

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT  
MARCH 16, 2011**

**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, March 16, 2011. Chairman Aceto presided with the following members present: Bissette, Bryson, Creighton, Haner, Kelly, Russell, Stanley, VeHaun and Watts. Ms. Bellamy and Mr. Root were absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, Inc., Tim Johnson and Tom Tribble with the North Carolina Center of Geographic Information & Analysis (NCCGIA), Stan Boyd, Ed Bradford, Peter Weed, Jim Hemphill, Scott Powell, Ken Stines, Angel Banks, Julie Willingham, Kathryn Brewer, Daniel Marsh, Pam Thomas, Sheila Pike 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 February 16, 2011 Meeting:**

Mr. Aceto called for corrections or additions to the minutes of the February 16, 2011 meeting. Mr. Watts stated that he voted in favor of the motion on the Unified Sewer Extension Policy. Mr. Aceto stated that page 3, paragraph 5 of the minutes should be amended to show Mr. Watts voted in favor of the motion and Mr. Creighton voted against the motion. Mr. Haner asked if the motion should include a 3-year time limit as discussed. Following review of the minutes, Mr. Bissette noted that the motion did include a 3-year time limit as shown on page 3, paragraph 1. With no further discussion, the minutes were approved by acclamation as amended.

**4. Adjustment of Agenda:**

None

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

Mr. Aceto welcomed Mr. Tim Johnson, Director and Tom Tribble with NCCGIA.

**6. Report of General Manager:**

Mr. Hartye reported that Mr. Gene Dugger of Washington Road wrote to thank Cecelia Cardascio and Wallace Foster for the prompt and professional handling on an application and sewer problem. Also, Ms. Jean Baker of Chunns View Drive called to express appreciation for the great job, and the neatness and politeness of the crews that replaced a sewer line through her property. Mr. Hartye recognized Eric Bryant, Jason Brigmon, Lee Plemmons, John Crowe, Marcus Bynum and Carl Ellington.

Mr. Hartye announced that the Annual River Clean-up (MSD/Riverlink) will take place on March 31<sup>st</sup> from 12 noon to 4PM. He stated that MSD has adopted an area of the French Broad from the Plant down to the prison. All volunteers are welcome and lunch will be provided at the EHS office.

Mr. Hartye stated that prior to a presentation by Kathryn Brewer, MSD's GIS Manager; he recognized Mr. Tim Johnson with the NCCGIA. Mr. Johnson reported that last month at the NC GIS Conference in Raleigh, Kathryn Brewer, on behalf of Mr. Hartye, was presented the G. Herbert Stout Award in the Regional category for

exemplary use of GIS by a Local Government in North Carolina which was presented in front of 800+ conference attendees.

Mr. Johnson reported that Mr. Stout was a Wake County Commissioner and Chairman of the Triangle Council of Governments until his death in 1992 and was an advocate of the GIS Conference which he started in 1987. Mr. Stout was Chair of the Conference and wanted to see local governments make better use of the technology for supporting citizens for what they need to accomplish. He cared very deeply for local governments, and just before his death, worked with the Department of Defense to force them to release some highly classified imagery for use by local governments. Since 1993 this award has been given to cities, counties and now regional organizations to show their use of this technology in visionary ways. He stated that Mr. Stout would have been very proud of MSD and what it has accomplished in working together and improving operations within the organization and its use of GIS in decision making to support those operations. With this background, Mr. Johnson presented the award to Mr. Hartye and Ms. Brewer on behalf of the State of North Carolina and the NC GIS Conference Committee.

Mr. Hartye called on Ms. Brewer for a presentation. Ms. Brewer stated that this is a collaborative effort of MSD to develop an application that merges the streamlining of business processes with the latest technology to provide a cost effective solution to standardize MSD's GIS data in a common delivery format.

Ms. Brewer demonstrated how to access the external site. She stated that MSD Flex Viewer is for use by the general public; realtors, surveyors, home/business owners, plumbers, appraisers, etc. She explained that this program allows the user to search for a particular address, with the use of aerial photography; identify parcels using the Buncombe County Tax Card and print/save maps. Also, a multi-search tool is available to search by street, manhole number, pump stations and pipe ID and the user can turn on Contours (network infrastructure>reference layers).

Ms. Brewer demonstrated how to access the internal site for use by the General Manager, Engineers, Drafting, ROW, Finance, P&D and System Services Division-office to field, etc., which has more technical information than the external site. Staff can access report layers for Basin Summaries; Master Plan Data and Municipal Summaries. Ms. Brewer reported that the internal site shows Operational Layers, not shown on the external site. The Operational Layers show SSO's by year; access to ROW and Pipe video layers, showing a video of the pipe and a link to ROW documents and information for a particular parcel. Other things that can be looked at are CIP projects, Creek Crossings, and Flow Monitors.

Mr. Haner asked Ms. Brewer to address the accuracy of data entry. Ms. Brewer stated that data entry can come from several different aspects within the organization. Sewer related information is entered from as-builts and from film crews. As this information is received, data is entered and double checked by another GIS staff to make sure it was entered correctly. Mr. Haner asked how many people use the external site. Ms. Brewer said 50-75 unique visitors use the site on a weekly basis. Mr. Aceto asked why some or all of the operational data is not available on the external site. Mr. Hartye stated that the more layers of information involved, the more chance there is of misinterpretation. MSD does provide this information to realtors, engineers, surveyors, etc. when needed, but want them to coordinate with the MSD if they are talking about putting in a Master Plan line. Mr. Aceto asked what the implication is of coordinating with other entities. Mr. Hartye said it makes coordination of information faster and helps communication on projects. Mr. Aceto asked who uses this information the most. Mr. Hartye said the people who use this the most are realtors, engineers, surveyors and builders; thus one of the reasons for participating in the annual Home Show. Mr. Aceto asked if this is new technology. Ms. Brewer said the Flex technology is new to the GIS

Industry in the last year or so and MSD is one of the first in this area to use it. She stated that this technology is very visually appealing and fast. Whereas, Henderson Co., Buncombe Co. and the City of Asheville have their own web site, the technology MSD is using is one of the newest, but putting GIS on the web is not unique in itself. Mr. Johnson stated that an update of the aerial photography will take place statewide at the end of April. Ms. Brewer added the new aerials are cost free to local governments.

Mr. Hartye continued with his report. He announced the annual Home Show will take place at the Asheville Civic Center on March 17-20<sup>th</sup>. MSD will have a booth there as it has done for the past 10 plus years.

Mr. Hartye presented a copy of an article from Southern City on Mayor Terry Bellamy's appointment to the EPA Advisory Committee.

Mr. Hartye reported that the next regular Board Meeting will be held April 20<sup>th</sup> at 2PM. The next Right of Way Committee meeting will be held April 27<sup>th</sup> at 9AM.

**7. Report of Committees:**

**Right of Way Committee**

Mr. Kelly reported that the Right of Way Committee met February 23<sup>rd</sup> to approve Compensation Budgets for the Bradley Branch, Dillingham Road and Mountain Terrace Rehabilitation projects. The Committee also considered Condemnation on the Patton Avenue @ Parkwood Road Rehabilitation Project.

**8. Consolidated Motion Agenda:**

**a. Consideration of Compensation Budgets: Bradley Branch, Dillingham Road and Mountain Terrace Rehabilitation Projects:**

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

**b. Consideration of Bids for Sanitary Sewer Rehabilitation Project: Heywood Road Interceptor, Phase 11.**

Mr. Hartye reported that this project is for the replacement of an aged twelve-inch reinforced concrete interceptor. This line is undersized for the basin it serves and is also structurally deficient. The project is located in South Asheville and consists of 1,425 linear feet of 12-inch and 16-inch DIP. He further reported that the following bids were received and opened on March 3<sup>rd</sup>: Huntley Construction Co., with a total bid of \$508,680.00; Haywood Grading and Excavation with a total bid of \$429,936.00; Carolina Specialties, Inc. with a total bid of \$405,412.00; Disaster Recovery Group with a total bid of \$329,845.00; Payne, McGinn, and Cummins, Inc. with a total bid of \$297,554.78; Patton Construction Group with a total bid of \$277,385.00; Terry Brothers Construction Co., Inc. with a total bid of \$251,862.00 and T&K Utilities with a total bid of \$247,095.00. Staff recommends award of this contract to T&K Utilities, Inc. in the amount of \$247,095.00, subject to review and approval by District Counsel.

**c. Consideration of Bids for Sanitary Sewer Rehabilitation Project: Wellington Drive Unclaimed Sewer:**

Mr. Hartye reported that this project is for the replacement of a private unclaimed sewer system located in Woodfin. The system is comprised of 1,070 linear feet of single 8-inch DIP located within Wellington Drive. He further reported that the

following bids were received and opened on March 3<sup>rd</sup>: Disaster Recovery Group with a total bid of \$226,574.00; Carolina Specialties, Inc. with a total bid of \$193,225.00; T&K Utilities with a total bid of \$182,485.00; Haywood Grading and Excavation with a total bid of \$152,915.00; Terry Brothers Construction Co., Inc. with a total bid of \$152,165.00; Patton Construction Group with a total bid of \$151,500.00; Huntley Construction Company with a total bid of \$149,376.00 and Payne, McGinn, and Cummings, Inc. (PM&C) with a total bid of \$144,118.24. Mr. Hartye stated that PM&C have bid on other projects, but this is the first time they were the lowest bidder. Staff checked several references including the City of Asheville and all references stated that PM&C's work quality was good to excellent. Staff recommends award of this contract to PM&C in the amount of \$144,118.24, subject to review and approval by District Counsel.

Mr. Watts reported they did good work for Black Mountain.

**d. Resolution of Appreciation Honoring Leah Karpen:**

Mr. Hartye presented a Resolution of Appreciation for Leah Karpen.

**e. Consideration of Auditing Services for FY2011:**

Mr. Powell reported that Cherry, Bekaert & Holland, LLP was engaged as MSD's auditors. He stated that they specialize in utility audits and use a rotating partner and staff approach to their audit engagements. Therefore, every two to five years, they rotate partners as well as staff to ensure someone new is looking at the engagement. They do approximately 19 utility audits in the State; OWASA, Durham, Guilford County, Mecklenburg and municipal units such as Cary, Charlotte, Raleigh and Winston-Salem. He further stated that during last year's audit there was a full staff rotation. The cost of the audit was to be \$52,710 which included the Single Audit due to ARRA money from the Stimulus grant and that audit came in at \$47,500. He explained that typically when you are on a fixed contract, the auditors charge what the contract is. For the last three years, there was a decrease in the audit contract and these savings were passed along to the District. For this year's engagement, the auditors proposed a 7.66% decrease in fees from \$52,710 to \$48,670 due to the auditors not having to perform a Single Audit for the receipt of federal funds. He stated that the auditor's experience and the District's preparedness on previous engagements have helped in containing cost. Staff recommends approval of the FY2011 audit contract with Cherry, Bekaert & Holland, LLP.

**f. Cash Commitment/Investment Report – Month Ended January 31, 2011:**

Mr. Powell reported that Page 2 represents the makeup of the District's Investment Portfolio. He stated that there has been one investment change in comparison to December. The District transferred \$5 million dollars to BB&T to open the Board approved Public Funds Money Rate Savings Account. Page 3 is the MSD Investment Manager Report as of January 31, 2011. The weighted average maturity of the investment portfolio is 336 days. The yield to maturity is 1.09% and is exceeding bench marks of the 6 month T-Bill and NCCMT cash portfolio. Page 4 is an analysis of the District's Cash Receipts. Monthly domestic sewer revenue is considered reasonable based on timing of cash receipts. Monthly and YTD industrial sewer revenue is considered reasonable due to historical trends. YTD facility and tap fees are above historical trends due to the timing of one cash receipt of \$609,000 as well as impact fees being budgeted conservatively. Page 5 is the analysis of the District's Expenditures. Monthly and YTD expenditures are considered reasonable based on historical trends. Page 6 is the MSD Variable Debt Service Report. Both the 2008 A&B Series are continuing to perform better than budgeted expectations. As of the

end of September, both issues have saved District rate payers approximately \$3.6 million dollars in debt service since April, 2008.

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

**9. Old Business:**

Mr. Creighton asked if MSD has a problem with people stealing manhole covers. Mr. Stines stated that MSD has not had a problem recently, but the DOT has. He further stated that a couple of years ago MSD was having a problem, so staff went to the various scrap metal businesses to inform them not to accept MSD manhole covers. The new covers have the MSD logo on them and are not being taken. Mr. Creighton said the County is having a problem at the landfill; with people breaking into the hazardous waste collection units where electronics are stored in order to steal copper wiring, etc. Mr. Russell stated that City Council is considering a "Secondhand Dealers Ordinance" where dealers will be required to submit daily pawn/purchase transactions to law enforcement through electronic means.

Mr. Haner reported that MSD leased its old Administration Building to Smart Start and he had the occasion last month to attend their open house. He stated that they have adjusted very well to the property and are taking care of it and that MSD should be pleased with the job they are doing.

Mr. Hartye reported that earlier in the month he sent out to each Board Member the current MSD Salary and Benefits costs in preparation for the Budget and requested that if Members have any questions or comments, to please contact him.

**10. New Business:**

None

**11. Adjournment:**

With no further business, Mr. Aceto called for adjournment at 2:56 PM.

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Jackie W. Bryson, Secretary/Treasurer

# MSD

## Regular Board Meeting

Metropolitan Sewerage District  
of Buncombe County, NC

## AGENDA FOR 3/16/11

✓	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 February 16, 2011 Board Meeting.	Aceto	2:10
	03. Discussion and Adjustment of Agenda	Aceto	2:15
	04. Informal Discussion and Public Comment	Aceto	2:20
	05. Report of General Manager	Hartye	2:25
	06. Report of Committees a. Right of Way Committee – 2/23/11	Aceto	2:40
	07. Consolidated Motion Agenda		2:50
	a. Consideration of Compensation Budgets – Bradley Branch Sanitary Sewer Rehabilitation, Dillingham Road Sewer Rehabilitation, and Mountain Terrace 4” Main Rehabilitation Project.	Hartye	
	b. Consideration of Bids for Sanitary Sewer Rehabilitation Project – Heywood Road Interceptor	Hartye	
	c. Consideration of Bids for Sanitary Sewer Rehabilitation Project – Wellington Drive Unclaimed Sewer.	Hartye	
	d. Consideration of Resolution for Leah Karpen	Hartye	
	e. Consideration of Auditing Services FY 2011	Powell	
	f. Cash/Commitment Investment Report Month Ending January 31, 2010.	Powell	
	08. Old Business:	Aceto	3:05
	09. New Business:	Aceto	3:10
	10. Adjournment (Next Meeting April 20, 2011)	Aceto	3:20

# **APPROVAL OF MINUTES**

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT  
FEBRUARY 16, 2011**

**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, February 16, 2011. Chairman Aceto presided with the following members present: Bellamy, Bisette, Bryson, Creighton, Haner, Kelly, Root, Russell, Stanley, VeHaun and Watts.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, Inc., Joseph Martin with Woodfin Sanitary Water & Sewer District, Esther Manheimer and Cathy Ball with the City of Asheville, Mike Plemmons with CIBO, Ron Butler, developer, Stan Boyd, Ed Bradford, Jim Hemphill, Scott Powell, Peter Weed, John Kiviniemi, Barry Cook, Angel Banks, Ken Stines, Mike Butler, Kevin Johnson, 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 January 19, 2011 Meeting:**

Mr. Aceto asked if there were any changes to the Minutes of the January 19, 2011 Board Meeting. With no changes, the minutes were approved by acclamation.

**4. Adjustment of Agenda and Public Comment:**

Mr. Aceto suggested moving Item 7 (consideration of proposals concerning MSD revenue sharing for sewer extensions) up in the agenda. With no objections, Mr. Aceto called on Mr. Hartye for a presentation.

Mr. Hartye presented the following proposals: He reported that Option a. is the original Planning Committee proposal from the July 8, 2010 meeting, to give the first 5 years of actual revenue (user charges) up to the cost of the extension. This applies to everyone – public or private. Option b. is the City of Asheville (COA) proposal for member agencies, to receive 50% of actual revenues (user charges) for 10 years with no limit. This applies to member agencies only for annexations or areas not currently served. Option c. is the Hybrid Option that came out of the December 2010 Planning Committee, to give 50% of actual revenue (user charges) for 10 years to member agencies up to the cost of the extension project and 5 years of actual revenue (100%) to private developers up to cost of the extension. Option d. is the CIBO recommendation. MSD to give all but the treatment portion of revenues or potentially 98% of revenues (user charges) for 10 years, and would include commercial and industrial development. This option would not apply to residential developments over 100 houses, which would place a focus on smaller developers, but could create phasing issues and could be subject to legal challenges. Option e. is the new Hybrid option, incorporating some of the CIBO and COA recommendations, to give 50% of actual revenue (user charges) for 10 years up to the cost of extension for public or private extensions. This would apply to all projects except private residential projects over 100 houses. This option would allow greater time to tie on and potential revenue for all developers, but is subject to legal challenge. Option f. is the Keep It Simple Option to give 50% of actual revenue (user charges) for 10 years up to the cost of extension for public or private extensions. This option is limited by the cost of the extension, creates a level playing field, and allows greater time for tie on and potential revenue for all developers. Mr. Hartye stated that after a meeting with Mr. McGill and Mr. Clarke, it is their recommendation that if the Board decides to proceed with revenue sharing that it select options c. (hybrid option) or f. (keep it simple option)



because these options are legally defensible and are more easily administered from a staff standpoint.

Mr. Bissette stated that the Planning Committee starting looking at the proposal last July and recommended option a., but came back in December after input from the public and Members of the Board, and recommended option c. (hybrid option). At that time, representatives from CIBO, COA and the public requested the Board delay its decision to consider additional information. This information went to staff resulting in options e. (new hybrid option) and f. (keep it simple option).

Mr. Bissette stated that the Board talked about failing septic tank emergencies, new affordable housing projects, and extension to the system by others; both member agencies and private developers. Mr. Bissette called the Board's attention to the General Conditions and Requirements of the policy. He stated that if a policy is adopted there are a number of checks and balances, not the least of which, is that the program and its offerings is subject to available funding and any project that is eligible for reimbursement over \$50,000 will require the approval of the MSD Board of Directors. In talking to several Board Members, he suggested that if one of the proposals is passed that it be limited to 3 years and brought back to the Board. Also, after looking at options e. and f. he recommends option f., which has a level playing field, does not favor a particular group and is simple to administer.

Mr. Aceto opened the meeting for public comment. He welcomed Mr. Martin, Ms. Manheimer, Ms. Ball, Mr. Plemmons and Mr. Butler.

Mr. Aceto recognized Mr. Plemmons with CIBO. Mr. Plemmons expressed his appreciation to the Board for allowing additional time to meet with developers to get their input into the process. He stated that option d. seems to cover what they were looking for, especially for the small developer who is having trouble selling out in a tough economy and feels this policy is an economic stimulus for them and will increase MSD's customer base. Mr. Plemmons introduced Mr. Ron Butler.

Mr. Butler stated that the development community has been asking for years for the MSD Board to consider some type of revenue sharing plan and commends the Board for taking it up at this time. He further stated that such a plan would give a strong incentive to developers, especially the small developer, to install sewer lines and encourage them to buy and develop land within the Master Plan service area. He stated that after considering all of the options, his committee feels option f. (keep it simple) would be the best way to create a revenue sharing plan for the building and development community. Mr. Haner asked Mr. Butler what his largest project is. Mr. Butler said his largest project is 133 homes in South Asheville. He stated that coming from an engineering background he always had the attitude that they would go the extra cost of bringing a sewer line to the property or locating a line to tie into, since the development is easier to market, and there is less impact on the environment. He further stated that of all of the subdivisions he has developed over the years, only one small subdivision has septic. Mr. Aceto asked what impact this will have for MSD as far as new connections. Mr. Butler stated that he feels this will have a positive impact, especially on the small developer.

Mr. Martin asked what would happen with revenue sharing on projects that are sub-standard or, is the developer required to warranty the project during the time revenue sharing is going on. Mr. Hartye said yes, that a developer must install a project according to MSD requirements and at that time, MSD accepts the development for ownership and maintenance, a warranty is granted and then people can tie-on the system. This is when revenue sharing begins. Ms. Bellamy stated that the lines being installed are not being paid for by the current ratepayers. The new ratepayers who are tapping on the system have never been billed by MSD, so those who are paying are benefiting from it and it does not take away from the existing ratepayers, therefore they are not impacted.

Mr. Aceto recognized Esther Manheimer and Cathy Ball. Ms. Manheimer expressed her appreciation to the Board for taking the time to consider this issue. Ms. Ball said she appreciated the Board's consideration. Mr. Bissette moved that the Board adopt the unified sewer extension policy, option f. as outlined, that this policy be approved for a period of three (3) years ending December 31, 2014, and at that time, the Board be required to review the policy results and determine whether it should be continued. Mr. Russell seconded the motion.

Mr. Creighton asked what the average house generates per year in revenue. Mr. Hartye said \$300.00. Mr. Haner said he has a real concern with no limit on units for private developers. Mr. Bissette said there is no limit, but the Board will have to approve each project over \$50,000. Mr. Hartye said the limits are on the extension costs. Mr. Haner said without limiting projects to a certain size, MSD is not drawing a line between large and small projects with private developers. He stated that the Board entered into this discussion because it wanted to be of assistance to people who were having economic problems. He further stated that he does not have a problem with MSD assisting with putting people back to work, but by not drawing a line between private projects, MSD is not spending its money wisely and this option should be modified. Mr. Bissette said he thinks commercial projects put people to work as much as residential projects. Mr. Aceto stated that this issue is not about jobs, economic assistance, etc., but rather the ratepayers, care of the sewer system and an increase in MSD's customer base. Mr. Haner said he looks at this from a standpoint of whether this is the best way to use MSD money and it's not so much about increasing revenues as it is about using the ratepayers money in a responsible way.

Mr. Creighton asked if there is still a need for \$350,000 in the budget for revenue sharing. Mr. Bissette said there is no budgetary impact, since the developer or member agency pays for it and a check is not cut until the revenue is collected from new customers. Mr. Hartye explained that only 50% of revenues from new customers will be paid to the developer or member agency. He stated that the \$350,000 was originally there for cost recovery when there was a lot of up front expense, but there is no money up front with revenue sharing, therefore, no need to budget for related expenses. He further stated that the total expense for all currently planned projects public and private, assuming a project is built immediately, would yield \$80,000 a year. MSD would share one-half that amount. If a project is successful, MSD will not only get revenues from user fees, but facility fees as well. Ms. Bellamy cited the Brevard Road annexation area, explaining the City invested \$1.5 million in the sewer system as well as businesses and residential development and carried the debt burden with no revenue to pay for it. She stated that revenue sharing is a way to be reimbursed for a large investment and allows the City to follow those plans outlined by the municipalities in the county.

Mr. Haner asked what exposure MSD has if it draws a line for a particular size development. Mr. Clarke said a significant exposure. He stated that in setting rates, fees and charges, MSD can discriminate based on actual differential cost, or discriminate between industrial and residential customers based on strength of waste. However, MSD cannot discriminate between classes of customers, based on income or size. He further stated that MSD is obligated under its Bond Order to comply with the law and he would not recommend the Board adopt a program that limits reimbursement to private residential development under 100 houses.

With no further discussion, Mr. Aceto called for the question. Voice vote in favor of the motion was 7 Ayes; 5 Nays; Mr. Vehaun, Mr. Haner, Mr. Watts, Ms. Bryson and Mr. Kelly.

**5. Report of General Manager:**

Mr. Hartye presented a copy of a telephone message from Mr. Robert Brown regarding a back-up at 5 Sunset Drive expressing his appreciation to James Beaver,

Robert Burnett, Lee Plemmons, Pete Cole, Wayne Rice, Jason Price and Chris Johnson. Also, displayed are cards from students at Barnardsville Elementary expressing appreciation to Eric Bryant and the CTV Crew who did a show and tell presentation at the school.

Mr. Hartye announced the Annual Home Show will take place at the Asheville Civic Center, March 17-20<sup>th</sup>. MSD will have a booth there as it has done for the last 10 years.

Mr. Hartye presented an AC-T article on the Riverkeepers efforts to have the Swannanoa River reclassified. Also, AC-T articles on State Budget cuts under consideration and Asheville water rates.

Mr. Hartye reported that the next Board Meeting will be held March 16<sup>th</sup> at 2PM. The next Right of Way Committee Meeting will be held February 23<sup>rd</sup> at 9AM.

**6. Consolidated Motion Agenda:**

**a. Consideration of Bids for Sanitary Sewer Rehabilitation Project – Old Home Road PRP:**

Mr. Hartye reported that the project is for the replacement of an aged vitrified clay sanitary sewer line, located in the Town of Woodfin and is comprised of 2,400 linear feet of 8-inch DIP. He further reported that the following bids were received on February 3, 2011: BC&D Associates with a total bid of \$812,300.00; Patton Construction Group, Inc. with a total bid of \$549,775.00; Buckeye Construction Co., with a total bid of \$472,982.00; T&K Utilities, Inc. with a total bid of \$455,975.00; Disaster Recovery6 with a total bid of \$452,386.00; Carolina Specialties, with a total bid of 422,914.95; Freestone Construction, with a total bid of \$413,132.00; Huntley Construction Company, with a total bid of \$372,946.00; Haywood Grading and Excavating, with a total bid of \$371,736.25; Payne, McGinn & Cummins, with a total bid of \$352,373.00 and Terry Brothers Construction Co., Inc. with a total bid of \$320,931.00. The bid of Haywood Grading and Excavating was invalid since the contractor did not acknowledge receipt of Addendas Nos. 1 and 2; therefore, the bid was rejected. Staff recommends award of this contract to Terry Brothers Construction Co., Inc. in the amount of \$320,931.00, subject to review and approval by District Counsel.

**b. Adoption of Budget Calendar – FY2011-2012:**

Mr. Powell noted the Finance Committee meeting date shown on the recommendation sheet as May 12<sup>th</sup>, should say May 11<sup>th</sup>. He reported that the proposed Budget Calendar is designed for input by all stakeholders into a systematic and deliberate process. Time between Committee and Board meetings has been scheduled to prepare and distribute agenda items, including preparation time for any revisions requested to be presented at a subsequent meeting. Staff recommends approval of the Budget Calendar as presented.

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

Mr. Powell reported that Domestic User Fees are at budget expectations. Facility and Tap Fees are above budgeted expectations due to the District receiving unanticipated revenues from two developments in excess of \$1.1 million. Interest and Miscellaneous income are below budgeted expectations due to recessionary pressure on the fixed income market. He stated that based on economic data at last year's budget, rates of return were projected to be around 2.5% on the investment portfolio. As of December, the average rate of return was 1.044%. The shortfall in this revenue

line item will be offset by the positive variance of the District's variable rate revenue bonds expenditure. He further stated that due to the District having a \$21 million worth of variable debt, this was budgeted at 2.5% and as of the end of January, the District paid out .29%. O&M expenditures are at 50.82% of budget and include encumbered amounts, which has elevated the budget to actual ratio slightly above 50%. As of the end of December there was approximately \$350,000 of encumbrances that are also reflected in the O&M number. Bond principal and interest actually spent are less than budget due to actual variable interest rates averaging .29% basis points as well as timing of the debt service principal and interest payments. He stated that amounts budgeted for capital equipment and capital projects are rarely expended proportionately throughout the year. Additionally, the amounts include encumbered amounts for the Microscreen project of \$8.9 million.

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

Mr. Powell reported that at the end of each quarter, the City of Asheville staff prepares a summary of all billing and collection activities, which is reconciled to beginning and ending account receivable balances. Page two shows net billing up 5.2% and cash receipts up 7.3%. Receivables are up 9.4% due to the timing of a couple of year-end billing cycles as well as accounts requiring additional time to collect. Staff will continue to monitor future quarters as this could have cash flow effect on the District. He stated that based on analysis of the data presented, all funds are being remitted to MSD in a timely manner. Mr. Russell asked if there are any changes in the Health Insurance in the coming fiscal year. He stated that during the last eight months the City of Asheville's Blue Ribbon Task Force has been looking at its health plan with some significant outcomes. Mr. Hemphill said there are no significant changes expected and expenditures for the medical insurance plan are within 1% of what was predicted. Mr. Powell stated that typically MSD receives its renewal plan at the end of March. If there is a high renewal number, staff will work with the Personnel Committee to adjust the plan if needed. Mr. Russell requested time at the Personnel Committee meeting to discuss what the City is doing in this regard.

**e. Cash Commitment/Investment Report – Month Ended December 31, 2010:**

Mr. Powell reported that Page 2 shows the makeup of the District's Investment Portfolio with no significant change from the prior month or prior fiscal years. Page 3 is the Investment Manager Report as of the month of December. The weighted average maturity of the investment portfolio is 148 days. The yield to maturity is .94% and is exceeding MSD bench marks of the 6 month T-Bill of 0.19% basis points and the NCCMT cash portfolio of 0.12% basis points. He stated that the reason these items are benchmarked is because they are fairly liquid, and based on how often MSD goes into the bond market, it keeps the investment portfolio very short, i.e. a three-year duration. Page 6 is MSD Variable Debt Service report. Both the 2008 A&B Series are performing better than budgeted expectations. As of the end of January, both issues have saved District rate payers, \$3.5 million dollars in debt service since April, 2008.

Mr. Russell moved that the Board adopt the Consolidated Motion Agenda as presented. Ms. Bellamy seconded the motion. With no discussion, roll call vote was as follows: 12 Ayes; 0 Nays.

**7. Consideration of Proposals Concerning MSD Revenue Sharing for Sewer Extensions Constructed by Member Agencies and Private Developers:**

Reported under Item 4.

**8. Old Business:**

None

**9. New Business:**

Mr. Kelly stated that under Chapter 162A of the General Statutes, the MSD Board of Directors is required, following the Census, to make a determination as to whether or not the City of Asheville is entitled to three (3) members on the Board. He further stated that the Bond Order require the District to comply with the law, therefore, he requests the Chairman to take such action as may be necessary to reflect the June, 2010 census. Mr. Clarke stated that the Statute says "The City of Asheville appoints three (3) members to the District Board because it has a population greater than that of all other political subdivisions (other than counties) and unincorporated areas within the District. If the City of Asheville's population did not exceed that of all other political subdivisions and unincorporated areas, Asheville would be entitled to appoint only one member." He further stated that this is something that should be looked at; however, the census numbers for North Carolina are not complete yet, but should be available April 1<sup>st</sup>. Mr. Kelly asked that an opinion from Counsel be placed on the agenda for the April 20<sup>th</sup> meeting of the Board. Mr. Haner asked if there was a trend in the 2000 census that would support Mr. Kelly's concern. Mr. Clarke stated there was increasing population in Buncombe County, outside the City of Asheville and other municipalities, but no significant growth in municipalities like Weaverville and Black Mountain. Mr. Clarke said he would have this information available for the April meeting of the Board.

**10. Adjournment:**

With no further business, Mr. Aceto called for adjournment at 3:07 PM.

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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: March 10, 2011  
 SUBJECT: Report from the General Manager

- Kudos
  - Gene Dugger of Washington Rd. wrote to thank Cecelia Cardascio and Wallace Foster for the prompt and professional handling on an application and a sewer problem
  - Jean Baker of Chunns View Dr. called to express appreciation for the great job, and the neatness and politeness of the crews that replaced a sewer line through her property. Thanks to Eric Bryant, Jason Brigmon, Lee Plemmons, John Crowe, Marcus Bynum and Carl Ellington.

- River Clean-up

The Annual River Clean-up (MSD/Riverlink) will take place on March 31<sup>st</sup> from 12 noon till around 4pm. MSD has adopted an area of the French Broad from the Plant down to the prison. All volunteers welcome and should wear long sleeves and bring water. Lunch will be provided at the EHS office.

- GIS Flex Mapping Award and Presentation

Kathryn Brewer, MSD's GIS Manager will give a short presentation on the District's GIS "Flex" mapping system which is quite remarkable and gets great deal of usage throughout the District. In addition, the Director of the NC Center for Geographic Information and Analysis will be on hand present an award (copy attached) to MSD.

- Home Show

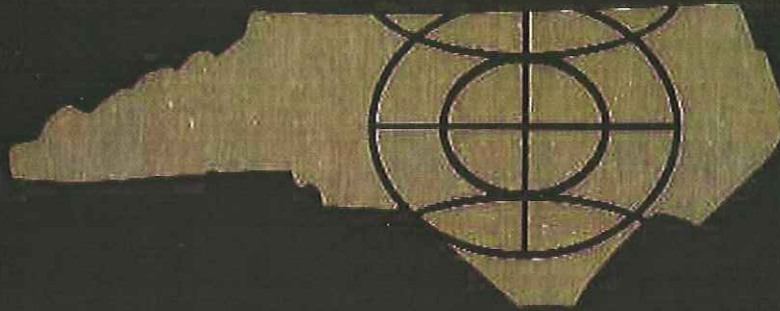
The Annual Home Show will take place at the Asheville Civic Center March 17-20<sup>th</sup>. MSD will have a booth there as we have done for the last 10 plus years.

- Reading

- Southern City blurb on Mayor Terry Bellamy's appointment to EPA advisory Committee.

- Board/Committee Meetings

The next Regular Board Meeting will be held April 20<sup>th</sup> at 2 pm. The next Right of Way Committee will be held April 27<sup>th</sup> at 9am.



THE NORTH CAROLINA  
GIS CONFERENCE

Presents

***THE G. HERBERT STOUT  
AWARD***

For Visionary Use of GIS  
By a Local Government  
In North Carolina

To

**METROPOLITAN  
SEWERAGE DISTRICT  
OF BUNCOMBE COUNTY**

February 2011





## Asheville Mayor Bellamy appointed to EPA Local Government Advisory Committee

**A**SHEVILLE MAYOR TERRY BELLAMY was recently appointed to the Environmental Protection Agency (EPA)'s Local Government Advisory Committee.

The Local Government Advisory Committee is a formal advisory committee chartered under the Federal Advisory Committee Act and has been in existence since 1993. The committee is composed primarily of elected and appointed local officials, along with several state representatives, environmental interest groups and labor interests. Committee members come from various regions around the country.



Terry Bellamy

# **REPORT OF COMMITTEES**

**RIGHT OF WAY  
COMMITTEE RECOMMENDATIONS  
AND MINUTES  
February 23, 2011**

**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, February 23, 2011. The following Right of Way Committee members were present: Jon Creighton, Jerry VeHaun and Robert Watts.

Others present were: Steven Aceto, Chairman of the Board; Al Root, Max Haner and Terry Bellamy, Board members; Tom Hartye, Ed Bradford, Angel Banks, Shaun Armistead, Wesley Banner and Pam Nolan, M.S.D.

In the absence of Glenn Kelly, Steven Aceto presided over the meeting.

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

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

**III. Consideration of Compensation Budgets–**

**Bradley Branch Sanitary Sewer Rehabilitation, Project No. 2007319  
Dillingham Road Sewer Rehabilitation, Project No. 2008098  
Mountain Terrace 4" Main Rehabilitation Project No. 2007016**

The attached Compensation Budgets are based on current ad valorem tax values and follow the MSD approved formula.

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

Ms. Banks explained the above project locations and that all are undersized and in poor condition. The Bradley Branch Project consists of replacing approximately 2600 linear feet of 6" and 8" clay with 8" ductile iron pipe. The Dillingham Road Project consists of replacing approximately 900 linear feet of 4" clay with 8" ductile iron. The Mountain Terrace Project consists of replacing approximately 450 linear feet of 4" clay with 8" ductile iron.

Mr. VeHaun made the motion to accept staff recommendation. Mr. Creighton seconded the motion. Voice vote was unanimous.

**IV. Consideration of Condemnation–Patton Avenue @ Parkwood Road  
Rehabilitation, Project No. 2007021**

**PIN 9628-96-1437-** This property is located along Patton Avenue and is a commercial property improved with retail/office use. The property owners' major concern pertaining to this project is the compensation that is being offered (\$38,824). To avoid litigation, MSD agreed to increase the compensation amount to \$40,000; however, the property owners have not agreed to this offer. There were additional concerns regarding advance notice, paving, and re-setting property corners which MSD has made provisions for. Despite several meetings, phone calls and e-mails the property owners have not agreed to convey the easement.

Total Contacts: 20

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

Ms. Banks explained that the above property owners signed the Easement Agreement the afternoon before this meeting. Therefore, condemnation is not necessary. Ms. Banks stated that this particular parcel was difficult and would like to recognize and thank Wesley Banner for his good will and hard work. Mr. Aceto and those present also thanked Mr. Banner for his diligence and hard work.

**V.** 2011 Right of Way Committee meeting schedules were handed out.

There being no further business the meeting adjourned at approximately 9:15 am.

# **CONSOLIDATED MOTION AGENDA**

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

COMMITTEE MEETING DATE: 2/23/2011

BOARD MEETING DATE: 3/16/2011

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 Budgets–**

**Bradley Branch Sanitary Sewer Rehabilitation, Project No. 2007319  
 Dillingham Road Sewer Rehabilitation, Project No. 2008098  
 Mountain Terrace 4" Main Rehabilitation Project No. 2007016**

The attached Compensation Budgets are based on current ad valorem tax values and follow the MSD approved formula.

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

Ms. Banks explained the above project locations and that all are undersized and in poor condition. The Bradley Branch Project consists of replacing approximately 2600 linear feet of 6" and 8" clay with 8" ductile iron pipe. The Dillingham Road Project consists of replacing approximately 900 linear feet of 4" clay with 8" ductile iron. The Mountain Terrace Project consists of replacing approximately 450 linear feet of 4" clay with 8" ductile iron.

Mr. VeHaun made the motion to accept staff recommendation. Mr. Creighton seconded the motion. Voice vote was unanimous.

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

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

# Bradley Branch Sanitary Sewer Rehabilitation

Project Number 2007319

## Compensation Budget

14-Feb-11

Pin Number and Name

27 Pin	83 Pin	Acres	Parcel SF	Land Value	LV/SF	PE	PE Assd. Value	50% PE Assd. Value	TCE SF	TCE Assd.	10% Annl Return	Proj Time (Months)	TCE Rent Value	Total Comp. (Rounded)
	9653090998	3.03	131,986.80	\$310,400.00	\$2.35	6,371.00	\$14,971.85	\$7,485.93	11,770.10	\$27,659.74	\$2,765.97	6	\$1,382.99	\$8,869
	9653092802	0.37	16,117.20	\$42,000.00	\$2.61	2,754.00	\$7,187.94	\$3,593.97	4,335.30	\$11,315.13	\$1,131.51	6	\$565.76	\$4,160
	9644908165	0.69	30,056.40	\$79,100.00	\$2.63	3,059.00	\$8,045.17	\$4,022.59	1,678.70	\$4,414.98	\$441.50	6	\$220.75	\$4,243
	9644910120	7.31	318,423.60	\$512,700.00	\$1.61	10,072.00	\$16,215.92	\$8,107.96	16,440.80	\$26,469.69	\$2,646.97	6	\$1,323.48	\$9,431
	9644908051	0.60	26,136.00	\$142,000.00	\$5.43	970.00	\$5,267.10	\$2,633.55	2,657.50	\$14,430.23	\$1,443.02	6	\$721.51	\$3,355
	9644906173	0.98	42,688.80	\$149,600.00	\$3.50	851.00	\$2,978.50	\$1,489.25	3,510.00	\$12,285.00	\$1,228.50	6	\$614.25	\$2,104
	9644816118	0.28	12,196.80	\$16,900.00	\$1.39	49.90	\$69.36	\$34.68	184.40	\$256.32	\$25.63	6	\$12.82	\$47
	9654007733	61.30	2,670,228.00	\$4,597,500.00	\$1.72	15,049.00	\$25,884.28	\$12,942.14	23,245.70	\$39,982.60	\$3,998.26	6	\$1,999.13	\$14,941
	9644808772	4.33	188,614.80	\$380,500.00	\$2.02	1,356.00	\$2,739.12	\$1,369.56	7,020.90	\$14,182.22	\$1,418.22	6	\$709.11	\$2,079

<b>TOTALS:</b>	<b>\$49,229</b>
<b>Staff Contingency:</b>	<b>\$5,000</b>
<b>GM's Contingency</b>	<b>\$5,000</b>
<b>Amendment</b>	
<b>Total Budget:</b>	<b>\$59,229</b>

# Dillingham Road Sewer Rehabilitation

Project Number: 2008098

## Compensation Budget

14-Feb-11

Pin Number and Name		Acres	Parcel SF	Land Value	LV/SF	PE	PE Assd. Value	50% PE Assd. Value	TCE SF	TCE Assd.	10% Annl Return	Proj Time	TCE Rent Value	Total Comp. (Rounded)			
27 Pin	83 Pin																
	9658574231	Jordan		Sam	1.27	55,321.20	\$78,200.00	\$1.41	2,486.50	\$3,505.97	\$1,752.98	3,675.00	\$5,181.75	\$518.18	3	\$129.54	\$1,883

<b>TOTALS:</b>	\$1,883
<b>Staff Contingency:</b>	\$5,000
<b>GM's Contingency</b>	\$5,000
<b>Amendment</b>	
<b>Total Budget:</b>	\$11,883



# Mountain Terrace 4" Main Rehabilitation

Project Number 2007016

## Compensation Budget

14-Feb-11

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)
962807694343	962869531800000	0.40	17,424.00	\$31,900.00	\$1.83	2,020.80	\$3,698.06	\$1,849.03	2,532.80	\$4,635.02	\$463.50	1	\$38.63	\$1,888
962807697535	962869861400000	1.68	73,180.80	\$51,700.00	\$0.71	1,307.00	\$927.97	\$463.99	3,408.60	\$2,420.11	\$242.01	1	\$20.17	\$484
962807693316	962869349200000	0.56	24,393.60	\$32,900.00	\$1.35	645.40	\$871.29	\$435.65	3,275.80	\$4,422.33	\$442.23	1	\$36.85	\$472
962807693252	962869422600000	0.41	17,859.60	\$31,900.00	\$1.79	854.60	\$1,529.73	\$764.87	2,008.60	\$3,595.39	\$359.54	1	\$29.96	\$795

<b>TOTALS:</b>	\$3,639
<b>Staff Contingency:</b>	\$5,000
<b>GM's Contingency</b>	\$5,000
<b>Amendment</b>	
<b>Total Budget:</b>	\$13,639

## Metropolitan Sewerage District of Buncombe County BOARD ACTION ITEM

**BOARD MEETING DATE:** March 16, 2011

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

**PREPARED BY:** Ed Bradford, P.E. - Director of CIP  
Shaun Armistead, E.I. - Project Manager

**SUBJECT:** Sanitary Sewer Rehabilitation Project: Heywood Road Interceptor, Phase II, MSD Project No. 2004251

**BACKGROUND:** This rehabilitation project is for the replacement of an aged twelve-inch reinforced concrete interceptor. This line is undersized for the basin it serves and is also structurally deficient, which has triggered a high number of silt problems due to infiltration and inflow.

The project is located in South Asheville, near the intersection of Hendersonville Road and Royal Pines Drive. It consists of 1,425 linear feet of 12-inch and 16-inch DIP.

The contract was advertised and eight bids were received on Thursday, March 3, 2011 as follows:

<u>Contractor</u>	<u>Bid Amount</u>
1) Huntley Construction Company	\$508,680.00
2) Haywood Grading and Excavation	\$429,936.00
3) Carolina Specialties, Inc.	\$405,412.00
4) Disaster Recovery Group	\$329,845.00
5) Payne, McGinn, and Cummins, Inc.	\$297,554.78
6) Patton Construction Group	\$277,385.00
7) Terry Brothers Construction Co, Inc.	\$251,862.00
<b>8) T&amp;K Utilities</b>	<b>\$247,095.00</b>

The apparent low bidder is T&K Utilities, Inc., with a bid amount of \$247,095.00. T&K 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 \$321,000.00.

**STAFF RECOMMENDATION:** Staff recommends award of this contract to T&K Utilities, Inc. in the amount of \$247,095.00, subject to review and approval by District Counsel.

## Interoffice Memorandum

**TO:** Ed Bradford, CIP Manager  
**FROM:** Shaun Armistead, Project Manager  
**DATE:** March 4, 2011  
**RE:** Heywood Road Interceptor Phase II Sewer Replacement, MSD Project No. 2004251

The Heywood Road Interceptor Phase II Sewer Replacement is located in South Asheville near the intersection of Hendersonville Road and Royal Pines Drive. It consists of 1381 linear feet of 16-inch DIP and 44 feet of 12-inch DIP.

The current interceptor is 12-inch reinforced concrete pipe, and is undersized for the growing area that it is serving. The interceptor also experiences a high number of silt problems due to infiltration and inflow. The proposed sewer line will reduce the infiltration and inflow problems, while providing room for growth in this South Asheville basin.

Eight bids were received on Thursday, March 3, 2011 as follows:

<u>Contractor</u>	<u>Bid Amount</u>
1) Huntley Construction Company	\$508,680.00
2) Haywood Grading and Excavation	\$429,936.00
3) Carolina Specialties, Inc.	\$405,412.00
4) Disaster Recovery Group	\$329,845.00
5) Payne, McGinn, and Cummins, Inc.	\$297,554.78
6) Patton Construction Group	\$277,385.00
7) Terry Brothers Construction Co, Inc.	\$251,862.00
<b>8) T&amp;K Utilities</b>	<b>\$247,095.00</b>

T&K Utilities is the apparent low bidder for this contract with a bid amount of \$247,095.00. T&K Utilities has extensive experience with District rehabilitation projects and has an excellent performance history.

The FY10-11 construction budget is \$321,000.00.

Staff recommends award of this contract to T&K Utilities contingent upon review and approval by District Counsel.

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

**Heywood Road Interceptor Phase II  
Project No. 2004251**

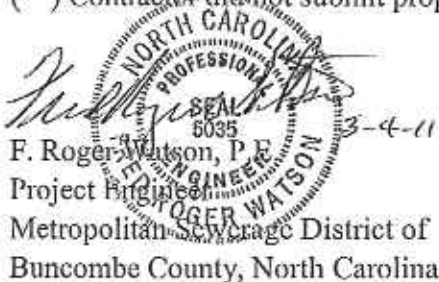
**BID TABULATION  
March 3, 2011**

<b>BIDDER</b>	<b>MBE Form</b>	<b>Bid Forms (Proposal)</b>	<b>Total Bid Amount</b>
Huntley Construction Company Asheville, NC	1	Yes	\$508,680.00
Haywood Grading & Excavating (**) Canton, NC	2	No	\$429,936.00
Carolina Specialties Hendersonville, NC	1	Yes	(*) \$405,412.00
Disaster Recovery Group Arden, NC	1	Yes	\$329,845.00
Payne, McGinn & Cummins Travelers Rest, SC	2	Yes	\$297,554.78
Patton Construction Group Arden, NC	1	Yes	\$277,385.00
Terry Brothers Construction Company Leicester, NC	1	Yes	\$251,862.00
T & K Utilities, Inc. Asheville, NC	1	Yes	\$247,095.00

**APPARENT LOW BIDDER**

(\*) Indicates correction in Contractor's bid amounts.

(\*\*) Contractor did not submit proposal form; therefore, bid is rejected.


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

This is to certify that the bids tabulated herein were publicly opened and read aloud at 2:30 p.m. on the 3rd day of March, 2011, in the W.H. Mull Building at the Metropolitan Sewerage District of Buncombe County, Asheville, North Carolina. This was an informal bid and no bid bonds were required.

METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA

**CAPITAL IMPROVEMENT PROGRAM**

*BUDGET DATA SHEET - FY 2010 - 2011*

PROJECT:	Heywood Road Interceptor Ph. 2	LOCATION:	Duncombe Co.	REVIEWED BY:
TYPE:	Interceptor	DATE OF REPORT:	January-10	EB
PROJECT NO.	2004251	TOTAL L.F.:	1,482	SA
PROJECT BUDGET:	\$397,215.00	PROJECT ORIGIN:	SSO's, Work Orders, Line Condition	AD

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 - EASEMENT PLATS # PLATS: [ 3 ]	\$2,400.00	\$2,400.00			
02 - LEGAL FEES	\$5,415.00	\$4,937.00	\$478.00		
03 - ENGINEERING ASSISTANCE					
04 - ACQUISITION SERVICES					
05 - COMPENSATION	\$31,900.00	\$31,863.00			
06 - APPRAISAL	\$1,600.00	\$1,500.00			
07 - CONDEMNATION					
08 - ENVIRONMENTAL SURVEY					
09 - PRELIM. ENG. REP.					
10 - DESIGN / ASBUILT SURVEYS	\$33,000.00	\$30,038.00			
11 - ENVIRONMENTAL ASSESSMENT					
12 - ARCHAEOLOGICAL					
13 - GEOTECHNICAL					
14 - CONSTRUCTION CONTRACT ADM.					
15 - CONSTRUCTION	\$321,000.00				\$321,000.00
16 - PERMITS	\$500.00			\$500.00	
17 - PUBLIC MEETINGS					
18 - TESTING	\$1,600.00				\$1,500.00
<b>TOTAL AMOUNT</b>	<b>\$397,215.00</b>	<b>\$70,738.00</b>	<b>\$478.00</b>	<b>\$500.00</b>	<b>\$322,500.00</b>

ENGINEER:	McGill Associates	ESTIMATED BUDGETS - FY '10-'11	
CONTRACTOR:		FY 11-12	\$2,700.00
CONSTRUCTION ADMINISTRATION:	MSD	FY 12-13	\$0.00
INSPECTION:	MSD	FY 13-14	\$0.00
R.O.W. ACQUISITION:	MSD	FY 14-15	\$0.00
		FY 15-16	\$0.00
PROJECT NOTES:		FY 16-17	\$0.00
		FY 17-18	\$0.00
		FY 18-19	\$0.00
		FY 19-20	\$777.00



# Heywood Road Interceptor Phase 2 Project No. 2004251

NOT TO SCALE



METROPOLITAN SEWERAGE DISTRICT  
of  
BUNCOMBE COUNTY, NORTH CAROLINA

Budget Map

## Metropolitan Sewerage District of Buncombe County BOARD ACTION ITEM

**BOARD MEETING DATE:** March 16, 2011

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

**PREPARED BY:** Ed Bradford, P.E. - Director of CIP  
Shaun Armistead, E.I. - Project Manager

**SUBJECT:** Sanitary Sewer Rehabilitation Project: Wellington Drive Unclaimed Sewer, MSD Project No. 2007325

**BACKGROUND:** This rehabilitation project is for the replacement of a private unclaimed sewer system. It is located in Woodfin, near the intersection of Weaverville Highway and Breckenridge Parkway.

The existing system is comprised of four-inch diameter pipe, and was constructed as a parallel system (i.e. one line on each side of the public road). This effectively doubles the length of sewer that must be maintained at this location.

Significant defects are present, which have triggered numerous maintenance calls. The rehabilitated system will be comprised of a single 8-inch DIP line located within Wellington Drive. Its length is 1,070 linear feet.

The contract was advertised and eight bids were received on Thursday, March 3, 2011 as follows:

<u>Contractor</u>	<u>Bid Amount</u>
1) Disaster Recovery Group	\$226,574.00
2) Carolina Specialties, Inc.	\$193,225.00
3) T&K Utilities	\$182,485.00
4) Haywood Grading and Excavation	\$152,915.00
5) Terry Brothers Construction Co, Inc.	\$152,165.00
6) Patton Construction Group	\$151,500.00
7) Huntley Construction Company	\$149,376.00
<b>8) Payne, McGinn, and Cummins, Inc.</b>	<b>\$144,118.24</b>

The apparent low bidder is Payne, McGinn, and Cummins, Inc. (PM&C), with a bid amount of \$144,118.24. PM&C has previously bid on several MSD contracts; however, this is the first time they are the lowest bidder.

Accordingly, staff checked several references (including the City of Asheville) and all references stated that PM&C's work quality was good to excellent on their respective projects.

Please refer to the attached documentation for further information.

**FISCAL IMPACT:** The FY10-11 construction budget for this project is \$230,000.00.

**STAFF RECOMMENDATION:** Staff recommends award of this contract to Payne, McGinn, and Cummins, Inc. in the amount of \$144,118.24, subject to review and approval by District Counsel.



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

**Wellington Drive Sewer Replacement  
Project No. 2007325**

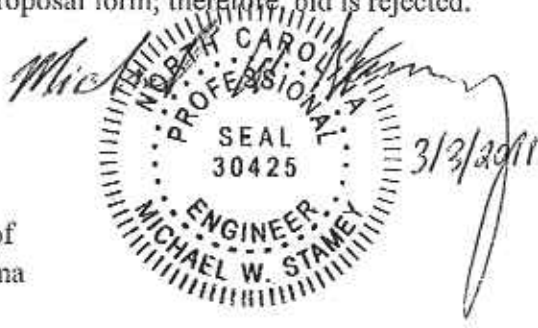
**BID TABULATION  
March 3, 2011**

<b>BIDDER</b>	<b>MBE Form</b>	<b>Bid Forms (Proposal)</b>	<b>Total Bid Amount</b>
Disaster Recovery Group Arden, NC	1	Yes	(*) \$226,574.00
Carolina Specialties Construction Hendersonville, NC	1	Yes	(*) \$193,225.00
T & K Utilites, Inc. Asheville, NC	1	Yes	\$182,485.00
Haywood Grading & Excavating (**) Canton, NC	2	No	\$152,915.00
Terry Brothers Construction Company Leicester, NC	1	Yes	\$152,165.00
Patton Construction Group Arden, NC	1	Yes	\$151,500.00
Huntley Construction Company Asheville, NC	1	Yes	\$149,376.00
Payne, McGinn & Cummins Travelers Rest, SC	1	Yes	\$144,118.24

**APPARENT LOW BIDDER**

(\*) Indicates correction in Contractor's bid amounts.  
 (\*\*) Contractor did not submit proposal form; therefore, bid is rejected.

Michael W. Stamey, P.E.  
 Project Engineer  
 Metropolitan Sewerage District of  
 Buncombe County, North Carolina



This is to certify that the bids tabulated herein were publicly opened and read aloud at 2:00 p.m. on the 3rd day of March, 2011, in the W.H. Mull Building at the Metropolitan Sewerage District of Buncombe County, Asheville, North Carolina. This was an informal bid and no bid bonds were required.

## Interoffice Memorandum

**TO:** Ed Bradford, CIP Manager

**FROM:** Shaun Armistead, Project Manager

**DATE:** March 4, 2011

**RE:** Wellington Drive Unclaimed Sewer Replacement, MSD Project No. 2007325

The Wellington Drive Unclaimed Sewer Replacement is located in Woodfin near the intersection of Weaverville Highway and Breckenridge Parkway, and consists of 1,070 linear feet of 8-inch DIP.

The current sewer system serving the area is composed of two 4-inch PVC lines running in parallel on the north and south sides of Wellington Drive. The sewer line on the south side of Wellington Drive received a Notice of Violation from the North Carolina Department of Environment and Natural Resources in January 2007, and was brought into MSD's private sewer rehabilitation program in March 2007. This project will replace both of the 4-inch sewer lines with one combined line in the center of Wellington Drive.

Eight bids were received on Thursday, March 3, 2011 as follows:

<u>Contractor</u>	<u>Bid Amount</u>
1) Disaster Recovery Group	\$226,574.00
2) Carolina Specialties, Inc.	\$193,225.00
3) T&K Utilities	\$182,485.00
4) Haywood Grading and Excavation	\$152,915.00
5) Terry Brothers Construction Co, Inc.	\$152,165.00
6) Patton Construction Group	\$151,500.00
7) Huntley Construction Company	\$149,376.00
<b>8) Payne, McGinn, and Cummins, Inc.</b>	<b>\$144,118.24</b>

Payne, McGinn, and Cummins, Inc. (PM&C) is the apparent low bidder for this contract, with a bid amount of \$144,118.24. PM&C has bid on previous MSD contracts, but has not been the low bidder prior to this contract. Staff therefore checked several references, including the City of Asheville, and all were positive.

The FY10/11 budget construction budget is \$230,000.00.

Staff recommends award of this contract to Payne, McGinn, and Cummins, Inc., contingent upon review and approval by District Counsel.

METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA

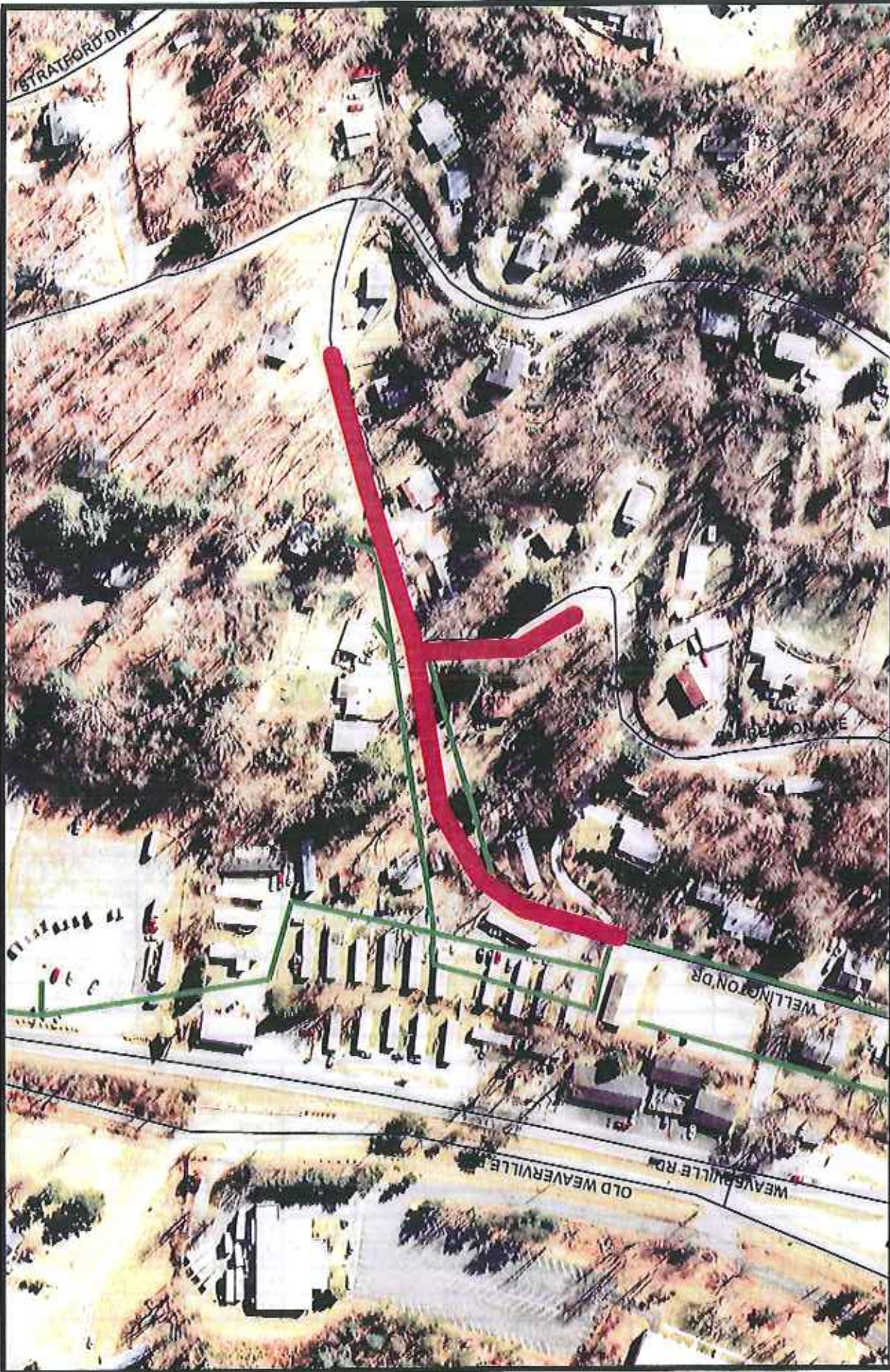
**CAPITAL IMPROVEMENT PROGRAM**

*BUDGET DATA SHEET - FY 2010 - 2011*

PROJECT:	Wellington Drive USR	LOCATION:	Woodfin	REVIEWED BY:
TYPE:	Unclaimed Sewer Rehabilitation	DATE OF REPORT:	January-10	EB
PROJECT NO.	2007325	TOTAL L.F.:	1,004	SA
PROJECT BUDGET:	\$236,000.00	PROJECT ORIGIN:	Unclaimed Sewer Rehabilitation Program	AB

DESCRIPTION	ESTIMATED PROJECT COST	TOTAL EXPENDS THRU 8/30/09	TOTAL COSTS JULY - DEC 09	EST. COST JAN - JUNE 10	EST. BUDGET FY 10-11
01 - SURVEY / EASEMENT PLATS # PLATS: [ ]					
02 - LEGAL FEES					
03 - ENGINEERING ASSISTANCE					
04 - ACQUISITION SERVICES					
05 - COMPENSATION					
06 - APPRAISAL					
07 - CONDEMNATION					
08 - ENVIRONMENTAL SURVEY					
09 - PRELIM. ENG. REP.					
10 - DESIGN / ASBUILT SURVEYS	\$5,000.00	\$4,000.00			\$1,000.00
11 - ENVIRONMENTAL ASSESSMENT					
12 - ARCHAEOLOGICAL					
13 - GEOTECHNICAL					
14 - CONSTRUCTION CONTRACT ADM.					
15 - CONSTRUCTION	\$230,000.00				\$230,000.00
16 - PERMITS					
17 - PUBLIC MEETINGS					
18 - TESTING	\$1,000.00				\$1,000.00
TOTAL AMOUNT	\$236,000.00	\$4,000.00	\$0.00	\$0.00	\$232,000.00

ENGINEER:	MSD	ESTIMATED BUDGETS - FY '10-'19	
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:		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, NORTH CAROLINA

Budget Map



Wellington Drive - USR  
Project No. 2007325

NOT TO SCALE



**RESOLUTION OF APPRECIATION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN SEWERAGE DISTRICT  
HONORING LEAH KARPEN**

**WHEREAS**, Leah Robinson Karpen attended faithfully the regular monthly meetings of the Metropolitan Sewerage District Board, beginning in the 1990's and on a regular basis as a representative of the League of Women Voters since the year 2000;

**WHEREAS**, Ms. Karpen, through her public comment and questions, provided valuable insight and input to the District Board, in its deliberations and decision making;

**WHEREAS**, Ms Karpen attended monthly board meetings on a regular basis into her tenth decade, and has reported to the Board that she will no longer attend meetings on a regular basis; and

Whereas, Ms. Karpen has been a leader in the League of Women Voters, serving as president of the organization in 1985 and establishing the Florence Ryan Education Fund, a tax exempt fund to support the activities of the League

**WHEREAS**, Ms Karpen was born and reared in Asheville, served in the United States Navy, has been a loyal supporter of the University of North Carolina at Asheville College for Seniors, the YWCA, the Jewish Community Center, the World Federation Association, the Womens International League for Peace and Freedom and numerous other organizations in the Asheville-Buncombe Community;

**NOW, THEREFORE**, in Consideration of her long service to MSD, to the public and the community, the District Board of the Metropolitan Sewerage District hereby adopts this

**RESOLUTION OF APPRECIATION IN HONOR OF LEAH ROBINSON KARPEN FOR  
HER ATTENDANCE AT AND PARTICIPATION IN MEETINGS OF THE DISTRICT  
BOARD OF THE METROPOLITAN SEWERAGE DISTRICT AND HER SERVICE TO  
THE PEOPLE AND COMMUNITY OF ASHEVILLE AND BUNCOMBE COUNTY**

Adopted in regular session this 16<sup>th</sup> day of March, 2011.

\_\_\_\_\_  
Steve Aceto, Chairman

\_\_\_\_\_  
Max L. Haner

\_\_\_\_\_  
Jackie W. Bryson, Secretary/Treasurer

\_\_\_\_\_  
Allan P. Root

\_\_\_\_\_  
Terry Bellamy

\_\_\_\_\_  
W. Louis Bisette, Jr.

\_\_\_\_\_  
Bill Russell

\_\_\_\_\_  
Jon Creighton

\_\_\_\_\_  
E. Glenn Kelly

\_\_\_\_\_  
Robert C. Watts

\_\_\_\_\_  
M. Jerry VeHaun

\_\_\_\_\_  
William Stanley

# Metropolitan Sewerage District of Buncombe County

## BOARD ACTION ITEM

**Meeting Date:** March 16, 2011  
**Submitted By:** Thomas E. Hartye, PE., General Manager  
**Prepared By:** W. Scott Powell, CLGFO, Director of Finance  
**Subject:** Consideration of Auditing Services for FY 2011

### **Background**

In FY2003, the District issued an RFP for audit services. The scope of the contract was for a minimum of three years covering the Fiscal Years ending June 30, 2004 through 2006. The RFP specified that after the first year of the contract, it could be continued on the basis of annual negotiation. On September 15, 2006 the Finance Committee accepted staff's recommendation that if the General Manager and Director of Finance were satisfied with the quality of the auditor's work and service that they would be allowed to negotiate a proposed amount for future audits. An RFP would be issued only upon failure to arrive at a mutually agreeable fee amount.

### **Discussion**

For this year's engagement, the auditors proposed a 7.66% decrease in fees from \$52,710 to \$48,670. This is a direct result of the auditors not having to perform a Single Audit for the receipt of federal funds. Additionally, the auditor's experience and the District's preparedness on previous engagements have helped in containing cost. Mr. Russell also expressed that Cherry, Bekaert & Holland, LLP will be glad to work hard to control expenses and pass on any additional savings to the District.

### **Fiscal Impact**

The decrease in combined audit fees and reimbursable expenses from \$52,710 to \$48,670 (See attached engagement letter and audit contract) represents a savings of \$4,040, which will be included in the FY2011-2012 budget.

### **Staff Recommendation**

Staff recommends approval of the FY2011 audit contact with Cherry, Bekaert & Holland, LLP.

### **Action Taken**

**Motion by:**

**Second by:**

**Other:**

**Follow-up required:**

**Person responsible:**

to

Approve  
Table

Disapprove  
Send to Committee

**Deadline:**



**Cherry, Bekaert & Holland, L.L.P.**  
**The Firm of Choice.**

[www.cbh.com](http://www.cbh.com)

1111 Metropolitan Avenue – Suite 1000  
Charlotte, North Carolina 28204  
phone 704.377.1678  
fax 704.377.6063

March 4, 2011

Mr. W. Scott Powell, Director of Finance  
Metropolitan Sewerage District of Buncombe County, North Carolina  
2028 Riverside Drive  
Asheville, North Carolina

Dear Mr. Powell:

This letter of arrangement between Metropolitan Sewerage District of Buncombe County (the "District") and Cherry, Bekaert & Holland, L.L.P. ("CBH") sets forth the nature and scope of the services we will provide, the District's required involvement and assistance in support of our services, the related fee arrangements and other terms and conditions designed to assure that our professional services are performed to achieve the mutually agreed upon objectives of the District.

#### **SUMMARY OF SERVICES**

We will audit the basic financial statements of the District as of and for the year ended June 30, 2011 including the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the remaining fund information.

Accounting standards generally accepted in the United States provide for certain required supplementary information ("RSI"), such as management's discussion and analysis (MD&A), to accompany the District's basic financial statements. As part of our engagement, we will apply certain limited procedures to the District's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter.

Supplementary information other than RSI, also accompanies the District's basic financial statements. We will subject such supplementary information to the auditing procedures applied in our audit of the basic financial statements and will provide an opinion on it in relation to the basic financial statements.

Additional information, such as the letter of transmittal and statistical section will not be subjected to the auditing procedures applied in our audit of the financial statements, and, accordingly, our auditor's report will disclaim an opinion on such information.

**Mr. W. Scott Powell, Director of Finance**

**Metropolitan Sewerage District of Buncombe County, North Carolina**

**March 4, 2011**

**Page 2**

### **SUMMARY OF SERVICES (Continued)**

Any additional services that you may request, and that we agree to provide, will be the subject of separate written arrangements. Should the District wish to include or incorporate by reference these financial statements and our report thereon into any official statement or any other document related to the offering of debt securities at some future date, we would consider our consent to the inclusion of our report into another such document at that time. However, we are required by auditing standards generally accepted in the United States of America to perform certain procedures before we can give our permission as to the inclusion of our report into another such document. You agree that you will not include or incorporate by reference these financial statements and our report thereon into any other document without our prior written consent.

### **YOUR EXPECTATIONS**

As part of our planning process, we will discuss with you your expectations of CBH, changes that occurred during the year, your views on risks facing you, any relationship issues with CBH, and specific engagement arrangements and timing. Our service plan, which includes our audit plan, is designed to provide a foundation for an effective, efficient, and quality-focused approach to accomplish the engagement objectives and to meet or exceed your expectations. Our service plan will be reviewed with you periodically and will serve as a benchmark against which you will be able to measure our performance.

Russell Coleman, who will be responsible for assuring the overall quality, value, and timeliness of our services to you, will lead the engagement.

### **AUDIT OBJECTIVES**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the Summary of Services section when considered in relation to the basic financial statements taken as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements and grants, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States; and will include test of accounting records, and other procedures as deemed necessary to enable us to express such an opinion and to render the required reports. If any of our opinions resulting from the procedures described above are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue a report as a result of this engagement.



**MANAGEMENT RESPONSIBILITIES**

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; for the fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein.

Management is responsible for making all financial records and related information available to us, including identifying significant vendor relationships in which the vendor has the responsibility for program compliance and for the accuracy and completeness of that information. Management's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants.

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying to us previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

At the conclusion of the engagement, the District's management will provide to us a representation letter that, among other things, (1) addresses management's responsibilities related to the audit and confirms certain representations made during the audit, including, management's acknowledgement of its responsibility for the design and implementation of programs and controls to prevent and detect fraud; (2) management's knowledge of fraud or suspected fraud affecting the entity involving management, employees who have a significant roles in internal control or others where fraud could have a material effect on the financial statements; and (3) management's knowledge of any allegations of fraud or suspected fraud affecting the entity, received in communications from employees or others. The representation letter will also affirm to us that management believes that the effects of any uncorrected misstatements aggregated pertaining to the current year financial statements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. CBH will rely on the District's management providing these representations to us, both in the planning and performance of the audit, and in considering the fees that we will charge to perform the audit.

**AUDIT PROCEDURES – GENERAL**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve professional judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform you of any material errors and fraud, or illegal acts that come to our attention during the course of our audit. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

**AUDIT PROCEDURES – INTERNAL CONTROLS**

Our audit will include obtaining an understanding of the entity and its environment, including internal controls, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards, and *Government Auditing Standards*.

**Mr. W. Scott Powell, Director of Finance**

**Metropolitan Sewerage District of Buncombe County, North Carolina**

**March 4, 2011**

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### **AUDIT PROCEDURES - COMPLIANCE**

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the District's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **COMMUNICATIONS**

At the conclusion of the audit engagement, we will provide Management and those charged with governance our recommendations designed to help the District make improvements in its internal control structure and operations, and other matters that may come to our attention.

As part of this engagement we will ensure that certain additional matters are communicated to the appropriate members of management and the District's governing body. Such matters include (1) our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards*; (2) the initial selection of and changes in significant accounting policies and their application; (3) our independence with respect to the District; (4) the process used by management in formulating particularly sensitive accounting estimates and the basis for our conclusion regarding the reasonableness of those estimates; (5) audit adjustments that could, in our judgment, either individually or in the aggregate be significant to the financial statements or our report; (6) any disagreements with management concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements; (7) our views about matters that were the subject of management's consultation with other accountants about auditing and accounting matters; (8) major issues that were discussed with management in connection with the retention of our services, including, among other matters, any discussions regarding the application of accounting principles and auditing standards; and (9) serious difficulties that we encountered in dealing with management related to the performance of the audit.

*Government Auditing Standards* require that we provide you with a copy of our most recent quality control review report. Our most recent peer review report, letter of comment and our response accompanies this letter.

### **ACCESS TO WORKING PAPERS**

The working papers for the engagement are the property of CBH and constitute confidential information. We have a responsibility to retain the documentation for a period of time to satisfy legal or regulatory requirements for retention. Except as discussed below, any requests for access to our working papers will be discussed with you prior to making them available to requesting parties.

We may be requested to make certain documentation available to regulators, state or federal governmental agencies or their representatives pursuant to laws or regulations. Further, these regulators or agencies may intend to distribute to others, including other governmental agencies, without our knowledge or express permissions. You hereby acknowledge and authorize us to allow regulators access to and copies of documentation as requested.

**ACCESS TO WORKING PAPERS (Continued)**

In addition, our Firm, as well as all other major accounting firms, participates in a "peer review" program, covering our audit and accounting practices. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for you may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If you object to having the work we do for you reviewed by our peer reviewer, please notify us in writing.

**ELECTRONIC TRANSMITTALS**

During the course of our engagement, we may need to electronically transmit confidential information to each other, within the Firm, and to other entities engaged by either party. Although email is an efficient way to communicate, it is not always a secure means of communication and thus, confidentiality may be compromised. You agree to the use of email and other electronic methods to transmit and receive information, including confidential information between the Firm, the District and other third party providers utilized by either party in connection with the engagement.

**USE OF THIRD PARTY SERVICE PROVIDERS**

The Firm may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of our information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-part service provider. Furthermore, the firm will remain responsible for the work provided by any such third-party service providers.

**SUBPOENAS**

In the event we are requested or authorized by you or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement for you, you will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expense, as well as the fees and expenses of our counsel, incurred in responding to such a request.

**TERMS AND CONDITIONS SUPPORTING FEE**

As a result of our planning process, the District and CBH have agreed to a fee, subject to the following conditions:

**Mr. W. Scott Powell, Director of Finance**  
**Metropolitan Sewerage District of Buncombe County, North Carolina**  
**March 4, 2011**  
**Page 7**

**TERMS AND CONDITIONS SUPPORTING FEE (Continued)**

The estimated fees set forth below are based on anticipated full cooperation from your personnel, timely delivery of requested audit schedules and supporting information, timely communication of all significant accounting and financial reporting matters, the assumption that unexpected circumstances will not be encountered during the audit, as well as working space and clerical assistance as mutually agreed upon and as is normal and reasonable in the circumstances. We strive to ensure that we have the right professionals scheduled on each engagement. As a result, sudden District requested scheduling changes or scheduling changes necessitated by the agreed information not being ready on the agreed upon dates can result in expensive downtime for our professionals. Any last minute schedule changes that result in downtime for our professionals could result in additional fees. Our estimated fee also does not include assistance in bookkeeping or other accounting services not previously described. If any such additional accounting or bookkeeping assistance is necessary to complete the accounting for the year under audit, we will discuss this with you and arrive at a new fee estimate before we incur the additional costs. Any modification to the fee shall be in writing and signed by both parties.

In providing our services, we will consult with the District with respect to matters of accounting, financial reporting, or other significant business issues. Accordingly, time necessary to affect a reasonable amount of such consultation is reflected in our fee. However, should a matter require research, consultation, or audit work beyond that amount, CBH and the District will agree to an appropriate revision in services and fee.

Except for any changes in fees, which may result from the circumstances described above, our fees will be limited to those set forth below.

**FEE**

Financial Audit - Our fees for these services will be based upon our customary billing practices at the time of the engagement. Bills for services will be rendered as work progresses and are due on presentation. A service charge will be added to past due accounts equal to 1 1/2% per month (18% annual rate) on the previous month's balance less payments received during the month, with a minimum charge of \$2.00 per month. The fee for our audit as described in this letter will not exceed \$48,670.

You agree to pay all costs of collection (including reasonable attorneys' fees) that we may incur in connection with the collection of unpaid invoices.

**DISPUTE RESOLUTION PROCEDURES**

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement, either party may, on written notice to the other party, request that the matter be mediated. Such mediation would be conducted by a mediator appointed by and pursuant to the rules of the American Arbitration Association (AAA) or such other neutral facilitator acceptable to both parties. Both parties would exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute, controversy, or claim.

Mr. W. Scott Powell, Director of Finance  
Metropolitan Sewerage District of Buncombe County, North Carolina  
March 4, 2011  
Page 8

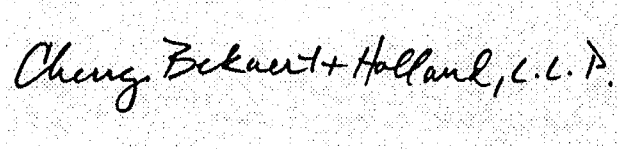
**DISPUTE RESOLUTION PROCEDURES (Continued)**

CBH and the District both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the AAA. Any award rendered by the Arbitrator pursuant to this Agreement may be filed and entered and shall be enforceable in the Superior Court of the County in which the arbitration proceeds. *In agreeing to arbitration, we both acknowledge that, in event of a dispute over fees charge by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.*

The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

If the foregoing is in accordance with your understanding, please sign a copy of this letter in the space provided and return it to us. If you have any questions, please call Russell Coleman at 704-377-1678.

Very truly yours,



Enclosure

**RESPONSE:**

This letter correctly sets forth the understanding of the District

By: \_\_\_\_\_

Title: \_\_\_\_\_



EisnerAmper LLP  
2015 Lincoln Highway  
P.O. Box 988  
Edison, NJ 08818  
T 732.287.1000  
F 732.287.3200

[www.eisneramper.com](http://www.eisneramper.com)

August 27, 2010

## System Review Report

To the Partners of Cherry, Bekaert & Holland L.L.P.  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Cherry, Bekaert & Holland L.L.P. (the firm) applicable to non-SEC issuers in effect for the year ended April 30, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; audits of employee benefit plans, and an audit performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice of Cherry, Bekaert & Holland L.L.P., applicable to non-SEC issuers in effect for the year ended April 30, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Cherry, Bekaert & Holland L.L.P. has received a peer review rating of *pass*.

EisnerAmper LLP

AICPA Peer Review Program  
Administered by the  
National Peer Review Committee

October 7, 2010

Howard Joseph Kies, CPA  
Cherry Bekaert & Holland LLP  
1700 Bayberry Ct Ste 300  
Richmond, VA 23226

Dear Mr. Kies:

It is my pleasure to notify you that on September 16, 2010 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is October 31, 2013. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,



Robert Rohweder  
Chair—National PRC  
nprc@aicpa.org 919 402-4502

cc: Lawrence Gray, CPA

Firm Number: 10011816 Review Number: 309298



**CONTRACT TO AUDIT ACCOUNTS**

File in Triplicate.

of Metropolitan Sewerage District of Buncombe County  
 Governmental Unit

On this 4th day of March, 2011, Cherry, Bekaert & Holland, L.L.P.

1111 Metropolitan Avenue, Suite 1000, Charlotte, North Carolina 28204

Auditor

Mailing Address

, hereinafter referred to as

the Auditor, and Commissioners of Metropolitan Sewerage District of Buncombe County, hereinafter referred  
 to as the Governing Board Governmental Unit  
 to as the Governmental Unit, agree as follows:

1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit for the period beginning July 1, 2010, and ending June 30, 2011. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate discretely presented component units, each major governmental and enterprise fund, and the aggregate remaining fund information (nonmajor government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with Government Auditing Standards if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Circular A-133 and the State Single Audit Implementation Act, the auditor shall perform a Single Audit. This audit and all associated workpapers may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the LGC. If the audit and/or workpapers are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners.
3. *This contract contemplates an unqualified opinion being rendered.* If financial statements are not prepared in accordance with generally accepted accounting principles (GAAP), or the statements fail to include all disclosures required by GAAP, explain that departure from GAAP in the space below:
4. *This contract contemplates an unqualified opinion being rendered.* The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. *Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.* The audit will have no scope limitations except:
5. If this audit engagement is subject to the standards for audit as defined in Government Auditing Standards, July 2007 revisions, issued by the Comptroller General of the United States, then the Auditor warrants by accepting this engagement that he has met the requirements for a peer review and continuing education as specified in Government Auditing Standards. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the Local Government Commission prior to the execution of the audit contract. (See Item 21.)
6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the LGC by October 31, 2011. If it becomes necessary to amend the due date of the audit a written explanation of the delay must accompany the amended contract.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's system of internal control and accounting as same relates to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as "significant deficiencies and material weaknesses" in AU 325 of the AICPA Professional Standards. The Auditor shall file a copy of that report with the Secretary of the Local Government Commission.
8. All local government and public authority contracts for annual or special audits, bookkeeping or other assistance necessary to prepare the Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina require the approval of the Secretary of the Local Government Commission. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the Local Government Commission. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices should be submitted in **triplicate** to the Secretary of the Local Government Commission. The original and one copy will be

Contract to Audit Accounts (cont.) Metropolitan Sewerage District of Buncombe County  
(name of unit)

returned to the Auditor. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. In consideration of the satisfactory performance of the provisions of this agreement, the Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the Local Government Commission, the following fee which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts:

Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards] N/A

Audit \$44,080 + expenses not to exceed \$4,590; total not to exceed \$48,670

Preparation of the annual financial statements N/A

10. The auditor working with local governmental unit that has outstanding revenue bonds will include in the notes to the audited financial statements, whether or not required by the revenue bond documents, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the LGC simultaneously with the local government's audited financial statements unless otherwise specified in the bond documents.
11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, at least, Management's Discussion and Analysis, the financial statements of the governmental unit and all of its component units and notes thereto prepared in accordance with generally accepted accounting principles, combining and supplementary information requested by the client or required for full disclosure under the law, and the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the accounting period.
12. **The Auditor shall file** with the Local Government Commission two BOUND copies of the report of audit. If reports are received unbound they will **not** be reviewed by the LGC and will be returned to the auditor for binding. In addition, if the North Carolina Office of the State Auditor designates certain programs to be audited as major programs, a turnaround document and a representation letter addressed to the State Auditor shall be submitted to the Local Government Commission. Two bound copies of the report of audit should be submitted if the audit is performed only under the provisions of the State Single Audit Implementation Act or a financial audit is required to be performed in accordance with Government Auditing Standards. Three bound copies of the audit are to be submitted for Councils of Governments. Two bound copies of the audit should be submitted for tax levying Municipalities. Otherwise, one bound copy shall be submitted. Units that operate a 911 fund need to provide an additional copy to the number stated above. Bound copies of the report shall be filed with the Local Government Commission when (or prior to) submitting the invoice for the services rendered. The report of audit, as filed with the Secretary of the Local Government Commission, becomes a matter of public record for inspection and review in the offices of the Secretary by any interested parties. Any subsequent revisions to these reports must be sent to the Secretary of the Local Government Commission. These audited financial statements are used in the preparation of Official Statements for debt offerings (the auditors' opinion is not included), by municipal bond rating services, to fulfill secondary market disclosure requirements of the Securities and Exchange Commission, and other lawful purposes of the government, without subsequent consent of the auditor. If it is determined by the LGC that corrections need to be made to the unit's financial statements they should be provided within three days of notification unless, another time frame is agreed to by the LGC.
13. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the Local Government Commission, this agreement may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor.
14. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, signed and dated by all parties and pre-audited if the change includes a change in audit fee. This document and a written explanation of the change must be submitted in triplicate to the Secretary of the Local Government Commission for approval. No change shall be effective unless approved by the Secretary of the Local Government Commission, the Governing Board, and the Auditor.
15. Whenever the Auditor uses an engagement letter with the client, Item 16 is to be completed by referencing the engagement letter and attaching a copy of the engagement letter to the contract to incorporate the engagement letter into the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control. Engagement letter terms are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 22 of this contract. Engagement letters containing indemnification clauses will not be approved by the Local Government Commission.

Contract to Audit Accounts (cont.) Metropolitan Sewerage District of Buncombe County  
(name of unit)

16. There are no special provisions except:

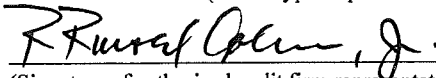
**See attached engagement letter.**

- 17. A separate contract should not be made for each division to be audited or report to be submitted. A separate contract must be executed for each component unit which is a local government and for which a separate audit report is issued.
- 18. The contract must be executed, pre-audited, signed by all parties and submitted in triplicate to the Secretary of the Local Government Commission. The mailing address is 325 North Salisbury Street, Raleigh, North Carolina 27603-1385. The physical address is 4505 Fair Meadow Lane, Suite 102, Raleigh, North Carolina 27607-6449.
- 19. The contract is a tri-party agreement and is not valid until it is approved by the Local Government Commission. Upon approval, the original contract will be returned to the Governmental Unit, a copy will be forwarded to the Auditor, and a copy retained by the Secretary of the Local Government Commission. The audit should not be started before the contract is approved.
- 20. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the Local Government Commission.
- 21. If this audit engagement is not subject to Government Auditing Standards, then Item 5 shall be listed as a deleted provision in Item 22. An explanation must be given for deleting this provision.
- 22. All of the above paragraphs are understood and shall apply to this agreement, except the following numbered paragraphs shall be deleted: (See Item 15.)

Firm Cherry, Bekaert & Holland, L.L.P.

By R. Russell Coleman, Jr.

(Please type or print name)

  
(Signature of authorized audit firm representative)

Email Address: rcoleman@cbh.com

Date 3/7/11

Approved by the Secretary of the Local Government Commission as provided in Article 3, Chapter 159 of the General Statutes or Article 31, Part 3, Chapter 115C of the General Statutes.

For the Secretary, Local Government Commission

(Signature)

Date \_\_\_\_\_

By \_\_\_\_\_  
(Please type or print name and title)

\_\_\_\_\_  
(Signature of Mayor/Chairperson of governing board)

Date \_\_\_\_\_

Email Address \_\_\_\_\_

By \_\_\_\_\_  
(Chair of Audit Committee- please type or print name)

\_\_\_\_\_  
(Signature of Audit Committee Chairperson)

Date \_\_\_\_\_  
(If unit has no audit committee, this section should be marked "N/A.")

Email address \_\_\_\_\_

This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

\_\_\_\_\_  
Governmental Unit Finance Officer (Please type or print name)

(Signature)

Date \_\_\_\_\_

**(Preaudit Certificate must be dated.)**

Email address \_\_\_\_\_

# Metropolitan Sewerage District of Buncombe County

## BOARD INFORMATIONAL ITEM

**Meeting Date:** March 16, 2011  
**Submitted By:** Thomas E. Hartye, PE., General Manager  
**Prepared By:** W. Scott Powell, Director of Finance  
**Subject:** Cash Commitment/Investment Report-Month Ended January 31, 2011

### **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 January 31, 2011 were \$46,603,006. The detailed listing of accounts is available upon request. The average rate of return for all investments is 1.074%. 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 January 31, 2011 does not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of January 31, 2011 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$13,556,578.

<b>Total Cash &amp; Investments as of 01/31/2011</b>	46,603,006
<b>Less:</b>	
Budgeted Commitments (Required to pay remaining FY11 budgeted expenditures from unrestricted cash)	
Construction Funds	(14,212,615)
Operations & Maintenance Fund	(6,468,248)
	(20,680,863)
Bond Restricted Funds	
Bond Service (Funds held by trustee):	
Funds in Principal & Interest Accounts	(16,125)
Debt Service Reserve	(2,628,253)
Remaining Principal & Interest Due	<u>(6,298,162)</u>
	(8,942,540)
District Reserve Funds	
Fleet Replacement	(519,912)
WWTP Replacement	(878,525)
Maintenance Reserve	<u>(813,669)</u>
	(2,212,106)
Post-Retirement Benefit	(576,657)
Self-Funded Employee Medical	<u>(634,262)</u>
<b>Designated for Capital Outlay</b>	<b><u><u>13,556,578</u></u></b>

### **Staff Recommendation**

None. Information Only.

### **Action Taken**

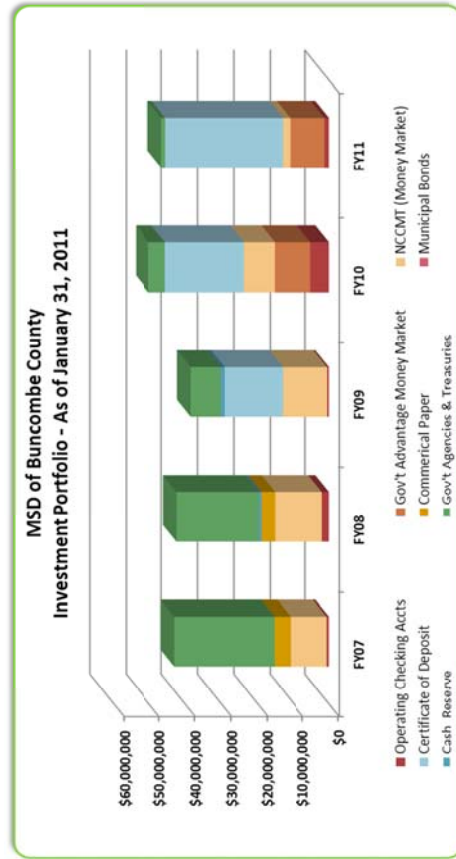
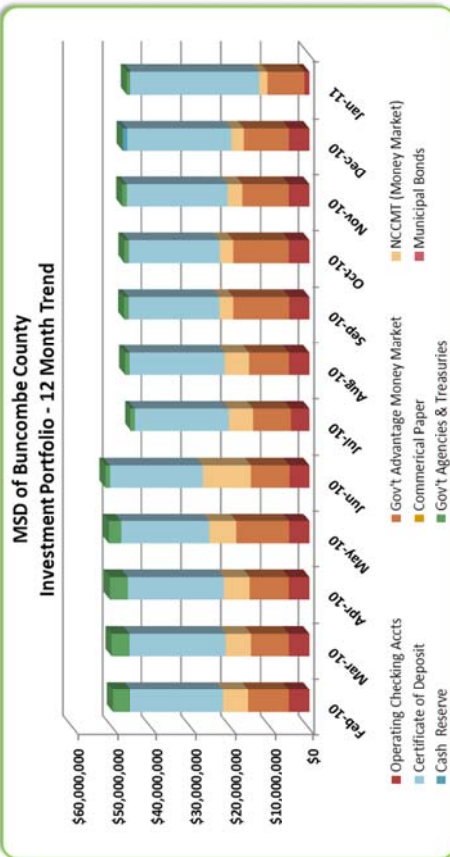
<b>Motion by:</b>	to	Approve	Disapprove
<b>Second by:</b>		Table	Send to Committee
<b>Other:</b>			
<b>Follow-up required:</b>			
<b>Person responsible:</b>			<b>Deadline:</b>

### Metropolitan Sewerage District of Buncombe County Investment Portfolio

	Operating Checking Accounts	Gov't Advantage Money Market	NCCMT (Money Market)	Certificate of Deposit	Commercial Paper	Municipal Bonds	Cash Reserve	Gov't Agencies & Treasuries	Total
Held with Bond Trustee	\$ -	\$ 1,527,967					\$ -	\$ 1,116,410	\$ 2,644,377
Held by MSD	1,242,339	9,781,704	513,889	32,420,696				-	43,958,629
	<b>\$ 1,242,339</b>	<b>\$ 9,781,704</b>	<b>\$ 2,041,857</b>	<b>\$ 32,420,696</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,116,410</b>	<b>\$ 46,603,006</b>

**Investment Policy Asset Allocation**

Investment Policy Asset Allocation	Maximum Percent	Actual Percent	
U.S. Government Treasuries, Agencies and Instrumentalities	100%	2.40%	No significant changes in the investment portfolio as to makeup or total amount.
Bankers' Acceptances	20%	0.00%	
Certificates of Deposit	100%	69.56%	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%	0.00%	
North Carolina Capital Management Trust	100%	4.38%	All funds invested in CD's, operating checking accounts, Gov't Advantage money market are fully collateralized with the State Treasurer.
Checking Accounts:	100%		
Operating Checking Accounts		2.67%	
Gov't Advantage Money Market		20.99%	



**Board Meeting**

March 16, 2011

Subject: Cash Commitment/Investment Report-Month Ended January 31, 2011

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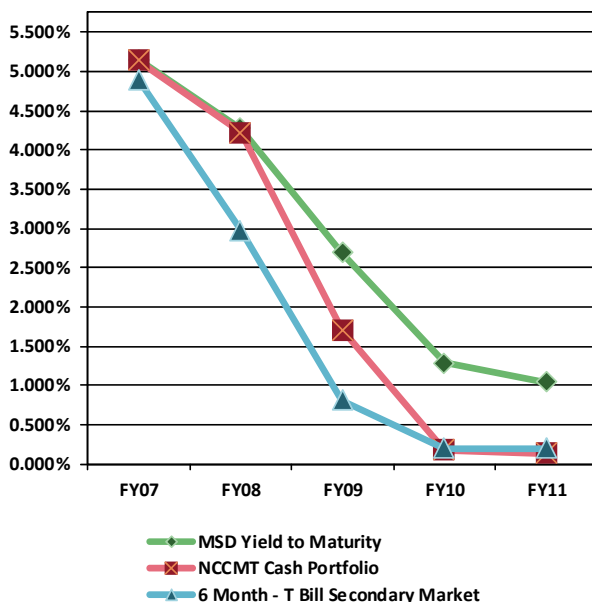
**METROPOLITAN SEWERAGE DISTRICT  
INVESTMENT MANAGERS' REPORT  
AT JANUARY 31, 2011**

<u>Summary of Asset Transactions</u>			
	Original Cost	Market	Interest Receivable
Beginning Balance	\$ 38,599,968	\$ 38,599,968	\$ 122,968
Capital Contributed (Withdrawn)	3,854,081	3,854,081	
Realized Income	3,513	3,513	
Unrealized/Accrued Income	-	-	59,758
Ending Balance	<u>\$ 42,457,562</u>	<u>\$ 42,457,562</u>	<u>\$ 182,726</u>

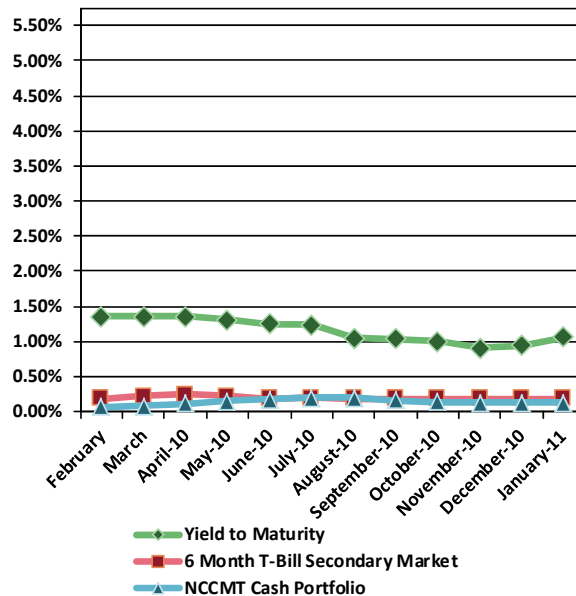
<u>Value and Income by Maturity</u>		
	Original Cost	Income
Cash Equivalents <91 Days	\$ 10,036,865	\$ 14,957
Securities/CD's 91 to 365 Days	32,420,696	\$ 48,314
Securities/CD's > 1 Year	-	-
	<u>\$ 42,457,562</u>	<u>\$ 63,271</u>

<u>Month End Portfolio Information</u>	
Weighted Average Maturity	336 Days
Yield to Maturity	1.09%
6 Month T-Bill Secondary Market	0.18%
NCCMT Cash Portfolio	0.12%

**Metropolitan Sewerage District  
Annual Yield Comparison**



**Metropolitan Sewerage District  
Yield Comparison - January 31, 2011**



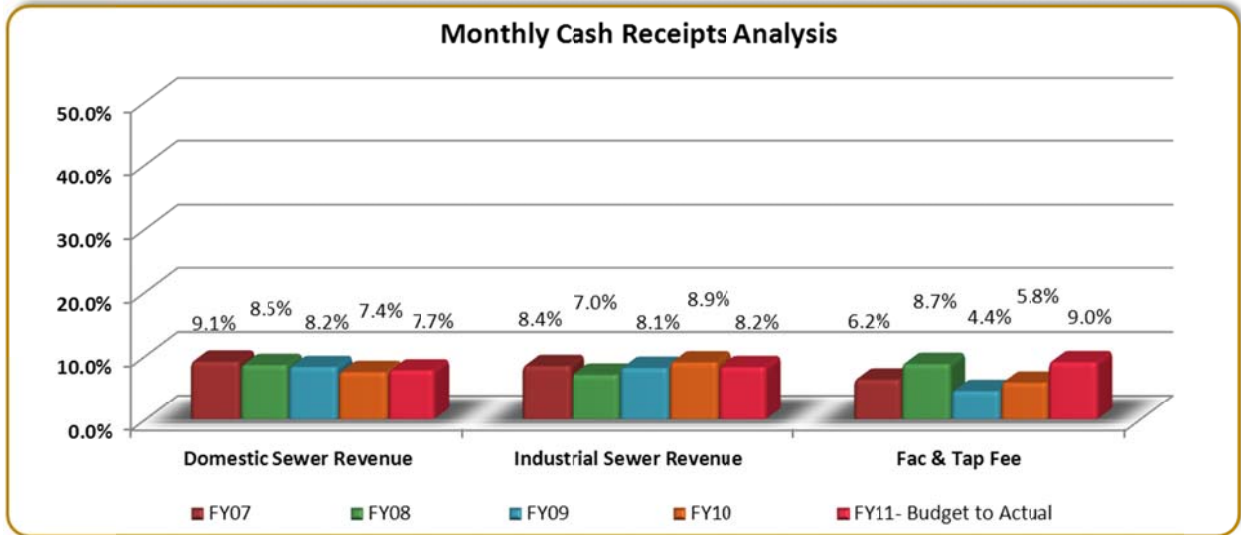
**Board Meeting**

March 16, 2011

Subject: Cash Commitment/Investment Report-Month Ended January 31, 2011

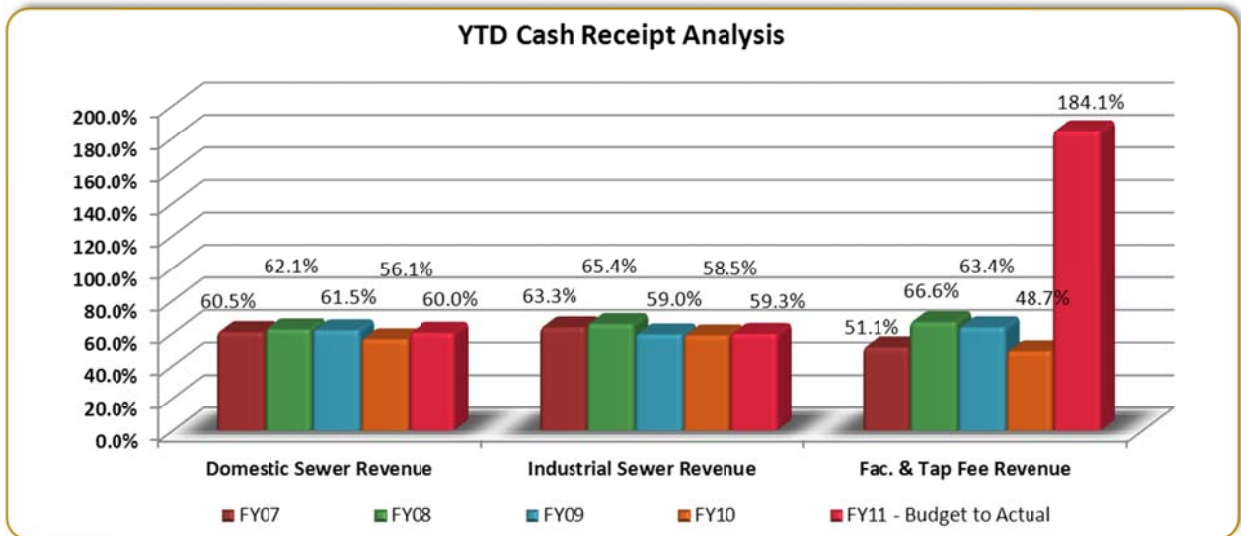
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**METROPOLITAN SEWERAGE DISTRICT  
ANALYSIS OF CASH RECEIPTS  
AS OF JANUARY 31, 2011**



**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.

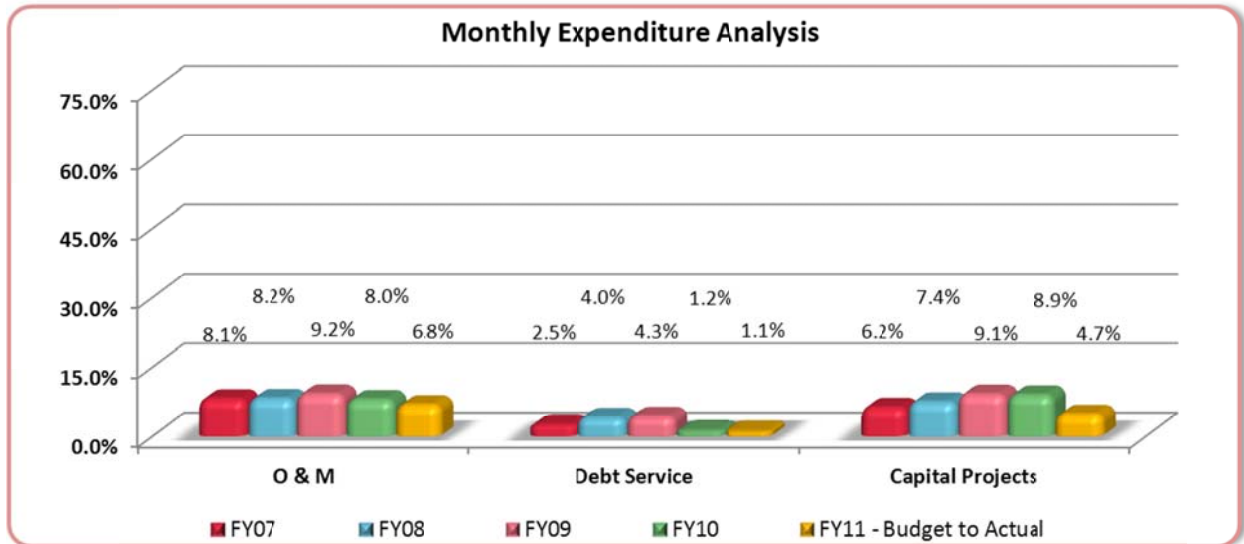
**Board Meeting**

March 16, 2011

Subject: Cash Commitment/Investment Report-Month Ended January 31, 2011

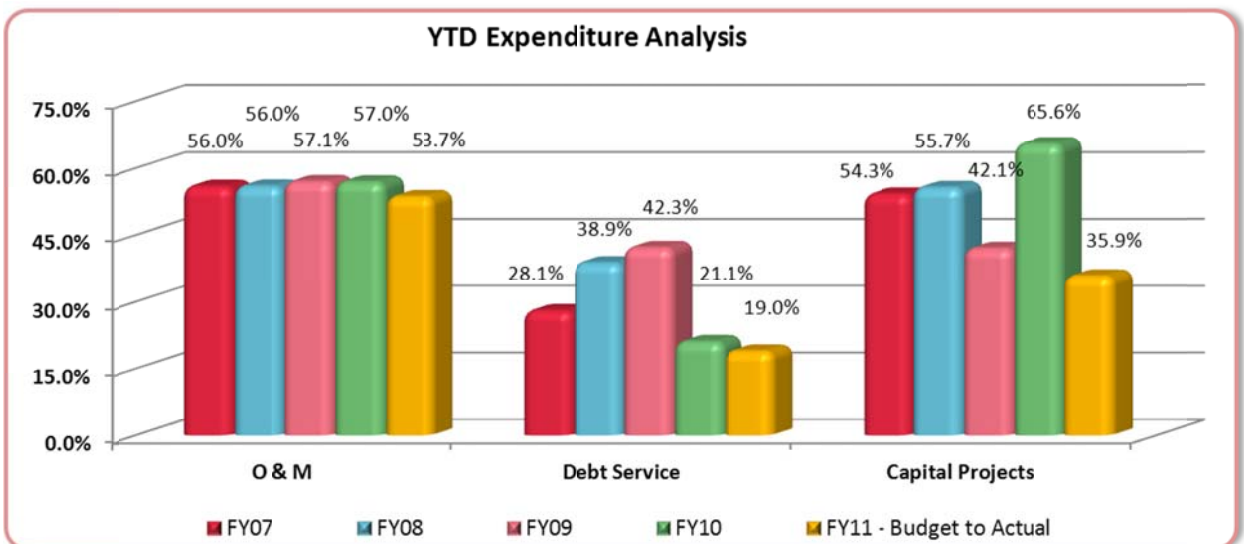
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**METROPOLITAN SEWERAGE DISTRICT  
ANALYSIS OF EXPENDITURES  
AS OF JANUARY 31, 2011**



**Monthly Expenditure Analysis:**

- \* Monthly O&M expenditures are considered reasonable based on historical trends and timing of expenditures in the current year.
- \* 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.



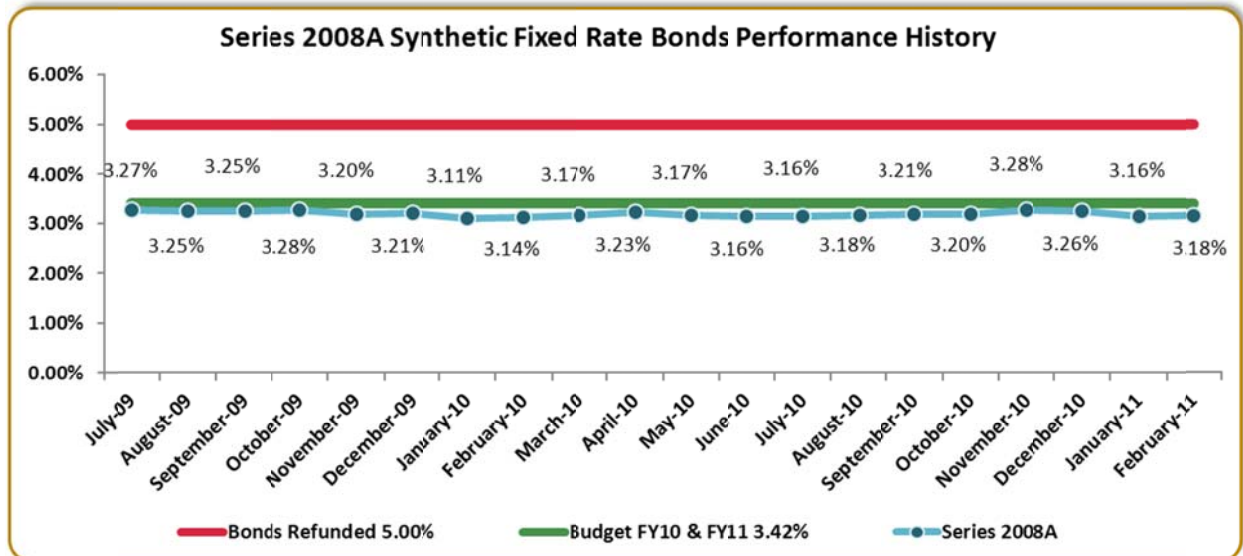
**Board Meeting**

March 16, 2011

Subject: Cash Commitment/Investment Report-Month Ended January 31, 2011

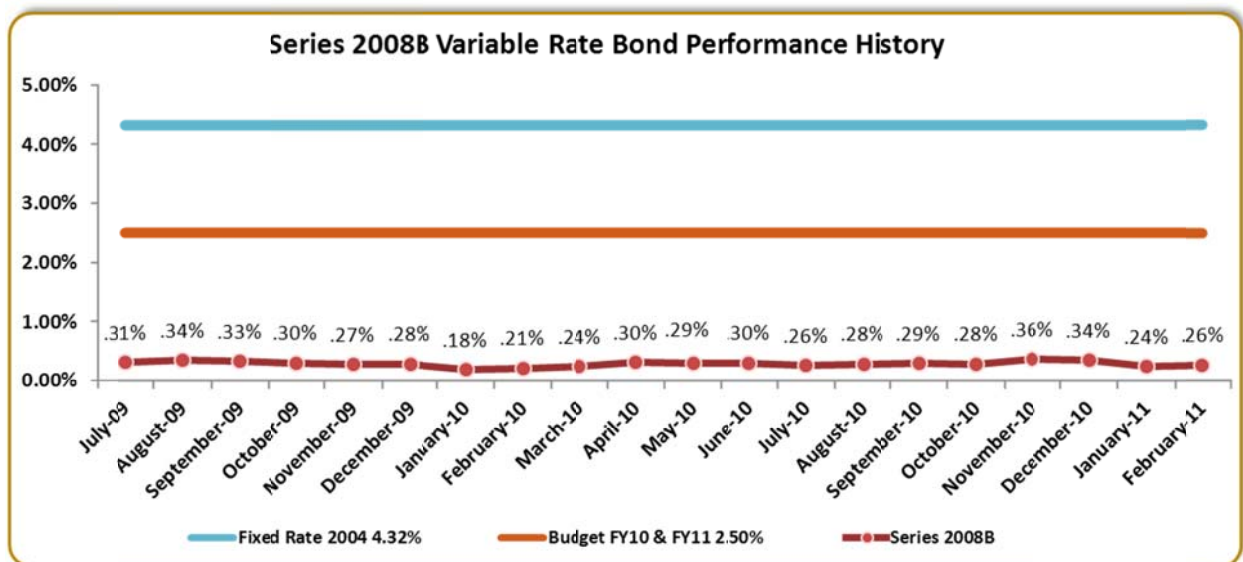
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**METROPOLITAN SEWERAGE DISTRICT  
Variable Debt Service Report  
As of February 28, 2011**



**Series 2008A:**

- ✦ Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$1,483,717 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 4.0675%, MSD will achieve cash savings of \$3,503,702 over the life of the bonds.
- ✦ MSD would pay \$2,726,000 to terminate the existing Bank of America Swap Agreement.



**Series 2008B:**

- ✦ Savings to date on the 2008B Variable Rate Bonds is \$2,143,022 as compared to 5/1 fixed rate of 4.32%.
- ✦ Since May 1, 2008, the Series 2008B Bonds average variable rate has been 0.75%.
- ✦ MSD will achieve \$8,470,000 in cash savings over the life of the bonds at the current average variable rate.

# **STATUS REPORTS**

**CAPITAL IMPROVEMENT PROGRAM**

**STATUS REPORT SUMMARY**

**March 8, 2011**

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	3/15/2011	\$127,170.00	90%	<b>Informal</b> Mainline construction is complete. Restoration of ROW in progress.
HEYWOOD ROAD INTERCEPTOR PHASE II	TBA	TBA	TBA	TBA	TBA	0%	<b>Informal</b> Bids were opened on March 3rd. T & K Utilities, Inc. is the apparent low bidder. Project will be presented at the March Board meeting.
LAKE JULIAN INTERCEPTOR PHASE III	Ruby-Collins	10/20/2010	11/1/2010	8/1/2011	\$2,725,961.93	50%	<b>Formal</b> Mainline construction is progressing well, nearing the Progress Energy coal pile. Bores complete as well as connection to main interceptor.
MARTEL LANE @ PENLEY AVENUE	Huntley Construction	6/9/2010	9/7/2010	4/15/2011	\$106,300.00	90%	<b>Informal</b> Mainline construction complete, and awaiting pre-final inspection. Asphalt will have to wait for April.
MORRIS STREET @ TALMADGE STREET	Terry Brothers	6/9/2010	7/21/2010	Dependent on COA	\$368,972.50	98%	<b>Formal</b> Construction complete and punchlist nearly done.
OLD HOME RD. @ WEAVERVILLE HWY. (PRP64001)	Terry Brothers	2/16/2011	3/3/2011	8/30/2011	\$320,931.00	0%	<b>Informal</b> Preconstruction meeting held March 9th.
ROCKDALE AVENUE (PRP 29003)	Buckeye Construction	11/17/2010	2/1/2011	8/30/2011	\$408,486.05	0%	<b>Formal</b> Contractor expects to start within the next two weeks.
TOWN BRANCH INTERCEPTOR	BC&D Associates	8/19/2009	9/21/2009	4/1/2011	\$831,817.22	98%	<b>Formal</b> Punchlist generated 3/8/11. Restoration is all that remains and is late due to weather.
TC BUILDING PUMP STATION REMOVAL	Carolina Specialties	11/17/2010	1/3/2011	4/3/2011	\$132,038.50	30%	<b>Informal</b> Very difficult project. Contractor is progressing very slowly and encountering many obstacles.
U.S. HWY. 70 @ PARKWAY	Terry Brothers	11/17/2010	1/17/2011	7/16/2011	\$547,088.00	0%	<b>Formal</b> Pipe bursting is complete, and two bores are complete at main parkway road and U.S. Hwy. 70. Mainline construction has begun in the north bound lane of U.S. Hwy. 70.
WELLINGTON DRIVE USR	TBA	TBA	TBA	TBA	TBA	0%	<b>Informal</b> Bids were opened on March 3rd. Payne, McGinn & Cummins is the apparent low bidder. Project will be presented at the March Board meeting.
WRF - FINAL MICROSCREEN REPLACEMENT	Hickory Construction	10/20/2010	1/3/2011	4/2/2012	\$8,937,108.20	5%	<b>Formal</b> Demolition and sludge removal in full swing. Old screens are gone.
WRF - INTERMEDIATE PUMPING REPLACEMENT	Hickory Construction	7/15/2009	8/19/2009	4/1/2011	\$1,754,675.22	99%	<b>Formal</b> Contractor working on last items of punchlist.

**\*Updated to reflect approved Change Orders and Time Extensions**

Planning and Development Projects  
Status Report March

Status	Project Name	Project Number	16, 2011		LF	Pre-Construction Conference Date	Comments
			Work Location	Units			
	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
	Crayton Creek Green	2006282	Asheville	10	482	3/15/2007	Complete-Waiting on final documents
	Lutheridge - Phase I	2009112	Arden	Comm.	330	3/16/2010	Complete-Waiting on final documents
	Woodland and Central Homes	2010073	Asheville	5	1,200	10/25/2010	Complete-Waiting on final documents
	AVL Technologies	2010018	Woodfin	Comm.	133	5/21/2010	Complete-Waiting on final documents
	Graylyn Hills	2008108	Asheville	4	176	2/12/2010	Complete-Waiting on final documents
	Self Help Housing	2009024	Black Mtn.	6	152	10/7/2010	Complete-Waiting on final documents
	Ridgefield Business Park	2004188	Asheville	18	758	2/16/2005	Complete-Waiting on final documents
			Subtotal	617	14,352		

Planning and Development Projects  
Status Report March

Status	Project Name	Project Number	16, 2011		LF	Pre-Construction Conference Date	Comments
			Work Location	Units			
	Airport Road Fastop	2010010	Arden	Comm.	98	12/22/2010	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	Punchlist pending
	Waightstill Mountain PH-8	2006277	Arden	66	3,387	7/26/2007	testing / in foreclosure
	CVS	2010036	Swannanoa	Comm.	435	2/7/2011	Installing
	Emergency Services Training Center	2009027	Woodfin	Comm.	2,512	2/7/2011	Pre-con held, ready for construction
	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
	Thom's Estate	2006309	Asheville	40	3,422	1/24/2008	testing
	Thom's Estate - Phase II	2008071	Asheville	40	3,701	2/9/2011	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
	Woodbriar Subdivision	2009004	Weaverville	72	3,888	8/2/2010	Ready for final inspection
	Westmore	2009004	Asheville	72	675	8/3/2010	Installing
	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	Installing
	Black Mtn Annex: Blue Ridge Rd.	1992171	Black Mtn.	24	2,560	8/19/2010	testing
	Black Mtn Annex: McCoy Cove	1992174	Black Mtn.	24	2,067	8/19/2010	Installing
			Subtotal	1988	96,498		
			Total Units:	2,605			
			Total LF:		110,850		