

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
OCTOBER 17, 2012**

1. Call to Order and Roll Call:

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2:00 p.m., Wednesday, October 17, 2012. Chairman Aceto presided with the following members present: Creighton, Haner, Kelly, Manheimer, Pelly, Root, Russell, Stanley, VeHaun and Watts. Ms. Bryson was absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, PA., Joseph Martin with Woodfin Sanitary Water & Sewer District, Steve Shoaf, Asheville Water Resources, Phil Kleisler, City of Asheville, Nelda Holder, Mountain Xpress, John and Nancy Newton, Nick Dierkes with Brown & Caldwell, and MSD Staff, Ed Bradford, Peter Weed, Jim Hemphill, Stan Boyd, Scott Powell, Mike Stamey, Ken Stines, Matthew Walter, Sam Sirls, Angel Banks, Julie Willingham, Jason Brigmon, Gilbert Karn, Jason Price, Shaun Armistead, Mike Rice, Ben Reeves and Sondra Honeycutt.

2. Inquiry as to Conflict of Interest:

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

3. Approval of Minutes of the September 19, 2012 Board Meeting:

Mr. Aceto asked if there were any changes to the Minutes of the September 19, 2012 Board Meeting. Mr. Watts moved the Minutes be approved as presented. Mr. Root seconded the motion. Voice vote in favor of the motion was unanimous.

4. Discussion and Adjustment of Agenda:

None

5. Informal Discussion and Public Comment:

Mr. Aceto welcomed Ms. Holder, Mr. Martin, Mr. Shoaf, Mr. Kleisler, Mr. & Mrs. Newton and Mr. Dierkes. There was no public comment.

6. Report of General Manager:

Mr. Hartye expressed his congratulations to MSD's Operations Challenge Team "Flow Motion" who won the State competition last year and represented North Carolina at the WEFTEC National Conference in New Orleans. The team came away with two 3rd place awards for the Safety and Pump rebuild competitions out of 28 teams. He stated this is the first time any North Carolina team has placed in the top three in any competitive events. He introduced each team member, Gilbert Karn, Shaun Armistead, Jason Brigmon (Captain), Jason Price, Mike Rice and Ben Reeves (Coach). Mr. Reeves stated the team will compete at the State Convention in November and hopefully at the National Convention next year. Mr. Hartye stated the 2013 National Convention will be held in Chicago.

Mr. Hartye reported the Planning Committee will meet Thursday, November 1st at 10:00 a.m for a presentation of the draft merger study. The next Right of Way Committee meeting will be held October 24th at 9 a.m. and the next regular Board Meeting will be November 14th at 2 p.m.

7. Report of Committees:

Planning Committee

Mr. Root reported the Planning Committee met October 4, 2012 to discuss Private Sewer Issues and the MSD Resolution to be considered under item 7.c of the Consolidated Motion Agenda. The Committee also discussed the present status of the Water Study and related activities. First, the Committee discussed some background areas concerning Water/Sewer Consolidation shown under tab six currently labeled (Potential Merger Underlying Assumptions). A lengthy discussion was held regarding the Water Reservoir operational requirements and assumptions: 1.) Employment; 2.) Water Capital Indebtedness; and 8.) Compensation (to be discussed after the merger study is complete). He stated Mr. Hartye will address the other assumptions listed, 3 through 7, under Old Business. He further reported the Committee then discussed studies being done by the City of Asheville; specifically, how it would look if the City of Asheville took over the sewer system. Some follow-up discussion was held concerning informational requests made to MSD and where it is in responding and discussion concerning the status of information requests MSD has made to the City. He stated the Committee agreed to meet again on November 1st at 10 a.m. to receive MSD's draft report from Arcadis. Also, the Committee briefly discussed the October 30th meeting to be hosted by the City of Asheville. With regard to the October 30th meeting, Ms. Manheimer announced this meeting has been cancelled. Mr. Aceto stated that in addition to the Potential Merger Assumptions, the Reservoir Proposal will also be presented under Old Business. Mr. Aceto called for any questions regarding the Private Sewers Resolution. Mr. Haner asked if MSD would be able to recover the cost of repairs. Mr. Hartye stated if it's a private sewer rehab (PSR) MSD pays for those depending on the circumstances. Mr. Haner asked about the procedure for collection. Mr. Hartye stated MSD has collection procedures in place.

8. Consolidated Motion Agenda:

a. Consideration of Bids for Sanitary Sewer Rehabilitation Project – Givens Estate:

Mr. Hartye reported the project is located at the upper end of the Dingle Creek Basin in South Asheville and crosses both Sweeten Creek Road and Hendersonville Road. The project is comprised of 3,683 linear feet of 8-inch through 12-inch DIP. The contract was advertised and the following bids were received on October 4th: Payne, McGinn & Cummins with a total bid of \$898,777.00; Carolina Specialties Construction with a total bid of \$892,525.00; Buchanan and Sons with a total bid of \$824,728.55; T&K Utilities, Inc. with a total bid of \$756,972.00; Cana Construction Company with a total bid of \$752,041.00; Moore and Son Site Contractors with a total bid of \$705,666.00 and Terry Brothers Construction Co., with a total bid of \$692,848.50. He further reported the FY12-13 construction budget for this project is \$782,300.00. Staff recommends award of this contract to Terry Brothers Construction Co., in the amount of \$692,848.50, subject to review and approval by District Counsel.

b. Consideration of Bids – Excavator Procurement:

Mr. Hartye reported the District's policy is to annually evaluate the condition of fleet vehicles and purchase replacements when the estimated cost of repair and maintenance will exceed the cost of a new one. The Fleet Replacement Committee recommends the purchase of one (1) New Mid-Size Excavator. The cost was included in the FY2012 Budget. He stated pursuant to North Carolina Purchasing Statutes and MSD Procedures, bids for the excavator were sent to three vendors. Two bid packages were received and opened on October 1, 2012: The Carolina Equipment/Yanmar bid of \$95,191.00 was the lowest responsive bidder. Bobcat of

Asheville's bid was non-responsive; unable to meet all bid specifications. Staff recommends award of the bid to Carolina Equipment/Yanmar in the amount of \$95,191.00. Mr. Hartye stated funds are budgeted in the Fleet Replacement Fund.

c. Consideration of Private Sewer Line Failure Response:

Mr. Hartye reported the Planning Committee recommends the MSD Board adopt a parallel resolution to a resolution adopted by the Buncombe County Board of Health on September 13, 2012 and work with the County and the Health Department to bring about a resolution to private sewer situations that present a public health hazard. Mr. Hartye went over the procedures should adjacent property owners not be cooperative and added that repairs to a line may be done by a plumber.

d. Cash Commitment Investment Report as of August 31, 2012:

Mr. Powell reported that Page 2 presents the makeup of the District's Investment Portfolio with no significant change from the previous month. Page 3 is the MSD Investment Manager's Report as of the month of August. The weighted average maturity of the investment portfolio is 459 days and the yield to maturity is 0.84% and exceeds MSD bench marks of the 6 month T-Bill and NCCMT cash portfolio. Page 4 is an analysis of the District's cash receipts. Monthly and YTD domestic sewer revenue is considered reasonable based on historical trends. Month and YTD Industrial revenue as well as Facility & Tap fees are considered reasonable based on historical trends. Page 5 is an 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 bonds are performing better than budgeted expectations. At the end of September, both issues have saved District customers \$5.8 million dollars in debt service since April, 2008.

With regard to excavator procurement, Mr. Aceto asked if MSD should be concerned that it only received one responsive bid on a major piece of equipment. Mr. Stamey reported that last fall staff looked at several different excavators and reviewed the specifications to determine what would give MSD the best capabilities as far as range of motion, lifting and safety since this equipment will be used to set manholes. After the specifications were put together, staff sent out RFP's to several bidders and only received two responses. Mr. Aceto asked if the serious accident involving a piece of equipment had any bearing on the specifications. Mr. Stamey stated the equipment involved in the accident was a backhoe not a trackhoe. He explained the backhoe has a limited range of motion and struggles to pick up a manhole, thus the reason for the purchase of a trackhoe, which has a better range of motion and better lifting capabilities.

Mr. VeHaun moved the Board approve the Consolidated Motion Agenda as presented. Mr. Stanley seconded the motion. Mr. Kelly asked why the Board is being asked to sign the private sewer resolution individually. Mr. Clarke stated it's sufficient if the Chairman and Secretary sign the resolution. With no further discussion, roll call vote was as follows: 11 Ayes; 0 Nays.

9. Old Business:

Mr. Aceto called on Mr. Hartye for a review of the underlying assumptions referred to by Mr. Root in his report of the Planning Committee. Mr. Hartye reported the first four assumptions are the assumptions for the study being conducted and include: MSD to retain all current Water Department employees subject to the same MSD personnel policies applicable to current MSD employees; MSD to assume and pay off all outstanding Water capital indebtedness; Keep sewer accounting separate – no impact to sewer customers of MSD's Long Term Business Plan, and MSD to fund the City's new

increase in CIP over the next 10 years, estimated at over \$100 million. He stated the remaining assumptions are outside the scope of the study and can be discussed and considered by MSD and the City of Asheville as follows: City/MSD Statement opposing privatization; City to retain ownership of reservoir lands and lease to MSD while MSD to have operational control; Water to be eligible for same MSD financial incentives and partnerships for new public and private development currently available for sewer (cost participation, revenue sharing) and Compensation (to discuss after merger study is complete).

Mr. Hartye presented a draft proposal concerning the North Fork and Bee Tree Watersheds which outlines the following: The City of Asheville will retain ownership of the land underlying both North Fork and Bee Tree Watersheds that shall include title and naming rights; MSD will lease for 99 years, the Watershed Properties from the City for the purpose of providing clean, safe drinking water; MSD will operate, maintain, repair, replace and expand, if necessary, all structures, buildings, and improvements necessary to collect, process and deliver water to the reservoirs, dams treatment facilities, pipelines, roads, parking areas, office maintenance and storage facilities that currently exist (Water Production Facilities) on the Watershed Properties, and MSD will have operational control over the Watershed Properties including the right to control and limit access. MSD will operate and maintain the Watershed Properties pursuant to the 1996 Conservation Easement, and as the same may be amended from time to time by the City of Asheville consistent with the provisions of the proposal. Mr. Aceto asked the Board for any comment or questions about the Watershed Proposal. He stated staff was asked to give the Planning Committee and the Board the benefit of what it thinks would be essential in an agreement with the City and, if there is a lease, what conditions would be on the lease. He further stated these are examples of conditions that focus on the operational needs of MSD and staff's idea of what the MSD Board should propose to the City. Mr. Aceto asked the Board for its reaction to the items proposed. Mr. Haner expressed concern about the exposure MSD and its ratepayers might have in the liability created by the need for security in that area and what costs might be involved. Mr. Aceto stated should MSD be given responsibility for the water that would be MSD's problem. He further stated it's the City of Asheville's problem right now, but does not feel there is anything in this proposal that exposes MSD to greater liability and MSD might end up with this, whether it likes it or not. Mr. Hartye stated if this comes MSD's way there are two options; you own and control the reservoir land and have title to it, or have operational control and lease it; this is an alternative to owning it. The MSD can then make a proposal to the Legislature if it feels comfortable doing so and the City of Asheville appears to go along with it. Mr. Kelly stated that once MSD completes its study, it might be in a better position to determine its options. Mr. Root stated it seems the most we're doing here is trying to aid the City in their thought process concerning the possibility of lease versus transfer and MSD is not in a position to nail down any particulars on a lease. Mr. Aceto stated that one of his concerns is the upcoming referendum the City voters will consider and would like to have some benchmarks for what the MSD is prepared to do rather than just having people speculate on what might occur. Mr. Watts stated he thinks it is good MSD has the option to lease the property as opposed to outright ownership and can put the fine details on it later if necessary. Mr. Haner asked what MSD would have to have in place in order to sell bonds or fund improvements. Mr. Clarke stated he hasn't gotten into that level of detail, but feels having operational control would be sufficient. Ms. Manheimer stated this is just the watershed property; the lines would be transferred. Mr. Hartye stated MSD would want ownership of the lines, the dam, the treatment plant and all of the water supply items that it would want to repair or rehab. Ms. Manheimer stated the idea is that the transmission and distribution system would be transferred, but the watershed property would be leased, which addresses one of the main concerns of the City and its constituents. She further stated the City's Planning & Economic Development Committee will review the Conservation Easement and look for ways to strengthen it, which is a primary concern on the part of the City. If the Legislature moves in this direction and decides it's going to

impose a transfer, she is hopeful they may be open to suggestions as to how that is done. Mr. Aceto asked for comments about the underlying assumptions. Mr. Kelly stated the Board should wait until the Planning Committee meets to see what the study shows before it delves too deeply into the proposal or the assumptions. Mr. Root asked when copies of the study will be available. Mr. Hartye said hopefully a few days beforehand.

10. New Business:

Mr. Clarke requested the Board go into closed session to consider pending condemnation action. Ms. Manheimer asked to be excused from deliberation or vote on this issue.

At 2:50 p.m., Mr. Stanley moved the Board go into closed session. Mr. VeHaun seconded the motion.

At 2:57 p.m the Board went back into open session.

MSD Staff and Counsel recommend approval of settlement in MSD vs. Home Trust Bank in the amount of \$75,000, inclusive of all settlement costs and interest. Voice vote in favor of the recommendation was unanimous.

11. Adjournment:

With no further business, Mr. Aceto called for adjournment at 2:59 p.m.

Jackie W. Bryson, Secretary/Treasurer

MSD

Regular Board Meeting

Metropolitan Sewerage District
of Buncombe County, NC

AGENDA FOR 10/17/12

✓	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 September 19, 2012 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	2:30	
	06. Report of Committees: a. Planning Committee – October 4, 2012 – Al Root	Aceto	2:45	
	07. Consolidated Motion Agenda	Hartye	3:00	
	a. Consideration of Bids for Sanitary Sewer Rehabilitation Project: Givens Estates.	Hartye		
	b. Consideration of Bids – Excavator Procurement	Hartye		
	c. Consideration of Private Sewer Line Failure Response.	Hartye		
	d. Cash Commitment Investment Report as of August 31, 2012	Powell		
	08. Old Business	Aceto	3:15	
	09. New Business	Aceto	3:20	
	10. Adjournment (Next Meeting 11/14/12)	Aceto	3:30	

APPROVAL OF MINUTES

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
SEPTEMBER 19, 2012**

1. Call to Order and Roll Call:

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2:00 p.m., Wednesday, September 19, 2012. Chairman Aceto presided with the following members present: Bryson, Creighton, Haner, Kelly, Manheimer, Pelly, Root, Russell, Stanley, VeHaun and Watts:

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, PA., Steve Shoaf and Phil Kleisler with the City of Asheville, Joseph Martin with Woodfin Sanitary Water & Sewer District, Nelda Holder with Mountain Xpress and MSD Staff, Ed Bradford, Peter Weed, Jim Hemphill, Stan Boyd, Mike Stamey, Ken Stines, Matthew Walter, Scott Powell, Angel Banks, Julie Willingham and Sondra Honeycutt.

2. Inquiry as to Conflict of Interest:

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

3. Approval of Minutes of the August 15, 2012 Board Meeting:

Mr. Aceto asked if there were any changes to the Minutes of the August 15, 2012 Board Meeting. Mr. Haner moved the Minutes be approved as presented. Mr. Watts seconded the motion. Voice vote in favor of the motion was unanimous.

4. Discussion and Adjustment of Agenda:

None

5. Informal Discussion and Public Comment:

Mr. Aceto welcomed Mr. Shoaf, Mr. Kleisler, Mr. Martin and Ms. Holder. There was no public comment.

6. Report of General Manager

Mr. Hartye announced there will be a Planning Committee meeting October 4th at 10 a.m. to discuss private sewer issues involving the public health and the potential water/sewer consolidation.

Mr. Hartye presented a list of highlighted accomplishments for fiscal year 2012. He reported the Capital Improvement Program Division administered a CIP budget of \$19,687,776 with in-house personnel; actively managed 106 projects/line items within various stages of the program; rehabilitated 52,641 Linear Feet (LF) of collection system during FY12 which includes 30,209 LF through contract construction, 21,081 LF in-house by System Services and 1,351 LF by developers, and completed construction of the Lake Julian Phase III Interceptor project.

The System Services Division achieved an average response time of 33 minutes to customer service requests during regular working hours and 34 minutes after hours with the First Responder and Night Crew. In-house crews cleaned 873,077 LF of mainline; mechanically removed or chemically treated 110,921 LF of pipeline for roots; completed CCTV inspection of 335,007 LF of pipeline and Smoke tested 162,000 LF of pipeline and identified several areas of inflow and infiltration, and cleared 90,000 LF of right-of-way.

The Administrative Services Division (information Technology IT) completed rewiring of the Treatment Plant Emissions Control Room on the roof of the Treatment Plant. This increased speeds and reliability for Emissions PC in addition to providing extra wiring. In addition, the phone systems in all facilities will be replaced before the end of the month.

The Wastewater Treatment Division received the National Association of Clean Water Agencies (NACWA) "Peak Performance Award" for the tenth consecutive year for treatment plant compliance. The construction phase of the Final Microscreen Replacement Project is near completion with only punch list items remaining, but is operational at this time, and have contracted with Power Secure to monitor, maintain and exercise the 2 MW back-up generator at the WRF.

The Finance Division received the GFOA "Excellence in Financial Reporting" award for the Comprehensive Annual Financial Report (CAFR) for FY ending June 30, 2011; received the GFOA "Distinguished Budget" award for the Budget Document prepared for FY ending June 30, 2012; Staff has leveraged the GIS Flex System and P&D application data with MSD's respective member agencies customer data to check for unbilled sewer customers and renegotiated variable rate liquidity and remarketing agreements.

The Human Resources Division will continue using 3 Streams Medical in providing HouseCalls at zero cost to the employees; overhauled the medical insurance program by identifying and contracting with a new Third Party Administrator, Re-insuring Company, and a more cost efficient Pharmacy Benefits Manager.

Mr. Hartye presented emails regarding the great customer service provided by Herman Shelton, Grady Brooks and Alan Knighten.

Mr. Hartye presented an article from the Mountain Xpress regarding Private sewer problems for which he and Ken Stines will give a short presentation.

Mr. Hartye reported Private Systems are those systems that are not maintained by MSD. There are two types; "Claimed and Unclaimed." Claimed systems have a known ownership and maintenance structure in place via a company, organization, HOA, etc. Currently the MSD policy allows these only for single properties (regardless of property size) and are permitted and regulated through NCDENR-DWQ. He presented slides showing examples of Claimed Private Systems i.e. Apartments, UNCA and Ridgecrest. He further reported that Unclaimed Private Systems have no ownership structure in place. These sewers came about through various means i.e., parents owned several acres and gave parcels to their children, connecting their service lines together or a developer who constructed sewer systems as part of a subdivision, but left no ownership structure in place. Typically, these sewers are not constructed to public standards; they are usually of poor pipe quality, no manholes, laid in a crooked manner and were never accepted by any entity (public or private) for operation and maintenance. He stated many property owners discover they are on a private system only after there is a problem. Owners have been paying MSD for sewer service, so they naturally assume MSD will take care of it, but the municipality never assumed ownership of their system, so it was never transferred to MSD for ownership or maintenance.

Mr. Hartye reported at Consolidation, MSD agreed to create a program to address these problems. The District will accept these lines for maintenance and rehabilitation if they are a public health threat, and/or cited for SSO's by NCDENR or property owners form an informal group and MSD works with a designated person to gather forms, etc. and each connected homeowner signs an agreement to donate all easements so MSD can go in and replace or repair the lines if necessary. Typically MSD will go in and fix the line then determine where it fits on the priority list. He stated that some of these lines will be fixed fairly soon and others may be put on a list to maintain. He further stated

MSD is obligated to “spend no more than” \$200k per fiscal year, per the Consolidation Agreement. MSD budgets \$100k per year for planning. He presented a slide showing Completed Rehabilitation projects; System Services Maintained Systems and the location of those who have called in with private sewer issues for which information was sent about the program. Mr. Hartye called on Mr. Stines to address the article in Mountain Xpress.

Mr. Stines reported a homeowner will call MSD to say there is smelly water on their property. On average MSD receives about 350 calls per year and staff will go out and investigate the problem. Sometimes it’s a water leaks, storm drains, ground water or a sewer leak. In order to determine if it’s a sewer leak, staff will take a sample and have it tested at Pace Laboratory. Of the 350 calls, 125 or so turn out to be private lines. Some are taken care of quickly by the homeowner, however on occasion; it is someone else’s sewer on their property.

He presented slides showing the location of a sewer leak at 18 Beechwood Road. He sated crews went out and discovered a large hole in the back yard with sewer coming out of it. MSD knew it did not have sewer lines in the area, so crews set out to determine, by contour lines, to whom the line belonged. After this was done, different color dye tablets were distributed to the suspected homes which they are asked to flush down their toilets. From this procedure, crews can pinpoint who is tied onto the line. If there is doubt about other homes in the immediate area, crews will smoke test their sewer lines. Prior to this being done, door hangers are hung on each home and the fire department is notified. He presented slides showing smoke testing in the main line and smoke coming out of a house vent. From this test, it was determined there were three homes on this line which would qualify for Private Sewer Rehabilitation (PSR). However, two of the owners did not want to sign a right-of-way through their property. As a result, the line no longer qualified. The owner responsible for the leak called a plumber and found out he had to put in a costly pump system he could not afford. Mr. Stines stated there was nothing further MSD could do since the line was on private property and NCDENR-DWQ could not intervene since the leak did not affect water quality. After a few months the owner took care of the problem. Mr. Pelly asked why two homes in the subdivision are on a private system while others are on a public system. Mr. Stines stated these homes do not have basement plumbing, but the homes that were developed later had basements with plumbing and the subdivision was not designed for this.

Mr. Stines presented slides showing a leak in the Kenilworth Lake area that went on for several months. After dye and smoke testing, it was determined the leak was coming from the Kenilworth Apartments which ties into the MSD line and since there is only one owner on this line, it is not eligible for (PSR). Mr. Stines stated the owner eventually did a point repair to fix the problem, but since this is Orangeburg pipe, he feels the problem will return.

Mr. Stines presented a slide showing the location of a line at Dew Waite Road near Ridgecrest. He reported MSD received a call in 2010 about a sewer leak on this line and MSD went out to look at it and told the owner it was a private line. The owner called a plumber and fixed the problem. In May of this year, MSD received a call about a leak on the same line. MSD went to check it out and told the owner it was a private line and determined he and two other owners were tied onto the line and that they would have to get together and fix the line. The owner that called felt it was not his responsibility since he was tied on downstream so decided to cut the other two owners service lines off and cap them. They in turn called MSD about the situation. Mr. Stines stated he met with Mr. Cranford with NCDENR-DWQ and went out to the property. Mr. Cranford informed the owner he could not cut and cap their service. By doing so, he was altering the collection system and had to put it back the way it was; even though the sewer was leaking into his back yard. Mr. Stines stated he talked to Mr. Cranford last week and it’s

his understanding the owner called him saying he was tired of sewer running across his property and he planned to cap the lines off again; no matter the consequences. As a result, the other owners are seeking legal advice. Mr. Hartye stated if the property owners had been agreeable, MSD would go in and repair the line. The problem is getting onto private property, even though there is an obvious public health hazard. He further stated staff met with the County to determine who could be the lead agency in this situation. In talking to the Buncombe County Board of Health, they were amenable in taking the lead and recently passed a resolution identifying this as a public health hazard. Because of the seriousness of the problem, the resolution will be presented to the Planning Committee for consideration followed by a recommendation to the MSD Board.

Mr. Hartye continued with his report. He stated the Planning Committee will meet October 4th at 10 a.m. The Right of Way Committee Meeting scheduled for September 26th will be rescheduled. The next regular Board Meeting will be held October 17th at 2 p.m. The Employee Picnic will be held September 20th at the Maintenance Facility.

7. Consolidated Motion Agenda:

a. Consideration of Bids – Sanitary Sewer Rehabilitation Project – Scenic View Drive PRP:

Mr. Hartye reported the project is located in Swannanoa and runs along Old US 70 and Scenic View Drive and is comprised of 1,619 linear feet of 8-inch DIP. The following bids were received and opened September 6, 2012: Huntley Construction Co., with a total bid of \$308,312.25; Capitol Construction & Grading with a total bid of \$254,315.00; Terry Brothers Construction Co. Inc., with a total bid of \$254,315.00 and Carolina Specialties, LLC with a total bid of \$249,450.00. Staff recommends award of the contract to Carolina Specialties, LLC in the amount of \$249,450.00, subject to review and approval by District Counsel.

b. Consideration of Developer Constructed Sewer Systems: Fairview Road, Dollar General Market, Olive Garden, Buncombe County Emergency Services Training Center and Buncombe County Animal Shelter.

Mr. Hartye reported the Fairview Road sewer extension project is located in the City of Asheville and included the installation of approximately 540 linear feet of 8” gravity sewer to serve a ten (10) unit residential development. The Dollar General Market sewer extension project is located inside the District boundary off Smoky Park Highway in the City of Asheville. The project included the installation of approximately 100 linear feet of 8” gravity sewer to serve a two (2) unit commercial development. The Olive Garden sewer extension project is located inside the District boundary off Airport Road in the City of Asheville. The project included the installation of approximately 500 linear feet of 8” gravity sewer to serve a two (2) unit commercial development. The Buncombe County Emergency Services Training Center Sewer Extension and Relocation Project is located inside the District boundary at the intersection of Riverside Drive and Canoe Lane in the Town of Woodfin. The project included the installation of approximately 2,800 linear feet of 8” gravity sewer to serve a two (2) unit commercial development along with relocation of approximately 3,025 linear feet of force main. The Buncombe County Animal Shelter Sewer Extension Project is located inside the District boundary off Pond Road in the City of Asheville. The project included the installation of approximately 70 linear feet of 8” gravity sewer to serve a two (2) unit commercial development. Staff recommends acceptance of the developer constructed sewer systems. All MSD requirements have been met.

c. Cash Commitment/Investment Report – Month Ended July 31, 2012:

Mr. Powell reported that Page 2 presents the makeup of the District's Investment Portfolio. There has been a \$5.3 million dollar decrease from the previous month report. This is a direct result of the District meeting its 7/1 debt service obligation. Page 3 is the MSD Investment Manager's Report as of the month of August. The weighted average maturity of the investment portfolio is 491 days and the yield to maturity is \$0.87% and exceeds MSD 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 historical trends. Monthly and YTD Industrial Sewer Revenue as well as Facility & Tap fees are considered reasonable based on historical trends. Page 5 is an 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 bonds are performing better than budgeted expectations. As of the end of August, both issues have saved District customers \$5.7 million dollars in debt service since April 2008.

Mr. Watts moved the Board approve the Consolidated Motion Agenda as presented. Mr. Stanley seconded the motion. With no discussion, roll call vote was as follows: 12 Ayes; 0 Nays.

8. Old Business:

Mr. Aceto called on Mr. Pelly for a report on the City of Asheville Work Session held September 18th. Mr. Pelly reported to better comply with the language of the Legislation which says "Should the interested governments craft their own solution for consolidation, which achieves all the objectives of the Committee, before the 2013 North Carolina General Assembly convenes, due consideration would be given to the local plan. Action will not be taken if the parties are engaged in good-faith negotiations on this matter," City Council invited the State Delegation to meet to report on the efforts made on behalf of the City. Representing the State Delegation were Representatives Susan Fisher and Chuck McGrady. The report began with Water Resources Director, Steve Shoaf updating the legislators on the City's work to date to comply with the Legislative Committee's recommendation, followed by a report by Esther Manheimer and some conversation between Council and the State Delegation on how best to comply with the intent of the legislation.

Mr. Hartye reported MSD's kickoff meeting was held August 1, 2012. At that time a website was made available containing information from all of the people involved in the study as well as MSD information. A follow-up meeting is scheduled for September 25, 2012. MSD is waiting for some updated rehab information from the City and an updated rate model from Raftelis. He further reported there was some e-mail back and forth pertaining to the City of Asheville agreeing to consultant interviews with key personnel. He stated this has changed somewhat in that MSD was only allowed to submit written questions for which the City has provided some answers. He further stated in addition to studying what the Legislative Research Committee proposed, the City is also studying the impact of absorbing the MSD. As a result, MSD was recently sent a large information request which staff is reviewing. Mr. Haner asked Mr. Pelly if Representative McGrady had any response to what the City had done or the direction it's going. Mr. Pelly stated Representative McGrady felt the City was doing everything asked of it, but regardless of that, it's very likely this legislation will come up in January. Ms. Manheimer stated he did say he felt that if a compromise could be crafted between the two entities it might be given consideration. Mr. Haner asked about the timeline for a merger and what Representative McGrady would consider reasonable. Ms. Manheimer stated Representative McGrady is reasonable in talking about if this is

going to happen and what's the better way to do it than not. Mr. Pelly stated he heard Representative McGrady would not be sponsoring the legislation, but would be a co-sponsor instead.

9. New Business:

None

10. Adjournment:

With no further business, Mr. Aceto called for adjournment at 2:50 p.m.

Jackie W. Bryson, Secretary/Treasurer

REPORT OF GENERAL MANAGER

MEMORANDUM

TO: MSD Board

FROM: Thomas E. Hartye, P.E., General Manager

DATE: October 10, 2012

SUBJECT: Report from the General Manager

- Update on Water Study

The MSD Planning Committee met on October 4th. Please refer to the Report of Committees section of this agenda packet to review the minutes and the two exhibits outlining preliminary proposal items for discussions with the City of Asheville. The MSD Planning Committee will meet November 1st for a presentation of the draft merger study. The City of Asheville will be having a public meeting/summit on October 30th to which MSD will be invited. This subject will be discussed under Old Business.

- Congratulations

MSD's Flo Motion represented the State of North Carolina in the Operations Challenge at Nationals (WEFTEC) in New Orleans. Our team came away with two 3rd Place Awards for the Safety and Pump rebuild competitions (out of 28 teams). This is the first time that any North Carolina Team has placed in the competitive events. This is a phenomenal accomplishment, particularly since it was our first time at the national level. Congratulations to Jason Brigmon (Captain), Gilbert Karn, Jason Price, Shaun Armistead, Mike Rice, and Ben Reeves(coach).

- Reading

Attached is an article from NC Currents (Sept. 2012), the State NC AWWA/WEA write-up about MSD's Flo Motion and the operations challenge. This was written prior to the national event.

- Board/Committee Meetings/Events

There will be a Planning Committee at 10:00 am on November 1st. The next Right of Way Committee will be held October 24th at 9am. The next Regular Board Meeting will be November 14th, at 2 pm.



NC AWWA-WEA

92nd Annual Conference

November 11-14, 2012 | Raleigh Convention Center in Raleigh, NC

Pipe Tapping & Operations Challenge

Rising to the Challenge

At the NC AWWA-WEA Annual Conference in November, two teams will be poised to defend their titles: Team MSD Flow Motion, winners of last year's Operations Challenge and the City of Concord's Smoking Bits, winners of the Pipe Tapping competition. By winning the state contests, both teams qualified to compete at the national level.

Pipe Tapping and Operations challenge contests are among the some of the most popular events at the NC AWWA-WEA Annual Conference. Competing requires teamwork, skill and communication in order to successfully complete the required tasks as fast as possible. Last year's winning teams certainly exemplify these attributes.

Operations Challenge: Team MSD Flow Motion

At the 2011 state conference, MSD Flow Motion emerged as the winners in the Operations Challenge and will be representing North Carolina at the Water Environment Federation Technical Exhibition and Conference (WEFTEC) in New Orleans this October. The team from the Metropolitan Sewerage District of Buncombe County consists of Jason Brigmon (captain) Shaun Armistead, Gilbert Karn, Jason Price and Mike Rice (alternate), with Ben Reeves as the coach.

This will be Flow Motion's first time at the national competition. WEFTEC's annual Operations Challenge features five events: collection systems, laboratory, process control, maintenance and safety. Until two years ago, North Carolina's state competition was limited to collections. Then, in 2010, NC AWWA-WEA added a pump event.

"We were not really prepared for that," recalls Armistead. "All we had practiced was collections. So the morning of the competition we sat down with Virginia's Terminal Velocity and studied it with them."

Although they do not compete directly with the in-state teams, out-of-state teams also participate in the Operations Challenge at the state level. This is why MSD Flow Motion had the chance to compete in Virginia in June of 2011. "We didn't do so hot on the pump event, that first year," notes Armistead. "But we took what we learned and applied it once we got back to the office."

In fact, the Virginia competition afforded MSD Flow Motion the chance not only to repeat the pump event but to also compete in the three other events that North Carolina had not included in their 2010 competition (the Virginia competition includes all five Operations Challenge events). The night before Virginia's Operations Challenge, the equipment was set up on the tennis court of the hotel. MSD Flow Motion took the opportunity to walk through the Safety Event with one of the other teams and to exchange ideas. "Now, we are going to rent safety equipment from different places and try to develop our own routine for how to do it," explains Armistead.

Because of the high cost of equipment – the set-up for the pump event alone costs between \$15,000 and \$20,000 – MSD Flow Motion has decided to rent most of what it needs to practice for the Operations Challenge. "Once we were able to obtain the rental pump equipment, we got the process down to a fine art," says Armistead noting that the team has been able to bring its time down from 10 to 6 minutes. Much of the first month of practice was spent trying different ways to approach the task. Once a routine was developed it was only a question of tweaking it and getting faster.

Then, just when the team members had mastered the pump event, they learned that the NC AWWA-WEA would be adding a Laboratory Event to the 2011 Operations Challenge. This time, rather than renting

equipment, they decided to get creative. Instead of expensive glass filtration equipment, they used cut-off plastic pop bottles and dye to simulate samples. "It helped us practice,



MSD Flow Motion practicing for the Operations Challenge.

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Flow Motion won the Invitational Championship at the Virginia Water Environment Association's (VWEA's) 2012 Operations Challenge.



Jason Brigmon at the VWEA 2012 Operations Challenge.



Team MSD Flow Motion, winners of the 2011 NC Operations Challenge (L-R): Gilbert Karn, Jason Brigmon (Captain), Ben Reeves (Coach), Shaun Armistead, Jason Price and Mike Rice (Alternate).

but nothing makes up for the real thing," notes Armistead.

Fortunately, two months before North Carolina's state competition, MSD Flow Motion was able to participate in a scrimmage in Union County. This gave the team an opportunity to see South Carolina's Black Water Bruisers complete the entire lab event. Even so, Flow Motion was still beaten by Charlotte's Grease Lightening during the lab event at the Operations Challenge on November 14, 2011 in Concord, NC. "They had more experience with the event because they had been to nationals the year before," explains Shaun Armistead. That may indeed have been the case, but when points from all three events were tallied, it was Flow Motion that prevailed. The team from Buncombe County would be going to the national competition.

After renting the pump equipment, MSD Flow Motion has increased practices from once or twice a week to three or four times. In the lead up to WEFTEC's 2012 Operations Challenge, held from September 30 to October 2, the team will be meeting daily.

All this practice is paying dividends. "The four of us work so well together," says Armistead. "We all know our roles through each of the events. We also help each other. If someone is having trouble finishing their part, we all pitch in and help."

"We make a point of yelling out what's

going on with our part," he adds. "Communication is very important."

Many times Brigmon will videotape a practice so that, afterwards, the team can sit down and analyze the footage. He also calls the practices and coordinates the schedule, which can be challenging because members are all on different crews.

"Jason rides herd on the other three of us," laughs Armistead. "He's the glue that holds the team together. His competitive spirit is quite a bit higher than for the rest of us. Whenever he is working, the wheels are spinning in that head of his. He often comes into my office with a new plan."

WEF changes one or two of the events every year so that, over the course of three years, the details of all five events are changed. For instance, last year the lab event involved an *E. coli* filtration. This year, it will be a biochemical oxygen demand (BOD) analysis.

"The process control and lab event provide a broader understanding of what is going on throughout the organization," notes Michael Stamey, System Services Construction Director of the Metropolitan Sewerage District of Buncombe County. "At the same time, there are components of the safety event that can be very useful every day."

Changing the content of each event not only helps the operators keep up with changes and trends in the industry,

but also keeps the competition fresh and exciting. Certainly, there is no shortage of enthusiasm for the Operations Challenge from the members of team Flow Motion. Participating in the national competition has been their goal all along. Confirms Armistead: "All four of us are very excited. It is going to be great!"

Pipe Tapping Contest: Team Smoking Bits

In June 2012, the City of Concord's Smoking Bits represented North Carolina in the national pipe tapping competition at the AWWA Annual Conference & Exposition (ACE) held in Dallas, Texas. The team was composed of Anthony Allman, Andy Herring, J.C. Whitley and coach Ranone Good, all from the Concord Water Treatment Plant. All four members had been



Team Smoking Bits (L-R): Anthony Allman, Ranone Good, Andy Herring, Keith Barnes, and J.C. Whitley.



NC AWWA-WEA

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competing for a number of years, but it was the first time any of them had been to the national challenge.

"Raleigh beat us in the state competition for the past four years," admits Allman. "But this time we were better prepared, more comfortable. You have to get your nerves calm and slow down in order to speed up."


The Pipe Tapping Contest is a competition of skill in which water operators work against the clock to open a cement-lined ductile iron pipe and install a tap. Teams consist of a maximum of four persons, including three workers and one coach.

Every team member has a specific position and task. For the Smoking Bits, Allman is the cranker, Herring is the star

man and Whitley is the copper man (returning after a brief hiatus). Working closely together, the team has to install a tapping machine on the pipe. The copper man then installs two six-foot pieces of $\frac{3}{4}$ " copper piping. "He has to cut and flare them to make a complete service," explains Allman. "He has to tie into a meter center with a ball valve in the middle. We then have to insert our piece of copper into the pipe with the tap machine. It's pretty fast-paced."

At the national contest in June, the Smoking Bits completed the task in 1:37, coming in 10th in a field of 28 men's teams. (There were also six women's teams competing against one another but North Carolina was not represented in that part of the competition.)

"It was a good experience," says Allman. "We learned a lot by watching the other teams." Smoking Bits – including all four of its team members – plans to use some of what they learned when they compete at NC AWWA-WEA's Annual Conference this November. One tactic will be to ensure all tools and machines are in place and ready to use before the start of the tapping. Allman hopes that there will be more teams competing at the state level this year. In 2011, the field narrowed to two due to funding constraints. More competition makes the contest all that much more exciting.

"This is more fast-paced than anything we do out in the field," he says. "It's great to be involved. We all enjoy it." 



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REPORT OF COMMITTEES



Water/Sewer Consolidation

Potential Merger Underlying Assumptions

1. MSD to retain all current Water Department employees subject to the same MSD personnel policies applicable to current MSD employees.
2. MSD to assume and pay off all outstanding Water capital indebtedness.
3. Keep sewer accounting separate – no impact to sewer customers or MSD's Long Term Business Plan.
4. MSD to fund the City's newly increased in CIP over next 10 years, estimated at over \$100 million.
5. City/MSD Statement opposing privatization
6. City to retain ownership of reservoir lands and lease to MSD while MSD to have operational control.
7. Water to be eligible for same MSD financial incentives and partnerships for new public and private development currently available for sewer.
8. Compensation – *To discuss after merger study is complete.*



Proposal Concerning North Fork and Bee Tree Watersheds

1. The City of Asheville will retain ownership of the land underlying both North Fork and Bee Tree Watersheds (the "Watershed Properties"). This shall include title and naming rights.
2. MSD will lease, for 99 years, the Watershed Properties from the City for the purpose of providing clean, safe drinking water.
3. MSD will operate, maintain, repair, replace and expand, if necessary, all structures, buildings, and improvements necessary to collect, process and deliver water, including but not limited to the reservoirs, dams treatment facilities, pipelines, roads, parking areas, office maintenance and storage facilities that currently exist ("Water Production Facilities") on the Watershed Properties.
4. MSD will have operational control over the Watershed Properties including the right to control and limit access. MSD will operate and maintain the Watershed Properties in accordance with the 1996 Conservation Easement, and as the same may be amended from time to time by the City of Asheville consistent with the provisions of this proposal.

PLANNING COMMITTEE

October 4, 2012

10:00 a.m.

Chairman

Al Root

Members

Jon Creighton
Max Haner
Esther Manheimer
Chris Pelly
Bill Stanley
Jerry VeHaun
Bob Watts

The Planning Committee of the Board of the Metropolitan Sewerage District met on Thursday, October 4, 2012 in the Boardroom of the Administration Building. Chairman Al Root presided with the following Committee Members present: Jon Creighton, Esther Manheimer, Chris Pelly, Bill Stanley, Jerry VeHaun and Bob Watts. Others present were Steve Aceto, Jackie Bryson, Glenn Kelly, Bill Russell, Tom Hartye, General Manager, Gary McGill with McGill Associates, PA., Gary Jackson and Phil Kleisler with the City of Asheville and MSD Staff Ed Bradford, Stan Boyd, Peter Weed, Scott Powell, Jim Hemphill, Angel Banks and Sondra Honeycutt.

1. Call to Order:

Mr. Root called the meeting to order at 10:00 a.m. and welcomed guests.

2. Private Sewer Issues:

Mr. Hartye reported as a follow-up to the presentation made to the Board on September 19th he presented a copy of a resolution by the Buncombe County Board of Health concerning the need for repair of failing private sewer lines and a proposed resolution from the MSD Board. He stated staff recommends the Planning Committee recommend to the Board adoption of the resolution and work with the County and the Health Department to bring about a solution to these private sewer situations that present a public health hazard.

Mr. Hartye reported the majority of private sewers found are lines that run to multiple households and are basically service lines that are serving as mains. As MSD finds these lines, it tries to replace them or repair them and take them over for ownership. He stated that these issues were foreseen in the Consolidation Agreement so a dollar level of \$200,000 per year was assigned to it. As the Private Sewer Rehabilitation (PSR) program was developed, MSD replaced the lines that ultimately would need replacing and repaired those that only needed minor repair. He further stated the PSR program consist of owners that want MSD's help and that get together and agree to replace the line

and give MSD access to their property. He pointed out that these are very expensive projects and, of the one's MSD has done, they run from \$11,000 - \$12,000 per house, which are the cheaper ones with a 30-year payoff. However, the lines MSD is trying to maintain could have a 100-year payback. He stated that today's action is in response to the 5% or so of property owners (usually the owner downstream) who do not want to participate or cooperate with each other and it ends up being a public health issue. In certain cases there are families having to use outside toilets. Mr. Hartye further reported that the procedure, should adjacent property owners not be cooperative, will be as follows:

- The County Attorney will write a letter to affected property owners instructing repairs be made in accordance with adopted Board of Health resolution. The letter will say that MSD is available to make repairs to the private system.
- Concurrent with this letter being considered by the affected parties, the Board of Health will adopt a Resolution for the specific location of the public health issue authorizing the Director of Health to take whatever action is necessary.
- Should the property owners be non-responsive to the first letter then the County Attorney will send a second letter to the affected property owners giving them 30 days to make repairs, again with MSD available to make the repairs.
- If repairs are not made within the 30 day period, the County Attorney will petition the Courts for an appropriate order to allow MSD to enter the property(s) and complete required repairs. This process may take up to 90 days.
- When the appropriate order is issued then the property owner(s) will be served with the order and MSD will be able to make repairs.

Mr. Hartye stated the resolutions for specific locations may vary. It may be a point repair, run a line or installing pumps on upstream homes. Mr. Root asked what happens if someone cannot pay for a repair. Mr. Hartye said depending on the situation, MSD can set up a payment plan or place a lien on the property. Mr. Pelly asked if the 30-year and 100-year payback is based on the work done, how it is paid off by the homeowner. Mr. Hartye stated the 30 and 100 year payback is for the existing program where MSD has gone in and the homeowners have given approval, but in most cases, the location of the line is typically in rough areas so the expense is high and usually only involves a few homes. He further stated that the issue today is more about a health issue and resolutions to these homes may be on the order of \$5,000 - \$10,000. Mr. Kelly stated he is in favor of the resolution, but if the Board approves this, what are the legal consequences of condemnation. Mr. Hartye stated Mr. Clarke will need to address this.

Mr. Kelly asked if the line needs to be replaced will it be done consistent with MSD standards and then does it become an MSD line with a perpetual easement. Mr. Hartye said not necessarily, it depends on the situation and the condition of the line. Mr. Watts moved the Planning Committee recommend to the MSD Board approval of the resolution as presented with a date change. Mr. Creighton seconded the motion. By a show of hands, the motion was approved unanimously.

3. Water/Sewer Consolidation Discussion:

Mr. Root stated toward the end of the meeting he would like to talk about what was recently in the news concerning the City of Asheville's merger study and the City looking at running the MSD sewer system.

Mr. Root reported the City of Asheville appointed three people to meet with MSD representatives to talk about the studies. He stated in conversations with Ms. Manheimer, it was decided that before the studies are completed, it's hard to come to an understanding of the overall issues, but a couple of issues have come up. First, the employment issue whereby MSD will retain all current Water Department employees, and Second the indebtedness issue, whereby MSD will assume and pay off all outstanding Water capital debt. Mr. Aceto asked if the City is uncertain about the employment issue, can water related positions be easily distinguished from other city departments for purposes of determining which employees would automatically come under MSD if the system were transferred? Ms. Manheimer said it is easy to distinguish the employees associated with this. Mr. Root further reported there is a third issue that needs to be discussed; the issue of the reservoir property ownership and whether this can be looked at separately in terms of a long-term leasing arrangement versus ownership. Ms. Manheimer stated one of the key concerns of the City is that the watershed property itself is being very well protected and is the vital resource for the whole system and feels a couple of different versions should be looked at. She suggested the City might look at a version where the watershed property is under some type of lease arrangement, where the City could maintain title to it, but lease it to the MSD to provide water for the service. This might address some of the issues in the Asheville community about preserving that resource. Mr. Hartye stated he does not see this as part of the financial study. As long as MSD had operational control of water quality, the property could just as well be leased. He stated that the main thing about ownership is MSD will be repairing and replacing and selling bonds and borrowing and you need to have ownership to do that. Ms. Manheimer stated the City at its next Planning and Economic Development Committee meeting will consider a strengthening of the conservation easements on that property. Mr. Watts stated when the City re-writes its conservation easement they need to do a better job of describing the boundary because the current easement includes most of Montreat. The other issue is flood control in Biltmore. Mr. Aceto stated MSD does not need to wait for the financial study to talk to the City about the leasing issue. Mr. Root asked if it is fair

to say the Board would be open to a detailed proposal from the City. Mr. Watts asked if it's possible to take over the system from below the treatment plant down and work out an agreement in which the City would maintain dam control and simply provide raw water or would MSD be tying itself to something it cannot control. Mr. Hartye stated this approach would be dividing operational control and would not be desirable. Ms. Manheimer stated the MSD is looking at this from an operational standpoint and the City is looking at this from a conservation standpoint and since there are different issues that need to be addressed, the City would want MSD to lay out its requirements. Mr. Aceto stated MSD should tell the City what are MSD's specific needs with regard to access and operational control, and the City then needs to determine how it feels about MSD's operational proposal and respond to that. Mr. Watts stated operational control should also include the ability to maintain that ownership, not that the City is not doing it very well now.

Mr. Root brought up the issue of the City looking at the cost benefits of taking over the sewer system. Mr. Aceto asked what are the basic terms that MSD staff assumes will be part of any water system transfer agreement with the City and that these be reported to the Committee. Mr. Root read the entire list as follows:

- MSD to retain all current Water Department employees subject to the same MSD personnel policies applicable to current MSD employees.
- MSD to assume and pay off all outstanding Water capital indebtedness.
- Keep sewer accounting separate – no impact to sewer customers or MSD's Long Term Business Plan.
- MSD to fund the City's newly increase in CIP over next 10 years, estimated at \$100 million.
- City/MSD Statement opposing privatization.
- City to retain ownership of reservoir lands and lease to MSD while MSD to have operational control.
- Water to be eligible for same MSD financial incentives and partnerships for new public and private development currently available for sewer.
- Compensation.

Mr. Watts asked if expansion of the water system comes under what the City of Asheville is currently required to do, or what MSD normally does. Mr. Hartye stated the MSD takes the lead from member agencies and develops a master plan around that.

With regard to the City looking at the benefits of taking over the sewer system, Mr. Root called on Ms. Manheimer for a report. Ms. Manheimer stated City Council knows pretty broadly what is being studied and the fiscal impact to the City and Mr. Jackson is leading up a team looking at different options from the structure of what the financial ramifications are. Along with that, is studying what it would look like if the

City absorbs the MSD. This isn't anything initiated by City Council, this is the staff looking at different scenarios. Mr. Root asked if this will be addressed in the study to be released later this month. Ms. Manheimer said yes, that the City is planning a public meeting on October 30th where Raftelis will provide the City with the results of its study. On this note, she and Mr. Root talked about whether or not it might be important to have a joint meeting with other regional partners to hear about what the City and MSD are studying. Mr. Jackson stated the idea is if there is going to be a locally crafted regional evaluation of a merger potential, that it not be exclusively MSD driven, that it would not be exclusively negotiated between the City of Asheville and MSD, but rather would include other stakeholders such as Woodfin Water and Hendersonville. He further stated that this work session would give MSD an opportunity to provide a regional update and have the results of the Arcadis study and that all of the affected parties would have an opportunity to be part of this process. Mr. Root asked if MSD's study in final form would be complete at that time. Mr. Hartye stated the MSD study is being done in two phases; the first phase has to do with the LRC and the City of Asheville. The second phase to be complete in January, are the other entities including Montreat, Biltmore Forest and Weaverville. Mr. Jackson stated that although Woodfin and Hendersonville do not see the benefits of a merger, they do not want to be excluded from a regional discussion.

Mr. Aceto asked Mr. Hartye about his involvement in supplying information requested by the City in connection with the City's idea of the City taking over the MSD. Mr. Hartye said providing information and parallel information on the MSD Website. He stated that gathering information takes time; some five months so far, and MSD is still waiting for Asheville's updated CIP and rate study. Mr. Aceto asked when MSD can expect the updated City CIP and rate study information. Mr. Jackson stated MSD needs to understand the City has budget and capital cycles it works under just like MSD. He reported the City updates its capital improvement plan and determines from Council what the rates are in the budget cycle. The next Capital Improvement schedule to be adopted by Council will take place in 2013, but the City is bending over backwards to provide modeling, assumptions on what the capital plan would be to give a schedule. He stated the City is also going through an audit; closing out fiscal year last; updating what the cost of capital projects would be, using debt financing coming in over budget; deciding whether to adjust the budget; whether they need to do more and are developing alternative capital schedules that they will then, in the budget schedule, review with City Council. Also, they have just laid out to the Finance Committee of Council a schedule which takes the City through the end of November into December where they will be reviewing the capital plan and rates. He further stated that because the City wants to be helpful and work within MSD's process, they will sketch out some alternative preliminary capital schedules, so they will be providing information with a caveat that if the previous revenue assumptions from two years ago have not been worn out, they may need to be adopted at a different rate by Council. He stated staff will not tell MSD this

is what Council is going to do in June of 2013, so he ask the MSD to respect this process and understand the information provided will be staff modeling and nothing more; it won't be the capital plan, it won't be the 2013-14 rate structure. The ultimate assumptions of what that 10-year capital schedule will be is subject to Council's review and adoption into the budget in June, 2013. The rates will be set in the January/February time frame. He stated the information will be provided and Arcadis will have to make assumptions based on the staff analysis and the Raftelis model.

Mr. Hartye stated the MSD and City process is different in that MSD's CIP and rate study is done a few times a year and done together. What MSD is waiting on is the RPM model by Brown & Caldwell with the update on the rehab and refurbishment aspect of their CIP because it's a major piece of that CIP and the most important part of a CIP analysis. He further stated that MSD has a handle on the City's previous CIP and what some of the recommendations have been in the past about increased levels of CIP and if there should be an increase level of rehab, so MSD is inserting place holders in its study so that MSD can run an analysis, but would like to have the final numbers from the City to fill those in. MSD would like to be on the same page on its analysis as to what the City says should be done over the next ten years for capital rehab so the MSD can finish its model. He said MSD looks forward to getting this information.

Mr. Aceto stated there are two outstanding issues relating to information sharing, one regarding information inbound from the City to MSD and the other regarding information outbound from MSD to the City. The inbound information from the City to the MSD is in relation to the LRC study and a bill to be introduced in January, but the idea of the City taking over the MSD is not in the LRC study or contemplated by anyone other than City staff. He asked what sort of information is going outbound from MSD; is it basically the same information we are receiving from the City or is it going to a different level of detail and if this is burdening staff. Mr. Hartye stated its burdening because of the timeframe. Mr. Root asked where staff is in gathering this information. Mr. Hartye stated at this point information is consistently going back and forth. He expressed his appreciation to Phil Kleisler and Scott Powell for their hard work in this effort.

Mr. Aceto stated MSD's policy is transparency and he is concerned about MSD being engaged in a reciprocal study by the City that is not reflected in any legislative action or any foreseeable legislative action and asked why this is necessary. He reported MSD Counsel informed him that he Counsel has been asked for a copy of Counsel's legal services contract. He asked if the MSD has a copy of the City's legal services contract. Mr. Jackson stated the City would not ask for anything that is not a public document or anything that is not covered by the State's Public Records law. Both entities are transparent and the City is also making accommodations and adjustments to its work schedule. Also, information such as organizational charts, contracts and salary schedules

is public information and is covered by State law. He further stated he has not asked Council to get involved, that this is something staff can handle.

Mr. Root asked if he had any sense on where the City is in formulating its document requests to MSD. Mr. Kleisler stated staff made an intentional effort to come together and compile all of the information the various departments would need to do the second part of the analysis and did their best to get it into one document and this was sent to MSD on September 11th. Since that time, City staff has requested other documents they thought would be useful and Scott Powell has worked hard to make these documents available.

With regard to providing information, Mr. Aceto stated there is no way the MSD Board would direct its staff not to provide something the Public Records law would require to be disclosed, but if the MSD staff were to ask the City for information about taking over the fire department, the MSD Board would have something to say about that, and the City staff's study of taking over MSD is equally irrelevant to what is being asked of us by the LRC.

Mr. Kelly stated he thinks the City has created a gap between itself and the LRC by studying things they were not told to study. He further stated he does not want the LRC mad at the MSD and by now the municipalities should learn the Legislature can do pretty much what they want to with the City and they can have control over the County, the MSD and the Water Authority also, but he is not interested in the MSD making the LRC its enemy.

Mr. Aceto stated the Committee should consider first, things that matter to the issues that are put before us by the LRC such as the status of the Reservoir, and the status of the City's water system CIP planning that affects the numbers being developed by MSD.

Mr. Root called on Mr. Hartye regarding a scheduling issue. Mr. Hartye stated the Committee needs to schedule a date for the next Planning Committee meeting to hear the draft report from Arcadis. The Committee agreed on Thursday, November 1st at 10 a.m. With regard to the meeting on October 30th, Mr. Watts asked if the meeting is open to the MSD Board. Ms. Manheimer stated a formal invitation will be sent and that the meeting will be held at the U.S. Cellular Center.

4. Adjournment:

With no further discussion, Mr. Russell moved for adjournment at 11:05 pm. Mr. Stanley seconded the motion. Voice vote in favor of the motion was unanimous.

CONSOLIDATED MOTION AGENDA

Metropolitan Sewerage District of Buncombe County

BOARD ACTION ITEM

BOARD MEETING DATE: October 17, 2012

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

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

SUBJECT: Sanitary Sewer Rehabilitation Project: Givens Estates, MSD Project No. 2006014

BACKGROUND: This project is for the replacement of an aged vitrified clay sanitary sewer line which is in poor condition. The line serves a large area which includes Givens Estates, Turtle Creek Shopping Center & Apartments, multiple subdivisions and additional businesses.

The project is located at the upper end of the Dingle Creek Basin in South Asheville, and crosses both Sweeten Creek Road and Hendersonville Road. It is comprised of 3,683 linear feet of 8-inch through 12-inch DIP.

The contract was advertised and seven bids were received on Thursday, October 4, 2012 at 2:00 PM as follows:

<u>Contractor</u>	<u>Bid Amount</u>
1) Payne, McGinn & Cummins	\$898,777.00
2) Carolina Specialties Construction	\$892,525.00
3) Buchanan and Sons	\$824,728.55
4) T&K Utilities, Inc.	\$756,972.00
5) Cana Construction Co.	\$752,041.00
6) Moore and Son Site Contractors	\$705,666.00
7) Terry Brothers Construction Co.	\$692,848.50

The apparent low bidder is Terry Brothers Construction Co. with a bid amount of \$692,848.50. Terry Brothers has extensive experience with previous MSD rehabilitation projects, and their work quality has been excellent to date.

Please refer to the attached documentation for further details.

FISCAL IMPACT: The FY12-13 construction budget for this project is \$782,300.00.

STAFF RECOMMENDATION: Staff recommends award of this contract to Terry Brothers Construction Co. in the amount of \$692,848.50, subject to review and approval by District Counsel.

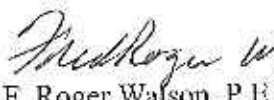

**METROPOLITAN SEWERAGE DISTRICT OF
BUNCOMBE COUNTY, NORTH CAROLINA**

**GIVENS ESTATES SEWER REPLACEMENT
PROJECT NO. 2006014**

**BID TABULATION
October 4, 2012**

BIDDER	Bid Bond	MBE Form	Bid Forms (Proposal)	Total Bid Amount
Payne, McGinn & Cummins Traveler's Rest, SC	5%	1	Yes	\$898,777.00
Carolina Specialties Construction Hendersonville, NC	5%	1	Yes	\$892,525.00
Buchanan and Sons Whittier, NC	5%	1	Yes	\$824,728.55
T & K Utilities Asheville, NC	5%	1	Yes	\$756,972.00
Cana Construction Company Waynesville, NC	5%	1	Yes	\$752,041.00
Moore and Son Site Contractors Mills River, NC	5%	1	Yes	\$705,666.00
Terry Brothers Construction Co. Leicester, NC	5%	1	Yes	\$692,848.50

APPARENT LOW BIDDER


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

10-4-12

This is to certify that the bids tabulated herein were publicly opened and read aloud at 2:00 p.m. on the 4th day of October, 2012, in the W.H. Mull Building at the Metropolitan Sewerage District of Buncombe County, Asheville, North Carolina, and that said bids were accompanied by acceptable bidders bonds in the amount of 5% of the bid.

Interoffice Memorandum

TO: Tom Hartye, General Manager

FROM: Ed Bradford, CIP Manager
F. Roger Watson, Project Engineer

DATE: October 5, 2012

RE: Givens Estate Sanitary Sewer Replacement Project MSD Project No. 2006014

This project is for the replacement of an existing 10-inch and 12-inch VCP sewer main which extends along Dingle Creek between US 25 (Hendersonville Road) and US 25A (Sweeten Creek Road) in South Asheville. The existing sewer main, which is in very poor condition, serves Givens Estate, Turtle Creek Shopping Center, Turtle Creek Apartments, and several businesses and subdivisions along its route.

The existing line crosses under US 25. At US 25A and the Norfolk-Southern Railway, roadway bores will be required at those locations. This project proposes to replace the existing sewer mains with 2,457 L.F. of 12" DIP main, 771 L.F. of 10" DIP Main and 455 L.F. of 8" DIP Main.

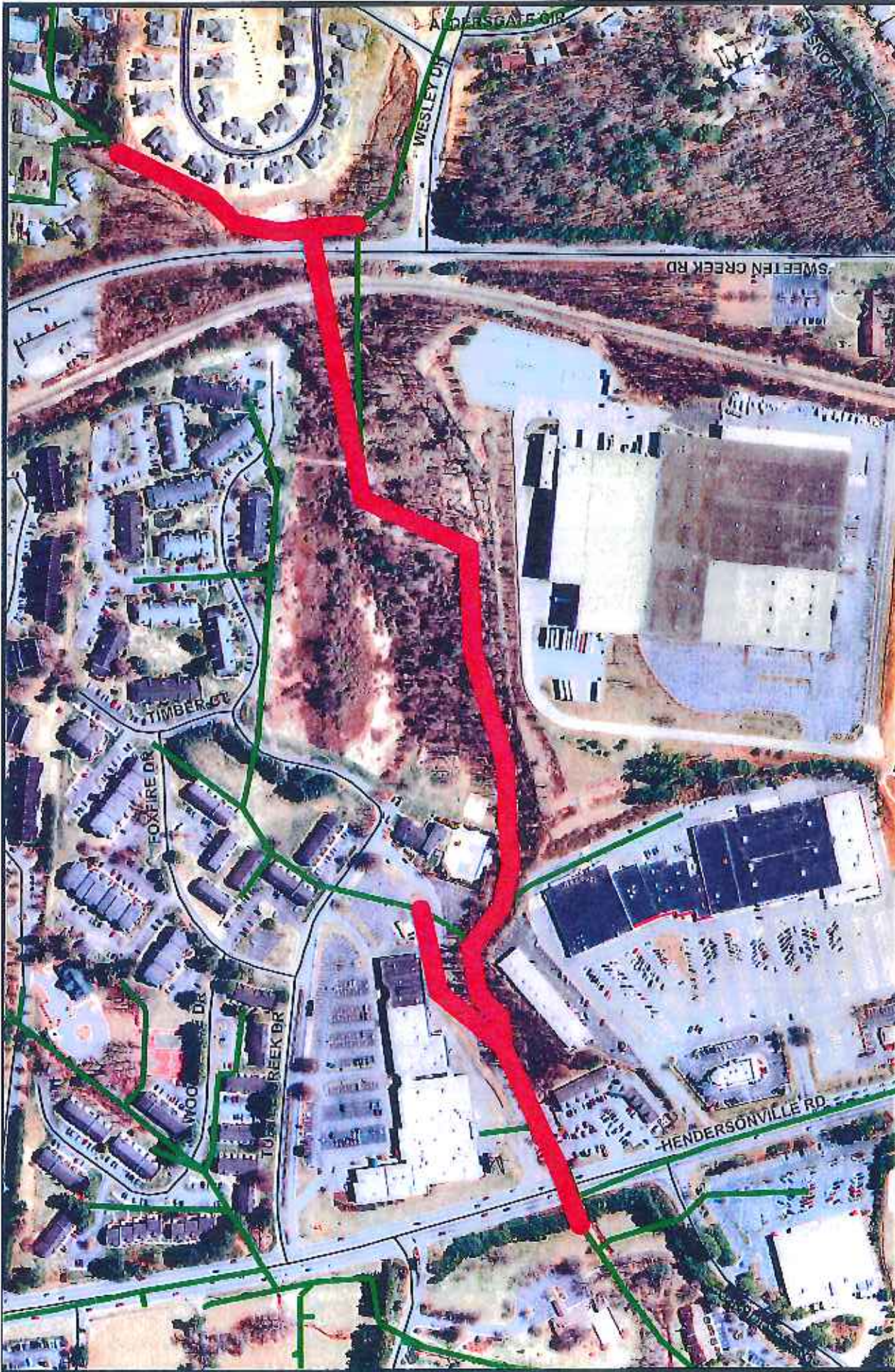
This project is one of several projects in the Dingle Creek basin (some of which have already been completed). These projects will reduce the SSO's and I&I in this basin, and improve flow conditions in a rapidly developing area of South Asheville.

Bids were received at 2:00 PM on Thursday, October 4, 2012 for this project. Seven contractors submitted bids for this project, as shown below:

<u>Contractor</u>	<u>Total Bid</u>
1) Payne, McGinn & Cummins of Traveler's Rest, SC	\$898,777.00
2) Carolina Specialties Construction of Hendersonville, NC	\$892,525.00
3) Buchanan and Sons of Whittier, NC	\$824,728.55
4) T&K Utilities, Inc. of Asheville, NC	\$756,972.00
5) Cana Construction Company of Waynesville, NC	\$752,041.00
6) Moore and Son Site Contractors of Mills River, NC	\$705,666.00
7) Terry Brothers Construction Co. of Leicester, NC	\$692,848.50

Terry Brothers Construction Company of Leicester, NC is the apparent low bidder with a bid amount of \$692,848.50. Terry Brothers has extensive experience with District rehabilitation projects. The FY 2012-2013 construction budget is \$782,300.00.

It is recommended that this project be awarded to Terry Brothers Construction Company of Leicester, NC in the amount of \$692,848.50, subject to review and approval by MSD Legal Counsel.



Givens Estate
Project No. 2006014

NOT TO SCALE



METROPOLITAN SEWERAGE DISTRICT
OF
BUNCOMBE COUNTY, NORTH CAROLINA

Budget Map

Metropolitan Sewerage District of Buncombe County, North Carolina

CAPITAL IMPROVEMENT PROGRAM

BUDGET DATA SHEET - FY 2012 - 2013

PROJECT:	Givons Estates	LOCATION:	Asheville
TYPE:	General Sewer Rehab.	DATE OF REPORT:	January 2012
PROJECT NO.	2006014	TOTAL L.F.:	3,702
PROJECT BUDGET:	\$938,550.00	PROJECT ORIGIN:	SSO's, Work Orders, Line Condition

DESCRIPTION	ESTIMATED PROJECT COST	TOTAL EXPENDS THRU 12/31/11	EST. COST JAN - JUNE 2012	EST. BUDGET FY 12-13
55310 - PRELIM. ENGINEERING				
55320 - SURVEY - DESIGN	\$22,750.00	\$22,724.00		
55330 - DESIGN				
55340 - PERMITS	\$5,000.00	\$5,800.00	\$200.00	
55350 - SPECIAL STUDIES				
55360 - EASEMENT PLATS	\$15,700.00	\$15,048.00		
55370 - LEGAL FEES	\$13,000.00	\$11,731.00	\$1,259.00	
55380 - ACQUISITION SERVICES	\$7,000.00	\$5,618.00	\$1,382.00	
55390 - COMPENSATION	\$70,000.00	\$18,418.00	\$33,582.00	\$20,000.00
55400 - APPRAISAL	\$3,000.00		\$3,000.00	
55410 - CONDEMNATION	\$7,500.00		\$2,500.00	\$5,000.00
55420 - CONSTRUCTION	\$782,300.00			\$782,300.00
55430 - CONST. CONTRACT ADM.				
55440 - TESTING	\$2,000.00			\$2,000.00
55450 - SURVEY - ASBUILT	\$9,300.00			\$9,300.00
TOTAL AMOUNT	\$938,550.00	\$77,939.00	\$41,933.00	\$818,600.00

ENGINEER:	MSD	ESTIMATED BUDGETS - FY '13 - '22	
R.O.W. ACQUISITION:	Consultant	# PLATS: [8]	FY 13-14 \$0.00
CONTRACTOR:			FY 14-15 \$0.00
CONSTRUCTION ADM:	MSD		FY 16-16 \$0.00
INSPECTION:	MSD		FY 16-17 \$0.00
			FY 17-18 \$0.00
PROJECT DESCRIPTION:	This project is along Dingle Creek between US 25 and Sweeten Creek Rd.		FY 18-19 \$0.00
	and is part of the Crowfield's property. The existing 10" main is in poor condition and SSO's have occurred		FY 19-20 \$0.00
	along this section. This project is one of several projects which will upgrade lines along Dingle Creek.		FY 20-21 \$0.00
			FY 21-22 \$0.00

SPECIAL PROJECT NOTES:

Metropolitan Sewerage District of Buncombe County Board Action Item

Meeting Date: October 17, 2012

Subject: Consideration of Bids – Excavator Procurement, Fleet

Prepared by: Peter Weed, Administration Division Director
Mike Stamey, SS Construction Division Director
Julie Willingham, CLGPO; Purchasing Supervisor
Neil Hall, Fleet Manager

Reviewed by: Billy Clarke, District Counsel
Scott Powell, CLGFO; Finance Director

Background: The District's policy is to annually evaluate the condition of fleet vehicles and purchase replacements when the estimated cost of repair and maintenance will exceed the cost of a new one. At the March 12, 2012, Fleet Replacement Committee meeting, the members recommended the purchase of one (1) New Mid-Size Excavator Replacement, as presented to this Board for approval. This purchase was included in the FY2012 Budget.

Discussion: Pursuant to North Carolina Purchasing Statutes and MSD Procedures, bids for the excavator were sent to three vendors and an advertisement placed on the MSD web site. Two bid packages were received opened on October 1, 2012, at 11:00 am. The Carolina Equipment/Yanmar bid was the lowest responsive bidder to the MSD specifications. The bids are summarized below. Because the cost of this excavator exceeds \$90,000.00, the contract must receive Board approval.

Fiscal Impact: The total cost of this contract will be \$95,191.00, and funds are budgeted in the Fleet Replacement Fund.

Staff Recommendation: Staff recommends that the bid from Carolina Equipment/Yanmar be awarded.

Vendor	Excavator Cost	Comments
Carolina Equipment/Yanmar Asheville, NC	\$95,191.00	2012 Yanmar Model SV100
Bobcat of Asheville Asheville, NC	Non-Responsive Unable to meet all specifications	2012 Model E80
Kubota of Asheville Asheville, NC	No Bid	

Metropolitan Sewerage District of Buncombe County Planning Committee

COMMITTEE MEETING DATE: 10/04/12

SUBMITTED BY: Thomas E. Hartye, P.E., General Manager
William Clarke, General Counsel
Stan Boyd, P.E. Planning and Development Director
Ken Stines, Collection System Maintenance Director

SUBJECT: Private Sewers Line Failure Response

BACKGROUND:

As a follow-up to the presentation made to the Board on September 19th, below is an item for consideration by the Planning Committee concerning our response to the type of private sewer issues that were discussed.

Attached for your information is a copy a resolution by the Buncombe County Board of Health concerning the need for repair of failing private sewer lines, that was adopted September 13, 2012.

Staff proposes that the MSD Board adopt a parallel resolution, a draft of which is attached for your consideration.

Since the types of circumstances are so varied, staff does not believe that attempting to develop a detailed policy to cover every circumstance would be effective. We believe that we can effectively work with the County and the Health Department to address these leaks that warrant our intervention.

The County has been extremely helpful in facilitating the development of a process by which we can address these unfortunate situations.

The procedure should adjacent property owners not be cooperative will be:

- The County Attorney will write a letter to affected property owners instructing repairs be made in accordance with adopted Board of Health resolution. The letter will say that MSD is available to make repairs to the private system.
- Concurrent with this letter being considered by the affected parties the Board of Health will adopt a Resolution for the specific location of the public health issue authorizing the Director of Health to take whatever action is necessary.
- Should the property owners be non-responsive to the first letter then the County Attorney will send a second letter to the affected property owners giving them 30 days to make repairs, again with MSD available to make the repairs.

- If repairs are not made within the 30 day period the County Attorney will petition the Courts for an appropriate order to allow MSD to enter the property (s) and complete required repairs. This process may take up to 90 days.
- When the appropriate order is issued then the property owner (s) will be served with the order and MSD will be able to make repairs.

STAFF RECOMMENDATION: For the MSD Board to adopt the attached resolution and work with the County and the Health Department to bring about a resolution to these private sewer situations that present a public health hazard.

COMMITTEE RECOMMENDATION: For the MSD Board to adopt the attached resolution and work with the County and the Health Department to bring about a resolution to these private sewer situations that present a public health hazard.

**RESOLUTION FROM THE BOARD OF DIRECTORS OF THE METROPOLITAN
SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA**

WHEREAS, the Metropolitan Sewerage District ("MSD") is a public body exercising public and essential governmental functions to provide for the preservation and promotion of the public health and welfare of the district;

WHEREAS, the Buncombe County Board of Health has determined that broken and failing sewer service lines discharging untreated wastewater promote the spread of disease through viruses and bacteria;

WHEREAS, dysentery, hepatitis, typhoid fever, and acute gastrointestinal illnesses have been linked to human exposure to raw, untreated sewage;

WHEREAS, the Buncombe County Board of Health, on September 13, 2012, adopted a resolution calling for and encouraging the immediate repair of any discharge of untreated wastewater;

IT IS NOW, HEREBY RESOLVED as follows: Consistent with its mission to preserve and promote the public health and welfare of the district, MSD will move promptly to repair broken and failing sewer service lines on private property where the discharge from such lines poses a threat to the public health. MSD may recover the cost of such repair from the owner of the sewer service line.

Adopted in regular session this 17th day of October, 2012.

Steve Aceto, Chairman

Max L. Haner

Jackie W. Bryson, Secretary/Treasurer

Allan P. Root

Chris Pelly

Esther Manheimer

Bill Russell

Jon Creighton

E. Glenn Kelly

Robert C. Watts

M. Jerry VeHaun

William Stanley

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: October 17, 2012

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

Prepared By: W. Scott Powell, CLGFO, Director of Finance
Cheryl Rice, Accounting Manager

Subject: Cash Commitment/Investment Report-Month Ended August 31, 2012

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 August 31, 2012 were \$30,198,354. The detailed listing of accounts is available upon request. The average rate of return for all investments is 1.792%. 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 August 31, 2012 do not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of August 31, 2012 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is (\$13,295,316).

Total Cash & Investments as of 08/31/2012		30,198,354
Less:		
Budgeted Commitments (Required to pay remaining FY13 budgeted expenditures from unrestricted cash)		
Construction Funds	(16,836,089)	
Operations & Maintenance Fund	(12,628,252)	
		(29,464,341)
Bond Restricted Funds		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(15,145)	
Debt Service Reserve	(2,721,711)	
Remaining Principal & Interest Due	(7,342,489)	
		(10,079,345)
District Reserve Funds		
Fleet Replacement	(452,243)	
WWTP Replacement	(629,301)	
Maintenance Reserve	(912,875)	
		(1,994,419)
Post-Retirement Benefit		(876,970)
Self-Funded Employee Medical		(1,078,595)
Designated for Capital Outlay		<u><u>(13,295,316)</u></u>

Staff Recommendation

None. Information Only.

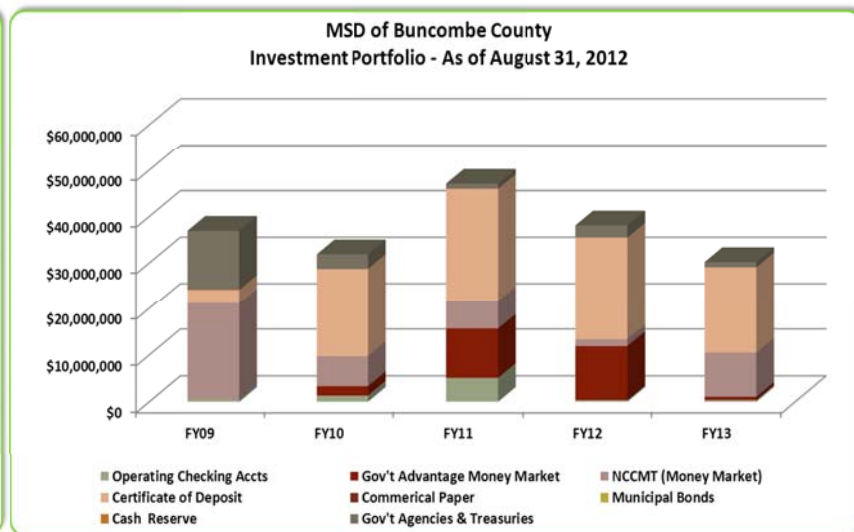
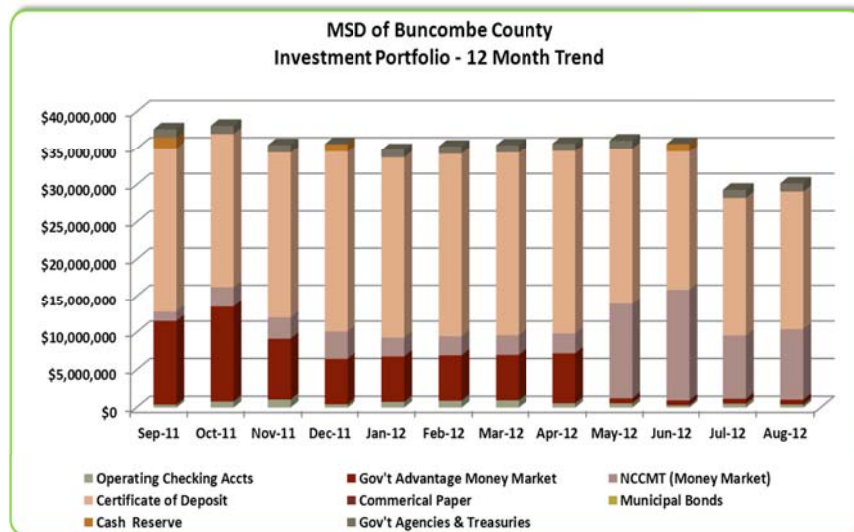
Action Taken

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

Metropolitan Sewerage District of Buncombe County Investment Portfolio

	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	\$ -		\$ 15,145				\$ -	\$ 1,116,802	\$ 1,131,947
Held by MSD	405,659	646,378	9,391,019	18,623,351	-	-		-	29,066,407
	\$ 405,659	\$ 646,378	\$ 9,406,164	\$ 18,623,351	\$ -	\$ -	\$ -	\$ 1,116,802	\$ 30,198,354

<u>Investment Policy Asset Allocation</u>	<u>Maximum Percent</u>	<u>Actual Percent</u>	
U.S. Government Treasuries,			
Agencies and Instrumentalities	100%	3.70%	No significant changes in the investment portfolio as to makeup or total amount.
Bankers' Acceptances	20%	0.00%	
Certificates of Deposit	100%	61.67%	
Commercial Paper	20%	0.00%	The District 's YTM of .84% is exceeding the YTM benchmarks of the 6 month T-Bill and NCCMT Cash Portfolio.
North Carolina Capital Management Trust	100%	31.15%	
Checking Accounts:	100%		All funds invested in CD's, operating checking accounts, Gov't Advantage money market are fully collateralized with the State Treasurer.
Operating Checking Accounts		1.34%	
Gov't Advantage Money Market		2.14%	



Board Meeting: October 17, 2012

Subject: Cash Commitment/Investment Report-Month Ended August 31, 2012

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**METROPOLITAN SEWERAGE DISTRICT
INVESTMENT MANAGERS' REPORT
AT August 31, 2012**

Summary of Asset Transactions

	Original Cost	Market	Interest Receivable
Beginning Balance	\$ 25,633,567	\$ 25,633,567	\$ 269,753
Capital Contributed (Withdrawn)	502,269	502,269	
Realized Income	888		
Unrealized/Accrued Income		-	18,508
Ending Balance	<u>\$ 26,136,724</u>	<u>\$ 26,135,836</u>	<u>\$ 288,261</u>

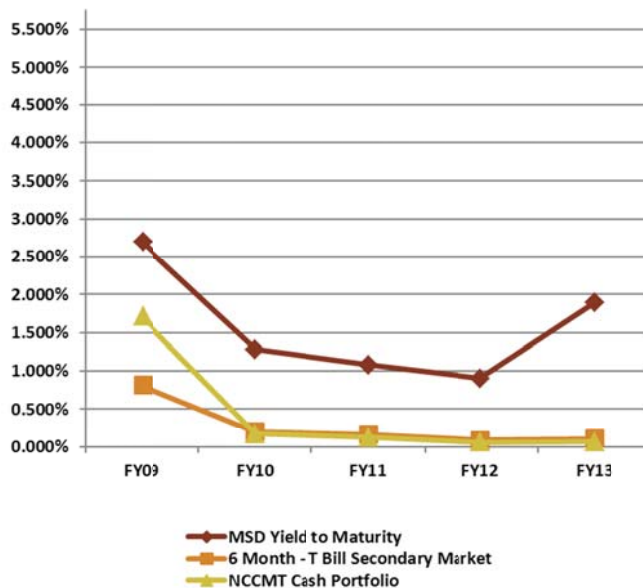
Value and Income by Maturity

	Original Cost	Income
Cash Equivalents <91 Days	\$ 7,513,373	\$ 5,576
Securities/CD's 91 to 365 Days	18,623,351	13,820
Securities/CD's > 1 Year	-	-
	<u>\$ 26,136,724</u>	<u>\$ 19,396</u>

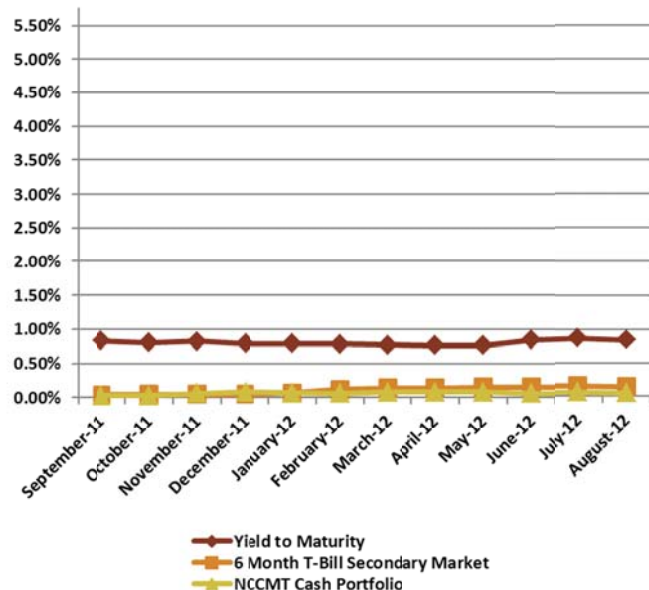
Month End Portfolio Information

Weighted Average Maturity	459
Yield to Maturity	0.84%
6 Month T-Bill Secondary Market	0.14%
NCCMT Cash Portfolio	0.05%

**Metropolitan Sewerage District
Annual Yield Comparison**



**Metropolitan Sewerage District
Yield Comparison - August 31, 2012**



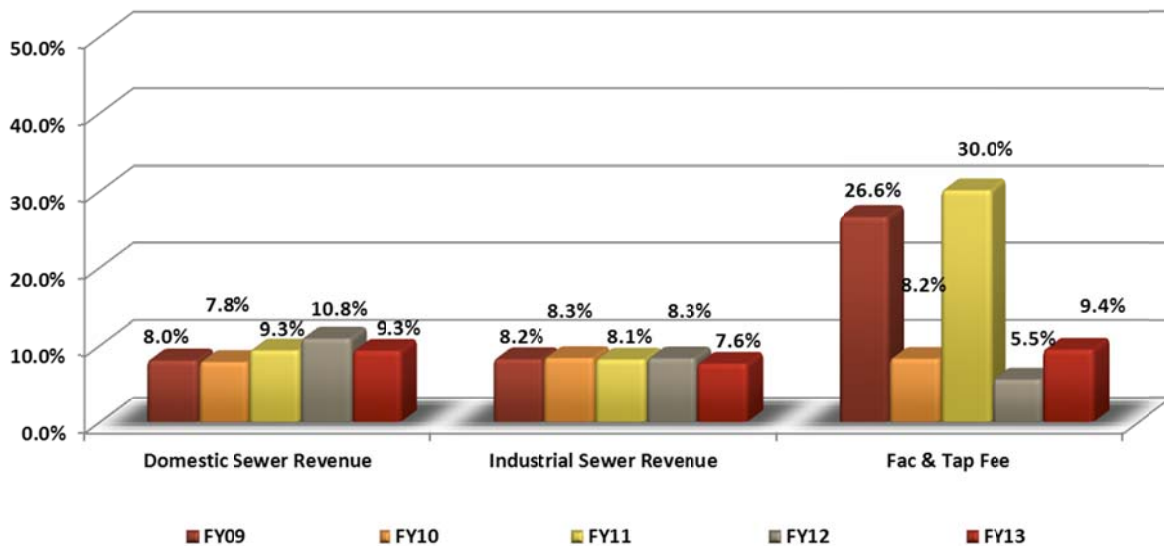
Board Meeting: October 17, 2012

Subject: Cash Commitment/Investment Report-Month Ended August 31, 2012

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**METROPOLITAN SEWERAGE DISTRICT
ANALYSIS OF CASH RECEIPTS
AS OF August 31, 2012**

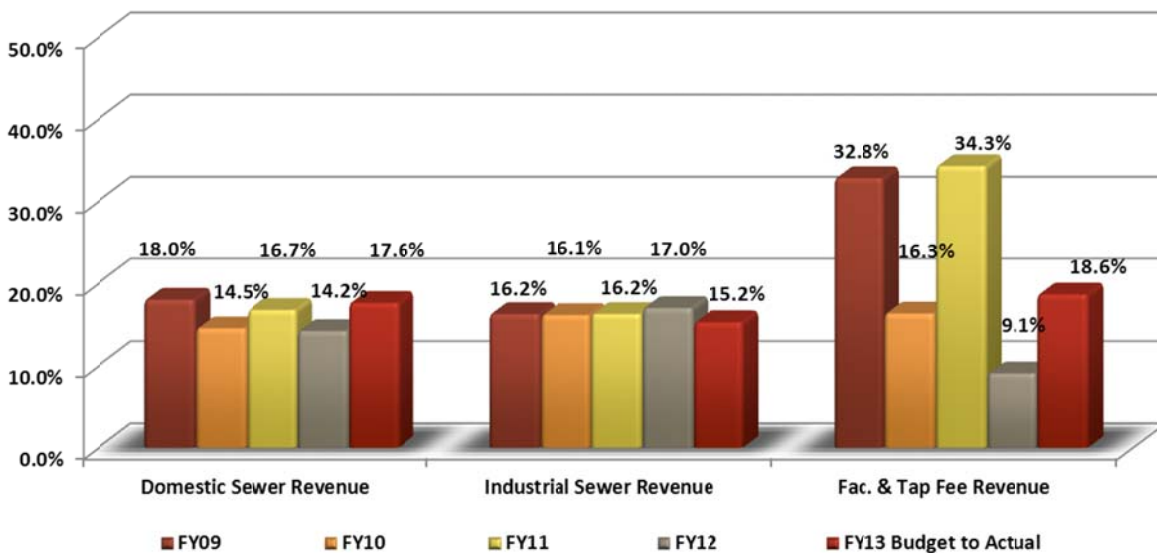
Monthly Cash Receipts Analysis



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 Cash Receipt Analysis



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.
- Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap fee revenue reasonable.

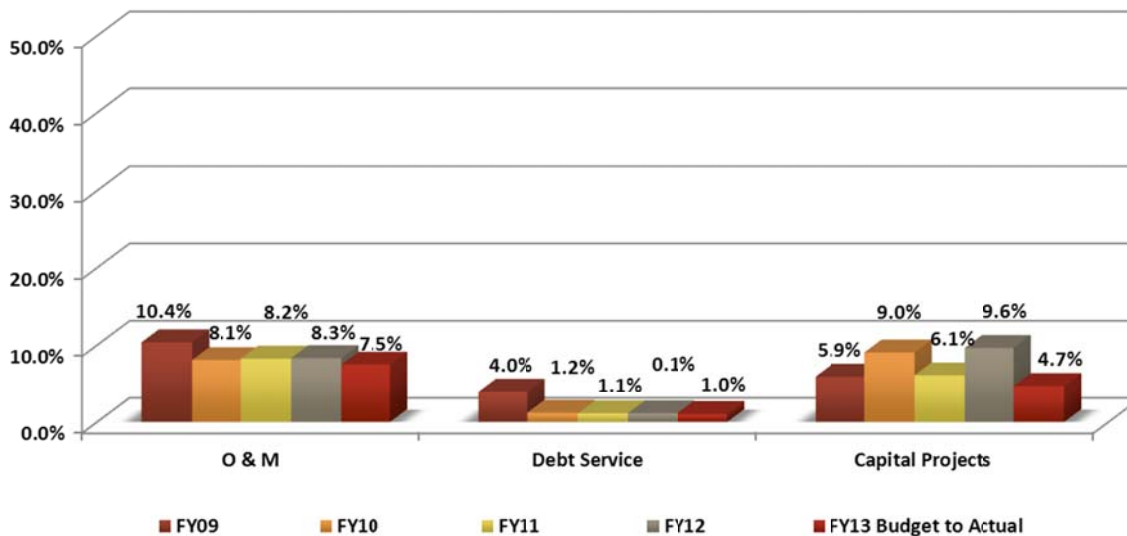
Board Meeting: October 17, 2012

Subject: Cash Commitment/Investment Report-Month Ended August 31, 2012

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**METROPOLITAN SEWERAGE DISTRICT
ANALYSIS OF EXPENDITURES
AS OF AUGUST 31, 2012**

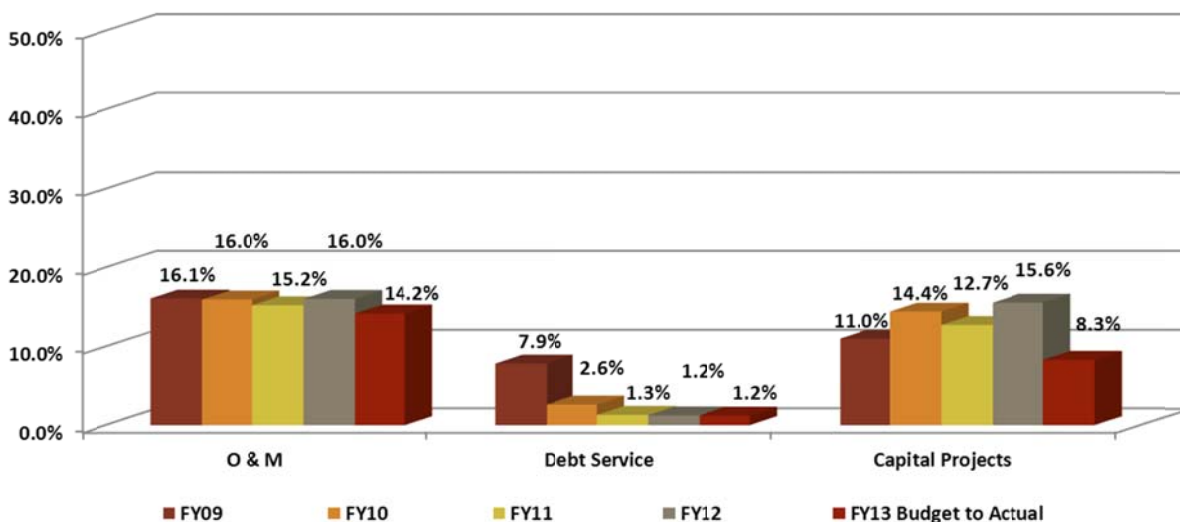
Monthly Expenditure Analysis



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 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.

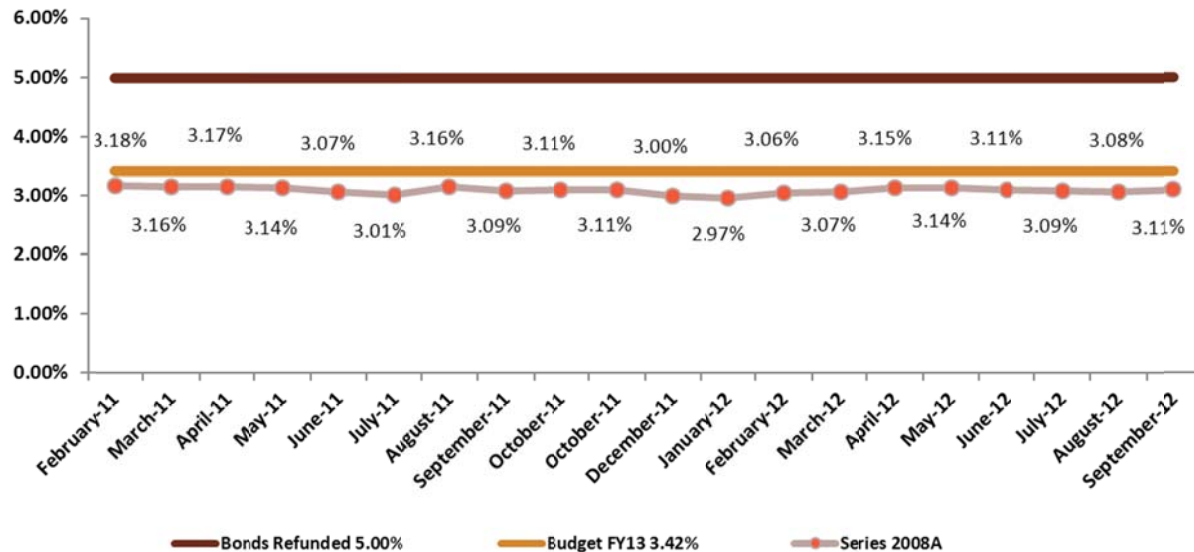
Board Meeting: October 17, 2012

Subject: Cash Commitment/Investment Report-Month Ended August 31, 2012

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**METROPOLITAN SEWERAGE DISTRICT
Variable Debt Service Report
As of September 30, 2012**

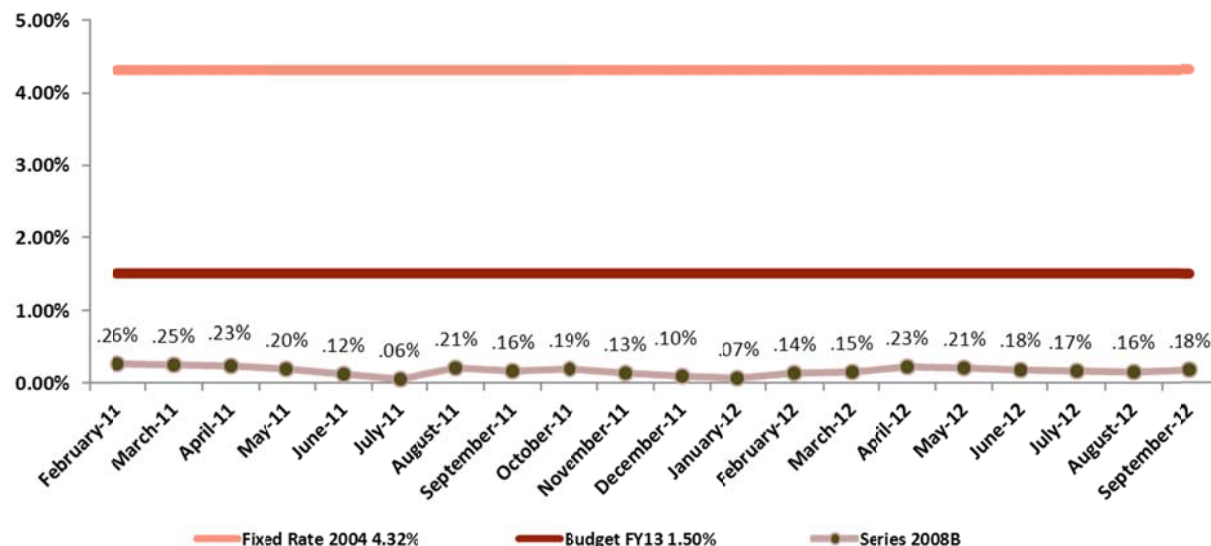
Series 2008A Synthetic Fixed Rate Bonds Performance History



Series 2008A:

- ★ Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$2,395,823 as compared to 4/1 fixed rate of 4.85%.
- ★ Assuming that the rate on the Series 2008A Bonds continues at the current all-in rate of 4.0475%, MSD will achieve cash savings of \$4,730,000 over the life of the bonds.
- ★ MSD would pay \$6,600,000 to terminate the existing Bank of America Swap Agreement.

Series 2008B Variable Rate Bond Performance History



Series 2008B:

- ★ Savings to date on the 2008B Variable Rate Bonds is \$3,431,869 as compared to 5/1 fixed rate of 4.32%.
- ★ Since May 1, 2008, the Series 2008B Bonds average variable rate has been 0.54%.
- ★ MSD will achieve \$8,995,000 in cash savings over the life of the bonds at the current average variable rate.

STATUS REPORTS

CAPITAL IMPROVEMENT PROGRAM

STATUS REPORT SUMMARY

October 10, 2012

PROJECT	CONTRACTOR	AWARD DATE	NOTICE TO PROCEED	ESTIMATED COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
GIVENS ESTATES	TBA	TBA	TBA	TBA	TBA	0%	Formal Bids were opened on October 4th. Terry Brothers Construction is the apparent low bidder. This project will be presented at the October Board meeting.
MEADOWLARK ROAD	Terry Brothers	8/15/2012	8/21/2012	12/19/2012	\$64,893.00	100%	Informal Project is complete and in close out.
MOUNTAIN TERRACE - 4 INCH MAIN	Terry Brothers	8/15/2012	8/21/2012	12/19/2012	\$71,085.00	95%	Informal Ready for pavement and final inspection.
NORTH GRIFFING BOULEVARD - 4 INCH MAIN	Terry Brothers	8/15/2012	8/21/2012	12/19/2012	\$146,929.50	90%	Informal Mainline construction complete; awaiting final paving and punchlist inspection.
PATTON AVENUE @ PARKWOOD ROAD	Huntley Construction	1/18/2012	5/11/2012	10/15/2012	\$243,718.16	98%	Informal All sewer construction has been completed as well as concrete sidewalk and curbs. Paving is complete, ready for striping. Final inspection pending.
PIPE RATING CONTRACT #6 (LINING)	Improved Technologies Group	10/19/2011	12/5/2011	10/15/2012	\$808,846.50	95%	Formal Contractor working on last couple of items prior to final inspection.
SCENIC VIEW DRIVE (PRP 29020)	Carolina Specialties	9/19/2012	TBA	TBA	\$249,450.00	0%	Informal The contract was awarded to Carolina Specialties. A preconstruction meeting will be held soon.
SHORT COXE AVENUE AT SOUTHSIDE AVENUE	Cana Construction	7/18/2012	9/4/2012	3/3/2013	\$866,521.50	0%	Formal Contractor has mobilized to site and ready to begin construction.
WRF - CRAGGY HYDRO FACILITY REPAIRS - CONTROL COMPONENTS UPGRADE	Innovative Solutions of NC	7/12/2012	N/A	3/31/2013	\$100,717.72	33%	Informal This is to upgrade the old control panel at the Hydro Facility. In additon to this, Turbine No. 2 is being repaired as well.
WRF - ELECTRICAL IMPROVEMENTS	Haynes Electric	8/15/2012	9/10/2012	6/7/2013	\$1,061,900.00	5%	Formal Site work at generator pad started as well as underground ductbank construction.
WRF - FINAL MICROSCREEN REPLACEMENT	Hickory Construction	10/20/2010	1/3/2011	10/30/2012	\$8,972,321.36	98%	Formal Contractor completing preliminary punchlist. Performance testing will begin the week of the 15th. All work should be completed by the end of the month.

*Updated to reflect approved Change Orders and Time Extensions

Planning and Development Projects Status Report
October 9, 2012

Status	Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
	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
	MWB Sewer Extension	2008046	Asheville	Comm.	285	5/12/2008	Complete - Waiting on final documents
	Black Mtn Annex: Avena Rd.	1999026	Black Mtn.	24	4,300	8/19/2010	Complete - Waiting on final documents
	Black Mtn Annex: McCoy Cove	1992174	Black Mtn.	24	2,067	8/19/2010	Complete - Waiting on final documents
	Black Mtn Annex: Blue Ridge Rd.	1992171	Black Mtn.	24	2,560	8/19/2010	Complete-Waiting on final documents
	Kenilworth Healthy Built	2011030	Asheville	5	252	8/23/2011	Complete - Waiting on final documents
	New Salem Studios	2011119	Black Mountain	5	36	5/21/2012	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
	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
	Greeley Street	2011053	Asheville	2	119	9/15/2011	Complete - Waiting on final documents
	Momentum Health Adventure	2008097	Asheville	Comm.	184	8/19/2009	Complete - Waiting on final documents
	North Point Baptist Church	2008105	Weaverville	Comm.	723	5/20/2009	Complete - Waiting on final documents
	Lutheridge - Phase I	2009112	Arden	Comm.	330	3/16/2010	Complete-Waiting on final documents
	AVL Technologies	2010018	Woodfin	Comm.	133	5/21/2010	Complete-Waiting on final documents
	UNC-A New Residence Hall	2011047	Asheville	304	404	8/29/2011	Complete-Waiting on final documents
	Dollar Tree - Weaverville	2011113	Weaverville	Comm.	75	2/23/2012	Complete-Waiting on final documents
	Larchmont Apartments	2011014	Asheville	60	26	6/23/2011	Complete-Waiting on final documents
	Versant Phase I	2007008	Woodfin	64	12,837	2/14/2007	Complete-Waiting on final documents
	Cottonwood Townhomes	2009110	Black Mtn.	8	580	10/20/2009	Complete-Waiting on final documents
	Straford/Parkside/Woodbine	2012002	Asheville	4	250	8/2/2012	Complete-Waiting on final documents
	Brookgreen Phase 1C	2012015	Woodfin	4	280	8/2/2012	Complete-Waiting on final documents
	MWB Phase II	2012053	Montreat	1	90	8/9/2012	Complete- Waiting on final documents
	Ridgefield Business Park	2004188	Asheville	18	758	2/16/2005	Complete-Waiting on final documents
	Thoms Estate 3A	2011022	Asheville	8	457	10/24/2010	Complete-Waiting on final documents
	Subtotal			982	31,853		

Planning and Development Projects Status Report
October 9, 2012

Status	Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
	The Settings (6 Acre Outparcel)	2004192	Black Mountain	21	623	3/15/2006	Ready for final inspection
	Swannanoa Habitat Project	2012055	Swannanoa	17	303	6/26/2012	Installing
	Waightstill Mountain PH-8	2006277	Arden	66	3,387	7/26/2007	testing / in foreclosure
	Brookside Road Relocation	2008189	Black Mtn	N/A	346	1/14/2009	Pre-con held, ready for construction
	Scenic View	2006194	Asheville	48	534	11/15/2006	Ready for final inspection
	Ingles	2007214	Black Mtn.	Comm.	594	3/4/2008	Ready for final inspection
	Bartram's Walk	2007065	Asheville	100	10,077	7/28/2008	Punchlist pending
	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
	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	Punchlist pending
	Thom's Estate - Phase II	2008071	Asheville	40	3,701	2/9/2011	Punchlist pending
	Berrington Village Apartments	2008164	Asheville	308	4,690	5/5/2009	Ready for final inspection
	Parameter Generation Relocation	2012024	Black Mtn.	Comm.	545	5/24/2012	Ready for final inspection after paving
	Camp Dorothy Walls - Ph. 2	2007294	Black Mtn.	Comm.	593	6/16/2009	Pre-con held, ready for construction
	Harris Teeter - Merrimon Ave.	2011045	Asheville	Comm.	789	3/27/2012	Ready for final inspection
	Pisgah Manor Skilled Nursing Facility	2012008	Candler	Comm.	131	4/9/2011	Ready for final inspection
	Bojangles	2012042	Asheville	Comm.	202	9/7/2012	Ready for final inspection after paving

Subtotal	2426	97,424
Total Units:	3,408	
Total LF:		129,277