

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
DECEMBER 17, 2014**

1. Call to Order and Roll Call:

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2:00 p.m., Wednesday, December 17, 2014. Chairman VeHaun presided with the following members present: Ashley, Belcher, Bryson, Frost, Kelly, Manheimer, Pelly, Root, Russell, Stanley and Watts.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, P.A., Matthew Socha with Cherry Bekaert, Marcus Jones with Henderson County, Mike Holcombe, Joseph Martin and Rachel McGraw-Burgess with Woodfin Sanitary Water & Sewer District, and MSD Staff, Ed Bradford, Peter Weed, Scott Powell, Jim Hemphill, Mike Stamey, Ken Stines, Matthew Walter, Angel Banks, and Sondra Honeycutt.

2. Inquiry as to Conflict of Interest:

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

3. Approval of Minutes of the November 19, 2014 Board Meeting:

Mr. VeHaun asked if there were any changes to the Minutes of the November 19, 2014 Board Meeting. With no changes, Mr. Russell moved for approval of the minutes 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. VeHaun welcomed Mr. Socha, Mr. Jones, Mr. Holcombe, Mr. Martin and Ms. McGraw-Burgess. There was no public comment.

6. Report of General Manager:

Mr. Hartye called on Mr. Socha for a presentation on the Audit results. Mr. Socha reported the District engaged Cherry Bekaert to perform a financial statement audit for the year ended June 30, 2014. The audit was subject to governmental, as well as, generally accepted auditing standards. He stated the financial statements are Management's financial statements, and it was Cherry Bekaert's responsibility to render opinions on those statements as a result of testing. Mr. Socha further reported their opinion on the financial statements as of and for the year ended June 30, 2014 is unmodified ("clean"). They did not identify any material weaknesses or significant deficiencies in internal controls over financial reporting, and found no instances of material noncompliance that are required to be reported under Government Auditing Standards. Mr. Socha reported on the following required auditor communications:

- No new accounting pronouncements adopted that impacted the amounts or disclosures in the financial statements.
- No significant or unusual transactions or balances.
- Accounting estimates:
 - Allowance of uncollectable accounts receivable.
 - Useful lives of assets (i.e., depreciation expense).
 - Other Post Employment Benefits ("OPEB") liability.
 - FMV of Interest Rate Swap.

- No difficulties encountered during the audit.
- No corrected or uncorrected misstatements.
- No disagreements with management.
- Management provided written representations.
- Not aware of any consultation with other independent accounts.
- No other audit findings or issues to bring to the Board's attention.

Mr. Socha presented graphs showing Financial Trends from FY2008-2014. The first graph shows an increase in Capital Assets, net of Accumulated Depreciation, which indicates a net investment in the plant and system. He stated if the line were flat over time that would indicate the District was simply maintaining its system as is. If it shows a negative, this would mean the District is putting in less capital improvements than depreciating on an annual basis. The second graph shows Long Term Bonds Payable. The upward trends in 2010 and 2014 are the years of bond issuances. The third graph shows the Net Position; assets minus liabilities, which is a good useful indicator of the overall financial health of the entity. The Net Position includes, Investment in Capital Assets minus related debt, Restricted and Unrestricted. The final graph is Operating Results, which include Operating Revenue, Expense and Income.

Mr. Socha reported that GASB Statement No. 68 is a new standard called Accounting and Financial Reporting for Pensions. This Statement came out with the goal of improving accountability and financial reporting for pension plans. The ultimate goal is to increase transparency and allow people to see what the net pension to an entity is. Fortunately for the District, the State of North Carolina is projecting that its pension is going to be more than 100% fully funded. This new statement is effective for fiscal year ending June 30, 2015. The objective is to improve accounting and financial reporting for pensions, increase transparency, and improve usefulness of information.

Mr. Socha reported they received full cooperation from their primary contacts, Tom Hartye, Scott Powell and Cheryl Rice and others throughout the organization in the conduct of its audits. He stated they sincerely appreciate all that staff does to make each audit engagement efficient and effective. Mr. Socha called for any questions. With regard to funding for retired employees, Mr. Pelly asked if the system is at 100% or more. Mr. Powell reported while attending a seminar in Raleigh, it was reported that the Local Government Employee Retirement System (LGERS) is at 102%. He stated that LGERS deals specifically with municipal units such as special districts, cities and counties. Although the State has many retirement systems, they are not as funded as the LGERS System. He further stated that over the next five or six years, the same percentage used for this system, will be used for retirement health benefits, which will have a significant impact on most municipal units. The Finance Committee will bring this issue to the Board in the coming year. With regard to the graph showing revenues increasing at a faster rate than expenditures, Mr. Pelly asked if there is a sense as to whether this could reduce projected future rate increases. Mr. Socha stated that long-term capital plans drive decisions on rate increases. Mr. Powell stated the revenue line represents two components of the organization. When looking at every dollar spent, .30¢ goes to operations, .60¢ goes to capital and related debt. What you also don't see in the operating expenditures, is debt expenditures. The increase during 2013-14 represents \$4 million dollars received in impact fees, for which the District only budgeted \$1 million dollars. This means those monies can be utilized for future capital projects.

Mr. Hartye expressed his appreciation to Scott Powell & Cheryl Rice for their tireless effort in preparation of the Audit.

Mr. Hartye reported Molly Whatey of 18 Willow Road emailed to compliment MSD "on-call" crew for responding very quickly and for being very knowledgeable to find the source of their sewer problem and correct it. Thanks to Mike Rice and Tim Haney. Also, Dick Cosgrove of 3 Terre Trail called to express appreciation for Jesse Hunter and crew for doing an excellent job. He added that he was sorry Jesse was

retiring since he is such a good public relations guy. Thanks to Jesse Hunter, Tim Haney, McKinley Hensley, Travis Courtney, Mickey Roberts, and Dale Dillingham. Also, Mr. Hartye presented a letter from Larry Holt of Unitarian Universalist Congregation of Asheville expressing his appreciation for Mike Pressley, MSD's Construction Inspector.

Mr. Hartye said he was sorry to report that MSD Plant Operator, Joe Lassiter lost his wife suddenly at the age of 40. She was an Assistant Teacher at Sand Hill-Venable Elementary School. He asked everyone to keep Joe and his family in their thoughts and prayers.

Mr. Hartye stated that the employee lunch will be Thursday at 11:30 am in the atrium. The next regular Board Meeting will be held on January 21st at 2 pm, and the Right of Way Committee meeting is tentatively set for January 28th at 9 am.

7. Report of Committees:

Right of Way Committee

Mr. Kelly reported the Right of Way Committee met November 27, 2014 to consider Condemnations and Compensation Budgets, which are a part of the Consolidated Motion Agenda. Mr. Clarke reported that during the meeting, there was a mention of MSD vs. Miller on the Merrimon @ Stratford Avenue project. Mr. Clarke stated the condemnation was filed in 2008, and prior to the MSD project, Mr. Miller argued that his view of Merrimon Avenue and the Church at the other end was protected by a row of azaleas. Following estimates on construction easements, plants and re-planting, Mr. Miller's attorney came back with a counteroffer of \$37,500. However, Staff feels this case can be settled for \$30,000.00. Mr. Clarke said he agrees with the \$30,000 settlement and recommends it. Mr. Stanley moved the Board approve a settlement of \$30,000.00 in MSD vs. Miller. Mr. Watts seconded the motion. Roll call vote was as follows: 12 Ayes; 0 Nays.

8. Consolidated Motion Agenda:

a. Consideration of Condemnation – Hilliard Avenue @ Aston Park GSR Project:

Mr. Hartye reported the subject parcel, located on Clingman Avenue, is improved with two commercial buildings and operates a metal finishing business. Both buildings were built right up to the existing sewer that runs along the entire eastern parcel boundary. The new sewer will be shifted further to the east within an unopened street right of way, relocating about 70% of the pipe footage off the parcel. All information regarding this project was sent to the owner in July of this year, but the owner has not communicated with MSD at all. The owner's attorney has corresponded with MSD's attorney requesting minor revisions to the plat, which have been made. In light of the time already passed and lack of communication by the owner, Staff recommends authority to obtain appraisal and proceed with condemnation.

b. Consideration of Condemnation – Melody Circle GSR Project:

Mr. Hartye reported the subject parcel is located off New Salem Road, zoned residential, and improved with one home occupied by a tenant. The home was constructed so close to sewer that the replacement sewer must be constructed outside the existing trench. Other design problems include a creek and thick tree buffer over the existing sewer and along the property line. The owner did not like the proposed alignment and has asked MSD to re-design closer to the property line, which it did, but the owner has not agreed to the alignment. MSD will continue to work with the owner, but if no movement/agreement is reached by year end, the Right of Way

Committee recommends authority to obtain appraisal and proceed with condemnation.

c. Consideration of Compensation Budgets – Four Inch Main-Oakland Drive @ Pine Street GSR Project and Hendersonville Road @ Mills Gap Road GSR Project:

Mr. Hartye reported the Four Inch Main-Oakland Drive @ Pine Street GSR is located in Black Mountain and consists of approximately 1,400 linear feet of 8” DIP to replace existing 4”, 6”, and 8” Orangeburg, PVC and Clay pipe. The Hendersonville Road @ Mills Gap Road GSR project is located in South Asheville and consists of approximately 2,700 linear feet of 12” DIP and 8” HDPE to replace 6”, 8” and 12” clay and PVC pipe. Mr. Hartye further reported the Compensation Budgets are based on current ad valorem tax values and follow the MSD approved formula. The Right of Way Committee recommends approval of the Compensation Budgets.

d. Consideration of Bids for Sanitary Sewer Replacement Project – Shadowlawn Drive Phase 1:

Mr. Hartye reported this project is located in West Asheville across from the NCDMV and the Goodwill Store on Patton Avenue. The project is comprised of 2,700 LF of eight-inch and ten-inch DIP, and includes 1,450 LF of 12-inch HDPE Pipe Bursting. The contract was advertised and the following bids were received on November 20, 2014: Dillard Excavating Co. with a total bid of \$1,155,115.00; Moore & Sons Site Contractors with a total bid of \$995,529.00; Don Moorhead Construction Co. with a total bid of \$933,665.00, and Buchanan & Sons, Inc. with a total bid of \$923,946.00. Buchanan & Sons, Inc. has not completed any rehabilitation projects for MSD, however, staff checked references for other projects and all were positive. The FY 14-15 Construction Budget for this project is \$945,000.00. Staff recommends award of this contract to Buchanan & Sons, Inc. in the amount of \$923,946.00, subject to review and approval by District Counsel.

e. Incinerator System Emission Upgrades Project – Consideration of Equipment Procurement – Heat Exchanger:

Mr. Hartye presented a letter from MSD Counsel, William Clarke, and Consulting Engineer, CDM Smith Inc. regarding review of proposals for the Primary Heat Exchanger. He presented a schematic of the incinerator showing the air treatment unit which was brought to the Board last month. He presented a slide showing the Multi Venturi Scrubber with Sorbent Polymer Composite. At the November meeting the Board approved a sole source with Envirocare for this unit, but the construction contractor is going to buy it as a part of the construction contract that will go out in January. Mr. Hartye presented a slide showing the Fluidized Bed Incinerator with the Heat Recovery and Air Treatment System. He explained the heat exchanger increases the efficiency of the process by recovering residual heat from the incinerator. The recovered heat helps to reduce the amount of fuel that is required to operate the incinerator. Mr. Hartye stated the heat exchanger unit has operated almost continuously since its installation in 2005 and has now reached the end of its useful life. He presented a slide showing the unit which is three stories tall. He expressed his thanks to Mike Ball and Bob Triplet, who have spent a lot of their time reinforcing and patching. Mr. Hartye further stated that the main issue with the heat exchanger is the lead time to manufacture it, which is approximately nine months from the time the District initiates purchase to when it shows up for the contractor to put in. The construction contract will be for approximately twelve months.

Mr. Hartye reported that because of the compliance deadline of March, 2016, the

District is looking to pre-purchase this unit outside the contract. He stated there are only two (2) manufacturers of this equipment. The following two proposals were received on December 4, 2014: Thermal Transfer Corp. with a bid of \$686,000.00 and Arvos, Inc. with a bid of \$659,500.00. Arvos, Inc. was the low bidder, but the bid was deemed “non-responsive” due to extensive alterations of the contract and the bid was rejected. Therefore, Staff recommends the District procure the specified heat exchanger as manufactured by Thermal Transfer Corporation for \$686,000.00.

f. Consideration of Developer Constructed Sewer Systems - Asheville Market Sewer Relocation; Grandview Phase II Sewer Extension; Cottages at Glenn Oaks Sewer Extension, and Ramble Block “D” Sewer Extension:

Mr. Hartye reported the Asheville Market Sewer Relocation Project is located inside the District boundary off Tunnel Road in the City of Asheville. The project included relocating approximately 248 linear feet of 8-inch public gravity sewer and abandoning approximately 185 linear feet of 6-inch public gravity sewer to accommodate the commercial development.

Mr. Hartye reported the Grandview Phase II Sewer Extension Project is located inside the District boundary off Riverview Drive in the City of Asheville. The project included extending approximately 343 linear feet of 8-inch public gravity sewer to serve the seven (7) unit residential development.

Mr. Hartye reported the Cottages at Glenn Oaks Sewer Extension Project are located inside the District boundary off Ledbetter Road in Buncombe County. The project included extending approximately 1,665 linear feet of 8-inch public gravity sewer to serve a forty-four (44) unit residential development.

Mr. Hartye reported the Ramble Block “D” Sewer Extension Project is located inside the District boundary off Ramble Way in Buncombe County. The project included extending approximately 4,786 linear feet of 8-inch public gravity sewer to serve the thirty-six (36) unit residential development.

Staff recommends acceptance of the aforementioned developer constructed sewer systems. All MSD requirements have been met.

g. Presentation of Audit & CAFR – Fiscal Year Ended June 30, 2014:

Mr. Powell reported the Comprehensive Annual Financial Report (CAFR) is broken down into four (4) sections: Introductory, Financial, Statistical and Compliance. Page 7 is the Introduction section. In this section management communicates the findings of the audit (i.e. an unmodified, modified, opinion); provides a profile of the District which contains a brief overview as well as outlines the budget process; provides a section which address factors affecting financial conditions, and a section which addresses major initiatives and accomplishments in FY2014. Page 20 is the Financial section, which contains the following: Independent Auditor’s report; Management’s discussion and analysis, which is a narrative overview and analysis of the financial activities of the District for FY2014; Basic financial statements, notes, required supplemental information and supplemental information. Page 69 is the Schedule of Revenues and Expenditures, Budget and Actual. Sewer charges were in line with budgeted expectations. Facility and Tap fees were greater than Budget due to revenues exceeding the conservative budget amount. Interest income was below budgeted expectations due to Federal Reserve impact on short term interest rates. With regard to expenditures, the District typically achieves a 96% budget to actual ratio on O&M expenditures. This year the District achieved a 95% budget to actual ratio, which is due to costs at the plant; in particular, deferred utility cost of \$537,000. Capital project expenditures are at approximately 80% of

budget. This is due to continued favorable pricing, a couple of projects being moved to FY15, and one project delayed due to rock. Bond principal and interest actually spent were less than budget. This is due to continued swap savings. Unspent funds will be used to address future CIP and Debt. Page 77 is the Statistical section which provides Historical data on Financial Trends, Revenue Capacity, Debt Capacity, as well as Demographic, Economic and Operating. Page 100 is the Compliance section. This section contains: Independent Auditor's Report on Internal Control over Financial Control over Financial Reporting, and on Compliance and other Matters based on an Audit of Financial Statements. No Material weaknesses in internal control were noted.

h. Cash Commitment/Investment Report – Month Ended October 31, 2014:

Mr. Powell reported Page 47 presents the makeup of the District's Investment Portfolio. There has been no change in the makeup of the portfolio from the prior month. Page 48 is the MSD Investment Manager Report as of the month of October. The weighted average maturity of the investment portfolio is 226 days. The yield to maturity is 0.42% and is exceeding MSD bench marks of the 6-month T-Bill and NCCMT cash portfolio. Page 49 is the MSD Analysis of Cash Receipts. Domestic User Fees, Industrial Revenue, and Facility and Tap Fee revenue are considered reasonable based on historical trends. Page 50 is the MSD Analysis of Expenditures. O&M Debt Service and Capital Project expenditures are considered reasonable based on historical trends and timing of cash expenditures. Page 51 is the MSD Variable Debt Service report for the month of November. The 2008A Series is performing better than budgeted expectations. Both issues have saved District customers approximately \$3.7 million dollars in debt service since April of 2008.

Mr. VeHaun called for discussion. With no discussion, Mr. Watts moved the Board approve the Consolidated Motion Agenda as presented. Mr. Stanley seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays. Ms. Manheimer was absent during the vote.

9. Old Business:

None

10. New Business:

None

11. Adjournment:

With no further business, Mr. VeHaun called for adjournment at 2:51 p.m.

Jackie W. Bryson, Secretary/Treasurer

MSD

Regular Board Meeting

Metropolitan Sewerage District
of Buncombe County, NC

AGENDA FOR 12/17/14

| ✓ | Agenda Item | Presenter | Time | |
|---|--|-----------|------|--|
| | Call to Order and Roll Call | VeHaun | 2:00 | |
| | 01. Inquiry as to Conflict of Interest | VeHaun | 2:05 | |
| | 02. Approval of Minutes of the November 19, 2014 Board Meeting. | VeHaun | 2:10 | |
| | 03. Discussion and Adjustment of Agenda | VeHaun | 2:15 | |
| | 04. Informal Discussion and Public Comment. | VeHaun | 2:20 | |
| | 05. Report of General Manager | Hartye | 2:30 | |
| | 06. Report of Committees a. Right of Way Committee – 11/27/14 – Kelly | VeHaun | 2:45 | |
| | 07. Consolidated Motion Agenda | | 2:55 | |
| | a. Consideration of Condemnation – Hilliard Avenue @ Aston Park GSR. | Hartye | | |
| | b. Consideration of Condemnation – Melody Circle GSR. | Hartye | | |
| | c. Consideration of Compensation Budgets – Four Inch Main – Oakland Drive @ Pine Street GSR, and Hendersonville Road @ Mills Gap Road GSR. | Hartye | | |
| | d. Consideration of Bids for Sanitary Sewer Replacement – Shadowlawn Drive Phase 1. | Hartye | | |
| | e. Incinerator System Emission Upgrades Project - Consideration of Equipment Procurement – Heat Exchanger. | Hartye | | |
| | f. Consideration of Developer Constructed Sewer Systems: Asheville Market Sewer Relocation; Grandview Phase II Sewer Extension; Cottages at Glenn Oaks Sewer Extension and Ramble Block “D” Sewer Extension. | Hartye | | |
| | g. Presentation of Audit and CAFR – Fiscal Year Ended June 30, 2014. | Powell | | |
| | h. Cash Commitment/Investment Report – Month Ended October 31, 2014. | Powell | | |
| | 08. Old Business: | VeHaun | 3:15 | |
| | 09. New Business | VeHaun | 3:20 | |
| | 10. Adjournment (Next Meeting (1/21/15)) | VeHaun | 3:30 | |
| | STATUS REPORTS | | | |

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
NOVEMBER 19, 2014**

1. Call to Order and Roll Call:

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2:00 p.m., Wednesday, November 19, 2014. Chairman VeHaun presided with the following members present: Ashley, Belcher, Bryson, Frost, Kelly, Manheimer, Pelly, Russell and Stanley. Mr. Root and Mr. Watts were absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Richard Tsang with CDM-Smith, Karen Tsang, Joseph Martin with Woodfin Sanitary Water & Sewer District, and MSD Staff, Ed Bradford, Peter Weed, Hunter Carson, Scott Powell, Jim Hemphill, Mike Stamey, Sam Sirls, and Sondra Honeycutt.

2. Inquiry as to Conflict of Interest:

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

3. Approval of Minutes of the October 15, 2014 Board Meeting:

Mr. VeHaun asked if there were any changes to the Minutes of the October 15, 2014 Board Meeting. With no changes, Mr. Stanley moved for approval of the minutes as presented. Mr. Russell 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. VeHaun welcomed Richard Tsang and wife Karen, and Joseph Martin. There was no public comment.

6. Report of General Manager:

Mr. Hartye presented a list of MSD Accomplishments for FY2014 by Division and highlighted the following:

Engineering Division

- Administered a Capital Improvement Program (CIP) budget of \$16.7 million with 112 projects managed within the CIP.
- Rehabilitated 51,110 LF of collection system during FY14, which included 28,280 LF through contract; 20,031 LF by in-house crews, and 2,799 LF by developers.
- Completed a Plant Electrical Improvements Project; a \$2.5 million multi-year project.
- Initiated the Facilities Plan Update Project, which will be brought to the Board in the spring of 2015.
- Managed the design phase of the Incinerator System Emissions Upgrade Project, which is included in today's agenda. This is an \$11.2 million project.

Planning & Development

- Statistically, there were increases in Sewer Service Applications; Allocations and Tap Fees; Affordable Housing Rebates; Plans Reviewed, and Permits issues.

System Services Construction/Maintenance Division

- Completed 589 emergency and scheduled construction repairs, resulting in 10,957 LF of pipeline repairs.
- Rehabilitated 20,031 LF of pipeline with in-house crews through dig and replace and trenchless technology.
- Achieved an average response time of 30 minutes to customer service request during regular working hours, and 40 minutes after hours.
- Cleaned 698,115 LF of mainline with in-house crews.
- Completed CCTV inspection of 376,170 LF of pipeline.
- Cleared 58,811 LF of right-of-way.
- Coordinated (4) joint venture projects with various departments of the City of Asheville to facility pavement restoration cost savings and/or other benefits for both agencies.

Wastewater Treatment and Maintenance

- Received the National Association of Clean Water Agencies (NACWA) “Gold Peak Performance Award” for thirteenth consecutive year acknowledging Treatment Plant Compliance.
- Full compliance with NPDES Permit; Air Quality Permit, and Residual Management Program for handling of biosolids.
- Assisted in air emissions pilot testing.
- Worked with CIP subcontractors to finalize restoration of all RBC basin slide gates.
- Industrial Waste Section inspected over 875 food service establishments for compliance with the MSD Grease program and ordinance.
- The Maintenance Section completed installation of variable pitch hydroelectric turbine and assisted in the construction of an auxiliary Bioxide dosing station on Duke Energy property - Lake Julian.

Human Resources

- Continued on-site Mission Hospital staff treating chronic conditions services through the Asheville Project.
- Implemented an agreement with Asheville Open MRI to provide MRI/CAT scan/X-rays at zero cost to employees.

Environmental Health & Safety

- Worked with McGill on plans for arc flash study.
- Coordinated MSD’s ISO 14001 program.

Finance Division

- Received the GFOA “Excellence in Financial Reporting and the “Distinguished Budget” awards.
- Issued \$26.2 million of new money Revenue Bonds at a 3.59% all in total interest cost.

Information Technology Division

- Installed a new CCTV system with 18 cameras and a DVR at the Plant for improved monitoring and security, which was overlaid with some SCADA information as well.
- Installed new Dell blade servers to replace aging servers for Plant, GIS, and Web.
- Improved configuration and usage of City Works software including dozens of custom reports and software customizations for MSD.

- Developed and deployed the infrastructure for all MSD Mobile Application; Maps, iPads and Phones.

Mr. Hartye reported as a follow-up to last month's item to purchase used RBC's (Rotating Biological Contactors) treatment plant staff has been working to replace RBC's to help ensure the viability of the existing treatment process for the next 10-15 years. The first set of 10 RBC's came in last week and the second set of 13 are coming in this week. Ten of the 13 will be placed today and tomorrow, and 3 will be held for a future phase. Mr. Hartye presented slides showing the crane lifting the old RBC's out. Mr. Weed said the boom itself weighs 130,000 lbs. He further stated the old RBC's weigh up to 64,000 lbs. The RBC's purchased, weigh between 18,000 and 31,000 lbs. Mr. Hartye presented slides showing the condition of some of the RBC basins after removal. Mr. Hartye explained that the RBC's were recycled by pulling apart the metal shaft from the plastic discs. Metal was brought to salvage and the plastic will be shredded and recycled. He expressed his appreciation to Peter Weed for his efforts and his decision to have MSD personnel replace the RBC's since they are more mechanically skilled and capable of completing the job. Mr. Hartye presented slides showing removal of the RBC's in Parkersburg, West Virginia and their arrival in Asheville on the back of semi-trucks and placed around the plant for installation. Mr. Hartye presented a time-lapse video taken by Sam Sirls of an RBC being lifted and placed in one of the basins.

Mr. Hartye presented slides showing Ben Reeves, MSD's Lead Construction Manager, receiving the Wastewater Collection Operator of the Year Award from the NCAWWA/WEA, presented at the State Conference. Mr. Hartye congratulated Ben for receiving this award and stated that Ben is MSD's "go-to" guy, and if there is any major sewer breakdown, Ben will be leading the effort out in the field. Mr. Hartye presented a slide showing MSD's Operations Team competing at the State Conference, where they came in second place.

Mr. Hartye reported the next Right of Way Committee meeting will be held at 9 a.m. on November 26th. The next regular Board Meeting will be held on December 17th at 2 p.m.

7. Consolidated Motion Agenda:

a. Consideration of Bids for Sanitary Sewer Replacement Project – Old US70 @ Pine Circle.

Mr. Hartye reported this project is located in Black Mountain, across from the Ingles Distribution warehouse on US Hwy 70. The clay lines in this area (six through ten-inch in diameter) are in poor structural condition. The project ranks very high in the CIP Pipe Rating system due to multiple SSO's and poor structural condition. The project is comprised of 2,757 LF of 8-inch and 12-inch DIP. The contract was advertised and the following bids were received on October 30, 2014: Moorhead Construction Co. with a total bid of \$846,693.00; Dillard Excavating with a total bid of \$638,315.00; Terry Brothers Construction Co., Inc. with a total bid of \$633,828.00; Huntley Construction Co. with a total bid of \$610,554.87; Thomas Construction Co. with a total bid of \$545,153.31, and Moore & Son Site Contractors with a total bid of \$481,544.00. However, Moore & Son did not include the proposal with their bid documents; therefore, their bid is rejected. The lowest responsive bidder is Thomas Construction Co. with a bid of \$545,153.31. Although Thomas Construction Co. has not completed any projects for MSD, their references were all positive. The FY 14-15 Construction Budget for this project is \$751,000.00. Staff recommends award of this contract to Thomas Construction Co. in the amount of \$545,153.31, subject to review and approval by District Counsel.

b. Consideration of Bids – Clayton Road Pump Station Rehabilitation Project:

Mr. Hartye reported the Clayton Road Pump Station serves a portion of the Avery Creek area of Buncombe County. The original pump station was installed in 1981 and has performed well over the years, but due to continued growth in this area, the pumps must be upsized to accommodate future demands. The project will increase the capacity of the station by approximately 42%, in addition to re-routing an existing line to allow for better maintenance of the station by staff. The contract was advertised and the following bids were received on October 30, 2014: Gilbert Engineering with a total bid of \$378,100.00; Dillard Excavating with a total bid of \$238,515.00; Moore & Son Site Contractors with a total bid of \$226,190.00; James E. Harris Construction Co. with a total bid of \$193,000.00, and J.S. Haren Company with a total bid of \$192,500.00. Although J.S. Haren Company has not previously worked for MSD, all references were positive. The FY 14-15 Construction Budget for this project is \$180,000.00. Staff recommends award of this contract to J.S. Haren Company in the amount of \$192,500.00, subject to review and approval by District Counsel.

c. Influent Pump Station - Consideration of Equipment Procurement Adjustable Frequency Drives:

Mr. Hartye reported there are three large pumps that lift all wastewater received at the plant up to the Grit and Grease Facility. These pumps are powered by large 400 HP motors, which in turn are controlled by Adjustable Frequency Drives (AFD's). The AFD's allow the pumps to ramp their speed up or down to match the incoming flow to the plant. The sole source for new AFD's was approved at the August 20, 2014 Board meeting, and the project was bid shortly thereafter. The bids came in significantly over the budget. Therefore, staff proposes to purchase this equipment under the existing budget due to the long lead-time then competitively bid the installation contract during FY 15-16. The timing of the overall project remains substantially the same. The FY14-15 construction budget for this procurement is \$675,000.00. The total cost for the AFD's and the prefabricated building for them is \$511,359.00. Staff recommends the District procure the specified equipment in accordance with the sole-source approved at the August 20, 2014 MSD Board meeting, for standardization and compatibility with existing systems.

d. Incinerator System Emissions Upgrades Project – Consideration of Sole Source: Incinerator Venturi Wet-Scrubber, MSD Project No. 2013059:

Mr. Hartye reported new EPA-mandated regulations impose more stringent air emission limits by March, 2016. In an effort to meet those limits, MSD hired CDM-Smith to advise MSD on the best way of doing that. In addition to the emission requirements, rehabilitation on high wear components, namely the venturi and heat exchanger, are necessary. The multi-year CIP budget for this project is \$11.2 million.

Mr. Hartye further reported the new mercury-removal system is part of the new regulatory equipment that MSD would have to install. Traditional mercury removal systems use activated carbon, which require a significant up-front investment and on-going maintenance to keep it working properly. The new mercury removal system utilizes removable cartridges mounted directly within the venturi scrubber. During the summer of 2014, staff pilot tested this system and the results were excellent, with a mercury removal rate over 90%. Mr. Hartye expressed his appreciation to Peter Weed for keeping the mechanical equipment running during testing, and to Hunter Carson, Project Manager, for making sure that operation and lab testing logistics were met.

Mr. Hartye called on Richard Tsang for a brief presentation. Mr. Tsang reported that earlier this year CDM-Smith began a project on the incinerator. Part of this project was regular repair/replacement type of work. A major portion of the project involved the regulatory changes imposed by EPA. Mr. Tsang explained that in the past, Sludge Incinerators have been exempt by the Clean Air Act, Section 129, which regulates Solid Waste Incinerators. However, because of law suits brought against the EPA, it was forced to change the rule; putting all sludge incinerators back into the solid waste category. He further explained that Emission limits are based on Maximum Achievable Control Technology (MACT) and the deadline for MACT compliance is March 21, 2016. Mr. Tsang presented a slide showing the results of Emissions Testing and MACT Limits for existing Fluidized Bed Incinerators (FBI's), with Mercury being the big issue. Mr. Tsang stated that traditional mercury-removal systems use activated carbon, which requires a significant capital investment and ongoing maintenance.

Mr. Tsang reported that as they got into the project, staff learned of a relatively new system called a Sorbent Polymer Composite system, which is technology developed by Envirocare. During the summer of 2014, staff pilot tested this system at the MSD treatment plant and the results were excellent. He presented diagrams showing both the Carbon Adsorber System and the Sorbent Polymer Composite System. Mr. Tsang stated that if MSD goes with the Sorbent Polymer Composite System, everything is included in the Multi-Venturi Scrubber, which is more simplified in terms of set-up. Mr. Tsang presented construction cost estimates for both systems. The cost of the Carbon Adsorbor system is \$10,300,000 vs. the Sorbent Polymer Composite system at \$5,500,000. He presented a slide showing the pilot testing set-up at the plant. Mr. Tsang stated because of the pilot testing and considerable cost reduction, and to facilitate the compliance schedule of March, 2016, CDM-Smith recommends sole-source procurement of the Sorbent Polymer Composite system from Envirocare, and to facilitate the compliance schedule, pre-purchase the primary heat exchanger (bid package out) and pre-authorize submittal package for Envirocare. Mr. Clarke asked if this system is in operation anywhere else. Mr. Tsang stated not in the same application, but has been in operation in power plants out of the country. Mr. Clarke asked Mr. Tsang if he is confident it will work in this situation. Mr. Tsang stated CDM-Smith feels pilot testing results support it. However, there are certainly some risks involved with a very small company, but if you look at the setup it's fairly simple, so the risk is relatively low. Mr. Hartye stated MSD is saving \$4.8 million to install the \$185,000 mercury module, which removes mercury up to 90%. Mr. Pelly asked if 90% gets MSD to the EPA threshold. Mr. Tsang said yes and over. Mr. Hartye stated that what is recommended now is the District sole-source specify this equipment. Because of the long lead-time, we will initiate the engineering on it so they can do their shop drawings, but will not be purchasing the equipment under this item; just specifying it. In February we will come back to the Board with the construction contract. Next month we will come back with the heat exchanger, which has a long lead-time as well.

e. First Quarter Budget to Actual Review – FY2015:

Mr. Powell reported on page 63 is the District's first quarter Budget to Actual Review and Expenditure Report. Domestic and Industrial User Fees are at budgeted expectations. Facility and Tap Fees are above budgeted expectations due to receiving \$311,000 allocation from one developer. Interest and Miscellaneous Income are slightly below budgeted expectations. This is due to the continued impact of the Federal Reserve on the fixed income markets, which is having its impacts on short-term investments. O&M expenditures are at 27.30% of budget. They include encumbered amounts which has elevated the budget to actual ratio above 25% (Encumbrances \$578,000/23.6%). Encumbrances are obligations that will play out throughout the rest of the year. Bond principal and interest expenditures are reflected at 25%. This will aid the user to properly assess debt service commitments on a

budgetary perspective. Actual amount spent as of the end of the first quarter is 1.6%. This is due to the timing of the District's debt service payments. Amounts budgeted for capital equipment and capital projects are rarely expended proportionately throughout the year, but at the end of the year, we believe those monies will be spent.

f. Cash Commitment/Investment Report – Month Ended September 30, 2014:

Mr. Powell reported Page 65 presents the makeup of the District's Investment Portfolio. There has been no change in the makeup of the portfolio from the prior month. Page 66 is the MSD Investment Manager Report as of the month of September. The weighted average maturity of the investment portfolio is 243 days. The yield to maturity is 0.43% and is exceeding MSD bench marks of the 6-month T-Bill and NCCMT cash portfolio. Page 69 is the MSD Variable Debt Service Report. The 2008 Series Bonds are performing better than budgeted expectations. As of the end of October, both issues have saved District customers approximately \$3.6 million dollars in debt service since April, 2008.

Mr. VeHaun called for discussion. With no discussion, Ms. Frost moved the Board approve the Consolidated Motion Agenda as presented. Mr. Stanley seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

8. Old Business:

None

9. New Business:

None

10. Adjournment:

With no further business, Mr. Stanley moved for adjournment at 2:40 p.m. Ms. Bryson seconded the motion. Voice vote was unanimous in favor of the motion.

Jackie W. Bryson, Secretary/Treasurer



MEMORANDUM

TO: MSD Board
FROM: Thomas E. Hartye, P.E., General Manager
DATE: December 11, 2014
SUBJECT: Report from the General Manager

- MSD Fiscal Year 2014 Audit

Matthew Socha, Senior Manager at Cherry Bekaert, LLP will give a presentation of the Fiscal Year 2014 Audit of MSD financial statements. The audit document will be both posted to the website and sent via email as a separate file. Scott Powell will walk through the Comprehensive Annual Financial Report (CAFR) under item 7g..

- Kudos

- Molly Whatey of 18 Willow Rd emailed to compliment MSD “on-call” people for responding very quickly and for being very knowledgeable to find the source of their sewer problem and correct it. Thanks to Mike Rice and Tim Haney.
- Dick Cosgrove of 3 Terre Trail called to express appreciation for Jesse Hunter and crew for doing an excellent job. He added that he was sorry that Jesse was retiring since he is such a good public relations guy. Thanks to Jesse Hunter, Tim Haney, McKinley Hensley, Travis Courtney, Mickey Roberts, and Dale Dillingham.
- Attached is a letter from Larry Holt of Unitarian Universalist Congregation of Asheville regarding expressing his appreciation for Mike Pressley, MSD’s Construction Inspector.

- Board/Committee Meetings/Events

Please come early to the December board meeting to enjoy some of Sondra’s special holiday fixings. The employee lunch will be Thursday at 11:30 am in the atrium. The next Regular Board Meeting will be held on January 21st at 2 pm.



December 8, 2014

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

Attention Mr. Tom Hartye, General Manager

Re: Macon Avenue at Sunset Parkway Sewer Plan

Dear Mr. Hartye,

On behalf of the Unitarian Universalist Congregation of Asheville (UUCA) Campus Development Committee, I want to express our appreciation for the sewer improvements by the Metropolitan Sewerage District (MSD) and the contractor, Terry Brothers Construction on and around our property at 1, 21 and 23 Edwin Place.

The original plan designed by Roger Watson, P.E. was in conflict with our Long Range Master Plan for our campus because of our recent acquisition of 23 Edwin Place. Following several meetings with Roger and our engineer, a resolution of the conflict was achieved with required easements provided by UUCA.

I was invited and attended the Pre-Construction Conference for the project and observed the review of the contract and construction schedule. I was introduced to Mike Presley, MSD Construction Inspector III and representatives from Terry Brothers Construction. We exchanged contact information following the meeting.

During construction, Mike contacted me on a regular basis with updates on the progress, modifications to the construction schedule and anticipated dates for work on and around our property. He provided timely notice of the actual start of work on the four streets around UUCA property and advised of specific, critical connections and interruptions of service.

As primary contact for UUCA, I was included in "on site" discussions of unanticipated existing conditions encountered in our area of the project and allowed to participate in their resolution.

one edwin place

asheville NC 28801

828-254-6001

information@uuasheville.org

www.uuasheville.org

Rev. Mark Ward, Lead Minister

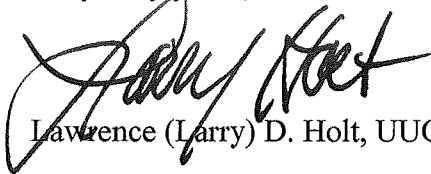
Having worked for the public sector in housing, redevelopment, community development and infrastructure construction for thirty-five years, (twenty-five years in Asheville from 1972-1997), I have had some experience working in existing residential and commercial communities. I was on a first name basis with Bill Mull and other MSD employees. In this business, good work is expected, outstanding work is hoped for and exceptional work is a pleasant surprise.

Mike Presley, as the primary contact between the contractor and the property owners/residents, did exceptional work. He presented MSD as a caring, concerned, professional public agency willing to work with concerned residents and the contractor in a knowledgeable, compassionate way to minimize inconvenience and cost through timely communication and understanding.

Utility construction in existing residential neighborhoods is a challenge for the design engineer, the contractor and especially the inspector/representative of the public utility.

Thank you for assigning Mike Presley to "our project". He is an outstanding employee and a real asset to your organization.

Very truly yours,

A handwritten signature in black ink, appearing to read "Larry Holt", written in a cursive style.

Lawrence (Larry) D. Holt, UUCA Campus Development Committee member

cc Board of Directors

**RIGHT OF WAY
COMMITTEE RECOMMENDATIONS
AND MINUTES
November 26, 2014**

I. Call To Order

The regular monthly meeting of the Right of Way Committee was held in the Boardroom of the William H. Mull Building and called to order at 9:05 a.m. on Wednesday, November 26, 2014. The following Right of Way Committee members were present: Glenn Kelly, Matt Ashley Jr., Jackie Bryson, Ellen Frost, Esther Manheimer and Robert Watts.

Others present were: Billy Clarke, MSD Counsel; Jerry VeHaun, Chairman of the Board; Al Root, Board member; Jessica Martin-Lane, Martin-McGill; Tom Hartye, Ed Bradford, Angel Banks, Hunter Carson, Shaun Armistead, Darin Prosser, Wesley Banner and Pam Nolan, M.S.D.

II. Inquiry as to Conflict of Interest

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

Ms. Banks introduced Jessica Martin-Lane who will be taking over Ellen McKinnon's projects as Ms. McKinnon has taken a position with the City of Asheville.

III. Consideration of Condemnation – Hilliard Avenue @ Aston Park GSR Project No. 2009115

Pin: 9648-07-6791
Owner: Thomas L. & Nelleen K. Finger

The subject parcel, located on Clingman Ave, is improved with two commercial buildings and operates a metal finishing business. Both buildings were built right up to the existing sewer that runs along the entire eastern parcel boundary. The new sewer will be shifted further to the east within an unopened street right of way, thereby relocating about 70% of the pipe footage off the parcel.

All information regarding this project was sent to the owner in July of this year; the owner has not communicated with MSD at all. The owner's attorney has corresponded with MSD's attorney requesting minor revisions to the plat which have been made. Neither the owner nor his attorney have indicated if they are satisfied with the compensation offered, \$1,852.00, or if they will grant the easement.

In light of the time already passed and lack of communication by the owner, staff requests condemnation authority be approved.

Total Contacts: 0, due to non-responsive property owner.

STAFF RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation.

Ms. Banks explained the above situation. Since the printing of this package the owner's attorney has indicated a concern about a triangular piece of property about 300 square feet on the corner of the property that is landlocked from use due to the permanent easement location. Staff has offered the property owner an extra \$300.00 to raise the total compensation to \$2,150.00.

There has been no response to this offer. Mr. Clarke stated that he has had several conversations with Ron Payne, the owner's attorney, and they appear to be more concerned with the location of the sewerline on the property than the compensation. He also stated to Mr. Payne that due to the timing, MSD Staff would proceed with condemnation but he would continue to have conversations with the owner's attorney. There was no discussion. Mrs. Manheimer made the motion to accept Staff's recommendation. Mr. Watts seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation.

IV. Consideration of Condemnations – Melody Circle GSR, Project No. 2010095

Pin: 9689-10-4478
Owner: Marshall Janes and Molly McMillan

The subject parcel is located off of New Salem Road, zoned residential and improved with one home occupied by a tenant; the owner resides elsewhere in Asheville. Home was constructed so close to sewer that the replacement sewer must be constructed outside the existing trench. Other design problems are a creek and thick tree buffer over the existing sewer and along the property line. To save the tree buffer, the proposed alignment shifts farther in to the yard. The owner does not like this alignment and has asked MSD to re-redesign closer to the property line. MSD has done so; owner has not agreed to alignment.

MSD will continue to work with this owner, but if no movement/agreement is reached by year end, we need to pursue legal action. Therefore, staff requests condemnation authority be approved.

Total Contacts: 3

Pin: 9689-10-4284
Owner: Hershel Pressley

The subject parcel is located on New Salem Road, zoned residential and improved with two mobile homes, occupied by tenants. Owner resides in South Carolina. Owner is concerned that this rehab project will negatively impact his private collector line which ties into MSD's public line. We have assured him that the public manhole where his private line ties in will be upgraded and replaced without affecting operation of his private collector line. At this point he is still concerned that this is not true.

Another issue interrelates with the parcel above. The home on parcel above was built so close to the existing sewer lying on above parcel that the replacement sewer must be shifted. To avoid that home's foundation and the creek next to the home, the replacement sewer must be shifted across the property line between these two parcels. At the widest point, the replacement sewer falls 10 feet within this subject property's boundary and runs parallel with the creek. Given the minimal encroachment into the property, it will not affect this owner's ability to develop his land. However this owner is having difficulty understanding the need to affect his property given that the existing public sewer does not lie on his parcel. Unfortunately there is no other design alternative to miss the home foundation and creek on above parcel.

MSD will continue to work with this owner, but if no movement/agreement is reached by year end, we need to pursue legal action. Therefore, staff requests condemnation authority be approved.

Total Contacts: 3

STAFF RECOMMENDATION: Authority to obtain appraisal and proceed with condemnations.

Ms. Banks reviewed the above two situations. Ms. Banks also explained the time frame that is needed to file condemnations and the need to obtain approval at this point. There was some discussion regarding private collector lines and how many existed within the District. Mrs. Manheimer made the motion to accept Staff's recommendation. Mr. Watts seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Authority to obtain appraisal and proceed with condemnations.

V. Consideration of Compensation Budgets –

**Four Inch Main-Oakland Drive @ Pine Street GSR, Project No. 2011118
Hendersonville Road @ Mills Gap Road GSR, Project No. 2008185**

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

Ms. Banks reviewed the projects. The Four Inch Main-Oakland Drive @ Pine Street GSR project is located in Black Mountain and consists of about 1400 linear feet of 8" DIP to replace existing 4", 6" and 8" orangeburg, PVC and clay.

The Hendersonville Road @ Mills Gap Road GSR project is located in South Asheville and consists of approximately 2,700 linear feet of 12" DIP and 8" HDPE to replace 6", 8" and 12" clay and PVC.

Mr. Kelly made the motion to accept Staff's recommendation. Mr. Watts seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Approval of Compensation Budgets.

VII. Ms. Banks advised that she and Mr. Clarke have been working with Bob Long to settle a condemnation action against Thomas Miller on the Merrimon @ Stratford Avenue project. This condemnation was filed in 2008 with appraised damages of \$16,000.00. Mr. Long came back initially with a counteroffer of \$37,500.00. Staff is currently awaiting response from Mr. Long but thinks this is close to being settled. Staff anticipates that Mr. Clarke may bring this settlement to the Board Meeting with a request for permission to settle out of court.

There being no further business the meeting adjourned at 9:26 am.

Metropolitan Sewerage District of Buncombe County

Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 11/26/2014

BOARD MEETING DATE: 12/17/2014

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

**SUBJECT: Consideration of Condemnation – Hilliard Avenue @ Aston Park GSR
Project No. 2009115**

Pin: 9648-07-6791
Owner: Thomas L. & Nelleen K. Finger

The subject parcel, located on Clingman Avenue, is improved with two commercial buildings and operates a metal finishing business. Both buildings were built right up to the existing sewer that runs along the entire eastern parcel boundary. The new sewer will be shifted further to the east within an unopened street right of way, thereby relocating about 70% of the pipe footage off the parcel.

All information regarding this project was sent to the owner in July of this year; the owner has not communicated with MSD at all. The owner's attorney has corresponded with MSD's attorney requesting minor revisions to the plat which have been made. Neither the owner nor his attorney have indicated if they are satisfied with the compensation offered, \$1,852.00, or if they will grant the easement.

In light of the time already passed and lack of communication by the owner, staff requests condemnation authority be approved.

Total Contacts: 0, due to non-responsive property owner.

STAFF RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation.

Ms. Banks explained the above situation. Since the printing of this package the owner's attorney has indicated a concern about a triangular piece of property about 300 square feet on the corner of the property that is landlocked from use due to the permanent easement location. Staff has offered the property owner an extra \$300.00 to raise the total compensation to \$2,150.00.

There has been no response to this offer. Mr. Clarke stated that he has had several conversations with Ron Payne, the owner's attorney, and they appear to be more concerned with the location of the sewerline on the property than the compensation. He also stated to Mr. Payne that due to the timing, MSD Staff would proceed with condemnation but he would continue to have conversations with the owner's attorney. There was no discussion. Mrs. Manheimer made the motion to accept Staff's recommendation. Mr. Watts seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation.

| COMMITTEE ACTION TAKEN | |
|-------------------------------|---|
| Motion by: Esther Manheimer | To: <input checked="" type="checkbox"/> Approve <input type="checkbox"/> Disapprove |
| Second by: Robert Watts | <input type="checkbox"/> Table <input type="checkbox"/> Send back to Staff |
| | <input type="checkbox"/> Other |
| BOARD ACTION TAKEN | |
| Motion by: | To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove |
| Second by: | <input type="checkbox"/> Table <input type="checkbox"/> Send back to Staff |

Metropolitan Sewerage District of Buncombe County

Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 11/26/2014 BOARD MEETING DATE: 12/17/2014

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

SUBJECT: Consideration of Condemnations – Melody Circle GSR, Project No. 2010095

Pin: 9689-10-4478
Owner: Marshall Janes and Molly McMillan

The subject parcel is located off of New Salem Road, zoned residential and improved with one home occupied by a tenant; the owner resides elsewhere in Asheville. Home was constructed so close to sewer that the replacement sewer must be constructed outside the existing trench. Other design problems are a creek and thick tree buffer over the existing sewer and along the property line. To save the tree buffer, the proposed alignment shifts farther in to the yard. The owner does not like this alignment and has asked MSD to re-redesign closer to the property line. MSD has done so; owner has not agreed to alignment.

MSD will continue to work with this owner, but if no movement/agreement is reached by year end, we need to pursue legal action. Therefore, staff requests condemnation authority be approved.

Total Contacts: 3

Pin: 9689-10-4284
Owner: Hershel Pressley

The subject parcel is located on New Salem Road, zoned residential and improved with two mobile homes, occupied by tenants. Owner resides in South Carolina. Owner is concerned that this rehab project will negatively impact his private collector line which ties into MSD's public line. We have assured him that the public manhole where his private line ties in will be upgraded and replaced without affecting operation of his private collector line. At this point he is still concerned that this is not true.

Another issue interrelates with the parcel above. The home on parcel above was built so close to the existing sewer lying on above parcel that the replacement sewer must be shifted. To avoid that home's foundation and the creek next to the home, the replacement sewer must be shifted across the property line between these two parcels. At the widest point, the replacement sewer falls 10 feet within this subject property's boundary and runs parallel with the creek. Given the minimal encroachment into the property, it will not affect this owner's ability to develop his land. However this owner is having difficulty understanding the need to affect his property given that the existing public sewer does not lie on his parcel. Unfortunately there is no other design alternative to miss the home foundation and creek on above parcel.

MSD will continue to work with this owner, but if no movement/agreement is reached by year end, we need to pursue legal action. Therefore, staff requests condemnation authority be approved.

Total Contacts: 3

STAFF RECOMMENDATION: Authority to obtain appraisal and proceed with condemnations.

Ms. Banks reviewed the above two situations. Ms. Banks also explained the time frame that is needed to file condemnations and the need to obtain approval at this point. There was some discussion regarding private collector lines and how many existed within the District. Mrs. Manheimer made the motion to accept Staff’s recommendation. Mr. Watts seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Authority to obtain appraisal and proceed with condemnations.

| COMMITTEE ACTION TAKEN | |
|-----------------------------|--|
| Motion by: Esther Manheimer | To: XX Approve <input type="checkbox"/> Disapprove |
| Second by: Robert Watts | <input type="checkbox"/> Table <input type="checkbox"/> Send back to Staff |
| | <input type="checkbox"/> Other |
| BOARD ACTION TAKEN | |
| Motion by: | To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove |
| Second by: | <input type="checkbox"/> Table <input type="checkbox"/> Send back to Staff |

Metropolitan Sewerage District of Buncombe County

Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 11/26/2014 BOARD MEETING DATE: 12/17/2014

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

SUBJECT: Consideration of Compensation Budgets –

Four Inch Main-Oakland Drive @ Pine Street GSR, Project No. 2011118
 Hendersonville Road @ Mills Gap Road GSR, Project No. 2008185

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

STAFF RECOMMENDATION: Approval of Compensation Budgets.

Ms. Banks reviewed the projects. The Four Inch Main-Oakland Drive @ Pine Street GSR project is located in Black Mountain and consists of about 1400 linear feet of 8” DIP to replace existing 4”, 6” and 8” orangeburg, PVC and clay. The Hendersonville Road @ Mills Gap Road GSR project is located in South Asheville and consists of approximately 2,700 linear feet of 12” DIP and 8” HDPE to replace 6”, 8” and 12” clay and PVC. Mr. Kelly made the motion to accept Staff’s recommendation. Mr. Watts seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Approval of Compensation Budgets.

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

Four Inch Main-Oakland Drive @ Pine Street GSR

Project Number: 2011118

Compensation Budget

08-Dec-14

| Pin Number and Name | | Acres | Parcel SF | Land Value | LV/SF | PE | PE Assd. | 50% PE | TCE SF | TCE Assd. | 10% Annl Return | Proj Time | TCE Rent Value | Total Comp. (Rounded) | | |
|---------------------------|------------|-----------|-----------|------------|-----------|-------------|----------|-------------|-------------|------------|--------------------|--------------|-------------------|--------------------------|----------|---------|
| 27 Pin | 83 Pin | | | | | | Value | Assd. Value | | | | | | | | |
| | 0619270913 | Jenkinson | James | 0.32 | 13,939.20 | \$59,000.00 | \$4.23 | 2,953.41 | \$12,492.92 | \$6,246.46 | 2,316.35 | \$9,798.16 | \$979.82 | 3 | \$244.95 | \$6,491 |
| | 0619179603 | Norton | Pamela | 0.40 | 17,424.00 | \$60,900.00 | \$3.50 | 964.17 | \$3,374.60 | \$1,687.30 | 1,114.39 | \$3,900.37 | \$390.04 | 3 | \$97.51 | \$1,785 |
| | 0619270787 | Yeatman | Richard | 0.31 | 13,503.60 | \$58,700.00 | \$4.35 | 2,906.31 | \$12,642.45 | \$6,321.22 | 2,407.09 | \$10,470.84 | \$1,047.08 | 3 | \$261.77 | \$6,583 |
| TOTALS: | | | | | | | | | | | | | | \$14,859 | | |
| Staff Contingency: | | | | | | | | | | | | | | \$5,000 | | |
| GM's Contingency | | | | | | | | | | | | | | \$5,000 | | |
| Amendment | | | | | | | | | | | | | | | | |
| Total Budget: | | | | | | | | | | | | | | \$24,859 | | |

Hendersonville Road @ Mills Gap Road GSR

Project Number: 2008185

Compensation Budget

21-Nov-14

| Pin Number and Name | | Acres | Parcel SF | Land Value | LV/SF | PE | PE Assd. Value | 50% PE Assd. Value | TCE SF | TCE Assd. | 10% Annl Return | Proj Time | TCE Rent Value | Total Comp. (Rounded) | |
|---------------------------|------------|----------------------------|-----------|------------|----------------|----------------|----------------|--------------------|-------------|-------------|-----------------|-------------|----------------|-----------------------|----------|
| 27 Pin | 83 Pin | | | | | | | | | | | | | | |
| | 9655158128 | Asheville Federal Bank FS | 1.26 | 54,885.60 | \$494,000.00 | \$9.00 | 4,232.00 | \$38,088.00 | \$19,044.00 | 5,563.00 | \$50,067.00 | \$5,006.70 | 4 | \$1,668.90 | \$20,713 |
| | 9655250013 | FTB LLC | 0.41 | 17,859.60 | \$321,500.00 | \$18.00 | 516.00 | \$9,288.00 | \$4,644.00 | 555.00 | \$9,990.00 | \$999.00 | 4 | \$333.00 | \$4,977 |
| | 9655154800 | Ingles Markets Inc. | 4.50 | 196,020.00 | \$3,036,200.00 | \$15.49 | 10,313.00 | \$159,748.37 | \$79,874.19 | 6,789.00 | \$105,161.61 | \$10,516.16 | 4 | \$3,505.39 | \$83,380 |
| | 9655153560 | Ingles Markets Inc. | 14.02 | 610,711.20 | \$3,521,300.00 | \$5.77 | 22,070.00 | \$127,343.90 | \$63,671.95 | 19,050.00 | \$109,918.50 | \$10,991.85 | 4 | \$3,663.95 | \$67,336 |
| | 9655158440 | Ingles Markets Inc. | 1.13 | 49,222.80 | \$886,000.00 | \$18.00 | 2,646.00 | \$47,628.00 | \$23,814.00 | 4,607.00 | \$82,926.00 | \$8,292.60 | 4 | \$2,764.20 | \$26,578 |
| | 9655252178 | Kalogerakis | Arnold | 2.47 | 107,593.20 | \$1,521,400.00 | \$14.14 | 2,662.00 | \$37,640.68 | \$18,820.34 | \$40,949.44 | \$4,094.94 | 4 | \$1,364.98 | \$20,185 |
| | 9655243940 | Walden Properties of Skyla | | 1.09 | 47,480.40 | \$854,600.00 | \$18.00 | 3,521.00 | \$63,378.00 | \$31,689.00 | \$105,786.00 | \$10,578.60 | 4 | \$3,526.20 | \$35,215 |
| TOTALS: | | | | | | | | | | | | | | \$258,384 | |
| Staff Contingency: | | | | | | | | | | | | | | \$5,000 | |
| GM's Contingency | | | | | | | | | | | | | | \$5,000 | |
| Amendment | | | | | | | | | | | | | | | |
| Total Budget: | | | | | | | | | | | | | | \$268,384 | |

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

BOARD MEETING DATE: December 17, 2014

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

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

SUBJECT: Consideration of Bids for Sanitary Sewer Replacement Project:
Shadowlawn Drive Phase 1, MSD Project No. 2007019

BACKGROUND: This project is located in West Asheville, across from the NCDMV and the Goodwill Store on Patton Avenue. The eight-inch and ten-inch clay lines in this area are in very poor structural condition, have experienced SSO's, and presented System Services with ongoing maintenance problems.

The project is comprised of 2,700 LF of 8-inch and 10-inch DIP and also includes 1,450 LF of 12-inch HDPE Pipe Bursting. The total project length is 4,150 LF.

There were a large number of easements required due to the layout of properties in this area. A total of 28 formal easements were acquired for this project, without any condemnations.

The contract was advertised and four bids were received on Thursday, November 20, 2014 as follows:

| <u>Contractor</u> | <u>Bid Amount</u> |
|-------------------------------------|----------------------|
| 1) Dillard Excavating Co. | \$1,155,115.00 |
| 2) Moore & Sons Site Contractors | \$ 995,529.00 |
| 3) Don Moorhead Construction Co. | \$ 933,665.00 |
| 4) Buchanan & Sons, Inc. | \$ 923,946.00 |

The apparent low bidder is Buchanan & Sons, Inc. with a bid amount of \$923,946.00. Buchanan & Sons has not completed any rehabilitation projects for MSD; however, they are currently working on the sewer portion of the new Isaac Dickson Elementary School. Their work quality has been excellent on that project.

In addition, staff checked references for other projects. The references were all positive, stating that the work performed by Buchanan & Sons has been excellent.

Please refer to the attached documentation for further details, including the reference check.

FISCAL IMPACT: The FY14-15 Construction Budget for this project is \$945,000.00.

STAFF RECOMMENDATION: Staff recommends award of this contract to Buchanan & Sons, Inc. in the amount of \$923,946.00, subject to review and approval by District Counsel.

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

Shadowlawn Drive Phase I Sewer Replacement


Project No. 2007019

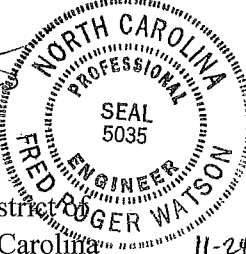
BID TABULATION

November 20, 2014

| BIDDER | Bid Bond | MBE Form | Bid Forms (Proposal) | TOTAL BID AMOUNT |
|---|-----------------|-----------------|---------------------------------|-------------------------|
| Dillard Excavating Company Sylva, NC | 5% | 1 | Yes | \$1,155,115.00 |
| Moore & Son Site Contractors Mills River, NC | 5% | 1 | Yes | \$995,529.00 |
| Don Moorhead Construction, Inc. Belton, SC | 5% | 1 | Yes | \$933,665.00 |
| Buchanan & Sons, Inc. Whittier, NC | 5% | 1 | Yes | \$923,946.00 |

APPARENT LOW BIDDER


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


 11-24-14

This is to certify that the bids tabulated herein were publicly opened and read aloud at 2:00 p.m. on the 20th day of November, 2014, 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, Engineering Director
F. Roger Watson, Project Engineer

DATE: December 1, 2014

RE: Shadowlawn Drive Sanitary Sewer Rehabilitation Project, MSD Project No. 2007019

This project is for the replacement of existing 8" and 10" sewer mains which serve properties along Shadowlawn Drive, Rosemary Road and Oakcrest Place in an area of West Asheville. The existing lines are in very poor condition and are located along a small creek at the rear of homes fronting on Shadowlawn Drive. The existing line has been problematic and is a high source of I&I.

This project includes replacing the existing sewer mains with 2,070 LF of 10" and 630 LF of 8" Ductile Iron sewer pipe and pipe bursting 1,450 LF of the existing sewer with 12" HDPE pipe. It also includes the replacement of 36 manholes and reconnection of numerous single family sewer services.

Bids were received at 2:00 PM on Thursday, November 20, 2014 for this project. Bids were received from four bidders and the results of those bids are as shown below:

| <u>Bidder</u> | <u>Bid Amount</u> |
|---|----------------------|
| 1) Dillard Excavating Company of Sylvania, NC | \$1,155,115.00 |
| 2) Moore & Sons Site Contractors of Mills River, NC | \$ 995,529.00 |
| 3) Don Moorhead Construction Company of Belton, SC | \$ 933,665.00 |
| 4) Buchanan & Sons, Inc. of Whittier, NC | \$ 923,946.00 |

Buchanan & Sons, Inc. of Whittier, NC was the apparent low bidder with a bid of \$923,946.00. Although Buchanan & Sons, Inc. has bid on several MSD CIP projects in the past few years, this is their first time as the low bidder on one of MSD's CIP projects. They have worked on MSD sewer system as a contractor for private development projects and have worked on numerous projects in the Asheville/Buncombe County vicinity.

Since this company has not worked on previous MSD CIP projects; they were asked to provide references and a list of similar projects completed for other public agencies. The partial listing of projects submitted and recommendations of their references is listed in the attached letter.

Staff recommends that this project be awarded to Buchanan & Sons, Inc. of Whittier, NC in the amount of \$923,946.00, subject to MSD legal counsel's review and approval of the bids.

Reference Check for Buchanan & Sons, Inc.

November 2014

License Classification: Unclassified, Building, Water & Sewer
NC License No. : 53244
SC License No. : G117289
Established: 1969
President: Carl Buchanan
Vice-President: Christopher Buchanan
Project Manager / Contact: Tom Edge
Phone Number: 828-497-9720 Fax: 828-497-9721
Email: chris@buchananandsons.com

According to their web site: Buchanan & Sons, Inc. was formed by Carl Buchanan as Buchanan Concrete Contracting Company in 1969. This company grew into Buchanan & Sons, Inc. and expanded into site development, water & sewer construction and building construction as his 3 sons joined the firm. They have completed projects such as:

- Pack Square (Street work) in Asheville, NC;
- Joyner Plaza at Western Carolina University;
- Ray Branch Road in Franklin, NC;
- Village Trail in Flat Rock, NC;
- Infrastructure installations for The Wildes subdivision in Asheville, NC
- Craigmont Road sidewalk – Phase III in Black Mountain, NC;
- Wayne County Hospital site work in Bryson City, NC;
- Sweeten Creek site work for the City of Asheville;
- Brevard Greenway, Brevard, NC;
- Site work for the St. Joan of Arc Church in Asheville, NC;
- The Grove at Haw Creek subdivision in Asheville, NC (including work on MSD Sewers)
- Qualla VFD, site work and building in Whittier, NC;
- Swiss Colony water system improvements in Franklin, NC;
- Bryson City Wastewater treatment plant improvements in Bryson City, NC and
- Wastewater Treatment Plant Improvements in Columbus, NC.

Buchanan & Sons have been installing sanitary sewers for over 10 years; some of these have been on MSD's system.

References:

McGill & Associates – Representatives contacted for references rated this contractor as an excellent reference. They do good work and completed some difficult projects with accuracy and according to project plans and specifications.

City of Asheville – Representatives gave Buchanan & Sons an excellent reference, stating that their work was good and they were good to work with.

MSD's Construction Management Division- Work on Planning and Development projects - Contactor did excellent work and all work was in accordance to MSD standards and requirements.

**Metropolitan Sewerage District of Buncombe County, North Carolina
CAPITAL IMPROVEMENT PROGRAM**

BUDGET DATA SHEET - FY 2014 - 2015

| | | | |
|------------------------|-------------------------------|------------------------|--------------------------------------|
| PROJECT: | Shadowlawn Drive Ph. 1 | LOCATION: | Asheville |
| TYPE: | General Sewer Rehab. | PIPE RATING: | 88 |
| PROJECT NO. | 2007019 | TOTAL LF: | 4,122 |
| PROJECT BUDGET: | \$1,078,263.00 | PROJECT ORIGIN: | SSO's, Access, Line Condition |

| DESCRIPTION | ESTIMATED PROJECT COST | TOTAL EXPENDS THRU 12/31/13 | EST. COST JAN - JUNE 2014 | EST. BUDGET FY 14-15 |
|------------------------------|------------------------|-----------------------------|---------------------------|----------------------|
| 55310 - PRELIM. ENGINEERING | | | | |
| 55320 - SURVEY - DESIGN | \$22,400.00 | \$22,355.00 | | |
| 55330 - DESIGN | | | | |
| 55340 - PERMITS | \$500.00 | | \$500.00 | |
| 55350 - SPECIAL STUDIES | | | | |
| 55360 - EASEMENT PLATS | \$15,600.00 | \$15,525.00 | | |
| 55370 - LEGAL FEES | \$25,000.00 | \$22,132.00 | \$2,868.00 | |
| 55380 - ACQUISITION SERVICES | \$23,800.00 | \$19,091.00 | \$4,709.00 | |
| 55390 - COMPENSATION | \$33,463.00 | \$23,463.00 | \$10,000.00 | |
| 55400 - APPRAISAL | \$2,500.00 | | \$2,500.00 | |
| 55410 - CONDEMNATION | | | | |
| 55420 - CONSTRUCTION | \$945,000.00 | | | \$945,000.00 |
| 55430 - CONST. CONTRACT ADM. | | | | |
| 55440 - TESTING | \$2,000.00 | | | \$2,000.00 |
| 55450 - SURVEY - ASBUILT | \$8,000.00 | | | \$8,000.00 |
| TOTAL AMOUNT | \$1,078,263.00 | \$102,566.00 | \$20,577.00 | \$955,000.00 |

| | | | | |
|---|------------|-----------------|--|--------|
| ENGINEER: | MSD | RW | ESTIMATED BUDGETS - FY '15 -'24 | |
| R.O.W. ACQUISITION: | Consultant | # PLATS: [28] | FY 15-16 | \$0.00 |
| CONTRACTOR: | | | FY 16-17 | \$0.00 |
| CONSTRUCTION ADM: | MSD | | FY 17-18 | \$0.00 |
| INSPECTION: | MSD | | FY 18-19 | \$0.00 |
| | | | FY 19-20 | \$0.00 |
| | | | FY 20-21 | \$0.00 |
| PROJECT DESCRIPTION: This project will begin at an existing manhole just north of Southern Railway and Tivou Drive (just north of Smokey Park Hwy) and extend to Appalachian Way. This line will replace an existing vitrified clay pipe line which is in very poor condition. | | | FY 21-22 | \$0.00 |
| | | | FY 22-23 | \$0.00 |
| | | | FY 23-24 | \$0.00 |
| | | | | |

SPECIAL PROJECT NOTES:



Shadowlawn Drive Phase 1 Project No. 2007019

NOT TO SCALE



METROPOLITAN SEWERAGE DISTRICT
of
BUNCOMBE COUNTY, NORTH CAROLINA

Budget Map

Metropolitan Sewerage District of Buncombe County

BOARD ACTION ITEM

BOARD MEETING DATE: December 17, 2014

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

REVIEWED BY: Billy Clarke, Esq. - District Counsel
Gary McGill, P.E.- Engineer of Record
Peter Weed - Director of Treatment Plant

PREPARED BY: Ed Bradford, P.E.- Director of Engineering
Hunter Carson, P.E. - Project Manager

SUBJECT: Incinerator System Emissions Upgrades Project - Consideration of Equipment Procurement: Heat Exchanger, MSD Project No. 2013059

BACKGROUND: Summary of Project

The Sewage Sludge Incinerator (SSI) is located at the Water Reclamation Facility. It plays a crucial role in the District's management of biosolids, which are a residual of all wastewater treatment plants. The original SSI was constructed in 1992, and a major rehabilitation project was completed in 2005.

New EPA-mandated regulations impose more stringent air emission limits for all SSI's in the United States (primarily affecting mercury and sulfur dioxide). In addition, there is a short timeline to meet the new rules - equipment must be in operation and in compliance by March 2016.

In addition to the new emissions requirements, rehabilitation of high-wear components is necessary. Major components within the system (the venturi and the heat exchanger) have now reached the end of their useful lives and must be replaced.

Heat Exchanger

The heat exchanger increases the efficiency of the process by recovering residual heat from the incinerator. The exhaust gas is approximately 1,500°F - the heat exchanger recovers a significant portion of this heat, and raises the incoming combustion air by over 1000°F. This recovered heat then helps to reduce the amount of fuel that is required to operate the incinerator.

This unit has operated almost continuously since its installation in 2005, and has performed well. As stated above, it is a high-wear item, and has now reached the end of its useful life.

Procurement of the New Heat Exchanger

Due to the short timeframe imposed by EPA, combined with the equipment lead-time of approximately eight months, staff and CDM recommend that the District pre-procure the heat exchanger.

General construction, including installation of this unit, will be completed through a competitively-bid construction contract. Advertisement of the construction contract is scheduled for January 2015.

This purchase was advertised and equipment proposals were solicited from manufacturers of this equipment. Two proposals were received on December 4, 2014 as follows:

| <u>Manufacturer</u> | <u>Equipment Price</u> |
|---------------------------|------------------------|
| 1) Thermal Transfer Corp. | \$686,000.00 |
| 2) Arvos, Inc. | \$659,500.00(*) |

(*) Bid is rejected due to being non-responsive.

The bid from Arvos is non-responsive, due their extensive alteration of the contract bid terms. Their bid is therefore rejected.

Please refer to the attached documentation for further details, including comments by CDM and District Counsel regarding the non-responsive bid.

FISCAL IMPACT: The multi-year CIP budget for this project is \$11.2 million. The FY14-15 construction budget is \$2.5 million.

STAFF RECOMMENDATION: Staff recommends that the District procure the specified heat exchanger as manufactured by Thermal Transfer Corporation, in the amount of \$686,000.00.

This unit will be installed through a competitively-bid construction contract in 2015.

**ROBERTS
&
STEVENS**
ATTORNEYS AT LAW

JOHN S. STEVENS
MARC RUDOW*
WILLIAM CLARKE
VINCENT D. CHILDRESS, JR.
MARJORIE ROWE MANN*
GREGORY D. HUTCHINS
JACKSON D. HAMILTON
WYATT S. STEVENS
MARK C. KURDYS*
JACQUELINE D. GRANT
PATSY BRISON*
DAVID L. ENGLISH
F. LACHICOTTE ("LACH") ZEMP, JR.
KENNETH R. HUNT
DENNIS L. MARTIN, JR.
REBECCA J. REINHARDT
ANN-PATTON HORNTAL
*DRC CERTIFIED MEDIATOR

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JILLIAN W. BALLARD
ERIC P. EDGERTON
JOHN W. TOTH

OF COUNSEL
JOHN W. MASON
JAMES W. WILLIAMS
SHERYL H. WILLIAMS

LONDON ROBERTS
(1921-2007)

December 10, 2014

W. Hunter Carson, PE
MSD – CIP Division
2028 Riverside Drive
Asheville, NC 28804

Via E-mail: HCarson@msdbc.org & USPS

Re: Primary Heat Exchanger / Review of Proposals

Dear Mr. Carson:

We have reviewed proposals from the vendors below for replacement of the primary heat exchanger for the existing fluidized bed incinerator and related field work at the MSD Water Reclamation Facility.

1. **Thermal Transfer – \$686,000**
2. **Arvos Inc. – Schmidtsche Schack Division – \$659,500**

Based on our review of the proposals and consultation with you and CDM Smith, the District's engineer on this project, we believe the Arvos proposal is not responsive to the Invitation to Bid, and we recommend that the Arvos bid be rejected. The proposal from Arvos is not responsive to the bid invitation for the following reasons:

- The proposal caps liquidated damages for delay in delivery of the drawings and the equipment.
- The proposal includes possible cost escalation for materials and freight cost (this was to be a lump sum proposal).
- Design and supply of the anchor bolts is excluded from the Arvos proposal. Design and supply of such bolts is required by the specifications.
- The payment terms in the contract have been changed.
- Arvos reserves the right to modify or withdrawal the proposal at any time prior to acceptance by MSD. This is in conflict with the Invitation to Bid.

The Thermal Transfer proposal also includes two changes in the bid documents: 1) a proposed cap on liquidated damages for delay in providing drawings and for delivery of the heat

exchanger to 5% of the contract amount, and 2) release of all retainage 120 days after receipt of the equipment by MSD. We believe these two changes are informalities which can be waived by MSD.

The Thermal Transfer proposal includes language, in the standard terms and conditions, requiring MSD to submit to the jurisdiction of the courts in Pennsylvania to resolve any dispute. If the bid is awarded to Thermal Transfer, we recommend MSD negotiate a change in that language. Please let me know if you have questions, or if you need additional information.

Sincerely,

ROBERTS & STEVENS, P.A.

A handwritten signature in black ink, appearing to read "William Clarke". The signature is fluid and cursive, with a large, stylized initial "W" and "C".

William Clarke

BC/sh

cc: Ed Bradford (via e-mail: EBradford@msdbc.org)
Tom Hartye (via e-mail: THartye@msdbc.org)
Richard Tsang (via e-mail: TsangKR@cdmsmith.com)
Dave Collins (via e-mail: CollinsDL@cdmsmith.com)



5400 Glenwood Avenue, Suite 400
Raleigh, North Carolina 27612
tel: 919 787-5620
fax: 919 781-5730

December 10, 2014

Mr. W. Hunter Carson, P.E.
Project Manager
Metropolitan Sewerage District of Buncombe County
2028 Riverside Drive
Asheville, North Carolina 28804

Subject: Metropolitan Sewerage District (MSD) of Buncombe County
Incinerator Rehabilitation and Upgrades Project
Primary Heat Exchanger Replacement Equipment Bids
Recommendation of Award

Dear Hunter:

CDM Smith has reviewed the bids received by MSD on December 4, 2014 for the replacement primary heat exchanger equipment to be installed under the subject project. Two bids were received from the named manufacturers in the technical specifications – Thermal Transfer and ARVOS (formerly Alstom). The total of the bids received from each manufacturer were as follows:

- ARVOS Total Bid = \$659,500.00
- Thermal Transfer Total Bid = \$686,000.00

Each of the manufacturers included specific exceptions or requests for variances related to the terms and conditions of procurement of the equipment. Based on review of these exceptions and advice from legal counsel, MSD elected to deem the ARVOS bid as non-responsive and to reject this bid from further consideration (see letter from Roberts & Stevens, P.A. dated December 10, 2014). Accordingly, the bid from Thermal Transfer became the lowest responsive bid.

The Thermal Transfer bid also included exceptions which were deemed informalities to the overall scope of supply of the work. These items included:

- Request to cap the Liquidated Damages to 5-percent of the bid total
- Request to modify the payment terms to require release of the final 10-percent retainage within 120 days of the date of receipt of the equipment at the site.





Mr. W. Hunter Carson. P.E.
December 10, 2014
Page 2

CDM Smith reviewed the technical components of the bid submission and found them to be in compliance with the specifications.

Based on legal and technical review of the bid submission, CDM Smith recommends that MSD award the Contract for the replacement primary heat exchanger to Thermal Transfer Corporation for a lump sum price of \$686,000.00.

Thank you for the opportunity to serve MSD and your customers. We look forward to working with you during the construction phase of this important project.

Sincerely,

A handwritten signature in blue ink that reads "K. Richard Tsang". The signature is fluid and cursive, with a long horizontal stroke at the end.

K. Richard Tsang, PhD, P.E., BCEE
Senior Project Manager
CDM Smith Inc.

Attachments – Thermal Transfer Corporation Bid Documents



MSD Incinerator Building

Heat Exchanger - 2014



The above picture shows the existing heat exchanger, in service since 2005. It is over three stories tall.

**Metropolitan Sewerage District of Buncombe County, North Carolina
CAPITAL IMPROVEMENT PROGRAM**

BUDGET DATA SHEET - FY 2014 - 2015

| | | | |
|------------------------|--|------------------------|------------------------------------|
| PROJECT: | Incinerator System Emissions Upgrades | LOCATION: | MSD-Treatment Plant |
| TYPE: | Treatment Plant | PIPE RATING: | N/A |
| PROJECT NO. | 2013059 | TOTAL LF: | 0 |
| PROJECT BUDGET: | \$11,230,000.00 | PROJECT ORIGIN: | New Regulatory Requirements |

| DESCRIPTION | ESTIMATED PROJECT COST | TOTAL EXPENDS THRU 12/31/13 | EST. COST JAN - JUNE 2014 | EST. BUDGET FY 14-15 |
|------------------------------|------------------------|-----------------------------|---------------------------|-----------------------|
| 55310 - PRELIM. ENGINEERING | \$27,000.00 | 26,900.00 | | |
| 55320 - SURVEY - DESIGN | \$1,000.00 | 850.00 | | |
| 55330 - DESIGN | \$490,000.00 | \$94,900.00 | \$80,000.00 | \$280,000.00 |
| 55340 - PERMITS | \$42,000.00 | \$8,990.00 | \$22,000.00 | \$11,000.00 |
| 55350 - SPECIAL STUDIES | \$130,000.00 | | \$53,000.00 | \$77,000.00 |
| 55360 - EASEMENT PLATS | | | | |
| 55370 - LEGAL FEES | | | | |
| 55380 - ACQUISITION SERVICES | | | | |
| 55390 - COMPENSATION | | | | |
| 55400 - APPRAISAL | | | | |
| 55410 - CONDEMNATION | | | | |
| 55420 - CONSTRUCTION | \$10,302,000.00 | \$1,600.75 | | \$2,500,000.00 |
| 55430 - CONST. CONTRACT ADM. | \$238,000.00 | | | \$133,000.00 |
| 55440 - TESTING | | | | |
| 55450 - SURVEY - ASBUILT | | | | |
| TOTAL AMOUNT | \$11,230,000.00 | \$133,240.75 | \$155,000.00 | \$3,001,000.00 |

| | | | | |
|----------------------------|-----|----------------|--|----------------|
| ENGINEER: | MSD | HC | ESTIMATED BUDGETS - FY '14 -'23 | |
| R.O.W. ACQUISITION: | N/A | # PLATS: [0] | FY 15-16 | \$7,415,000.00 |
| CONTRACTOR: | | | FY 16-17 | \$525,000.00 |
| CONSTRUCTION ADM.: | MSD | | FY 17-18 | \$0.00 |
| INSPECTION: | MSD | | FY 18-19 | \$0.00 |
| | | | FY 19-20 | \$0.00 |
| | | | FY 20-21 | \$0.00 |
| | | | FY 21-22 | \$0.00 |
| | | | FY 22-23 | \$0.00 |
| | | | FY 23-24 | \$0.00 |

PROJECT DESCRIPTION: This project is required as a result of new emissions regulations which will go into effect March 2016.

SPECIAL PROJECT NOTES: Cost estimate based on CDM's PER opinion of probable construction cost - January, 2014.



**Incinerator System Emissions Upgrades
Project No. 2013059**

NOT TO SCALE



METROPOLITAN SEWERAGE DISTRICT
of
BUNCOMBE COUNTY, NORTH CAROLINA

Budget Map

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: December 17, 2014

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

PREPARED BY: Kevin Johnson

REVIEWED BY: Ed Bradford, P.E., Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System for the Asheville Market Sewer Relocation Project, MSD Project No. 2012139

BACKGROUND: This project is located inside the District boundary off Tunnel Road in the City of Asheville. The developer of the project is Albert James of Edens.

The project included relocating approximately 248 linear feet of 8-inch public gravity and abandoning approximately 185 linear feet of 6-inch public gravity sewer to accommodate the commercial development.

A wastewater allocation was issued in the amount of 37,231 GPD for the project. The estimated cost of the sewer construction is \$33,000.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



TUNNEL RD TO I240 W & I240 E



Asheville Market Sewer Relocation MSD Project#2012139

Author: KJ

1 in = 50 ft

Date: 12/4/2014

The Metropolitan Sewerage District of Buncombe County, NC has prepared these maps based on best available information for use in assisting District maintenance work, service area analysis, and planning. The District does not warrant the accuracy of any of the information shown. Field verification is advised for all information shown on the maps or included with manhole data. No guarantee is given as to the accuracy or currency of any of the data. Therefore, in no event shall the District be liable for any special, indirect, or consequential damages or any damages whatsoever resulting from loss of use, data, or profits, whether in an action of contract, negligence, or other action, arising out of or in connection with the use of the information herein provided. Grid shown is North Carolina State Plane Coordinate System NAD 1983 (North American Datum 1983).

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: December 17, 2014

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

PREPARED BY: Kevin Johnson

REVIEWED BY: Ed Bradford, P.E., Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System for the Grandview Phase II Sewer Extension Project, MSD Project No. 2007036

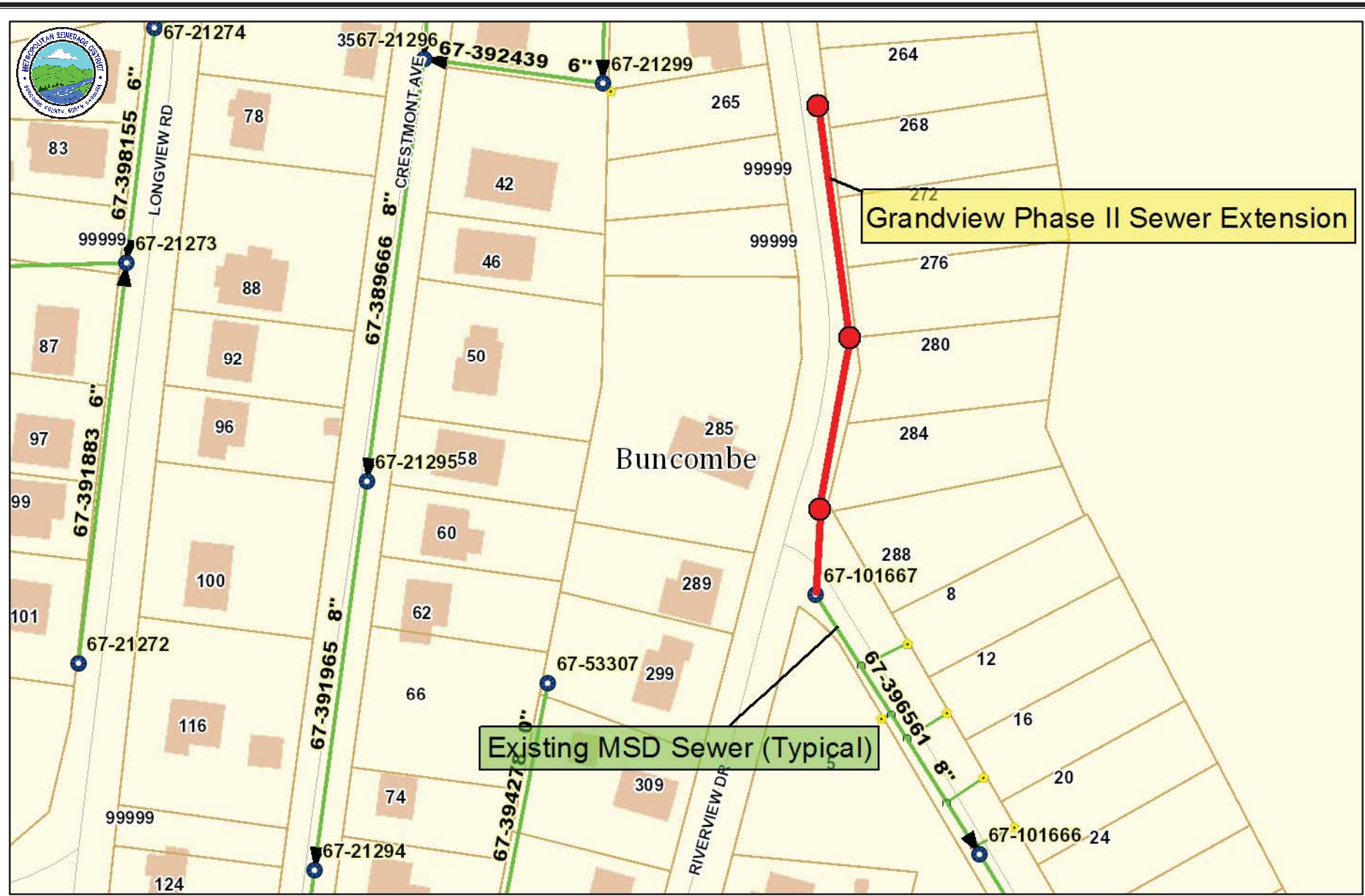
BACKGROUND: This project is located inside the District boundary off Riverview Drive in the City of Asheville. The developer of the project is Aaron Voigt of Batt Associates, Inc.

The project included extending approximately 343 linear feet of 8-inch public gravity sewer to serve the seven (7) unit residential development.

A wastewater allocation was issued in the amount of 2,100 GPD for the project. The estimated cost of the sewer construction is \$60,000.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



Grandview Phase II MSD Project #2007036

Author: KJ

1 in = 100 ft
Date: 12/4/2014

The Metropolitan Sewerage District of Buncombe County, NC has prepared these maps based on best available information for use in assisting District maintenance work, service area analysis, and planning. The District does not warrant the accuracy of any of the information shown. Field verification is advised for all information shown on the maps or included with manhole data. No guarantee is given as to the accuracy or currency of any of the data. Therefore, in no event shall the District be liable for any special, indirect, or consequential damages or any damages whatsoever resulting from loss of use, data, or profits, whether in an action of contract, negligence, or other action, arising out of or in connection with the use of the information herein provided. Grid shown is North Carolina State Plane Coordinate System NAD 1983 (North American Datum 1983).

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: December 17, 2014

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

PREPARED BY: Kevin Johnson

REVIEWED BY: Ed Bradford, P.E., Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System for the Cottages at Glenn Oaks Sewer Extension Project, MSD Project No. 2013142

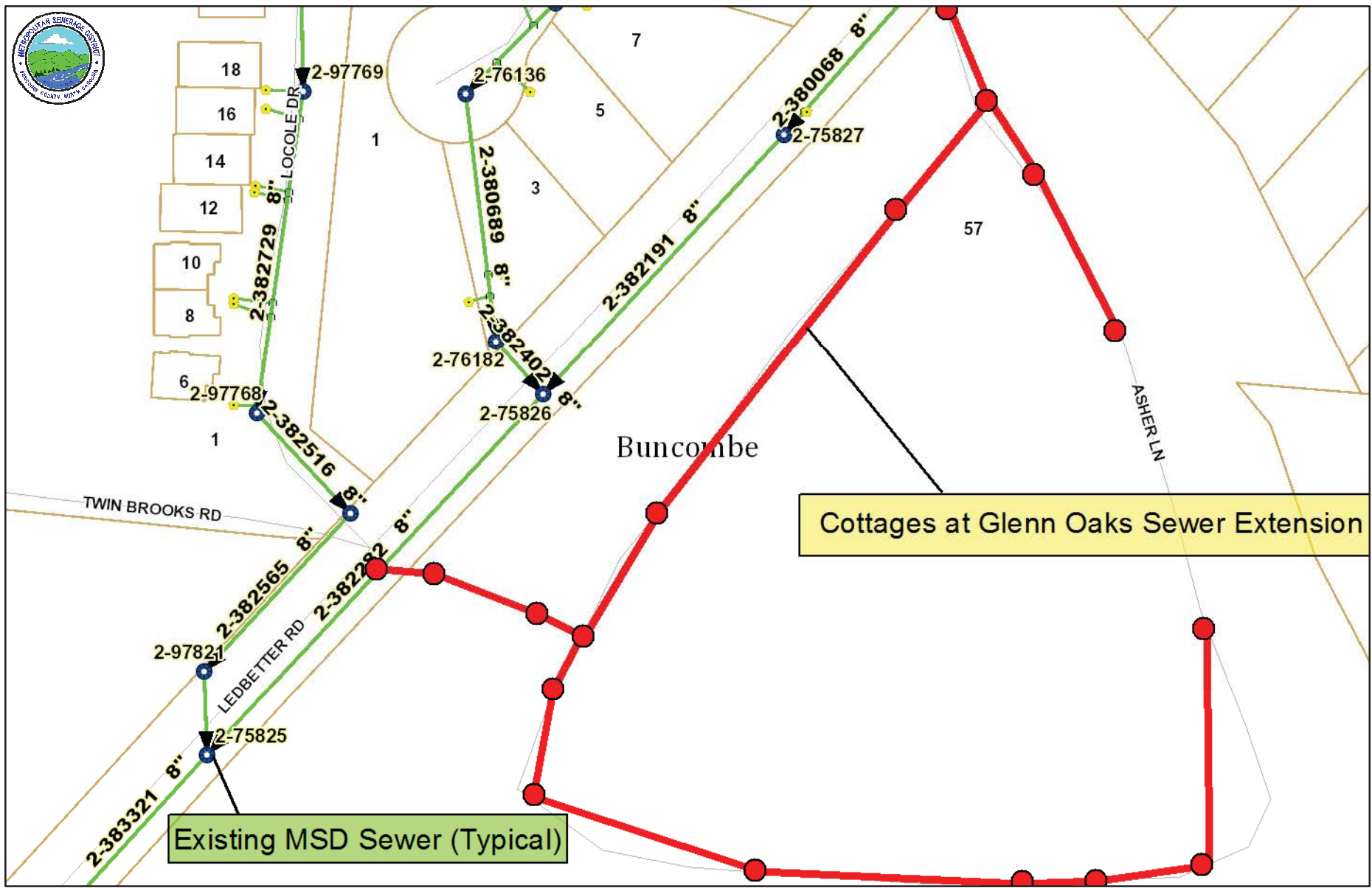
BACKGROUND: This project is located inside the District boundary off Ledbetter Road in Buncombe County. The developer of the project is Rick Moore of R&D Ledbridge.

The project included extending approximately 1,665 linear feet of 8-inch public gravity sewer to serve a forty-four (44) unit residential development.

A wastewater allocation was issued in the amount of 13,500 GPD for the project. The estimated cost of the sewer construction is \$158,000.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



Cottages at Glenn Oaks MSD Project #2013142

Author: KJ

1 in = 100 ft

Date: 12/4/2014

The Metropolitan Sewerage District of Buncombe County, NC has prepared these maps based on best available information for use in assisting District maintenance work, service area analysis, and planning. The District does not warrant the accuracy of any of the information shown. Field verification is advised for all information shown on the maps or included with manhole data. No guarantee is given as to the accuracy or currency of any of the data. Therefore, in no event shall the District be liable for any special, indirect, or consequential damages or any damages whatsoever resulting from loss of use, data, or profits, whether in an action of contract, negligence, or other action, arising out of or in connection with the use of the information herein provided. Grid shown is North Carolina State Plane Coordinate System NAD 1983 (North American Datum 1983).

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: December 17, 2014

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

PREPARED BY: Kevin Johnson

REVIEWED BY: Ed Bradford, P.E., Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System for the Ramble Block "D" Sewer Extension Project, MSD Project No. 2013074

BACKGROUND: This project is located inside the District boundary off Ramble Way in Buncombe County. The developer of the project is Lee Thomason of Ramble Biltmore Forest, LLC.

The project included extending approximately 4,786 linear feet of 8-inch public gravity sewer to serve the thirty-six (36) unit residential development.

A wastewater allocation was issued in the amount of 10,800 GPD for the project. The estimated cost of the sewer construction is \$284,924.85.

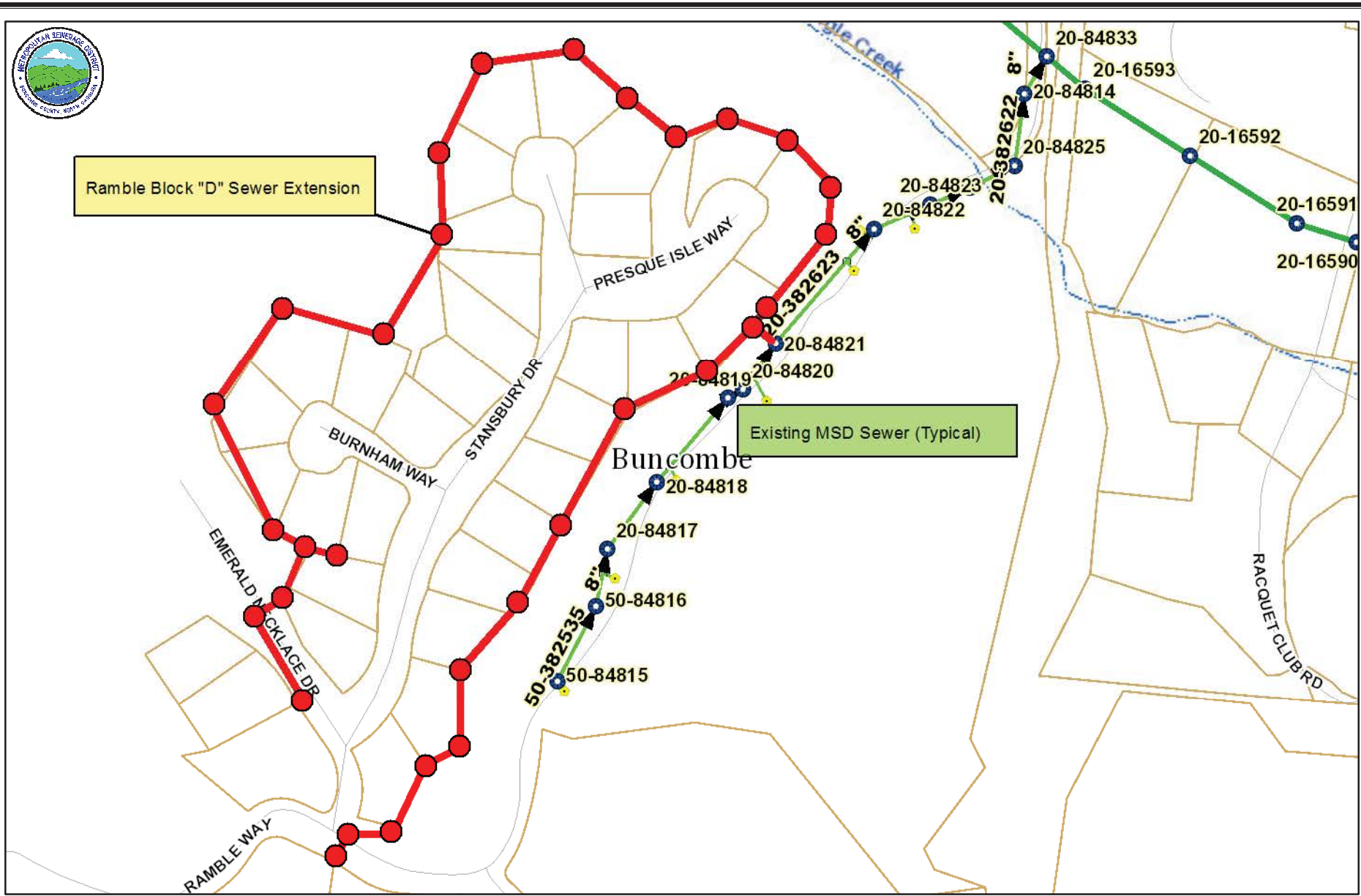
All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



Ramble Block "D" Sewer Extension

Existing MSD Sewer (Typical)



Ramble Block "D" MSD Project #2013074

Author: KJ

1 in = 300 ft

Date: 12/8/2014

The Metropolitan Sewerage District of Buncombe County, NC has prepared these maps based on best available information for use in assisting District maintenance work, service area analysis, and planning. The District does not warrant the accuracy of any of the information shown. Field verification is advised for all information shown on the maps or included with manhole data. No guarantee is given as to the accuracy or currency of any of the data. Therefore, in no event shall the District be liable for any special, indirect, or consequential damages or any damages whatsoever resulting from loss of use, data, or profits, whether in an action of contract, negligence, or other action, arising out of or in connection with the use of the information herein provided. Grid shown is North Carolina State Plane Coordinate System NAD 1983 (North American Datum 1983).

Metropolitan Sewerage District of Buncombe County

BOARD ACTION ITEM

Meeting Date: December 17, 2014
Submitted By: Thomas E. Hartye, PE., General Manager
Prepared By: W. Scott Powell, CLGFO, Director of Finance
Subject: Presentation of Audit & CAFR – Fiscal Year Ended June 30, 2014

Background

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

Discussion

The auditors' unmodified (commonly called “clean”) opinion is the first document behind the “Financial Section” tab.

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

Finally, the District did not have any reportable conditions or other issues requiring additional auditor communication with the Board.

Staff Recommendation

Acceptance of the CAFR.

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

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: December 17, 2014

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 October 31, 2014

Background

Each month, staff presents to the Board an investment report for all monies in bank accounts and specific investment instruments. The total investments as of October 31, 2014 were \$52,847,779. The detailed listing of accounts is available upon request. The average rate of return for all investments is 0.455%. These investments comply with North Carolina General Statutes, Board written investment policies, and the District's Bond Order.

The attached investment report represents cash and cash equivalents as of October 31, 2014 do not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of October 31, 2014 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$9,714,616.

| | |
|--|-------------------------|
| Total Cash & Investments as of 10/31/2014 | 52,847,779 |
| Less: | |
| Budgeted Commitments (Required to pay remaining FY14 budgeted expenditures from unrestricted cash) | |
| Construction Funds | (17,553,195) |
| Operations & Maintenance Fund | <u>(10,629,481)</u> |
| | (28,182,676) |
| Bond Restricted Funds | |
| Bond Service (Funds held by trustee): | |
| Funds in Principal & Interest Accounts | (3,385) |
| Remaining Principal & Interest Due | <u>(9,914,625)</u> |
| | (9,918,010) |
| District Reserve Funds | |
| Fleet Replacement | (352,395) |
| WWTP Replacement | (476,644) |
| Maintenance Reserve | <u>(913,211)</u> |
| | (1,742,250) |
| District Insurance Funds | |
| General Liability | (256,803) |
| Worker's Compensation | (238,614) |
| Post-Retirement Benefit | (1,316,405) |
| Self-Funded Employee Medical | <u>(1,478,405)</u> |
| | (3,290,227) |
| Designated for Capital Outlay | <u><u>9,714,616</u></u> |

Staff Recommendation

None. Information Only.

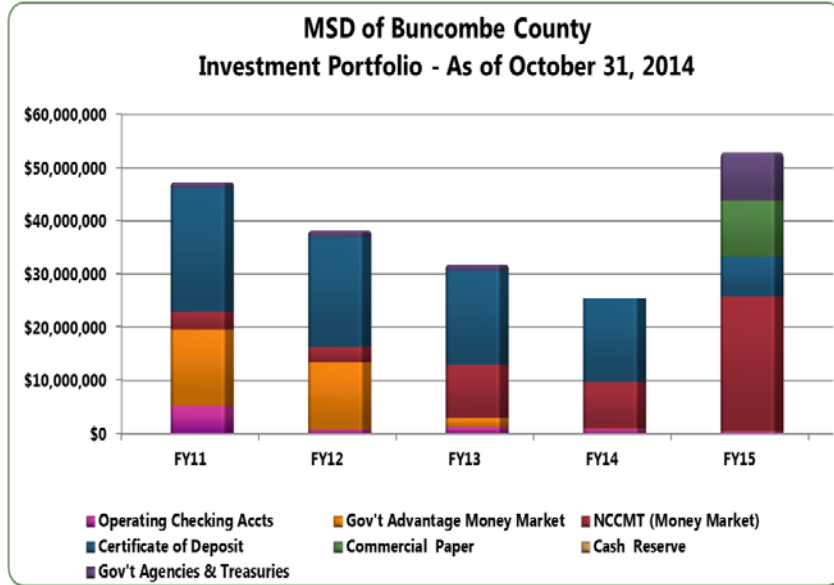
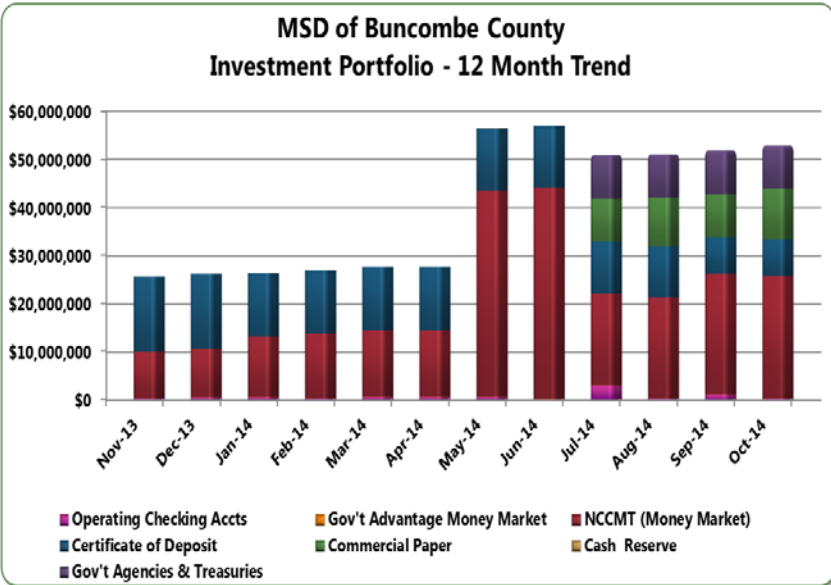
Action Taken

| | | | |
|---------------------|----|---------|-------------------|
| 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 | Cash Reserve | Gov't Agencies & Treasuries | Total |
|------------------------|--------------------------------|---------------------------------|-------------------------|---------------------------|---------------------|-----------------|--------------------------------|---------------|
| Held with Bond Trustee | \$ - | \$ - | \$ 3,385 | \$ - | \$ - | \$ - | \$ - | \$ 3,385 |
| Held by MSD | 380,751 | 46,661 | 25,333,209 | 7,591,468 | 10,492,755 | - | 8,999,550 | 52,844,394 |
| | \$ 380,751 | \$ 46,661 | \$ 25,336,594 | \$ 7,591,468 | \$ 10,492,755 | \$ - | \$ 8,999,550 | \$ 52,847,779 |

| <u>Investment Policy Asset Allocation</u> | <u>Maximum Percent</u> | <u>Actual Percent</u> | |
|---|------------------------|-----------------------|---|
| U.S. Government Treasuries, Agencies and Instrumentalities | 100% | 17.03% | No significant changes in the investment portfolio as to makeup or total amount. |
| Bankers' Acceptances | 20% | 0.00% | |
| Certificates of Deposit | 100% | 14.37% | The District's YTM of .42% is exceeding the YTM benchmarks of the 6 month T-Bill and NCCMT Cash Portfolio. |
| Commercial Paper | 20% | 19.85% | |
| North Carolina Capital Management Trust | 100% | 47.94% | |
| 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 | | 0.72% | |
| Gov't Advantage Money Market | | 0.09% | |

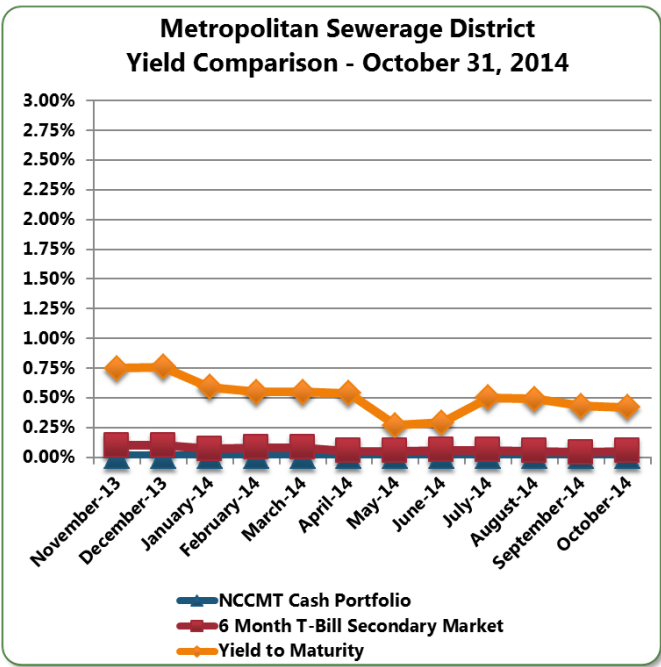
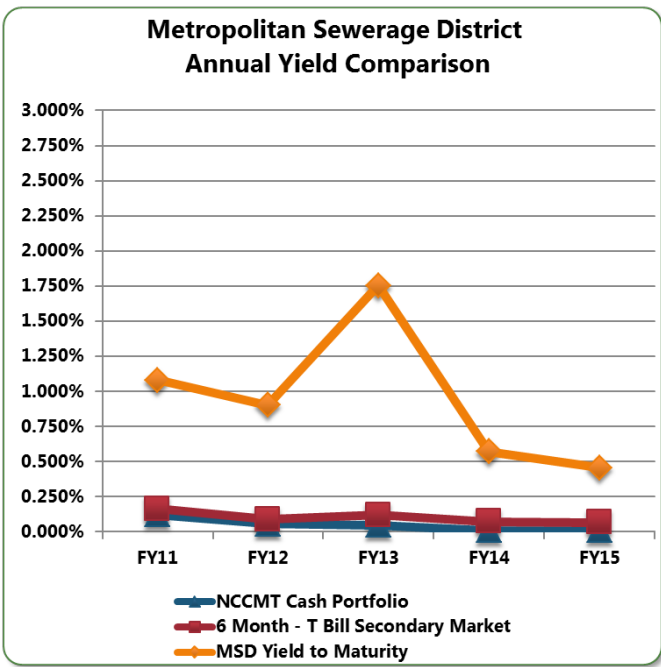


**METROPOLITAN SEWERAGE DISTRICT
INVESTMENT MANAGERS' REPORT
At October 31, 2014**

| | Original | | Interest Receivable |
|---------------------------------|---------------|---------------|------------------------|
| | Cost | Market | |
| Beginning Balance | \$ 48,496,709 | \$ 48,496,709 | \$ 338,877 |
| Capital Contributed (Withdrawn) | 1,739,003 | 1,739,003 | |
| Realized Income | 3,211 | 3,211 | (2,130) |
| Unrealized/Accrued Income | | - | 13,170 |
| Ending Balance | \$ 50,238,923 | \$ 50,238,923 | \$ 349,917 |

| | Original Cost | Income |
|--------------------------------|---------------|-----------|
| Cash Equivalents <91 Days | \$ 31,150,308 | \$ 8,836 |
| Securities/CD's 91 to 365 Days | 12,089,015 | \$ 3,429 |
| Securities/CD's > 1 Year | 6,999,600 | \$ 1,985 |
| | \$ 50,238,923 | \$ 14,250 |

| Month End Portfolio Information | |
|--|-------|
| Weighted Average Maturity | 226 |
| Yield to Maturity | 0.42% |
| 6 Month T-Bill Secondary Market | 0.05% |
| NCCMT Cash Portfolio | 0.01% |



Board Meeting:

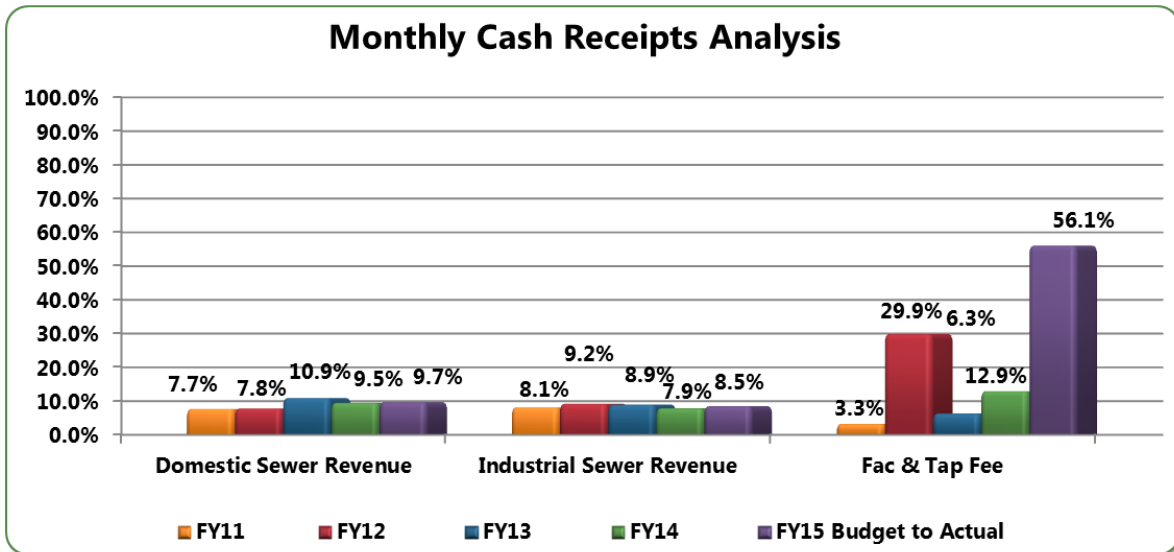
December 17, 2014

Subject:

Cash Commitment/Investment Report-Month Ended October 31, 2014

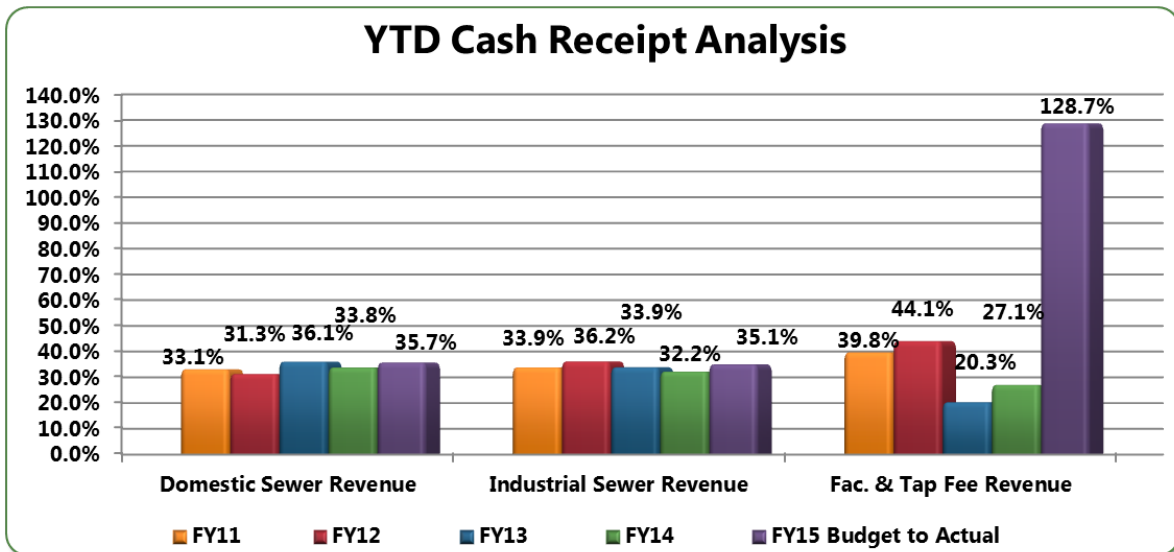
Page -4-

**METROPOLITAN SEWERAGE DISTRICT
ANALYSIS OF CASH RECEIPTS
As of October 31, 2014**



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



YTD Actual Revenue Analysis:

- YTD domestic sewer revenue is considered reasonable based on historical trends.
- YTD industrial sewer revenue is 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:

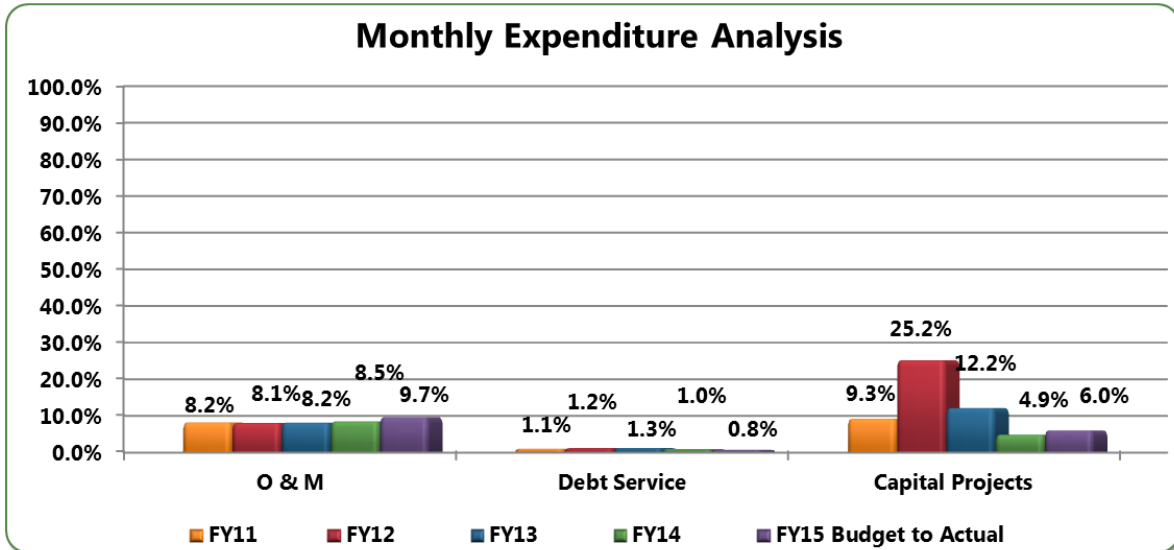
December 17, 2014

Subject:

Cash Commitment/Investment Report-Month Ended October 31, 2014

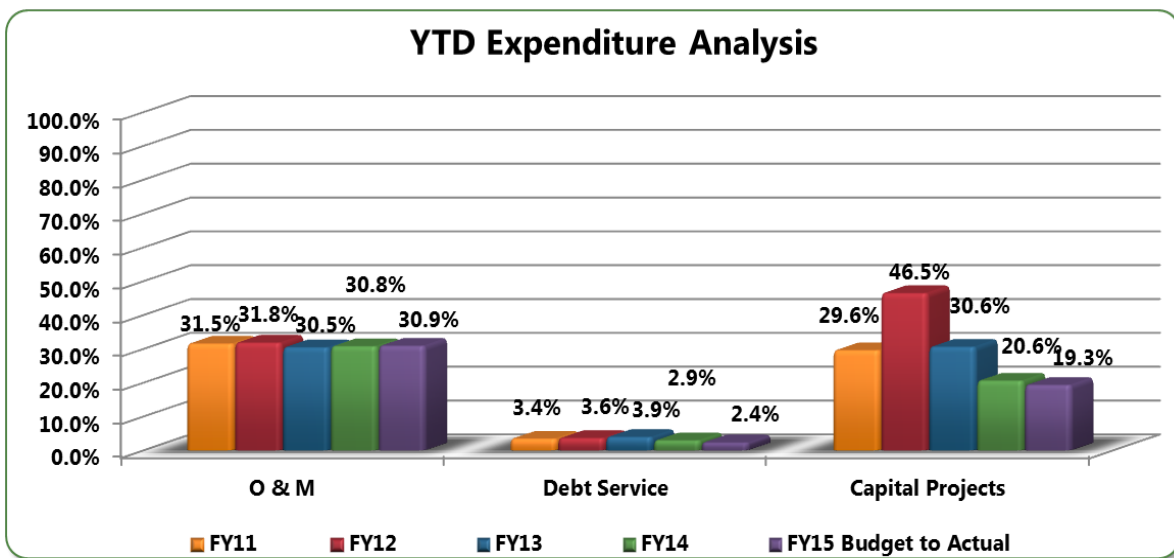
Page -5-

**METROPOLITAN SEWERAGE DISTRICT
ANALYSIS OF EXPENDITURES
As of October 31, 2014**



Monthly Expenditure Analysis:

- ★ Monthly O&M expenditures are considered reasonable based on historical trends and timing of expenditures in the current year.
- ★ Due to the nature of the variable rate bond market, monthly expenditures can vary year to year. Based on current variable interest rates, monthly debt service expenditures are considered reasonable.
- ★ Due to nature and timing of capital projects, monthly expenditures can vary from year to year. Based on the current outstanding capital projects, monthly capital project expenditures are considered reasonable.



YTD Expenditure Analysis:

- ★ YTD O&M expenditures are considered reasonable based on historical trends.
- ★ Due to the nature of the variable rate bond market, YTD expenditures can vary year to year. Based on current variable interest rates, YTD debt service expenditures are considered reasonable.
- ★ Due to nature and timing of capital projects, YTD expenditures can vary from year to year. Based on the current outstanding capital projects, YTD capital project expenditures are considered reasonable.

Board Meeting:

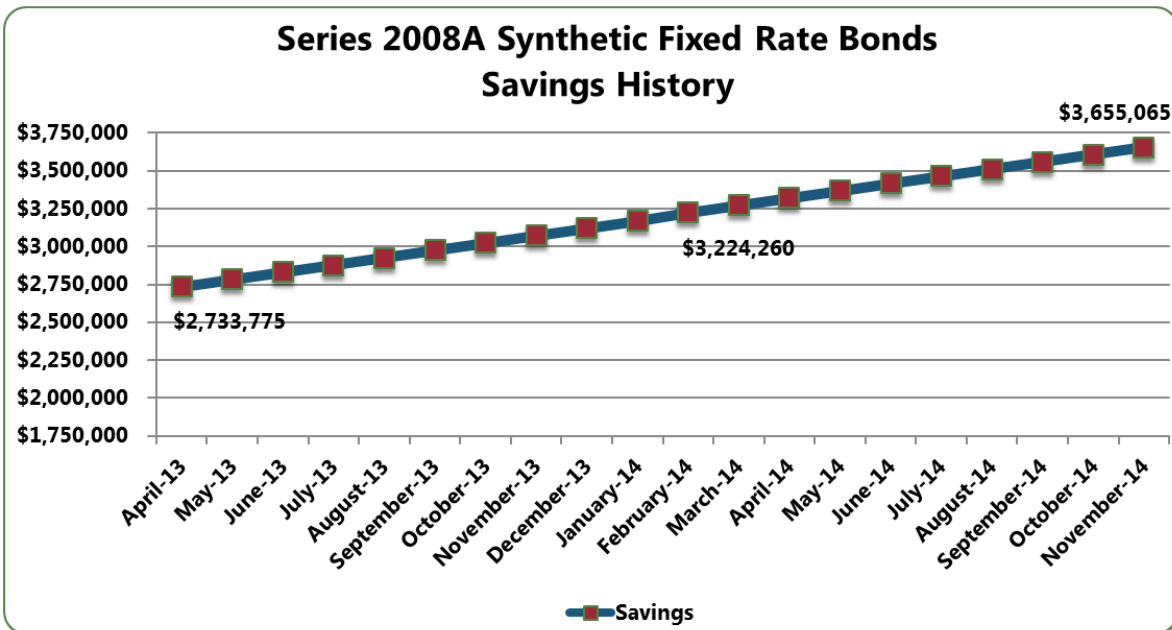
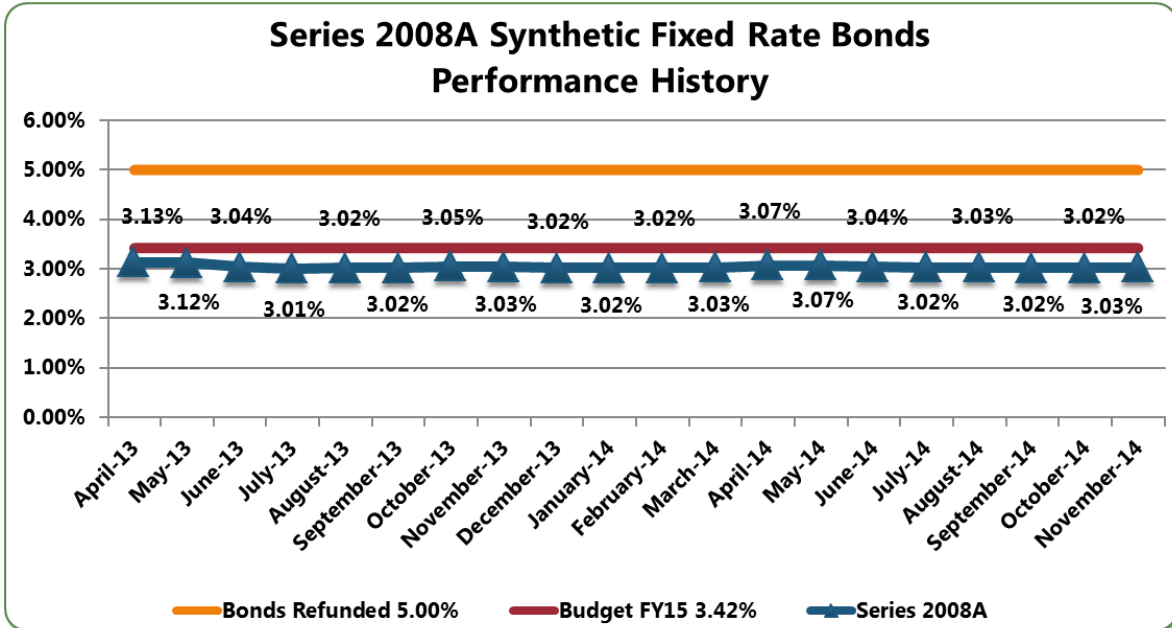
December 17, 2014

Subject:




Cash Commitment/Investment Report-Month Ended October 31, 2014

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**METROPOLITAN SEWERAGE DISTRICT
VARIABLE DEBT SERVICE REPORT
As of November 30, 2014**



Series 2008A:

-  Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$3,655,065 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 3.9475%, MSD will achieve cash savings of \$4,730,000 over the life of the bonds.
-  MSD would pay \$4,705,000 to terminate the existing Bank of America Swap Agreement.

STATUS REPORTS

**MSD SYSTEM SERVICES IN-HOUSE CONSTRUCTION
FY 14-15 PIPELINE REHABILITATION PROJECTS**

| PROJECT NAME | ESTIMATED FOOTAGE | ESTIMATED PROJECT DATES | WO# | CREW | COMPLETION DATE | ACTUAL FOOTAGE | Notes |
|--|-------------------|-------------------------|----------|------|-----------------|----------------|--|
| Westwood Road Phase 2 | 400 | 6/25/14 - 7/4/14 | 215883 | 667 | 7/3/2014 | 400 | complete |
| Penelope Street | 400 | 7/14/14 - 8/15/14 | 470602 | 667 | 7/24/2014 | 415 | complete |
| Shiloh Road (P/N 2012137) | 350 | 7/15/14 - 7/31/14 | 456294 | 631 | 8/1/2014 | 354 | complete |
| 995 West Chapel Rd (P/N 2014131) | 100 | 8/1/14 - 8/15/14 | 211782 | 631 | 8/7/2014 | 60 | complete |
| Emory Road* (P/N 2009137) | 300 | 7/25/14 - 8/15/14 | 456301 | 667 | 8/11/2014 | 290 | complete |
| Haywood Street Pump Station and Force Main | 225 | 8/18/14 - 9/5/14 | 216297 | 631 | 8/22/2014 | 305 | complete |
| Springside Drive | 522 | 8/16/14 - 9/10/14 | 205995 | 667 | 9/15/2014 | 631 | complete |
| Woodbury Rd (91 Carter Cove) | 239 | 9/11/14 - 9/29/14 | 470613 | 667 | 9/29/2014 | 220 | complete |
| Terre Drive / Dunwood Road | 308 | 9/30/14 - 10/31/14 | 410100 | 667 | 10/20/2014 | 405 | complete |
| Hickory Court* | 1633 | 9/8/14 - 10/17/14 | 448319 | 631 | 10/24/2014 | 1631 | complete |
| 190 Tunnel Rd Sewer Replacement | 255 | 11/3/14 - 11/5/14 | 218034 | 667 | 10/27/2014 | 264 | complete |
| N. Anne St. | 550 | 10/23/14 - 11/23/14 | 44181 | 631 | 11/14/2014 | 598 | complete |
| 809 Patton Avenue | 112 | 11/24/14 - 11/25/14 | 219718 | 647 | 11/25/2014 | 112 | complete |
| Biltmore Forest County Club Sewer Replacements | 2000 | 11/3/14 - 12/15/14 | 218277 | 647 | | | 50% complete |
| Sunset Drive @ Bee Tree Road | 1055 | 11/17/14 - 1/2/15 | 219327 | 631 | | | 10% complete, P/N 2008153 |
| 165 Old County Home Road | 1,100 | 10/18/14 - 12/1/14 | 433522 | 631 | | | ready for construction |
| Sareva Place | 957 | TBA | 410095 | TBA | | | ready for construction |
| Rumbough Place | 710 | TBA | 433539 | TBA | | | ready for construction |
| Campus Drive | 335 | TBA | 470606 | TBA | | | ready for construction, Project 2010097 |
| Robindale Ave | 520 | TBA | 433537 | TBA | | | ready for construction |
| 18 Crestland Road | 270 | TBA | 448974 | TBA | | | ready for construction |
| Deanwood Circle | 1292 | TBA | 400925 | TBA | | | ready for construction - Project Number 2012030, CIP Transmittal 204 |
| Starnes Avenue at Broadway Street | 400 | TBA | 400927 | TBA | | | ready for construction |
| 350 Old Haw Creek Road | 1333 | TBA | 400923 | TBA | | | ready for construction |
| 155 New Haw Creek Road | TBA | TBA | 456318 | TBA | | | ready for construction |
| Carjen Avenue | 825 | TBA | 410096 | TBA | | | ready for construction |
| East Grovestone Quarry | 780 | TBA | 457386 | TBA | | | ready for construction |
| Hunt Hill Place | 786 | TBA | 400922 | TBA | | | ready for construction |
| E Skyview Circle PSR | 400 | TBA | 217301 | TBA | | | In ROW |
| 6 Hilderbrand Street | TBA | TBA | TBA | TBA | | | Preliminary Design |
| Upper Chestnut Ridge at lookout Road | 800 | TBA | 470607 | TBA | | | In Design |
| Montford Park | 410 | TBA | TEMP 137 | TBA | | | Preliminary Design - CIP Transmittal 137 |
| Old Farm School Road | TBA | TBA | 456319 | TBA | | | Preliminary Design - CIP Transmittal 231 |
| 11 Old West Chapel | TBA | TBA | TBA | TBA | | | Preliminary Design - CIP Transmittal 215 |
| 184 West Chesnut | 320 | TBA | 433541 | TBA | | | Preliminary Design - Transmittal 196 |
| Winnfred Street | 420 | TBA | 400928 | TBA | | | Preliminary Design, Transmittal 218 |



CONSTRUCTION TOTALS BY DATE COMPLETED - Monthly

From 7/1/2014 to 10/31/2014

| | Dig Ups | Emergency Dig Ups | Dig Up ML Ftg | Dig Up SL Ftg | Manhole Repairs | Taps Installed | ROW Ftg | IRS Rehab Ftg * | Const Rehab Ftg * | D-R Rehab Ftg * | Manhole Installs | Bursting Rehab Ftg * | Total Rehab Ftg * |
|---------------------|------------|-------------------|---------------|---------------|-----------------|----------------|--------------|-----------------|-------------------|-----------------|------------------|----------------------|-------------------|
| July 2014 | 46 | 15 | 193 | 908 | 26 | 18 | 3,800 | 0 | 235 | 415 | 6 | 400 | 1050 |
| August 2014 | 44 | 7 | 219 | 536 | 29 | 11 | 200 | 0 | 143 | 674 | 7 | 330 | 1147 |
| September 2014 | 37 | 9 | 134 | 650 | 44 | 23 | 1,345 | 0 | 16 | 856 | 6 | 0 | 872 |
| October 2014 | 33 | 7 | 216 | 644 | 30 | 23 | 420 | 0 | 204 | 405 | 20 | 2,075 | 2684 |
| Grand Totals | 160 | 38 | 761 | 2,739 | 129 | 75 | 5,765 | 0 | 598 | 2350 | 39 | 2,805 | 5753 |

* Used to calculate Total Rehab Footage



PIPELINE MAINTENANCE TOTALS BY DATE COMPLETED - Monthly

July 01, 2014 to October 31, 2014

| | Main Line Wash Footage | Service Line Wash Footage | Rod Line Footage | Cleaned Footage | CCTV Footage | Smoke Footage | SL-RAT Footage |
|-----------------------|---------------------------|------------------------------|---------------------|--------------------|-----------------|------------------|-------------------|
| 2014 | | | | | | | |
| July | 66,005 | 2,224 | 3,370 | 69,315 | 24,012 | 650 | 27,593 |
| August | 62,930 | 1,101 | 6,357 | 69,087 | 32,258 | 3,150 | 16,074 |
| September | 42,031 | 2,136 | 3,299 | 45,277 | 24,495 | 3,650 | 24,813 |
| October | 90,846 | 1,472 | 9,854 | 100,694 | 35,690 | 0 | 3,549 |
| Grand Total: | 261,812 | 6,933 | 22,880 | 284,373 | 116,455 | 7,450 | 72,029 |
| Avg Per Month: | 65,453 | 1,733 | 5,720 | 71,093 | 29,114 | 1,863 | 18,007 |



CUSTOMER SERVICE REQUESTS

Monthly - All Crews

| CREW | MONTH | JOBS | AVERAGE RESPONSE TIME | AVERAGE TIME SPENT |
|----------------------------|-----------------|------------|-----------------------|--------------------|
| DAY 1ST RESPONDER | | | | |
| | July, 2014 | 108 | 33 | 42 |
| | August, 2014 | 90 | 28 | 34 |
| | September, 2014 | 98 | 36 | 40 |
| | October, 2014 | 96 | 31 | 38 |
| | | 392 | 32 | 39 |
| NIGHT 1ST RESPONDER | | | | |
| | July, 2014 | 29 | 20 | 18 |
| | August, 2014 | 28 | 24 | 24 |
| | September, 2014 | 37 | 22 | 20 |
| | October, 2014 | 29 | 22 | 23 |
| | | 123 | 22 | 21 |
| ON-CALL CREW * | | | | |
| | July, 2014 | 37 | 39 | 48 |
| | August, 2014 | 33 | 55 | 40 |
| | September, 2014 | 33 | 47 | 70 |
| | October, 2014 | 23 | 49 | 49 |
| | | 126 | 47 | 52 |
| Grand Totals: | | 641 | 33 | 38 |

* On-Call Crew Hours: 10:30pm-7:30am Monday-Friday, Weekends, and Holidays

CAPITAL IMPROVEMENT PROGRAM

STATUS REPORT SUMMARY

December 10, 2014

| PROJECT | CONTRACTOR | AWARD DATE | NOTICE TO PROCEED | ESTIMATED COMPLETION DATE | *CONTRACT AMOUNT | *COMPLETION STATUS (WORK) | COMMENTS |
|------------------------------------|-----------------------------|------------|-------------------|---------------------------|------------------|---------------------------|--|
| BROADVIEW AVENUE | Buckeye Bridge | 7/16/2014 | 9/8/2014 | 3/7/2015 | \$1,111,015.90 | 20% | Mainline construction on Raleigh Road progressing slowly due to tight work zone. |
| CLAYTON ROAD PUMP STATION | J.S. Haren Company | 11/19/2014 | TBD | TBD | \$192,500.00 | 0% | Project was awarded to J.S. Haren Company. |
| CROCKETT AVENUE PRP | Terry Brothers | 8/20/2014 | 11/17/2014 | 3/17/2015 | \$676,842.00 | 0% | Pipebursting subcontractor is scheduled to start this week. |
| EAST STATE STREET @ WEST STREET | Davis Grading, Inc. | 6/11/2014 | 7/14/2014 | 12/19/2014 | \$403,640.00 | 98% | Contractor is finishing up punch list items. |
| FAIRFAX AVENUE PRP | Terry Brothers | 8/20/2014 | 10/22/2014 | 2/19/2015 | \$558,802.00 | 75% | Installing mainline between Manholes 7 and 8. |
| MERRIMON AVENUE @ STRATFORD ROAD | Terry Brothers | 9/18/2013 | 12/16/2013 | 2/15/2015 | \$885,849.00 | 80% | Hand mining operations @ Elkwood Bore continues. Bore is approximately 80 feet in. |
| MOUNT VERNON PLACE, PHASE 2 | Terry Brothers | 6/11/2014 | 7/14/2014 | 2/1/2015 | \$542,675.00 | 85% | Mainline construction is complete. Contractor is replacing concrete now. Asphalt work will be on hold until Spring. |
| OLD HAYWOOD ROAD @ STARNES COVE RD | Terry Brothers | 10/15/2014 | TBD | TBD | TBD | 0% | No work has begun yet. |
| OLD U.S. 70 @ PINE CIRCLE | Thomas Construction Company | 11/19/2014 | TBD | TBD | TBD | 0% | Project was awarded to Thomas Construction Company. |
| ROBINWOOD AVENUE | Davis Grading, Inc. | 9/17/2014 | 11/3/2014 | 2/1/2015 | \$457,838.60 | 0% | Contractor is laying pipe on Evergreen. |
| SHADOWLAWN DRIVE PHASE I | TBD | TBD | TBD | TBD | TBD | 0% | Bids were opened on November 20th. Buchanan & Sons, Inc. is the low bidder. Project will be presented at the December Board meeting. |
| WRF - SLIDE GATE REPLACEMENT | NHM Constructors | 9/18/2013 | 10/7/2013 | 1/15/2015 | \$392,554.38 | 75% | Three gates remain to be installed. Two in Basin 1 and one in Basin 2. That work is ongoing. Concrete restoration will follow. |

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

Planning & Development Project Status Report

December 17, 2014

| Project Name | Project Number | Work Location | Units | LF | Pre-Construction Conference Date | Comments |
|-------------------------------------|----------------|-----------------|-------|-------|----------------------------------|--|
| Black Mtn. Annex- Blue Ridge Rd. | 1992171 | Black Mtn. | 24 | 2,560 | 8/19/2010 | Complete- waiting on conveyance |
| Black Mtn. Annex- McCoy Cove | 1992174 | Black Mtn. | 24 | 2,067 | 8/19/2010 | Complete- waiting on conveyance |
| Black Mtn. Annex- Avena Rd. | 1999026 | Black Mtn. | 24 | 4,300 | 8/19/2010 | Complete- waiting on conveyance |
| Momentum Health Adventure | 2008097 | Asheville | Comm. | 184 | 8/19/2009 | New ownership - project currently inactive |
| North Point Baptist Church | 2008105 | Weaverville | Comm. | 723 | 5/20/2009 | 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 |
| Cottonwood Townhomes | 2009110 | Black Mtn. | 8 | 580 | 10/20/2009 | Complete-Waiting on final documents |
| Goldmont St | 2012087 | Black Mtn. | 6 | 91 | 1/11/2013 | Complete-Waiting on final documents |
| Ramble at Parkway | 2013100 | Biltmore Forest | TBD | 335 | 7/26/2013 | Complete-Waiting on final documents |
| Carolina Truck and Body (Cooper) | 2012075 | Asheville | Comm. | 298 | 10/30/2012 | Complete-Waiting on final documents |
| Sardis Road (COA) Annexation | 2009037 | Asheville | N/A | 6,981 | 4/2/2012 | Complete-Waiting on revised ROW items |
| Ardmion Park | 2011107 | Asheville | 5 | 208 | 4/16/2013 | Complete-Waiting on final documents |
| Central Ave | 2012065 | Asheville | 6 | 305 | 9/26/2013 | Complete - Waiting on final documents |
| Westover Relocation | 2013132 | Asheville | 1 | 87 | 11/20/2013 | Complete - Waiting on final documents |
| Brookgreen Phase 1D-Kenai Dr. | 2013076 | Woodfin | 3 | 370 | 3/14/2014 | Complete - Waiting on final documents |
| Echo Hills Cottages | 2013121 | Asheville | 11 | 532 | 4/30/2014 | Complete - Waiting on final documents |
| Village at Bradley Branch - Ph. III | 2008076 | Asheville | 44 | 783 | 8/8/2008 | Complete - Waiting on final documents |
| Waynesville Ave (Pittman) | 2013046 | Asheville | 15 | 332 | 5/23/2013 | Complete-Waiting on final documents |
| Reems Creek Cottages | 2013066 | Weaverville | 17 | 483 | 11/15/2013 | Complete-Waiting on final documents |
| Hyde Park | 2013058 | Arden | 65 | 3,062 | 12/3/2013 | Complete-Waiting on final documents |
| Thoms Estate 3B & 4 | 2013052 | Asheville | 35 | 4,690 | 7/26/2013 | Complete-Waiting on final documents |
| Laurel Lane | 2012121 | Black Mountain | 3 | 107 | 8/12/2014 | Complete-Waiting on final documents |
| Palisades Apartments | 2013024 | Asheville | 224 | 1,423 | 9/4/2013 | Complete-Waiting on final documents |
| STF Precision | 2013084 | Buncombe Co. | Comm. | 199 | 5/29/2014 | Construction complete awaiting final docs |
| Eagle's Landing | 2010015 | Asheville | 25 | 472 | 10/22/2013 | Complete-Waiting on final documents |

Planning & Development Project Status Report

December 17, 2014

| Project Name | Project Number | Work Location | Units | LF | Pre-Construction Conference Date | Comments |
|---------------------------------|----------------|-----------------|--------|--------|----------------------------------|--|
| Ingles - Sand Hill Rd. | 2007214 | Enka | Comm. | 1,255 | 10/15/2014 | Pre-con held, ready for construction |
| Ingles | 2007214 | Black Mtn. | Comm. | 594 | 3/4/2008 | Ready for final inspection |
| Bartram's Walk | 2007065 | Asheville | 100 | 10,077 | 7/28/2008 | Waiting on pavement to do final inspection |
| Morgan Property | 2008007 | Candler | 10 | 1,721 | 8/11/2008 | Pre-con held, ready for construction |
| Canoe Landing | 2007137 | Woodfin | 4 | 303 | 5/12/2008 | Ready for construction |
| Central Valley | 2006166 | Black Mtn | 12 | 472 | 8/8/2007 | Punch list pending |
| Publix | 2013134 | Asheville | Comm. | 612 | 10/5/2014 | Installing |
| Avalon | 2013114 | Asheville | 192 | 1,343 | 6/2/2014 | Ready for final inspection |
| Mallard Run | 2014109 | Buncombe Co. | 72 | 2,811 | 10/31/2014 | Pre-con held, ready for construction |
| Carmel Ridge Apartments | 2013018 | Leicester | 80 | 1,162 | 10/11/2013 | Ready for final inspection |
| Crest Mountain Phase 3B | 2013041 | Woodfin | 69 | 1,329 | 10/15/2013 | Testing |
| Ingles - Smokey Park Highway | 2013135 | Asheville | Comm. | 1,289 | 4/11/2014 | Ready for final inspection |
| The Aventure | 2011015 | Biltmore Forest | 300 | 3,238 | 10/14/2013 | Ready for final inspection |
| New Belgium Relocation | 2013143 | Asheville | Comm. | 380 | 8/12/2014 | Pre-con held, ready for construction |
| Ansley at Roberts Lake | 2013126 | Buncombe Co. | 296 | 2,534 | 6/2/2014 | Testing |
| Hunt Hill Apartments | 2013111 | Asheville | 180 | 1,729 | 3/5/2014 | Ready for final inspection |
| Rosebriar | 2007005 | Black Mountain | 180 | 1,729 | 3/5/2014 | Ready for final inspection |
| Ventana | 2014085 | Woodfin | 100 | 5,430 | 8/12/2014 | Installing |
| Upper Kentucky Improvements | 2013085 | Montreat | N/A | 284 | 12/3/2013 | Ready for final inspection |
| Upper Kentucky Ph. 1 "Res" | 2014101 | Montreat | 5 | 265 | 10/31/2014 | Pre-con held, ready for construction |
| Isaac Dickson School Relocation | 2013033 | Asheville | School | 504 | 1/13/2014 | Under Construction - on hold |
| A.B. Tech Fernihurst Relocation | 2014061 | Asheville | School | 697 | 4/8/2014 | Under Construction - on hold |
| Locust Springs | 2012107 | Black Mountain | 18 | 621 | 3/14/2014 | Testing |
| Telco - Weaverville | 2014046 | Weaverville | Comm. | 110 | 5/12/2014 | Ready for testing |
| Haywood Village | 2014064 | Asheville | Mixed | 276 | 6/19/2014 | Testing |
| Quail Hollow Ph. 2 | 2013062 | Arden | 15 | 1,302 | 6/11/2014 | Under Construction |
| Boulden Subdivision | 2013022 | Asheville | 3 | 295 | 9/16/2014 | Pre-con held, ready for construction |
| Busbee Mountain | 2007181 | Asheville | 9 | 580 | 9/29/2014 | Ready for final inspection |
| New Belgium Distribution Ctr. | 2014044 | Asheville | Comm. | 1,620 | 11/11/2014 | Pre-con held, ready for construction |
| Burk Street - Phase III | 2014079 | Asheville | 7 | 111 | 11/20/2014 | Pre-con held, ready for construction |
| Asheville Middle School | 2013125 | Asheville | School | 214 | 9/30/2014 | Pre-con held, ready for construction |
| Evolve Mountain View | 2013105 | Asheville | 148 | 347 | 10/21/2014 | Pre-con held, ready for construction |
| TOTAL | | | 2,572 | 68,016 | | |