

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT**  
**December 20, 2017**

**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 pm Wednesday, December 20, 2017. Chairman VeHaun presided with the following members present: Ashley, Bryson, Creighton, Frost, Kelly, Pelly, Pressley, Root, Watts and Wisler. Manheimer was absent.

Others present were: Thomas E. Hartye, PE, General Manager; William Clarke, General Counsel; Forrest Westall with McGill Associates; Chuck McGrady, NC House of Representatives; Bill Lapsley and Marcus Jones with Henderson County; Mark Barrett, Asheville Citizen Times; Barry Summers, Save Our Water, WNC; Beth Jesek, City Resident; Ed Bradford, Scott Powell, Ken Stines, Mike Stamey, Darin Prosser, Hunter Carson, Matthew Walter, Jim Hemphill, Peter Weed, Angel Banks, Jason Capizzi, Tim Coates, John Gosnell, Mickey Roberts, Spencer Nay 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 November 15, 2017 Board Meeting:**

Mr. VeHaun asked if there were any changes to the Minutes of the November 15, 2017 Board Meeting. Mr. Pelly moved for approval of the minutes as presented. Mr. Kelly 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:**

Ms. Frost reported at the opening of the meeting that Mr. Creighton is retiring from his position with Buncombe County and presented him with a retirement gift from the County Commissioners and County employees.

Mr. VeHaun reported that Robert Watts has been appointed to represent Black Mountain effective at this meeting and presented him with a gold plunger.

Mr. VeHaun welcomed Representative McGrady, Barry Summers and Beth Jesek; Bill Lapsley and Marcus Jones from Henderson County; and Mark Barrett with the Asheville Citizen Times. Mr. VeHaun then called for public comment.

Mr. McGrady reported that last year he passed a law that changed the number of seats Henderson County is allowed to have on this Board. The problem is that MSD is under a law of general application and other entities are also in that position. The question is how to make sure that Asheville doesn't lose any seats

while having Henderson County become part of MSD. Cane Creek Water and Sewer District in Henderson County is growing and actually serves two municipalities. The history of Buncombe County with its' municipalities is that it came together because there were a bunch of different sewer systems. MSD is the perfect example of something in government that works. The river is cleaner, the infrastructure is much better than it was when there were all of these little pieces. Henderson County has two relatively new cities, Mills River and Fletcher. Rather than everybody having their own sewer system, Henderson County provided it. The expectation and thought behind this was to treat Henderson County like Buncombe County. It made some particular sense because Mills River and Fletcher were there, they don't have sewer infrastructure but that was a conscious decision. Mr. McGrady stated that he introduced the bill and the law has changed from what was originally put in place. The City and its Mayor, the County Commission and its Chair, both knew what representatives were trying to do. He stated that he had no opposition to this bill, it cleared the House and Senate. The Cane Creek Water and Sewer District has now made application to merge with the District. Sewer should be handled on a regional basis and the political boundaries are not the way we should handle water or sewer but today this is just about the sewer. Mr. McGrady stated that in an earlier conversation, Mr. Pelly had asked what Mr. McGrady thought was in this for Asheville. Mr. McGrady stated that Henderson County is getting seats on the Board and its' sewer rates will be lowered but Henderson County is also giving up the sewer. The decisions regarding growth in South Buncombe and North Henderson will be made by this Board and Henderson County will be a part of this. He stated that he understands that the thought is that Henderson County may be over represented and that is not what he was trying to do. He was trying to solve the problem that Asheville had when the change to the law was made and stated that he is trying to treat the two counties the same. There was some basis given that there were these two other municipalities within Henderson County that were clamoring for some representation. The local governments are the ones that are affected. He stated that he wished Ms. Manheimer were here and would hope that she would verify his statements and he thought she would tell you that everything he has told her, whether it be sewer or water, he has done exactly what he said he would do, and will continue to do so. What he hopes to accomplish is to strengthen the regional sewer system here and not have Henderson County go off and do its' own thing at great cost. He further stated that MSD has the capacity and is doing a great job and is the ideal way this should be done in other parts of the state. He asks this Board to accept Henderson Counties' application. He further stated that he was previously on Town Council and a County Commissioner and knows that there is a history in the mountains of not always working together. He stated that he realized this was a leap of faith and was asking for some trust. This issue makes sense from a policy side and will help resolve other issues on the political side and he would really urge this Board to accept Henderson Counties application put before them today. Mr. Kelly asked if this does not go through, we are not going to stop treating their wastewater, why can Henderson County not continue to grow and send us their wastewater without having three members on this Board? Mr. McGrady stated that they could, that is a decision that County Commissioners will have to make at some point in the future. It doesn't make a lot of economic sense because Henderson County is paying a higher rate to have the wastewater handled by the District, than assuming

Hendersonville has the capital, to build their own plant. At some point in the future Henderson County and Buncombe County will again end up with different sewer systems sitting right up against each other. Mr. Kelly stated that he remembered when Mr. McGrady was a County Commissioner he came to a lot of the Board Meetings and he never heard a complaint from anyone about the District not treating the wastewater properly or a complaint about the District charging Henderson County too much, until this pitch that we are getting now. Mr. McGrady stated that Mr. Kelly was right about the first comment. Regarding the second comment, the complaint doesn't come to the Board but to the County Commissioners from the different areas. He stated that it wouldn't have done him any good as a County Commissioner to come to the Board with that issue and that he guessed that was another solution that could occur. Mr. McGrady stated that at some level all constituents need to feel like they are represented here. There were no further questions for Mr. McGrady.

Mr. Summers stated that he is a resident of Woodfin and that he is not opposed to Henderson County having representation on the MSD Board, it is a matter of fairness and if it lowers rates for Henderson County residents that's a good thing. If they are paying MSD and having their wastewater treated over the long term as they have been, he thinks it's fair that they have representation. He is bothered by the level of representation, the number of seats relative to the fairness of the number of accounts. He pointed out that during the 2013 debate or the previous Asheville Water Act, Henderson County insisted that they should get five seats on this Board, that three was not enough. To him that suggests a problem that everyone in both counties is aware of, the friction between the two counties and various political entities, the lack of trust. Henderson County said that they needed more seats than Asheville because Asheville has been dishonest, or not treated them well over the years. He stated that he thinks they would actually like to have more control over Buncombe County's infrastructure and that's a problem. He stated that Representative McGrady insisted that today we are only talking about sewer but in all of the public comments of his over the past year, he is linking the water and sewer together and they are in fact linked together. Decisions based on water and sewer are always going to be linked together. Over the past year, as Mayor Manheimer pointed out last month, Representative McGrady has gotten together a new study committee which is looking at water and sewer issues. The principal issue that they are looking at is whether regionalization is necessary. Regionalization was attempted with the water act, trying to force the City of Asheville to give up its water system to a larger organization. When the City of Asheville prevailed in the Supreme Court case, Representative McGrady was quoted as saying "there is more than one way to skin a cat". Over the past year he has pledged to go back and find a way to solve whatever problems he claims exist regarding Asheville's water. At the same time there has been a steady drumbeat of criticism against the City of Hendersonville. Very similar to the same criticism and comments and long term disagreements between Henderson County and Hendersonville. Representative McGrady has suggested and used the term "his nuclear option" of forcing them to give up their assets to a regional water and sewer system. He used the same language against Asheville and now he has a study committee that is charged with looking at precisely that. He stated that he would take Representative McGrady seriously when he says "I do what I say I am

going to do". Right now he is saying that he may try to create two county wide water and sewer systems. Who will be in charge of that, at this point who knows, but he thinks it's a fair guess that Henderson County is going to have quite a bit more say in running Buncombe County's water and sewer infrastructure than anyone imagines at this point. At this point this Board has an opportunity to say that the past decade of fighting over water and sewer needs to stop. The way you do that is today you put the Cane Creek expansion and the Henderson County appointees on indefinite hold until it can be determined that the Henderson County representative is not trying to seize assets as he has pledged to look at. There were no questions for Mr. Summers.

Mr. Lapsley reported that he had been tasked by his fellow Commissioners of Henderson County to act as liaison with the MSD Board, Representative McGrady and other members of legislature to deal with the issue before the Board today. He stated that many on this Board were not here 36 years ago when the Cane Creek Water and Sewer District (CCWSD) was formed. CCWSD was formed because in 1981, right after consolidation of all of the other systems with MSD, the MSD Board at that time determined it was necessary and important for MSD to extend an interceptor sewer line around the end of the Asheville Regional Airport. At that time there was a package waste water treatment plant in Buncombe County that discharged into a tributary of Cane Creek. In order to take that plant off line an interceptor sewer had to be extended around the airport, along the French Broad River and follow Cane Creek through Henderson County, back into Buncombe County to that treatment plant. Could MSD do that? No they could not do that without the approval of Henderson County. The jurisdiction of MSD under the legislation prohibited the MSD Board from having jurisdiction, obtaining easements and constructing sewer lines outside of their geographical service area. That service area did not include the northern part of Henderson County. MSD came to Henderson County and asked for permission to extend this gravity sewer line through the northern part of Henderson County what is now portions of the Town of Mills River and the Town of Fletcher. Those two municipalities did not exist in 1981, the area was all unincorporated. Henderson County Commissioners at that time, in negotiating the approval to extend that interceptor sewer line, with MSD there were several conditions that the two parties agreed to. One was that the interceptor sewer line would be available to some existing small packaged wastewater treatment plants in Henderson County to connect to, one of those at the old airport. When the new airport was built in the 1960's the old airport became an industrial park. Henderson County stepped up with their own monies at that time, when new industries were looking to locate there, and built a package sewer treatment plant there. This interceptor allowed that treatment plant to come off line. There were several others in this similar situation. MSD's capacity was very reserved and limited in 1981. Not only did MSD have a lot of infiltration and inflow but also a lot of users. Two of the largest users of MSD's system were Ball Glass and Gerber Baby Food Products. They were connected to the South Buncombe Interceptor and there was not a great amount of reserve treatment capacity in the MSD treatment facility. The Board was concerned that if they allowed Henderson County to extend sewer lines off of this interceptor, because of the nature of the topography in that area, that there was a good chance that there would be a number of new industries in that area which turned out to be a fact.

There is the development at the old airport, Sierra Nevada Brewing, Empire Distributing, Broad point Industrial Park, etc. The growth in that area of Henderson County has been phenomenal and those are all sewer customers. During the negotiation, there was concern that capacity would be eaten up by Henderson County customers. The second condition was that MSD put a limit of 1.35 MGD that could be generated in Henderson County and discharged into the system. Referring back to the question raised by Mr. Kelly, if the decision to merge was to be denied, CCWSD would then be faced with continuing with that limitation on the capacity that can be discharged into the system. Over the 36 years with all of the development we have had in Henderson County we are starting to bump up to that limit. CCWSD is going to be faced with either requesting MSD to allow additional volume or look for other means to handle wastewater treatment. Because of the conditions agreed to by the parties in 1981, Henderson County proceeded to create the CCWSD. That is an enterprise fund whose Board of Trustees are the Henderson County Commissioners. The County Commissioners have operated that system for over 36 years. Once that district was formed in 1981, Henderson County and the District applied for a multimillion dollar FMHA loan to build an extensive sewer collection system in the Fletcher area. That turned out to be a great catalyst for development in Henderson County and was probably the prime reason why the Town of Fletcher was incorporated. When that sewer collection system was built there were a number of package sewer treatment plants and industries in the area that were served by that collection system. Subsequent to that project in the 1980's, Henderson County and the District applied for Federal Grant monies which allowed it to extend the system into what is now the Town of Mills River. Sierra Nevada and all of the other industries located in that area would not have happened without the cooperation between Henderson County, the District Board and the extension of sewer service. Over the past 36 years the CCWSD has developed a substantial sewer collection system that now has over 4000 customers. He further stated that he has been told that as a group, CCWSD is the largest customer of the District as far as volume and revenue generated from all of the customers of the CCWSD on the MSD System. This is a substantial system. Over the years the issue of representation of these customers has been raised numerous times by Henderson County with discussions with the District Board. That occurred when Representative McGrady was a Henderson County Commissioner. It was turned down several times, mostly due to the State's General Statutes and what was required regarding organizations that were established under the Metropolitan Water and Sewer District General Statutes. Henderson County understood that and understood that it limited representation on the governing body to municipalities and counties that were inside boundaries of the designated service area. Henderson County understands that an act was required from the Legislature to modify those statutes. The merger of these systems was brought up again in 2013 and was included in legislation sponsored by then State Senator Apodaca and Representative McGrady. The legislation included this merger of the CCWSD with MSD along with the City of Asheville's water system all contained in one piece of legislation. City of Asheville initiated litigation against this matter and it was resolved in their favor approximately a year ago by the North Carolina Supreme Court. As stated by Mr. Hartye in 2013 and in the last few months, this merger of the CCWSD into MSD was reported favorably by Staff to this Board. In April of this year in the earlier stages of the 2017 General Assembly Session,

Representative McGrady held a briefing with a local legislative delegation and local elected officials from the City of Asheville, Henderson County and the City of Hendersonville to announce that he would introduce “two separate bills” related to water and sewer issues which could impact these local governing bodies. The first bill which he proposed was labeled House Bill 718 and would be directed to deal with revenues collected by local government utilities and transferred to their general funds. That is the study commission issue that was mentioned earlier. The second bill which he proposed was House Bill 764 which was directed specifically to amend the general statutes related to MSD’s across the State. MSD of Buncombe County is not the only MSD impacted by this legislation. Those amendments would allow the merger of CCWSD into MSD’s system subject to the MSD Board’s addition of representatives from Henderson County. House Bill 764, the merger bill, was approved by the House 118/2. Voting aye for that bill were the representatives from Buncombe County (Ager, Fisher and McGrady). In the Senate, the vote was 43/0. Voting aye for that bill was Senator Van Duyn and Senator Edwards. Mr. Lapsley stated that during the April/May time frame this year, he personally discussed this matter with Mr. VeHaun on a number of occasions and he reported that there was no objection from MSD Board Members that he was aware of. During the same time period neither Representative McGrady nor Henderson County heard any objections from Mayor Manheimer or Asheville City Council about this merger bill. Regarding House Bill 718, the study of rates and transfers from public enterprises, that bill was approved by the House 119/1. Voting aye for that bill were Representatives Ager, Fisher and McGrady. It was submitted to the NC Senate and passed its first reading but time ran out. The final bill was included in the State budget and passed so that bill was approved with the budget bill. Henderson County is aware of the fact that the City of Asheville has concerns about what may come out of House Bill 718, which creates a legislative study commission to study issues related to water and sewer matters. What took Henderson County by surprise was Mayor Manheimer’s position at the November Board Meeting that somehow the approval of the merger bill, House Bill 764, should be linked to the work done under House Bill 718. Henderson County would submit to you that these are two separate items and should not be linked together. If this Board turns down this merger, the Henderson County Board of Commissioners will have to take another long term look at sewer service in the Northern part of Henderson County. There was preliminary engineering work done as Representative McGrady alluded to back in the 2011 time frame about the feasibility of constructing a new wastewater treatment plant to serve strictly the CCWSD. If that were to happen those 4000 plus customers would be disconnected from the MSD system which makes no sense economically or politically for Henderson County to have to do that. If it comes to the question of allowing future development in the Northern part of Henderson County and to protect the interest of the Towns of Mills River and Fletcher, then Henderson County will have to seriously consider that option. He stated that it is unfortunate for Henderson County that this issue seems to be mullied in a political debate and he would hope that this Board would take it on its’ own merits and decide in favor of the merger of CCWSD with MSD. Mr. Pelly referenced the agreement which allowed Henderson County up to 1.35 mgd and asked how close to that cap they were at this time. Mr. Lapsley answered that they were probably around 900,000 mgd, but one additional industry coming in could easily put them right at that limit. Mr.

Kelly asked if the CCWSD handled water anymore. Mr. Lapsley stated that Henderson County established the Henderson County Water & Sewer District under the State General Statutes which allows it to operate and maintain a water system or a sewer system. Over the years the County has never chosen to operate a water system. Mr. Kelly stated that his point is that Henderson County does not have a water system that CCWSD operates. Mr. Lapsley stated that is correct. Mr. Kelly stated that the agreement to treat wastewater was done in 1988 or so and has been amended two times since then, if Henderson County wants more capacity, what is to keep you from asking MSD for permission to go above the 1.35 mgd. Mr. Lapsley stated nothing. There were no further questions for Mr. Lapsley.

Ms. Jesek stated that she is a citizen of Asheville and stated that she has no problem with the merger but her concern and question would be why 7% of the customers, Henderson County, feel that they need three seats on the MSD Board. During the conversations she heard that this should not be treated politically but that, to her, is very political. There has to be another reason for them to want three seats, perhaps for future justification or future growth in Henderson County, Asheville is growing very rapidly as well and again it wouldn't make sense that they have that many seats. There has to be another motivation and she would also see it as a future opportunity to gain more strength on the Board and eventually lead to once again, a fight for Asheville's water.

There was no further public comment.

## **6. Report of General Manager:**

Mr. Hartye reported that the annual NC AWWA-WEA Conference was held last month in Raleigh. Three MSD employees were recognized at the awards ceremony.

Jason Capizzi was awarded the Outstanding Wastewater Collection Operator of the year. Jason has worked his way up through the ranks at MSD and has become Ken Stines right hand man. Jason is one of the most conscientious employees here at the District and has brought MSD from being a reactive maintenance to a preventative maintenance type of group. Jason is one of those employees that is here on week-ends, nights and holidays. When there is a critical emergency for MSD he is usually involved in one way, shape or form. Congratulations to Jason Capizzi.

John Gosnell and Mickey Roberts were part of the first class to graduate from the NC AWWA-WEA professional development initiative Academy. This is a school that goes above and beyond their technical certifications which they both have and helps to develop them into future leaders in the water and wastewater industry. Congratulations to John Gosnell and Mickey Roberts.

Mr. Hartye reported that MSD and the Town of Black Mountain received matching grants from the Golden Leaf Foundation and US Department of Commerce EDA for \$827,580 each for a total of \$1,655,160. These grants were awarded to install water and sewer facilities for Avadim Technologies at the Black

Mountain Commerce Park. This involves the installation of 2,340 feet of 8” and 12” public wastewater lines to serve the development which will be assumed by MSD for ownership and maintenance. Mr. Hartye reported that this is another job that Mr. Creighton was involved with and did a great job. Congratulations to Mr. Creighton, Mr. Bradford and MSD’s engineering staff for providing timely support to this effort.

The next regular Board meeting will be held on January 17, 2018 at 2 pm. The next Right of Way Committee meeting will be held on January 24, 2018 at 9 am.

**7. Consolidated Motion Agenda:**

**a. Consideration of Bids: Hendersonville Road @ Blake Drive Sanitary Sewer Rehabilitation Project:**

Mr. Hartye reported that this project is located in South Asheville and consists of approximately 1,090 LF of 8-inch HDPE and will be installed by pipe bursting the existing line. The project was informally advertised and one bid was received on November 30, 2017. The project was re-advertised and again, one bid was received on December 8, 2017 as follows: Terry Brothers Construction Company in the amount of \$164,152.00. Terry Brothers has completed numerous MSD projects and their work quality is excellent. The FY 17-18 Construction Budget for this project is \$220,000.00. Staff recommends award of this contract to Terry Brothers Construction Company in the amount of \$164,152.00, subject to review and approval by District Counsel.

**b. Acceptance of Developer Constructed Sewer System: Long Shoals Village Phase 2:**

Mr. Hartye reported that the project included extending approximately 332 linear feet of 8-inch gravity sewer to serve the commercial development.

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

**c. Consideration of Procurement of Rodder Truck:**

Mr. Hartye reported that it is MSD policy to annually evaluate the condition of our fleet vehicles and consider parameters such as age, miles, vehicle hours on equipment and potential repair costs. At the March 9, 2017, Fleet Replacement Committee meeting, the members recommended replacing the current rodder truck after 16 years of service. MSD as a local government is allowed to purchase from suppliers who are selected through a group purchasing program. National Joint Powers Alliance is one such group purchasing program. Rodders & Jets of Sumter, SC, submitted a bid of \$114,060.77, which offers a savings to MSD of over \$5,000.00 from regular dealer pricing. \$130,000.00 was budgeted for this item in the FY17-18 Fleet Replacement Fund. Staff recommends that the bid from Rodders & Jets be



awarded in the amount of \$114,060.77

**d. Cash Commitment/Investment Report Month ended October, 2017:**

Mr. Powell reported that Page 24 presents the makeup of the District's Investment Portfolio. There has been no change in makeup of the portfolio from the prior month. Page 25 presents the MSD investment managers report for the month of October. The weighted average maturity of the investment portfolio is 105 days. The yield to maturity is 1.14% and exceeds the benchmark of the North Carolina Capital Management Trust government portfolio. Page 26 presents the MSD analysis of cash receipts. Domestic User Fees are considered reasonable based on the timing of the cash receipts and historical trends. Industrial User Fees are considered reasonable taking into consideration a temporary increase in revenue from one industrial user. Facility and Tap Fees are above budgeted expectations due to receiving \$1.1 million from three developers. Page 27 presents MSD's analysis of expenditures. O&M, Debt Service and Capital Project expenditures are considered reasonable based on historical trends and timing of cash expenditures. Page 28 presents MSD's Variable Debt Service report for the month of November. The 2008 Series bonds are performing better than budgeted expectations. As of the end of November the issue has saved the District rate payers approximately \$5.2 million in debt service since April, 2008. There were no questions pertaining to this item.

**e. Consideration of Auditing Services Contract:**

Mr. Powell reported that Cherry Bekaert continues to provide excellent service and commits to work hard to control expenses, and pass on any additional savings to the District. For the FY 2018 engagement Cherry Bekaert proposed a fee of \$47,000.00. Staff recommends approval of the FY 2018 audit contract to Cherry Bekaert. Ms. Wisler asked how long they have been the District's auditors. Mr. Powell stated that they have been the District's auditors since 2003. In 2016 the District sent out request for proposals and they were again selected from four firms who submitted requests. Mr. Powell stated that they are heavily entrenched in utility audits in the State of North Carolina as well as governmental audits. Mr. Clarke stated that Cherry Bekaert also has an internal procedure where they rotate their partner every three years. Mr. Powell reported that Matthew Socha, who was here last month presenting the audit, was the manager of the District's engagement and now he is the partner. There were no further questions regarding this matter.

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. Consideration of Merging Cane Creek Water and Sewer District with MSD:**

Mr. Hartye reported that at the August 16 regular Board Meeting Henderson County representatives expressed their desire to have CCWSD consolidate with

MSD. The MSD Board asked the Planning Committee to evaluate and make a recommendation to the full Board. MSD staff has performed some “due diligence” analyses in the last few weeks. These analyses confirm findings from 2010 and 2013. Those analyses show that, considering all operations, assets, and liabilities, the impact to MSD would be minimal and have no rate implications. In short the real winners are the CCWSD customers. Their bill would be reduced down from about \$39 month to \$31 month, which is consistent with what customers in the rest of the District pay. Planning Committee made a recommendation to the full Board to approve the draft resolution that is attached. The Board then asked that all of this information be sent out to the member agencies for their input and to bring a vote on the resolution to this meeting. Mr. Pelly stated that his feeling was that the Board does want to continue to serve and help Henderson County and fulfil the terms of the agreement and he would be open to re-negotiating that agreement to expand the service provided. He further stated that he does have a concern about the representation, for 7% of the customer base to have 20% of the vote. If Asheville had the same proportion of representation proposed for Henderson County, Asheville would have 25 seats on this Board. Mr. Pelly stated that he would vote against this because he felt we needed to come back together with a more balanced representation. Mr. Ashley stated that himself and the commissioners in Montreat have significant reservations because of the representation proposed of three members and will not be voting for this. Ms. Frost stated that she thought everyone was open to continued discussions but it seems unfair that the scale would be very tipped if Henderson County were given three seats on this Board. Mr. Root stated that as to the representation issue, one thing he thinks MSD has made remarkable success on, in astounding contrast to water issues, is MSD has been a very de-politicized body. The District is a very businesslike operation, extending sewer, not making political decisions, has been a remarkable success story. This Board was given these numbers, the various representation municipalities vs. customer and the fact of the matter is that those numbers are totally out of skew for those on this Board right now. There is not proportionate representation right here, various folks have cut various deals at various times. Mr. Root stated that he is not terribly stunned that crossing the county line that there would be a particular number assigned to that county that would not necessarily match up, therefore, that does not keep him from voting for this. He stated that he does have a lot of concern about the water issue and thinks it has to be watched very carefully going forward but he does think that this issue is in line with what MSD has been doing for the last 35 years. He does respect other opinions and it doesn't bother him at all what other folks are saying and he will vote for this. Ms. Bryson stated that she liked Mr. Ashley's comments and that Woodfin Sanitary Water and Sewer also expressed concern about the number of representation requested.

Mr. VeHaun called for a motion regarding this issue. Mr. Pelly made the motion to deny the adoption of the resolution to provide for the inclusion of the sewer system of the Cane Creek Water and Sewer District into the Metropolitan Sewerage District of Buncombe County. Ms. Wisler seconded the motion. Roll call vote was as follows: 10 Ayes; 1 Nays.

**9. Old Business:**

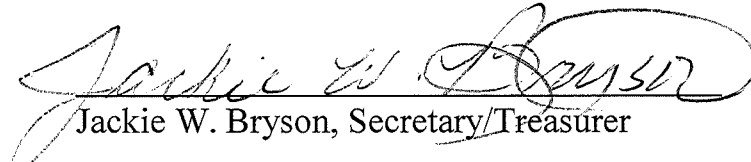
None

**10. New Business:**

None

**11. Adjournment:**

With no further business, Mr. VeHaun called for adjournment at 3:03 pm.

  
Jackie W. Bryson, Secretary/Treasurer

# MSD

## Regular Board Meeting

Metropolitan Sewerage District  
of Buncombe County, NC

### AGENDA FOR 12/20/17

✓	Agenda Item	Presenter	Time	
	Call to Order and Roll Call	VeHaun	2:00	
	01. Inquiry as to Conflict of Interest	VeHaun	2:05	
	02. <a href="#">Approval of Minutes of the November 15, 2017 Board Meeting</a>	VeHaun	2:10	
	03. Discussion and Adjustment of Agenda.	VeHaun	2:15	
	04. Informal Discussion and Public Comment	VeHaun	2:20	
	05. <a href="#">Report of General Manager</a>	Hartye	2:25	
	06. Consolidated Motion Agenda	Hartye	2:40	
	a. Consideration of Bids: <a href="#">Hendersonville Road @ Blake Drive Sewer Rehabilitation Project</a>	Hartye		
	b. Consideration of Developer Constructed Sewer System: <a href="#">Long Shoals Village Phase 2</a>	Hartye		
	c. <a href="#">Consideration of Procurement of Rodder Truck</a>	Hartye		
	d. <a href="#">Cash Commitment/Investment Report Month Ended October, 2017</a>	Powell		
	e. <a href="#">Consideration of Auditing Services Contract</a>	Powell		
	07. <a href="#">Consideration of Merging Cane Creek Water and Sewer District with MSD</a>	Hartye	3:00	
	08. Old Business:	VeHaun	3:10	
	09. New Business:	VeHaun	3:15	
	10. Adjournment: (Next Meeting 1/17/18)	VeHaun	3:20	
	<a href="#">STATUS REPORTS</a>			

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**November 15, 2017**

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Others present were: Thomas E. Hartye, PE, General Manager; William Clarke, General Counsel; Bill Lapsley and Marcus Jones with Henderson County; Matthew Socha and Tom Riley with Cherry Bekaert; Ed Bradford, Scott Powell, Ken Stines, Mike Stamey, Darin Prosser, Hunter Carson, Matthew Walter, Jim Hemphill, Peter Weed, Spencer Nay 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 18, 2017 Board Meeting:**

Mr. VeHaun asked if there were any changes to the Minutes of the October 18, 2017 Board Meeting. Mr. Kelly 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:**

Mr. Hartye asked that the Planning Committee report date be changed from October 18, 2017 to November 15, 2017.

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

Mr. VeHaun welcomed Bill Lapsley and Marcus Jones from Henderson County; and Matthew Socha and Tom Riley from Cherry Bekaert. There was no discussion or public comment.

**6. Report of General Manager:**

Mr. Hartye called on Matthew Socha for a presentation on the Fiscal Year 2017 Audit of MSD financial statements. Mr. Socha introduced Tom Riley who is one of their Audit Managers. He stated that he will address results and required communications, two new pronouncements that will affect financial statements and briefly offer some financial highlights. The audit was performed under Government Auditing Standards which are required for any governmental entity. Their opinion on the financial statements 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 there were no new pronouncements adopted for this year but there will be some coming down the pipeline soon. Significant estimates are items like the useful life of capital assets, allowance on accounts, and all of the actuary estimates that go into the pension and post-employment benefits. Those things are not based on hard black and white facts and are a more sensitive part of the audit. There were no misstatements or adjustments. There were no difficulties or disagreements with management. This was a very smooth audit. The audit report was issued about a month ago, ahead of schedule in comparison to past years. There were no consultations with any third parties. Mr. Socha reported that there are a lot of future standards but two in particular will have an impact to the organization. The first is GASB statement No. 75 that relates to post-employment benefits between the time an employee retires and is eligible for health care benefits under Social Security. You have to record an obligation for an actuarial estimate of those obligations. This standard is new and something staff is working with actuaries on to make sure the District has all of your ducks in a row when this becomes effective next year. There is also a new standard on leases this year. GASB is doing very similar to what FASB has done; they are making all of your operating leases have to go onto your balance sheets. You will actually have to record an asset and liability for your operating leases. The District owns most of its capital so this will not have a huge impact but it will have some impact. This will take place in a couple of years. Mr. Socha presented graphs showing financial trends from FY 2009-2017. The first graph shows an upward trend in the Investment of Capital Assets due to continuing to put more money back into the treatment plant and system. A net was added of about \$5 million in Capital Assets this year. The second graph shows Long Term Obligations which the District has been paying down. The last time there was a refinance was in 2014 and there will be another in July. The third graph is the Net Position. This is the biggest factor in looking at overall financial health of the organization. The vast majority of approximately \$325 Million is invested in Capital Assets, approximately \$50 Million of completely Unrestricted Net Position and approximately \$5 Million in Restricted Net Position. The fourth graph shows Operating Results which include Operating Revenue, Expenses and Income. Both Operating Revenue and Expenses have been trending upward.

Mr. Socha expressed his appreciation and thanks to Tom Hartye, Scott Powell, Cheryl Rice and the rest of the financial team for their full cooperation and for how smoothly the audit went. The results have already been accepted by the LGC with no comment.

Mr. Hartye reported that there is an attached e-mail from Matt Shea of Sweeten Creek Road thanking Gilbert Karn, Roy Lytle, Jamie Foxx, Nicholas Hercules and Marvin Felder.

Mr. Hartye reported that there is also an e-mail attached from Landon Davidson, Regional Supervisor for NCDEQ, regarding MSD's emergency assistance to the Town of Marshall. They recently experienced a broken force main at a river crossing. Ken Stines went to Marshall to review the situation and System Services staff went down and performed a pump around for them so the wastewater did not continue going into the river. The Town of Marshall does not

have the type of resources necessary to handle these types of situations nor the money to cover them. Mr. Hartye expressed his thanks to Ken Stines and all of the System Services folks who provided that assistance in addition to performing their regular duties

Mr. Hartye expressed his thanks to all MSD employees in general who donated \$13,640.00 to the United Way, to Jim Hemphill for heading up this effort and to Owen Herbert for heading up the golf tourney this year.

Mr. Hartye reported that the Planning Committee met before this Board meeting to discuss the Cane Creek Water & Sewer District merger. Mr. Root will report on this in his Committee Report.

The next regular Board meeting will be held on December 20th at 2 pm. The next Right of Way Committee meeting will be held on January 24, 2018 at 9 am.

Mr. Vahaun congratulated Esther Manheimer on her reelection as Mayor of Asheville, Gwen Wisler on her reelection and reappointment as Vice Mayor, Jackie Bryson on her reappointment as Alderman for the Town of Woodfin, Don Collins on his election as Mayor of Black Mountain, and Al Root on his election as Mayor of Weaverville.

## **7. Report of Committees:**

### **Planning Committee:**

Mr. Root reported that the Planning Committee met on this date at 1:00 pm to discuss the Cane Creek Water & Sewer District (CCWSD) Merger. He reported that Mr. Hartye sent out a package for the meeting and the Planning Committee pretty much discussed what was included in the package. Minor benefits and concerns were discussed. Ms. Manheimer raised some thoughts in this meeting regarding the regional cooperation going on and one would hope some credit would be given for the process here. There is a draft resolution attached to be considered. A cause for the draft resolution being to keep the possibility going of being able to accomplish this by the coming fiscal year, July 1, 2018. There are no guarantees we will even be able to accomplish this. Planning Committee voted to ask the Board to consider the draft resolution. Mr. VeHaun asked Ms. Manheimer if she had any updated information since the Planning Committee meeting ended. Ms. Manheimer stated that she had spoken with Representative McGrady between meetings. The study committee is not going to go away but he feels that this would be a positive move toward good geopolitical relations. Mr. Clarke stated, for those who were not at the Planning Committee Meeting, that he made the point that this is not something that you have to act on today, that you can act positively or negatively or not at all. The timing is related to getting this done by the fiscal year. He further stated that the Board should feel free to amend the drafted resolution. This resolution contemplates having an agreement between MSD and CCWSD that would be similar to agreements MSD has with other member agencies. The resolution also contemplates some specific things like the re-negotiation of the

Mud Creek Interceptor Agreement. This is all subject to approval by the Environmental Management Commission. If the voters in Cane Creek decide they don't want this merger, they can petition for an election. Mr. VeHaun called for any comments, questions or concerns from the Board. Mr. Kelly asked if we adopt this resolution, as far as MSD is concerned, is there no backing out on our part if the other side says yes. Mr. Clarke stated that the resolution says "The inclusion of the CCWSD into MSD shall be subject to a satisfactory agreement between CCWSD and MSD, the approval of the Environmental Management Commission and the other provisions of N.C. Gen. Stats. §162A-68". Mr. Kelly stated that he felt the member agencies that the Board Members report back to need to be informed of what is going on. He stated that in 1991, everyone had forever to make comments and decide whether or not to join and he hasn't taken this up with the elected officials of Biltmore Forest and probably no one else on the Board has spent any time discussing with their elected boards. Mr. Kelly stated that he would like to put this off for a month to give everyone a chance to inform their member agencies as to what is being contemplated. Ms. Manheimer stated that she saw no problem but asked what it will do to the timing issue. Mr. Clarke stated that the process is if this Board says yes, then it has to notify the Boards of Commissioners of Buncombe and Henderson. They have to schedule a public hearing with a member of the Environmental Management Commission (EMC). That hearing has to be noticed 30 days in advance and advertised in the paper, and then you can have the hearing. This entity has to submit certain information to the EMC so that it can make a determination. It wouldn't make it impossible; it would just make it a little tighter. The EMC doesn't meet very often. Mr. Clarke stated one of the hard things was scheduling a joint meeting of Henderson County Commissioners and Buncombe County Commissioners. Mr. Root stated that since they would have to come back to us given the provision about the agreement being acceptable, he was more or less in favor of adopting this resolution today and moving this process forward. He stated that he understood that we would have the ability down the road to say no if for some reason we needed to do so. Mr. Collins stated that he was in agreement with Mr. Root, that things may pop up down the road that we might not have thought about, but let's go ahead and proceed with this and not bottle neck things on this end. Mr. Vehaun asked if Mr. Collins was making this in the form of a motion. Mr. Collins stated yes. Mr. Root seconded this motion. Mr. Ashley asked to abstain. Mr. Clarke advised Mr. Ashley that he had to ask the Chairman permission to abstain and there has to be a conflict. Mr. Ashley asked Chairman VeHaun to be abstained from voting due to not having enough information to vote one way or the other. Mr. Kelly stated that an abstention is usually treated as a yes. Mr. VeHaun granted Mr. Ashley's request. Roll call vote was as follows: 3 Ayes; 5 Nays; 1 Abstain. Motion failed to pass. Ms. Manheimer made a motion for this Board to inform their appointing agencies and reconsider this matter at the December Board Meeting. Mr. Kelly seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays.

**8. Consolidated Motion Agenda:**

**a. Consideration of Bids: Sutton Avenue Sanitary Sewer Rehabilitation Project:**



Mr. Hartye reported that this project is located in Black Mountain and consists of approximately 1200 LF of 8-inch DIP to be installed by dig and replace construction and 2,500 LF of 8-inch HDPE to be installed by pipe bursting construction. MSD staff is trying to coordinate with Black Mountain staff to renew some water lines as part of this project. The project was advertised and three bids were received on October 26, 2017 as follows: North American Pipeline Management in the amount of \$1,315,101.00, Portland Utilities Construction Company in the amount of \$1,190,850.45, and Terry Brothers Construction Company in the amount of \$1,076,986.00. The apparent low bidder is Terry Brothers Construction Company with a bid amount of \$1,076,986.00. Terry Brothers has completed numerous MSD projects and their work quality is excellent. The FY 17-18 Construction Budget for this project is \$1,020,000.00. There are sufficient funds in the Contingency for the difference. Staff recommends award of this contract to Terry Brothers Construction Company in the amount of \$1,076,986.00, subject to review and approval by District Counsel.

**b. Consideration of Reimbursement Agreement: Lee Creek Master Plan Pump Station:**

Mr. Hartye reported that this reimbursement agreement was referred to in the Planning Committee Meeting and is for the installation of a new pump station and force main which will serve the Lee Creek Basin in Woodfin and Buncombe County. Olivette Development, LLC (Olivette) proposed to install the new pump station and force main, which will cross the French Broad River, and this will be done in accordance with the District's Collection System Master Plan. Their preliminary cost for construction is almost \$1.6 Million which they will fund. MSD does have a policy that it will reimburse a developer who is required to construct a larger line than is necessary for their own development. Only a four inch main is needed for Olivette; however, an eight inch force main (and associated larger bore) is needed for the larger basin, along with some components for the pump station. Staff has evaluated costs and believes the increased construction cost to be \$279,901.00. The District will require that the pump station be constructed to public standards and that easements be provided for a future interceptor. Mr. Hartye presented a map of the Lee Creek Basin. Mr. Bradford pointed out that the area is quite large. Mr. Pelly asked if this would essentially provide access to anybody wanting to develop the area with sewer. Mr. Hartye stated that there would still be extensions involved and they would have to run their local extensions but the pump station would be such that it would be able to handle it. The FY 17-18 Construction Reimbursement Budget for this project is \$266,000.00. Funds are available in the Contingency for the overage. Staff recommends that the District enter into a reimbursement agreement with Olivette Development LLC in the amount of \$279,901.00, subject to review and approval by District Counsel.

**c. Acceptance of Developer Constructed Sewer Systems: Fairfield Inn & Suites; River Mill Lots; The Haven at Enka Lake:**

Mr. Hartye reported that the Fairfield Inn & Suites Hotel is located in the City of Asheville. The project included relocating approximately 358 linear feet of 8-inch gravity sewer and abandoning approximately 150 linear feet of gravity sewer to accommodate the commercial development.

Mr. Hartye reported that the River Mill Lofts project is located on Thompson Street in the City of Asheville and included relocating approximately 470 linear feet of 8-inch gravity sewer and abandoning approximately 370 linear feet of public gravity sewer to serve the 254-unit apartment complex.

Mr. Hartye reported that The Haven at Enka Lake Project included extending approximately 1,600 linear feet of 8-inch public gravity sewer to serve the 259-unit apartment complex.

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

**d. First Quarter Budget to Actual Review FY 2018:**

Mr. Powell reported that Domestic User Fees are at budgeted expectations. Industrial User Fees are better than budgeted expectations due to temporary increased revenue from one industrial user. Facility and Tap Fees are above budgeted expectations due to receiving \$1.1 Million from three developers, in addition to MSD budgeting this line item very conservatively. Interest and miscellaneous income are slightly below budgeted expectations. Short term interest rates are still experiencing pressure due to Federal Reserve Monetary Policy. O&M expenditures are at 32.1% of budget. They include encumbered amounts of \$900,000.00, which is why this particular line item is elevated above 25%. Bond principal and interest expenditures are reflected at 25% due to the nature of those particular expenditures but as of the end of the first quarter the District only spent 1.88%. Principal and interest is paid on July 1. Amounts budgeted for capital equipment and capital projects are rarely expended proportionately throughout the year.

**e. Cash Commitment/Investment Report Month ended September, 2017:**

Mr. Powell reported that Page 39 presents the makeup of the District's Investment Portfolio. There has been no significant change in makeup of the portfolio from the prior month. Page 40 presents the MSD investment managers report for the month of September. The weighted average maturity of the investment portfolio is 90 days. The yield to maturity is 1.00% and exceeds the benchmark of the North Carolina Capital Management Trust government portfolio. Page 43 presents MSD's Variable Debt Service report for the month of October. The 2008A Series bonds are performing better than budgeted expectations. As of the end of October both issues have saved the District rate payers approximately \$5.2 million in debt service since April, 2008. There were no questions pertaining to this item.

**f. Presentation of Audit & CAFR – Fiscal Year Ended June 30, 2017:**

Mr. Powell reported Page 84 of the document presents the Schedule of Revenues and Expenditures Budget and Actual for the fiscal year. Sewer charges were above budgeted expectations as a result of 2.3% increase in consumption and a 1% growth in customer base. Industrial Revenue trended above budgeted expectations due to a temporary increase in revenue from one industrial user. Facility and Tap Fees are above budgeted expectations due to the District receiving \$3.7 Million from eight developments. 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. This is due to the deferred utility cost of \$387,000.00 for our hydro facility. Capital project expenditures are at approximately 70% of budget. One major project, the Plant Headworks Project, was deferred. It started at the end of this fiscal year and was re-budgeted in 2018. Bond principal and interest spent were less than budget due to continued swap savings. Mr. Powell thanked all of the Division Directors, Cheryl Rice, and Teresa Gilbert for their assistance in preparing this document.

Mr. VeHaun called for a motion to approve the Consolidated Motion Agenda. Mr. Pelly moved. Ms. Bryson seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays.

**9. Old Business:**

None

**10. New Business:**

None

**11. Adjournment:**

With no further business, Mr. VeHaun called for adjournment at 2:46 pm.

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Jackie W. Bryson, Secretary/Treasurer



## MEMORANDUM

TO: MSD Board  
FROM: Thomas E. Hartye, P.E., General Manager  
DATE: December 15, 2017  
SUBJECT: Report from the General Manager

- Awards at Annual NCAWWA-WEA Conference
  - Outstanding Wastewater Collection Operator of the year is given to an individual who has contributed much to the successful operation and maintenance of a collection system. This year's recipient is Jason Capizzi from MSD. Congratulations to Jason who is the 4<sup>th</sup> to receive this award from MSD since its inception in 1990. Attached is the background presented in Raleigh along with his award.
  - NC AWWA-WEA started a professional Development initiative Academy to help the industry fill training gaps. The Academy provides a structured and specialized training certification program for water industry professionals to demonstrate competency at defined levels through the completion of courses and passing of comprehensive exams. MSD is proud to recognize two MSD employees who were part of the first graduating class to achieve Apprentice level. Congratulations to John Gosnell and Mickey Roberts.

- Golden Leaf and US Commerce Department Grants

MSD and the Town of Black Mountain received matching grants from the Golden Leaf Foundation and from U.S. Dept. of Commerce EDA for \$827,580 each for a total of \$1,655,160. These grants were awarded to install water and sewer facilities for Avadim Technologies, Inc. at the Black Mountain Commerce Park. This will involve the installation of 2,340 feet of 8" and 12" public wastewater lines to serve the development which will be assumed by MSD for ownership and maintenance. Congratulations and much thanks to Ed Bradford and MSD's engineering staff for providing timely support to this effort.

- Board/Committee Meetings/Events

The next Regular Board Meeting will be held on January 17, 2018 at 2 pm. The next Right of Way Committee meeting will be held on January 24<sup>th</sup>, 2018.

## **2017 Jason Capizzi, Metropolitan Sewerage District, Buncombe**

**County, NC:** Jason began his career at MSD in 1998 as a Maintenance Repair Worker I, and over his 19 year career, has climbed the leadership ladder to Maintenance Coordinator of the Collection System. Jason holds a Collection System Grade 4 certification and uses his knowledge and experience to train and educate new employees. Jason has been an important part of MSD turning its program from a reactive to preventive maintenance program with a resulting 89% reduction in reportable overflows since 2000. Over the years, Jason has had a plethora of new ideas from improving MSD's pipe rating program to data management upgrades. Jason has been an asset to MSD. Jason shows great concern for co-workers and truly takes safety to heart throughout the district. He is always on top of his game and continues to go the extra mile for the rate payers of Buncombe County.

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

**BOARD MEETING DATE:** December 20, 2017

**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: Hendersonville Road @ Blake Drive Sanitary Sewer Rehabilitation Project, MSD Project No. 2015176

**BACKGROUND:** This project is located in south Asheville, in the area across from Arden Presbyterian Church. It consists of replacing problematic six and eight-inch clay lines, which are in poor structural condition and contain numerous point repairs.

Approximately 1,090 LF of 8-inch HDPE will be installed by pipe bursting the existing line.

The project was informally advertised and one bid was received on November 30, 2017. The project was then re-advertised and one bid was again received on December 8, 2017 in the following amount:

<u>Contractor</u>	<u>Bid Amount</u>
1) Terry Brothers Const. Co.	\$164,152.00

The bidder is Terry Brothers Construction Co. with a bid amount of \$164,152.00. Terry Brothers has completed numerous MSD sewer rehabilitation projects, and their work quality has continued to be excellent.

Please refer to the attached documentation for further details.

**FISCAL IMPACT:** The FY17-18 Construction Budget for this project is \$220,000.00.

**STAFF RECOMMENDATION:** Staff recommends award of this contract to Terry Brothers Construction Co. in the amount of \$164,152.00, subject to review and approval by District Counsel.

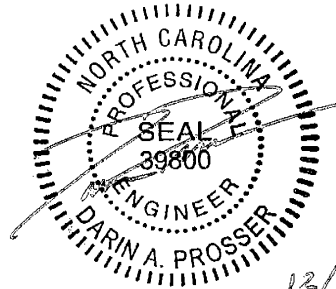
**METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA**

**Hendersonville Road @ Blake Drive Sewer Rehabilitation  
Project No. 2015176**

**BID TABULATION  
December 8, 2017**

<b>BIDDER</b>	<b>MBE Form</b>	<b>Bid Forms (Proposal)</b>	<b>TOTAL BID AMOUNT</b>
Terry Brothers Construction Company Leicester, NC	1	Yes	\$164,152.00

Darin Prosser, 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 8:30 AM on the 8th day of December, 2017, in the W.H. Mull Building at the Metropolitan Sewerage District of Buncombe County, Asheville, North Carolina. This project was originally scheduled for bid on November 30th. One bid was received. The project was re-advertised for December 8th. Only one bid was received at that time. This was an informal bid and no bid bond was required.

# Interoffice Memorandum

**TO:** Tom Hartye, General Manager

**FROM:** Ed Bradford, CIP Manager  
Darin Prosser, Project Manager

**DATE:** December 8, 2017

**RE:** Hendersonville Road @ Blake Drive Sewer Rehabilitation,  
MSD Project No. 2015176

The Hendersonville Road @ Blake Drive Sewer Rehabilitation project is located in South Asheville along Blake Drive. This project begins at an existing manhole in Hendersonville Road and runs along Blake Drive and North Blake Drive. The majority of this project will run outside of the paved area, but within the public right of way.

This project consists of the rehabilitation of existing 6" and 8" VCP sewer lines that are in poor condition with many point repairs. Approximately 1,090 LF of 8" HDPE will be installed by pipe bursting construction. The existing lines for this project have a pipe rating of 71 due to the poor condition of the clay pipes.

On November 20, 2017, one bid was received at 2:00 pm. This project was re-advertised in attempt to receive additional bids. On December 8, 2017, one bid was again received. Results were as follows:

<u>Contractor</u>	<u>Bid Amount</u>
<b>1) Terry Brothers Construction Co., Inc.</b>	<b>\$164,152.00</b>

The apparent low bidder is Terry Brothers Construction Co., Inc. with a bid amount of \$164,152.00. The FY17-18 construction budget for this project is \$220,000.00.

Terry Brothers Construction Co. has an extensive history completing District rehabilitation and replacement projects with excellent workmanship and quality. Staff recommends award of this contract to Terry Brothers Construction Co., Inc. contingent upon review and approval by District Counsel.



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

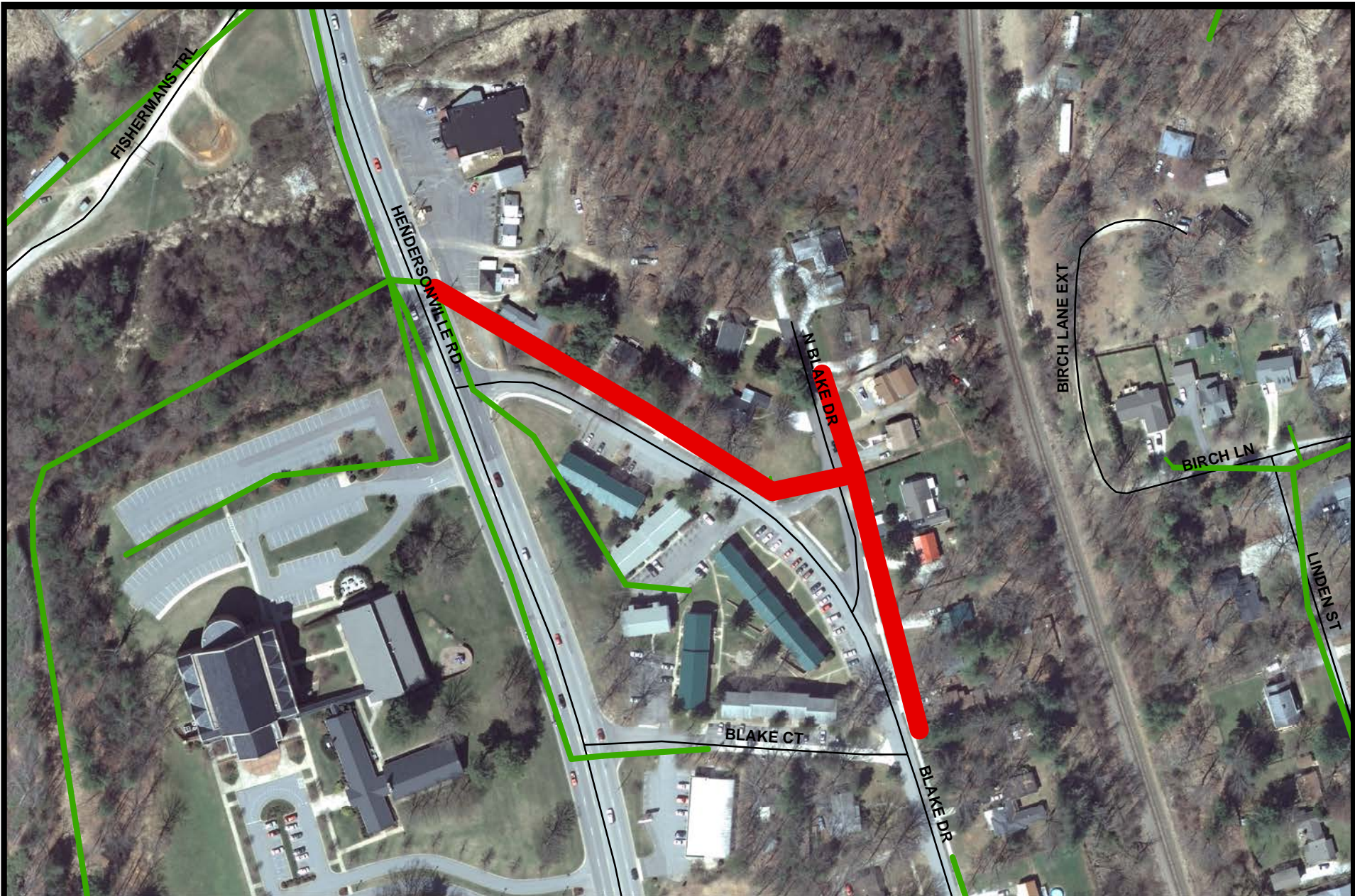
**BUDGET DATA SHEET - FY 2017 - 2018**

<b>PROJECT:</b>	Hendersonville Rd @ Blake Drive	<b>LOCATION:</b>	S. Asheville
<b>TYPE:</b>	General Sewer Rehab	<b>PIPE RATING:</b>	71
<b>PROJECT NO.</b>	2015176	<b>TOTAL LF:</b>	1,090
<b>PROJECT BUDGET:</b>	\$280,658.00	<b>PROJECT ORIGIN:</b>	Work Orders, Line condition

DESCRIPTION	ESTIMATED PROJECT COST	TOTAL EXPENDS THRU 12/31/16	EST. COST JAN - JUNE 2017	BUDGET FY 17-18
55310 - PRELIM. ENGINEERING				
55320 - SURVEY - DESIGN	\$5,958.00	\$5,958.00		
55330 - DESIGN				
55340 - PERMITS				
55350 - SPECIAL STUDIES				
55360 - EASEMENT PLATS	\$2,500.00		\$2,500.00	
55370 - LEGAL FEES	\$4,000.00			\$4,000.00
55380 - ACQUISITION SERVICES				
55390 - COMPENSATION	\$35,000.00			\$35,000.00
55400 - APPRAISAL	\$3,000.00			\$3,000.00
55410 - CONDEMNATION	\$7,000.00			\$7,000.00
55420 - CONSTRUCTION	\$220,000.00			\$220,000.00
55430 - CONST. CONTRACT ADM.				
55440 - TESTING	\$500.00			\$500.00
55450 - SURVEY - ASBUILT	\$2,700.00			\$2,700.00
<b>TOTAL AMOUNT</b>	<b>\$280,658.00</b>	<b>\$5,958.00</b>	<b>\$2,500.00</b>	<b>\$272,200.00</b>

<b>ENGINEER:</b>	MSD	<b>DP</b>	<b>ESTIMATED BUDGETS - FY '19 -'27</b>	
<b>R.O.W. ACQUISITION:</b>		<b># PLATS: [ 4 ]</b>	FY 18-19	\$0.00
<b>CONTRACTOR:</b>			FY 19-20	\$0.00
<b>CONSTRUCTION ADM:</b>	MSD		FY 20-21	\$0.00
<b>INSPECTION:</b>	MSD		FY 21-22	\$0.00
			FY 22-23	\$0.00
			FY 23-24	\$0.00
<b>PROJECT DESCRIPTION:</b> This project is located in South Asheville on Blake Drive off of Hendersonville Road. The project will replace 1,090 LF of 6-inch and 8-inch VCP. The existing lines are in bad condition and have too many point repairs.			FY 24-25	\$0.00
			FY 25-26	\$0.00
			FY 26-27	\$0.00

**SPECIAL PROJECT NOTES:**



**Hendersonville Road at Blake Drive  
Project No. 2015176**

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 20, 2017

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

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

**PREPARED BY:** Kevin Johnson, P.E. - Planning & Development Manager

**SUBJECT:** Acceptance of Developer Constructed Sewer System for Long Shoals Village Phase 2, MSD Project No. 2016109

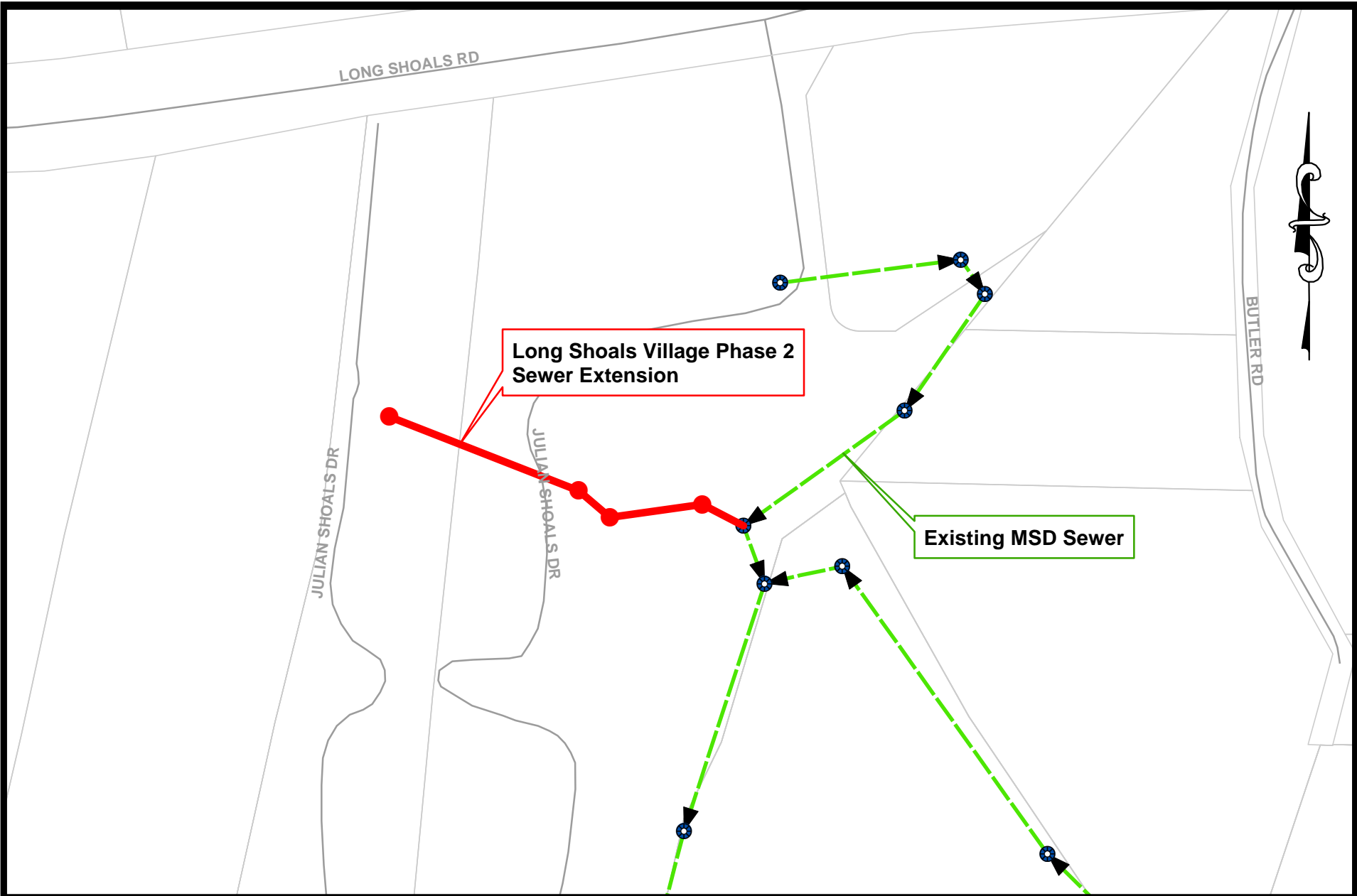
**BACKGROUND:** This project is located inside the District boundary off Long Shoals Road in the City of Asheville. The developer for this project is Carr Swicegood.

The project included extending approximately 332 linear feet of 8-inch public gravity sewer to serve the commercial development.

A wastewater allocation was issued in the amount of 20,000 GPD for the project. The estimated cost of the sewer construction is \$65,000.00.

All MSD requirements have been met.

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



**MSD**  
Engineering Division

## Long Shoals Village Phase 2 Sewer Extension MSD Project # 2016109

Metropolitan Sewerage District of Buncombe County

12/07/17

## **Metropolitan Sewerage District of Buncombe County Board Action Item**

**Meeting Date:** December 20, 2017

**Subject:** Procurement of 444 Rodder Series II Truck Mounted Sectional Rodder Truck – Fleet Replacement

**Prepared by:** Ken Stines; Division Director  
Peter Weed; Division Director  
Julie Willingham, CLGPO; Purchasing Supervisor

**Reviewed by:** Tom Hartye, General Manager  
Billy Clarke, District Counsel  
Scott Powell, CLGFO; Finance Director

**Background:** MSD's policy is to evaluate annually the condition of fleet vehicles using parameters such as age, miles on vehicles, hours on equipment, and repair costs. The purchase of this Rodder Truck will replace an existing truck that was purchased in 2001. The truck to be replaced has been in MSD's fleet for 16 years and has cleaned 1,264,000 lf of sewer line. At the March 9, 2017, Fleet Replacement Committee meeting, the members recommended the purchase of one (1) New Rodder Truck, as presented to this Board for approval. This purchase was included in the FY2017-2018 Budget.

System Service has an on-going preventive maintenance program utilizing a variety of maintenance trucks. This particular truck is a sectional rodder truck that is capable of removing roots, grease and other large type debris that restricts flow in the sewer lines. MSD is required by the State DWQ Collection System Permit to clean 10% of the entire collection system each year (600,000lf). Last year MSD cleaned over 1,000,000LF of sewer line, which the existing rodder truck helped achieve. Sewer Line cleaning plays an important role in the reduction of Sanitary Overflows and customer complaints, as well as increasing the life of the collection system.

**Discussion:** Pursuant to North Carolina Purchasing Statute G.S. 143-129(e)(3) and MSD Purchasing Procedures, MSD, 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 group purchasing program. Sewer Equipment, a manufacturer of Rodder Trucks, was awarded a contract under the NJPA cooperative. Rodders & Jets, Sumter, SC, is the Sewer Equipment authorized distributor for their Southeast territory. The cost per the NJPA contract for the Rodder Truck is \$114,060.77, offering a savings to MSD of over \$5,000.00 from regular dealer pricing. Because the cost of this truck exceeds \$90,000.00, the procurement requires Board approval.

**Fiscal Impact:** The total cost of this contract will be \$114,060.77. \$130,000.00 was budgeted for this item in the FY2017-2018 Fleet Replacement Fund.

**Staff Recommendation:** Staff recommends that the bid from Rodders & Jets be awarded.

**ROBERTS  
& STEVENS**  
ATTORNEYS AT LAW

JOHN S. STEVENS  
MARC RUDOW\*  
WILLIAM CLARKE  
VINCENT D. CHILDRESS, JR.  
GREGORY D. HUTCHINS  
JACKSON D. HAMILTON  
WYATT S. STEVENS  
MARK C. KUROYS\*  
JACQUELINE D. GRANT  
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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ERIC P. EDGERTON  
JOHN W. TOTH  
CAROLYN CLARK SNIPES  
KATHRYN MAULTSBY MADISON

OF COUNSEL  
JAMES W. WILLIAMS  
SHERYL H. WILLIAMS

LONDON ROBERTS  
(1921-2007)

November 7, 2017

Ms. Julie Willingham, CLGPO  
Purchasing Supervisor  
MSD  
2028 Riverside Drive  
Asheville, NC 28804

*Via E-mail: [JWillingham@msdbc.org](mailto:JWillingham@msdbc.org)*

*Re: MSD / Purchase of Sewer Rodder Truck / NJPA Cooperative Contract*

Dear Julie:

It is my understanding that MSD plans to purchase a Sewer Rodder Truck from Piedmont Truck Center pursuant to the National Joint Powers Alliance ("NJPA") Cooperative Contract. The NJPA Cooperative Contract is a program under which trucks and other sewer related equipment is offered to units of local government in North Carolina pursuant to agreed upon prices, terms and conditions. I have reviewed the proposal submitted to MSD. It appears to be in accord with the NJPA Cooperative Contract currently in effect.

This exception to the competitive bidding statute is authorized under N.C. Gen. Stats. 143-129(e) (3). Please let me know if you have questions, or if you need additional information.

Sincerely,

ROBERTS & STEVENS, P.A.

  
William Clarke

BC/sh

**October 16, 2017**

PO #

Product Class:

**NJPA QUOTE**

**WO#**

Distributor: **RODDERS AND JETS SUPPLY CO**

End User: **MSD-BUNCOMBE COUNTY, NC**

Phone: **828-225-8256**

Contact: **JULIE WILLINGHAM**

Email: [jwillingham@msdbc.org](mailto:jwillingham@msdbc.org)

CUSTOMER NJPA#: **18676**



**444 RODDER Series II Trailer Mounted Sectional Rodder**

**Engine & Drive System:**

Honda 24 hp Gas Engine  
Lighted NEMA 4 control panel  
Friction Footage Meter

**Trailer:**

Torsion Axle 6,000 GVWR  
Electric brakes, 2-5/16 ball hitch  
Steel toolbox - street side  
LED D.O.T. approved lighting

**Accessories:**

25' Lightweight Hose Guide  
and Bell w/aluminum couplings  
Single Prong Brace  
Nose Jack Wheel "Caster"  
Two (2) Assembly Wrenches  
One (1) Paper Operator Manual  
Key Ignition Switch

**Rod Group:**

Rod Drive Head System  
Rod Storage Reel  
Steel Shroud, Clear window for Drive Head

**SKID MOUNT (UNIT FOR TRUCK MOUNTING)**

**\$42,386.00 1 \$42,386.00**

LIST PRICE OF SELECTED OPTIONS:	\$22,755.00
LESS NJPA DISCOUNT (enter % →) <b>3%</b>	<b>\$ (1,954.23)</b>
<b>NET PRICE OF UNIT:</b>	<b>\$63,186.77</b>
<b>2018 CHASSIS (F-550 WITH 4X4)</b>	<b>\$48,534.00</b>
<b>ESTIMATED FREIGHT:</b>	<b>\$2,340.00</b>
<b>ESTIMATED TOTAL:</b>	<b>\$ 114,060.77</b>

**OPTIONS INCLUDED:**

LIST PRICE QTY TOTAL

**ROD OPTIONS:**

5/16" x 39" SUPER PREMIUM SECTIONAL ROD (PRICE PER ROD, <b>MAX OF 385 RODS</b> , CONSULT FACTORY FOR REQUESTS OVER THESE MAXIMUM LIMITS)	\$11.86	<b>300</b>	\$3,558.00
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**ENGINE GROUP OPTIONS**

VOLTAGE METER	\$208.00	<b>1</b>	\$208.00
HOUR METER	\$315.00	<b>1</b>	\$315.00

**ILLUMINATION GROUP OPTIONS:**

COMPARTMENT LIGHTING	\$318.00	<b>1</b>	\$318.00
LED FLOOD LIGHT (FACTORY STANDARD)	\$419.00	<b>2</b>	\$838.00
LED ARROW STICK (FACTORY STANDARD)	\$992.00	<b>1</b>	\$992.00

**TRUCK GROUP OPTIONS:**

MOUNT UNIT ON CAB/CHASSIS: INCLUDES HEAVY DUTY CROSS MEMBERS, FULL DECKING, FULL SKIRTING, HANDRAILS, THREE (3) TOOLBOXES AND OPERATOR'S STEP, BUMPER, MUDFLAPS AND PTO DRIVE FROM AN AUTOMATIC TRANS. CAB/CHASSIS	\$12,665.00	<b>1</b>	\$12,665.00
REAR BACK UP CAMERA SYSTEM W/ 7" COLOR MONITOR MOUNTED IN CAB	\$1,009.00	<b>1</b>	\$1,009.00

**MISC. GROUP OPTIONS:**

CUMULATIVE FOOTAGE METER.	\$411.00	<b>1</b>	\$411.00
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INDEPENDENT RELIEF VALVES AND GAUGES FOR FORWARD/REVERSE	\$1,027.00	1	\$1,027.00
SIX (6) 18" D.O.T. SAFETY CONES AND HOLDER	\$349.00	1	\$349.00
<b>RODDING TOOLS &amp; SAWS OPTIONS:</b>			
TOOLS	\$1,065.00	1	\$1,065.00



Home > Cooperative Purchasing > Contracts - Fleet > Public Utility & Airport Equipment > Sewer Equipment



## Sewer Equipment



**Contract#:** 022014-SCA

**Category:** Public Utility & Airport Equipment

**Description:** Sewer Cleaning and Hydro Excavating Equipment

**Maturity Date:** 03/18/2018

Sewer Equipment, formerly Sewer Equipment Co. of America, is the new corporate home of Ramvac Hydro Excavators, Mongoose Jetters, Sewer Equipment Co. of America and Vacmasters by Sewer Equipment. With 75 years of experience, Sewer Equipment and its brands proudly provide customers with the highest quality truck and trailer jetters, combination sewer cleaners, easement machines, hydro and air excavators, rodders and bucket machines. We stand behind our commitment to providing the "Best Products, Best Local Support".

Overview

Contract Documentation

Pricing

Marketing Materials

NJPA Contact Information

### **HOW TO PURCHASE**

Our step-by-step guide



### **Vendor Contact Info**

Tom Hochmuth

Direct Phone: 815-342-1700

[tomhochmuth@sewerequipment.com](mailto:tomhochmuth@sewerequipment.com)

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

# Metropolitan Sewerage District of Buncombe County

## BOARD INFORMATIONAL ITEM

**Meeting Date:** December 20, 2017

**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, 2017

### **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, 2017 were \$79,163,511. The detailed listing of accounts is available upon request. The average rate of return for all investments is 0.830%. 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, 2017 do not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of October 31, 2017 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$30,072,429.

<b>Total Cash &amp; Investments as of 10/31/2017</b>		79,163,511
<b>Less:</b>		
Budgeted Commitments (Required to pay remaining FY18 budgeted expenditures from unrestricted cash)		
Construction Funds	(23,826,509)	
Operations & Maintenance Fund	<u>(11,409,331)</u>	
		(35,235,840)
Bond Restricted Funds		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(30,719)	
FY18 Principal & Interest Due	<u>(8,495,504)</u>	
		(8,526,223)
District Reserve Funds		
Fleet Replacement	(607,413)	
Pump Replacement	(49,916)	
WWTP Replacement	(452,714)	
Maintenance Reserve	<u>(966,246)</u>	
		(2,076,289)
District Insurance Funds		
General Liability	(308,559)	
Worker's Compensation	(193,673)	
Post-Retirement Benefit	(1,646,143)	
Self-Funded Employee Medical	<u>(1,104,355)</u>	
		(3,252,730)
<b>Designated for Capital Outlay</b>		<u><u>30,072,429</u></u>

### **Staff Recommendation**

None. Information Only.

**Action Taken**

**Motion by:**

**Second by:**

**Other:**

**Follow-up Required:**

to

**Approve  
Table**

**Person Required:**

**Disapprove**

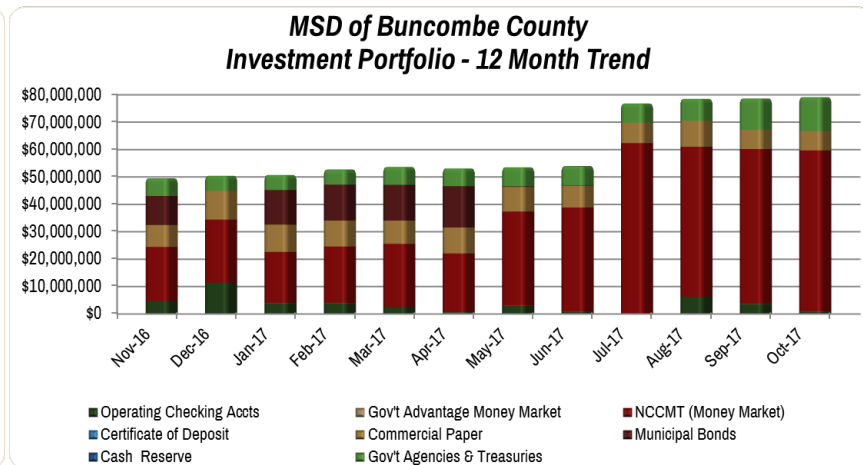
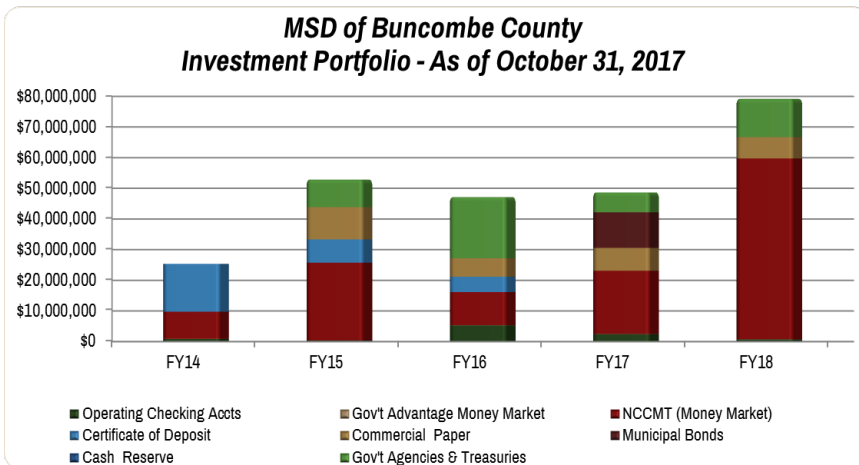
**Send to Committee**

**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
<b>Held with Bond Trustee</b>	\$ -	\$ -	\$ 7,660,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,660,695
<b>Held by MSD</b>	748,183	46,675	51,258,846	-	6,985,102	-	-	12,464,010	71,502,816
<b>Total</b>	<b>\$ 748,183</b>	<b>\$ 46,675</b>	<b>\$ 58,919,541</b>	<b>\$ -</b>	<b>\$ 6,985,102</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,464,010</b>	<b>\$ 79,163,511</b>

Investment Policy Asset Allocation	Maximum Percent	Actual Percent	
U.S. Government Treasuries, Agencies and Instrumentalities	100%	15.74%	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 1.14% is exceeding the YTM benchmarks of the 6 month T-Bill and NCCMT Cash Portfolio.
Commercial Paper	20%	8.82%	
Municipal Bonds	100%	0.00%	
North Carolina Capital Management Trust	100%	74.43%	
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		0.95%	
Gov't Advantage Money Market		0.06%	



**Board Meeting:** December 20, 2017

**Subject:** Cash Commitment/Investment Report-Month Ended October 31, 2017

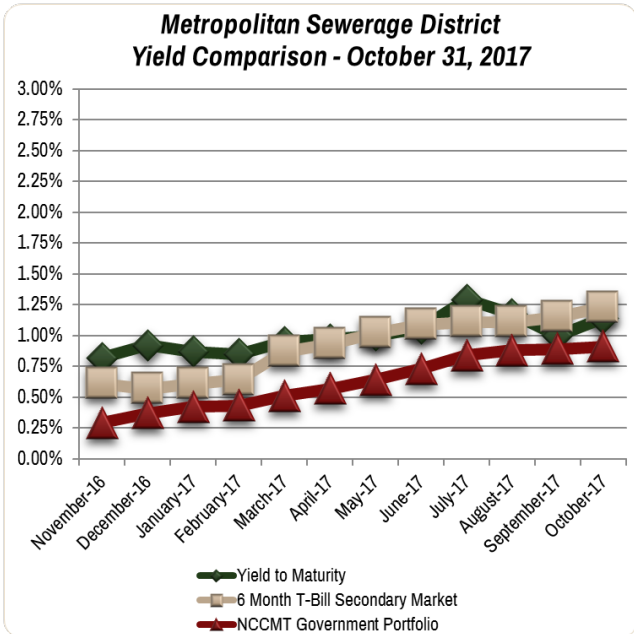
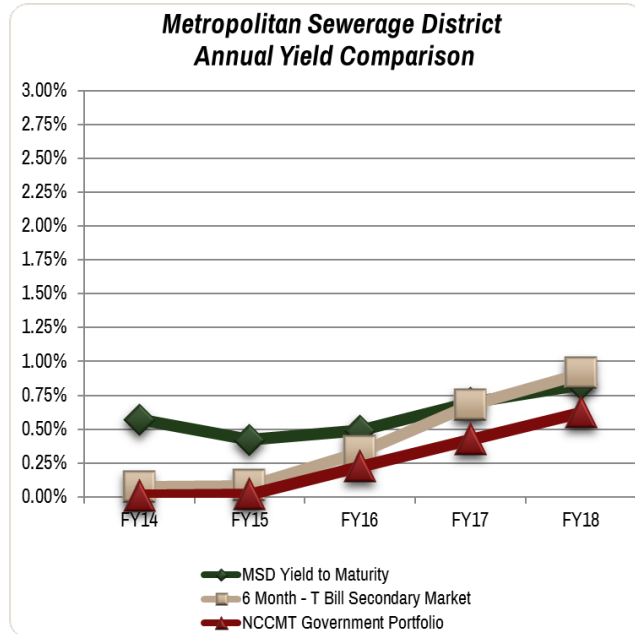
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**METROPOLITAN SEWERAGE DISTRICT  
INVESTMENT MANAGERS' REPORT  
At October 31, 2017**

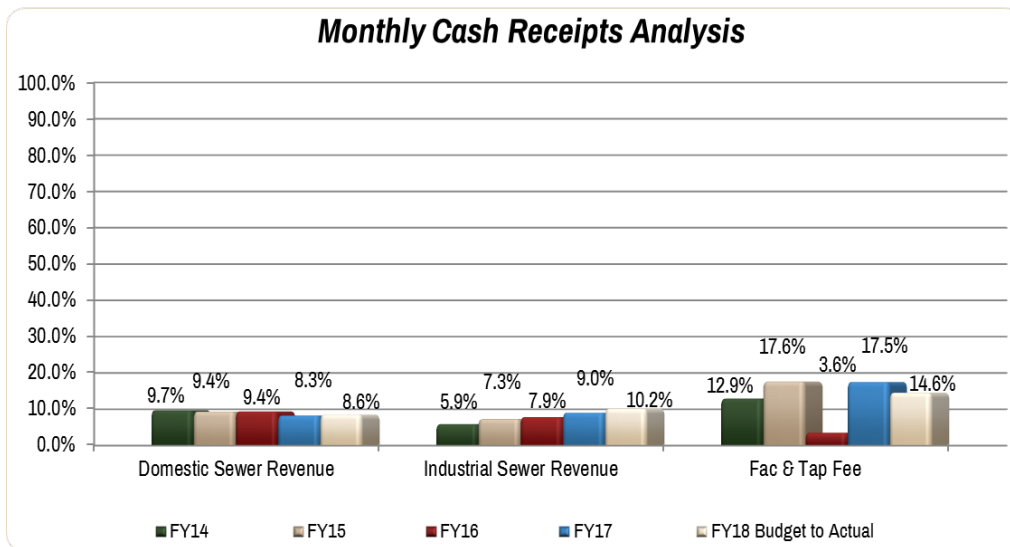
<b>Summary of Asset Transactions</b>			
	<b>Original Cost</b>	<b>Market</b>	<b>Interest Receivable</b>
Beginning Balance	\$ 64,980,031	\$ 64,996,410	\$ 61,770
Capital Contributed (Withdrawn)	3,484,801	3,484,801	
Realized Income	52,317	52,317	(6,000)
Unrealized/Accrued Income	450	4,361	10,128
Ending Balance	\$ 68,517,599	\$ 68,537,889	\$ 65,898

<b>Value and Income by Maturity</b>			
	<b>Original Cost</b>	<b>Income</b>	
Cash Equivalents <91 Days	\$ 56,058,831	\$ 49,750	
Securities/CD's 91 to 365 Days	6,962,868	6,179	
Securities/CD's > 1 Year	5,495,900	4,877	
	\$ 68,517,599	\$ 60,806	

<b>Month End Portfolio Information</b>	
Weighted Average Maturity	105
Yield to Maturity	1.14%
6 Month T-Bill Secondary Market	1.23%
NCCMT Government Portfolio	0.91%

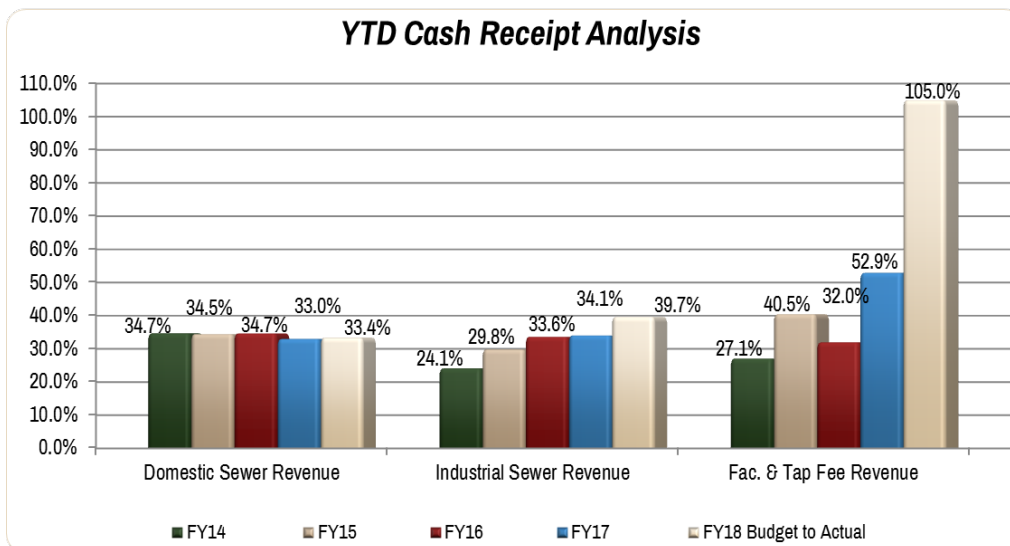


**METROPOLITAN SEWERAGE DISTRICT  
ANALYSIS OF CASH RECEIPTS  
As of October 31, 2017**



**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:**

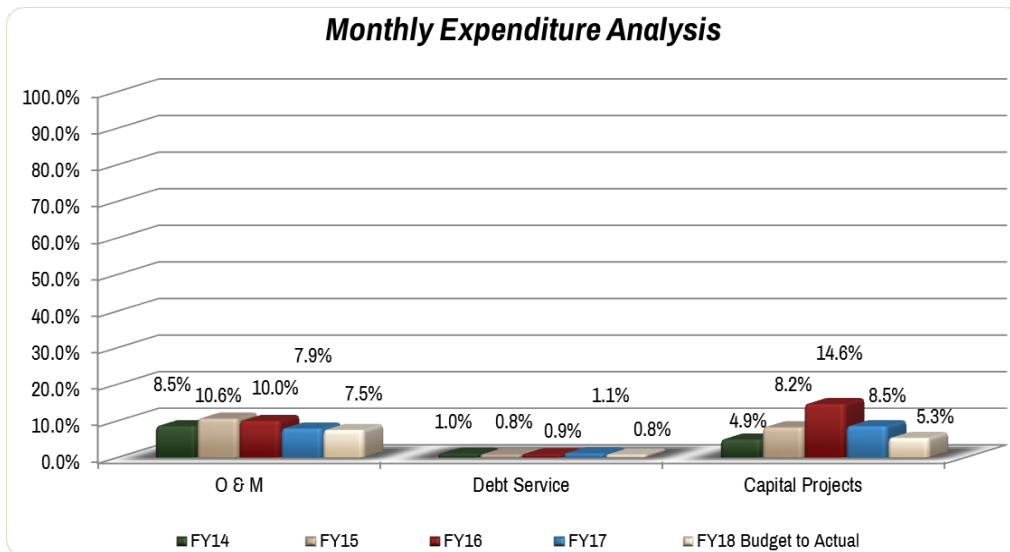
- ◀ YTD domestic sewer revenue is considered reasonable based on historical trends.
- ◀ YTD industrial sewer revenue is reasonable based on historical trends.
- ◀ Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap fee revenue reasonable.

**Board Meeting:** December 20, 2017

**Subject:** Cash Commitment/Investment Report-Month Ended October 31, 2017

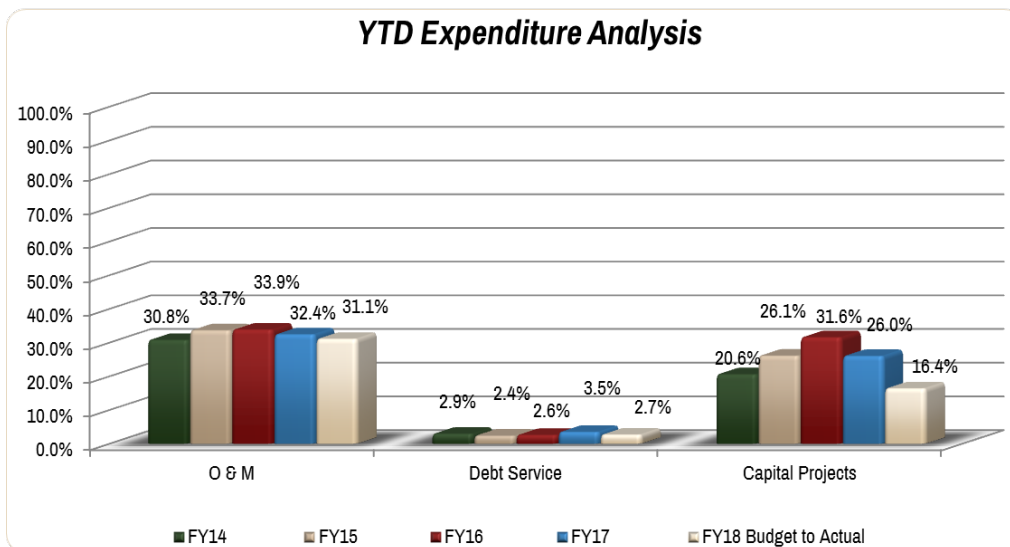
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**METROPOLITAN SEWERAGE DISTRICT  
ANALYSIS OF EXPENDITURES  
As of October 31, 2017**



**Monthly Expenditure Analysis:**

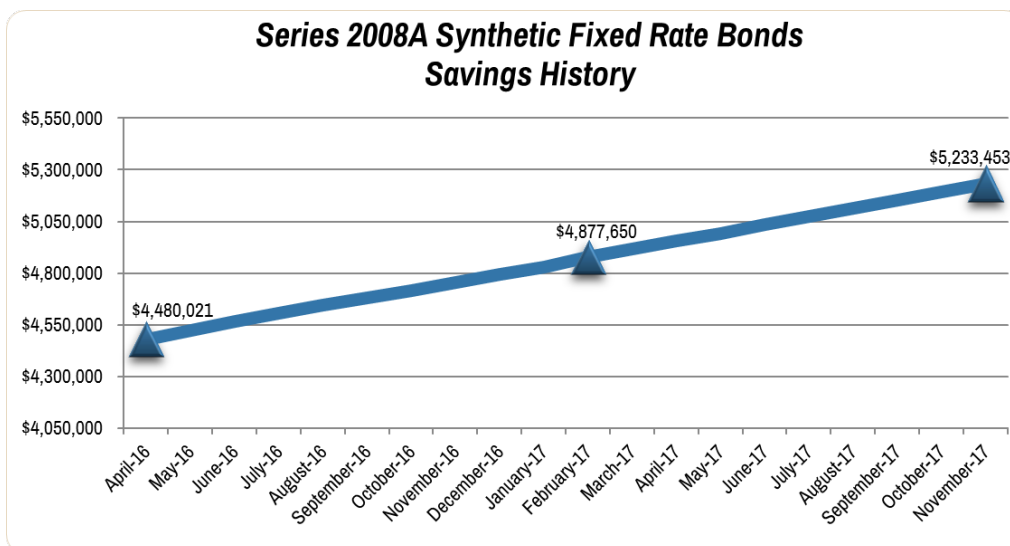
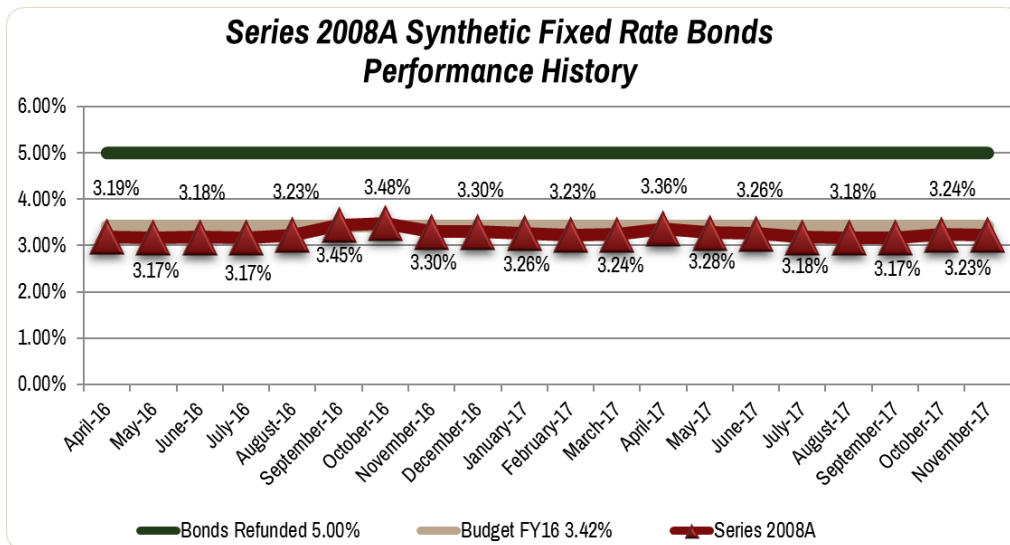
- Monthly O&M expenditures are considered reasonable based on historical trends and timing of expenditures in the current year.
- Due to the nature of the variable rate bond market, monthly expenditures can vary year to year. Based on current variable interest rates, monthly debt service expenditures 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 November 30, 2017**



**Series 2008A:**

- Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$5,233,453 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 \$3,472,731 to terminate the existing Bank of America Swap Agreement.

# Metropolitan Sewerage District of Buncombe County

## BOARD ACTION ITEM

**Meeting Date:** December 20, 2017  
**Submitted By:** Thomas E. Hartye, PE., General Manager  
**Prepared By:** W. Scott Powell, CLGFO, Director of Finance  
**Reviewed By:** Billy Clarke, District Counsel  
**Subject:** Consideration of Auditing Services Contract for FY2018

### **Background**

The external auditor is charged with providing an opinion on the District's financial statements prepared by management. The opinion is subject to governmental auditing standards issued by the Comptroller General of the United States. Additionally, the external auditor informs the Board of any audit findings and/or difficulties incurred through the audit process.

In the summer of 2015, staff issued an RFP for auditing services. Cherry, Bekaret LLP (CB) was chosen due to their audit approach, the firms staffing, turnover rate, and notably the governmental utility experience in North Carolina. At the September 16, 2015 Board Meeting, the Board approved Cherry Bekaret, LLP as auditors.

### **Discussion**

CB takes a rotating partner approach to government and utility engagements. Every two to five years a new partner is assigned to the engagement. CB believes that this approach ensures that industry standards as well as technical auditing standards are being evaluated at the highest levels. Additionally, CB believes this approach ensures client/auditor independence. Staff believes having a rotating partner approach has helped in refining internal controls and departmental practices.

CB has a large staff that lessens the potential for the risk of delays due to illnesses and resignations. The staff assigned to our engagement has appropriate education and experience. They have coordinated very well with the District's staff to ensure the audit's completion in a timely fashion.

Finally, CB has a wide range of clients with 150 current local governments, authorities and public agencies audit clients across the Southeast U.S., including (9) North Carolina utilities; (9) North Carolina counties (including Durham, Cumberland, Forsyth, Guilford, and Mecklenburg) and (11) North Carolina cities/towns (including Asheville, Cary, Charlotte, Greensboro, Fayetteville, Raleigh, and Winston-Salem), many of which have either water or sewer funds.



**Meeting Date:** December 20, 2017

**Subject:** Consideration of Auditing Services Contract for FY2018

**Fiscal Impact**

The combined audit fees and reimbursable expenses of \$47,000 (See attached engagement letter and audit contract) will be included in the FY2019 budget. CB will continue to work hard to control expenses, and pass on any additional savings to the District.

**Staff Recommendation**

Staff recommends approval of the FY2018 audit contract with Cherry Bekaert, LLP, contingent upon review and approval of District counsel.

**Action Taken**

**Motion by:**

**to**

**Approve**

**Disapprove**

**Second by:**

**Table**

**Send to Committee**

**Other:**

**Follow-up required:**

**Person responsible:**

**Deadline:**

December 4, 2017

The Board of Directors  
Metropolitan Sewerage District of Buncombe County, North Carolina  
c/o Mr. W. Scott Powell, Director of Finance  
2028 Riverside Drive  
Asheville, North Carolina 28804

Dear Mr. Powell:

This engagement letter between Metropolitan Sewerage District of Buncombe County, North Carolina (hereafter referred to as the “District”) and Cherry Bekaert LLP (the “Firm” or “Cherry Bekaert” or “we” or “us” or “our”) sets forth the nature and scope of the services we will provide, the District’s required involvement and assistance in support of our services, the related fee arrangements and other Terms and Conditions, which are attached hereto and incorporated by reference, designed to facilitate the performance of our professional services and to achieve the mutually agreed upon objectives of the District.

### **SUMMARY OF SERVICES**

We will provide the following services to the District as of and for the year ended June 30, 2018:

#### **Audit and attestation services**

1. We will audit the basic financial statements of the District as of and for the year ended June 30, 2018.
2. The introductory and statistical section accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements and our auditor’s report will not provide an opinion or any assurance on that information.
3. We will audit the supplementary information other than the required supplementary information (RSI) accompanying the District’s basic financial statements. As part of our engagement, we will apply certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves.
4. We will apply limited procedures to management’s discussion and analysis (MD&A) which will consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements.

### **YOUR EXPECTATIONS**

As part of our planning process, we have discussed with you your expectations of Cherry Bekaert, changes that occurred during the year, your views on risks facing you, any relationship issues with Cherry Bekaert, and specific engagement arrangements and timing. Our services plan, which includes our audit plan, is designed to provide a foundation for an effective, efficient, and quality-focused approach to accomplish the engagement objectives and meet or exceed the District’s expectations. Our service plan will be reviewed with you periodically and will serve as a benchmark against which you will be able to measure our performance. Any additional services that you may request, and that we agree to provide, will be the subject of separate written arrangements.

## Metropolitan Sewerage District of Buncombe County, North Carolina

December 4, 2017

Page 2

The District recognizes that our professional standards require that we be independent from the District in our audit of the District's financial statements and our accompanying report in order to ensure that our objectivity and professional skepticism have not been compromised. As a result, we cannot enter into a fiduciary relationship with the District and the District should not expect that we will act only with due regard to the District's interest in the performance of this audit and the District should not impose on us special confidence that we will conduct this audit with only the District's interest in mind. Because of our obligation to be independent of the District, no fiduciary relationship will be created by this engagement or audit of the District's financial statements.

The engagement will be led by Matthew Socha, who will be responsible for assuring the overall quality, value, and timeliness of the services provided to you.

### AUDIT AND ATTESTATION SERVICES

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

- Internal control over financial reporting and compliance with the provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996, Uniform Grant Guidance, *Audits of States, Local Governments, and Non-Profit Organizations and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance")*.

The report on internal control and compliance will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of the engagement, we will communicate to District's management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and will include tests of accounting records and other procedures as deemed necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of District's financial statements. We cannot provide assurance that an unmodified opinion will be

expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express opinions or issue reports, or may withdraw from this engagement.

#### **DISTRICT'S MANAGEMENT'S RESPONSIBILITIES RELATED TO THE AUDIT**

The District's management is responsible for designing, implementing, and maintaining effective internal controls, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that the District's management and financial information is reliable and properly reported. The District's management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

The District's management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which it is aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) the District's management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or other. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary

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

**December 4, 2017**

**Page 4**

information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

You agree to assume all the District's management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

The Firm will rely on the District's management providing these representations to us, both in the planning and performance of the audit, and in considering the fees that we will charge to perform the audit. Because we will be relying on Management's representations, you agree that the District will indemnify the Firm, and its partners and employees, and hold them harmless from all claims, liabilities, losses, and costs arising in circumstances where there has been a known misrepresentation by an officer or employee of the District regardless of whether such officer or employee was acting in the District's interest, and *even if the Firm acted negligently or wrongfully in failing to uncover or detect such misrepresentation*. This indemnification will survive termination of this letter.

**FEES**

The following summarizes the fees for the services described above:

<b><u>Description of Services</u></b>	<b><u>Estimated Fee</u></b>
<b>Audit services</b>	
Audit of the financial statements	\$47,000

The fees will be billed periodically. Invoices are due on presentation. A service charge will be added to past due accounts equal to 1-1/2% per month (18% annually) on the previous month's balance less payments received during the month, with a minimum charge of \$2.00 per month.

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

**December 4, 2017**

**Page 5**

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

Sincerely,

**CHERRY BEKAERT LLP**

*Cherry Bekaert LLP*

ATTACHMENT – Engagement Letter Terms and Conditions

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Metropolitan Sewerage District of Buncombe County, North Carolina

ACCEPTED BY: \_\_\_\_\_

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

**Cherry Bekaert LLP**  
**Engagement Letter Terms and Conditions**

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The following terms and conditions are an integral part of the attached engagement letter and should be read in their entirety in conjunction with your review of the letter.

**LIMITATIONS OF THE AUDIT REPORT**

Should the District wish to include or incorporate by reference these financial statements and our report thereon into *any* other document at some future date, we will consider granting permission to include our report into another such document at the time of the request. However, we may be required by generally accepted auditing standards (“GAAS”) to perform certain procedures before we can give our permission to include our report in another document such as an annual report, private placement, regulator filing, official statement, offering of debt securities, etc. You agree that the District will not include or incorporate by reference these financial statements and our report thereon, or our report into any other document without our prior written permission. In addition, to avoid unnecessary delay or misunderstandings, it is important to provide us with timely notice of your intention to issue any such document.

**LIMITATIONS OF THE AUDIT PROCESS**

In conducting the audit, we will perform tests of the accounting records and such other procedures as we consider necessary in the circumstances to provide a reasonable basis for our opinion on the financial statements. We also will assess the accounting principles used and significant estimates made by the District’s management, as well as evaluate the overall financial statement presentation.

Our audit will include procedures designed to obtain reasonable assurance of detecting misstatements due to errors or fraud that are material to the financial statements. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. For example, audits performed in accordance with GAAS are based on the concept of selective testing of the data being examined and are, therefore, subject to the limitation that material misstatements due to errors or fraud, if they exist, may not be detected. Also, an audit is not designed to detect matters that are immaterial to the financial statements. In addition, an audit conducted in accordance with GAAS does not include procedures specifically designed to detect illegal acts having an indirect effect (e.g., violations of fraud and abuse statutes that result in fines or penalties being imposed on the District) on the financial statements.

Similarly, in performing our audit we will be aware of the possibility that illegal acts may have occurred. However, it should be recognized that our audit provides no assurance that illegal acts generally will be detected, and only reasonable assurance that illegal acts having a direct and material effect on the determination of financial statement amounts will be detected. We will inform you with respect to errors and fraud, or illegal acts that come to our attention during the course of our audit unless clearly inconsequential. In the event that we have to consult with the District’s counsel or counsel of our choosing regarding any illegal acts we identify, additional fees incurred may be billed to the District. You agree that the District will cooperate fully with any procedures we deem necessary to perform with respect to these matters.

We will issue a written report upon completion of our audit of the District’s consolidated financial statements. If, for any reason, we are unable to complete the audit, or are unable to form, or have not formed an opinion on the financial statements, we may decline to express an opinion or decline to issue a report as a result of the engagement. We will notify the appropriate party within your organization of our decision and discuss the reasons supporting our position.

**AUDIT PROCEDURES – GENERAL**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve professional judgment about the number of

transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the District's management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by the District's management or employees acting on behalf of the District. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of the District's management of any material errors and fraud, or illegal acts that come to our attention during the course of our audit. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditor is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditor.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors and financial institutions. We will request written representations from the District's attorneys as part of the engagement, and they may bill the District for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **AUDIT PROCEDURES – INTERNAL CONTROLS**

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

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

#### **AUDIT PROCEDURES - COMPLIANCE**

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the District's compliance with provisions of applicable laws and regulations, contracts and agreements, including grant agreements. However, the objective of those



procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **NON-ATTEST SERVICES (IF APPLICABLE)**

All non-attest services to be provided in the attached engagement letter (if applicable) shall be provided pursuant to the AICPA Code of Professional Conduct. The AICPA Code of Professional Conduct requires that we establish objectives of the engagement and the services to be performed, which are described under non-attest services in the attached letter.

You agree that the District's designated individual will assume all the District's management responsibilities for the nonattest services we provide; oversee the services by designating an individual, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them. In order to ensure we provide such services in compliance with all professional standards, the designated individual is responsible for-

- Making all financial records and related information available to us.
- Ensuring that all material information is disclosed to us.
- Granting unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
- Identifying and ensuring that such non-attest complies with the laws and regulations.

The accuracy and appropriateness of such non-attest services shall be limited by the accuracy and sufficiency of the information provided by the District's designated individual. In the course of providing such non-attest services, we may provide professional advice and guidance based on knowledge accounting, tax and other compliance, and of the facts and circumstances as provided by the District's designated individual. Such advice and guidance shall limited as permitted under the Code of Professional Conduct.

### **COMMUNICATIONS**

At the conclusion of the audit engagement, we may provide the District's management and those charged with governance a letter stating any significant deficiencies or material weaknesses which may have been identified by us during the audit and our recommendations designed to help the District make improvements in its internal control structure and operations related to the identified matters discovered in the financial statement audit. As part of this engagement we will ensure that certain additional matters are communicated to the appropriate members of the District. Such matters include (1) our responsibility under GAAS; (2) the initial selection of and changes in significant accounting policies and their application; (3) our independence with respect to the District; (4) the process used by District's management in formulating particularly sensitive accounting estimates and the basis for our conclusion regarding the reasonableness of those estimates; (5) audit adjustments, if any, that could, in our judgment, either individually or in the aggregate be significant to the financial statements or our report; (6) any disagreements with the District's management concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements; (7) our views about matters that were the subject of the District's management's consultation with other accountants about auditing and accounting matters; (8) major issues that were discussed with the District's management in connection with the retention of our services, including, among other matters, any discussions regarding the application of accounting principles and auditing standards; and (9) serious difficulties that we encountered in dealing with the District's management related to the performance of the audit.

### **OTHER MATTERS**

#### **Access to working papers**

The working papers and related documentation for the engagement are the property of the Firm and constitute confidential information. We have a responsibility to retain the documentation for a period of time to satisfy legal or regulatory requirements for records retention. It is our policy to retain all

workpapers and client information for seven years from the date of issuance of the report. It is our policy to retain emails and attachments to emails for a period of 15 months, except as required by any governmental regulation. Except as discussed below, any requests for access to our working papers will be discussed with you prior to making them available to requesting parties. Any parties seeking access to our working papers must agree to sign our standard access letter.

We may be requested to make certain documentation available to regulators, governmental agencies (e.g., SEC, PCAOB, HUD, DOL, etc.) or their representatives ("Regulators") pursuant to law or regulations. If requested, access to the documentation will be provided to the Regulators. The Regulators may intend to distribute to others, including other governmental agencies, our working papers and related documentation without our knowledge or express permission. You hereby acknowledge and authorize us to allow Regulators access to and copies of documentation as requested. In addition, our Firm, as well as all other major accounting firms, participates in a "peer review" program covering our audit and accounting practices as required by the American Institute of Certified Public Accountants. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for the District may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If you object to having the work we do for you reviewed by our peer reviewer, please notify us in writing.

### **Electronic transmittals**

During the course of our engagement, we may need to electronically transmit confidential information to each other, within the Firm, and to other entities engaged by either party. Although email is an efficient way to communicate, it is not always a secure means of communication and thus, confidentiality may be compromised. As an alternative, we recommend using our Client Portal ("Portal") to transmit documents. Portal allows the District, us, and other involved entities to upload and download documents in a secure location. You agree to the use of email, Portal, and other electronic methods to transmit and receive information, including confidential information between the Firm, the District, and other third party providers utilized by either party in connection with the engagement.

### **Subpoenas**

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

### **Dispute resolution procedures**

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

### **Waiver of Trial by Jury**

In the event the parties are unable to successfully mediate any dispute, controversy or claim, the parties agree to WAIVE TRIAL BY JURY and agree that the court will hear any matter without a jury.

### **TERMS AND CONDITIONS SUPPORTING FEE**

The estimated fees set forth in the attached engagement letter are based on anticipated full cooperation from the District's personnel, timely delivery of requested audit schedules and supporting information, timely communication of all significant accounting and financial reporting matters, the assumption that

unexpected circumstances will not be encountered during the audit, as well as working space and clerical assistance as mutually agreed upon and as is normal and reasonable in the circumstances. We strive to ensure that we have the right professionals scheduled on each engagement. As a result, sudden District requested scheduling changes or scheduling changes necessitated by the agreed information not being ready on the agreed upon dates can result in expensive downtime for our professionals. Any last minute schedule changes that result in downtime for our professionals could result in additional fees. Our estimated fee does not include assistance in bookkeeping or other accounting services not previously described. If for any reason the District is unable to provide such schedules, information and assistance, the Firm and the District will mutually revise the fee to reflect additional services, if any, required of us to achieve these objectives.

The estimated fees contemplate that the District will provide adequate documentation of its systems and controls related to significant transaction cycles and audit areas.

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

The estimated fees are based on auditing and accounting standards effective as of the date of this engagement letter and known to apply to the District at this time, but do not include any time related to the application of new auditing or accounting standards that impact the District for the first time. If new auditing or accounting standards are issued subsequent to the date of this letter and are effective for the period under audit, we will estimate the impact of any such standard on the nature, timing and extent of our planned audit procedures and will communicate with the District concerning the scope of the additional procedures and the estimated fees.

The District agrees to pay all costs of collection (including reasonable attorneys' fees) that the Firm may incur in connection with the collection of unpaid invoices. In the event of nonpayment of any invoice rendered by us, we retain the right to (a) suspend the performance of our services, (b) change the payment conditions under this engagement letter, or (c) terminate our services. If we elect to suspend our services, such services will not be resumed until your account is paid. If we elect to terminate our services for nonpayment, the District will be obligated to compensate us for all time expended and reimburse us for all expenses through the date of termination.

This engagement letter sets forth the entire understanding between the District and the Firm regarding the services described herein and supersedes any previous proposals, correspondence, and understandings whether written or oral. Any subsequent changes to the terms of this letter, other than additional billings, will be rendered in writing and shall be executed by both parties. Should any portion of this engagement letter be ruled invalid, it is agreed that such invalidity will not affect any of the remaining portions.

## System Review Report

January 10, 2017

To the Partners of Cherry Bekaert LLP  
And the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Cherry Bekaert LLP (the firm), applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and SOC 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Cherry Bekaert LLP, applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Cherry Bekaert LLP has received a peer review rating of *pass*.

*EisnerAmper LLP*  
EisnerAmper LLP  
Iselin, NJ

January 13, 2017

Howard Joseph Kies  
Cherry Bekaert LLP  
200 S 10th St Ste 900  
Richmond, VA 23219

Dear Mr. Kies:

It is my pleasure to notify you that on January 12, 2017 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is October 31, 2019. This is the date by which all review documents should be completed and submitted to the administering entity.

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

Sincerely,



Michael Fawley  
Chair—National PRC  
nprc@aicpa.org 919 4024502

cc: Marc T. Fogarty; Raymond R Quintin

Firm Number: 10011816

Review Number 451036

Letter ID: 1139057A

**CONTRACT TO AUDIT ACCOUNTS**Of Metropolitan Sewerage District of Buncombe County, North Carolina

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

On this 4th day of December, 2017,Auditor: Cherry Bekaert LLP Auditor Mailing Address: 1111 Metropolitan Ave.Suite 1000, Charlotte, NC 28204

Hereinafter referred to as The Auditor

and Board Members (Governing Board(s)) of Metropolitan Sewerage District of Buncombe County, North Carolina

(Primary Government)

and N/A: hereinafter referred to as the Governmental Unit(s), agree as follows:  
(Discretely Presented Component Unit)

1. The Auditor shall audit all statements and disclosures required by accounting principles generally accepted in the United States of America (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit (s) for the period beginning July 1, 2017, and ending June 30, 2018. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with auditing standards generally accepted in the United States of America. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board). **County and Multi-County Health Departments:** The Office of State Auditor (OSA) will require Auditors of these Governmental Units to perform agreed upon procedures (AUPs) on eligibility determination on certain programs. Both Auditor and Governmental Unit agree that Auditor shall complete and report on these AUPs on Eligibility Determination as required by OSA and in accordance with the instructions and timeline provided by OSA.
3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's Auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unqualified opinion being rendered. If during the process of conducting the audit the Auditor determines that it will not be possible to render an unqualified opinion on the financial statements of the unit, the Auditor shall contact the SLGFD staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

**Contract to Audit Accounts (cont.)** Metropolitan Sewerage District of Buncombe County, North Carolina  
Primary Government Unit  
N/A  

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Discretely Presented Component Unit (DPCU) if applicable

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract. **If the audit firm received a peer review rating other than pass**, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to Government Accounting Standards or if financial statements are not prepared in accordance with GAAP and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the SLGFD within four months of fiscal year end.  
Audit report is due on October 31, 2018. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. **Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC.** (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoices shall be sent via upload through the current portal address: <http://nctreasurer.slgfd.leapfile.net> Subject line should read "Invoice – [Unit Name]". The PDF invoice marked 'approved' with approval date shall be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. In consideration of the satisfactory performance of the provisions of this contract, the Primary Government shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. (**Note: Fees listed on Fees page.**) This does not include fees for any Pre-Issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item #12).
10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall submit to the SLGFD either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue

**Contract to Audit Accounts (cont.)** Metropolitan Sewerage District of Buncombe County, North Carolina  
Primary Government Unit  
N/A  

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Discretely Presented Component Unit (DPCU) if applicable

bond rate covenant. Additionally, the Auditor shall submit to the SLGFD simultaneously with the Governmental Unit's audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the fiscal year end.
12. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit shall not be billed for the pre-issuance review. The pre-issuance review shall be performed **prior** to the completed audit being submitted to the SLGFD. The pre-issuance review report shall accompany the audit report upon submission to the SLGFD.
13. The Auditor shall electronically submit the report of audit to the SLGFD as a text-based PDF file when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. **Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit report Reissuance form.** These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings, by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit without subsequent consent of the Auditor. If the SLGFD determines that corrections need to be made to the Governmental Unit's financial statements, those corrections shall be provided within three days of notification unless another deadline is agreed to by the SLGFD.

If the OSA designates certain programs to be audited as major programs, as discussed in item #2, a turnaround document and a representation letter addressed to the OSA shall be submitted to the SLGFD.

The SLGFD's process for submitting contracts, audit reports and invoices is subject to change. Auditors shall use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be amended for any reason, the change shall be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee. This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted through the audit contract portal to the Secretary of the LGC for approval. The portal address to upload the amended contract is <http://nctreasurer.slgfd.leapfile.net> No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.



16. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit shall be attached to the contract, and by reference here becomes part of the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item #23 of this contract. Engagement letters containing indemnification clauses shall not be accepted by the SLGFD.
  17. Special provisions should be limited. Please list any special provisions in an attachment.
  18. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the parent government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.
  19. The contract shall be executed, pre-audited, physically signed by all parties including Governmental Unit and the Auditor and then submitted in PDF format to the Secretary of the LGC. The current portal address to upload the contractual documents is <http://nctreasurer.slgfd.leapfile.net>. Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of November 2017. These instructions are subject to change. Please check the NC Treasurer's web site at <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx> for the most recent instructions.
  20. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. **The audit should not be started before the contract is approved.**
  21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
  22. **E-Verify.** Auditor **shall comply** with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor **shall require** such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.
  23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item #16 for clarification). N/A
- 
- 

***SIGNATURE PAGES FOLLOW FEES PAGE***

Contract to Audit Accounts (cont.) Metropolitan Sewerage District of Buncombe County, North Carolina  
Primary Government Unit  
N/A  
Discretely Presented Component Unit (DPCU) if applicable

**FEES – PRIMARY GOVERNMENT**

AUDIT: \$ 47,000

WRITING FINANCIAL STATEMENTS: \$ N/A

ALL OTHER NON-ATTEST SERVICES: \$ N/A

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Governmental Auditing Standards* (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. Financial statement preparation assistance shall be deemed a “significant threat” requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ 35,250  
\*\* NA if there is to be no interim billing

**FEES – DPCU (IF APPLICABLE)**

AUDIT: \$ N/A

WRITING FINANCIAL STATEMENTS: \$ N/A

ALL OTHER NON-ATTEST SERVICES: \$ N/A

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Governmental Auditing Standards* (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. Financial statement preparation assistance shall be deemed a “significant threat” requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ N/A  
\*\* NA if there is to be no interim billing

Contract to Audit Accounts (cont.) Metropolitan Sewerage District of Buncombe County, North Carolina

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

*Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.*

**Audit Firm Signature:**

Cherry Bekaert LLP

Name of Audit Firm

By Matthew Socha

Authorized Audit firm representative name: Type or print

Matthew R. Socha

Signature of authorized audit firm representative

Date 12/4/2017

msocha@cbh.com

Email Address of Audit Firm

**Governmental Unit Signatures:**

Metropolitan Sewerage District of Buncombe C

Name of Primary Government

By

Mayor / Chairperson: Type or print name and title

Signature of Mayor/Chairperson of governing board

Date N/A

By N/A

Chair of Audit Committee - Type or print name

Signature of Audit Committee Chairperson \*\*

Date N/A

*\*\* If Governmental Unit has no audit committee, mark this section "N/A"*

**PRE-AUDIT CERTIFICATE: Required by G.S. 159-28 (a)**

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

By W. Scott Powell

**Primary Government Unit Finance Officer:**

Type or print name

**Primary Government Finance Officer Signature**

Date

*(Pre-audit Certificate **must be dated.**)*

spowell@msdbc.org

**Email Address of Finance Officer**

**Date Primary Government Governing Body Approved Audit Contract - G.S. 159-34(a)**

**\*\*\*Please provide us the most current email addresses available as we use this information to update our contact database\*\*\***

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

**\*\* This page to only be completed by Discretely Presented Component Units If Applicable \*\***

*Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.*

**DPCU Governmental Unit Signatures:**

N/A

Name of Discretely Presented Component Unit

By N/A

DPCU Board Chairperson: Type or print name and title

Signature of Chairperson of DPCU governing board

Date N/A

By N/A

Chair of Audit Committee - Type or print name

Signature of Audit Committee Chairperson \*\*

Date N/A

\*\* If Governmental Unit has no audit committee, mark this section "N/A"

**PRE-AUDIT CERTIFICATE: Required by G.S. 159-28**

(a)

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

By N/A

**DPCU Finance Officer:**

Type or print name

**DPCU Finance Officer Signature**

Date N/A

*(Pre-audit Certificate **must be dated.**)*

N/A

*Email Address of Finance Officer*

**Date DPCU Governing Body Approved Audit Contract - G.S. 159-34(a)**

N/A

**\*\*\*Please provide us the most current email addresses available as we use this information to update our contact database\*\*\***

Contract to Audit Accounts (cont.)	Metropolitan Sewerage District of Buncombe County, North Carolina
	Primary Government Unit
	N/A
Discretely Presented Component Unit (DPCU) if applicable	

### Steps to Completing the Audit Contract

1. Complete the header information – If a DPCU is subject to the audit requirements found in the Local Government Budget and Fiscal Control Act and a separate report is being issued for that DPCU, a separate audit contract for the DPCU is required. If a separate report is not being issued for the DPCU – it is being included in the Primary Government’s audit – the DPCU shall be named with the Primary Government on the audit contract for the Primary Government. The Board Chairperson of the DPCU shall sign the audit contract in addition to the elected leader of the Primary Government.
2. Item No. 1 – Complete the period covered by the audit
3. Item No. 6 – Fill in the audit due date. For Governmental Unit (s), the contract due date can be no later than 4 months after the end of the fiscal year, even though amended contracts may not be required until a later date.
4. Item No. 8 – If the process for invoice approval instructions changed, the Auditor should make sure he and his administrative staff are familiar with the current process. Instructions for each process can be found at the following link. <https://www.nctreasurer.com/sgl/Pages/Audit-Forms-and-Resources.aspx>
5. Item No. 9 –Please note that the new fee section has been moved to page 5.
6. Item No. 16 – Has the engagement letter been attached to the contract that is being submitted to SLGFD?
  - a. Do the terms and fees specified in the engagement letter agree with the Audit contract? *“In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence.”*
  - b. Does the engagement letter contain an indemnification clause? **The audit contract shall not be approved if there is an indemnification clause – refer to LGC Memo # 986.**
7. Complete the fee section for BOTH the Primary Government and the DPCU (if applicable) on the fees page; please note:
  - The cap on interim payments is 75% of the current audit fee for services rendered if the contracted fee amount is a fixed amount. If any part of the fee is variable, interim payments are limited to 75% of the prior year’s total audit fee. If the contract fee is partially variable, we shall compare the authorized interim payment on the contract to 75% of last year’s actual approved total audit fee amount according to our records. There is a report of audit fees paid by each governmental unit on our web site: [https://www.nctreasurer.com/sgl/lfm/audit\\_acct/Pages/default.aspx](https://www.nctreasurer.com/sgl/lfm/audit_acct/Pages/default.aspx) select “audit fees”

Please call or email Lorna Hodge at 919-814-4299 [lorna.hodge@nctreasurer.com](mailto:lorna.hodge@nctreasurer.com) if you have any questions about the fees on this list.

  - For variable fees for services, are the hourly rates or other rates clearly stated in detail? If issued separately in an addendum, has the separate page been acknowledged in writing by the Governmental Unit?

**Contract to Audit Accounts (cont.) Metropolitan Sewerage District of Buncombe County, North Carolina**

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

- For fees for services that are a combination of fixed and variable fees, are the services to be provided for the fixed portion of the fee clearly stated? Are the hourly rates or other rates clearly stated for the variable portion of the fee? (Note: See previous bullet point regarding variable fees.)
  - If there is to be no interim billing, please indicate N/A instead of leaving the line blank.
8. Signature Area – There are now 2 Signature Pages: one for the Primary Government and one for the DPCU. Please only send the page(s) that are applicable to your Unit of Government and do not include the instructions pages. Make sure all signatures have been obtained, and properly dated. **The contract shall be approved by Governing Boards pursuant to G.S. 159-34(a).** If this contract includes the audit for a DPCU that is a Public Authority that falls under the Local Government Budget and Fiscal Control Act, it shall be named in this contract and the Board Chairperson of the DPCU also shall sign the contract in the area indicated. If the DPCU is filing a separate audit, a separate audit contract is required for that DPCU.
9. Please place the date the Primary Government’s Governing Board and the DPCU’s Governing Board (if applicable) approved the audit contract in the space provided.
- a. Please make sure that you provide email addresses for the audit firm and finance officer as these will be used to communicate official approval of the contract.
  - b. Has the pre-audit certificate for the Primary Government (and the DPCU if applicable) been signed and dated by the appropriate party?
  - c. Has the name and title of the Mayor or Chairperson of the Unit’s Governing Board and the DPCU’s Chairperson (if applicable) been typed or printed on the contract and has he/she signed in the correct area directly under the Auditor’s signature?
10. If the Auditor is performing an audit under the yellow book or single audit rules, has year-end bookkeeping assistance been limited to those areas permitted under the revised GAO Independence Standards? Although not required, we encourage Governmental Units and Auditors to disclose the nature of these services in the contract or an engagement letter. Fees for these services should be shown in the space indicated on the fees page.
11. Has the most recently issued peer review report for the audit firm been included with the contract? This is required if the audit firm has received a new peer review report that has not yet been forwarded to us. The audit firm is only required to send the most current Peer Review report to us once – not multiple times.
12. After all the signatures have been obtained and the contract is complete, please convert the contract and all other supporting documentation to PDF. **When submitting for approval combine and send the documents as one PDF file to include the Audit contract, any applicable addendums, the engagement letter and Peer Review Report.** Submit these documents using the most current submission process which can be obtained at the NC Treasurer’s web site <https://www.nctreasurer.com/slg/Audit%20Forms%20and%20Resources/Instructions%20for%20Contract%20Submission.pdf>
13. If an audit cannot be completed by the due date, the Auditor or Governmental Unit shall file an Amended Contract form (Amended LGC-205). This form shall be signed by the Governmental Unit representative and the Auditor. The explanation for the delay in completing the audit is part of this contract amendment form and shall be provided. The parties that signed the original audit contract shall sign the amended contract form as well. If the signing representatives are unable to sign the amended contract, please include an explanation for this in the submitted amended contract form.

# Metropolitan Sewerage District of Buncombe County

## Board Action Item

**BOARD MEETING DATE:** December 20, 2017

**PLANNING COMMITTEE MEETING DATE:** November 15, 2017

**SUBMITTED BY:** Thomas Hartye, PE, General Manager

**SUBJECT:** Consideration of Merging Cane Creek Water and Sewer District with MSD

### **BACKGROUND:**

The recent passage of House Bill 764 amended MSD's enabling legislation to allow Henderson County to have 3 representatives while all other existing local governments would retain their representation in the event MSD allows the Cane Creek Water and Sewer District (CCWSD) to become part of MSD.

At the August 16, Regular Meeting of the MSD Board, Henderson County representatives expressed their desire to have CCWSD consolidate with MSD. The MSD Board asked the Planning Committee to evaluate and make a recommendation to the full Board.

MSD entered into an agreement with Cane Creek Water and Sewer District (CCWSD) in 1988. The agreement was amended in March, and again in October, 1990. Under the agreement, as amended, MSD is obligated to treat up to 1.35 MGD of wastewater. Recent master planning by Henderson County for the CCWSD area estimates a future need of 3.0 million gallons a day.

MSD does not own or operate the collection system in the Cane Creek District. MSD charges the CCWSD customers treatment service charges based upon their usage, but not the flat rate meter fee which is for local collection system maintenance.

CCWSD has operations personnel and contractors to work on the system and charges an additional fee to their customers for maintenance in addition to the MSD treatment charge. CCWSD owns and operates approximately 60 miles of sewer mains and 9 pump stations.

### **DISCUSSION:**

MSD staff has performed some "due diligence" analyses in the last few weeks based upon the information provided by Henderson County thus far. Most of the requested information has been received from Henderson County, however we expect minor adjustments as the remainder of the information is provided. Staff will review the results at the meeting. These analyses confirm findings from due diligence done in 2010 and 2013. Those analyses showed that, considering all operations, assets, and liabilities, the impact to MSD would be minimal and have no rate implications.

In short the real winners are the CCWSD customers. The average residential bill for 5 CCF in CCWSD

is \$39 per month, which would be reduced to \$31 per month, consistent with what customers in the rest of the District pay.

Attached are the following exhibits staff will review at the meeting:

- A ten-year financial model showing CCWSD revenues and expenses.
- A ten-year Capital Improvement Plan.
- A spreadsheet of pump stations showing a condition assessment.

MSD does not typically prepare financial models for each member agency but chose to do so to get a close-up picture of the inputs and outputs of the Cane Creek WSD. Rate assumptions were made to parallel the current model for MSD. When incorporating Cane Creek WSD into the overall MSD model, the impact is *de minimis*.

MSD is currently conducting an engineering study of future interceptor capacity that will serve this area along with South Asheville. It will involve new projects in addition to those already included in the current MSD ten-year CIP.

Due to the relative size of Cane Creek WSD, considerations of both benefits and concerns to the MSD operation are minor, but we have attempted to delineate some of the salient ones below:

Minor Benefits:

- Better coordination of service and planning.
- Better timing and flexibility of Capital Improvements in the CCWSD area.
- Greater operational resources to aid in Customer service and environmental protection.
- Less Cost to CCWSD customers.
- More efficient use of resources.

Minor Concerns:

- Agreement with Fletcher Academy for the \$1.025 million participation in the Mud Creek Interceptor project. This should be renegotiated directly with MSD.
- Billing arrangements/agreements with Henderson County and Hendersonville.
- Receivables
- Personnel transfer
- Timing
- Update estimates for future projects.
- Geopolitical

Taken as a whole with a wide angle view, staff believes that the consolidation would be beneficial in the same way it was back in 1991 with all the other member agencies and special districts.

**RECOMMENDATION:**

That the Planning Committee recommend that the MSD Board approve the attached resolution (last page of this item).

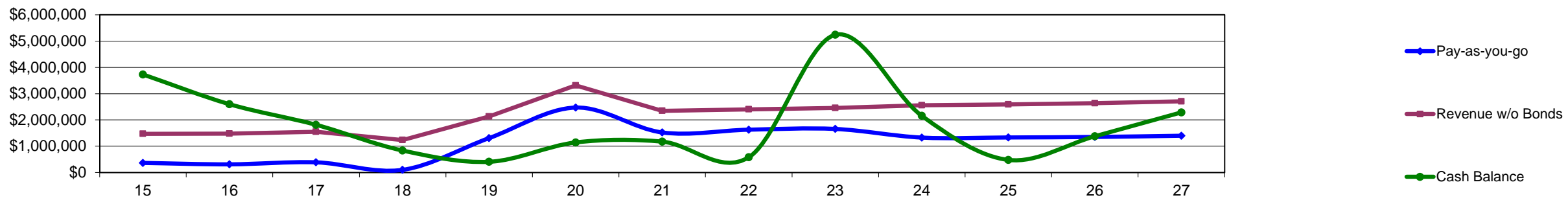


**PLANNING COMMITTEE RECOMMENDATION:** Recommend to the full MSD Board to approve the draft resolution. Vote was unanimously in favor.

**BOARD RECOMMENDATION:** To bring this information prepared by Staff to the Member Agencies for their input and to vote on this resolution at the December Regular Board Meeting. Vote was unanimously in favor.

FY18 Business Plan Cane Creek WSD	2.5%													Sewer Rate Increase
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Average Monthly Bill
July 1- Available for Construction	3,549,578	3,730,391	2,598,232	1,815,257	836,381	408,123	1,144,646	1,175,784	579,752	5,239,006	2,155,969	479,288	1,379,448	<b>Assumptions</b>
<b>REVENUES:</b>														365 Days cash on hand
Domestic Users														No Consumption and Account Growth
Domestic Users - Cane Creek	1,437,204	1,436,976	1,530,122	1,530,122	1,300,000	1,432,500	1,468,313	1,505,020	1,542,646	1,581,212	1,620,742	1,661,261	1,702,792	Fletcher Academy Contribution \$1,025,000
Industrial Users - Cane Creek	0	0	0	-	294,851	307,426	315,112	322,989	331,064	339,341	347,824	356,520	365,433	Fletcher Academy Est. Annual Sewer Revenue \$100,000 Starting 2020
Facility Fees - Cane Creek				12,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	3% Inflation in O&M
Interest & Non-operating Revenues	36,097	41,793	20,942	18,153	8,364	4,081	11,446	11,758	5,798	52,390	21,560	4,793	13,794	O&M Assumptions: - One Operations personnel
Cane Creek Meter Revenue					322,121	330,174	338,428	346,889	355,561	364,450	373,562	382,901	392,473	-Continue Operation Contracts
Billing and Collections (User Fee)					109,597	112,337	115,145	118,024	120,975	123,999	127,099	130,276	133,533	-Billing Cost
Miscellaneous				(324,000)		1,025,000								Cane Creek CIP - 10 YR \$19,133,186
<b>Total Revenues</b>	1,473,301	1,478,769	1,551,064	1,236,275	2,134,933	3,311,518	2,348,444	2,404,681	2,456,043	2,561,392	2,590,787	2,635,751	2,708,026	MSD pays off existing debt of \$297,787
Grants	358,696	200,000	537,339						5,500,000					One time write-off of 120 day old accounts \$324,000
Revenue Bonds/Stimulus														Previous 3 yr. Facility Fee average \$290,000
<b>Total Funds Available</b>	5,381,575	5,409,160	4,686,635	3,051,532	2,971,313	3,719,642	3,493,090	3,580,464	8,535,796	7,800,398	4,746,756	3,115,038	4,087,474	
<b>EXPENDITURES:</b>														
Cane Creek O & M	847,977	918,271	948,184	1,014,313	709,597	730,885	752,811	775,396	798,658	822,617	847,296	872,715	898,896	
Cane Creek Debt Service	259,635	249,352	215,345	120,838	115,705	109,899	72,183			410,021	410,021	410,021	410,021	
CIP (including Bond Projects)	543,572	1,643,305	1,707,849	1,080,000	1,737,888	1,734,212	1,492,312	2,225,316	2,498,132	4,411,790	3,010,151	452,854	490,531	
<b>Total Expenses</b>	1,651,184	2,810,928	2,871,378	2,215,151	2,563,190	2,574,996	2,317,306	3,000,712	3,296,790	5,644,429	4,267,468	1,735,590	1,799,449	
Pay-as-you-go (Current Revenue only)	365,689	311,146	387,535	101,124	1,309,631	2,470,734	1,523,450	1,629,285	1,657,386	1,328,753	1,333,469	1,353,014	1,399,109	
Debt Coverage (User Fees only)	2.4	2.2	2.8	1.7	11.5	22.6	20.7	N/A	N/A	4.0	4.0	4.1	4.2	
Debt Coverage with Total Revenue	2.4	2.2	2.8	1.8	12.3	23.5	22.1	N/A	N/A	4.2	4.3	4.3	4.4	
<b>August 31, 2016</b>														
<b>10-Year Capital Improvement Program</b>														
<b>Active Plan CIP</b>	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	
Cane Creek CIP	543,572	1,643,305	1,707,849	1,080,000	1,737,888	1,734,212	1,492,312	2,225,316	2,498,132	4,411,790	3,010,151	452,854	490,531	
<b>Capital Improvement Program Totals</b>	543,572	1,643,305	1,707,849	1,080,000	1,737,888	1,734,212	1,492,312	2,225,316	2,498,132	4,411,790	3,010,151	452,854	490,531	

**CASH BALANCE & REVENUE**



# CANE CREEK WATER AND SEWER DISTRICT

## HENDERSON COUNTY, NORTH CAROLINA

### TEN YEAR CAPITAL IMPROVEMENT PROGRAM

PROJECT NAME	TOTAL ESTIMATED COST	FY 2017	TEN YEAR CIP										FY 2028
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	
<b>INTERCEPTORS</b>													
Mud Creek Interceptor Phase II (Fletcher Academy)	\$5,333,000	\$500,000	\$1,000,000	\$1,500,000	\$1,500,000	\$833,000							
Mud Creek Interceptor Phase III (Mtn. Home)	\$1,800,000					\$200,000	\$800,000	\$800,000					
Mill Pond Creek Interceptor	\$2,747,820	\$1,400,000											
Boylston Creek P.S. & Boylston Creek Interceptor	\$2,100,000									\$2,100,000			
Shaws Creek P.S. & Interceptor	\$1,982,045												\$1,982,045
French Broad Interceptor	\$1,800,000								\$1,800,000				
Fletcher Warehouse Interceptor Phase 2 (Fox Glen)	\$1,000,000							\$1,000,000					
McDowell Creek Interceptor	\$818,756						\$818,756						
<b>SUBTOTAL</b>	<b>\$17,581,621</b>	<b>\$1,900,000</b>	<b>\$1,000,000</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>\$1,033,000</b>	<b>\$1,618,756</b>	<b>\$1,800,000</b>	<b>\$1,800,000</b>	<b>\$2,100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,982,045</b>
<i>Inflation per ENR Const. Cost Index</i>	<i>2.92%</i>	<i>1.0000</i>	<i>1.0000</i>	<i>1.0292</i>	<i>1.0593</i>	<i>1.0902</i>	<i>1.1220</i>	<i>1.1548</i>	<i>1.1885</i>	<i>1.2232</i>	<i>1.2589</i>	<i>1.2957</i>	<i>1.3335</i>
<b>SUBTOTAL with inflation</b>	<b>\$18,404,820</b>	<b>\$1,900,000</b>	<b>\$1,000,000</b>	<b>\$1,543,800</b>	<b>\$1,588,879</b>	<b>\$1,126,159</b>	<b>\$1,816,270</b>	<b>\$2,078,602</b>	<b>\$2,139,297</b>	<b>\$2,568,726</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,643,086</b>

PROJECT NAME	TOTAL ESTIMATED COST	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>GENERAL SEWER REHABILITATION</b>													
Norafin Extension (School House Road)	\$230,000												
General Sewer Rehabilitation Projects (Future)	\$1,600,000					\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Emergency Line Replacements & Repairs	\$680,000	\$50,000	\$80,000	\$50,000	\$50,000	\$50,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$100,000	\$100,000
Line Cleaning & CCTV	\$160,000			\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
<b>SUBTOTAL</b>	<b>\$840,000</b>	<b>\$50,000</b>	<b>\$80,000</b>	<b>\$70,000</b>	<b>\$70,000</b>	<b>\$270,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$320,000</b>	<b>\$320,000</b>
<i>Inflation per ENR Const. Cost Index</i>	<i>2.92%</i>	<i>1.0000</i>	<i>1.0000</i>	<i>1.0292</i>	<i>1.0593</i>	<i>1.0902</i>	<i>1.1220</i>	<i>1.1548</i>	<i>1.1885</i>	<i>1.2232</i>	<i>1.2589</i>	<i>1.2957</i>	<i>1.3335</i>
<b>SUBTOTAL with inflation</b>	<b>\$3,196,109</b>	<b>\$50,000</b>	<b>\$80,000</b>	<b>\$72,044</b>	<b>\$74,148</b>	<b>\$294,349</b>	<b>\$336,605</b>	<b>\$346,434</b>	<b>\$356,550</b>	<b>\$366,961</b>	<b>\$377,676</b>	<b>\$414,618</b>	<b>\$426,725</b>

PROJECT NAME	TOTAL ESTIMATED COST	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>TREATMENT PLANT, PUMP STATIONS &amp; GENERAL CAPITAL IMPROVEMENTS</b>													
Howard Gap Pump Station	\$1,500,000								\$1,500,000				
Pump Station Upgrades & Equipment	\$160,000			\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
GIS Mapping	\$0												
Vehicles	\$100,000			\$50,000					\$50,000				\$50,000
<b>SUBTOTAL</b>	<b>\$1,760,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$70,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$1,570,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$70,000</b>
<i>Inflation per ENR Const. Cost Index</i>	<i>2.92%</i>	<i>1.0000</i>	<i>1.0000</i>	<i>1.0292</i>	<i>1.0593</i>	<i>1.0902</i>	<i>1.1220</i>	<i>1.1548</i>	<i>1.1885</i>	<i>1.2232</i>	<i>1.2589</i>	<i>1.2957</i>	<i>1.3335</i>
<b>SUBTOTAL with inflation</b>	<b>\$2,195,413</b>	<b>\$0</b>	<b>\$0</b>	<b>\$72,044</b>	<b>\$21,185</b>	<b>\$21,804</b>	<b>\$22,440</b>	<b>\$23,096</b>	<b>\$1,865,943</b>	<b>\$24,464</b>	<b>\$25,178</b>	<b>\$25,914</b>	<b>\$93,346</b>

<b>BUDGET SUMMARY</b>	TOTAL ESTIMATED COST	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Sub-Totals with Inflation</b>	<b>\$23,796,342</b>	<b>\$1,950,000</b>	<b>\$1,080,000</b>	<b>\$1,687,888</b>	<b>\$1,684,212</b>	<b>\$1,442,312</b>	<b>\$2,175,316</b>	<b>\$2,448,132</b>	<b>\$4,361,790</b>	<b>\$2,960,151</b>	<b>\$402,854</b>	<b>\$440,531</b>	<b>\$3,163,157</b>
<i>Line Extensions/Reimbursements/Developer Projects</i>	<i>\$450,000</i>	<i>\$50,000</i>		<i>\$50,000</i>	<i>\$50,000</i>	<i>\$50,000</i>	<i>\$50,000</i>	<i>\$50,000</i>	<i>\$50,000</i>	<i>\$50,000</i>	<i>\$50,000</i>	<i>\$50,000</i>	<i>\$50,000</i>
<b>Fiscal Year Totals</b>	<b>\$24,346,342</b>	<b>\$2,000,000</b>	<b>\$1,080,000</b>	<b>\$1,737,888</b>	<b>\$1,734,212</b>	<b>\$1,492,312</b>	<b>\$2,225,316</b>	<b>\$2,498,132</b>	<b>\$4,411,790</b>	<b>\$3,010,151</b>	<b>\$452,854</b>	<b>\$490,531</b>	<b>\$3,213,157</b>

**Total Ten Year CIP      \$19,133,185**

Cane Creek Water & Sewer District Pump Station Inspection

Critical Needs List

Latest Inspection Date: Thursday, October 29 & Friday October 30, 2015.

Inspectors: Hunter Carson, Tim Coates

Critical needs component  
To be removed from system

MSD Pump Station Criteria	Cane Creek Water & Sewer District Pump Station I.D.									
	ITT	Mud Creek	Naples	Rockwell	Mountain Home	New Bern	Fanning Bridge Road	New Mill Pond	School House Road	
<b>Site Requirements</b>										
Paved Entrance	No (gravel)	No (gravel)	No (gravel)	No (gravel)	Yes	No (gravel)	No (gravel)	No (gravel)	No (gravel)	
Accessible by flusher truck	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	
RPZ Backflow Preventer	No	Yes	No	No	No	No	Yes	Yes	Yes	
16' wide access gate	Yes	Yes	Yes	Yes	Yes	No - 14'	Yes	Yes	Yes	
Sign on Gate	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
6' chain link fence	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Emergency Generator	Yes (permanent)	Yes (permanent)	Yes (portable on site with generator quick connect)	Yes (permanent)	Yes (permanent)	Yes (permanent)	No - Godwin DBS	No - Godwin DBS	Yes (permanent)	
Influent Manhole	No	Yes (see below)	No	Yes (see below)	No	Yes	Yes	Yes	Yes	
Area Light	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Yard Hydrant	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Davit Crane	No (base only)	No	Yes	No	Yes	Yes	No	No	No	
<b>Wetwell and Valve Vault Requirements</b>										
Wetwell Float Switches	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Level Indicator	Yes (Multitrode Level Probe)	Yes (Milltronics Hydromanager)	Yes (Multitrode Level Probe)	Yes (Multitrode Level Probe)	Yes (Multitrode Level Probe)	Yes (Multitrode Level Probe)	Yes (Multitrode Level Probe)	Yes (Multitrode Level Probe)	Yes (Multitrode Level Probe)	
Aluminum Access Hatches	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Force Main bypass	No	No	No	No	No	No	No	No	Yes (see below)	
Force Main Pressure Gauge	Yes	No	No	No	No	No	No	No	No	
Valve Vault Drain	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
<b>Electrical Equipment Rack Requirements</b>										
Service Entrance Disconnect/Voltage	Yes/480V	Yes/480V	Yes/480V	Yes/480V	Yes/480V	Yes/480V	Yes/480V	Yes/480V	Yes/480V	
GFI Outlet	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Automatic Transfer Switch	Yes	Yes	No	Yes	Yes	Yes	No - N/A	No - N/A	Yes	
Pump Control Panel Audible and Visual Alarm	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Concrete pad	No	Yes	No	Yes	No	Yes	Yes	Yes	Yes	
Scada Equipment	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	
<b>Estimated Cost of Critical Needs Improvements</b>	<b>\$26,000</b>	<b>\$36,000</b>		<b>\$30,000</b>	<b>\$20,000</b>	<b>\$39,000</b>	<b>\$31,000</b>	<b>\$20,000</b>	<b>\$12,000</b>	

**General Notes:** \*Pump station to be eliminated per CCWSD. All SCADA is GuardDog web-based software manufactured by OmniSite. All costs are based on current PS condition and current flow rate. Available PS capacity, estimated future flow rate and potential capacity upgrades have not been considered. Force main bypass costs assume installation is completed via "hot tap" isolation valve and downstream tapping sleeve and valve. Valving and bypass connection is contained in precast doghouse vault with aluminum access hatch. General rule of thumb used for pricing of insert valves and tapping S&V is \$1000/inch pipe diameter. Precast vaults, including hatch is also priced as \$1000/ft. Pricing assumes 15% contractor O&P for installation.

Force main badly corroded inside wetwell. Pump station overall in fair condition. Greg Wiggins mentioned that ITT pump station would require future expansion due to other PS elimination projects. Wet well is very deep, approx. 30-40'. Cost estimate includes addition of force main bypass only. Assume force main is 8" diameter based on firm capacity flow rate of 650gpm. Bypass connection contained in 6'x6' vault.

Valve vault access is via manhole lids and will prove difficult for future valve replacement. Pump station overall is in good condition. Mud Creek has three wetwells and is essentially two pump stations. Mud Creek #1 has a 24" incoming line with head manhole. Mud Creek #2 has an 8" incoming line, but no head manhole. MC #1 pumps into MC #2, and MC #2 pumps all flow out via 2 mile force main. Per CCWSD, planning to change out Milltronics unit with Multitrode unit. Cost estimate includes addition of force main bypass and pump guide rail extension. Force main is 10" diameter. Bypass connection contained in 6'x6' vault.

Pump station overall is in fair condition; access could be difficult with multiple vehicles. To be eliminated in March/April 2018 per Greg Wiggins.

Pump station has two wetwells, the second for wet weather equalization. Pump station overall is in good condition. Wetwell has two incoming lines, 10" and 18". Both lines have influent manholes within PS property, but not a common influent MH. Cost estimate includes addition of force main bypass only. Force main is 10" diameter. Bypass connection contained in 6'x6' vault.

Pump station overall is in fair condition. Cost estimate includes addition of force main bypass only. Assume force main is 6" diameter based on firm capacity flow rate of 320gpm. Bypass connection contained in 5'x5' vault.

Generator disconnect is approx. 100 yds. from pump station. Access road to pump station is very narrow and not accessible by flusher truck. Pump station overall is in poor condition. Adjoining property is 86.5 acres (Fletcher Lime Stone Co. PIN 9652-29-2964) and taxed at \$77,800. Cost estimate includes property acquisition/assessment (\$5000), driveway widening and fence rerouting (\$20,000), and addition of force main bypass. Force main is 4" diameter. Bypass connection contained in 4'x4' vault.

This station placed on line in Fall 2016. Godwin DBS pump is natural gas powered. Godwin DBS capable of conveying peak hour flow (i.e. capacity equals that of submersible). Cost estimate includes heat-tracing of Godwin DBS exposed suction/discharge piping (\$5,000), SCADA monitoring of Godwin DBS, and addition of force main bypass. Assume force main is 8" diameter based on firm capacity flow rate of 695gpm. Bypass connection contained in 6'x6' vault.

This station placed on line in July 2017. Godwin DBS pump is natural gas powered. Godwin DBS capable of conveying peak hour flow (i.e. capacity equals that of submersible). Cost estimate includes heat-tracing of Godwin DBS exposed suction/discharge piping (\$5,000), SCADA monitoring of Godwin DBS, and addition of force main bypass. Assume force main is 4" diameter based on firm capacity flow rate of 195gpm. Bypass connection contained in 4'x4' vault.

This station placed on line in Oct. 2015. Permanent generator is natural gas powered. There is currently a bypass tie-in on the force main, but it is approx. 3/4 mile downstream of PS. Cost estimate includes addition of (more accessible) force main bypass only. Assume force main is 3" diameter based on firm capacity flow rate of 95gpm. Bypass connection contained in 4'x4' vault.

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN SEWERAGE DISTRICT**

**WHEREAS**, the Henderson County Board of Commissioners, in its capacity as the governing body of the Cane Creek Water and Sewer District, adopted on July 19<sup>th</sup>, 2017, a *Resolution to Provide for the Inclusion of the Sewer System of the Cane Creek Water and Sewer District into the Metropolitan Sewerage District of Buncombe County*; and

**WHEREAS**, the District Board of the Metropolitan Sewerage District of Buncombe County (“MSD”) has considered the Resolution, and MSD Staff has conducted preliminary due diligence on the possible inclusion of the Cane Creek Water and Sewer District (“CCWSD”) into MSD; and

**WHEREAS**, MSD currently accepts for treatment wastewater generated in CCWSD pursuant to contract; and

**WHEREAS**, the District Board believes the inclusion of the CCWSD into MSD will preserve and promote the public health and welfare; and

**WHEREAS**, the District Board favors the inclusion of the CCWSD into MSD in accordance with the terms and conditions set forth herein.

**It is Now Hereby Resolved as Follows:**

1. The District Board directs its General Manager to proceed with those items set forth in N.C.G.S. § 162A-68 necessary to make CCWSD part of MSD;
2. MSD and CCWSD shall enter into an agreement, satisfactory to the District and its counsel, transferring all assets and liabilities of CCWSD to MSD.
3. CCWSD and MSD shall execute and record, where necessary, instruments transferring such assets and liabilities
4. The CCWSD shall cooperate with MSD in preparation of the aforementioned documents, the transfer of assets and liabilities, and the operation and maintenance of the CCWSD Sewerage System.
5. The inclusion of the CCWSD into MSD shall be subject to satisfactory agreement between CCWSD and MSD, the approval of the Environmental Management Commission and the other provisions of N.C. Gen. Stats. §162A -68.

**DRAFT**

\_\_\_\_\_  
M. Jerry Vehaun, Chair  
Metropolitan Sewerage District of Buncombe County, NC

ATTEST:

**DRAFT** \_\_\_\_\_  
Jackie W. Bryson  
Secretary / Treasurer

## PLANNING COMMITTEE

November 15, 2017

The Planning Committee of the Board of the Metropolitan Sewerage District met on Wednesday, November 15, 2017 in the Boardroom of the Administration Building at 1:00 pm. Chairman Al Root presided with the following Committee Members present: Don Collins, Esther Manheimer and Chris Pelly. Jon Creighton and Robert Pressley were absent. Others present were: Jerry VeHaun, Jackie Bryson and Glenn Kelly, MSD Board Members; Bill Lapsley and Marcus Jones, Henderson County; Thomas E. Hartye, General Manager; William Clarke, General Counsel; Ed Bradford, Scott Powell, Jim Hemphill, Angel Banks, Peter Weed, Hunter Carson, Ken Stines, Mike Stamey, Spencer Nay and Pam Nolan, MSD.

### **I. Call to Order**

Mr. Root called the meeting to order at 1:04 pm. The meeting was then turned over to Mr. Hartye.

### **II. Consideration of Cane Creek WSD Merger with MSD:**

Mr. Hartye welcomed Marcus Jones and Bill Lapsley from Henderson County. He briefly reviewed the Cane Creek WSD merger background which was discussed in October's Planning Committee Meeting. With the recent passage of House Bill 764, MSD's enabling legislation was adjusted to allow for Henderson County to have 3 representatives while existing Board representation would remain the same. Since that time Henderson County representatives have expressed their desire to consolidate with MSD. The MSD Board asked the Planning Committee to evaluate this issue. MSD has an agreement with Cane Creek Water and Sewer District (CCWSD) to treat up to 1.35 MGD of wastewater. However, CCWSD's master plan identifies a future need of 3.0 MGD. MSD has been including CCWSD as part of MSD's master plan as we review capacities, but MSD does not own or operate the local collection system. CCWSD owns and operates the collection system, approximately 60 miles of sewer mains and 9 pump stations. CCWSD has 3 employees who work for Henderson County but also perform work for and are charged to CCWSD. MSD is looking at taking over CCWSD's current debt, operation and assets with this merger. MSD Staff has performed some "due diligence" analyses and investigations over the last few weeks based on the information provided by Henderson County. These analyses confirm findings from due diligence performed in 2010 and 2013. Considering all operations, assets, liabilities, these analyses showed the impact to MSD would be minimal and have no rate implications. The real winners are the CCWSD customers. The average residential bill based on 5 CCF will go from \$39.00 per month to about \$31.00 per month, which is consistent with what customers in the rest of the District pay.

Mr. Hartye presented exhibits and reported the first exhibit is a business plan for CCWSD. MSD does not typically prepare separate business plans for each member agency but chose to do so in this case. It helps to view all of the inputs and outputs from CCWSD and to see how they fare with future funding, improvements, etc. and so that there is no uninformed speculation regarding them costing too much or yielding a lot of money. MSD followed the same criteria as we do with our business plan. The rate increases are basically the same. The CIP is incorporated at a little over \$19 million for a 10 year CIP. Mr. Hartye reported the typical assumptions are that there is no consumption and account growth (their typical impact fees are yielding about \$290,000.00/year). There are going to be a fair amount of write-offs. At this time Henderson County does the billing based on information provided by City of Asheville and Hendersonville. They don't have the ability to turn off the water as a hammer so there are a fair amount of receivables. MSD will basically write these off. There is an agreement between Henderson County and Fletcher Academy with regard to running the Mud Creek Interceptor. This is the biggest project they have and would be going out to bid at this point if they were on schedule. Fletcher Academy's contribution is basically about \$1 million toward a \$3.3

million project. This money is to be deposited into an escrow account at the time the bids are received and ready to be awarded. Mr. Hartye stated that he and Mr. Clarke have read the agreement and there is a little problem with the timing. There are some milestones mentioned in the agreement that can't be met. This agreement will have to be re-negotiated with MSD. There is a debt issuance of approximately \$5.5 million to support the \$19 million CIP. This is actually a less debt to "pay as go" ratio that we have in MSD's main pro-forma. Most of the pipe in Henderson County is relatively new so there will be less upgrading whereas, MSD pipe is mostly substandard size in addition to falling apart and needing repairs. MSD did find some expenses and revenue that were not accounted for in the fashion that we believe they should be, but they are very small and do not affect the bottom line.

Mr. Hartye reported on the ten-year Capital Improvement Plan. Mud Creek is the big CIP project that will be straight out of the gate and staff has attempted to include most of the rest of the projects that Cane Creek has put in their CIP. Some of these projects are expansion related. Most of MSD's projects are rehabilitation related. The only way MSD gets involved with expansion is through participation with developers. Hunter Carson and Ken Stines have gone out to take a look at CCWSD's pump stations. Largely, their system is newer than MSD's. However, their pump stations had some idiosyncrasies that need to be worked on but nothing major. CCWSD has done a lot of improvements over the last 5 years or so. They have gotten new SCADA (Supervisory Control and Data Acquisition) which was a major point in one of the earlier studies. They are in the process of updating their files and as-builts and getting them onto the GIS system. MSD is hopeful that will all be complete, and if not, something will be allotted into the CIP at a later date. Mr. Hartye stated that MSD's projects are adjusted yearly based on needs and he doesn't expect this to be any different. He also pointed out that Mr. Powell has put their debt to go out in the same year as MSD, 2023. The final report attached is for the pump stations. Mr. Hartye thanked Hunter Carson and Ken Stines for putting that together. MSD is currently conducting an engineering study of our future interceptor capacity that will serve areas south of here to the Cane Creek area. This will study current capacity and our needs going into the future, both dry and wet weather. This will incorporate growth as well. Due to the relative size of Cane Creek, considerations of both benefits and concerns to the MSD operation are minor. Mr. Hartye then reviewed the minor benefits as follows: 1) better coordination of service and planning because their CIP Planning can be rolled into MSD's Planning. You can fund better when you go out for debt; 2) better timing and flexibility for the Cane Creek CIP because when you put it in a larger CIP changes can be done with a lot less impact; 3) greater operational resources to bear as far as customer service and environmental protection; 4) less cost to CCWSD customers and 5) more efficient use of resources. Mr. Hartye then reviewed some of the minor concerns as follows: 1) the agreement with Fletcher Academy for the \$1.025 million participation in the Mud Creek Interceptor project. This agreement should be re-negotiated directly with MSD since there is no effective way to for it to be assigned; 2) billing arrangements with Henderson County and Hendersonville. MSD recommends working with Henderson County for the first year and have them continue to do CCWSD's billing. Ultimately, it would make more sense for MSD to have an agreement with Hendersonville and pay them. Hendersonville is currently not being paid for their billing service for CCWSD; 3) receivables, as mentioned before, will basically be written off; 4) regarding personnel transfers, CCWSD has some employees who are also involved with Henderson County and some are close to retirement. This is a minor concern to be worked through. He stated they would like to have the employee who is mainly over the pump stations at this time, if not, MSD can contract this out until retaining someone closer to that area; 5) timing is an issue and the reason for this meeting today and was discussed at the last Planning Committee Meeting. Environmental Management Commission meetings, Board of Commissioners meetings and public hearings all take time and if this transfer is going to be official it makes sense to do this beginning this fiscal year which will make the financials much more clear. If not this fiscal year, July 2018, we will be looking at another year; 6) Estimates for future projects will need to be updated. Mr. Bradford and his staff took a closer look at some of the project estimates and have a different opinion of cost; 7) the

geopolitical aspect is the final minor concern. Henderson County has done some work for developers in the past but MSD is in a little different mode. We do partner with developers as far as they run the lines and MSD will pay the differential costs for a larger line serving a larger basin. Mr. Hartye stated that he would strongly recommend that the Board have a Henderson County representative, if not two, on the Right-of-Way Committee since we will be dealing with right-of-way issues, and possibly condemnations, in a different county. This would create a clear line of communication for these types of issues.

Mr. Hartye stated that taken as a whole with a wide angle view, he doesn't see this any different than consolidation in 1991 with about 17 districts coming in at one time. There is a resolution drafted by Mr. Clarke attached if the Planning Committee looks favorable on recommending to the Board to approve. Mr. Pelly asked if the re-negotiation with the Fletcher Academy would go into effect before the next fiscal year. Mr. Hartye stated that he would attempt to do that. Mr. Clarke stated that this draft resolution contemplates a satisfactory agreement between MSD and CCWSD and that is one of the things we would expect to include in such an agreement.

Ms. Manheimer stated that one of the interim study committees' issues has been a push from Representative McGrady and is focused on "dispute resolution options for local governments and owners and developers of property" which she stated sounds benign but it is looking at "fees and charges set by units of local government in the operation of a water or sewer system including collection rates and those fees and charges, proper accounting controls to ensure transparency in budgeting and accounting for expenditures and inter-fund transfers of public enterprise services by units of local government. Legislation may be necessary to ensure proper funding of infrastructure, maintenance and improvement for the provision of water and sewer services, including whether regionalization could facilitate financially healthy systems with lower fees and charges to customers. Legislation may be necessary to ensure that units of local government monitor aging water and sewer infrastructure to ensure proper maintenance and repair including how this responsibility impacts the financial health of the public enterprise". Ms. Manheimer stated that there are a number of things going on. A study takes place during the interim between sessions of the legislature. Representative McGrady has met with herself and Mr. Lapsley several times to talk about what he wants to see accomplished. She stated that she did not personally object to this consolidation and thinks it makes sense from the standpoint of treating the sewage already. She stated that she had looked at a lot of studies that show pretty diminishing returns for utility systems that are trying to service further and further out, so she does not know that MSD necessarily benefits as a whole from this. They actually do better if they can serve more dense areas. It is important to have strong healthy systems for all kinds of reasons, health, sanitation, etc. She stated that she did not necessarily have an objection to this consolidation but that she did want to see this raging battle at some point have a stand down on the war effort and would hope that Representative McGrady could see something like this as being satisfactory. She said that he had stated one of the reasons he will run for office again is because of water and sewer. He did make a reference to a dispute between Asheville and Hendersonville which they are completely unaware of. She stated that she was aware that this needed to be acted on now but she would like to try to get some kind of an agreement that this is satisfying what this study is trying to do, that we locally are taking care of this. She further stated that she knows a little bit of what this study is looking at is actually the systems in Eastern NC that are literally under water and under water financially because they have loss of population in those rural areas and that there is not enough capacity to maintain their systems but some of this is very focused on Asheville and Buncombe and Henderson County even though it doesn't say that. She stated that she felt MSD, Henderson County and Asheville all ran their systems well and we don't need state assistance and that if some kind of messaging needed to happen she would be glad to be a part of the messaging. Mr. Root called for further comment. There was none. Mr. Root called for a motion to recommend that the Board approve the resolution that has been drafted. Mr. Clarke noted



that Mr. Hartye had mentioned timing but this committee has the option to say yes or no and does not have to take action if you do not want to at this time. If anything was magic about the timing, it was completing this in this fiscal year. Mr. Root asked if this did not still remain true, that we are doing this now to stay on schedule to meet the July, 2018 date. Mr. Root stated that if we do not do it today it will be more difficult. Ms. Manheimer stated that she wouldn't make a motion to approve the resolution but she would make a motion to move to the full Board for discussion. Mr. Pelly seconded the motion. Voice vote was unanimous.

**III. Other business:**

None.

There being no further business the meeting adjourned at 1:44 pm.

# **STATUS REPORTS**

**MSD System Services In-House Construction**

**FY 17-18 PROJECTS**

PROJECT NAME	LOCATION	ZIP CODE	ESTIMATED FOOTAGE	ESTIMATED PROJECT DATES	WO#	CREW	COMPLETION DATE	ACTUAL FOOTAGE	NOTES
11 Greenbriar Emergency Repair	Asheville	TBA	50	7/1/17 - 7/10/17	244238	632	7/7/2017	52	complete
Sycamore Drive @ Walnut Street (Phase 2)	Arden	28704	290	7/1/17 - 7/31/17	244350	631	7/14/2017	291	complete
Windsor Road @ Beaverbrook Road	North Asheville	28804	726	7/8/17-7/31/17	228305	632	7/31/2017	725	complete
Nebraska Street Emergency Rehabilitation (Ph.	W. Asheville	28806	415	8/1/17 - 9/1/17	240563	631	8/10/2017	414	complete
Celia Place at Bond Street (Rework)	N. Asheville	28801	250	8/1/17 - 8/11/17	244891	632	8/10/2017	80	complete
Windsor Road @ Beaverbrook Road (Ph. 2)	North Asheville	28804	125	8/14/17 - 9/1/17	244938	632	8/17/2017	124	complete
Sycamore Drive @ Walnut Street (Phase 3)	Arden	28704	494	8/11/17 - 9/1/17	245100	631	8/30/2017	479	complete
185 Mississippi Road	Montreat	28757	143	9/2/15 - 9/5/17	245783	632	9/5/2017	143	complete
Cedar Lane @ Oak Terrace	Arden	28704	1000	9/1/17 - 10/2/17	237374	631	9/28/2017	1001	complete
Penelope Street @ W. Cotton Ave	Black Mountain	28711	700	9/2/17 - 10/2/17	222331	632	9/29/2017	741	complete
Raliegh Avenue @ Marietta Street	Asheville	28803	655	10/2/17 - 11/1/17	237100	631	10/31/2017	746	complete
Manila Street	Asheville	28806	650	10/2/17-11/10/17	246373	632	11/10/2017	654	complete
44 Forsythe St	Asheville	28801	350	11/2/17 - 11/30/17	237035	631	11/17/2017	344	complete
School Road at Woodland (Ph. 1)	W. Asheville	28806	350	11/13/17 - 12/13/17	224993	632	11/29/2017	319	complete
School Road at Woodland (Ph. 2)	W. Asheville	28806	150	11/13/17 - 12/13/17	224993	632	11/29/2017	154	complete
Wilson Avenue at Grovemont Avenue	Swannanoa	28778	1480	12/1/17 - 1/3/18	247244	631			Construction underway.
Buchanan Ave Ph. 1 Sewer Rehabilitation	Asheville	28801	340	12/4/17 - 12/31/17	247996	632			Construction underway.
Laurel Road Phase 2	Arden	28704	1496	1/2/18 - 2/15/18	248227	632			ready for construction
Asheville Country Club Phase 1C	North Asheville	28804	1210	1/4/18-2/15/18	237431	631			ROW nearing completion
Fairfax Avenue	Asheville	28806	208	FY17-18	246376	631			ready for construction
Montford Park	Asheville	28801	410	FY 17/18	246543	TBA			ready for construction
Governors View Road @ Bull Mountain Road	Asheville	28805	785	FY17-18	238394	TBA			ready for construction
Williamette Circle Sanitary Sewer Rehabilitation	Weaverville	28787	183	FY17-18	233748	TBA			ready for construction
Roberts Street	Asheville	28801	311	FY17-18	246375	TBA			ready for construction (DOT Approval pend
Royal Pines @ Oak Terrace	Arden	28704	1000	FY17-18	237372	TBA			ready for construction
4 Westview Rd	Asheville - Oakley	28803	740	FY17-18	238683	TBA			ready for construction
Carlyle Way @ Sweeten Creek Rd	South Asheville	28803	100	FY17-18	232211	TBA			ready for construction
149 Weston Rd	Arden	28704	210	FY17-18	225004	TBA			ready for construction
15 Dew Waite Road	Ridgecrest	28770	533	FY17-18	236553	TBA			In Design
252 Kenilworth Road	Asheville	28803	800	FY17-18	234632	TBA			In Design
817 Montreat Road	Black Mountain	28711	340	FY17-18	228942	TBA			In Design
Lapsley Lane @ Brevard Road	Avery's Creek	28704	576	FY17-18	237319	TBA			Preliminary Engineering
Sunset Dr. @ Vance Drive	Black Mountain	28711	1010	FY17-18	237499	TBA			Preliminary Engineering
Charlotte Street @ N Ridgeway Avenue	Black Mountain	28711	1073	FY17-18	232699	TBA			In Design



## CONSTRUCTION TOTALS BY DATE COMPLETED - Monthly

From 7/1/2017 to 10/31/2017

	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 2017	34	3	148	1,187	28	28	10,760	0	8	632	11	436	1076
August 2017	41	12	280	1,174	21	31	6,251	0	148	618	8	399	1165
September 2017	36	6	169	685	25	18	688	0	151	741	10	1,001	1893
October 2017	29	6	87	1,184	37	32	60	314	71	18	6	728	1131
<b>Grand Totals</b>	<b>140</b>	<b>27</b>	<b>683</b>	<b>4,230</b>	<b>111</b>	<b>109</b>	<b>17,759</b>	<b>314</b>	<b>378</b>	<b>2009</b>	<b>35</b>	<b>2,564</b>	<b>5265</b>

\* Used to calculate Total Rehab Footage



## PIPELINE MAINTENANCE TOTALS BY DATE COMPLETED - Monthly

July 01, 2017 to October 31, 2017

	Main Line Wash Footage	Service Line Wash Footage	Rod Line Footage	Cleaned Footage	CCTV Footage	Smoke Footage	SL-RAT Footage
<b>2017</b>							
<b>July</b>	98,213	1,440	4,785	102,998	24,704	5,840	3,104
<b>August</b>	96,254	1,640	11,382	107,636	16,351	5,000	12,283
<b>September</b>	101,162	932	10,615	111,777	21,245	2,975	8,303
<b>October</b>	110,273	1,822	4,063	114,336	30,290	9,189	11,470
<b>Grand Total:</b>	<b>405,902</b>	<b>5,834</b>	<b>30,845</b>	<b>436,747</b>	<b>92,590</b>	<b>23,004</b>	<b>35,160</b>
<b>Avg Per Month:</b>	<b>101,476</b>	<b>1,459</b>	<b>7,711</b>	<b>109,187</b>	<b>23,148</b>	<b>5,751</b>	<b>8,790</b>



## CUSTOMER SERVICE REQUESTS

### Monthly - All Crews

CREW	MONTH	JOBS	AVERAGE RESPONSE TIME	AVERAGE TIME SPENT
<b>DAY 1ST RESPONDER</b>				
	July, 2017	93	32	31
	August, 2017	97	27	38
	September, 2017	104	33	50
	October, 2017	107	25	37
		<b>401</b>	<b>29</b>	<b>39</b>
<b>NIGHT 1ST RESPONDER</b>				
	July, 2017	16	29	31
	August, 2017	8	16	60
	September, 2017	18	24	40
	October, 2017	20	23	35
		<b>62</b>	<b>24</b>	<b>39</b>
<b>ON-CALL CREW *</b>				
	July, 2017	41	47	31
	August, 2017	31	41	57
	September, 2017	29	36	45
	October, 2017	48	51	35
		<b>149</b>	<b>45</b>	<b>40</b>
<b>Grand Totals:</b>		<b>612</b>	<b>33</b>	<b>39</b>

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

## Planning & Development Project Status Report

Active Construction Projects Sorted by Work Location and Project Number

December 8, 2017

#	Project Name	Project Number	Work Location	Zip Code	Units	LF	Pre-Construction Conference Date	Comments
1	Franklin School of Innovation	2014096	Asheville	28806	School	359	11/4/2016	Final Inspection complete, awaiting close-out docs
2	First Baptist Relocation	2015032	Asheville	28801	Comm.	333	7/21/2015	Final Inspection complete, awaiting close-out docs
3	Ascot Point Apartments Phase 3	2015114	Asheville	28803	104	213	9/9/2016	Punchlist pending, awaiting closeout documents
4	8 Sulphur Springs Road	2015116	Asheville	28806	6	80	11/22/2016	Final Inspection complete, awaiting close-out docs
5	The District	2015113	Asheville	28803	309	912	2/26/2016	Waiting on final inspection
6	Hampton Inn & Suites	2015144	Asheville	28806	Comm.	286	11/8/2016	Waiting on final inspection
7	Atkins Street	2016009	Asheville	28803	45	903	1/20/2017	Waiting on final inspection
8	88 Southside Avenue	2016015	Asheville	28801	18	400	2/21/2017	Waiting on final inspection
9	Woodbridge Park	2016082	Asheville	28803	20	615	2/17/2017	Punchlist pending, awaiting closeout documents
10	Hounds Ear (Mears Ave Cottages)	2016123	Asheville	28806	18	402	8/18/2017	Pre-con held, construction not yet started
11	Lausch Subdivision	2016153	Asheville	28805	4	248	5/16/2017	Waiting on final inspection
12	Bear Creek Homes	2016220	Asheville	28806	30	1,400	3/28/2017	Final Inspection complete, awaiting close-out docs
13	Hawthorne at Mills Gap	2016222	Asheville	28803	272	442	10/3/2017	Waiting on final inspection
14	Grindstaff Subdivision	2016246	Asheville	28805	4	132	6/23/2017	Final Inspection complete, awaiting close-out docs
15	Shiloh Cottages	2016252	Asheville	28803	7	180	3/3/2017	Waiting on final inspection
16	Onteora	2017002	Asheville	28803	6	417	7/18/2017	Waiting on final inspection
17	Panda Express	2017080	Asheville	28805	Comm.	100	9/8/2017	Pre-con held, construction not yet started
18	Westover Hills	2017177	Asheville	28801	1	105	10/6/2017	Waiting of final inspection
19	West Keesler Avenue	2007176	Black Mountain	28711	6	410	11/15/2016	Testing
20	Settings at Black Mountain	2008016	Black Mountain	28711	30	907	11/13/2015	Final Inspection complete, awaiting close-out docs
21	808 Montreat Road	2015126	Black Mountain	28711	4	371	4/18/2017	Pre-con held, construction not yet started
22	Tudor Croft (aka Roberts Farm) Ph.2	2016170	Black Mountain	28711	46	1,320	1/3/2017	Installing
23	Swannanoa Valley Christian Min.	2017043	Black Mountain	28711	12	195	8/1/2017	Final Inspection complete, awaiting close-out docs
24	Cherokee Trail	2017065	Black Mountain	28711	4	90	8/18/2017	Waiting on final inspection
25	Peregrine's Ridge	2006160	Buncombe Co.	28730	14	635	11/8/2016	Final Inspection complete, awaiting close-out docs
26	Hyde Park Phase 2	2013058	Buncombe Co.	28704	14	500	12/3/2013	Waiting on final inspection
27	Creekside Cottages	2014095	Buncombe Co.	28704	7	504	3/12/2015	Waiting on final inspection
28	Governor's Western Residence	2014100	Buncombe Co.	28804	Comm.	636	7/22/2015	Awaiting Easement Plat/Conveyance of Sewer System
29	Glenn Bridge Road	2014157	Buncombe Co.	28704	30	1,400	1/20/2017	Waiting on final inspection
30	Avondale Subdivision	2015052	Buncombe Co.	28803	4	215	4/7/2017	Pre-con held, construction not yet started
31	Greymont Apartments	2015108	Buncombe Co.	28806	312	3,193	5/17/2016	Punchlist pending, awaiting closeout documents
32	Liberty Oaks Ph. 1A	2015157	Buncombe Co.	28715	125	705	1/17/2017	Waiting on final inspection
33	Bee Tree Village	2015158	Buncombe Co.	28778	26	1,118	3/17/2017	Waiting on final inspection
34	Skyland Exchange	2015217	Buncombe Co.	28704	292	1,090	2/7/2017	Waiting on final inspection
35	Newbridge Pkwy Apts. Phase II	2016013	Buncombe Co.	28804	154	1,368	10/27/2017	Installing
36	Weatherwood Subdivision	2016034	Buncombe Co.	28704	19	785	7/21/2017	Project delayed
37	Moody Ave	2016050	Buncombe Co.	28715	3	180	6/15/2017	Final Inspection complete, awaiting close-out docs
38	Long Shoals Apts.	2016070	Buncombe Co.	28704	475	930	7/10/2017	Waiting on final
39	Perry Lane Apartments	2016075	Buncombe Co.	28704	120	710	11/7/2017	Installing
40	The Preserve at Avery's Creek	2016089	Buncombe Co.	28704	141	4,000	6/16/2017	Installing
41	Biltmore Lake Block I, Phase 3	2016234	Buncombe Co.	28803	23	1,887	5/23/2017	Testing
42	Biltmore Lake Bock D2-E	2016243	Buncombe Co.	28803	19	3,265	5/23/2017	Waiting on final inspection
43	The Ramble Block G	2017025	Buncombe Co.	28803	34	1,980	8/29/2017	Testing
44	The Ramble Block F, Phase 1	2017038	Buncombe Co.	28803	34	3,845	11/3/2017	Installing
45	The Ramble Block H, Phase 1	2017039	Buncombe Co.	28803	4	1,440	5/23/2017	Waiting on final inspection
46	South Cliff Village	2017041	Buncombe Co.	28730	34	1,345	9/1/2017	Waiting on final inspection
47	Greenwood Park Phase 1	2014067	Weaverville	28787	7	283	9/1/2015	Final Inspection complete, awaiting close-out docs
48	Creekside Village Phases III, IV, & V	2015167	Weaverville	28787	45	1,835	1/17/2017	Final Inspection complete, awaiting close-out docs
49	New Homes at North Main (Crittter)	2016052	Weaverville	28787	54	1,808	2/10/2017	Final Inspection complete, awaiting close-out docs
50	Maple Trace Phase 3	2016245	Weaverville	28787	24	1,260	5/2/2017	Final Inspection complete, awaiting close-out docs
51	Mattera Subdivision	2017023	Weaverville	28787	6	264	11/3/2017	Installing
52	44 Central Ave	2017107	Weaverville	28787	7	275	10/27/2017	Pre-con held, construction not yet started
53	Lakeshore Drive	2017137	Weaverville	28787	4	70	10/27/2017	Pre-con held, construction not yet started
54	Crest Mountain Phase 3B	2013041	Woodfin	28806	69	1,329	10/15/2013	Punchlist pending, awaiting closeout documents
55	Reese & Jan Lasher (High Hopes)	2015152	Woodfin	28806	14	320	4/26/2016	Punchlist pending, awaiting closeout documents
56	Ventana Phase 2A	2016059	Woodfin	28806	8	900	2/17/2017	Waiting on Final
57	West Skyland Circle	2016083	Woodfin	28806	4	280	8/15/2017	Final Inspection complete, awaiting close-out docs
58	Skyfin	2016205	Woodfin	28806	40	978	8/8/2017	Installing
			<b>TOTAL</b>			3,112	52,153	

**CAPITAL IMPROVEMENT PROGRAM**

**STATUS REPORT SUMMARY**

**December 13, 2017**

PROJECT	LOCATION OF PROJECT	CONTRACTOR	AWARD DATE	NOTICE TO PROCEED	ESTIMATED COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
ELKWOOD AVENUE	Woodfin 28804	Thomas Construction Company	9/20/2017	11/6/2017	6/4/2018	\$1,215,002.00	5%	Work has begun.
HENDERSONVILLE ROAD @ BLAKE DRIVE	Arden 28704	TBA	TBA	TBA	TBA	TBA	0%	Project bid on December 8th. Terry Brothers Construction is the apparent low bidder. Project will be presented at the December Board meeting.
HENDERSONVILLE ROAD @ PEACHTREE ROAD	Asheville 28803	Terry Brothers Construction Company	8/16/2017	9/25/2017	12/24/2017	\$426,062.00	65%	Working at night per DOT Encroachment. Project progressing well.
LINING CONTRACT NO. 8	Various	IPR Southeast, LLC	1/18/2017	2/20/2017	12/30/2017	\$792,823.73	95%	Finishing punchlist.
LOUISIANA AVENUE @ BRUCEMONT CIRCLE	Asheville 28806	Terry Brothers Construction Company	7/19/2017	8/21/2017	12/30/2017	\$363,252.00	95%	Paving in process. Final inspection to be scheduled soon.
POINT REPAIR CONTRACT NO. 2	Various	Patton Construction Group	7/19/2017	8/14/2017	6/30/2018	\$215,610.00	35%	Contractor has completed 7 point repairs.
SOUTH FRENCH BROAD INTERCEPTOR LINING (FY 17-18)	Biltmore Estate 28803	Insituform Technologies	10/18/2017	1/2/2018	4/2/2018	\$1,171,314.00	0%	Preconstruction meeting was held on December 7th.
SUTTON AVENUE	Black Mountain	Terry Brothers Construction Company	11/15/2017	TBA	TBA	\$1,076,986.00	0%	Contracts have been executed and a preconstruction meeting will be scheduled.
WRF - PLANT HEADWORKS IMPROVEMENTS	Woodfin 28804	Judy Construction Company	1/18/2017	4/3/2017	2/25/2019	\$9,061,845.01	23%	Concrete floor complete for Fine Grit Screening Facility. Contractor is starting on walls and tying steel for Pista Grit. Flow meter vaults set and the old Surge Pump Station has been removed. Electrical Ductwork on-going.

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