

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
November 16, 2016

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 2pm Wednesday, November 16, 2016. Chairman VeHaun presided with the following members present: Ashley, Belcher, Bryson, Creighton, Frost, Kelly, Manheimer, Pelly, Root and Wisler.

Others present were: Thomas E. Hartye, PE, General Manager; William Clarke, General Counsel; Matthew Socha with Cherry Bekaert LLP; Rachel McGraw-Burgess with Woodfin Sanitary Water and Sewer District; Patty Beaver with CIBO; Ed Bradford, Scott Powell, Hunter Carson, Matthew Walter, Jim Hemphill, Peter Weed, Mike Stamey, Ken Stines and Pam Nolan, MSD.

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 19, 2016 Board Meeting:

Mr. Vahaun asked if there were any changes to the Minutes of the October 19, 2016 Board Meeting. Ms. Wisler moved for approval of the minutes as presented. Mr. Root seconded the motion. Voice vote in favor of the motion was unanimous.

4. Discussion and Adjustment of Agenda:

None

5. Informal Discussion and Public Comment:

Mr. VeHaun welcomed Ms. McGraw, Ms. Beaver and Mr. Socha. There was no discussion or public comment.

6. Report of General Manager:

Mr. Hartye reported that MSD has a \$5.8 million value in fleet and replaces about \$500,000.00 per year. He turned the meeting over to Mr. Weed for a presentation on the Equipment Review Committee and Fleet Replacement Fund. Mr. Weed reported that MSD has a wide variety of vehicles due to the wide range of use. He stated the almost \$6 million in replacement value includes everything from medium duty trucks, sedans and SUV's, to heavy duty vehicles, trailers and electrical vehicles for support at the treatment plant. Not all vehicles are purchased new, some are re-created at substantial savings to the District. He presented a slide of a 2008 truck with 90,000 miles to emphasize how well maintained staff keeps these vehicles. He further stated this could not be accomplished without a good trained staff and a well-equipped Maintenance Facility. Mechanics are

certified and factory trained and work on everything from small engine repairs to major overhauls of heavy equipment. He further stated that in 2012 the District updated the Fleet Purchasing policy for systematic purchase and replacement of current and new vehicles. The Equipment Review Committee, comprised of Division Directors, Fleet Manager and Finance and Purchasing all meet at the beginning of each budget cycle to review equipment and specific needs exceeding \$5,000.00. The Fleet Supervisor submits a list of rolling stock for the coming fiscal year. New vehicles and equipment are evaluated for their needs, practical use and performance capabilities. Price and purchasing guidelines are also weighed in. The Equipment Review Committee functions as an advisory Committee only. After discussions, a plan is drafted and submitted to the General Manager. Final numbers and budget are then submitted to the General Manager and on to Board for approval. Ms. Wisler asked who maintains these vehicles. Mr. Weed stated mostly our Fleet Maintenance staff but about 10% of the work is outsourced. Ms. Frost asked what type of training staff had. Mr. Weed stated that they are continually maintaining their education and certifications as stated above. There was no further discussion.

Mr. Hartye called on Matthew Socha, Senior Manager at Cherry Bekaert, LLP for a presentation on the Fiscal Year 2016 Audit of MSD financial statements. Mr. Socha stated that he will address the following:

- Summary of Audit Results.
- Required Auditor Communications.
- Future Accounting Standards.
- Financial Highlights.

He further stated that because the Financial Statements exceed 100 pages, he will present six (6) graphs that will explain the big picture and show what MSD does. Regarding the Audit Results, Mr. Socha reported the audit was performed under standards generally accepted in the USA and Governmental Auditing Standards. Their opinion on the financial statements as of and for the year ended June 30, 2016 is an unmodified or "clean" audit report. There were no compliance findings; no material weaknesses in internal controls, and no audit adjustments.

Mr. Socha reported that Required Auditor Communications include:

- Pronouncements Adopted.
- Significant Estimates
- Difficulties or Disagreements with Management.
- Misstatements.
- Management's Representations.
- Consultations with 3rd Parties.

Mr. Socha reported on future standards GASB Statement No. 74 that relates to financial reporting for postemployment benefit plans other than pension plans; GASB statement No. 75 that relates to accounting and financial reporting for postemployment benefits other than pensions and GASB Statement No. 78 that relates to pensions provided through certain multiple-employer defined benefit pension plans. There were no difficulties or disagreements with management or misstatements. In addition, management signs a representation letter which takes responsibility for the financial statements and disclosures.

Mr. Socha presented graphs showing financial trends from FY2009-2016. The first graph shows an upward trend in the Investment of Capital Assets, Net, which means the District continues to invest in its infrastructure. The second graph is Long Term Bonds Payable, which shows a systematic issuance and pay down to meet infrastructure needs. The third graph is Net Position which includes Investment in Capital Assets minus related debt, Unrestricted and Restricted. All balances are considered strong and in line with the District's financial policies. The fourth graph is Operating Results which include Operating Revenue, Expense and Income. He stated the Operating Revenue is tied very closely to development and how well the area of Asheville and surrounding communities are doing. A large portion of the upward trend in operating revenue is from Facility and Tap fees. Operating Expense is associated with development. Operating Income fluctuates with Operating Revenue. The fifth graph is Revenue vs. Expenditures. It includes operating revenue as well as all expenditure outflows (i.e. capital projects, operating and debt service). The sixth graph shows Revenue vs. Total Expenditures. This graph shows the relationship of total expenditures and operating revenue and with the need of using a combination of operating reserves and debt to meet the District's capital project initiatives.

In summary, Mr. Socha expressed his appreciation and thanks to Tom Hartye, Scott Powell, Cheryl Rice and the entire team for their help in completing the audit. Due to having employees in Charlotte the price came in under bid and this is planned for the future.

Mr. Hartye reported the next regular Board Meeting will be held on December 21st at 2 pm. The November Right of Way Committee meeting is cancelled. The next Right of Way Committee meeting will be held on January 25, 2017 at 9 am.

7. Consolidated Motion Agenda:

a. Consideration of Bids: South French Broad Interceptor – Lining

Mr. Hartye reported that this project is located within the Biltmore Estate along the main 36-inch interceptor and serves southern portions of the District's regional service area, including Cane Creek Water & Sewer in Northern Henderson County. The project is comprised of lining

the interceptor with Cured-in-Place Pipe (CIPP) which will provide more value and further extend the service life. This interceptor is planned to remain in-service for the foreseeable future and capacity needs are proposed to be addressed by a second line. The sections to be lined under this contract total 2,613 LF for the most critical areas. MSD has worked closely with the Biltmore Estate in order to schedule this work during Biltmore's slower winter season. The contract was advertised and seven bids were received on October 27, 2016, in the following amounts: Portland Utilities Construction with a bid of \$973,645.01; IPR Southeast, LLC with a bid of \$969,680.00; CaJenn Construction with a bid of \$734,009.31; Am-Liner East with a bid of \$663,737.00; Layne Inliner, LLC with a bid of \$494,711.50; Insituform Technologies with a bid of \$479,927.00 and SAK Construction, LLC with a bid of \$457,710.00. The apparent low bidder is SAK Construction, LLC. SAK has not completed previous work for the District, therefore staff checked references, with favorable results. The FY17 Construction Budget for this project is \$588,000.00. Staff recommends that the Board award the contract to SAK Construction, LLC in the amount of \$457,710.00, subject to review and approval by District Counsel.

b. Consideration of Bids: Stratford Road @ Oxford Court Sanitary Sewer Rehabilitation:

Mr. Hartye reported that this project is located in North Asheville near Beaver Lake, at the intersection of Stratford Road and Merrimon Avenue. It consists of rehabilitation of existing 6-inch and 8-inch clay and PVC pipes with approximately 1,965 LF of 8-inch DIP. There are parallel systems in this area which will be eliminated as part of this project. The contract was advertised and seven bids were received on October 27, 2016, in the following amounts: Thunder Contracting, Inc., in the amount of \$488,052.50; Thomas Construction Co. in the amount of \$471,505.00; North American Pipeline Management in the amount of \$319,332.00; Buckeye Bridge, LLC, in the amount of \$307,906.00; Cooper Construction Company in the amount of \$260,903.00; Terry Brothers Construction Company Inc. in the amount of \$246,993.00 and Patton Construction Group in the amount of \$216,700.00. The apparent low bidder is Patton Construction Group. Patton Construction Group has completed multiple sewer extension projects, and is currently working on the MSD Point Repair Contract. They have performed well. The FY 16-17 Construction Budget for this project is \$370,000.00. Staff recommends that the Board award the contract to Patton Construction Group in the amount of \$216,700.00, subject to review and approval by District Counsel. Ms. Manheimer asked if the line was being moved into the road. Mr. Bradford stated that most of the parallel line would be eliminated and the majority of the line will be moved into the back yards, not the road.

c. First Quarter Budget to Actual Review FY 2017

Mr. Powell reported that Page 21 is the District's first quarter Budget to Actual Revenue and Expenditure Report. Domestic User Fees are at budget expectations. Industrial User Fees are better than budgeted due to activity from two industrial users. Facility and Tap Fees are above budgeted expectations due to receiving approximately \$1.7 million from four developers. Interest and miscellaneous income are slightly below budgeted expectations. Short-term interest rates are still experiencing pressures due to Federal Reserve monetary policy. O&M expenditures are at 32.1% of budget. They include encumbered amounts which has elevated the budget to actual above 25%. (Encumbrances \$989,000.00). 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 2.2%. 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.

d. Cash Commitment/Investment Report Month ended September, 2016:

Mr. Powell reported that Page 24 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 25 presents the MSD investment managers report for the month of September. The weighted average maturity of the investment portfolio is 178 days. The yield to maturity is .72% and exceeds our bench mark of 6 month T-Bill and North Carolina Capital Management Trust cash portfolio. Page 33 presents 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 the District rate payers over \$4.7 million in debt service since April, 2008. There were no questions pertaining to this item.

e. Presentation of Audit and CAFR – FY ended June 30, 2016:

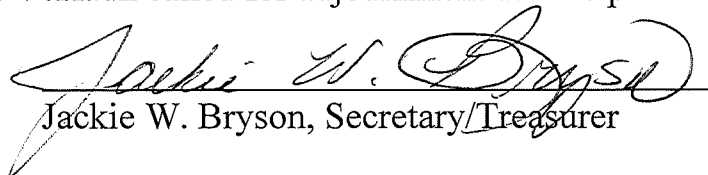
Mr. Powell reported Page 84 of the PDF Schedule of Revenues and Expenditures Budget and Actual. Sewer charges were above budgeted expectations as a result of increased consumption and a 2% growth in our customer base. Industrial Revenue trended above budgeted expectations due to increased consumption from one industrial user. Facility and Tap Fees are above budgeted expectations. This is due to the District receiving \$3.5 million from eight developments at the end of the year as well as the conservative nature in which these funds are budgeted. Interest income was below budgeted expectations due to Federal Reserve impact on short term interest rates. The District typically achieves a 96% budget to actual ratio on O&M expenditures. This year the District achieved a 97% budget to actual ratio. The District's deferred utility cost was \$521,000.00. Capital project

expenditures are at approximately 91.19% of budget. CIP projects are continuing to receive favorable pricing. 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.

With no further discussion, Mr. VeHaun called for a motion to approve the Consolidated Motion Agenda. Ms. Frost moved. Ms. Wisler seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

8. **Old Business:** None
9. **New Business:** None
10. **Adjournment:**

With no further business, Mr. VeHaun called for adjournment at 2:48 pm.


Jackie W. Bryson, Secretary/Treasurer

MSD

Regular Board Meeting

Metropolitan Sewerage District
of Buncombe County, NC

AGENDA FOR 11/16/16

✓	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 October 19, 2016 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	2:25	
	06. Consolidated Motion Agenda		2:40	
	a. Consideration of Bids: South French Broad Interceptor - Lining	Hartye		
	b. Consideration of Bids: Stratford Road @ Oxford Court Sewer Rehabilitation Project	Hartye		
	c. First Quarter Budget to Actual Review FY 2017	Powell		
	d. Cash Commitment/Investment Report Month Ended September, 2016	Powell		
	e. Presentation of Audit & CAFR – Fiscal Year Ended June 30, 2016	Powell		
	07. Old Business:	VeHaun	3:00	
	08. New Business:	VeHaun	3:15	
	09. Adjournment: (Next Meeting 12/21/16)	VeHaun	3:25	
	STATUS REPORTS			

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
October 19, 2016

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 and called to order at 2:01 pm Wednesday, October 19, 2016. In Chairman VeHaun's absence, Vice-Chairman Kelly presided with the following members present: Ashley, Belcher, Bryson, Collins, Frost, Manheimer, Pelly, Root and Wisler.

Others present were: Thomas E. Hartye, PE, General Manager; William Clarke, General Counsel; Forrest Westall with McGill Associates; Rachel McGraw-Burgess with Woodfin Sanitary Water and Sewer District; Ed Bradford, Scott Powell, Jim Hemphill, Peter Weed, Mike Stamey, Ken Stines, Julie Willingham and Pam Nolan, MSD.

2. Inquiry as to Conflict of Interest:

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

3. Approval of Minutes of the September 21, 2016 Board Meeting:

Mr. Kelly asked if there were any changes to the Minutes of the September 21, 2016 Board Meeting. Ms. Wisler moved for approval of the minutes as presented. Ms. Frost 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. Kelly welcomed Rachel McGraw-Burgess with Woodfin Sanitary Water and Sewer District. There was no discussion or public comment.

6. Report of General Manager:

Mr. Hartye reported that the Treatment Plant once again received the Gold Peak Performance Award from NACWA for consistent treatment and permit compliance for 2015. Congratulations to Peter Weed and all of the Treatment Plant employees.

Mr. Hartye reported that Bill Dunhour of Blackwood Road called to compliment Roy Lytle and Billy Cantrell who came out on Wednesday and saved him about \$5,000 by finding a new sewer route and did a magnificent job. Mr. Dunhour stated that his yard looks better than ever. Emma with Mosaic Group at 160 Royal Pines Drive called to express her appreciation for the customer service provided by Wayne Rice. The United Way Golf

Tourney had around 56 players this year with the winning team shooting 16 and under. All hole sponsors were filled and they raised about \$5,400.00 for the United Way. Thanks to Owen Herbert, one of MSD's young engineers, for heading up the effort.

Mr. Hartye reported the next regular Board Meeting will be held on November 16th at 2 pm. The October Right of Way Committee meeting is cancelled. The next Right of Way Committee meeting will be held on November 23rd at 9am.

7. Consolidated Motion Agenda:

a. Consideration of Developer Constructed Sewer Systems: Creekside Village Phase II; The Dilworth Apartments; Little Flat Creek – Red Maple; McKinley Avenue; Montreat College Sports Complex; 339 Old Lyman Street; The Ramble Block “E”:

Mr. Hartye reported that the Creekside Village Phase II project is located at the intersection of Aiken Road and Merrimon Avenue in the Town of Weaverville. This project included extending approximately 2,046 linear feet of 8-inch public gravity sewer to serve this phase of residential development consisting of 38 single family homes.

Mr. Hartye reported that the Dilworth Apartments project is located at Brevard Road in Buncombe County. This project included extending approximately 950 linear feet of 8-inch public gravity sewer to serve the 168 unit apartment complex.

Mr. Hartye reported that the Little Flat Creek – Red Maple Subdivision project is located at the intersection of North Buncombe School Road and Evening Shade Drive in Buncombe County. This phase of private collection system consists of approximately 902 linear feet of 8-inch gravity sewer.

Mr. Hartye reported that the McKinley Avenue project is located in the City of Asheville. This project included extending approximately 236 linear feet of 8-inch public gravity sewer to serve the 10 unit single family residential development.

Mr. Hartye reported the Montreat College Sports Complex is located in the Town of Montreat. This project included extending approximately 625 linear feet of 8-inch public gravity sewer to serve a sports complex at the college.

Mr. Hartye reported the 339 Old Lyman Street project is located in the City of Asheville. This project included extending over 1,000 linear feet of 8-inch public gravity sewer to serve the 9 unit commercial development.

Mr. Hartye reported that the final project under the Developer Constructed Sewer Systems is Ramble Block “E” and is located in Buncombe County. This project included extending approximately 1,358 linear feet of 8-inch public gravity sewer to serve the 22 unit single family residential development.

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

b. Avadim Technologies Informational Item:

Mr. Hartye reported that Avadim Technologies will construct its new headquarters in the Black Mountain Commerce Park. MSD staff has spent considerable time with the Chamber of Commerce and assisting staff at the Asheville-Buncombe County Economic Development Coalition with applications for grant funding. Over the next five years, this facility is expected to create 551 new jobs in Buncombe County and will invest over \$25 million in capital funds. The cost of water and sewer infrastructure necessary for this facility is estimated at \$1.9 million. He stated that MSD adopted a policy for new companies in which if they employ over 200 employees and meet certain conditions, MSD will waive its facility fee. This could save Avadim substantial funds. This item is provided for information only.

c. Consideration of Procurement of new Vactor Truck:

Mr. Hartye reported that the District’s policy is to evaluate annually the condition of fleet vehicles based on age, mileage, hours on equipment and repair costs. At the March 10, 2016 Fleet Replacement Committee meeting, the members recommended the purchase of one new Vactor replacement. This truck will replace a truck purchased in 2005, which has been in the District’s fleet for over 11 years and has cleaned 3 million feet of sewerline. The District, as a local government, is allowed to purchase from suppliers who are selected through a group purchasing program that is a “formally organized program that offers competitively obtained purchasing (products or) services at discount prices to two or more public agencies”. NJPA, National Joint Powers Alliance, is one such purchasing program. Vactor Manufacturing was awarded a contract under the NJPA cooperative. Public Works Equipment is the Vactor authorized distributor. The total cost per the NJPA contract will be \$376,112.00 offering a savings to the District of over \$30,000.00. Staff recommends that the bid be awarded to Public Works Equipment in the amount of \$376,112.00.

d. Cash Commitment/Investment Report Month ended August, 2016:

Mr. Powell reported that Page 28 presents the makeup of the District’s Investment Portfolio. There has not been a significant change in the makeup of the portfolio from the previous month. Page 29 presents the

MSD investment managers report for the month of August. The weighted average maturity of the investment portfolio is 178 days. The yield to maturity is .72% and exceeds our bench mark of 6 month T-Bill and North Carolina Capital Management Trust cash portfolio. Page 30 presents an analysis of the District's cash receipts. Monthly and YTD Domestic sewer and Industrial revenue is considered reasonable based on timing of cash receipts and historical trends. Facility and Tap Fees are considered reasonable taking into account the unpredictability of cash receipts. Page 31 is an analysis of the District's Expenditures. Monthly and YTD expenditures are considered reasonable based on historical trends. Page 32 presents the MSD Variable Debt Service report. The 2008A Series bond is performing better than budgeted expectations. As of the end of September both issues have saved the District rate payers approximately \$4.7 million in debt service since April, 2008. There were no questions pertaining to this item.

With no further discussion, Mr. Kelly called for a motion to approve the Consolidated Motion Agenda. Mr. Belcher moved. Mr. Pelly 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. Kelly called for adjournment at 2:13 pm.

Jackie W. Bryson, Secretary/Treasurer



MEMORANDUM

TO: MSD Board
FROM: Thomas E. Hartye, P.E., General Manager
DATE: November 10, 2016
SUBJECT: Report from the General Manager

- Presentation on Equipment Review Committee and Fleet Replacement Fund

MSD has 81 licensed vehicles and 56 support vehicles/equipment with a total value of over \$5.8 million. The average replacement cycle is approximately 10 years. All replacements and any additions are overseen by an Equipment Review Committee which convenes at least annually to evaluate needs. Peter Weed, Director of Waste Treatment, also manages the Fleet function at MSD and will give a short presentation on this process.

- MSD Fiscal Year 2016 Audit

Matthew Socha, Senior Manager at Cherry Bekaert, LLP will give a presentation of the Fiscal Year 2016 Audit of MSD financial statements. The Comprehensive Annual Financial Report (CAFR) can be found on the MSD website at: <http://www.msdbc.org/documents/financial/cafr/FY2016.pdf> Scott Powell will walk through the (CAFR) under item 6(e).

- Board/Committee Meetings/Events

The next Regular Board Meeting will be held on December 21st at 2 pm. The November ROW Committee is cancelled. The next Right of Way Committee meeting will be held on January 25, 2017 at 9am.

Metropolitan Sewerage District of Buncombe County

BOARD ACTION ITEM

BOARD MEETING DATE: November 16, 2016

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

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

SUBJECT: Consideration of Bids: South French Broad Interceptor - Lining, MSD Project No. 2011033

BACKGROUND: This project is located within the Biltmore Estate, along the main 36-inch interceptor. This major line serves southern portions of the District's regional service area, including the Cane Creek Water & Sewer District in northern Henderson County.

This project is comprised of lining the interceptor with Cured-in-Place-Pipe (CIPP). Previously, grouting was performed on portions of this line; however, due to "soft" concrete and eroded areas encountered during construction (caused by hydrogen sulfide), staff has determined that CIPP will provide more value and further extend the future service life of this line.

It is important to note that this interceptor is planned to remain in-service for the foreseeable future, and that capacity needs are proposed to be addressed by adding a second line. For these reasons, it is important to protect and maintain the long-term integrity of this line. The CIPP process will provide an integral structural liner which is impervious to the hydrogen sulfide naturally present within the line.

The sections to be lined under this contract total 2,613 LF for the most critical areas. MSD has worked closely with the Biltmore Estate in order to schedule this work during Biltmore's slower winter season.

The contract was advertised and seven bids were received on October 27, 2016 in the following amounts:

<u>Contractor</u>	<u>Total Bid Amount</u>
1) Portland Utilities Construction	\$ 973,645.01
2) IPR Southeast, LLC	\$ 969,680.00
3) CaJenn Construction	\$ 734,009.31
4) Am-Liner East	\$ 663,737.00
5) Layne Inliner, LLC	\$ 494,711.50
6) Insituform Technologies	\$ 479,927.00
7) SAK Construction, LLC	\$ 457,710.00

The apparent low bidder is SAK Construction, LLC. SAK has not completed previous work for the District; therefore staff checked references, with favorable results.

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

FISCAL IMPACT: The FY16-17 Construction Budget for this project is \$588,000.00.

STAFF RECOMMENDATION: Staff recommends award of this contract to SAK Construction, LLC in the amount of \$457,710.00, subject to review and approval by District Counsel.

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

SOUTH FRENCH BROAD INTERCEPTOR - LINING

Project No. 2011033

BID TABULATION

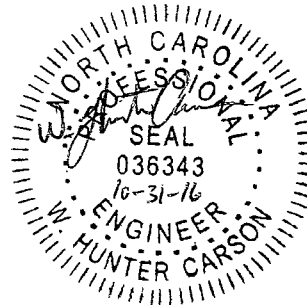
October 27, 2016

BIDDER	Bid Bond	MBE Form	Bid Forms (Proposal)	TOTAL BID AMOUNT
Portland Utilities Construction Company Knoxville, TN	5%	None	Yes	\$973,645.01
IPR Southeast, LLC Stone Mountain, GA	5%	1	Yes	\$969,680.00
CaJenn Construction & Rehab Services Hoboken, GA	5%	2	Yes	(*) \$734,009.31
Am-Liner East, Inc. Berryville, VA	5%	2	Yes	\$663,737.00
Layne Inliner, LLC Gastonia, NC	5%	1	Yes	\$494,711.50
Insituform Technologies Chesterfield, MO	5%	1	Yes	\$479,927.00
SAK Construction, LLC O-Fallon, MO	5%	2	Yes	\$457,710.00

APPARENT LOW BIDDER

(*) Correction to Contractor's bid amount

William Hunter Carson, P.E.
Project Engineer
Metropolitan Sewerage District of
Buncombe County, North Carolina



This is to certify that the bids tabulated herein were publicly opened and read aloud at 2:30 p.m. on the 27th day of October, 2016, 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, Director of Engineering
Hunter Carson, Project Manager

DATE: November 4, 2016

RE: South French Broad Interceptor Lining Sewer Rehabilitation;
MSD Project No. 2011033

The South French Broad Interceptor Lining project is located on the Biltmore Estate in Asheville. A 36-inch sewer interceptor runs through the Estate, adjacent to the French Broad River for approximately 22,000 LF. The interceptor conveys an average daily flow of 4.1 MGD of wastewater from Southern Buncombe County and Cane Creek to MSD's Carrier Bridge Pump Station.

The interceptor is believed to be a major source of inflow & infiltration (I&I) into MSD's collection system. Leaking pipe joints (confirmed via CCTV), and the development of sinkholes over the line provide evidence of joint failure.

After evaluating various methods of pipe rehabilitation in 2014, MSD selected chemical grouting as the most cost effective and efficient way of reducing I&I, specifically at the pipe joints. In January 2016, the first of two planned rehabilitation phases began inside the Estate. Due to inconsistencies in pipe diameter as a result of hydrogen sulfide corrosion, installation of the chemical grout was more difficult than anticipated. Further, when the line was cleaned prior to the work, the interior concrete was found to be soft in areas, and some "spalled" off during cleaning.

Due to these conditions, only 4,830 LF of the proposed 12,350 LF were rehabilitated in FY15-16. It was later determined that chemical grout rehab was not ideal for our specific application, so cured-in-place-pipe (CIPP) lining was selected as the preferred rehab method due to its ease of installation, product superiority, and that it is highly resistant to hydrogen sulfide.

While CIPP liner is significantly more expensive than chemical grout, the end product is a new, seamless pipe that is structurally capable of functioning in the absence of its surrounding host pipe. The CIPP liner seals the entire pipe segment, unlike chemical grout which targets the joint only, and the life expectancy of CIPP liner far exceeds that of chemical grout. This is important since MSD plans to keep 36-inch interceptor in service indefinitely, and preservation of this line is paramount.

The decision to install CIPP liner in lieu of chemical grout was made after the FY16-17 budget was finalized. At the time the budget was prepared, the grouting project was still under construction and the thought was to continue the process the following fiscal year to complete any un-grouted line segments from the initial construction phase. The estimated budget to complete the remaining 7,520 linear feet via chemical grout was \$588,000.00. Having revised the rehabilitation method (post-budget) to a more expensive technology, the CIPP lining project footage was reduced to approximately 2,613 linear feet.

On October 27, 2016, seven (7) sealed bids were received at 2:30 pm. Results were as follows:

<u>Contractor</u>	<u>Bid Amount</u>
1) Portland Utilities Construction	\$ 973,645.01
2) IPR Southeast, LLC	\$ 969,680.00
3) CaJenn Construction	\$ 734,009.31
4) Am-Liner East	\$ 663,737.00
5) Layne Inliner, LLC	\$ 494,711.50
6) Insituform Technologies	\$ 479,927.00
7) SAK Construction, LLC	\$ 457,710.00

The apparent low bidder is SAK Construction, LLC with a bid amount of \$457,710.00. The FY16-17 construction budget for this project is \$588,000.00.

Since SAK Construction, LLC has not performed work for the District in the past, references were checked to confirm quality of work, experience and reputation of project management, timeliness of project completion, and to confirm that work was performed within budget. Seven references were contacted and all but one provided positive feedback on SAK Construction.

Staff recommends award of this contract to SAK Construction, LLC contingent upon review and approval by District Counsel.

South French Broad Interceptor – Lining Project

MSD Project No. 2011033

Reference Check for SAK Construction, LLC, November 2016

City of Chattanooga, TN

Chattanooga Creek Interceptor Rehabilitation (May 2016)

7,491 LF of 24” – 54” CIPP

Bonnie Mumpower, project manager for the City of Chattanooga, said that the majority of the City's CIPP rehab is being completed under a consent decree with the Tennessee Department of Environment & Conservation. The projects are being funded with SRF loans and require strict adherence to state requirements (i.e. Davis-Bacon, wage sheet disclosure, etc.). Ms. Mumpower stated that these compliance measures are burdensome and tedious; however, SAK has done a fantastic job meeting all requirements. This rehab project lasted almost one year and is the second job that SAK has performed for the City of Chattanooga. The City is happy with the quality of work provided by SAK, and Ms. Mumpower stated that their level of workmanship is on par with Layne Inliner, a leading installer of CIPP. Ms. Mumpower highly recommends SAK.

Town of Spring Lake, NC

Lower Little River Interceptor (July 2013)

9,254 LF of 15”, 18”, 24”, and 36” CIPP

I spoke with Byron Blumenfeld, Spring Lake Utilities Director, and he stated that SAK was “85-90% efficient” in completing the sewer interceptor lining project. The project included 15”, 18”, 24”, and 36” lining, the majority being 36”. Mr. Blumenfeld said that there were several issues during construction but the one that stood out most was a flood that totaled some of SAK's equipment and vehicles. Mr. Blumenfeld commended SAK for finishing the project despite these losses. There were several project delays, one of which was “self-inflicted”, but all others were weather-related due to historic rainfall experienced during the summer of 2013. Mr. Blumenfeld was pleased with the quality of work, and stated that only one (1) post-lining repair was necessary due to a bubble that developed in the CIPP liner. Mr. Blumenfeld said that he would recommend SAK.

Town of Cary, NC

Pamlico Drive Neighborhood Sewer Rehab (Sept. 2011)

10,194 LF of 8”, 12” and 15” CIPP

Lynn Brilz, P.E., Town of Cary Senior Engineer and project manager said the Pamlico Drive project went horribly due to poor project management on SAK's behalf. Over the course of the project, which lasted almost one year, SAK went through three project managers. The first two PMs did not coordinate well, were not responsive, and did not rectify problems in a timely manner. At the time of Cary's project (Sept. 2011), SAK had little to no presence in NC, but Lynn believes they have performed more projects since. Overall, the quality of the work was satisfactory, but partial payment was made on several lines due to poor quality. Several line sections had to be excavated where the contractor lined over rocks that were left in the line. Mr. Brilz would not recommend SAK.

City of Memphis, TN

CIPP 36-48 Rehab Project (Nov. 2012)

5,589 LF of 36", 42", and 48" CIPP

The project manager listed on SAK's reference sheet, Ronald Powell, P.E. retired after this project was completed. I spoke with James (Public Works Administration) who had little specific knowledge of the project. He said that this project was the second CIPP job that SAK had performed for the City of Memphis, and that the City was happy with their quality of work.

North Charleston Sewer District, SC

3-YR CIPP Sanitary Sewer Rehab, Ph. 2 (Nov. 2013)

11,732 LF of 48" and 54" CIPP

Phillip Sexton, P.E., NCSD CIP Director stated that they have used SAK "several times" on various CIPP lining projects. Just recently, SAK won a \$6.1M lining project consisting of 10,000LF of 60" diameter pipe. Mr. Sexton said that SAK has done a great job for NCSD and has completed all previous jobs on time. All of their lining projects are designed and administrated by WK Dickson. Mr. Sexton stated that SAK is just as competent as Layne Inliner (a national leader in CIPP installation), and went on to explain that during a previous NCSD project, SAK performed a 2,000 LF single-shot installation of a 54" diameter liner. Mr. Sexton has used other lining contractors, but said that there are less "fire drills" when working with SAK. They have good project management, and coordinate jobs well. Mr. Sexton mentioned that SAK typically sends him a three-week project outlook of planned activities.

Henderson Water Utility, KY

Downtown Sewer (Sept. 2011)

14,746 LF of 8" – 48" CIPP

Tom Williams, P.E., HWU General Manager said that the Town of Henderson installed all new sewer and water lines over an 18-block vicinity in downtown. In doing so, they converted the old sanitary sewer lines (which were deep) into storm water infrastructure. All of the converted lines were CIPP-lined prior to being placed in service. HWU received 2 bids on this project, one from SAK and another from Insituform. Mr. Williams stated that SAK was started by former employees of Insituform, and that the main difference in the two companies was the curing process used. SAK uses a steam-cure process as opposed to a hot water cure, allowing for a faster cure time. Mr. Williams was pleased with the quality of the initial installation, and stated that all of the lines have been CCTV'd again since the 2011 installation. All appear to be in good condition. Mr. Williams said that SAK completed the work very quickly and efficiently, all within 6 weeks. The only issue on the project was the strong odor created by the steam-cured liner on the downtown streets of Henderson. Mr. Williams would recommend SAK.

MSD St. Louis, MO

Various projects

Steve Welnick, MSD Construction Division Inspector stated that SAK has performed numerous projects with MSD St. Louis. MSD entered into a consent decree in 2012 with the Missouri Coalition for Environment and the EPA, and as a result, now lines approximately 90 miles of sewer annually. MSD currently has over \$50M in lining projects underway, a large portion of those with SAK. Mr. Welnick has worked with many lining contractors at MSD, but said that SAK is "easier to deal with". He has worked with SAK on large and small projects (length and diameter), and said that they are responsive and perform well despite the size of the project. Mr. Welnick said they rarely, if ever, have to make partial payments for poorly installed liner segments, and stated that SAK is "quick to take ownership" of most issues that arise. Mr. Welnick would recommend SAK.

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

BUDGET DATA SHEET - FY 2016 - 2017

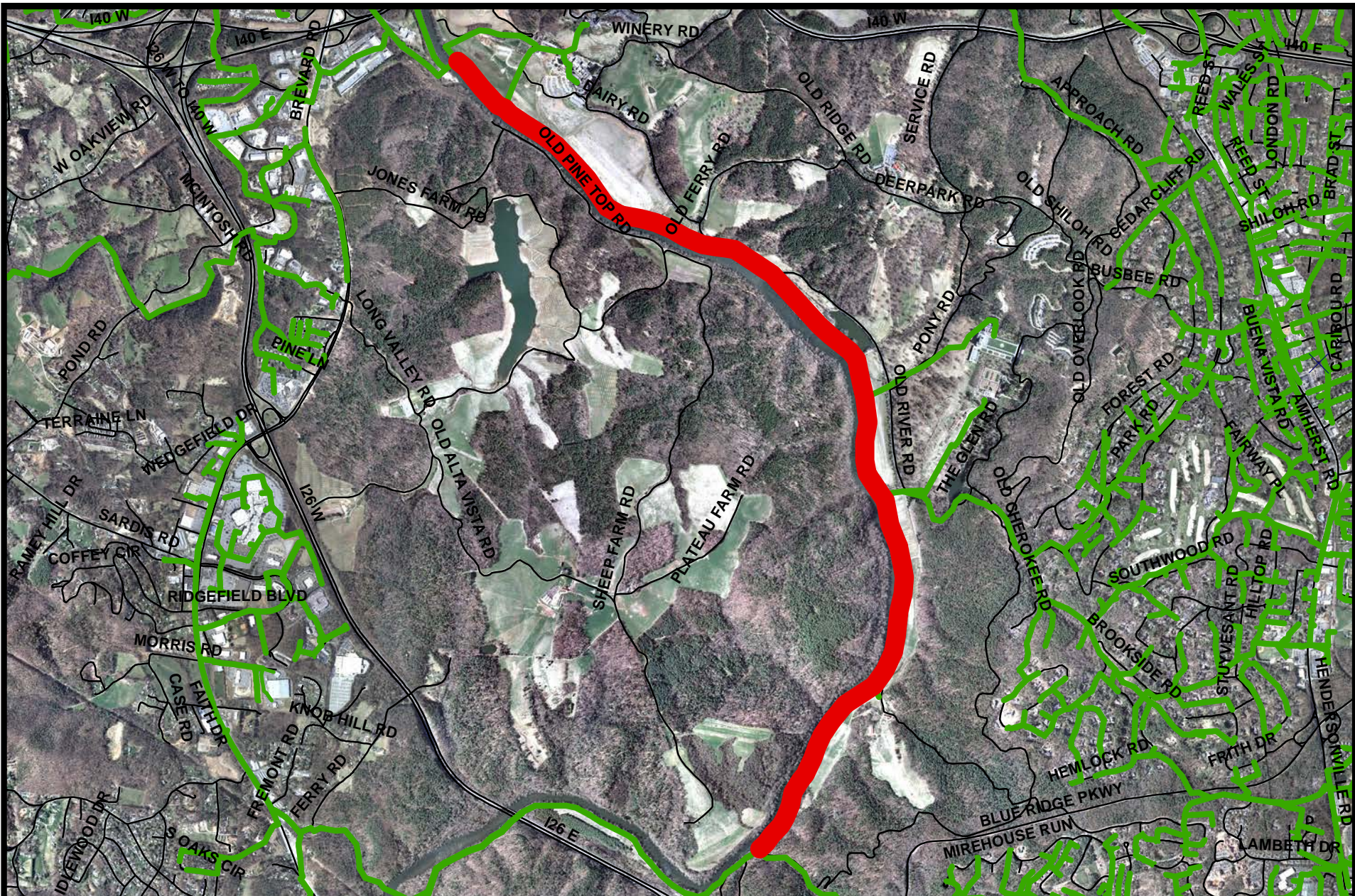
PROJECT: South French Broad Int. - Grouting	LOCATION: Biltmore Estate
TYPE: Interceptor	PIPE RATING: 8
PROJECT NO.: 2011033	TOTAL LF: 21,950
PROJECT BUDGET: \$1,912,146.00	PROJECT ORIGIN: Line Condition, Inflow & Infiltration

DESCRIPTION	ESTIMATED PROJECT COST	TOTAL EXPENDS THRU 12/31/15	EST. COST JAN - JUNE 2016	BUDGET FY 16-17
55310 - PRELIM. ENGINEERING				
55320 - SURVEY - DESIGN				
55330 - DESIGN				
55340 - PERMITS				
55350 - SPECIAL STUDIES				
55360 - EASEMENT PLATS				
55370 - LEGAL FEES	\$90.00	\$90.00		
55380 - ACQUISITION SERVICES				
55390 - COMPENSATION				
55400 - APPRAISAL				
55410 - CONDEMNATION				
55420 - CONSTRUCTION	\$1,911,450.00	\$203,714.00	\$566,736.00	\$588,000.00
55430 - CONST. CONTRACT ADM.				
55440 - TESTING	\$606.00	\$606.00		
55450 - SURVEY - ASBUILT				
TOTAL AMOUNT	\$1,912,146.00	\$204,410.00	\$566,736.00	\$588,000.00

7008

ENGINEER: MSD	HC	ESTIMATED BUDGETS - FY '18 -'26	
R.O.W. ACQUISITION: N/A	# PLATS: [0]	FY 17-18	\$553,000.00
CONTRACTOR:		FY 18-19	\$0.00
CONSTRUCTION ADM: MSD		FY 19-20	\$0.00
INSPECTION: MSD		FY 20-21	\$0.00
		FY 21-22	\$0.00
PROJECT DESCRIPTION: This project is located within the Biltmore Estate along the French Broad River. The southern terminus of the project is located where the Dingle Creek Int. flows into the South French Broad Int. The project consists of grouting and lining joints along approx. 22,000 LF of existing 36-inch Reinforced Concrete Pipe. The line is a major source of inflow and infiltration. Construction will be phased over three years.		FY 22-23	\$0.00
		FY 23-24	\$0.00
		FY 24-25	\$0.00
		FY 25-26	\$0.00

SPECIAL PROJECT NOTES:	4,830 LF in FY 15-16	
	Grouting - 6,845 LF, Lining - 675 LF in FY 16-17	9,600 LF in FY 17-18



**South French Broad Interceptor Grouting
Project No. 2011033**

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: November 16, 2016

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

PREPARED BY: Ed Bradford, P.E. - Director of Engineering
Darin Prosser, P.E. - Project Manager

SUBJECT: Consideration of Bids: Stratford Road @ Oxford Court Sanitary Sewer Rehabilitation Project, MSD Project No. 2012133

BACKGROUND: This project is located in North Asheville near Beaver Lake, at the intersection of Stratford Road and Merrimon Avenue.

It consists of the rehabilitation of existing 6-inch and 8-inch clay and PVC pipes which are in poor structural condition. This has caused ongoing maintenance problems, and there are parallel systems in this area which will be eliminated as a part of this project.

The rehabilitation project is comprised of 1,965 LF of 8-inch DIP.

The contract was advertised and seven bids were received on October 27, 2016 as follows:

<u>Contractor</u>	<u>Bid Amount</u>
1) Thunder Contracting, Inc.	\$488,052.50
2) Thomas Construction Co.	\$471,505.00
3) North American Pipeline Mgmt.	\$319,332.00
4) Buckeye Bridge, LLC	\$307,906.00
5) Cooper Construction Co.	\$260,903.00
6) Terry Brothers Const. Co., Inc.	\$246,993.00
7) Patton Construction Group	\$216,700.00

The apparent low bidder is Patton Construction Group with a bid amount of \$216,700.00. Patton has completed multiple sewer extension projects, and they are currently working on the MSD Point Repair Contract. They have performed well on these projects.

Please refer to the attached documentation for further details.

FISCAL IMPACT: The FY16-17 Construction Budget for this project is \$370,000.00.

STAFF RECOMMENDATION: Staff recommends award of this contract to Patton Construction Group in the amount of \$216,700.00, subject to review and approval by District Counsel.

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

Stratford Road @ Oxford Court Sewer Rehabilitation

Project No. 2012133

BID TABULATION

October 27, 2016

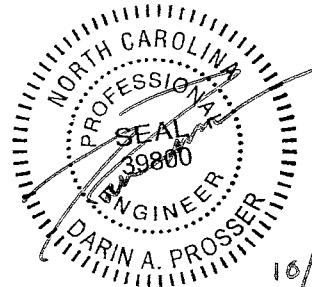
BIDDER	MBE Form	Bid Forms (Proposal)	TOTAL BID AMOUNT
Thunder Contracting, Inc. Waynesville, NC	2	Yes	(*) \$488,052.50
Thomas Construction Company Johnson City, TN	1	Yes	\$471,505.00
North American Pipeline Management Greenville, SC (**)	2	No	\$319,332.00
Buckeye Bridge, LLC Canton, NC	1	Yes	(*) \$307,906.00
Cooper Construction Company Flat Rock, NC	1	Yes	\$260,903.00
Terry Brothers Construction Company Leicester, NC	1	Yes	\$246,993.00
Patton Construction Group Asheville, NC	1	Yes	\$216,700.00

APPARENT LOW BIDDER

(*) Indicates correction in Contractor's bid price.

(**) Contractor did not include Proposal form with bid; therefore, their bid is rejected.

Darin Prosser, P.E.
Project Engineer
Metropolitan Sewerage District of
Buncombe County, North Carolina



10/28/16

This is to certify that the bids tabulated herein were publicly opened and read aloud at 2:00 p.m. on the 27th day of October, 2016, in the W.H. Mull Building at the Metropolitan Sewerage District of Buncombe County, Asheville, North Carolina. This was an informal bid and no bid bond was required.

Interoffice Memorandum

TO: Tom Hartye, General Manager

FROM: Ed Bradford, Director of Engineering
Darin Prosser, Project Manager

DATE: November 3, 2016

RE: Stratford Road @ Oxford Court Sewer Rehabilitation, MSD Project No. 2012133

The Stratford Road @ Oxford Court Sewer Rehabilitation project is located in North Asheville near Beaver Lake, between Stratford Road and Oxford Court/Pine Acre Boulevard. This project runs mainly through residential properties on the above mentioned roads and ends in Stratford Road.

This project consists of the rehabilitation of existing 6-inch and 8-inch clay and PVC pipes that are in poor condition, and consists of a problematic parallel system. Approximately 1,965 LF of 8-inch DIP will be installed by dig and replace construction. The existing lines for this project have a high pipe rating of 75 due to the problematic pipes, which also allow I&I into the system from the creek.

On October 27, 2016, seven bids were received at 2:00 pm. Results were as follows:

<u>Contractor</u>	<u>Bid Amount</u>
1) Thunder Contracting, Inc.	\$488,052.50
2) Thomas Construction Co.	\$471,505.00
3) North American Pipeline Mgmt.	\$319,332.00
4) Buckeye Bridge, LLC	\$307,906.00
5) Cooper Construction Co.	\$260,903.00
6) Terry Brothers Construction Co., Inc.	\$246,993.00
7) Patton Construction Group	\$216,700.00

The apparent low bidder is Patton Construction Group with a bid amount of \$216,700.00. The FY16-17 construction budget for this project is \$370,000. This will be Patton Construction Group's first mainline sewer rehabilitation project for the District. Patton Construction currently is working on the District's Point Repair Contract. They have received positive feedback from the Point Repair Contract and several references.

Staff recommends award of this contract to Patton Construction Group, contingent upon review and approval by District Counsel.

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

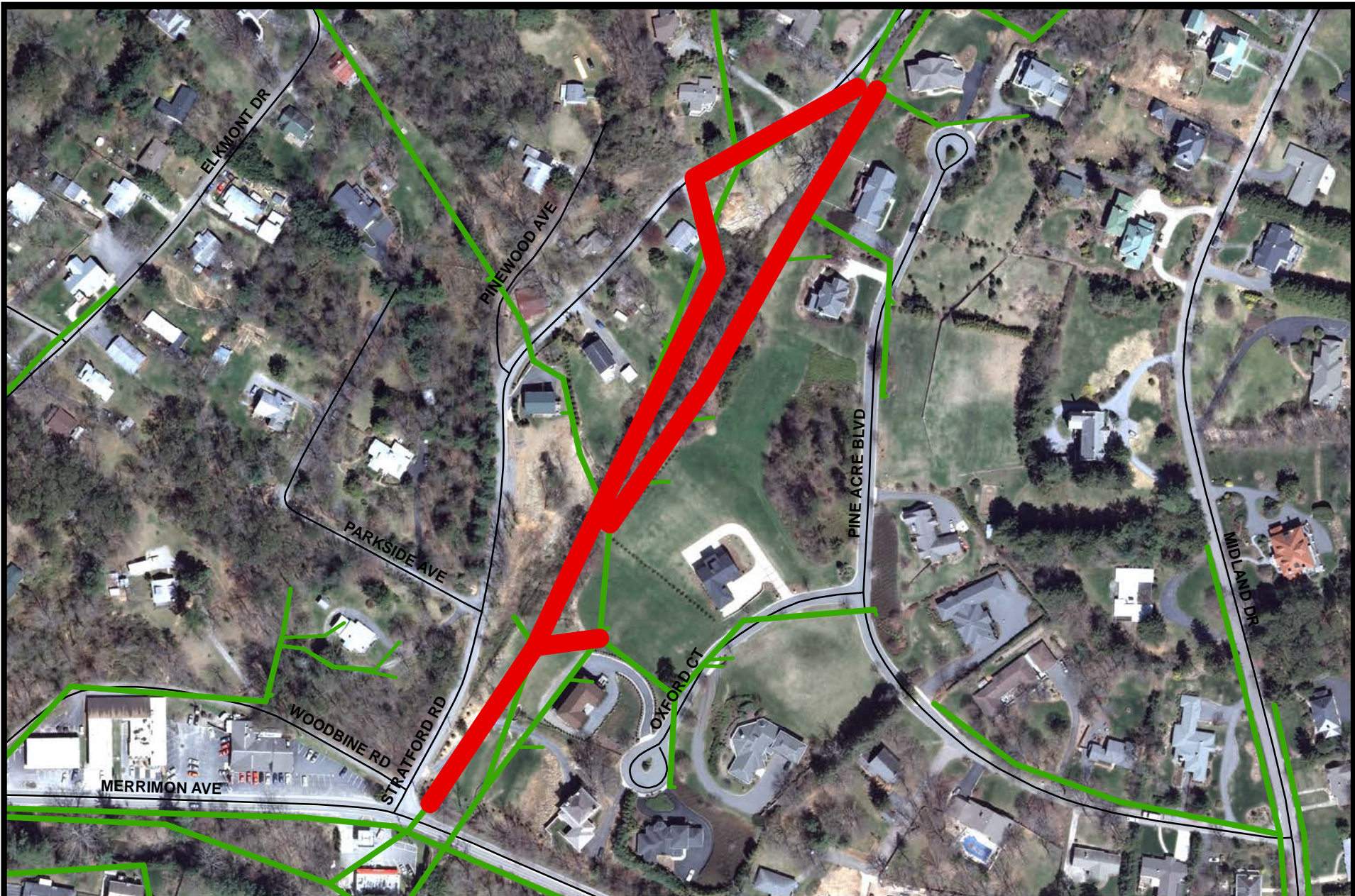
BUDGET DATA SHEET - FY 2016 - 2017

PROJECT:	Stratford Rd. @ Oxford Court	LOCATION:	Asheville
TYPE:	General Sewer Rehab.	PIPE RATING:	75
PROJECT NO.	2012133	TOTAL LF:	1,960
PROJECT BUDGET:	\$461,310.00	PROJECT ORIGIN:	SSO's; Work orders; Line condition

DESCRIPTION	ESTIMATED PROJECT COST	TOTAL EXPENDS THRU 12/31/15	EST. COST JAN - JUNE 2016	BUDGET FY 16-17
55310 - PRELIM. ENGINEERING				
55320 - SURVEY - DESIGN	\$6,710.00	\$6,710.00		
55330 - DESIGN				
55340 - PERMITS	\$500.00		\$500.00	
55350 - SPECIAL STUDIES				
55360 - EASEMENT PLATS	\$9,800.00	\$8,750.00	\$1,050.00	
55370 - LEGAL FEES	\$10,300.00	\$7,074.00	\$2,000.00	\$1,226.00
55380 - ACQUISITION SERVICES				
55390 - COMPENSATION	\$45,000.00		\$30,000.00	\$15,000.00
55400 - APPRAISAL	\$3,500.00		\$3,500.00	
55410 - CONDEMNATION	\$10,000.00		\$1,000.00	\$9,000.00
55420 - CONSTRUCTION	\$370,000.00			\$370,000.00
55430 - CONST. CONTRACT ADM.				
55440 - TESTING	\$500.00			\$500.00
55450 - SURVEY - ASBUILT	\$5,000.00			\$5,000.00
TOTAL AMOUNT	\$461,310.00	\$22,534.00	\$38,050.00	\$400,726.00

ENGINEER:	MSD	DP	ESTIMATED BUDGETS - FY '18 -'26	
R.O.W. ACQUISITION:	MSD	# PLATS: [11]	FY 17-18	\$0.00
CONTRACTOR:			FY 18-19	\$0.00
CONSTRUCTION ADM:	MSD		FY 19-20	\$0.00
INSPECTION:	MSD		FY 20-21	\$0.00
			FY 21-22	\$0.00
			FY 22-23	\$0.00
PROJECT DESCRIPTION: This project will replace an existing 6-inch main which serves houses along Oxford Court, near the Merrimon Ave. @ Stratford project. Three SSO's have occurred at manholes on this line.			FY 23-24	\$0.00
			FY 24-25	\$0.00
			FY 25-26	\$0.00

SPECIAL PROJECT NOTES:



**Stratford Road at Oxford Court
Project No. 2012133**

NOT TO SCALE



METROPOLITAN SEWERAGE DISTRICT
of
BUNCOMBE COUNTY, NORTH CAROLINA

Budget Map

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: November 16, 2016
Submitted By: Thomas E. Hartye, PE., General Manager
Prepared By: W. Scott Powell, CLGFO, Director of Finance
Subject: First Quarter Budget to Actual Review - FY2017

Background

At the end of each quarter, actual revenue and expenditure amounts are compared with the budget to evaluate performance. This information is based on cash revenues and invoices received prior to September 30, 2016 and may not include some accruals of revenue and expenditures.

Discussion

There are several explanatory notes at the bottom of the attached Budget to Actual schedule. Other considerations are as follows:

- ◀ Domestic Revenue is at budget expectations. Industrial Revenue is better than budgeted expectations due to activity from two industrial users. Staff Monitors consumption trends as they have a direct effect on the District's current revenue projections.
- ◀ Facility and Tap Fees are budgeted conservatively. The unusually large variance as of the end of the first quarter is due to receiving unanticipated revenue of \$1.7 million from four developments.
- ◀ Interest and miscellaneous income are below budgeted expectations. Short-term interest rates are still experiencing pressures due to Federal Reserve monetary policy.
- ◀ Rental income reflects slightly better than expected earnings.
- ◀ O&M expenditures are at 32.10% of budget. The expenditures include encumbered amounts, which has elevated the budget to actual ratio above 25%. The aforementioned encumbrances will be spent in future quarters.
- ◀ Bond principal and interest are reflected at 25%. This will aid the user to properly assess the District's overall debt service commitments. Actual amount spent is 2.25%. The District is required to make semi-annual interest payments on December 1, 2016 and principal and semi-annual interest payments on July 1, 2017.
- ◀ Amounts budgeted for capital equipment and capital projects are rarely expended proportionately throughout the year and are expected to be fully spent prior to the end of the year.

Staff Recommendation

None - Information Only.

Action Taken

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

Metropolitan Sewerage District
Budget to Actual Revenue and Expenditure Report
For the three months ended September 30, 2016
UNAUDITED--NON-GAAP

	Budget	Actual to Date	% Budget to Actual
REVENUES			
Domestic User Fees ¹	\$ 29,922,929	\$ 7,625,616	25.48%
Industrial User Fees	2,943,043	973,255	33.07%
Facility Fees ²	1,595,000	2,354,948	147.65%
Tap Fees ³	105,000	113,298	107.90%
Billing and Collection	772,500	185,456	24.01%
Interest and Misc. Income	599,032	118,855	19.84%
Employee Contribution to Health Ins.	415,000	100,560	24.23%
City of Asheville (Enka Bonds)	37,000	-	0.00%
Rental Income	71,399	16,239	22.74%
Use of Available Funds ⁴	10,548,760	1,687,190	15.99%
Total Revenues ⁵	\$ 47,009,663	\$ 13,175,416	28.03%
EXPENDITURES			
Operations and Maintenance ⁶	\$ 16,125,586	\$ 5,176,429	32.10%
Bond Principal and Interest ⁷	7,956,840	1,989,000	25.00%
Capital Equipment (Other than O&M) ⁶	885,150	11,650	1.32%
Capital Projects ⁶	21,042,087	5,998,337	28.51%
Contingency	1,000,000	-	0.00%
Total Expenditures	\$ 47,009,663	\$ 13,175,416	28.03%

Notes:

¹Revenues are accounted for on the cash basis method

²Increase due to unanticipated revenue from four developments at \$1,672,000

³Increase in number of Taps requiring Pavement Disturbance

⁴Pay-as-go funds to be used for CIP

⁵Budget-to-Actual Ratio does not include use of available funds

⁶Includes encumbered amounts as well as actual insurance expenditures

⁷Bond principal and interest expenditures are reflected a 25%. Actual spend amount is 2.25%.

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: November 16, 2016

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 September 30, 2016

Background

Each month, staff presents to the Board an investment report for all monies in bank accounts and specific investment instruments. The total investments as of September 30, 2016 were \$47,154,613. The detailed listing of accounts is available upon request. The average rate of return for all investments is 0.489%. These investments comply with North Carolina General Statutes, Board written investment policies, and the District's Bond Order.

The attached investment report represents cash and cash equivalents as of September 30, 2016 do not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of September 30, 2016 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$2,692,925.

Total Cash & Investments as of 09/30/2016		47,154,613
Less:		
Budgeted Commitments (Required to pay remaining FY17 budgeted expenditures from unrestricted cash)		
Construction Funds	(19,521,451)	
Operations & Maintenance Fund	(12,323,344)	(31,844,795)
 Bond Restricted Funds		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(22,811)	
FY17 Principal & Interest Due	(7,664,740)	(7,687,551)
 District Reserve Funds		
Fleet Replacement	(675,778)	
Pump Replacement	(100,121)	
WWTP Replacement	(407,097)	
Maintenance Reserve	(958,119)	(2,141,115)
 District Insurance Funds		
General Liability	(280,876)	
Worker's Compensation	(98,941)	
Post-Retirement Benefit	(1,529,622)	
Self-Funded Employee Medical	(878,788)	(2,788,227)
 Designated for Capital Outlay		2,692,925

Staff Recommendation

None. Information Only.

Action Taken

Motion by:

to

Approve

Disapprove

Second by:

Table

Send to Committee

Other:

Follow-up Required:

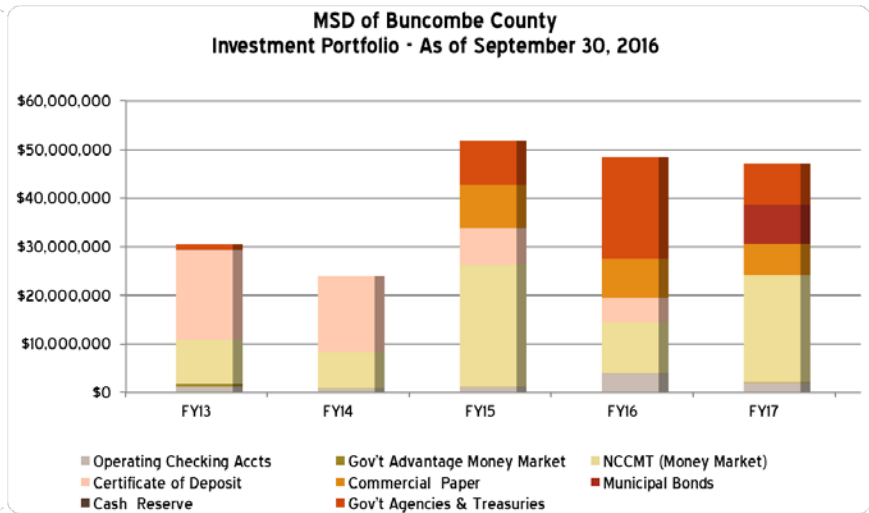
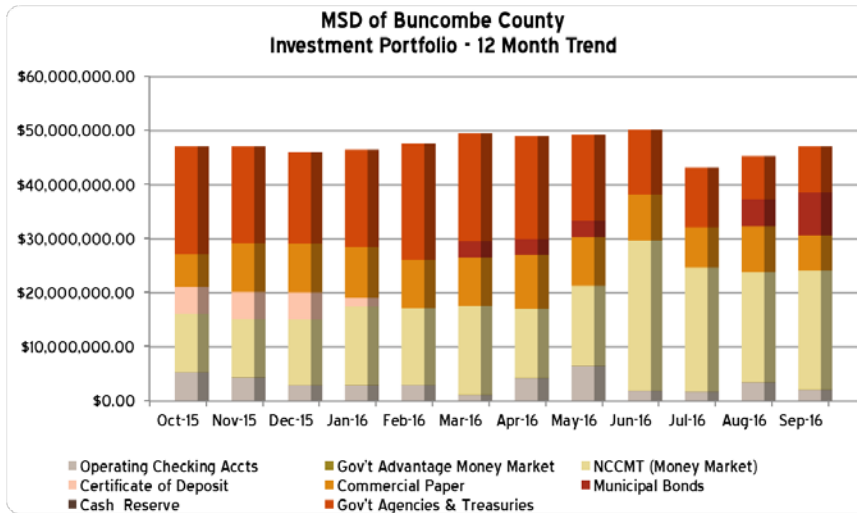
Person Required:

Deadline:

**Metropolitan Sewerage District of Buncombe County
Investment Portfolio**

	Operating Checking Accounts	Gov't Advantage Money Market	NCCMT (Money Market)	Certificate of Deposit	Commercial Paper	Municipal Bonds	Cash Reserve	Gov't Agencies & Treasuries	Total
Held with Bond Trustee	\$ -	\$ -	\$ 22,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,811
Held by MSD	2,061,781	46,670	22,034,630	-	6,488,381	8,000,000	-	8,500,340	47,131,802
	\$ 2,061,781	\$ 46,670	\$ 22,057,441	\$ -	\$ 6,488,381	\$ 8,000,000	\$ -	\$ 8,500,340	\$ 47,154,613

Investment Policy Asset Allocation	Maximum Percent	Actual Percent	
U.S. Government Treasuries.			
Agencies and Instrumentalities	100%	18.03%	No significant changes in the investment portfolio as to makeup or total amount.
Bankers' Acceptances	20%	0.00%	
Certificates of Deposit	100%	0.00%	The District 's YTM of .72% is exceeding the YTM benchmarks of the 6 month T-Bill and NCCMT Cash Portfolio.
Commercial Paper	20%	13.76%	
Municipal Bonds	100%	16.96%	
North Carolina Capital Management Trust	100%	46.78%	
Checking Accounts:			
Operating Checking Accounts	100%	4.37%	All funds invested in CD's, operating checking accounts, Gov't Advantage money market are fully collateralized with the State Treasurer.
Gov't Advantage Money Market		0.10%	

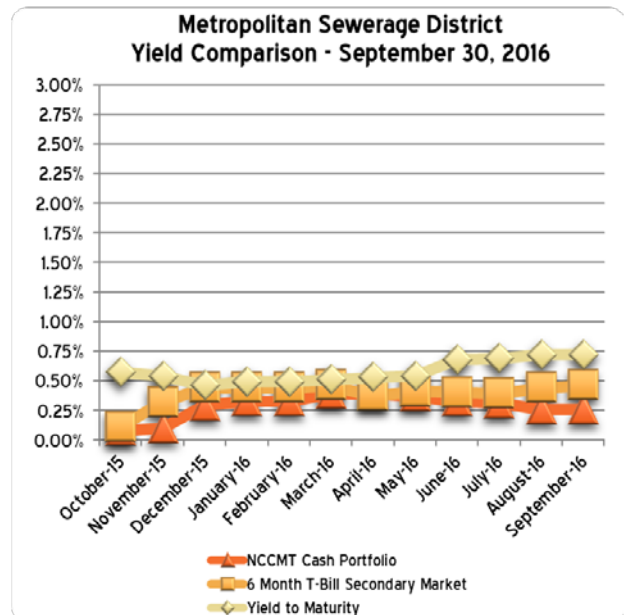
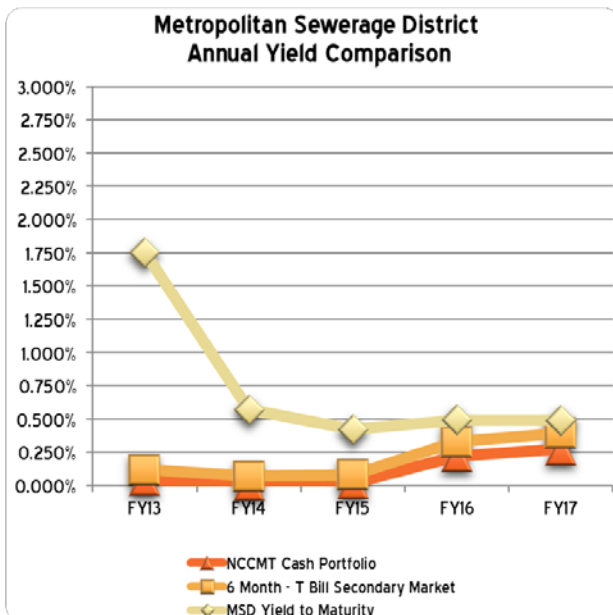


**METROPOLITAN SEWERAGE DISTRICT
 INVESTMENT MANAGERS' REPORT
 At September 30, 2016**

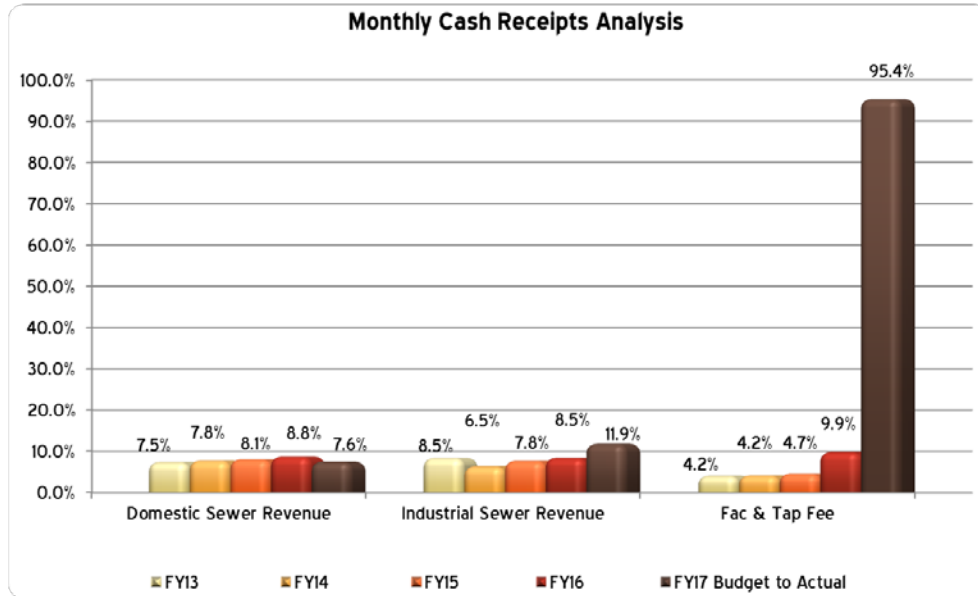
	Original		Interest
	Cost	Market	Receivable
Beginning Balance	\$ 40,090,281	\$ 40,109,437	\$ 14,800
Capital Contributed (Withdrawn)	3,082,824	3,082,824	
Realized Income	16,868	16,868	(8,764)
Unrealized/Accrued Income		13,519	5,498
Ending Balance	\$ 43,189,973	\$ 43,222,647	\$ 11,535

	Original Cost		Income	
	Cash Equivalents <91 Days	\$ 37,689,973	\$	23,667
Securities/CD's 91 to 365 Days	1,000,000	\$	628	
Securities/CD's > 1 Year	4,500,000	\$	2,826	
	\$ 43,189,973	\$	27,120	

<u>Month End Portfolio Information</u>	
Weighted Average Maturity	178
Yield to Maturity	0.72%
6 Month T-Bill Secondary Market	0.46%
NCCMT Cash Portfolio	0.26%

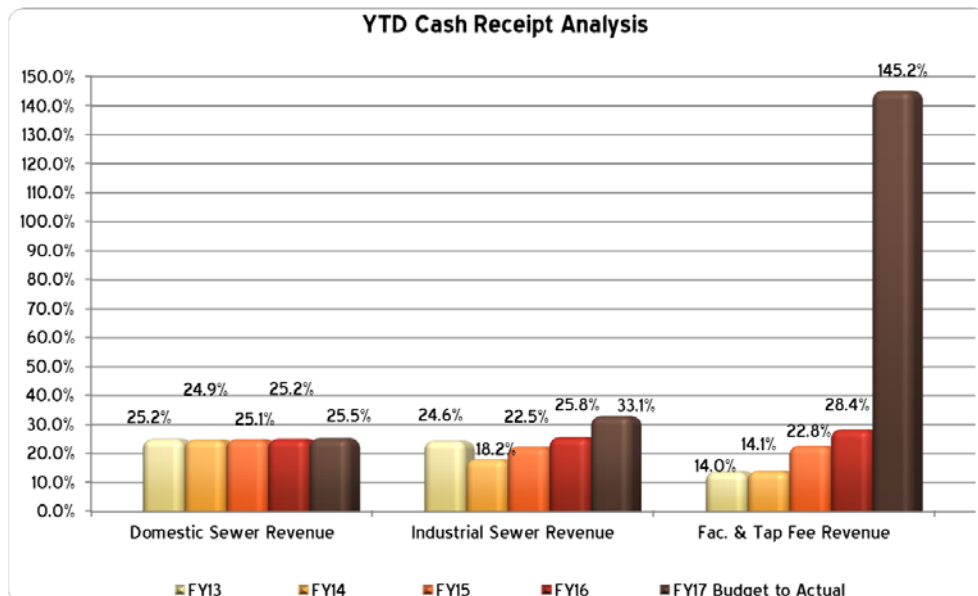


**METROPOLITAN SEWERAGE DISTRICT
 ANALYSIS OF CASH RECEIPTS
 As of September 30, 2016**



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:

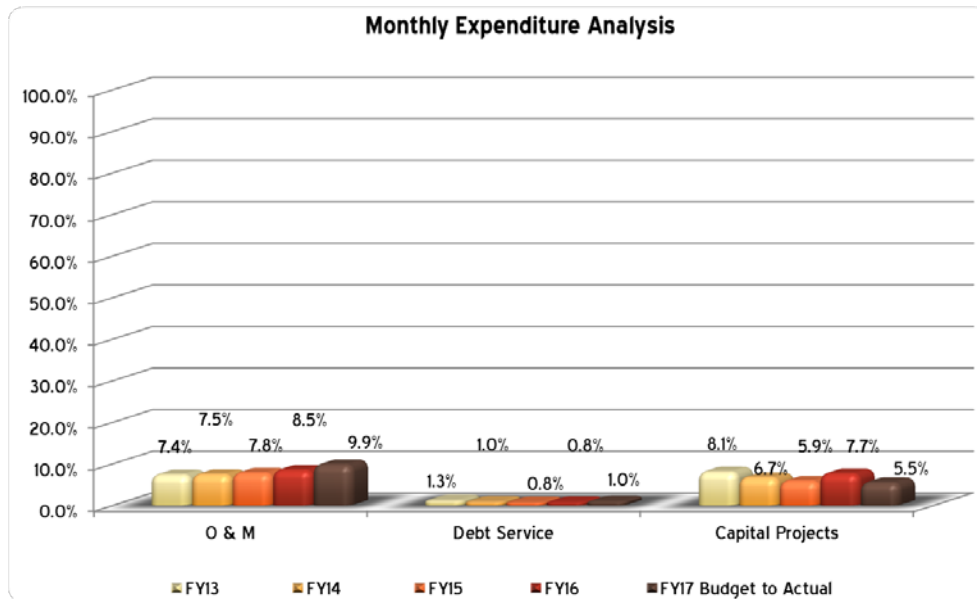
November 16, 2016

Subject:

Cash Commitment/Investment Report-Month Ended September 30, 2016

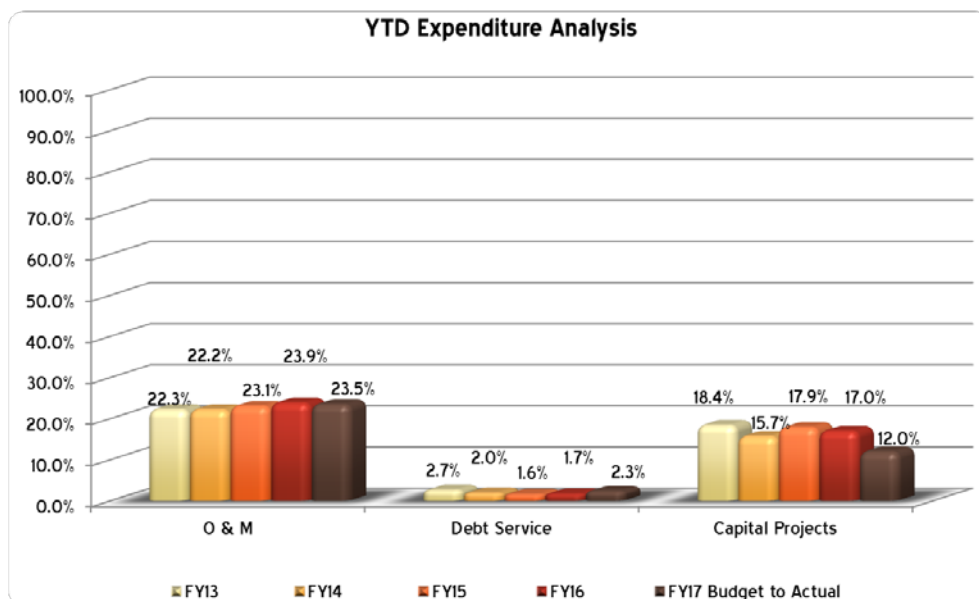
Page -5-

**METROPOLITAN SEWERAGE DISTRICT
ANALYSIS OF EXPENDITURES
As of September 30, 2016**



Monthly Expenditure Analysis:

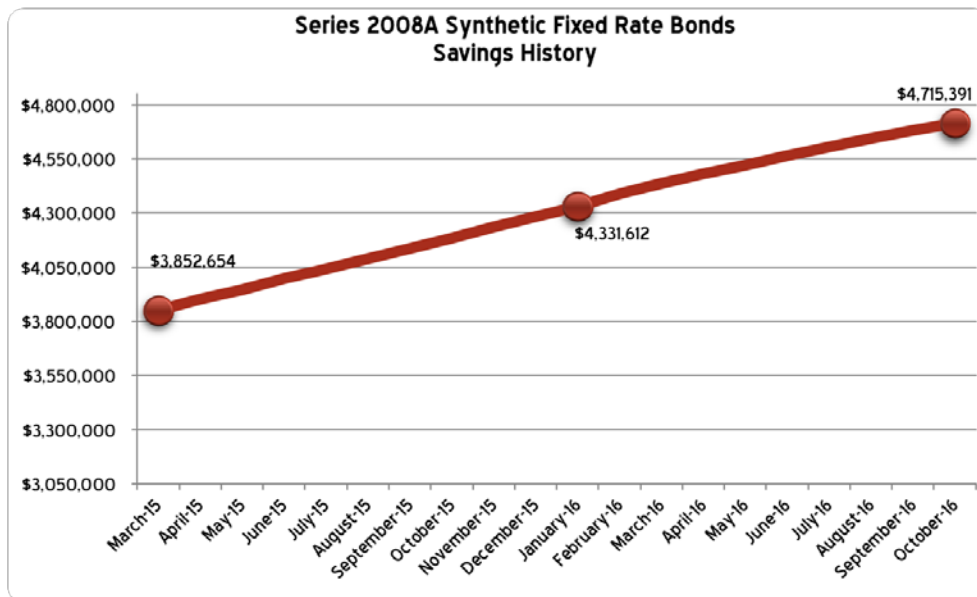
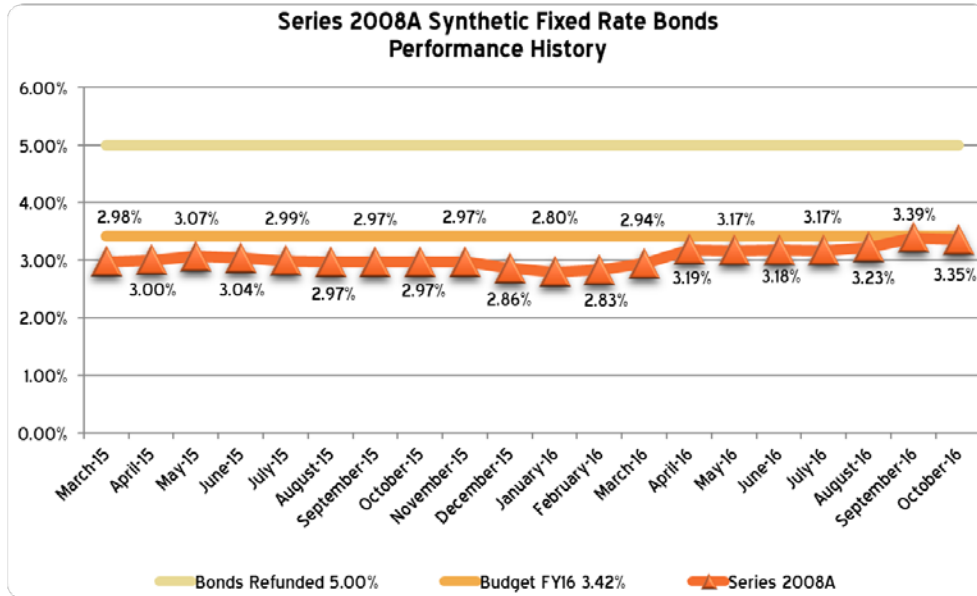
- Monthly O&M expenditures are considered reasonable based on historical trends and timing of expenditures in the current year.
- Due to the nature of the variable rate bond market, monthly expenditures can vary year to year. Based on current variable interest rates, monthly debt service expenditures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

**METROPOLITAN SEWERAGE DISTRICT
 VARIABLE DEBT SERVICE REPORT
 As of October 31, 2016**



Series 2008A:

- Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$4,715,391 as compared to 4/1/2008 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 \$4,670,000 over the life of the bonds.
- MSD would pay \$5,115,699 to terminate the existing Bank of America Swap Agreement.

Metropolitan Sewerage District of Buncombe County BOARD ACTION ITEM

Meeting Date: November 16, 2016
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, 2016

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:

STATUS REPORTS

MSD System Services In-House Construction

FY 16-17 PROJECTS

PROJECT NAME	LOCATION	ZIP CODE	ESTIMATED FOOTAGE	ESTIMATED PROJECT DATES	WO#	CREW	COMPLETION DATE	ACTUAL FOOTAGE	NOTES
Asheville Country Club Phase 1 B	N. Asheville	28804	1739	6/29/16 - 7/21/16	234696	631	7/21/2016	1739	complete
Asheville Country Club 6" Replacement	N. Asheville	28804	325	7/25/16 - 7/27/16	235071	631	7/27/2016	325	complete
Tanglewood Drive at Craggy Ave	W. Asheville	28803	141	7/18/16 - 7/28/16	233397	632	7/28/2016	101	complete
Graceland Place Rehabilitation	Arden	28704	120	6/27/16 - 8/2/126	234656	632	8/2/2016	120	complete
Dejeuil Drive Sewer Rehabilitation	W. Asheville (Starnes Cove)	28806	300	8/8/16 - 9/1/16	219451	632	8/15/2016	300	complete
Asheville Country Club Phase 2	N. Asheville	28804	3,900	7/28-16 - 9/28/16	225192	631	9/30/2016	3,923	complete
Lakeshore Drive	N. Asheville	28804	500	9/2/16 - 10-1/16	235169	632	10/5/2016	597	complete
Asheville Country Club Phase 1C	N. Asheville	28804	230	10/3/2016 -10/7/16	236906	631	10/6/2016	235	complete
166 S. French Broad Ave	Asheville	28803	280	10/4/16 - 10/7/16	236410	632	10/12/2016	317	complete
643 Haywood Road Emergency Sewer Rehabilitati	W. Asheville	28806	336	10/10/16 - 10/14/16	237069	632	10/20/2016	365	complete
25 Lawterdale Road	Asheville	28804	100	10/17/16 - 10/30/16	236998	614	10/27/2016	125	complete
Asheville Country Club Phase 3 (Robinhood Rd)	N. Asheville	28804	600	10/10/19 - 10/31/16	236602	631			In Construction
Upper Chestnut @ Lookout Road	Woodfin	28804	800	11/07/16 - 11/30/16	210370	632			ready for construction
Meadowbrook Rd Rehabilitation	Black Mountain	28711	1327	11/1/16 - 12/1/16	236632	631			ready for construction
317 Barnard Road	Asheville	28804	299	FY 16-17	236089				
Weighstill PS Force Main Replacement	Arden	28704	1700	FY 16-17	235481	TBA			In Design
East Grovestone Quarry	Black Mountain	28711	780	FY 16-17	213459	TBA			ready for construction
Spears Avenue Rehabilitation	Asheville	28801	300	FY 16-17	225197	TBA			ready for construction
Celia Place at Bond Street	Asheville	28801	526	FY 16-17	227752	TBA			ready for construction
School Road at Cranford Road	W. Asheville	28806	360	FY 16-17	224943	TBA			ready for construction, MSD Project 2014084
Starnes Avenue at Broadway Street	Asheville	28801	400	FY 16-17	208325	TBA			ready for construction
350 Old Haw Creek Road	Asheville	28805	1333	FY 16-17	47802	TBA			ready for construction
905 Patton Avenue	Asheville	28806	187	FY 16-17	TBA	TBA			ready for construction
149 Weston Rd	Arden	28704	210	FY 16-17	225004	TBA			ready for construction
110 Beaver Drive	Woodfin	28804	425	FY 16-17	210211	TBA			ready for construction
18 Crestland Road	Asheville	28803	270	FY 16-17	46826	TBA			ready for construction
69 Providence Road	West Asheville	28806	190	FY 16-17	231127	TBA			In Design
722 Center St	Asheville	28803	265	FY 16-17	229911	TBA			In Design
5 Spring Cove Terr	Beaverdam	28804	375	FY 16-17	233212	TBA			ready for construction
Seventh St	Black Mountain	28711	200	FY 16-17	225198	TBA			In design
School Road at Woodland	W. Asheville	28806	350	FY 16-17	224993	TBA			In design
179 Old Haw Creek Rd	Asheville	28805	760	FY 16-17	220080	TBA			In Design
Biltmore Avenue at Bryson Street	Asheville	28801	200	FY 16-17	225195	TBA			In Design
Old Farm School Road	Asheville	28805	550	FY 16-17	456319	TBA			In Design
184 West Chestnut	Asheville	28801	320	FY 16-17	201957	TBA			In Design
Belmont Road	W. Asheville	28806	170	FY 16-17	233437	TBA			ready for construction
24 Ivey Street	W Asheville	28806	850	FY 16-17	236509	TBA			In Design
4 Westview Rd	Asheville - Oakley	28803	740	FY 16-17	TBA	TBA			In Design
304 9th Street	Black Mountan	28711	450	FY 16-17	236507	TBA			In Design
15 New Jersey	Asheville	28806	250	FY 16-17	TBA	TBA			In Design



CONSTRUCTION TOTALS BY DATE COMPLETED - Monthly

From 7/1/2016 to 9/30/2016

	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 2016	24	9	114	706	35	27	1,620	0	16	377	11	1,788	2181
August 2016	40	11	149	1,050	36	40	1,586	0	264	300	6	120	684
September 2016	32	9	219	471	23	20	1,833	0	0	3923	23	0	3923
Grand Totals	96	29	481	2,227	94	87	5,039	0	280	4600	40	1,908	6788

* Used to calculate Total Rehab Footage



PIPELINE MAINTENANCE TOTALS BY DATE COMPLETED - Monthly

July 01, 2016 to September 30, 2016

	Main Line Wash Footage	Service Line Wash Footage	Rod Line Footage	Cleaned Footage	CCTV Footage	Smoke Footage	SL-RAT Footage
2016							
July	45,193	2,360	6,542	51,735	20,983	32,171	20,618
August	75,579	1,531	12,085	87,664	26,074	42,442	17,103
September	105,454	1,456	11,406	116,860	12,671	26,129	16,406
Grand Total:	226,226	5,347	30,033	256,259	59,728	100,743	54,127
Avg Per Month:	75,409	1,782	10,011	85,420	19,909	33,581	18,042



CUSTOMER SERVICE REQUESTS

Monthly - All Crews

CREW	MONTH	JOBS	AVERAGE RESPONSE TIME	AVERAGE TIME SPENT
DAY 1ST RESPONDER				
	July, 2016	106	26	41
	August, 2016	127	27	37
	September, 2016	92	28	43
		325	27	40
NIGHT 1ST RESPONDER				
	July, 2016	14	21	49
	August, 2016	32	25	28
	September, 2016	10	25	16
		56	24	31
ON-CALL CREW *				
	July, 2016	35	48	37
	August, 2016	34	43	33
	September, 2016	22	48	54
		91	46	40
Grand Totals:		472	30	39

* On-Call Crew Hours: 8:00pm-7:30am Monday-Friday, Weekends, and Holidays

CAPITAL IMPROVEMENT PROGRAM

STATUS REPORT SUMMARY

November 9, 2016

PROJECT	LOCATION OF PROJECT	CONTRACTOR	AWARD DATE	NOTICE TO PROCEED	ESTIMATED COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
ARCO ROAD	East Asheville 28805	Terry Brothers Construction Company	8/17/2016	8/23/2016	1/20/2017	\$418,245.00	95%	Project is nearing completion.
BYPASS PUMP STAGING AREAS	Woodfin 28804 and Asheville 28806	NHM Constructors, LLC	3/16/2016	4/11/2016	12/15/2016	\$307,455.72	73%	Concrete work in progress.
HENDERSONVILLE ROAD @ MILLS GAP ROAD	Asheville 28803	Terry Brothers Construction Company	3/16/2016	4/13/2016	11/30/2016	\$727,585.00	99%	Paving is complete; ready for striping and final walk through.
NEW HAW CREEK @ TRINITY CHAPEL ROAD	East Asheville 28805	Terry Brothers Construction Company	8/17/2016	8/23/2016	1/20/2017	\$181,364.00	98%	Project is ready for final inspection.
POINT REPAIR CONTRACT NO. 1	Various	Patton Construction Group	8/17/2016	9/12/2016	6/30/2017	\$166,820.00	5%	Project is progressing well.
SOUTH FRENCH BROAD INTERCEPTOR - LINING	Biltmore Estate	TBA	TBA	TBA	TBA	TBA	0%	Project was bid on October 27th. SAK Construction, LLC is the apparent low bidder. Project will be presented at the November Board meeting.
STRATFORD ROAD @ OXFORD COURT	Asheville 28804	TBA	TBA	TBA	TBA	TBA	0%	Project was bid on October 27th. Patton Construction Group is the apparent low bidder. Project will be presented at the November Board meeting.
WRF - INCINERATOR SYSTEM REHABILITATION AND EMISSIONS UPGRADES	Woodfin 28804	Haren Construction Company	2/18/2015	3/25/2015	12/1/2016	\$5,091,740.23	99%	Final welding inspection and project close out in process.

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

Planning & Development Project Status Report

Active Construction Projects

November 4, 2016

#	Project Name	Project Number	Work Location	Zip Code	Units	LF	Pre-Construction Conference Date	Comments
1	Isaac Dickson School Relocation	2013033	Asheville	28801	School	504	1/13/2014	Waiting on final inspection
2	Robinhood Relocation	2013107	Asheville	28804	5	230	7/23/2015	Awaiting Conveyance of Sewer System
3	Hunt Hill Apartments	2013111	Asheville	28801	180	1,729	3/5/2014	Waiting on final inspection
4	Asheville Middle School	2013125	Asheville	28801	School	214	9/30/2014	Awaiting Conveyance of Sewer System
5	Dillingham Woods	2014048	Asheville	28805	27	375	3/4/2015	Waiting on final inspection
6	A.B. Tech Fernihurst Relocation	2014061	Asheville	28801	Comm.	697	4/8/2014	Awaiting Conveyance of Sewer System
7	Vance Place	2014084	Asheville	28801	8	398	1/29/2016	Waiting on final inspection
8	Franklin School of Innovation	2014096	Asheville	28806	School	359	11/4/2016	Pre-con held, ready for construction
9	Rivermill Lofts Relocation	2014125	Asheville	28803	254	314	8/21/2015	Waiting on final inspection
10	Shelburne Road	2014126	Asheville	28806	9	418	4/5/2016	Pre-con held, ready for construction
11	Amboy Overlook - Phase 1	2014136	Asheville	28806	19	899	10/20/2015	Final Inspection complete, awaiting close-out docs
12	Gibson Road (aka Four Seasons)	2014138	Asheville	28804	3	137	9/11/2015	Awaiting Conveyance of Sewer System
13	Conestee	2014149	Asheville	28801	7	113	8/7/2015	Waiting on final inspection
14	Craggy Park	2014164	Asheville	28806	45	1,935	10/23/2015	Final Inspection complete, awaiting close-out docs
15	Springside Road Townhomes	2015006	Asheville	28803	3	120	12/15/2015	Waiting on final inspection
16	First Baptist Relocation	2015032	Asheville	28801	Comm.	333	7/21/2015	Final Inspection complete, awaiting close-out docs
17	Hall Avenue	2015035	Asheville	28806	8	329	3/4/2016	Waiting on final inspection
18	Bowen Estates	2015064	Asheville	28803	4	178	10/13/2015	Final Inspection complete, awaiting close-out docs
19	Cottages at Kenilworth	2015107	Asheville	28805	12	454	12/1/2015	Testing
20	Ascot Point Apartments Phase 3	2015114	Asheville	28803	104	213	9/9/2016	Pre-con held, ready for construction
21	The District	2015133	Asheville	28803	309	912	2/26/2016	Testing
22	Asheville Exchange	2015170	Asheville	28806	312	582	2/26/2016	Waiting on final inspection
23	Beale Road Subdivision (Habitat)	2015200	Asheville	28704	21	730	4/5/2016	Waiting on final inspection
24	Fairfield Inn & Suites - Tunnel Road	2015203	Asheville	28805	Comm.	350	4/29/2016	Waiting on final inspection
25	500 Fairview Road Subdivision	2016049	Asheville	28803	10	220	5/6/2016	Punchlist pending, awaiting closeout documents
26	Rosebriar	2007005	Black Mountain	28711	12	309	8/28/2014	Waiting on final inspection
27	Settings at Black Mountain	2008016	Black Mountain	28711	30	907	11/13/2015	Testing
28	Roberts Farm Phase 1B	2015056	Black Mountain	28711	250	1,165	7/29/2015	Final Inspection complete, awaiting close-out docs
29	Cheshire Pocket Village	2015129	Black Mountain	28711	15	370	2/26/2016	Waiting on final inspection
30	Pinnacle at Arabella Heights	2006277	Buncombe Co.	28704	28	482	11/10/2015	Testing
31	Hyde Park Phase 2	2013058	Buncombe Co.	28704	14	500	12/3/2013	Testing
32	Givens Gerber Park	2014065	Buncombe Co.	28803	260	357	8/7/2015	Final Inspection complete, awaiting close-out docs
33	Creekside Cottages	2014095	Buncombe Co.	28704	7	504	3/12/2015	Final Inspection complete, awaiting close-out docs
34	Governor's Western Residence	2014100	Buncombe Co.	28804	Comm.	636	7/22/2015	Awaiting Easement Plat/Conveyance of Sewer System
35	Woodcrest at Biltmore Terrace Ph. 2	2015063	Buncombe Co.	28803	8	210	5/27/2016	Punchlist pending, awaiting closeout documents
36	Mallard Run Phase II	2015090	Buncombe Co.	28704	37	1,217	10/13/2015	Final Inspection complete, awaiting close-out docs
37	Greymont Apartments	2015108	Buncombe Co.	28806	312	3,193	5/17/2016	Installing
38	Williams-Baldwin Teacher Campus	2015166	Buncombe Co.	28806	24	313	9/16/2016	Waiting on final inspection
39	Ball Gap Road	2015186	Buncombe Co.	28704	14	947	5/31/2016	Installing
40	The Haven at Enka Lake	2015191	Buncombe Co.	28715	259	1,595	9/27/2016	Pre-con held, ready for construction
41	Greenwood Fields Phase 1	2015204	Buncombe Co.	28804	158	2,830	6/16/2016	Installing
42	Newbridge Parkway Apartments	2016013	Buncombe Co.	28804	308	1,575	9/2/2016	Pre-con held, ready for construction
43	Biltmore Lake Block I, Phase 2	2016042	Buncombe Co.	28803	26	1,297	8/5/2016	Testing
44	Long Shoals Village Phase 2	2016109	Buncombe Co.	28704	Comm.	330	8/16/2016	Pre-con held, ready for construction
45	Greenwood Park Phase 1	2014067	Weaverville	28787	7	283	9/1/2015	Final Inspection complete, awaiting close-out docs
46	Maple Trace Subdivision	2014121	Weaverville	28787	31	2,420	1/29/2016	Installing
47	Monticello Apartments	2015124	Weaverville	28787	168	1,484	6/14/2016	Private on-site system complete, Public not started
48	Crest Mountain Phase 3B	2013041	Woodfin	28806	69	1,329	10/15/2013	Waiting on final inspection
49	Serenity Falls Subdivision	2015055	Woodfin	28804	45	2,583	9/18/2015	Waiting on final inspection
50	Reese & Jan Lasher (High Hopes)	2015152	Woodfin	28806	14	320	4/26/2016	Punchlist pending, awaiting closeout documents
TOTAL					3,436	39,899		