year ended June 30, 2010 is unqualified; it is a clean opinion. No material weaknesses were found in internal control, which includes internal control over administering the Clean Water Act Program, and issued an unqualified opinion on compliance with the requirements of this program. Mr. Coleman stated that the District embarked on a project to look for un-recovered revenue, from people using its services and not paying for it. This generated additional revenue, not only on an immediate basis, but on an on-going basis. As a result they recommend the Board consider the possible creation of a budget/internal audit position. Mr. Aceto asked what the impact was of adding derivatives. Mr. Powell noted Page 23 of the CAFR (Statement of Net Assets) under Noncurrent Assets, which shows the deferred outflow of resources at \$4,324,270 and again under Noncurrent Liabilities. He stated that the interest rate swap is performing as designed and relative impacts will

only be reflected in the Statement of Net Assets going forward. Mr. Coleman stated that Mr. Powell did a detailed calculation to determine the swap fell within certain parameters, which were tested.

Mr. Hartye called on Mr. McGill for a presentation on the treatment plant electrical system improvements.

Mr. McGill reported on the power outage event that occurred in December 2009, due to a tree falling on the Craggy distribution circuit and the events that followed. As a result of this event, the plant generator failed and a sewer overflow occurred behind the Mull building. Since that time, meetings have been held throughout the year between MSD staff, McGill's Electric Services Manager and Progress Energy Engineers to identify possible improvements to the external power supply system and internal improvements to the electrical system inside the plant. He further reported that the initial recommended improvements included upgrade of the existing generator and circuit breaker controls for equipment installation done by Progress Energy. This work is now complete, which allows MSD to operate its generator in a much more efficient manner. MSD entered into a one-year power monitoring agreement with Power Secure to see how real time motoring worked in order to anticipate something that might be coming into the plant without it failing. Also discussions were held with Progress Energy regarding the installation of an automatic circuit transfer switch in the Progress Energy substation to the Broadway Circuit, which will be installed in March, and increase electrical service reliability. Mr. McGill stated that in order to increase on-site standby power, several things at the plant need to be addressed before this can be done. The entrance switchgear needs redesign and upgraded; switchgear cannot be removed from service for maintenance and upgrade; the internal electrical distribution system is also vulnerable to outages; unable to sustain extended outages, and the need for redundant interconnections to increase system reliability.

Mr. McGill presented an aerial photo of the plant showing the substation, standby generator and switch gear, which generates power to all plant locations and a diagram of the current Power Distribution Plan. He reported that additional improvements to the electrical system include: alternate power source to intermediate pumps; additional standby power generation and switchgear; main primary circuit reconfiguration; relocation of two current connection points at main switchgear; alternate power source to administration building and backup power to the bar screen facility. He presented a diagram showing proposed improvements to the Power Distribution Plan and explained how it will work. He stated that these improvements do not create loops to operate all the time to give the reliability that is needed, but gives a back-up feed to all critical equipment. He presented a slide showing the costs associated with each of the aforementioned improvements. Mr. Aceto asked if there are other sections of the plant that have potential single point failures that the Board should be made aware of. Mr. McGill stated that they looked at electrical only, but touched on all of the critical components that make treated wastewater go through the plant. Mr. Aceto asked how potential single point failures are located and identified without learning about them the hard way. Mr. McGill said the one last year was odd and hard to identify, but other single point failures are not all electrical. Mr. Kiviniemi said all of the mechanical systems have built-in redundancy as far as multiple pieces of equipment. Mr. McGill said it's easier to identify problems in mechanical systems before they fail, but is different in electrical systems. Mr. Haner asked if the Board needs to take any action on this. Mr. Hartye said this will be incorporated into the CIP next year.

Mr. Hartye continued with his report. He presented an AC-T article on the Environmental Quality Institute and the VWIN Program.

Mr. Hartye reported that the employee Christmas lunch will be held on December 16<sup>th</sup> at 11:30 a.m. and the next regular Board Meeting will be held January 19<sup>th</sup> at 2 p.m. Ms. Bellamy announced that she will be absent from the January meeting.

**7. Report of Committees:**

**a. Right of Way Committee**

Mr. Kelly reported that the Right of Way Committee met December 1, 2010 to consider the compensation budget for the Sunset Drive @ Old Toll Road project; condemnations on the Liberty Street Sewer Rehabilitation project, and offer to purchase - Weaverville #2 force main relocation.

**b. Planning Committee**

Mr. Bissette said he had nothing further to report.

**c. Finance Committee:**

Mr. Kelly reported that the Finance Committee met earlier today to consider a Standby Bond Purchase Agreement with Bank of America for a period of three-years. Staff recommends renewing the Agreement. Mr. Stanley moved that the Board adopt staff's recommendation. Ms. Bellamy seconded the motion. With no discussion, Mr. Aceto called for the question. Roll call vote was as follows: 11 Ayes; 0 Nays. Mr. Russell was absent during the remainder of the meeting.

**8. Consolidated Motion Agenda:**

**a. Consideration of Bids for Sanitary Sewer Rehabilitation Project – Rockdale Avenue PRP:**

Mr. Hartye reported that the Rockdale Avenue project is for the replacement of an aged vitrified clay sanitary sewer line located in the Grovemont area of Swannanoa and consists of 2,683 linear feet of 8-inch DIP and 895 linear feet of 12-inch and 16-inch DIP. The following bids were received on December 2, 2010: Ruby Collins, Inc. with a total bid of \$994,345.00; Carolina Specialties Const. Co., with a total bid of \$607,900.00; Disaster Recovery Group with a total bid of \$548,539.00; Huntley Construction Co., with a total bid of \$532,384.00; Blythe Co., with a total bid of \$481,012.40; Terry Brothers Const. Co., Inc., with a total bid of \$452,049.50; T&K Utilities, Inc. with a total bid of \$427,743.00, and Buckeye Construction Co., with a total bid of \$408,486.05. Staff recommends award of this contract to Buckeye Const., Co., Inc. in the amount of \$408,486.05, subject to review and approval by District Counsel.

**b. Consideration of Compensation Budget – Sunset Drive @ Old Toll Road:**

Mr. Hartye reported that the project consists of replacing approximately 500 linear feet of 6" clay and pvc line, with 8" ductile iron pipe. The Right of Way Committee recommends approval of the Compensation Budget.

**c. Consideration of Condemnations – Liberty Street Rehabilitation:**

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

**d. Consideration of Offer to Purchase – Weaverville #2 Force Main Relocation:**

Mr. Hartye reported that Buncombe County is developing a new fire fighters training center on its land adjacent to the MSD pump station at the corner of Riverside Drive and Canoe Lane. The County must relocate the force main across their land to accommodate new buildings. Mr. Hartye stated that this force main relocation/rehabilitation is a future project on MSD's CIP. The Committee recommends authority to purchase the parcel for assemblage with MSD pump station site.

**e. Consideration of Acceptance of Developer Constructed Sewer System for the Carolina Hand Surgery Sewer Extension Project:**

Mr. Hartye reported this project is located inside the District boundary off Caribou Road and included the installation of approximately 300 linear feet of 8" gravity sewer to serve a Medical Office Building. Staff recommends acceptance of the developer constructed sewer system. All MSD requirements have been met.

**f. Presentation of Audit & CAFR – Fiscal Year Ended June 30, 2010:**

Mr. Powell referred to Page 56 of the CAFR (revenues and expenditures budget to actual). He reported that sewer charges were in line with budgeted estimates; facility and tap fees were greater than budget due to a conservative budget based on the softness of that particular market and on making the appropriate changes in that budget. He stated that typically this line item is budgeted very conservatively and continued that being in a recessionary period and did have more development than anticipated during the fiscal year. He further reported that interest and miscellaneous income reflect expected earnings on investments. With regard to the expense side, the District typically achieves a 96% budget to actual ratio on O&M expenditures. This year was 95% due to efficiencies in the utility expense line item, primarily due to the wetness of the season and increase usage of the hydro plant. Capital project expenditures are at approximately 46% of budget, due to placing the secondary microscreen project on hold until FY 11 as well as achieving favorable bids during the year due to the recession. Bond principal and interest actually spent were less than budget due to actual variable interest rates averaging .32% basis points. He stated that during this fiscal year, those numbers were budgeted at 2.5%, and being in a recession, this had a positive impact on the outflow of cash pertaining to debt service. Mr. Aceto asked what happens to the big variance on capital projects. Mr. Powell said this was due to delaying the microscreen project, which was initially budgeted in FY 10, and to not knowing how soft revenues were going to be, and re-budgeted those items in FY 11. Mr. Haner asked if staff's effort in finding sewer connections had an impact on actual revenues. Mr. Powell stated that during the last fiscal year approximately \$100,000 was found and was reflected in that number.

**g. Cash Commitment/Investment Report – Month Ended October 31, 2010:**

**h. Review of Proposed Revisions to MSD Sewer Extension Reimbursement Policy**

Mr. Hartye reported that the Planning Committee recommends that the Board include the policy on documented Failing Septic Tank Emergencies to the Cost Recovery Policy under Reimbursements for Sewer Line Extensions by Others.

**i. Pros and Cons of Proposals Concerning Revenue Sharing for Sewer Extensions Constructed by Member Agencies and Private Developers:**

This item was tabled until the February meeting of the Board.

Ms. Bellamy moved that the Board adopt the consolidated motion agenda as presented, with the exception of Items e. and i. Mr. Root seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

Mr. Stanley moved that the Board adopt Item e. of the consolidated motion agenda. Ms. Bellamy seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays. Mr. Mr. Bissette was excused from voting.

**9. Old Business:**

None

**10. New Business:**

None

**11. Adjournment:**

With no further business, Mr. Aceto called for adjournment at 3:40 p.m.

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Jackie W. Bryson, Secretary Treasurer

# MSD

## Regular Board Meeting

Metropolitan Sewerage District  
of Buncombe County, NC

## AGENDA FOR 12/15/10

✓	Agenda Item	Presenter	Time	
	Call to Order and Roll Call	Aceto	2:00	
	01. Inquiry as to Conflict of Interest	Aceto	2:05	
	02. Approval of Minutes of the November 17, 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. Right of Way Committee – 12/1/10 – Kelly b. Planning Committee – 12/2/10 – Bissette c. Finance Committee – 12/15/10 - Kelly	Aceto	2:40	
	07. Consolidated Motion Agenda		3:00	
	a. Consideration of Bids for Rockdale Avenue PRP Sewer Rehabilitation Project.	Hartye		
	b. Consideration of Compensation Budget – Sunset Drive @ Old Toll Road.	Hartye		
	c. Consideration of Condemnations – Liberty Street Sewer Rehabilitation.	Hartye		
	d. Consideration of Offer to Purchase – Weaverville #2 Force Main Relocation.	Hartye		
	e. Consideration of Developer Constructed Sewer System: Carolina Hand Surgery.	Hartye		
	f. Presentation of FY09-10 Comprehensive Annual Financial Report.	Hartye		
	g. Cash/Commitment Investment Report Month Ending October 31, 2010.	Hartye		
	h. Consideration of Proposed Revisions to MSD Sewer Extension Reimbursement Policy.	Hartye		
	i. Consideration of Proposals Concerning Revenue Sharing for Sewer Extensions Constructed by Member Agencies and Private Developers	Hartye		
	08. Old Business:	Aceto	3:15	
	09. New Business:	Aceto	3:20	
	10. Adjournment (Next Meeting January 19, 2011)	Aceto	3:25	



# MINUTES

**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

# **REPORT OF GENERAL MANAGER**

## MEMORANDUM

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

- Kudos

The NC AWWA-WEA is a volunteer association of over 3000 members dedicated to providing water and wastewater education, training, and service in an effort to protect public health and the environment. Below are some of the highlights of this year's annual conference.

- John Kiviniemi was inducted as president for this upcoming year. In the past, John has served on many committees and on the Board of Directors and has helped provide training for operators.
- Stan Boyd received a lifetime service award. Stan has been consistently involved with the training efforts here in WNC.
- System Services fielded their first ever team into the Operations Challenge. The "Mountain Tappers" came away with a second place trophy. The team consisted of Jason Brigmon, Grady Brooks, Shaun Armistead, and Gilbert Karn. Ben Reeves served as Captain and Dave Nisbeth as Coach with Mike Rice and Darin Prosser serving as reserves.

Congratulations to all!

- Annual Audit Presentation

Russell Coleman of Cherry, Bekaert & Holland, L.L.P. will present the Districts annual audit.

- Reading

AC-T article on Environmental Quality Institute and the VWIN program.

- Treatment Plant Electrical System Update

Gary McGill will give an update of the treatment plant electrical system improvements. MSD is moving forward with a three part plan to provide for secure electrical supply and redundancy.

1. The Automatic Transfer Switch improvements have been completed and had the opportunity to be battle tested over the Thanksgiving weekend.
2. The Broadway interconnect is on a path to be installed in the February/March timeframe.
3. The generation and distribution redundancy plan for longer term outages has been completed and will be included in the upcoming CIP.

- Employee Christmas Lunch

The employee Christmas lunch will be held on December 16 at 11:30am.

- Board/Committee Meetings

There will be a Finance Committee Meeting December 15<sup>th</sup> at 1:30 just prior to the Regular Board Meeting for December. There will be Christmas fixings for the Board at this meeting from Sondra Honeycutt. The next Regular Board Meeting will be held January 19<sup>th</sup> at 2 pm.



# Water quality group back

## EQI tracks data across the region

By Nanci Bompey  
NBOMPEY@CITIZEN-TIMES.COM

ASHEVILLE — Ann Marie Traylor wasn't ready to hang up her lab coat when UNC Asheville closed the Environmental Quality Institute last year.

Instead, the organization's head chemist worked with envi-

ronmental group WNC Alliance to revive the institute, opening up in a new space on Fairview Road in mid-October and working toward establishing the organization as an independent nonprofit.

EQI, with Traylor as its head, is back providing monthly water quality data for dozens of sites in Western North Carolina and working toward getting the institute its own nonprofit status.

"It just seemed like a really

valuable thing," Traylor said. "This program had been functioning for 20 years, so there was a big database of water quality information, and there was still strong community support for it."

EQI was started in the late 1980s by UNCA professor and environmental advocate Rick Maas. The institute became a leading national center for data

Please see WATER on B3

## WANT TO HELP?

WNC Alliance is looking for volunteers to help with bacterial monitoring along the Swannanoa River at 10 a.m. Dec. 16. Volunteers will survey area streams by taking water samples. Training will be provided the day of sampling. To sign up, contact Hartwell Carson, French Broad riverkeeper, at hartwell@wnca.org or 258-8737.

## WATER: Organization aims to be independent nonprofit

Continued from B1

on lead contamination and performed water quality testing for local governments, nonprofits and other organizations. When it closed, EQI provided water quality data for about 200 sites in the region. It had four full-time employees and a handful of interns.

UNCA shuttered the institute in 2009 in response to state budget cuts, saying EQI was non-essential to student education.

The center's lead poisoning prevention pro-

gram moved to Warren Wilson College, and WNC Alliance stepped up to help Traylor revive the Volunteer Water Information Network, or VWIN.

WNC Alliance helped EQI secure grants for the program from the Community Foundation of Western North Carolina, Z. Smith Reynolds Foundation and UNCA. Today, Traylor is the institute's only employee and has one part-time intern.

The institute is back up to providing analysis of water quality data for most of the sites it was testing before it closed,

and Traylor hopes to launch other projects.

The Buncombe County Soil and Water Conservation District had to forgo 10 months of water quality testing while the institute was closed.

The department used the data to get grants for performing work in Newfound watershed. It uses the bimonthly data, which it has been collecting for at least eight years, to monitor improvements it is making, said Jenn Beck, Newfound watershed coordinator.

Hendersonville nonprofit ECO: Environmen-

tal and Conservation Organization got a discounted rate from a private lab during the hiatus, but the cost was still twice what an EQI analysis costs.

Along with testing, EQI also provides organizations with annual reports and an analysis of all sites in WNC.

"It helps us to be able to look at what was going on in the streams and what actions needed to be taken to better protect them," said ECO Executive Director David Weintraub. "From the bigger-picture, multicounty level, there is nobody like that."

# **REPORT OF COMMITTEES**

**RIGHT OF WAY  
COMMITTEE RECOMMENDATIONS  
AND MINUTES  
December 1, 2010**

**I. Call To Order**

The regular monthly meeting of the Right of Way Committee was held in the Boardroom of the William H. Mull Building and called to order at approximately 9:00 a.m. on Wednesday, December 1, 2010. The following Right of Way Committee members were present: Glenn Kelly, Jackie Bryson, Jon Creighton, Jerry VeHaun and Robert Watts.

Others present were: Steven Aceto, Chairman of the Board; Bill Russell, Board member; Tom Hartye, Ed Bradford, Angel Banks, Mike Stamey, Scott Powell, Shaun Armistead, Jim Hemphill, Wesley Banner and Pam Nolan, M.S.D.

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

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

**III. Consideration of Compensation Budget–**

**Sunset Drive @ Old Toll Road, Project No. 2007103**

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

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

Ms. Banks explained the above project location and that it consists of replacing approximately 500 linear feet of 6" clay and pvc line with 8" ductile iron pipe. This project will be constructed by MSD's System Services. There was no discussion.

**IV. Consideration of Condemnations – Liberty Street Sewer Rehabilitation, Project No. 2008002**

**PIN 9657-06-47-9600**-Owner refused to speak to agent for quite a while. He finally agreed to one site meeting and said he wanted no part of the project. Upon leaving the meeting, owner agreed he would sign if MSD would remove a small area of underbrush lying outside but adjacent to the easement while equipment was on site for construction. MSD agreed to do so, including appropriate liability language in the agreement. Owner left for a job out of town and gave agent forwarding instructions. Since then, he has not responded to follow up calls on his cell phone. Through this process agent has made numerous drive bys (no one would answer door), sent multiple certified letters (all returned unopened) and even sent letters to relatives in attempts for more meetings. Standard compensation on this parcel is quite low (\$35) due to rehab in existing trench and low tax value of land. MSD offered \$100 and the brush removal in an attempt to settle without legal efforts, but owner will not respond.

Total Contacts: 1

**PIN 9657-06-47-4562**-Of the three owners (siblings) only one is local and he has refused to meet in person. Agent has mailed info and four discussions have been held via phone. Owner stated he and siblings would sign but they have not. Agent sent deadline letter that has been ignored. Standard compensation is low on this parcel (\$58) due to rehab in existing trench and low tax value of land. MSD offered \$300 in an attempt to settle without legal efforts, but owner will not respond.

Total Contacts: 4

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

Ms. Banks explained the above situations. There was no discussion.

**V. Consideration of Offer to Purchase-Weaverville #2 Force Main Relocation, Project No. 2010072**

**PIN 9721-97-4331**-Buncombe County is developing a new fire fighters training center on their land adjacent to the MSD pump station at the corner of Riverside Drive and Canoe Lane (entrance to prison). The County must relocate the force main across their land to accommodate new buildings. This force main relocation/rehabilitation is a future project on MSD's CIP. For cost efficiencies, an agreement was reached with the County to relocate the entire force main, including a small section crossing one private parcel lying outside the scope of their development. MSD will reimburse the County for cost of the relocation outside their development.

The subject parcel is approximately 0.05AC (2,178 SF) and is zoned R-3 Residential. The zoning ordinance requires a minimum lot area of 10,000 SF for R-3 properties. The parcel is too small for development, rendering it an assemblage tract. A 20-foot permanent easement and associated construction easements of 0.030 (1,313 SF) would obliterate the parcel. Purchase for assemblage with MSD's pump station site is a better use of the land. MSD has obtained an opinion of value for this small parcel at \$3,350 and owner has agreed to sell at that price.

**STAFF RECOMMENDATION: Authority to purchase the parcel for assemblage with MSD pump station site.**

Ms. Banks reviewed the above parcel. Owner's only request is that their rock sign on the subject property be allowed to remain. MSD has agreed that the sign may remain because it is outside the 20' easement area required, but Owner will continue to maintain sign. Mr. Kelly asked if the sign was there for a development, Ms. Banks stated that it was and pointed out the lots on the enclosed plat.

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

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

There being no further business the meeting adjourned at approximately 9:10 am.

**Planning Committee  
Minutes**

**December 2, 2010  
12:00 noon**

**Chairman**

Lou Bisette

**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 Thursday, December 2, 2010 at 12:00 noon in the Board Room of the Mill Administration Building with the following persons present: Lou Bisette - Committee Chair; Terry Bellamy, Jon Creighton, Al Root, Jerry VeHaun, Bob Watts and Bill Stanley - Committee Members; Steve Aceto, Jackie Bryson, Max Haner, Glenn Kelly and Bill Russell - Board Members; Tom Hartye - MSD General Manager; Billy Clarke, Attorney - Roberts & Stevens; Gary McGill – McGill Associates; Cathy Ball – City of Asheville Public Works Director; Ester Manheimer – COA Councilwoman; Melissa Dean – Mountain Express; Michael Plemmons – CIBO; Ed Bradford, Stan Boyd, Ken Stines, Peter Weed, Scott Powell, John Kiviniemi, Jim Hemphill, Sondra Honeycutt, and Sharon Waik - MSD.

**Item 1: Call to Order:**

The meeting was called to order at 12:10 p.m.

Mr. Bisette welcomed everyone to the meeting and explained that this was a continuation of discussion from the last Planning Committee meeting relating to proposed revisions to the sewer extension reimbursement policy. He then turned the meeting over to Tom Hartye for presentation of information.

The following items were considered:

**Item 2: Review of Proposed Revisions to MSD Sewer Extension Reimbursement Policy from July 8<sup>th</sup> Planning Committee.**

Mr. Hartye began with a power point presentation, and explained that almost all of the annexation extensions agreed to during consolidation were now complete, with the exception of one in Black Mountain which is now under construction. MSD contributes 33% of the cost of the extension. The member agencies were responsible for the design and construction of these projects, with MSD providing construction inspection to insure proper installation.

He went on to give a brief history of Cost Participation and Cost Recovery, explaining that the Cost Participation policy was put into effect in the early 1990's. He explained that the Cost Participation Policy was a partnership where a developer – public or private – is required to install a larger line per our Master Plan, and MSD will pay the cost difference between that larger line and the size that would ordinarily be necessary for the development. In a practical sense, most of the developments are 8" lines and manholes. If it is to be constructed in an area where it is to serve an entire basin (like Reems Creek), MSD will pay for the difference in cost

between the 8" line and whatever the interceptor size necessary to serve that entire basin. The upsizing is for the public purpose for the future expansion. Over the last 10 years with the Cost Participation policy, MSD has had approximately 10 projects – nine of which total about \$220,000. The Reems Creek Extension project, soon to be complete, will amount to about \$280,000.

He then explained that the original Cost Recovery policy was approved by the Board in 2001. This policy applied to everyone – public and private – with MSD contributing 5 years' worth of *estimated* revenue to qualifying projects. These funds were disbursed at the time that the new sewer line was accepted for ownership and maintenance by MSD – after the line was constructed, but usually before any houses were built. Accordingly, a Letter of Credit was required for these situations just in case there was a shortfall in the estimated revenue. In 2008, the Cost Recovery policy was revised to apply only to affordable housing projects, along with a cap of \$40,000 per project. Mr. Hartye explained that the reasoning for this change by the Board was in the early 2000's, before the huge building bubble, sewer line costs were a major part of development construction costs. As the price of land sky-rocketed, that equation changed to the point that the Board felt that the money contributed was merely a bonus to the developer - instead of being a tipping point of the project going forward or not. Affordable housing developments, however, had such low margins that the money was still a factor in whether the project would be feasible and could go forward. This change in 2008 is where the current policy is now.

Mr. Hartye gave several statistics regarding the Cost Recovery program over the past 10 year period. There have been 24 projects, with a total amount disbursed of approximately \$720,000, and with disbursements ranging from \$2,500 to \$142,000. The project of \$142,000 was for all phases of the Biltmore Lake development, which involved approximately \$4.2 million worth of sewer lines being built in the area. Another \$2 million worth of assets were brought on from other developments.

Mr. Hartye explained that at the June 2010 Planning Committee meeting, staff was directed to develop a unified policy to address our financial participations for those extensions performed by others, and addressing the following concerns:

1. That MSD participate in extensions to the system that the District will benefit from financially;
2. That MSD maintain current level of rehab and capital reinvestment in the plant and collection system;
3. That currently projected rates and debt not be significantly increased by this effort;
4. That annexation sewer extensions not be singled out as distinct from other similar extensions by others from which MSD will benefit. Additionally, all extensions that would be eligible need to agree with MSD's Master Plan.

Mr. Hartye went on to explain that in July 2010, the Planning Committee approved the Unified Sewer Extension Reimbursement Policy that incorporated two new major elements:

1. Documented Failing Septic Tank Emergencies – a public health emergency due to septic tank failure where the health department and the appropriate town, city or county spearheads the project, and MSD pledges 10 years of estimated revenue up front towards the extension of the sewer, once the extension is complete and accepted by the MSD Board. The reason this amount is more than previous participations is these are public health priorities.

2. The affordable housing projects are still included in this Unified Policy, and subject to the requirements on page 4 of the handout. They are eligible for the equivalent of 5 years of estimated revenues up to \$50,000 maximum per project. Disbursements will be made once the extension is complete and accepted by the MSD Board.
3. Extension to System by Others – will be subject to general conditions and requirements as set forth on page 4 of the handout and eligible for 5 years of actual revenues to be disbursed semi-annually. This will apply only to projects over \$50,000 of estimated revenue whose systems have been approved by the MSD Board.

Mr. Hartye stated that at the last Committee meeting, there were no issues with the Documented Failing Septic Tank Emergencies. However, several issues were expressed regarding Extension to System by Others, mainly about annexations and whether private and public should be considered the same or different.

At this time, Mr. Hartye stated that up to this point, everyone has assumed that the Failing Septic Tank policy has been made a part of the policy, and it has not. He asked that the Committee consider simplifying the discussion by showing support (or lack of) for the Septic Tank portion of the policy. Mr. Bissette asked if anyone on the committee had any issues with C. 1. – Extensions for Documented Failing Septic Tank Emergencies. No one expressed issues with this part of the proposed policy. Mr. Watts made a motion to recommend that the Board include in the Cost Recovery Policy the Documented Failing Septic Tank Emergencies. Ms. Bellamy seconded the motion. Following no further discussion, vote was unanimous by show of hands in favor of the motion. The Motion passed.

Item 3: Pros and Cons of Proposals concerning revenue sharing for sewer extensions constructed by Member Agencies and Private Developers.

Mr. Hartye continued by reviewing the October Planning Committee, where the City of Asheville made a request that MSD consider sharing 50% of the revenues for 10 years following the construction and acceptance of sewer extensions, no matter what the purpose of the extension. The payout was not to be limited to the cost of the extension. This request differed from the previous one from July where it was 100% for 5 years for both public and private. Asheville's appeal mainly dealt with the public aspect. Staff was asked by the Committee in October to provide pros and cons of this new proposal vs. what was already on the table, along with suggesting other options. He stated that in the handout, staff has provided a table of information regarding the Cost Recovery projects and annexations projects. He explained that the trends show that private projects typically build out in the five-year period, whereas the annexation projects do not. Additionally, not everyone who was (is) annexed ties on if their septic tank is operational, and therefore the annexations do not yield the payback as well as private systems. Also, paybacks from private systems occur faster and appear to be paying back what was anticipated within the five year period. This information lends support to the idea of offering a different timeframe for annexation extensions. Mr. Hartye then presented a comparison of the proposals including the one from the Planning Committee in July 2010 and the one from the City of Asheville for Member Agencies from October 2010, and also a new hybrid option, and the pros and cons of each and including the General Conditions and Requirements. All of these projects would have to be approved by the Board. He stated that staff recommended increasing the affordable housing reimbursement from \$40,000 to \$50,000 as well.

Mr. Hartye further explained that the proposal from the City of Asheville had several drawbacks. It is not limited to the cost of the extension; it gives favor to public agencies over private, annexed areas do not typically tie on quickly and therefore do not payback accordingly; and this option also accounts for a greater number of projects that will have to be tracked simultaneously.

He then presented the hybrid option, and explained that this would basically be merging the two proposals – the one from July and City's proposal from October. He explained that this option would give 50% of actual revenue for 10 years to Member Agencies up to the cost of the extension project. It would give 5 years of actual revenue (100%) to private developers up to the cost of the extension project. The Failing septic systems issue has been dealt with separately earlier in the meeting, and is applicable to 10 years of estimated revenues. He reviewed the pros, stating that this option dealt with the difference in timing of connections and revenue stream of both public and private. It still gives priority to public health emergencies and affordable housing.

Mr. Hartye then presented a list of Future Member Agency Expansion Sewer Projects which show future expansion projects in the municipalities and estimated five and 10 years revenues. He also showed on this chart a list of these projects with 50% of the ten year revenue based on the hybrid option. There would be no money paid up front on these, just sharing revenue 50/50 as revenue comes in. Additionally, the public agency would pay MSD for Design and Right of Way, when applicable, and according to the General Conditions and Requirements as set forth on page 4 of the handout.

Mr. Hartye explained that right now, MSD does construction management for all projects that involves a sewer – no matter who's doing it or the circumstance. For public sewers or ones that serve a greater public purpose, (like the Reems Creek Extension) where it involves a whole basin, MSD gets involved in Design and Right of Way acquisition. MSD does not currently do this for private systems that construct small 8" mains to those areas, and still won't do this under a new policy. Additionally, if a force annexation is involved, staff recommends that MSD not do the design and right of way acquisition – the entity that is annexing would contract with outside vendors to accomplish this work, but would be done with the guidance of MSD staff. Construction inspection would still be done during construction to facilitate proper installation to MSD standards.

Mr. Hartye explained that, regarding private run extensions, staff cannot realistically anticipate how much this will be. We have the historical information from the Cost Recovery for the past 10 years which was approximately \$700,000, but this was during the building "bubble" and cannot be used effectively to anticipate the coming 10 years.

Mr. Hartye acknowledged that there were a lot of gray areas especially as to the effect on rates and financially speaking. He stated you need to make a couple of assumptions to determine the worst case – one is that all of these future projects are all done immediately and everyone ties on accordingly. We know this doesn't happen – municipal projects tend to take longer and be spread out over a longer period of time. The second assumption is: would this project be built anyway. Assuming it would be built anyway, and the participation money is essentially a bonus, you're looking at \$50,000 to \$100,000 per year in lost revenue, which would be ½% to 1% rate increase. This assumes that all these projects get done and they would have been built anyway. On the other hand, some feel that this participation may encourage extensions that would not have been built otherwise, and we would not have gotten the additional revenue so the impact to rates would be less.



Mr. Bissette stated that representatives from the City of Asheville – Cathy Ball, and Ester Manheimer were present and asked for comments from them. Ms. Manheimer thanked the Committee for consideration of this issue, and also MSD staff for taking time to meet with them and come up with the hybrid option, which she hopes will hopefully resolve any outstanding concerns there may be.

Mr. Bissette then asked for comment from anyone from the general public. There were no comments. He then opened the meeting for comments from Committee. Mr. Vehaun stated he still had a hang-up with the private developers – not so much with the City portions, but he had not heard anything to really change his mind about that, and why they were being included. Mr. Hartye stated that this was more of a direction from the Planning Committee to create a level playing field. Mr. Aceto stated that a sewer line is a sewer line – why is a private sewer line stigmatized as somehow inferior to a public line if it's producing revenue for the District. He stated that we cannot tell for certain whether or not the incentive is going to make the difference in every case, but what the Committee has decided is to create an incentive across the Board that did not make a distinction. They allow build out of infill, allow users to tie and one is not better than the other.

Mr. Clarke stated in response to Mr. Vehaun's comment if MSD is going to have a policy or program under which some financial support is provided to people who extend sewers, the most defensible policy would be one that provided support to everyone, and didn't just limit it to affordable housing, or public extensions. He stated that he felt the policy was defensible, but it's best defended if it is across the board. Mr. Creighton stated that he has seen a lot of development happen over the last few years, and could not see that the policy would have definitely made or broke any of them. He stated that the issue had come up years ago as to why are we giving revenues to developers that honestly don't need our support to do the project – it's all about numbers and maximizing the development. He stated he understood about the defensible policy, but reiterated that he just didn't understand why we were doing it.

Mr. Root stated that the word stigmatize bothered him a little – he saw it more as the private developer has already made a business decision, there is a customer base out there, and he/she expects to get paid back on the investment. The difference would be that the City may be expanding to accommodate future customers that may not tie on right away. Mr. Aceto stated that the hybrid option seems to account for that issue.

Mr. Haner stated that at the beginning, the reason we began this discussion, was a proposal to include areas of the City that needed to be served, but could not be because of financial constraints from an economic standpoint that the City was facing. He stated he was in favor of taking a step to help the City do that, but we seem to be taking two or three steps beyond what the initial consideration was – and he has concerns about that. He stated that he hoped, as this discussion progresses, that the Committee approve something that can be grasp by the vast majority of the board, with a compromise of issues. Mr. Bissette stated that on the private issue, the policy was changed because of the tremendous boom that occurred allowing developers to get all the money they wanted out of the projects. However, there aren't many developments anymore, and now this could possibly spur a developer to go forward with a project that might not have before. He asked for further comments from the Committee.

Mr. Stanley stated that he liked to see development – it means a great deal to the tax base and during these hard times may be the time to do this. He stated he had no problem with the City (Member Agencies) part at all, but was a little reluctant to vote in opposition to other County members, but if we could enhance the system, we needed to do it.

Mr. Kelly asked if this would entail a rate increase for the ratepayers if the hybrid or non-hybrid option were adopted. Mr. Hartye stated that there were bigger parts of the budget that are much more variable than this and have more of an impact, so you could not necessarily equate this to a rate increase. Mr. Kelly asked if you could un-equivocally equate it to a rate increase. He reminded the Committee of an occurrence 10 or 15 years ago where the City, County and the Water Authority each gave Biltmore Farms \$225,000 to help them build what is now Biltmore Park & Village. He expressed that he was thankful that the MSD Board voted not to participate in that venture, but stated that if developers come and ask for money, and will take it if you give it to them, and reiterated that places like Biltmore Park will get built nonetheless.

Mr. Vehaun asked if this policy change would *likely* cause a rate increase. Mr. Hartye stated it was impossible to look into a crystal ball and say what developers were going to avail themselves that would not have built anyway. He stated that there was not a lot of development going on right now – and now it would not be much. The projects that would come from the City of Asheville would not affect us for some time to come, unless they were to come at lightning speed. It is fairly insignificant compared to the rest of the budget. On the other hand, if everything else stays the same, and all these annexation projects got built today, and the developers decided to avail themselves of this – then it would have a marginal (less than 1%) impact on the rates. Short of that it is really hard to tell what the impact will be and is relative to economics, etc. The difference in the Biltmore Farms project and one under this policy is that we would not pay this up front as our portion of the extension. The entity would build it, the users would tie on, and the actual revenue would be shared. Additionally, as part of the conditions, if MSD does the design and right of way, we get paid back right away at the beginning as part of the cost of the project. MSD would not be out any money up front – if nothing comes in nothing goes out. He reiterated that lost revenue is NOT increased expense – the example of \$220,000 to Biltmore Farms would have been an up-front expense and would have been a 1% increase to the rate.

Brief discussion followed regarding explanation of the hybrid option vs. the COA proposal option, and design and right of way work being reimbursed immediately. Brief discussion followed regarding what if any additional pump stations that would be built in these extensions, and MSD's liability as to maintenance and repair of those. Mr. Hartye reiterated that whatever extensions took place, they would be done to MSD's Master Plan. If there is no pump station envisioned in the Master Plan for a specific area, and there's a way to get to gravity in that area, a pump station will not be allowed. If it is in accordance with the Master Plan, the normal policy conditions occur with regards to the pump station maintenance fee, etc. The same issues would exist in the new extension areas that we are dealing everywhere else. Some of the in-City septic areas may have been a little further away, involve rock, or they may involve pumping, but there is really no difference in these areas than any other areas of the District.

Mr. Aceto asked how building only to the Master Plan addresses the question of difficult extensions. Mr. Hartye stated that we follow the Master Plan, and if there is a gravity way to get sewer, that is what we require. Mr. Aceto asked if by creating this incentive, are we more likely to be required to build into those more difficult area on the Master Plan, or has that already been

factored into the plan. Mr. Hartye stated our participation is driven by the revenue that they yield – not by the cost of the extension. If someone wants to build a million dollar line with 20 houses at the end of it, that just won't work. We're not tipping the scale towards long extensions into the middle of nowhere.

Mr. McGill stated that the Master Plan is going to be the Master Plan no matter what is done with this policy. The Master Plan is laid out to minimize pump stations, and if a private developer or a municipality wants to make an extension, it still has to fit within our Master Plan. He stated he was sure there would be instances in the future as we are building to the plan areas that will be more difficult to serve and pump stations will be considered in some way. The Master Plan ultimately shows that there will be very few, if any pump stations; there may be some interim situations where a pump stations may be necessary but may go away in five or ten years when the next extension comes along that may connect it in another way. This policy should not put us in any situation that we would not otherwise be in anyway because our service area is our service area according to the Master Plan.

Brief discussion followed regarding the Master Plan, and building according to that Plan and getting help with it.

Mr. Bisette asked for a motion on this issue. Mr. Stanley made a motion to recommend moving forward with the Hybrid Option proposed by Staff. Mayor Bellamy seconded the motion. Mr. Bisette asked for further comments. Mr. Russell stated he thought it was a great incentive at a time when it is needed. Following no further discussion, vote by show of hands was 4 in favor of the motion, (Bisette, Bellamy, Root, Stanley) and 3 against the motion (Creighton, Vehaun, Walts). The motion passed.

#### Item 4: Other Business

There was no other business.

#### Item 5: Adjourn

Mr. Bisette adjourned the meeting at approximately 1:45 p.m.

# **CONSOLIDATED MOTION AGENDA**

## Metropolitan Sewerage District of Buncombe County BOARD ACTION ITEM

**BOARD MEETING DATE:** December 15, 2010

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

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

**SUBJECT:** Sanitary Sewer Rehabilitation Project: Rockdale Avenue PRP, MSD  
Project No. 2006312

**BACKGROUND:** This project is for the replacement of an aged vitrified clay sanitary sewer line located in the Grovemont area of Swannanoa.

The project was generated through MSD's Pipe Rating program, which numerically rates pipe segments based on several structural factors. Line segments with high (meaning bad) ratings are then evaluated by an engineer for possible rehabilitation needs. The defects in this line have also contributed to numerous maintenance problems over time.

This project is comprised of 2,683 linear feet of 8-inch DIP, and 895 linear feet of 12-inch and 16-inch DIP. It also requires a crossing of the Swannanoa River, where it ties into the newer Swannanoa Interceptor line.

The contract was advertised and eight bids were received on Thursday, December 2, 2010 as follows:

<u>Bid Amount</u>	<u>Contractor</u>
1) Ruby Collins, Inc.	\$994,345.00
2) Carolina Specialties Const. Co.	\$607,900.00
3) Disaster Recovery Group	\$548,539.00
4) Huntley Construction Company	\$532,384.00
5) BlytheCo	\$481,012.40
6) Terry Brothers Const. Co., Inc.	\$452,049.50
7) T & K Utilities, Inc	\$427,743.00
8) <b>Buckeye Construction Company</b>	<b>\$408,486.05</b>

The apparent low bidder is Buckeye Const. Co., Inc. with a bid amount of \$408,486.05. Buckeye 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 \$680,000.00.

**STAFF RECOMMENDATION:** Staff recommends award of this contract to Buckeye Const. Co., Inc. in the amount of \$408,486.05, subject to review and approval by District Counsel.

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

**ROCKDALE AVENUE (PRP 29003)  
PROJECT NO. 2006312**

**BID TABULATION  
December 2, 2010**

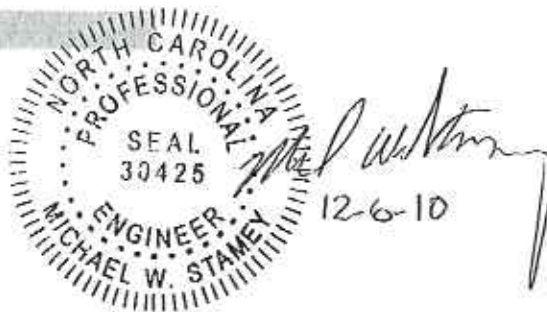
<b>BIDDER</b>	<b>Bid Bond</b>	<b>MBE Form</b>	<b>Bid Forms (Proposal)</b>	<b>Total Bid Amount</b>
Ruby-Collins, Inc. Smyrna, GA	5%	1	Yes	\$994,345.00
Carolina Specialties Construction, LLC Hendersonville, NC	5%	1	Yes	\$607,900.00
Disaster Recovery Group, Inc. Arden, NC	(*)	1	Yes	\$548,539.00
Huntley Construction Company Asheville, NC	5%	1	Yes	(**) \$532,384.00
BlytheCo. Construction, LLC Penrose, NC	5%	1	Yes	\$481,012.40
Terry Brothers Construction Company Leicester, NC	5%	1	Yes	\$452,049.50
T & K Utilities, Inc. Asheville, NC	5%	1	Yes	\$427,743.00
Buckeye Construction Company Canton, NC	5%	1	Yes	\$408,486.05

(\*) Invalid Bid Bond

(\*\*) Correction in Contractor's Bid Amount

**APPARENT LOW BIDDER**

Michael W. Stamey, P.E.  
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 2nd day of December, 2010, in the W.H. 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 Hartye, General Manager

**FROM:** Ed Bradford, CIP Manager  
Mike Stamey, Project Manager

**DATE:** December 2, 2010

**RE:** Rockdale Avenue PRP 29003 Sanitary Sewer Rehabilitation, MSD Project 2006312

The Rockdale Avenue PRP 29003 Sanitary Sewer Rehabilitation Project is located in Swannanoa. It consists of 2,683 linear feet of 8-inch DIP, 406 linear feet of 12-inch DIP, and 489 linear feet of 16-inch DIP sewer.

This project was initiated through MSD's Pipe Rating Program, due to the significant number of structural defects in the line segments. In addition, these same defects have contributed to numerous maintenance issues over time.

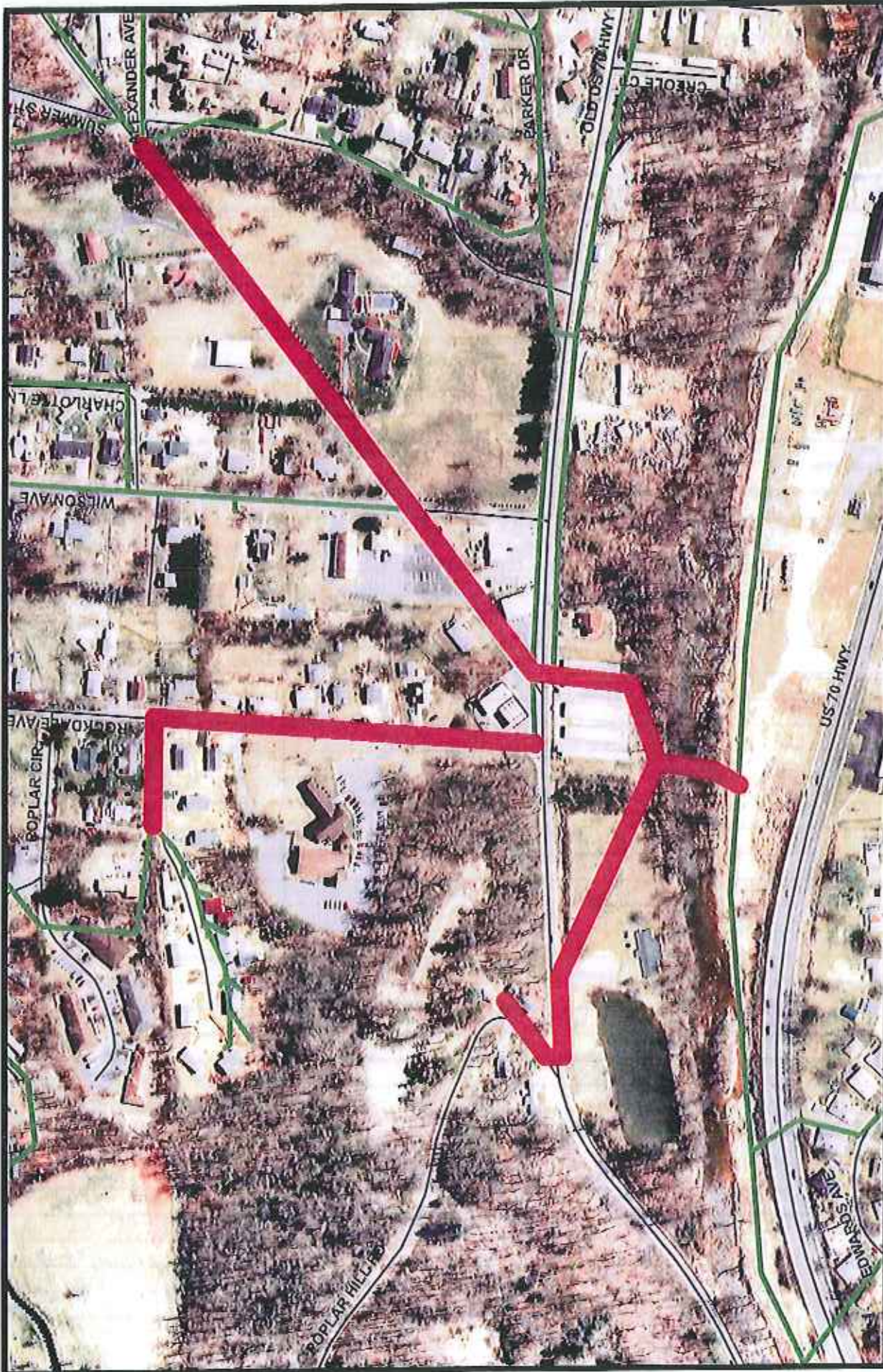
Eight formal bids were received on Thursday, December 2, 2010 at 2:00 PM as follows:

<u>Contractor</u>	<u>Bid Amount</u>
1) Ruby Collins, Inc.	\$994,345.00
2) Carolina Specialties Construction Co	\$607,900.00
3) Disaster Recovery Group	\$548,539.00
4) Huntley Construction Company	\$532,384.00
5) BlytheCo	\$481,012.40
6) Terry Brothers Construction Co., Inc.	\$452,049.50
7) T & K Utilities, Inc	\$427,743.00
<b>8) Buckeye Construction Company</b>	<b>\$408,486.05</b>

The FY10/11 budget for this project is \$680,000.00. Buckeye Construction Company is the apparent low bidder for this contract with a bid amount of \$408,486.05. Buckeye Construction Company has extensive experience with District rehabilitation projects and has an excellent performance history.

Staff recommends award of this contract to Buckeye Construction Company contingent upon review and approval by District legal counsel.





**Rockdale Avenue - PRP 29003**  
**Project No. 2006312**

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:	Rockdale Avenue - PRP 29003	LOCATION:	Swannanoa	REVIEWED BY:
TYPE:	Pipe Raled Projects	DATE OF REPORT:	January-10	EH
PROJECT NO.	2008312	TOTAL L.F.:	3,573	MB
PROJECT BUDGET:	\$724,305.00	PROJECT ORIGIN:	Pipe Raising Program	AB

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: [ 10 ]	\$13,199.00	\$13,199.00			
02 - LEGAL FEES	\$8,237.00	\$8,047.00	\$190.00		
03 - ENGINEERING ASSISTANCE					
04 - ACQUISITION SERVICES					
05 - COMPENSATION	\$8,370.00	\$4,869.00	\$1,500.00		
06 - APPRAISAL	\$1,500.00		\$1,500.00		
07 - CONDEMNATION					
08 - ENVIRONMENTAL SURVEY					
09 - PRELIM. ENG. REP.					
10 - DESIGN / ASBUILT SURVEYS	\$13,500.00	\$9,500.00			\$4,000.00
11 - ENVIRONMENTAL ASSESSMENT					
12 - ARCHAEOLOGICAL					
13 - GEOTECHNICAL					
14 - CONSTRUCTION CONTRACT ADM.					
15 - CONSTRUCTION	\$680,000.00				\$680,000.00
16 - PERMITS	\$1,000.00	\$160.00		\$850.00	
17 - PUBLIC MEETINGS					
18 - TESTING	\$2,500.00				\$2,500.00
<b>TOTAL AMOUNT</b>	<b>\$724,305.00</b>	<b>\$33,764.00</b>	<b>\$3,160.00</b>	<b>\$850.00</b>	<b>\$686,500.00</b>

ENGINEER:	MSD	ESTIMATED BUDGETS - FY '09-'10	
CONTRACTOR:		FY 11-12	\$0.00
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:	This project to include PRP 29001	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 - Right-of-Way Committee

COMMITTEE MEETING DATE: 12/1/2010

BOARD MEETING DATE: 12/15/2010

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

**SUBJECT: Consideration of Compensation Budget–**

### **Sunset Drive @ Old Toll Road, Project No. 2007013**

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

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

Ms. Banks explained the above project location and that it consists of replacing approximately 500 linear feet of 6" clay and pvc line with 8" ductile iron pipe. This project will be constructed by MSD's System Services. There was no discussion. Mr. VeHaun made the motion to accept staff's recommendation. Mr. Kelly seconded the motion. Voice vote was unanimous.

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

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

**Sunset Drive @ Old Toll Road**

Project Number 2007013

**Compensation Budget**

23-Nov-10

Pin Number and Name

27 Pin	83 Pin	Acres	Parcel SF	Land Value	LV/SF	PE	PE Assd. Value	50% PE Assd. Value	TCE SF	TCE Assd. Value	10% Annl Return	Proj Time (Months)	TCE Rent Value	Total Comp. (Rounded)
	9649897652	4.89	213,008.40	\$206,600.00	\$0.97	8,717.21	\$8,455.69	\$4,227.85	13,025.39	\$12,634.63	\$1,263.46	1	\$105.29	\$4,333

<b>TOTALS:</b>	\$4,333
<b>Staff Contingency:</b>	\$5,000
<b>GM's Contingency</b>	\$5,000
<b>Amendment</b>	
<b>Total Budget:</b>	\$14,333

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

COMMITTEE MEETING DATE: 12/1/2010

BOARD MEETING DATE: 12/15/2010

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

**SUBJECT: Consideration of Condemnations – Liberty Street Rehabilitation, Project No. 2008002**

**PIN 9657-06-47-9600**-Owner refused to speak to agent for quite a while. He finally agreed to one site meeting and said he wanted no part of the project. Upon leaving the meeting, owner agreed he would sign if MSD would remove a small area of underbrush lying outside but adjacent to the easement while equipment was on site for construction. MSD agreed to do so, including appropriate liability language in the agreement. Owner left for a job out of town and gave agent forwarding instructions. Since then, he has not responded to follow up calls on his cell phone. Through this process agent has made numerous drive bys (no one would answer door), sent multiple certified letters (all returned unopened) and even sent letters to relatives in attempts for more meetings. Standard compensation on this parcel is quite low (\$35) due to rehab in existing trench and low tax value of land. MSD offered \$100 and the brush removal in an attempt to settle without legal efforts, but owner will not respond.

Total Contacts: 1

**PIN 9657-06-47-4562**-Of the three owners (siblings) only one is local and he has refused to meet in person. Agent has mailed info and four discussions have been held via phone. Owner stated he and siblings would sign but they have not. Agent sent deadline letter that has been ignored. Standard compensation is low on this parcel (\$58) due to rehab in existing trench and low tax value of land. MSD offered \$300 in an attempt to settle without legal efforts, but owner will not respond.

Total Contacts: 4

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

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

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

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

# Metropolitan Sewerage District of Buncombe County

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

COMMITTEE MEETING DATE: 12/1/2010

BOARD MEETING DATE: 12/15/2010

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

**SUBJECT: Consideration of Offer to Purchase –Weaverville #2 Force Main Relocation, Project No. 2010072**

PIN 9721-97-4331-Buncombe County is developing a new fire fighters training center on their land adjacent to the MSD pump station at the corner of Riverside Drive and Canoe Lane (entrance to prison). The County must relocate the force main across their land to accommodate new buildings. This force main relocation/rehabilitation is a future project on MSD's CIP. For cost efficiencies, an agreement was reached with the County to relocate the entire force main, including a small section crossing one private parcel lying outside the scope of their development. MSD will reimburse the County for cost of the relocation outside their development.

The subject parcel is approximately 0.05AC (2,178 SF) and is zoned R-3 Residential. The zoning ordinance requires a minimum lot area of 10,000 SF for R-3 properties. The parcel is too small for development, rendering it an assemblage tract. A 20-foot permanent easement and associated construction easements of 0.030 (1,313 SF) would obliterate the parcel. Purchase for assemblage with MSD's pump station site is a better use of the land. MSD has obtained an opinion of value for this small parcel at \$3,350 and owner has agreed to sell at that price.

**STAFF RECOMMENDATION: Authority to purchase the parcel for assemblage with MSD pump station site.**

Ms. Banks reviewed the above parcel. Owner's only request is that their rock sign on the subject property be allowed to remain. MSD has agreed that the sign may remain because it is outside the 20' easement area required, but Owner will continue to maintain sign. Mr. Kelly asked if the sign was there for a development, Ms. Banks stated that it was and pointed out the lots on the enclosed plat. Mr. VeHaun made the motion to accept staff's recommendation. Mr. Kelly seconded the motion. Voice vote was unanimous.

**COMMITTEE RECOMMENDATION: Authority to purchase the parcel for assemblage with MSD pump station site.**

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

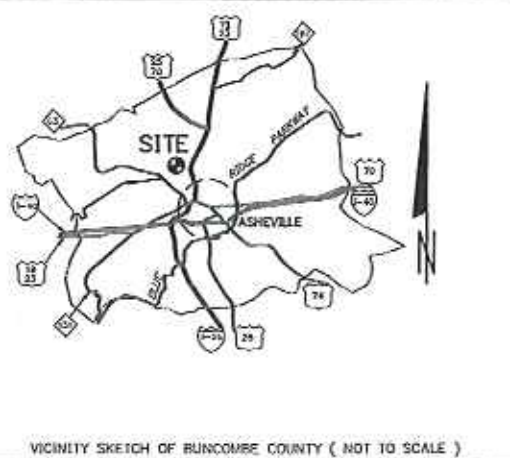
Line	Bearing	Distance
L1	S 10° 36' 51" E	28.22'
L2	S 65° 42' 09" W	20.59'
L3	N 10° 36' 51" W	24.30'
L4	N 55° 40' 03" E	21.85'
L5	N 55° 40' 03" E	16.38'
L6	S 10° 36' 51" E	31.16'
L7	S 65° 42' 09" W	15.44'
L8	S 65° 42' 09" W	15.43'
L9	N 10° 36' 51" W	21.36'
L10	N 55° 40' 03" E	16.38'
L11	N 55° 40' 03" E	17.09' (TIE LINE)

N.C. GRID NORTH N.A.D. 83

9721-97-3388  
METROPOLITAN SEWERAGE DISTRICT  
D.B.1285 PG.774

# Proposed Purchase

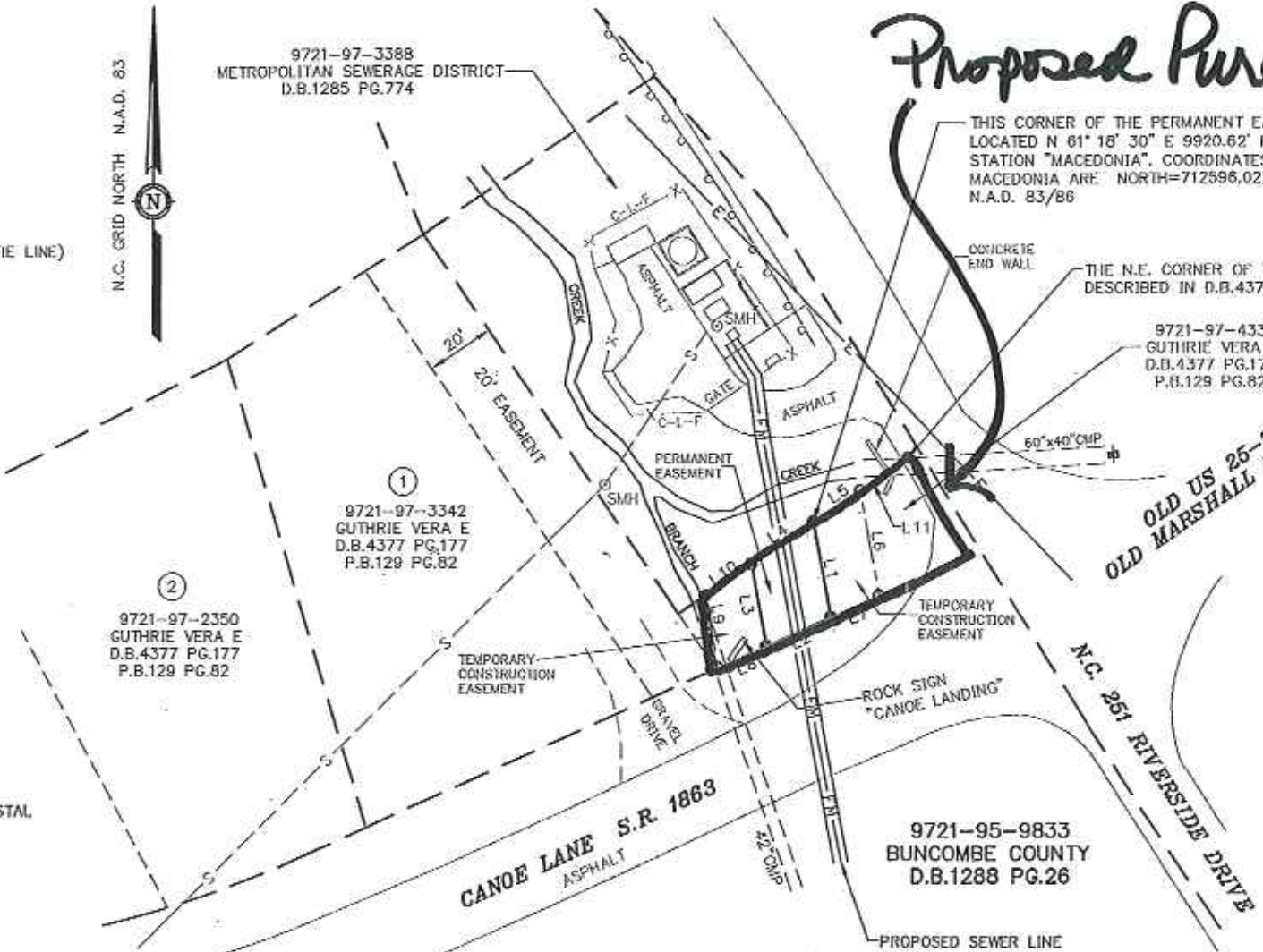
THIS CORNER OF THE PERMANENT EASEMENT IS LOCATED N 61° 18' 30" E 9920.62' FROM N.C.G.S. STATION "MACEDONIA", COORDINATES OF STATION MACEDONIA ARE: NORTH=712596.022 EAST=920751.370 N.A.D. 83/86



EASEMENT LINE LEGEND

- TEMPORARY EASEMENT ON PROPERTY
- PERMANENT EASEMENT ON PROPERTY
- FM
- PROPOSED SEWER LINE
- PROPERTY LINE

- LEGEND:
- O ...POINT NOT SET
  - E.I.P. = EXISTING IRON PIPE OR PIN
  - X-X- FENCE LINE
  - C= CURVE (SEE CURVE TABLE)
  - L= LINE (SEE LINE TABLE)
  - U.P.= UTILITY POLE
  - SMH= MANHOLE
  - PMH = PROPOSED MANHOLE
  - D.I.= DROP INLET
  - R/W= RIGHT OF WAY
  - MH= STORM DRAIN MANHOLE
  - U/G T.= UNDERGROUND TELEPHONE LINE
  - C.O.= SEWER CLEAN-OUT
  - C&G= CONCRETE CURB & GUTTER
  - TEL. PED.= UNDERGROUND TELEPHONE PEDESTAL
  - CMP= CORRUGATED METAL PIPE
  - CPP= CORRUGATED PLASTIC PIPE
  - VCP= VITRIFIED CLAY PIPE
  - MSD= METROPOLITAN SEWERAGE DISTRICT
  - P.B.= PLAT BOOK
  - D.B.= DEED BOOK
  - PG.= PAGE
  - N.A.D.= NORTH AMERICAN DATUM
  - N.C.G.S.= NORTH CAROLINA GEODETIC SURVEY
  - DWG.= DRAWING
  - TEMP. CONST.= TEMPORARY CONSTRUCTION
  - SF.= SQUARE FEET
  - AC.= ACRES
  - N.C.= NORTH CAROLINA
  - S— EXISTING SEWER LINE
  - PROPOSED SEWER LINE



OLD US 25-70  
OLD MARSHALL HIGHWAY

N.C. 251 RIVERSIDE DRIVE

9721-97-3342  
GUTHRIE VERA E  
D.B.4377 PG.177  
P.B.129 PG.82

9721-97-2350  
GUTHRIE VERA E  
D.B.4377 PG.177  
P.B.129 PG.82

9721-95-9833  
BUNCOMBE COUNTY  
D.B.1288 PG.26

REAL TIME KINEMATIC (RTK) AND STATIC GPS TECHNIQUES WERE USED TO DETERMINE ORTHOMETRIC HEIGHTS AND TO ESTABLISH HORIZONTAL CONTROL.

THE HORIZONTAL SITE CALIBRATION IS RELATIVE TO THE FOLLOWING STATIONS.

STATION	NORTH	EAST
MACEDONIA	712596.022	920751.370

VERTICAL POSITIONS ARE REFERENCED TO NGVD 29 USING GEOID MODEL GEOID03

HORIZONTAL POSITIONS ARE REFERENCED TO NAD 83/86

NEW PERMANENT EASEMENT	525 SF.	0.012 AC.
TEMP. CONST. EASEMENT	788 SF.	0.018 AC.
TOTAL NEW EASEMENT	1313 SF.	0.030 AC.

- NOTES:
- DISTANCES SHOWN ARE GRID DISTANCES.
  - ALL BEARINGS ARE BASED ON N.C. GRID BEARINGS.
  - THE COMBINED SEA LEVEL AND GRID FACTOR = 0.999898405
  - AREAS SHOWN ARE SUBJECT TO EASEMENTS OF RECORD.
  - RECORD REFERENCES: D.B.4377 PG.177 P.B.129 PG.82
  - PARCEL IDENTIFICATION NUMBER: 9721-97-4331

I GERALD W. STEVENSON CERTIFY THAT THIS PLAT WAS DRAWN UNDER MY SUPERVISION FROM AN ACTUAL FIELD SURVEY MADE UNDER MY SUPERVISION, FROM DEED DESCRIPTION RECORDED IN DEED BOOK \_\_\_\_\_ PAGE \_\_\_\_\_; THAT THE BOUNDARIES NOT SURVEYED ARE CLEARLY INDICATED AS DRAWN FROM INFORMATION FOUND IN PLAT BOOK 129 PAGE 82; THAT THE RATIO OF PRECISION AS CALCULATED DOES NOT EXCEED 1:10000; THAT THE GLOBAL POSITIONING SYSTEM OBSERVATIONS WERE PERFORMED TO THE GEOSPATIAL POSITIONING ACCURACY STANDARDS, PART 2, STANDARDS FOR GEODETIC NETWORKS AT THE 95% CONFIDENCE LEVEL USING RTK NETWORK; THAT THIS SURVEY MEETS THE REQUIREMENTS OF THE STANDARDS OF PRACTICE FOR LAND SURVEYING IN NORTH CAROLINA (NCAC 58.1600).

WITNESS MY ORIGINAL SIGNATURE, REGISTRATION NUMBER AND SEAL THIS 15th DAY OF SEPTEMBER, 2010.

*Gerald W. Stevenson*  
PROFESSIONAL LAND SURVEYOR  
LICENSE NUMBER L-2669



No.	REVISION DESCRIPTION	DATE

**METROPOLITAN SEWERAGE DISTRICT**  
**FRENCH BROAD TOWNSHIP**  
**BUNCOMBE COUNTY, NORTH CAROLINA**

DWG. FILE:  
CANOE\_RD\_  
FORCE\_MAIN\_ESMT

EASEMENT ACROSS THE PROPERTY OF:  
**VERA E. GUTHRIE**

SCALE 1" = 50'

DATE REPT. 10, 2010

JOB NUMBER 09006

SHEET 1 OF 1

NC Survey, P.C.  
98 CENTRAL AVENUE, ASHEVILLE N.C.  
PHONE:(828)252-1530 (P.C. No. C-0268)

50 25 0 50 100

STATE OF NORTH CAROLINA  
COUNTY OF BUNCOMBE

\_\_\_\_\_  
REVIEW OFFICER

IF BUNCOMBE COUNTY CERTIFY THAT THE MAP OR PLAT TO WHICH THIS CERTIFICATION IS AFFIXED MEETS ALL STATUTORY REQUIREMENTS FOR RECORDING.

\_\_\_\_\_  
REVIEW OFFICER

DATE: \_\_\_\_\_









# Metropolitan Sewerage District of Buncombe County

## Board Action Item

BOARD MEETING DATE: December 15, 2010

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

PREPARED BY: David Monteith, Kevin Johnson

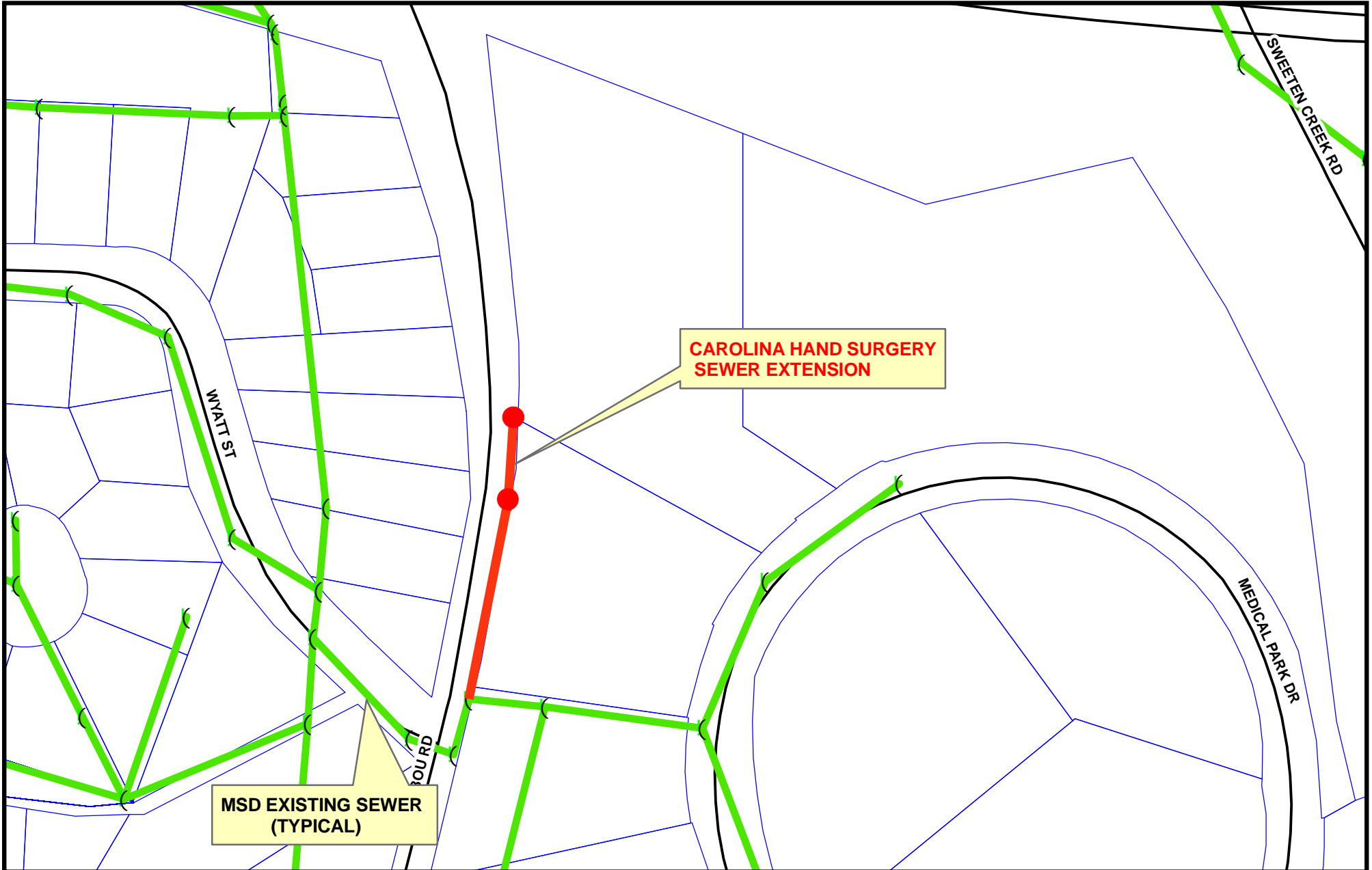
REVIEWED BY: Stan Boyd, PE, Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System for the Carolina Hand Surgery Sewer Extension Project.

BACKGROUND: This project is located inside the District boundary off Caribou Road in Asheville, North Carolina. The developer of the project is Steve Jones of Carolina Hand Surgery. The project included the installation of approximately 300 linear feet of 8" gravity sewer to serve a Medical Office Building. A wastewater allocation was issued in the amount of 4,750 GPD for the project. The estimated cost of the sewer extension is \$20,000.00.

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 # 2009063**

Not To Scale



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

**Carolina Hand Surgery  
Sewer Extension**

# Metropolitan Sewerage District of Buncombe County

## BOARD ACTION ITEM

**Meeting Date:** December 15, 2010

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

**Prepared By:** W. Scott Powell, CLGF0, Director of Finance

**Subject:** Presentation of Audit & CAFR – Fiscal Year Ended June 30, 2010

### **Background**

Both North Carolina law and the Bond Order require an annual audit of the District's financial records. The District has incorporated the audited financial statements into a Comprehensive Annual Financial Report (CAFR), which adds transmittal and statistical data to assist readers in analyzing the audited financial statements. The CAFR is also used to satisfy continuing disclosure requirements imposed by the Bond Order and other contractual agreements.

### **Discussion**

The auditors' unqualified (commonly called "clean") opinion is the first document behind the "Financial Section" tab.

Included with the CAFR is a standard letter from the independent auditors describing the auditors' responsibilities under accounting standards, their understanding of District policies and estimates, and assurance that no significant adjustments to the District financial records are required.

Also, included with the CAFR is a standard letter from the independent auditors reporting the compliance with OMB Circular A-133 and The State Single Audit Implementation Act. The letter is a direct result of the District receiving stimulus funds in the current fiscal year. The auditors concluded the District complied with the standards of OMB Circular A-133 and The State Single Audit Implementation Act. Additionally, the auditors concluded there were no financial statement findings as well as no findings for questionable cost.

Finally, there is no Management Letter because the auditors did not find any reportable conditions or other issues requiring communication to the Board.

### **Staff Recommendation**

Acceptance of the CAFR.

### **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

## BOARD INFORMATIONAL ITEM

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

### Background

Each month, staff presents to the Board an investment report for all monies in bank accounts and specific investment instruments. The total investments as of October 31, 2010 were \$47,225,369. The detailed listing of accounts is available upon request. The average rate of return for all investments is 1.113%. 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 October 31, 2010 does not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of October 31, 2010 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$6,198,365.

<b>Total Cash &amp; Investments as of 10/31/2010</b>		47,225,369
<b>Less:</b>		
Budgeted Commitments (Required to pay remaining FY11 budgeted expenditures from unrestricted cash)		
Construction Funds	(17,402,007)	
Operations & Maintenance Fund	(9,899,248)	
		(27,301,255)
Bond Restricted Funds		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(17,604)	
Debt Service Reserve	(2,617,039)	
Remaining Principal & Interest Due	(7,654,668)	
		(10,289,311)
District Reserve Funds		
Fleet Replacement	(573,171)	
WWTP Replacement	(885,751)	
Maintenance Reserve	(813,654)	
		(2,272,576)
Post-Retirement Benefit		(513,417)
Self-Funded Employee Medical		(650,445)
<b>Designated for Capital Outlay</b>		<b>6,198,365</b>

### Staff Recommendation

None. Information Only.

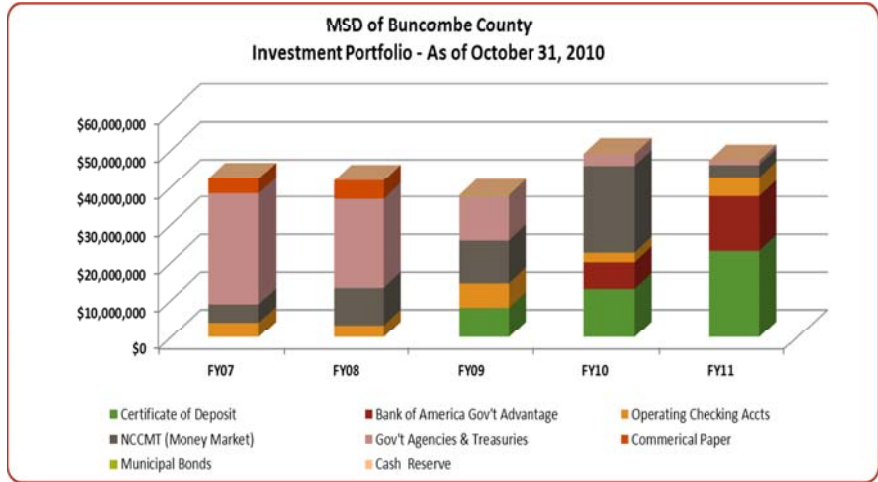
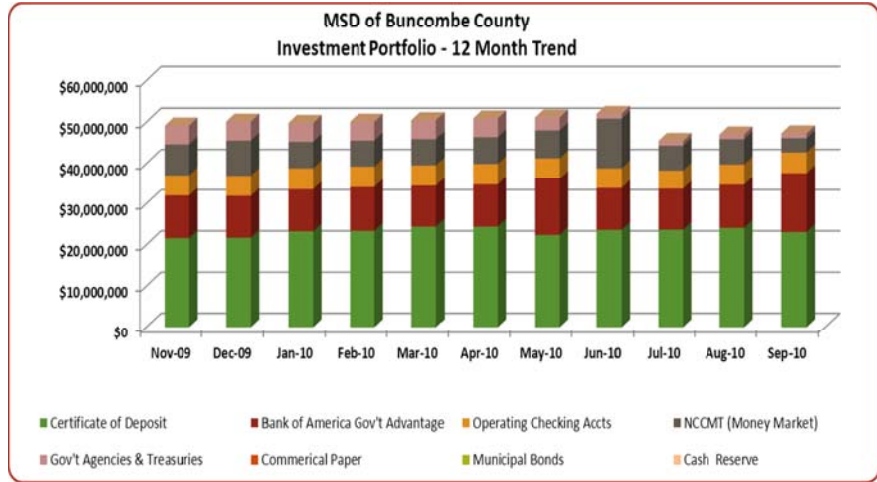
### Action Taken

<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>	\$ -	\$ -	\$ 1,501,047	\$ -	\$ -	\$ -	\$ -	\$ 1,133,596	\$ 2,634,643
<b>Held by MSD</b>	5,130,718	14,463,299	1,876,013	23,120,696	-	-	-	-	44,590,725
<b>Total</b>	<u>\$ 5,130,718</u>	<u>\$ 14,463,299</u>	<u>\$ 3,377,060</u>	<u>\$ 23,120,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,133,596</u>	<u>\$ 47,225,369</u>

<u>Investment Policy Asset Allocation</u>	<u>Maximum Percent</u>	<u>Actual Percent</u>	
U.S. Government Treasuries,			
Agencies and Instrumentalities	100.00%	2.40%	No significant changes in the investment portfolio as to makeup or total amount.
Bankers' Acceptances	20.00%	0.00%	
Certificates of Deposit	100.00%	48.96%	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%	7.15%	
Checking Accounts	100.00%	41.49%	All funds invest in CD's, operating checking accounts, BOA government advantage are fully collateralized with the State Treasurer.



**Board Meeting**

December 15, 2010

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

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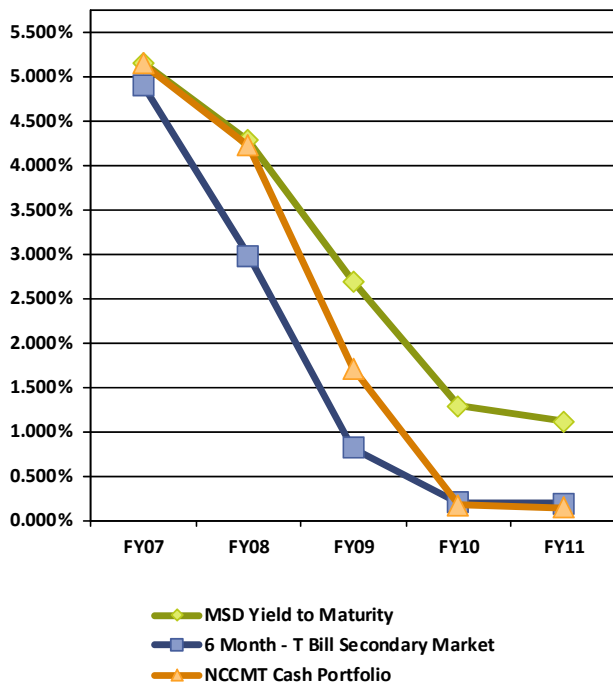
**METROPOLITAN SEWERAGE DISTRICT  
INVESTMENT MANAGERS' REPORT  
AT OCTOBER 31, 2010**

	Original		Interest
	Cost	Market	
Beginning Balance	\$ 39,247,903	\$ 39,247,903	\$ 123,159
Capital Contributed (Withdrawn)	(26,541)	(26,541)	
Realized Income	26,229	26,229	(19,441)
Unrealized/Accrued Income	-	-	24,850
Ending Balance	\$ 39,247,591	\$ 39,247,591	\$ 128,568

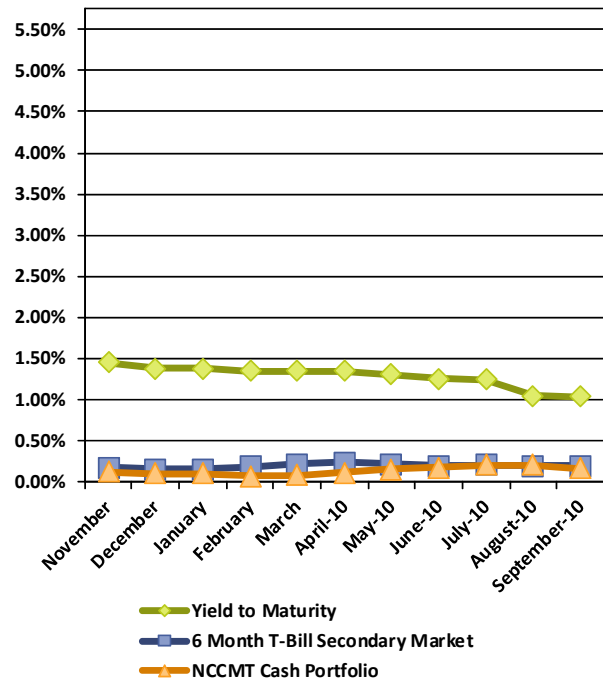
	Original Cost		Income	
	Cash Equivalents <91 Days	\$ 16,126,894	\$	\$ 13,000
Securities/CD's 91 to 365 Days	23,120,696	\$	18,638	
Securities/CD's > 1 Year	-	\$	-	
	\$ 39,247,591	\$	31,638	

<b>Month End Portfolio Information</b>	
Weighted Average Maturity	126 Days
Yield to Maturity	1.00%
6 Month T-Bill Secondary Market	0.18%
NCCMT Cash Portfolio	0.14%

**Metropolitan Sewerage District  
Annual Yield Comparison**



**Metropolitan Sewerage District  
Yield Comparison - October 31, 2010**





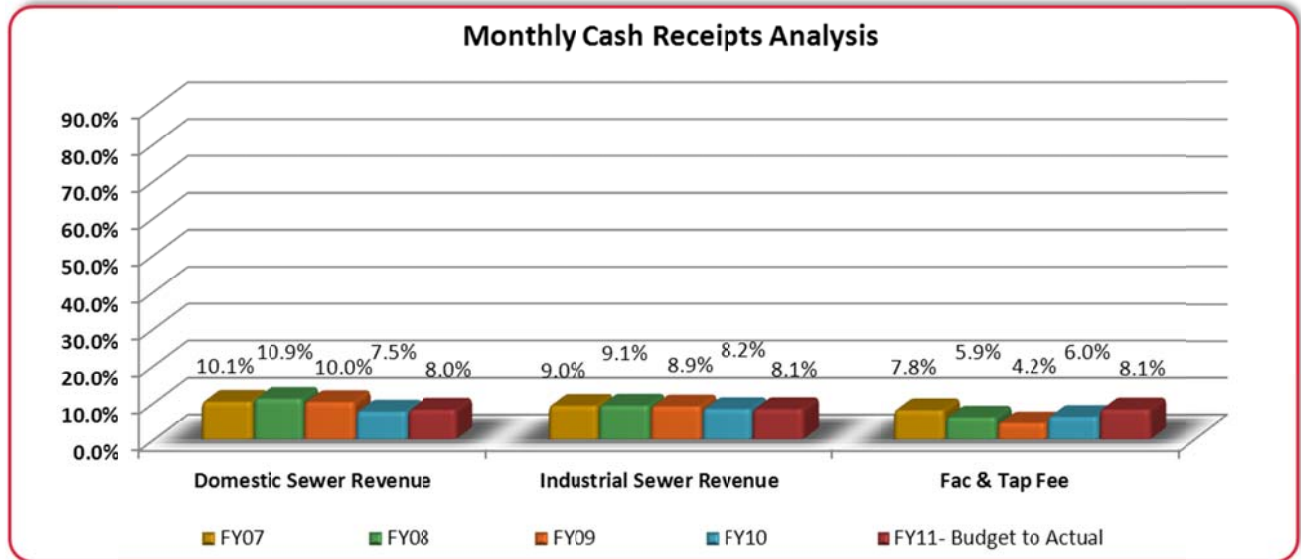
**Board Meeting**

December 15, 2010

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

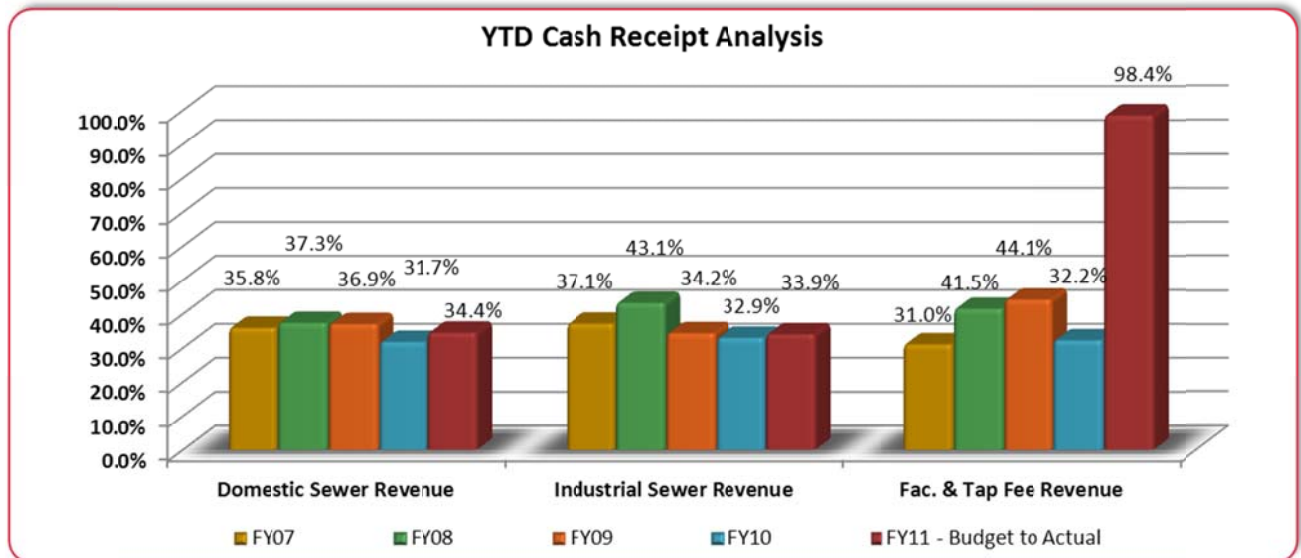
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**METROPOLITAN SEWERAGE DISTRICT  
ANALYSIS OF CASH RECEIPTS  
AS OF OCTOBER 31, 2010**



**Monthly Cash Receipts Analysis:**

- ✦ Monthly domestic sewer revenue is considered reasonable based on timing of cash receipts in their respective fiscal periods.
- ✦ 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.

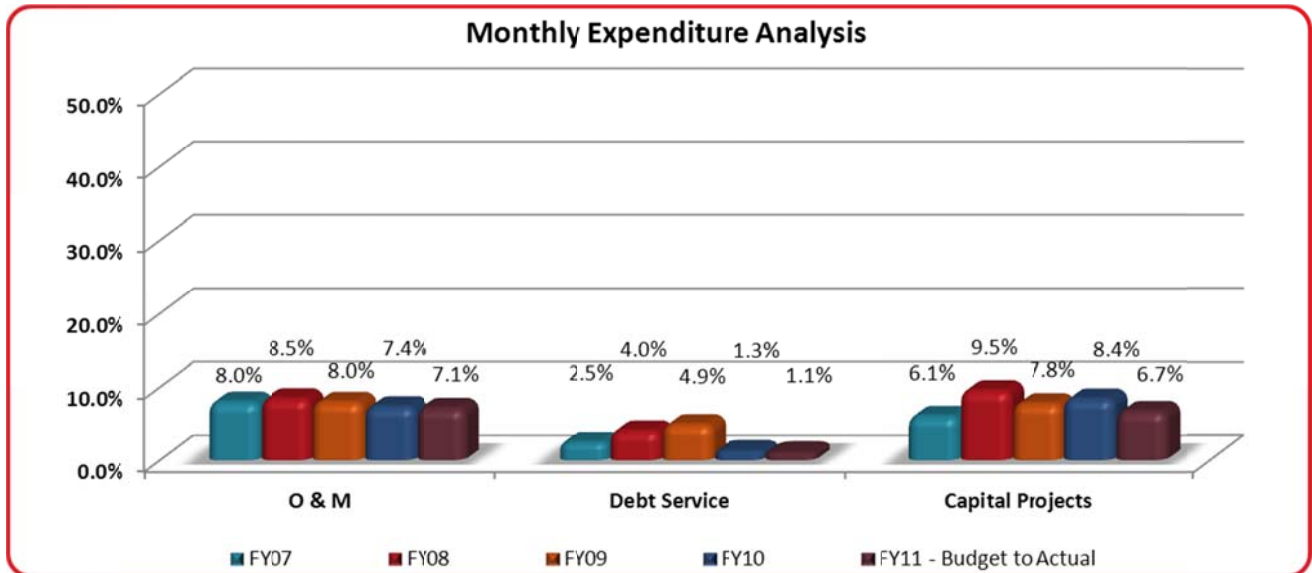
**Board Meeting**

December 15, 2010

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

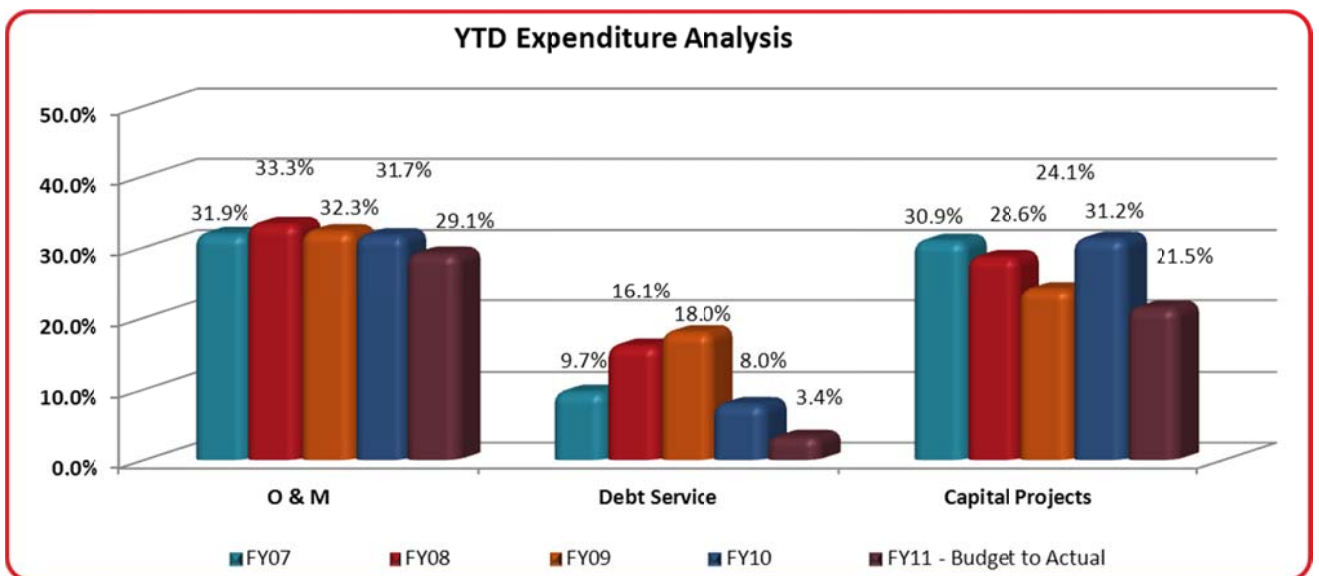
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**METROPOLITAN SEWERAGE DISTRICT  
ANALYSIS OF EXPENDITURES  
AS OF OCTOBER 31, 2010**



**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.

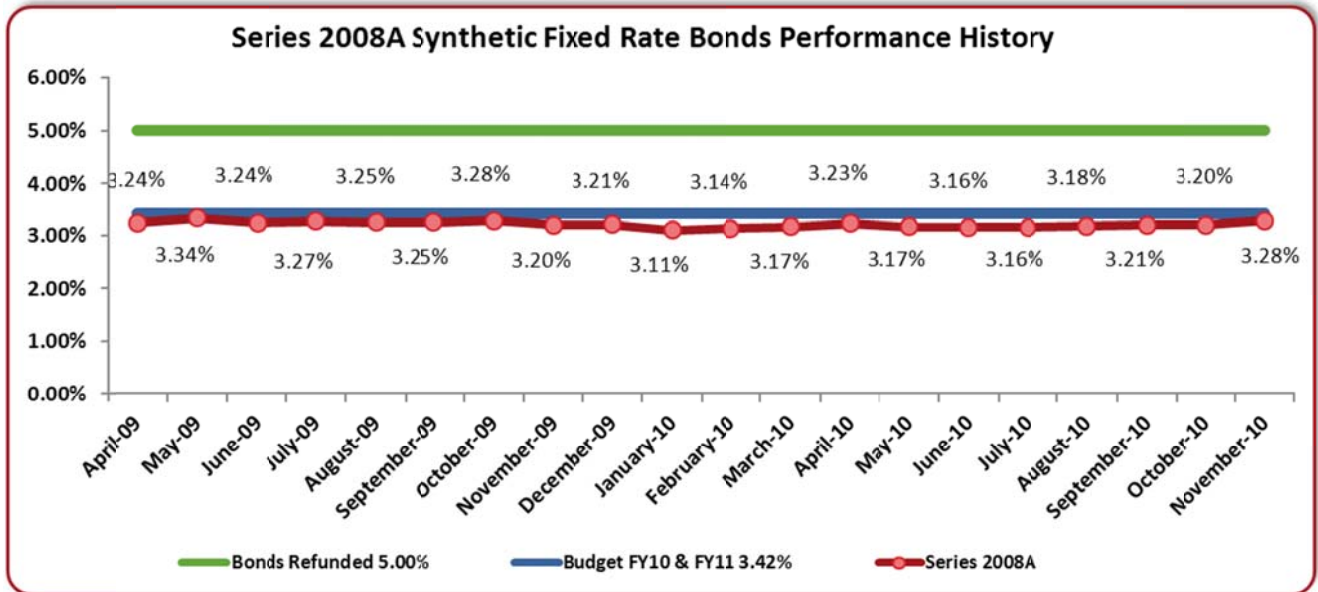
**Board Meeting**

December 15, 2010

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

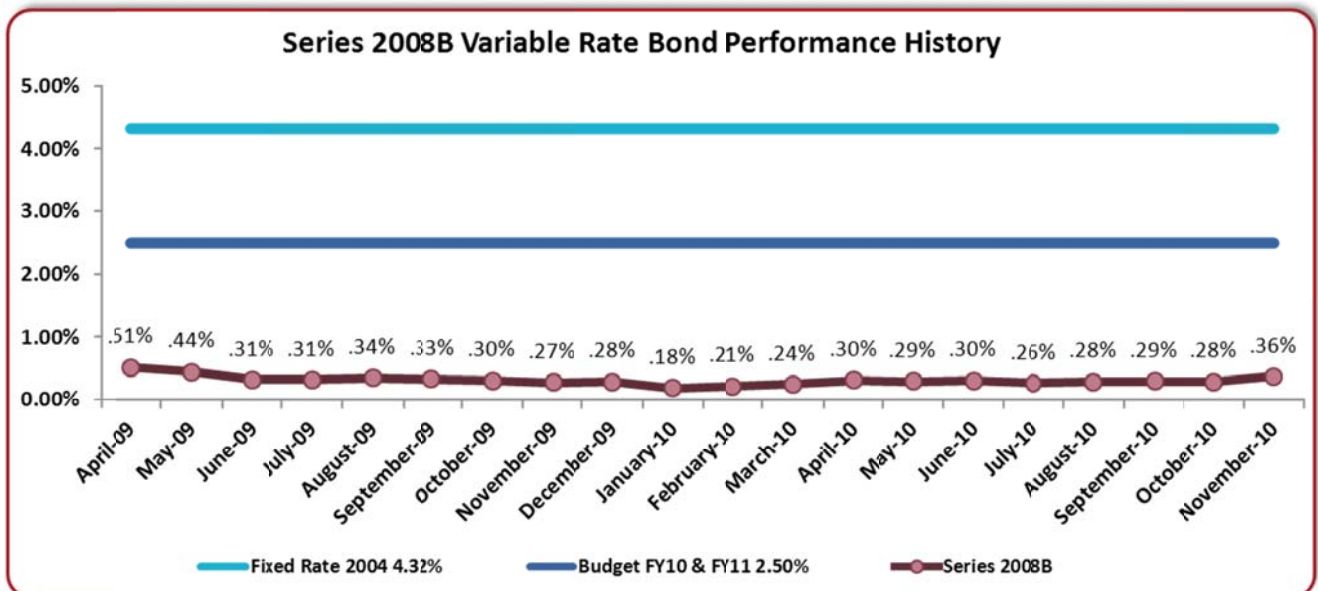
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**METROPOLITAN SEWERAGE DISTRICT  
Variable Debt Service Report  
As of November 30, 2010**



**Series 2008A:**

- ◆ Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$1,343,443 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 \$3,981,400 to terminate the existing Bank of America Swap Agreement.



**Series 2008B:**

- ◆ Savings to date on the 2008B Variable Rate Bonds is \$1,938,099 as compared to 5/1 fixed rate of 4.32%.
- ◆ Since May 1, 2008, the Series 2008B Bonds average variable rate has been 0.79%.
- ◆ MSD will achieve \$8,350,000 in cash savings over the life of the bonds at the current average variable rate.

**Metropolitan Sewerage District of Buncombe County**  
**Board Agenda Item – Planning Committee**

**COMMITTEE MEETING DATE:** December 2nd, 2010    **BOARD MEETING DATE:** 12/15/10

**SUBMITTED BY:** Tom Hartye, General Manager

**SUBJECT:** Review of Proposed Revisions to MSD Sewer Extension Reimbursement Policy from July 8<sup>th</sup> Planning Committee

**BACKGROUND:**

At the last Planning Committee the City of Asheville brought forth an alternative proposal of how they believe that MSD should revenue share for extensions that are made by public entities. Staff was asked to bring back for review the policy revisions that the Planning Committee approved on July 8<sup>th</sup>, 2010.

This policy was meant to unify into one policy the circumstances under which MSD would financially participate in sewer line extensions. These differing circumstances were to be prioritized and the participation level established accordingly. Attached is an outline of the proposed reimbursement policy based upon input from the Planning Committee. Once the full Board agrees on the conceptual basis of this policy, staff and counsel will revise the extension policy accordingly.

The attached policy was an attempt to address some of the following competing concerns expressed by the Committee:

1. That MSD participate in extensions to the system that the District will benefit from financially.
2. That MSD maintain current level of rehab and capital reinvestment in the plant and collection system.
3. That currently projected rates and debt not be significantly increased by this effort. The philosophy of using 50% debt for CIP is to utilize revenues from expansion to pay the debt portion.
4. That annexation sewer extensions not be singled out as distinct from other similar extensions by others from which MSD will benefit.

**FISCAL IMPACT:** N/A

**COMMITTEE RECOMMENDATION:** Recommends that the Board include the policy on Documented Failing Septic Tank Emergencies to the Cost Recovery Policy under Reimbursements for Sewer Line Extensions by Others.

## Unified Sewer Extension Reimbursement Policy

This program and all of its offerings are subject to available funding. Any Project that is eligible for reimbursements over \$50,000 will require approval of the MSD Board of Directors. The annual budget cap of \$350,000 will not be exceeded without Board approval. To be eligible all extensions to the MSD system will be in accordance with the MSD Master Plan and Member Agency planning documents.

### A. Reimbursement for Upgrading Existing MSD Sewer Line:

Reimbursement for rehabilitation of existing sewer lines and pump stations applies where the developer has to rehabilitate or replace an existing MSD sewer to accommodate the proposed development. The District's participation is based on an evaluation by the District with point assignment for various criteria. The District's share usually ranges from 0% to 75% of the construction costs for the sewer rehabilitation.

### B. Additional capacity reimbursements:

The Additional Capacity Reimbursement Policy applies where a larger size sewer line extension is required by the District for other future users. The purpose is to provide capacity for future customers that will eventually drain into the new line being constructed. The District will reimburse the Developer the differential costs between the minimum size pipe necessary for the development and the larger size required.

### C. Cost Recovery Reimbursements for Sewer Line Extensions by Others:

1. Documented Failing Septic Tank Emergencies - Will be subject to requirements set forth below and eligible for the equivalent of 10 years of estimated revenues once the extension is complete and accepted by the MSD Board.
  2. New Affordable Housing Projects - Will be subject to the requirements set forth below and eligible for the equivalent of 5 years of estimated revenues up to \$50,000 maximum per project. Disbursements will be made once the extension is complete and accepted by the MSD Board.
  3. Extension to System by Others - Will be subject to the requirements set forth below and eligible for 5 years of **actual** revenues to be disbursed semi-annually. This will apply only to projects over \$50,000 of estimated revenue whose systems have been approved by the MSD Board.
- D. Developer to Developer Reimbursement - The current policy also offers a program where MSD will require future developers to reimburse the original developer who extended the sewer if they tie on to this extension within 10 years. The reimbursement amount is based upon relative flows. This would continue but does not have a financial impact to the District.

## E. General Conditions and Requirements

1. Those who seek reimbursements pursuant to District Policy shall notify the General Manager after final design plans have been approved and estimated revenues developed but prior to receiving a permit to construct a sewer extension.
2. This program and all of its offerings are subject to available funding. Any Project that is eligible for reimbursements over \$50,000 will require approval of the MSD Board of Directors.
3. All cost recovery program offerings are to be limited by the lesser of the revenues generated during the designated time period or the cost of the eligible extension. The eligible extension for certified Affordable Housing projects will be all public sewer lines to be taken over by the District. The eligible extension for projects done by others is that off-site part of the extension that is between the existing District sewer line and the development property.
4. All estimates of potential revenue shall be determined by MSD staff.
5. All estimates of line size differential costs shall be determined by District Staff.
6. Reimbursement should be subject to completion of construction and final inspection and acceptance of the system and easements therefore by the District
7. Determination of how available funds will be allocated among reimbursement projects in a given year shall be in sole and absolute discretion of the District.

## Conditions and Requirements for areas with failed Septic Tanks

1. Must be identified as an area that will require public sewer pursuant to Member Agency zoning and MSD Master Plan.
2. Must be a public health hazard.
3. Letter from Local Government and/BC health department.
4. No repair possible onsite.
5. MSD will prepare preliminary design and estimate for agreement to be entered into by parties involved.
6. MSD pledge 10 yr. of estimated revenue from affected residences.
7. City/Local Government/Residents pay balance of extension.
8. Facility Fee required from residences.
9. MSD acquire easements and construct.

**Metropolitan Sewerage District of Buncombe County**  
**Board Agenda Item – Planning Committee**

**COMMITTEE MEETING DATE:** December 2nd, 2010    **BOARD MEETING DATE:** 12/15/10

**SUBMITTED BY:** Tom Hartye, General Manager

**SUBJECT:** Pros and Cons of Proposals concerning revenue sharing for sewer extensions constructed by Member Agencies and Private Developers.

**BACKGROUND:**

At the last Planning Committee the City of Asheville brought forth an alternative proposal of how they believe that MSD should revenue share for extensions that are made by public entities. Staff was asked to bring back for review a list of pros and cons regarding the proposal made and how it compares to existing and proposed MSD policies.

Attached is a two page matrix of pros and cons for review by the Committee. A new hybrid option is included to address and combine most of the concerns brought forth in the last Planning Committee meeting with those of the July Planning Committee.

Also attached are updated tables with information regarding both past and future planned projects for our Member Agencies along with some past cost recovery information from private developers.

MSD will agree to do the design and ROW acquisition for public agency run sewer extensions as well as for Master Plan Interceptors run by private entities. MSD will not provide Design and ROW services for forced annexation projects run by member agencies or for collector sewer projects run by private entities. MSD costs for ROW and design will be billed to entity for all collector sewers.

MSD to provide Construction Management services for all projects at no cost.

**FISCAL IMPACT:** Revenue sharing only proposals will not lead to an increase in rates. MSD already budgets for the affordable housing cost reimbursements and will have to budget for failing septic tank areas as they arise.

**COMMITTEE RECOMMENDATION:** Recommends moving forward with the Hybrid Option proposed by Staff.

## Revenue Sharing for Sewer Extensions Made by Others

Proposal/Term	Pros	Cons
<b>Planning Committee Proposal (7/8/10)</b>	No money up front	
<b>MSD to give first 5 years of actual revenue up to cost of extension</b>	Level playing field for public vs. private	
<b>This applies to Everyone - public or private.</b>	5 year term easier to track – due to less projects in cue.	
<b>Failing septic systems dealt with separately.</b>	Gives greater weight to failing septic systems – public health emergency	Annexed areas typically do not tie on quickly – approx. 50% in 5 years
<b>COA proposal for Member Agencies(10/20/10):</b>	No money up front	Not limited by cost of extension
<b>MSD to give 50% of actual revenue for 10 years, no limit.</b>	Gives favor to public agency over private	Gives favor to public agency over private
<b>This applies to Member agency only for annexations or areas not currently served.</b>	Allows greater time for tie on and potential revenue for agency	Greater number of projects to track simultaneously
<b>New Hybrid Option:</b>	No money up front	
<b>MSD to give 50% of actual revenue for 10 years to Member Agency up to cost of extension project.</b>	Accounts for difference in timing of connections and revenue stream	
<b>MSD to give 5 years of actual revenue(100%) to private developers up to cost of extension</b>	Still gives priority to public health emergencies and Affordable housing.	
<b>Failing Septic Systems dealt with separately.</b>		



# MSD

## Cost Recovery/Annexation Projects

	Date Accepted	Sewer Line Cost	MSD Participation		Potential Sites	Actual Sites	Total Revenue
			Actual				
<b>Cost Recovery Projects:</b>							
Mountain Carmel Commercial Park	Jan-03	\$ 86,000	\$ 55,270	172	126	\$ 116,258.35	
Lake Julian Trials	Dec-03	160,000	82,606	141	71	57,980.93	
Biltmore Lake	Various	4,122,093	142,639	467	467	1,043,336.15	
Craggy View Condos	Aug-04	175,000	52,525	74	73	79,153.12	
Christ School	Dec-04	191,523	74,134	1	1	133,394.98	
Northpoint Commons Apts	Apr-05	42,500	42,500	79	70	59,098.05	
Enka Land Subdivision	Aug-06	208,000	37,145	55	54	36,516.06	
Wise Sewer Line	Jun-07	275,421	28,165	71	28	11,494.53	
Crowell Park Apts	Sep-08	106,640	40,000	63	31	20,371.95	
<b>Annexation Projects</b>							
Maple Spring Rd	2002	154,973	-	11	1	1,084.63	
Carter Cove-Beaverdam	2004	584,400	53,380 *	31	13	19,434.61	
Old Haywood Rd	2005	74,442	-	15	9	16,276.10	
Haw Creek	2006	128,259	-	13	10	12,206.03	

\* Consolidation Project

# Future Member Agency Expansion Sewer Projects

11/2/10

Project	Sewer Line Cost (estimates)	Potential Sites	Occupied Sites	Maximum Potential Annual Revenue	Estimated Five year Revenue*	Estimated Ten- year Revenue*	1/2 of Ten-year Revenue
Sardis RD 2009, Asheville	\$1,800,000	53 Residential 1 Commercial	46	\$29,522	\$73,805	\$177,131	\$88,565
Airport RD 2005(6), Asheville	\$170,000	2 Commercial 3 Residential	5	\$24,992	\$62,480	\$149,951	\$74,975
Airport RD 2010, Asheville	\$177,100	6 Commercial	2	\$72,000	\$180,000	\$432,000	\$216,000
Monticello RD, Weaverville	\$2,185,000	76 Residential 11 Commercial	83	\$31,726	\$79,314	\$190,354	\$95,177
Greybeard RD, Montreat	\$656,000	50 Residential no Commercial	8	\$16,530	\$41,325	\$99,180	\$49,590
	\$4,988,100	198	144	\$174,769	\$436,923	\$1,048,615	\$524,308

\* Estimated Revenue for 5-year is 50% of max., for 10-year is 60% of max.

Potential Project	Sewer Line Cost (estimates)	Potential Sites	Occupied Sites	Maximum Potential Annual Revenue	Estimated Five-year Revenue*	Estimated Ten-year Revenue*	1/2 of Ten-year Revenue
Brookwood (Residential)	\$10,688,200	464	300	\$153,398	\$383,496	\$920,390	\$460,195

# **STATUS REPORTS**

**CAPITAL IMPROVEMENT PROGRAM**

**STATUS REPORT SUMMARY**

**December 8, 2010**

PROJECT	CONTRACTOR	AWARD DATE	NOTICE TO PROCEED	ESTIMATED COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
CHARLAND FOREST	T & K Utilities	8/18/2010	11/22/2010	4/21/2011	\$127,170.00	0%	<b>Informal</b> Preconstruction meeting was held on November 10th. No work has begun yet.
LAKE JULIAN INTERCEPTOR PHASE III	Ruby-Collins	10/20/2010	11/1/2010	11/1/2011	\$2,710,661.93	5%	<b>Formal</b> Clearing near completion. Mainline construction has begun. Subcontractor working on I-26 bore.
MARTEL LANE @ PENLEY AVENUE	Huntley Construction	6/9/2010	9/7/2010	1/5/2011	\$106,300.00	60%	<b>Informal</b> Mainline construction proceeding smoothly.
MIDDLE BEAVERDAM CREEK INTERCEPTOR	Moore & Son	7/15/2009	8/31/2009	11/15/2010	\$854,118.91	100%	<b>Formal</b> Project complete and in close out.
MORRIS STREET @ TALMADGE STREET	Terry Brothers	6/9/2010	7/21/2010	12/25/2010	\$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	12/25/2010	\$198,621.99	98%	Construction by developer. MSD cost participation is \$198,621.99. Mainline construction complete. Project being restored and awaiting prefinal inspection.
ROCKDALE AVENUE (PRP 29003)	TBA	TBA	TBA	TBA	TBA	0%	<b>Formal</b> Bids were opened on December 2nd. Buckeye Construction Co. is the apparent low bidder. Project will be presented at the December Board meeting.
TOWN BRANCH INTERCEPTOR	BC&D Associates	8/19/2009	9/21/2009	12/25/2010	\$831,817.22	95%	<b>Formal</b> All pipe work complete. Grouting of abandoned mainline under Asheville Waste Paper on schedule. Paving complete and restoration has begun.
TC BUILDING PUMP STATION REMOVAL	Carolina Specialties	11/17/2010	1/3/2011	4/3/2011	\$132,038.50	5%	<b>Informal</b> Exploratory Dig is complete. Project will proceed with Carolina Specialties performing the work.
U.S. HWY. 70 @ PARKWAY	Terry Brothers	11/17/2010	TBA	TBA	\$547,088.00	0%	<b>Formal</b> Project was awarded to Terry Brothers Construction Company.
WRF - FINAL MICROSCREEN REPLACEMENT	Hickory Construction	10/20/2010	1/3/2011	4/2/2012	\$8,937,108.20	0%	<b>Formal</b> Preconstruction meeting was held on November 29th. Some demolition work has begun.
WRF - INTERMEDIATE PUMPING REPLACEMENT	Hickory Construction	7/15/2009	8/19/2009	12/25/2010	\$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 December 15, 2010

Status	Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
	Gene Bradley Subdivision	2004022	Fletcher	9	420	3/3/2005	Complete-Waiting on final documents
	Davidson Road Sewer Extension	2004154	Asheville	3	109	12/15/2004	Complete-Waiting on final documents
	Riverbend Urban Village	2004206	Asheville	260	1250	8/29/2006	Complete-Waiting on final documents
	N. Bear Creek Road Subdivision	2005137	Asheville	20	127	7/11/2006	Complete - Waiting on final documents
	Willowcreek Village Ph.3	2003110	Asheville	26	597	4/21/2006	Complete - Waiting on final documents
	Rock Hill Road Subdivision	2005153	Asheville	2	277	8/7/2006	Complete - Waiting on final documents
	Byrd Street Condos	2007085	Asheville	14	300	7/31/2007	Complete - Waiting on final documents
	MWB Sewer Extension	2008046	Asheville	Comm.	285	5/12/2008	Complete - Waiting on final documents
	The Cottages on Liberty Green	2007297	Asheville	7	124	5/30/2008	Complete - Waiting on final documents
	Haw Creek Tract	2006267	Asheville	49	1,817	10/16/2007	Complete - Waiting on final documents
	Haywood Village	2007172	Asheville	55	749	7/15/2008	Complete - Waiting on final documents
	Oak Crest Place	2004056	West Asheville	27	791	12/3/2004	Complete - Waiting on final documents
	Buncombe County Animal Shelter	2007216	Asheville	Comm.	78	5/1/2008	Complete - Waiting on final documents
	Lodging at Farm (Gottfried)	2008169	Candler	20	45	6/2/2009	Complete - Waiting on final documents
	Camp Dorothy Walls - Ph. 1	2007294	Black Mtn.	Comm.	593	6/16/2009	Complete - Waiting on final documents
	Momentum Health Adventure	2008097	Asheville	Comm.	184	8/19/2009	Complete - Waiting on final documents
	Forest Manor Complex	2088050	Asheville	Comm.	96	12/4/2008	Complete - Waiting on final documents
	Honeysuckle Breeze	2007246	Asheville	5	70	9/22/2009	Complete - Waiting on final documents
	North Point Baptist Church	2008105	Weaverville	Comm.	723	5/20/2009	Complete - Waiting on final documents
	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
	Lutheridge - Phase I	2009112	Arden	Comm.	330	3/16/2010	Complete-Waiting on final documents
	Graylyn Hills	2008108	Asheville	4	176	2/12/2010	Complete-Waiting on final documents
	Ridgefield Business Park	2004188	Asheville	18	758	2/16/2005	Complete-Waiting on final documents
			<b>Subtotal</b>	<b>651</b>	<b>16,773</b>		

Planning and Development Projects  
Status Report December 15, 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	Pre-con held, 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	Testing
	Cottonwood Townhomes	2009110	Black Mtn.	8	580	10/20/2009	Installing
	Mission Hospitals (Victoria Road)	2009022	Asheville	Comm.	532	2/12/2010	Installing
	Brookgreen Phase I	2010045	Asheville	44	1,302	9/27/2010	Installing
	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
	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	2107	101,088		
			Total Units:	2,758			
			Total LF:		117,861		