

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT**  
**April 17, 2019**

**1. Call to Order and Roll Call:**

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration building at 2pm Wednesday, April 17, 2019. Chairman VeHaun presided with the following members present: Ashley, Bryson, Holland, Kelly, Manheimer, Pelly, Pressley, Valois, Watts, Whitesides and Wisler.

Others present were: Thomas E. Hartye, PE, General Manager; William Clarke, General Counsel; Forrest Westall with McGill Associates; Mark Barrett, Mountain Xpress; Marcus Jones, Cane Creek Water & Sewer District; Joseph Martin with Woodfin Sanitary Water & Sewer District; Ed Bradford, Angel Banks, Hunter Carson, Peter Weed, Scott Powell, Pam Thomas, Matthew Walter, Jim Hemphill, Ken Stines, 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 March 20, 2019 Board Meeting:**

Mr. VeHaun asked if there were any changes to the Minutes of the March 20, 2019 Board Meeting. Mr. Watts moved for approval of the minutes as presented. Ms. Wisler seconded the motion. Voice vote in favor of the motion was unanimous.

**4. Discussion and Adjustment of Agenda:**

None

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

Mr. VeHaun welcomed Mr. Barrett with Mountain Xpress, Mr. Jones with Cane Creek Water and Sewer District and Mr. Martin with Woodfin Sanitary Water and Sewer District. There was no discussion or public comment.

**6. Report of General Manager:**

Mr. Hartye reported that attached is a copy of a draft bill sponsored by Representative McGrady which he received on Friday, along with his response. The bill changes the process of inclusion of a new county to not include approval by MSD but goes straight to the EMC (Environmental Management Commission). The second item is that Henderson County or the requesting county would start out with two members. Once certain triggers were met, then they would get a third member. Those triggers were either an increase in flow for the calendar year of 10% or more or a 15% increase in customers from the time of petition with the EMC. Since Friday, Representative McGrady has made an additional change to the proposed bill.

The original legislation was such that if the District Board approved, Henderson County would appoint one member for Cane Creek, one for Fletcher and one for Mills River. Now Henderson County starts with two and appoints a third member if any of the triggers are met. Mr. Clarke stated the main difference is that under the current G.S. 162A-68, MSD has the right to approve or disapprove any expansion of the District. Under the proposed G.S.162A-68.5, if certain criteria are met and if the EMC approves, additional territory will come into the District. Ms. Manheimer asked Mr. Clarke to tell them about the EMC. Mr. Clarke stated that the EMC is a citizen commission whose members are appointed by the Governor, Speaker of the House and Senate Pro Tempore. It currently consists of about 13 members. The EMC meets every other month. This issue is not something the EMC has dealt with a lot. Mr. Westall was on this Committee and agreed with Mr. Clarke. Mr. Watts stated that he thought this Board should be asked to approve any expansion and would like to discuss that possibility and he would make that motion if the Chairman so desired. Mr. Pelly asked if there was any discussion about these triggers and how their membership gets expanded as far as reflecting additional demand for services. Mr. Hartye reported that he responded in the attached emails from Friday. There was much discussion regarding triggers for a third member and how the process will work. Mr. Kelly asked how many other MSD Districts are affected by this legislation. Mr. Hartye stated that there was one other, in Onslow County. Mr. Hartye stated that the process would work much the same as it did before with MSD developing a report to give to the EMC, then the public hearings would ensue. Mr. Clarke added that it looks like the EMC would have some discretion. The language says that if they determine that the inclusion of the requesting county will not harm the public health and welfare. Mr. Hartye stated that if it is approved by the EMC they would appoint two members for at least a year. Then each year from the original petition time you would see if the other triggers have been met. Ms. Wisler voiced concern over the equitability of this decision being based on number of customers. Mr. Ashley asked if the number of members would be capped at three. Mr. Clarke stated yes, the members would be capped at three, and yes it does appear inequitable if it is based on the number of customers. Mr. Hartye presented a slide and discussed proportionality of Board representation and customer accounts per area relative to the District. No area is represented as it should be now, some are over, some are under. Mr. Kelly asked what Mr. Watts motion was. Mr. Watts stated that he had not made one yet but he thought the Board should have an opinion as to whether they are for or against this issue and be able to approve or disapprove. Mr. Clarke stated that a suggestion for discussion today would be to have a resolution that this Board is opposed to the bill and if the bill passed, language should be included to give MSD the right to say yes or no with regards to the prospective expansion and also with regard to representation and that it would be most equitable if Henderson County would be limited to two members. Mr. Watts made a motion on this suggestion, Mr. Kelly seconded. There was much discussion on the specifics of the motion and Mr. Kelly stated that he thinks the motion is that this Board should be consulted prior to this act taking affect and if we are not consulted then the Board would be against it as not being asked is different. Mr. Ashley stated

that he was more comfortable voting on the bill this way. Ms. Manheimer stated that this Board is being asked their opinion because Mr. McGrady sent it to them. Mr. Clarke asked Mr. Kelly if it was his intention that this Board be consulted prior to any expansion of the MSD. Mr. Kelly stated that he missed the e-mail and didn't know the Board would be asked to give an opinion. He thought that they were being told it was going to be introduced. Mr. Clarke stated that MSD did respond back to Representative McGrady, responses are included in the General Manager's report. Mr. Hartye stated that the comments were that the trigger should be different, that 10% should be eliminated and the 15% should be 30%. Mr. Hartye stated that the District should still have consulting authority. The District will petition the EMC, then develop a report on what is needed and how everything will work out, much the same way it worked the last time as far as a feasibility study and requirements. The question is whether we will have approval authority which we had before when most of the Board wanted them to have two members. It could be made clear in the resolution that MSD believes it should have approval authority and that the new county should be kept to two members. Mr. Ashley stated that he had also missed the emails and that's why he wasn't comfortable voting right this minute. Mr. Clarke further stated that after Mr. Hartye sent the email with the concerns about the bill, the triggers remain the same but the section that would have entitled Fletcher and Mills River to appoint members was taken out. Mr. Hartye stated that he had included the emails with this information from Friday in the Board package. Mr. Watts withdrew his original motion and Mr. Kelly consented to his withdrawal. Mr. Kelly moved that the Board oppose the bill as drafted. Mr. Whitesides seconded the motion. Roll call vote was as follows: 12 Ayes; 0 Nays.

Mr. Westall stated that one of his concerns from an engineering perspective is that the bar they put to the EMC is a very low bar. He stated that having been on the EMC he would want a lot more discretion in determining whether this was a good thing to do or not. He stated that he is not referring to any particular applicant, but if the statute says you have to accept it and it's not going to be detrimental to the public health and welfare, then someone with a very terrible system could come in, petition the EMC, and it would be to the benefit of public health and welfare for you to take it and have to subsidize what's going on with it. He stated that he thinks that's not a very good test of what the EMC should be doing. The EMC is made up of people who know quite a few things but have been given a low bar. Ms. Manheimer stated that this bill will be ordered to go to three different committees before it goes to the House Floor so it has a chance but with little warning to speak on the bill. She asked Mr. Hartye if that happens does he plan to go down there and, based on what has been discussed, does he feel he has enough information to provide the committee about MSD's concerns with the current bill. He stated yes. Mr. Clarke asked Mr. VeHaun if the Board wanted this to take the form of an actual resolution. Mr. VeHaun stated he preferred it in the form of a resolution, with the Board agreeing.

Mr. Hartye reported that attached is a copy of Senate Bill 536 Water/Wastewater Public Enterprise Reform. Also attached are comments from the NC Water Quality Association's attorney and Forrest Westall, MSD's Engineer of Record. This bill is currently in Committee and the long and short of it is it would add \$1.00 to the monthly bill for larger utilities. The goal for this would be a utility reserve to help failing systems, particularly those down east that have been hit hard and those who have never really gotten their systems up to snuff. This would help them with physical improvements, financial, managerial and help them to merger with other systems. This is done out of a utility reserve by which legislation envisions additional water and wastewater fees, \$1.00/month for each side. There has been a bit of discussion between other managers and they are starting to coordinate efforts. He stated that nothing has formally materialized yet and he just wanted to bring this issue to the Board's attention. The initial comments are that the goals are laudable. These systems need upgrading and funding. A lot of them do not have the mechanisms available. However, we do not see the \$1.00 fee as the means by which the funds should be raised. There are plenty of customers on fixed incomes here that have been paying the District's rate increases, \$330 million over the next ten years and probably \$230 million over the last ten. To fund other improvements for other utilities that haven't been raising their rates and doing their work seems inappropriate and regressive. He stated that he will return to the Board when he gets something more formalized but at this point he wanted to get input from this Board. While the goals are laudable, he feels this should be more of a general fund type of thing.

Mr. Hartye reported that MSD has once again received the Distinguished Budget Presentation Award. Thanks to Teresa Gilbert and Scott Powell.

Mr. Hartye reported that as a part of the preliminary budget, the CIP Committee will meet on April 23<sup>rd</sup> to consider an update of the Ten-Year Capital Improvement Program and the FY 2020 Construction Fund Budget. The Personnel Committee will meet on April 30<sup>th</sup> to consider Cost of Living/Merit pay, Benefit Allocations and Self-Funded Medical and Dental Program. The Finance Committee will meet May 2<sup>nd</sup> to consider a preliminary budget and an updated business plan which will incorporate the recommendations from the other Committees and potential sewer rates.

Mr. Hartye reported that the next Regular Board Meeting will be held on May 15, 2019 at 2 pm. The next Right of Way Committee meeting will be held on May 22, 2019 at 9 am.

**7. Report of Committees:**

**a. Right of Way Committee—March 27, 2019**

Mr. Kelly reported that the Right of Way Committee met on March 27, 2019, and made recommendations, all of which are routine and included in this Board package. There were no questions.

**8. Consolidated Motion Agenda:**

**a. Consideration of Condemnation–Christian Creek Interceptor:**

Mr. Hartye reported the Right of Way Committee recommends authority to obtain appraisal and proceed with condemnation, if necessary, and that there were 14 contacts with this owner.

**b. Consideration of Condemnation-Springside Road @ Overlook Road GSR:**

Mr. Hartye reported that 15 contacts were made with this owner and the Right of Way Committee recommends authority to obtain appraisal and proceed with condemnation, if necessary.

**c. Consideration of Compensation Budgets – Brown Avenue @ Elk Mountain Road PSR; Brownwood Avenue @ Waynesville Avenue GSR; Lower Melody Lane GSR; New Walnut Street @ Riverside Drive GSR:**

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

**d. Consideration of Developer Constructed Sewer Systems: 229 Flint Street (Sewer Relocation); Newbridge Parkway Apartments Phase 2; Onteora Subdivision:**

Mr. Hartye reported that the 229 Flint Street project is located in the City of Asheville and consisted of relocating 85 linear feet of 8-inch public gravity sewer and abandoning 60 linear feet of 8-inch public gravity sewer to accommodate a remodel.

Mr. Hartye reported that the Newbridge Parkway Apartments Phase 2 project is located in the Town of Woodfin and consisted of extending approximately 1,430 linear feet of 8-inch public gravity sewer to serve the 136 apartments for this phase of the project.

Mr. Hartye reported that the Onteora Subdivision project is located in the City of Asheville and consisted of extending approximately 382 linear feet of 8-inch public gravity sewer to serve the 6-unit single family residential development.

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

**e. Cash Commitment/Investment Report Month ended February, 2019:**

Mr. Powell reported that Page 47 presents the makeup of the District's Investment Portfolio. There has been no significant change in the makeup of the portfolio from the prior month. Page 48 presents the MSD investment managers report for the month of February. The weighted average maturity of the investment portfolio is 229 days. The yield to maturity is 2.52%. Page 49 presents the MSD analysis of Cash Receipts. Domestic User Fees are considered reasonable based on the timing of 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 in the current fiscal year. Page 50 presents the MSD analysis of Expenditures. O&M expenditures are considered reasonable based on historical trends and current year budgeted needs. Debt Service expenditures are below budgeted expectations due to lower than expected interest rates on the District's Series 2008A Revenue Refunding Bonds. Due to the nature and timing of capital projects, YTD expenditures can vary from year to year. Based on the current outstanding capital projects, YTD expenditures are considered reasonable. Page 57 presents the MSD Variable Debt Service Report. The 2008 A Series is performing at than budgeted expectations. As of the end of March the issue has saved the District rate payers approximately \$5.8 million in debt service since April of 2008.

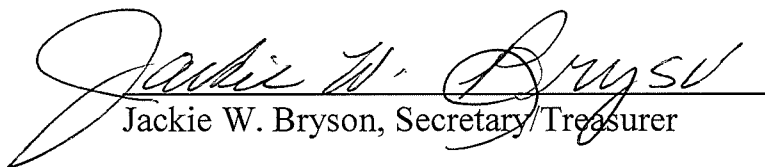
**f. Consideration of Auditing Services Contract – FY 2019**

Mr. Powell reported that Cherry Bekaert continues to provide excellent service, commits to work hard to control expenses, and pass any additional savings to the District. The FY 2018 engagement finished was 5.3% under budget, approximately \$2,500.00. The FY 2019 engagement fee from Cherry Bekaert is slated for \$48,000.00. Staff recommends approval of the FY 2019 audit contract with Cherry Bekaert LLP. Ms. Wisler asked what the final fee was for last year. Mr. Powell stated it was \$44,500.00. The actual increase from year to year is approximately \$1,000.00 but due to where they pull their staffing the travel expense can vary. This year they had a completely new staff who came out of Charlotte so there was a lot of savings in relation to travel and they passed that savings on to the District. The \$48,000.00 is all inclusive. Mr. Whitesides asked how many years they have been the District's auditor. Mr. Powell stated they have been the District's auditor for the last 12 years. In that 12-year period, Staff has gone out for RFQ's 3 times. Cherry Bekaert has come back being the most qualified. They focus a lot on utility groups in the State of North Carolina. Mr. Powell stated that having someone who does a lot of those is an asset in relation to looking at the District's financials. Mr. Clarke noted that they have also rotated the audit partner in charge a couple of times. Mr. Powell stated that during that 12-year period the District has had at least 6 partners and a complete rotation of staff at least 7-8 times. They have come out of the Raleigh and Charlotte office.

With no further discussion, Mr. VeHaun called for a motion to approve the Consolidated Motion Agenda. Mr. Pelly moved. Ms. Wisler seconded the motion. Roll call vote was as follows: 12 Ayes; 0 Nays.

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

With no further business, Mr. VeHaun called for adjournment at 2:45 pm.

  
Jackie W. Bryson, Secretary/Treasurer

# MSD

## Regular Board Meeting

Metropolitan Sewerage District  
of Buncombe County, NC

### AGENDA FOR 4/17/19

✓	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 March 20, 2019 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. Report of Committees	VeHaun	2:40	
	a. <a href="#">Right of Way Committee – March 27, 2019</a>	Kelly		
	07. Consolidated Motion Agenda	Hartye	2:45	
	a. Consideration of Condemnation – <a href="#">Christian Creek Interceptor</a>	Hartye		
	b. Consideration of Condemnation – <a href="#">Springside Road @ Overlook Road GSR</a>	Hartye		
	c. Consideration of Compensation Budgets – <a href="#">Brown Avenue @ Elk Mountain Road PSR; Brownwood Avenue @ Waynesville Avenue GSR; Lower Melody Lane GSR; New Walnut Street @ Riverside Drive GSR</a>	Hartye		
	d. Consideration of Developer Constructed Sewer Systems: <a href="#">229 Flint Street (Sewer Relocation); Newbridge Parkway Apartments Phase 2; Oteora Subdivision</a>	Hartye		
	e. <a href="#">Cash Commitment Investment Report-Month ended February, 2019</a>	Powell		
	f. <a href="#">Consideration of Auditing Services Contract – FY2019</a>	Powell		
	08. Old Business:	VeHaun	3:00	
	09. New Business:	VeHaun	3:05	
	10. Adjournment: (Next Meeting 5/22/19)	VeHaun	3:10	
	<a href="#">STATUS REPORTS</a>			



**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT**

**March 20, 2019**

**1. Call to Order and Roll Call:**

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration building at 2pm Wednesday, March 20, 2019. Chairman VeHaun presided with the following members present: Ashley, Bryson, Kelly, Manheimer, Pelly, Watts, Whitesides and Wisler. Holland, Pressley and Valois were absent.

Others present were: Thomas E. Hartye, PE, General Manager; William Clarke, General Counsel; Ed Bradford, Mike Stamey, Hunter Carson, Peter Weed, Scott Powell, Jim Hemphill, Ken Stines, Spencer Nay and Sheila Kilby, 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 February 20, 2019 Board Meeting:**

Mr. VeHaun asked if there were any changes to the Minutes of the February 20, 2019 Board Meeting. Mr. Watts moved for approval of the minutes as presented. Mr. Pelly 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:**

There was no discussion or public comment.

**6. Report of General Manager:**

Mr. Hartye reported that Ed Bradford and Mike Stamey will give a brief update of MSD's ongoing construction. This year's budget is approximately \$23.5 Million but the upcoming ten-year CIP budget is between \$310 - \$330 Million.

Mr. Bradford reported first on Plant Headworks projects. The old bar screens at the head of the plant have been replaced with new screens with closer spacing; new fine screens have been added and there is now a Vortex grit removal system which replaced the old Schreiber system. There was also a surge system added to handle peak flow conditions. This project was awarded by the Board in January 2017 with a project cost of around \$9.6 Million. The project began in Spring of 2017 and is currently at the completion stage. He presented a slide of the influent pump station and stated that all wastewater that MSD treats comes through this facility. He presented a video of the new fine screens in action, control panels and slides of the old digesters

that were re-purposed to be used for a storm surge. He also presented a slide of the demolition of the old Schreiber system.

The Plant High Rate Primary Treatment is a large project that has just started. There is no primary treatment right now after screening and grit removal. This was a tight fit with site restrictions at the plant and the way the topography lays. This project will help the downstream RBC's to work better and the plant can better adjust for peak flow, as you can ramp this process up and down. This project was awarded by the Board at the October 2018 Board Meeting with a construction cost of a little over \$15 million. Completion is expected by early 2021. Both projects combined will significantly improve the treatment process and will very importantly prepare the plant for future permitting requirements. He then presented slides and explained some smaller projects completed over the last year including the blower building and motor control center replacement, the intermediate clarifier slide gate replacement and the sodium hypochloride facility. He presented a graph showing capital investment, about 20 years' worth, at the plant. This is about \$62 Million worth of work.

Mr. Stamey first presented some slides of work on the South French Broad Interceptor Lining Project on the Biltmore Estate. This project is located on the river between Antler Hill Village and the Biltmore House. The existing interceptor on this project is a 36" concrete pipe which has had some deterioration and other issues. This project is being lined with a cured in place liner right at 5,111 linear feet. The project also consisted of rehabilitating 18 existing manholes and adding one manhole for future access. The Contractor for this work is Granite Inliner, LLC, based out of Gastonia. Completion is anticipated by April 1, 2019. The estimated cost of this work is approximately \$1 million. Ms. Manheimer asked if this was done in lieu of replacing the line. Mr. Hartye stated that, in this particular situation, MSD is currently designing a relief interceptor for future service requiring a larger line. This existing 36" line was structurally good enough to line so that we could minimize the size of the second line (relief interceptor) which will parallel this one.

Mr. Stamey also presented slides of the work in North Asheville on Dry Ridge Road which consisted of replacing approximately 907 linear feet of existing 8" line up a steep mountainside. The Contractor for this project is Buckeye Bridge Construction and the estimated cost is \$283,000.00. There was heavy vegetation in the right of way area on this project so there was a large amount of clearing. There were property owner concerns to be dealt with during the easement process which required Mr. Clarke's assistance, along with poor rock and soil conditions. Also, the heavy rains have caused storm drain and high ground water issues. Ms. Manheimer asked about a complaint from an owner who purchased property on this project after the easement was obtained and before construction. The Owner was not made aware of project from the Seller. Mr. Clarke stated that he and Staff have dealt with this owner and her lawyers extensively. She is really mad at the people who sold her the property. Ms. Manheimer asked if we were obligated once the property changes owners, not legally, but as a good will practice. Mr. Clarke stated that

both of her lawyers have acknowledged that MSD is well within its rights. Mr. Clarke stated that there was a very thorough notification process before construction, and if someone inspected the title for the property it is very clear that the easement is there. This easement was recorded within the last year. He stated that MSD Staff did a good job and worked through the process. Mr. Stamey stated that before construction begins, Staff sends out letters and notices, basically everything that can be done to notify property owners is done. Mr. Bradford stated that this has happened three times that he was aware of where a seller has not disclosed this information. Ms. Manheimer asked what was at the top of this project to require going to the top of the mountain. Mr. Stamey stated there were three or four houses up there. Mr. Bradford stated that it was a public system the District inherited. Ms. Manheimer asked how much this project cost. Mr. Stamey stated \$283,000.00. Mr. Stamey stated that there were 3 upcoming projects: Long Shoals Road @ Allen Avenue, Greenbriar Road in Haw Creek and Springdale Road in Kenilworth.

Mr. Stamey presented slides and reported on upcoming in-house construction projects. The 26 Wilshire Drive project is located in West Asheville and consists of replacing 1,862 feet of 8" line. This work started in February and hope to be complete by the first of April. The Weaverville Force Main project consisted of making 3 significant repairs in the last few months. One repair was made back in July, one in August and another in November with additional work to be performed in the future. The existing sewerline is 12" ductile iron pipe in very poor condition that has been in operation for over 30 years and the gases and the corrosive environment from the pumping system in Weaverville is causing it to become brittle. The Waightstill Mountain Force Main Replacement project is in South Asheville primarily along Ledbetter Road and consists of replacing 3,700 linear feet of force main. The 15 Dew Waite Road project is located in Ridgecrest and consists of 535 linear feet of 8" sewerline.

Mr. Hartye stated that Ms. Manheimer brought up a good point regarding the cost of a line for just a few houses. The dynamic is different than what you have with the water systems. With the sewer system if it leaks no matter how much it costs, if it hits a stream, MSD will get an NOV and it becomes a big deal. With the water system it's a little different. MSD is driven by any event of leakage coming out of the pipes regardless of the cost to repair.

Mr. Hartye reported that Jute of Clasique Acupuncture e-mailed to thank Gilbert Karn, Roy Lytle and crew.

Mr. Hartye reported that attached are some cards of appreciation from Koontz Intermediate School. He stated that one of his favorite's was "We learned some really cool stuff, some really interesting things, and some really nasty stuff".

Mr. Hartye reported that the next Right of Way Committee meeting will be held on March 27, 2019 at 9 am. The next Regular Board Meeting will be held on April 17, 2019 at 2 pm.

**7. Consolidated Motion Agenda:**

**a. Consideration of Developer Constructed Sewer Systems: The Peaks; Hunt Hill Apartments:**

Mr. Hartye reported that the Peaks project is located off South Tunnel Road in the City of Asheville and consisted of extending approximately 690 linear feet of 8-inch public gravity sewer to serve a commercial development.

Mr. Hartye reported that the Retreat at Hunt Hill Apartments project is located in the City of Asheville and consisted of extending approximately 1,735 linear feet of 8-inch public gravity sewer to serve the 180-unit apartment complex.

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

**b. Cash Commitment/Investment Report Month ended January, 2019:**

Mr. Powell reported that Page 27 presents the makeup of the District's Investment Portfolio. There has been no significant change in the makeup of the portfolio from the prior month. Page 28 presents the MSD investment managers report for the month of January. The weighted average maturity of the investment portfolio is 251 days. The yield to maturity is 2.55%. Page 29 presents the MSD analysis of Cash Receipts. Domestic User Fees are considered reasonable based on the timing of 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 \$1.2 million from two developers. Page 30 presents the MSD analysis of Expenditures. O&M, Debt Service and Capital Project expenditures are considered reasonable based on historical trends and timing of capital projects. Page 31 presents the MSD Variable Debt Service report. The 2008A Series is performing at budgeted expectations. As of the end of February this issue has saved the District rate payers approximately \$5.8 million in debt service since April of 2008.

With no further discussion, 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.

**8. Old Business:     None.**

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**9. New Business:** None.

**10. Adjournment:**

With no further business, Mr. VeHaun called for adjournment at 2:35 pm.

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Jackie W. Bryson, Secretary/Treasurer



## MEMORANDUM

TO: MSD Board  
FROM: Thomas E. Hartye, P.E., General Manager  
DATE: April 12, 2019  
SUBJECT: Report from the General Manager

- Draft Bill 2019-ST-18 (v.6)

Attached is a copy of a draft bill sponsored by Representative McGrady along with the transmittal email and my response.

The filing deadline is next Tuesday before the MSD Regular Board meeting.

- NCGA Senate Bill 536

Attached is a copy of Senate Bill 536 Water/Wastewater Public Enterprise Reform. Also attached are some comments from the attorney for the NC Water Quality Association (NCWQA) of which MSD is a member and some comments from Forrest Westall, MSD's Engineer of Record.

This bill is currently in Committee. While the goals of the legislation are laudable, the funding mechanism is both regressive and inefficient. I would like to get input from the MSD Board.

- GFOA Budget Presentation Award

MSD has once again received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA). Much thanks to Teresa Gilbert and Scott Powell.

- FY 2020 Budget Process and Committee Meetings

As a part of developing this preliminary budget, the CIP Committee will meet on April 23<sup>rd</sup> to consider an update of the Ten-Year Capital Improvement Program and the FY 2020 Construction Fund Budget. The Personnel Committee will meet on April 30<sup>th</sup> to consider Cost of Living/ Merit pay and Benefit Allocations (i.e. Self-Funded Medical & Dental Program). The Finance Committee will meet May 2<sup>nd</sup> to consider a Preliminary Budget with an updated 10 year Business Plan which will incorporate the recommendations from the other Committees along with the proposed FY20 Operating Budget and Sewer Rates.

- **Board/Committee Meetings/Events**

The CIP Committee will meet April 23<sup>rd</sup> at 8:30am. The Personnel Committee will meet 9am April 30<sup>th</sup>. The Finance Committee will meet May 2nd at 9 am. The next Regular Board Meeting will be held on May 15<sup>th</sup> at 2 pm. The next Right of Way Committee meeting will be held on May 22<sup>nd</sup> at 9am.

**Subject:** Re: 2019-ST-18 - MSD Expansion and Governance.

**Date:** Friday, April 12, 2019 at 2:12:24 PM Eastern Daylight Time

**From:** Hartye, Tom

**To:** Rep. Chuck McGrady, Esther Manheimer (esthermanheimer@avlcouncil.com), Brownie Newman

**CC:** Rep. Susan Fisher, Rep. Brian Turner, Rep. John Ager, Glenn Kelly, Jerry Vehaun, William Clarke

Representative McGrady,

With regard to expanding by one member under the new the new 162A-68.5 h(1)and (2):

Estimating time for these conditions to occur is, of course, speculative.

Regarding h(2), an increase of 10% flow could happen tomorrow with just one industry.

Regarding h(1), if past is prologue, then you would likely be talking between 5-15 years. However, MSD has been contacted by Developers interested in putting in 1174 units at Tap Root Dairy. This amounts to a 29% increase in accounts from Henderson County. This would likely take 5-10 years to develop if it goes forward.

It is our suggestion that you omit h(2) and make h(1) 30% increase in the number of customers.

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Two other concerns that MSD has:

- 1) The new 162A-68.5 says "Notwithstanding G.S. 162A-68 any time subsequent to the creation of a district, the district shall be expanded in accordance with this section to include the territory of the requesting county...." It appears that under this bill, MSD Board approval would not be required.
- 2) G.S. 162A-67 (a)(4) says that, "The governing body of each political subdivision, other than counties, lying in whole in part within the district , shall appoint one member of the district board." We are concerned that Fletcher and Mills River will want to appoint a member as well, over and above the additional representation stipulated in the new bill.

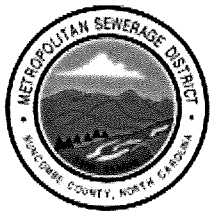
We would suggest keeping MSD Board approval of any expansions and to possibly sunset G.S. 162A-67(a)(4) going forward, or to make it clear that where an MSD expands pursuant to the new G.S. 162A-68.5, G.S. 162A-67 would not apply.



Thanks for allowing us to comment.

Tom Hartye

Thomas E. Hartye, PE  
General Manager  
Metropolitan Sewerage District of Buncombe County  
2028 Riverside Drive  
Asheville, NC 28804  
828.225.8399  
[Thartye@msdbc.org](mailto:Thartye@msdbc.org)



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**From:** "Rep. Chuck McGrady" <[Chuck.McGrady@ncleg.net](mailto:Chuck.McGrady@ncleg.net)>

**Date:** Friday, April 12, 2019 at 9:35 AM

**To:** "Esther Manheimer ([esthermanheimer@avlcouncil.com](mailto:esthermanheimer@avlcouncil.com))" <[esthermanheimer@avlcouncil.com](mailto:esthermanheimer@avlcouncil.com)>, brownie newman <[Brownie.Newman@buncombecounty.org](mailto:Brownie.Newman@buncombecounty.org)>

**Cc:** "Rep. Susan Fisher" <[Susan.Fisher@ncleg.net](mailto:Susan.Fisher@ncleg.net)>, "Rep. Brian Turner" <[Brian.Turner@ncleg.net](mailto:Brian.Turner@ncleg.net)>, "Rep. John Ager" <[John.Ager@ncleg.net](mailto:John.Ager@ncleg.net)>, Thomas Hartye <[thartye@msdbc.org](mailto:thartye@msdbc.org)>

**Subject:** FW: 2019-ST-18 - MSD Expansion and Governance.

Esther and Brownie,

Attached is draft legislation related to MSD. Having appeared before both the Asheville City Council and the Buncombe County Commission, I'd hoped that I would have heard in some formal way how to resolve the issue of Henderson County's membership on MSD. Absent that, though, I continued to talk to various local government officials, and the sense I got was that everyone in Asheville and Buncombe County would be fine with Henderson County getting two seats on the board, and everyone in Henderson County was wanting 3 or 4 seats. This bill provides for two seats, but also provides for the expansion of the board to three seats if a trigger is met.

Legislative staff reviewed data regarding customers in Henderson County and the amount of raw sewerage

being treated. My understanding is that they haven't seen the single calendar year increase in sewerage being treated occur, and they would expect it might take a decade for the other trigger to occur. I've copied Tom Hartye on this message, and I am asking him to consider whether the triggers are appropriate. The sweet spot is one which doesn't quickly trigger an additional member but also doesn't preclude adding an additional member in our lifetimes. I've attached a memo from nonpartisan legislative staff which outlines what the bill would do.

My bill filing deadline is on Tuesday, and I'll be filing a bill to meet that deadline. I apologize for my belated communications on this. Drafting this bill took a back seat to my work on the budget. Please get back to me with any comments you might have.

Chuck

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**From:** Erika Churchill (Legislative Analysis) <[Erika.Churchill@ncleg.net](mailto:Erika.Churchill@ncleg.net)>  
**Sent:** Thursday, April 11, 2019 8:41 PM  
**To:** Rep. Chuck McGrady <[Chuck.McGrady@ncleg.net](mailto:Chuck.McGrady@ncleg.net)>; CHARLES W MCGRADY <[chuckmcgrady@bellsouth.net](mailto:chuckmcgrady@bellsouth.net)>  
**Cc:** Kimberly Neptune (Rep. Chuck McGrady) <[McGradyla@ncleg.net](mailto:McGradyla@ncleg.net)>  
**Subject:** 2019-ST-18 - MSD Expansion and Governance.

The short descriptor:

The draft requires the Environmental Management Commission, unless it is deemed against the public health and welfare, to approve the inclusion of any county, on the request of that county's governing board, to any existing MSD if the county meets all of the following:

- (1) The county is contracting with the district for bulk service.
- (2) The district has installed a sewage disposal system, sewerage system, sewers, or any portion thereof, in that county.
- (3) The district serves customers in that county as of the date of the resolution.

On inclusion, the district board of the MSD is expanded by 2 members appointed by the governing board of the requesting county.

If, after inclusion either of the following occur, the governing board of the requesting county is to appoint one additional member to the district board of the MSD:

- (1) There is a cumulative increase in the number of customers in the requesting county of 15% or more from the number of customers in the requesting county on the effective date of the expansion.
- (2) There is a single calendar year increase in the amount of untreated sewage in the requesting county of 10% or more from the amount of untreated sewage on the effective date of the expansion.

Hope you have a good weekend! Let me know if there are any questions, concerns, or changes needed.

E

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

H

D

BILL DRAFT 2019-ST-18 [v.6]

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)  
04/11/2019 08:34:39 PM

Short Title: MSD Expansion and Governance.

(Public)

Sponsors: Representative McGrady.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO EXPAND THE MEMBERSHIP OF CERTAIN METROPOLITAN SEWERAGE  
3 DISTRICTS.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Article 5 of Chapter 162A of the General Statutes is amended by  
6 adding a new section to read:

7 "**§ 162A-68.5. Alternate procedure for inclusion of additional political subdivision.**

8 (a) Notwithstanding G.S. 162A-68, any time subsequent to the creation of a district, the  
9 district shall be expanded in accordance with this section to include the territory of the requesting  
10 county if the governing board of the county submits a resolution requesting inclusion in the  
11 district and the county meets all of the following criteria:

12 (1) The county is contracting with the district for bulk service.

13 (2) The district has installed a sewage disposal system, sewerage system, sewers,  
14 or any portion thereof, in that county.

15 (3) The district serves customers in that county as of the date of the resolution.

16 (b) Upon receipt of a resolution described in subsection (a) of this section, the district  
17 board shall send to the Environmental Management Commission and the requesting county all  
18 of the following:

19 (1) A map or maps of the district showing each of the following:

20 a. The present and proposed new boundaries of the district.

21 b. The existing sewage disposal system, sewerage system, sewers.

22 c. Any proposed extension of the sewage disposal system, sewerage  
23 system, sewer, including any sewer interceptors and outfalls.

24 (2) A description of any proposed extension of sewerage services to the  
25 requesting county, which shall address all of the following:

26 a. Extension of sewerage service to the requesting county on  
27 substantially the same basis and in the same manner as such services  
28 are provided within the rest of the district prior to inclusion of the new  
29 territory.

30 b. A proposed time schedule for extension of sewerage service to the  
31 requesting county.

32 c. The estimated cost of extension of sewerage service to the requesting  
33 county; the method by which the district board proposes to finance the  
34 extension; the outstanding existing indebtedness of the district, if any;



\* 2 0 1 9 - S T - 1 8 - V - 6 \*

1 and the valuation of assessable property within the district and within  
2 the requesting county.

3 (c) The Environmental Management Commission shall review the documents submitted  
4 under subsection (b) of this section and shall, in conjunction with the requesting county, set a  
5 time and place within the requesting county for a public hearing. The chair of governing body of  
6 the requesting county shall give prior notice of such hearing by posting a notice at the courthouse  
7 door of the requesting county at least 30 days prior to the hearing and also by publication at least  
8 once a week for four successive weeks in a newspaper or newspapers having general circulation  
9 in the district and in the requesting county, the first publication to be at least 30 days prior to such  
10 public hearing.

11 (d) If, after the public hearing, the Environmental Management Commission shall adopt  
12 a resolution expanding and defining the boundaries of the district to include the requesting county  
13 in the district if the Environmental Management Commission determines that the inclusion of the  
14 requesting county will not harm the public health and welfare. Such resolution shall state an  
15 effective date of the inclusion of the requesting county in the district.

16 (e) Any action or proceeding in any court to set aside a resolution of the Environmental  
17 Management Commission, or to obtain any other relief upon the ground that such resolution or  
18 any proceeding or action taken with respect to the inclusion of the requesting county within the  
19 district is invalid, must be commenced within 30 days after the effective date of the resolution  
20 adopted by the Environmental Management Commission. After the expiration of such period of  
21 limitation, no right of action or defense founded upon the invalidity of the resolution or the  
22 inclusion of the requesting county in the district shall be asserted, nor shall the validity of the  
23 resolution or the inclusion of the requesting county be open to question in any court upon any  
24 ground whatever, except in an action or proceeding commenced within such period.

25 (f) Any requesting county included within an existing district by resolution of the  
26 Environmental Management Commission shall be subject to all debts of the district.

27 (g) Upon inclusion in the district, the district board shall be expanded by two members,  
28 who shall be qualified registered voters residing in the requesting county and appointed by the  
29 governing body of the requesting county. The terms of office of the members appointed under  
30 this subsection may be varied for a period not to exceed six months from the terms provided for  
31 in G.S. 162A-67 so that the appointment of successors to such members may more nearly  
32 coincide with the appointment of successors to members of the existing district board. All  
33 successor members shall be appointed for the terms provided for in G.S. 162A-67.

34 (h) The district board shall be expanded by up to one additional member, who shall be a  
35 qualified registered voter residing in the requesting county and appointed by the governing body  
36 of the requesting county, if any of the following occur after the expansion of the district as  
37 provided in this section:

38 (1) A cumulative increase in the number of customers in the requesting county of  
39 fifteen percent or more from the number of customers in the requesting county  
40 on the effective date of the resolution adopted by the Environmental  
41 Management Commission as provided in this section.

42 (2) A single calendar year increase in the amount of untreated sewage in the  
43 requesting county of ten percent or more from the amount of untreated sewage  
44 on the effective date of the resolution adopted by the Environmental  
45 Management Commission as provided in this section.

46 **SECTION 2.** This act is effective when it becomes law.

**Subject:** FW: SB 536 - \$1 Per Month Water/Sewer Charge to Support Non-Viable Utilities

**Date:** Tuesday, April 9, 2019 at 9:34:48 AM Eastern Daylight Time

**From:** Hartye, Tom (sent by Hartye, Tom <tomh@msdbc.org>)

**To:** Jerry Vehaun, Glenn Kelly

**CC:** William Clarke, Forrest Westall

**From:** Paul Calamita <paul@aqualaw.com>

**Date:** April 5, 2019 at 9:33:15 AM EDT

**To:** Paul Calamita <paul@aqualaw.com>

**Cc:** Paul Nyffeler <panyffeler@aqualaw.com>, Meghan Morel

<mmorel@aqualaw.com>, Michelle Ashworth <mashworth@aqualaw.com>

**Subject: SB 536 - \$1 Per Month Water/Sewer Charge to Support Non-Viable Utilities**

To the NCWQA Members:

We hope everyone is doing well.

We have previously discussed the possibility of State legislation to provide grant funding support for non-viable utilities. **SB 536** has been introduced to do that. The initial funding mechanism would be a \$1 monthly surcharge on every water/sewer customer in the State.

Senators Newton (Primary), Britt; Burgin; J. Davis; Edwards; Perry; Sanderson; and Sawyer are the initial sponsors.

We have not been involved in the negotiations that led to the development of this bill. Accordingly, we plan to defer to the League and Counties on this. This is not their preferred funding mechanism. There are very good aspects of the bill (including grant funding for regionalization). We have a couple of brief comments to share for what they may be worth:

First, providing grant funding to financially non-viable utilities will simply kick the can down the road in many instances. Such funding might be more aggressively targeted to transitioning those utilities into a viable utility's system.

Second, the \$1/customer/month funding mechanism is far more cumbersome (requiring every utility to charge, collect, segregated, and submit the funds to the State) than the State making a general fund contribution to the SRF for this purpose.

Third, we think a general fund contribution is more equitable rather than making customers of viable utilities fund non-viable utilities while residents with on-site water/sewer pay nothing toward this public need. If we want public water/sewer, we should subsidize it (including the participation of onsite users) and not put it at a further financial disadvantage to onsite systems.

Fourth, we are concerned that the initial \$1/month could escalate, potentially throwing good money after bad and further kicking the can down the road regarding non-viable systems.

Fifth, one State precedent for this approach was the "Flush Tax" in Maryland years ago. The State imposed an annual fee (initially \$30 per year and then raised to \$60 per year) on every sewer ratepayer AND all residents with on-site systems (through the annual property tax collection). That funding (leveraged to over \$1Billion) was used to fund nutrient upgrades at POTWs in support of the Bay Program. The fee became very political post-adoption. In Maryland, the public utilities were adamant that the fee apply to everyone, including those not on public sewer. Of course, the per customer surcharge approach is far more regressive than would be a general-fund based appropriation. We usually advocate for avoiding regressive aspects for public water/sewer utility fees. The poorest among our rate payers already are burdened enough to maintain their critical public water/sewer services.

At bottom, we think the legislature should provide the initial funding for the program for a pilot period (say 3 years) and then reevaluate a long-term funding strategy and design for what the grants are intended to accomplish. Every state struggles with small, non-viable systems. Most have found that regionalization of some flavor is the only sustainable long-term solution. We recognize regionalization brings with it its own host of issues.

We would welcome your thoughts about this legislation.

Best,

Paul

Paul Calamita

AquaLaw

(804) 716-9021 ext. 201

(804) 938-4211 (c)

**Subject:** RE: SB 536 - \$1 Per Month Water/Sewer Charge to Support Non-Viable Utilities

**Date:** Wednesday, April 10, 2019 at 11:06:26 AM Eastern Daylight Time

**From:** Forrest Westall

**To:** Hartye, Tom, Jerry Vahaun, Glenn Kelly

**CC:** William Clarke

Thanks Tom. I'm on the League's Regulatory Action Committee and this bill was sent to the Committee members. A lot of concern was expressed and I provided the following comments from my position as a RAC Member. I sent these out before I saw Paul's comments, but we are very consistent in viewpoint. I would be happy to discuss further.

Forrest

To: NC League of Municipalities RAC Members

From: Forrest Westall

Date: 4/4/2019

Subject: SB 536

I think the comments offered reflect a reasonable reaction to this proposed program. Obviously this proposal generates significant concern for system owners with well-managed water and wastewater systems. Being required to increase rates to generate revenue for "other" systems to make improvements or to facilitate regionalization due to the failure or inability to provide the funding to adequately maintain and operate their systems is unfair. The stated justification for the proposal seems to be that "someone" must subsidize this effort since the systems in trouble lack the resources to correct the problems, i.e. the money has to come from somewhere. Based on the summary of the proposal, the reason for the rate-increase approach is that if funding isn't made available, the systems with big problems and no resources will be "forced" to connect to larger systems. I'm not sure how this would happen in a practical way, since funding for infrastructure to accomplish the connection would still have to come from somewhere as well. Forcing a viable, publicly-owned system to "adsorb" a smaller one with significant infrastructure is problematic from several points of view.

As Sarah's background information notes, this bill grew out of the legislative study of publicly-owned water and wastewater utilities. Consolidation and regionalization was an underlying concern and objective (for some). We all know of the specific situations that triggered the regionalization and consolidation debate. This point of reference helps to understand how the study identified this problem and why such an approach is being considered. The real issue of problem systems is the lack of revenue and resources at the system-owner level to effect a solution. Having worked with many small local government-owned water and wastewater utilities in NC, there are some real problems in the state with the viability of some of these systems and the limited resources available to the citizens served by these systems. They are typically poorly planned and "evolved" due to specific health and environmental concerns that justified the use of grant monies available following the passage of the Clean Water Act and other water quality legislation. In honesty, a good many of them should never have been built and some of the governments should never have been formed. Funding and rates were not properly managed and no capital or replacement funds were created. It is true that these situations were "created" by poor or no management and the consequences fall on those served by these systems. So, in my mind, the question is one of policy: should a program be undertaken and funded by NC citizens to address these issues and if so, how should it be funded? I do not have a complete understanding of the scope of

this problem or the overall need, so I'm not presenting my comments as a conclusion that something needs to be done. I do know that the Division of Water Infrastructure has been trying to help some of the local governments with these problems.

It is impossible to get away from the inequity of subsidizing poorly planned and managed systems with public dollars. As many of you noted and certainly know, the grants and loans programs growing out of legislation in the 1970s provided funding (a good portion of it grant money) on a priority basis that gravitated toward problem systems with direct water quality impacts. This approach has certainly resulted in a great deal of frustration on the part of well-operated system owners. Public funding to address problem systems is a large public policy decision. It is never "fair" to allocate resources collected from the whole to benefit the few. However, if there is a compelling public health or environmental reason to address these situations, and I'm not concluding one way or the other, then it should be funded in a broader way considering general "benefits". Since the environmental and public health issues potentially created by these systems are a "general" threat to NC citizens (particularly poor management of wastewater), it would seem to be more reasonable to use general tax revenue or bond issuance (which as tax payers we all pay by repayment of the bonds) to develop a program. A grants (likely to be the biggest component) and revolving fund program could be developed and used to address these issues (connection to viable existing local government systems, upgrading the existing system, even including moving some areas out of the wastewater and water business if there are on-site options that could be developed and funded, etc.). However, it isn't clear that there is sufficient public support to establish such a program.

If it is concluded as a matter of public policy that the need is sufficient to justify a general, publicly-funded program, then it should be funded by the most reasonable and fair way possible. Collecting additional water and sewer fees from local government-owned systems doesn't seem to reflect an appropriate way to fund such a program.



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*We launched a refreshed brand. Please note email / web address changes above.*



GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

FILED SENATE  
Apr 2, 2019  
S.B. 536  
PRINCIPAL CLERK

S

D

SENATE BILL DRS45233-BAxf-9A\*

Short Title: Water/Wastewater Public Enterprise Reform. (Public)

Sponsors: Senator Newton (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO IMPROVE VIABILITY OF THE WATER AND WASTEWATER SYSTEMS OF  
3 CERTAIN UNITS OF LOCAL GOVERNMENT BY REQUIRING LOCAL  
4 GOVERNMENT COMMISSION APPROVAL OF GRANT APPLICATIONS; TO  
5 REQUIRE CERTAIN WATER AND WASTEWATER SYSTEMS TO UNDERGO A  
6 REVIEW OF INFRASTRUCTURE MANAGEMENT, ORGANIZATIONAL  
7 MANAGEMENT, AND FINANCIAL MANAGEMENT; TO CREATE THE VIABLE  
8 UTILITY RESERVE TO PROVIDE GRANT MONEY FOR LOCAL GOVERNMENT  
9 UNITS; TO CREATE A MONTHLY SURCHARGE TO FUND THE VIABLE UTILITY  
10 RESERVE; TO PROVIDE A STATUTORY PROCESS FOR MERGER AND  
11 DISSOLUTION OF WATER AND WASTEWATER SYSTEMS ESTABLISHED UNDER  
12 CHAPTER 162A OF THE GENERAL STATUTES; TO PROMOTE THE IMPORTANCE  
13 OF INTERLOCAL AGREEMENTS TO THE OPERATION OF WATER AND  
14 WASTEWATER SYSTEMS; AND TO STUDY SUB-BASIN TRANSFERS AND  
15 HISTORICAL CHARTERS.

16 The General Assembly of North Carolina enacts:

17 **SECTION 1.(a)** G.S. 159G-20 reads as rewritten:

18 "**§ 159G-20. Definitions.**

19 The following definitions apply in this Chapter:

20 ...

21 (4a) Distressed unit. – A public water system or wastewater system operated by a  
22 local government unit exhibiting signs of failure to identify or address those  
23 financial or operating needs necessary to enable that system to become or to  
24 remain a local government unit generating sufficient revenues to adequately  
25 fund management and operations, personnel, appropriate levels of  
26 maintenance, and reinvestment that facilitate the provision of reliable water  
27 or wastewater services.

28 ...

29 (13) Local government unit. – Any of the following:

- 30 a. A city as defined in G.S. 160A-1.  
31 b. A county.  
32 c. A consolidated city-county as defined in G.S. 160B-2.  
33 d. ~~A county water and sewer district created pursuant to Article 6 of~~  
34 ~~Chapter 162A of the General Statutes.~~Any of the following entities  
35 created pursuant to Chapter 162A of the General Statutes:  
36 1. A water and sewer authority created pursuant to Article 1.



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- 1                                    2.     A metropolitan water district created pursuant to Article 4.
- 2                                    3.     A metropolitan sewerage district created pursuant to Article 5.
- 3                                    4.     A metropolitan water and sewerage district created pursuant to
- 4                                    Article 5A.
- 5                                    5.     A county water and sewer district created pursuant to Article
- 6                                    6.
- 7                                    e.    ~~A metropolitan sewerage district or a metropolitan water district~~
- 8                                    ~~created pursuant to Article 4 of Chapter 162A of the General Statutes.~~
- 9                                    f.    ~~A water and sewer authority created under Article 1 of Chapter 162A~~
- 10                                   ~~of the General Statutes.~~
- 11                                   g.    A sanitary district created pursuant to Part 2 of Article 2 of Chapter
- 12                                   130A of the General Statutes.
- 13                                   h.    A joint agency created pursuant to Part 1 or Part 5 of Article 20 of
- 14                                   Chapter 160A of the General Statutes.
- 15                                   i.    A joint agency that was created by agreement between two cities and
- 16                                   towns to operate an airport pursuant to G.S. 63-56 and that provided
- 17                                   drinking water and wastewater services off the airport premises before
- 18                                   1 January 1995.

19                                    ...  
 20                                    (22a) Viable Utility Reserve. – The Viable Utility Reserve established in  
 21                                    G.S. 159G-22 as an account in the Water Infrastructure Fund.

22                                    ...."  
 23                                    **SECTION 1.(b)** G.S. 159G-21 is amended by adding a new subdivision to read:  
 24                                    "(3) Revenue received under G.S. 162A-221 to provide grants to be administered  
 25                                    in accordance with this Chapter."

26                                    **SECTION 1.(c)** G.S. 159G-22 is amended by adding two new subsections to read:  
 27                                    "(h) Viable Utility Reserve. – The Viable Utility Reserve is established as an account  
 28                                    within the Water Infrastructure Fund. The account is established to receive amounts collected  
 29                                    under G.S. 162A-221, as well as any appropriated State funds, to be used for grants to local  
 30                                    government units for those purposes authorized under this Article. Revenue credited to the Viable  
 31                                    Utility Reserve is neither received from the federal government nor provided as a match for  
 32                                    federal funds.

33                                    (i) Viable Utility Accounts. – The Department is directed to establish accounts within  
 34                                    the Viable Utility Reserve to administer grants for public water systems or wastewater systems  
 35                                    owned by local government units."

36                                    **SECTION 1.(d)** G.S. 159G-30 reads as rewritten:  
 37                                    "**§ 159G-30. Department's responsibility.**  
 38                                    The Department, through the ~~Division of Water Infrastructure, Division,~~ administers ~~loans~~  
 39                                    the following:

- 40                                    (1) Loans and grants made from the CWSRF, the DWSRF, the Wastewater
- 41                                    Reserve, and the Drinking Water Reserve and shall administer the Reserve.
- 42                                    (2) The award of funds by the State Water Infrastructure Authority from the
- 43                                    Community Development Block Grant program to local government units for
- 44                                    infrastructure projects.
- 45                                    (3) Grants made from the Viable Utility Reserve."

46                                    **SECTION 1.(e)** G.S. 159G-31 is amended by adding a new subsection to read:  
 47                                    "(d) A local government unit is eligible to apply for a grant from the Viable Utility  
 48                                    Reserve."

49                                    **SECTION 1.(f)** G.S. 159G-32 is amended by adding a new subsection to read:  
 50                                    "(d) Viable Utility Reserve. – The Department is authorized to make grants from the  
 51                                    Viable Utility Reserve to do any of the following:

- 1           (1) Provide physical interconnection and extension of public water or wastewater  
 2           infrastructure to provide regional service.  
 3           (2) Rehabilitate existing public water or wastewater infrastructure.  
 4           (3) Decentralize an existing public water system or wastewater system into  
 5           smaller viable parts.  
 6           (4) Fund a study of any one or more of the following:  
 7           a. Rates.  
 8           b. Asset inventory and assessment.  
 9           c. Merger and regionalization options.  
 10          (5) Fund other options deemed feasible which results in local government units  
 11          generating sufficient revenues to adequately fund management and  
 12          operations, personnel, appropriate levels of maintenance, and reinvestment  
 13          that facilitate the provision of reliable water or wastewater services."

14           **SECTION 1.(g)** Article 2 of Chapter 159G of the General Statutes is amended by  
 15 adding a new section to read:

16 **"§ 159G-34A. Grant types available from Viable Utility Reserve.**

17           (a) The Department is authorized to make the following types of grants from the Viable  
 18 Utility Reserve:

- 19           (1) Asset assessment and rate study grant. – An asset inventory and assessment  
 20 grant is available to inventory the existing public water or wastewater system,  
 21 or both, document the condition of the inventoried infrastructure, and conduct  
 22 a rate study to determine a rate structure sufficient to prevent the local  
 23 government unit from becoming a distressed unit.  
 24           (2) Merger/regionalization feasibility grant. – A merger/regionalization grant is  
 25 available to determine the feasibility of consolidating the management of  
 26 multiple utilities into a single utility operation or to provide regional treatment  
 27 or water supply and the best way of carrying out the consolidation or  
 28 regionalization. The Department shall not make a grant under this subdivision  
 29 for a merger or regionalization proposal that would result in a new surface  
 30 water transfer regulated under G.S. 143-215.22L.  
 31           (3) Project grant. – A project grant is available for a portion of the costs of a public  
 32 water system or wastewater system project as defined in G.S. 159G-32(d).

33           (b) Each type of grant must be administered through a separate account within the Viable  
 34 Utility Reserve.

35           (c) The Department of Environmental Quality, through the Division of Water  
 36 Infrastructure, may budget and commit to grants based upon estimates of collections remitted in  
 37 accordance with G.S. 162A-222 provided by the Office of State Budget and Management and  
 38 the Fiscal Research Division of the Legislative Services Commission. If the actual remittance of  
 39 collections in accordance with G.S. 162A-222 is less than the estimate for that given year, no  
 40 grant shall be awarded and priority shall be given to that local government unit in the next  
 41 subsequent year."

42           **SECTION 1.(h)** G.S. 159G-35 reads as rewritten:

43 **"§ 159G-35. Criteria for loans and grants.**

44           (a) CWSRF and DWSRF. – Federal law determines the criteria for awarding a loan or  
 45 grant from the CWSRF or the DWSRF. An award of a loan or grant from one of these accounts  
 46 must meet the criteria set under federal law. The Department is directed to establish through  
 47 negotiation with the United States Environmental Protection Agency the criteria for evaluating  
 48 applications for loans and grants from the CWSRF and the DWSRF and the priority assigned to  
 49 the criteria. The Department must incorporate the negotiated criteria and priorities in the  
 50 Capitalization Grant Operating Agreement between the Department and the United States  
 51 Environmental Protection Agency. The criteria and priorities incorporated in the Agreement

1 apply to a loan or grant from the CWSRF or the DWSRF. The priority considerations in  
2 G.S. 159G-23 do not apply to a loan or grant from the CWSRF or the DWSRF.

3 (b) Certain Reserves. – The priority considerations in G.S. 159G-23 apply to a loan or  
4 grant from the Wastewater Reserve or the Drinking Water Reserve. The Department may  
5 establish by rule other criteria that apply to a loan or grant from the Wastewater Reserve or the  
6 Drinking Water Reserve.

7 (c) Viable Utility Reserve. – The Local Government Commission and the Authority shall  
8 jointly develop evaluation criteria for grants from the Viable Utility Reserve. This evaluation  
9 criteria shall be used to review applications and award grants as provided in G.S. 159G-39."

10 **SECTION 1.(i)** G.S. 159G-36 reads as rewritten:

11 "**§ 159G-36. Limits on loans and grants.**

12 (a) CWSRF and DWSRF. – Federal law governs loans and grants from the CWSRF and  
13 the DWSRF. An award of a loan or grant from one of these accounts must be consistent with  
14 federal law.

15 (b) Certain Reserve Cost Limit. – The amount of a loan or grant from the Wastewater  
16 Reserve or the Drinking Water Reserve may not exceed the construction costs of a project. A  
17 loan or grant from one of these Reserves is available only to the extent that other funding sources  
18 are not reasonably available to the applicant.

19 (b1) Viable Utility Reserve Cost Limit. – The amount of a grant from the Viable Utility  
20 Reserve may not exceed the construction costs of a project. A grant from this Reserve is available  
21 only to the extent that other funding sources are not reasonably available to the applicant.

22 (c) Certain Reserve Recipient Limit. – The following limits apply to the loan or grant  
23 types made from the Wastewater Reserve or the Drinking Water Reserve to the same local  
24 government unit or nonprofit water corporation:

25 (1) The amount of loans awarded for a fiscal year may not exceed three million  
26 dollars (\$3,000,000).

27 (2) The amount of loans awarded for three consecutive fiscal years for targeted  
28 interest rate projects may not exceed three million dollars (\$3,000,000).

29 (3) The amount of project grants awarded for three consecutive fiscal years may  
30 not exceed three million dollars (\$3,000,000).

31 (4) The amount of merger/regionalization feasibility grants awarded for three  
32 consecutive fiscal years may not exceed fifty thousand dollars (\$50,000).

33 (5) The amount of asset inventory and assessment grants awarded for three  
34 consecutive fiscal years may not exceed one hundred fifty thousand dollars  
35 (\$150,000).

36 (d) Viable Utility Reserve Recipient Limit. – Grants under the Viable Utility Reserve  
37 shall not exceed fifteen million dollars (\$15,000,000) to any single local government unit. Where  
38 two or more local government units are merging into a single utility, the total grant awarded shall  
39 not exceed thirty million dollars (\$30,000,000)."

40 **SECTION 1.(j)** G.S. 159G-37 reads as rewritten:

41 "**§ 159G-37. Application to CWSRF, Wastewater Reserve, DWSRF, and Drinking Water**  
42 **Reserve, Reserve, and Viable Utility Reserve.**

43 (a) Application. – An application for a loan or grant from the CWSRF, the Wastewater  
44 Reserve, the DWSRF, or the Drinking Water Reserve, or a grant from the Viable Utility  
45 Reserve, must be filed with the ~~Division of Water Infrastructure of the Department.~~ Division. An  
46 application must be submitted on a form prescribed by the Division and must contain the  
47 information required by the Division. An applicant must submit to the Division any additional  
48 information requested by the Division to enable the Division to make a determination on the  
49 application. An application that does not contain information required on the application or  
50 requested by the Division is incomplete and is not eligible for consideration. An applicant may  
51 submit an application in as many categories as it is eligible for consideration under this Article.

1 (b) Certification. – The Division of ~~Water Infrastructure~~ shall require all local  
2 governments applying for loans or grants for water or wastewater purposes to certify that no  
3 funds received from water or wastewater utility operations have been transferred to the local  
4 government's general fund for the purpose of supplementing the resources of the general fund.  
5 The prohibition in this section shall not be interpreted to include payments made to the local  
6 government to reimburse the general fund for expenses paid from that fund that are reasonably  
7 allocable to the regular and ongoing operations of the utility, including, but not limited to, rent  
8 and shared facility costs, engineering and design work, plan review, and shared personnel costs."

9 **SECTION 1.(k)** G.S. 159G-39 is amended by adding a new subsection to read:

10 "(e) Viabale Utility Reserve Terms. – The Department may not award a grant from the  
11 Viabale Utility Reserve Fund unless the Local Government Commission approves the award of  
12 the grant and the terms of the grant. The Department and the Local Government Commission  
13 may, in their discretion, impose specific performance measures or conditions on any grant  
14 awarded from the Viabale Utility Reserve."

15 **SECTION 1.(l)** Article 2 of Chapter 159G of the General Statutes is amended by  
16 adding a new section to read:

17 "**§ 159G-45. Assessment of local government units; assistance.**

18 (a) The Authority and the Local Government Commission shall develop criteria to  
19 determine how local government units should be assessed and reviewed in accordance with this  
20 section, and such criteria shall address at least all of the following:

- 21 (1) Whether the public water or wastewater system that serves less than 10,000  
22 customers.
- 23 (2) Whether the public water or wastewater system has an established,  
24 operational, and adequately funded program for its repair, maintenance, and  
25 management.
- 26 (3) Whether the annual debt service is disproportionate to the public water or  
27 wastewater system's annual revenue.
- 28 (4) Whether the local government unit has appropriated monies from its utility or  
29 public service enterprise fund in accordance with G.S. 159-13(b)(14) in two  
30 or more of the preceding five fiscal years without maintaining a reserve fund  
31 sufficient to provide for operating expenses, capital outlay, and debt service.
- 32 (5) Whether the local government unit has appropriated monies to supplement the  
33 operating expenses, capital outlay, or debt service on outstanding utility or  
34 enterprise bonds or notes in excess of the user fees collected in two or more  
35 of the preceding five fiscal years.

36 (b) Utilizing the assessment and review process, the Authority and Local Government  
37 Commission shall identify distressed units. Each distressed unit identified under this subsection  
38 shall do all of the following:

- 39 (1) Conduct an asset assessment and rate study, as directed and approved by the  
40 Authority and the Local Government Commission.
- 41 (2) Participate in a training and educational program approved by the Authority  
42 and the Local Government Commission for that distressed unit. Attendance  
43 shall be mandatory for any governing board members and staff whose  
44 participation is required by the Authority and Local Government Commission.  
45 The scope of training and education, and its method of delivery, shall be at the  
46 discretion of the Authority and Local Government Commission.
- 47 (3) Develop an action plan, taking into consideration all of the following:
  - 48 a. A short-term and a long-term plan for infrastructure repair,  
49 maintenance, and management.
  - 50 b. Continuing education of the governing board and system operating  
51 staff.

- c. Long-term financial management to ensure the public water system or wastewater system will generate sufficient revenue to adequately fund management and operations, personnel, appropriate levels of maintenance, and reinvestment that facilitate the provision of reliable water or wastewater services.
- d. Any other matters identified by the Authority, the Department, or the Local Government Commission.

(c) Once an identified distressed unit has completed all of the requirements of subsection (b) of this section, that unit shall no longer be identified as a distressed unit for the remainder of that assessment and review cycle.

(d) The Authority and the Local Government Commission shall establish the frequency of the cycle for assessment and review of local government units under this section, which shall be no less than every two years."

**SECTION 1.(m)** This section becomes effective October 1, 2019.

**SECTION 2.(a)** Chapter 162A of the General Statutes is amended by adding a new Article to read:

"Article 9.

"Water and Wastewater Surcharge.

**"§ 162A-220. Definitions.**

The following definitions apply in this Article:

- (1) Local government unit. – Defined in G.S. 159G-20.
- (2) Public water system. – Defined in G.S. 130A-313.
- (3) Wastewater system. – Defined in G.S. 159G-20.

**"§ 162A-221. Surcharge for water and wastewater services.**

(a) A monthly surcharge is imposed on each active account of a public water system or wastewater system, payable by the account holder, as follows:

- (1) One dollar (\$1.00) per residential account receiving water service from a local government unit.
- (2) One dollar (\$1.00) per residential account receiving wastewater service from a local government unit.
- (3) One dollar (\$1.00) per nonresidential account receiving water service from a local government unit.
- (4) One dollar (\$1.00) per nonresidential account receiving wastewater service from a local government unit.

(b) Local government units are responsible for billing and collecting the monthly surcharges established in subsection (a) of this section based on the local government unit's billing schedule.

(c) Local government units may deduct and retain from the monies collected an amount to cover the administrative expenses of collecting the monthly surcharges established in subsection (a) of this section not to exceed two percent (2%) of the amount collected by the local government unit.

**"§ 162A-222. Transfer of collections.**

Local government units shall remit the amounts collected to the Viable Utility Reserve established in G.S. 159G-22 on a quarterly basis.

**"§ 162A-223. Sunset.**

This Article expires June 30, 2029."

**SECTION 2.(b)** G.S. 130A-64 is amended by adding a new subsection to read:

"(c) The district board shall collect any applicable monthly surcharges required under G.S. 162A-221."

**SECTION 2.(c)** G.S. 153A-277 is amended by adding a new subsection to read:

1 "(a3) A county shall collect any applicable monthly surcharges required under  
2 G.S. 162A-221."

3 **SECTION 2.(d)** G.S. 160A-314 is amended by adding a new subsection to read:

4 "(h) A city shall collect any applicable monthly surcharges required under  
5 G.S. 162A-221."

6 **SECTION 2.(e)** G.S. 160A-317 is amended by adding a new subsection to read:

7 "(a5) A city shall collect any applicable monthly surcharges required under  
8 G.S. 162A-221."

9 **SECTION 2.(f)** G.S. 162A-6(a) is amended by adding a new subdivision to read:

10 "(9b) To collect any applicable monthly surcharges required under G.S. 162A-221."

11 **SECTION 2.(g)** G.S. 162A-9 is amended by adding a new subsection to read:

12 "(a6) An authority shall collect any applicable monthly surcharges required under  
13 G.S. 162A-221."

14 **SECTION 2.(h)** G.S. 162A-36(a) is amended by adding a new subdivision to read:

15 "(8b) To collect any applicable monthly surcharges required under G.S. 162A-221."

16 **SECTION 2.(i)** G.S. 162A-49 is amended by adding a new subsection to read:

17 "(c) The district board shall collect any applicable monthly surcharges required under  
18 G.S. 162A-221."

19 **SECTION 2.(j)** G.S. 162A-69 is amended by adding a new subdivision to read:

20 "(8b) To collect any applicable monthly surcharges required under G.S. 162A-221."

21 **SECTION 2.(k)** G.S. 162A-72 is amended by adding a new subsection to read:

22 "(c) The district board shall collect any applicable monthly surcharges required under  
23 G.S. 162A-221."

24 **SECTION 2.(l)** G.S. 162A-85.13 is amended by adding a new subsection to read:

25 "(a2) The district board shall collect any applicable monthly surcharges required under  
26 G.S. 162A-221."

27 **SECTION 2.(m)** G.S. 162A-88 is amended by adding a new subsection to read:

28 "(c) The district board shall collect any applicable monthly surcharges required under  
29 G.S. 162A-221."

30 **SECTION 2.(n)** This section becomes effective October 1, 2019.

31 **SECTION 3.(a)** Chapter 162A of the General Statutes is amended by adding a new  
32 Article to read:

33 "Article 10.

34 "Dissolution and Merger of Units.

35 "§ 162A-850. Definitions.

36 For purposes of this Article, the following definitions shall apply:

37 (1) Unit. – Any of the following entities created pursuant to this Chapter:

- 38 a. A water and sewer authority created pursuant to Article 1.
- 39 b. A metropolitan water district created pursuant to Article 4.
- 40 c. A metropolitan sewerage district created pursuant to Article 5.
- 41 d. A metropolitan water and sewerage district created pursuant to Article
- 42 5A.
- 43 e. A county water and sewer district created pursuant to Article 6.

44 "§ 162A-855. Information needed to merge or dissolve.

45 (a) Prior to any action by the Environmental Management Commission under this  
46 Article, for any unit to merge or dissolve all of the following information must be supplied to the  
47 Environmental Management Commission:

- 48 (1) The name of the unit to be merged or dissolved.
- 49 (2) The names of the district board members of the unit to be merged or dissolved.
- 50 (3) The proposed date of the merger or dissolution.
- 51 (4) A map or description of the jurisdiction of the unit to be merged or dissolved.

- 1           (5)    The name of the entity with whom the unit will be merged, if applicable.  
2           (6)    The names of the governing board members or district board members of the  
3           entity with which the unit is proposed to be merged, if applicable.  
4           (7)    A map or description of the jurisdiction of the entity with which the unit is  
5           proposed to be merged.  
6           (8)    Resolutions adopted by each district board or governing board requesting the  
7           merger or dissolution.  
8           (9)    A request from each chair of a district board requesting a merger or dissolution  
9           that a representative of the Environmental Management Commission hold a  
10          public hearing in that district to discuss the proposed merger or dissolution  
11          and to receive public comment. The date, time, and place of the public hearing  
12          shall be mutually agreed to by the chair of the Environmental Management  
13          Commission and the chair of each requesting district board.  
14          (10)   A copy of the most recent audit performed in accordance with G.S. 159-34 for  
15          the unit to be merged or dissolved.  
16          (11)   A copy of any permits issued by the Department of Environmental Quality to  
17          the unit to be merged or dissolved.  
18          (12)   A copy of any grant awarded under Article 2 of this Chapter involving the unit  
19          to be merged or dissolved, and any conditions thereof, if applicable.  
20          (13)   Any other information deemed necessary by the Department of Environmental  
21          Quality, the Local Government Commission, or the Environmental  
22          Management Commission.  
23          (b)    Upon receipt of a request to dissolve or merge, the Environmental Management  
24          Commission shall provide a copy of all information submitted in accordance with this section to  
25          the Department of Environmental Quality and the Local Government Commission.  
26          (c)    Upon confirmation of the time and place of the public hearing, each district board of  
27          an affected unit and any other governing board affected shall do all of the following:  
28               (1)    Cause notice of the public hearing to be posted, at least 30 days prior to the  
29               hearing, at the courthouse in any county within which the affected unit lies.  
30               (2)    Publish the notice at least once a week for four successive weeks in a  
31               newspaper having general circulation in the affected unit, the first publication  
32               to be at least 30 days prior to the public hearing.  
33               (3)    Publish notice in any other manner required by the Environmental  
34               Management Commission.

35    **"§ 162A-860. Merger of units.**

36          (a)    Any unit may merge with any other unit, any county, any city, any consolidated  
37          city-county, any sanitary district created pursuant to Part 2 of Article 2 of Chapter 130A of the  
38          General Statutes, any joint agency created pursuant to Part 1 or Part 5 of Article 20 of Chapter  
39          160A of the General Statutes, or any joint agency that was created by agreement between two  
40          cities and towns to operate an airport pursuant to G.S. 63-56 and that provided drinking water  
41          and wastewater services off the airport premises before January 1, 1995, if such merger is a  
42          condition of receiving a grant from the Viable Utility Reserve as provided in Article 2 of Chapter  
43          159G of the General Statutes. The Environmental Management Commission shall adopt a  
44          resolution transferring the assets, liabilities, and other obligations to the entity with which the  
45          unit is being merged and dissolving the unit as provided for in this Article.

46          (b)    Any unit may merge with any other unit, any county, any city, any consolidated  
47          city-county, any sanitary district created pursuant to Part 2 of Article 2 of Chapter 130A of the  
48          General Statutes, any joint agency created pursuant to Part 1 or Part 5 of Article 20 of Chapter  
49          160A of the General Statutes, or any joint agency that was created by agreement between two  
50          cities and towns to operate an airport pursuant to G.S. 63-56 and that provided drinking water  
51          and wastewater services off the airport premises before January 1, 1995, on approval by the



1 Environmental Management Commission, upon consultation with the Department of  
2 Environmental Quality and the Local Government Commission. The Environmental  
3 Management Commission may adopt a resolution transferring the assets, liabilities, and other  
4 obligations to the entity with which the unit is being merged and dissolving the unit as provided  
5 for in this Article, if the Environmental Management Commission deems the merger in the best  
6 interest of the people of the State.

7 (c) The Environmental Management Commission shall adopt a resolution dissolving a  
8 unit and transferring the assets, liabilities, and other obligations of the unit to another unit when  
9 the procedures set forth in G.S. 162A-855 have been completed and all of the following apply:

10 (1) Both units are created pursuant to Article 5 of this Chapter.

11 (2) Both units are located in the same county.

12 (3) The jurisdiction of the units are contiguous.

13 (4) The unit to be merged and dissolved does not directly provide sewerage  
14 services to any customers.

15 (5) The unit to be merged and dissolved leases its assets to the unit with which it  
16 is proposed to be merged.

17 (6) The unit to be merged and dissolved has no outstanding debts.

18 **"§ 162A-865. Dissolution of units.**

19 (a) Any unit may be dissolved, if such dissolution is a condition of a grant from the Viable  
20 Utility Reserve as provided in Article 2 of Chapter 159G of the General Statutes. The  
21 Environmental Management Commission shall adopt a resolution transferring the assets,  
22 liabilities, and other obligations as provided for in the grant conditions imposed under Article 2  
23 of Chapter 159G of the General Statutes.

24 (b) Any unit may be dissolved in order to merge that unit with any other unit, any county,  
25 any city, any consolidated city-county, any sanitary district created pursuant to Part 2 of Article  
26 2 of Chapter 130A of the General Statutes, any joint agency created pursuant to Part 1 or Part 5  
27 of Article 20 of Chapter 160A of the General Statutes, or any joint agency that was created by  
28 agreement between two cities and towns to operate an airport pursuant to G.S. 63-56 and that  
29 provided drinking water and wastewater services off the airport premises before January 1, 1995,  
30 and establish a new entity created under the General Statutes, on approval by the Environmental  
31 Management Commission, upon consultation with the Department of Environmental Quality and  
32 the Local Government Commission. The Environmental Management Commission may adopt a  
33 resolution transferring the assets, liabilities, and other obligations to the new entity and dissolving  
34 the unit as provided for in this Article, if the Environmental Management Commission deems the  
35 merger in the best interest of the people of the State.

36 **"§ 162A-870. Effective date of merger or dissolution.**

37 Upon the adoption of a resolution of merger or dissolution by the Environmental  
38 Management Commission as provided in this Article, the effective date for merger and  
39 dissolution shall be fixed as of June 30 following the adoption of the resolution or the second  
40 June 30 following adoption of the resolution.

41 **"§ 162A-875. Effect of merger or dissolution.**

42 (a) Upon adoption of the resolution of merger or dissolution by the Environmental  
43 Management Commission, all of the following shall apply on the effective date set forth in the  
44 resolution:

45 (1) All property, real, personal, and mixed, including accounts receivable,  
46 belonging to the dissolving unit shall be transferred, disposed of, or otherwise  
47 accounted for as provided in the resolution of merger or dissolution.

48 (2) All judgments, liens, rights of liens, and causes of action of any nature in favor  
49 of the dissolving unit shall vest in and remain and inure to the benefit of the  
50 merged district.

- 1           (3)    All taxes, assessments, sewer charges, and any other debts, charges, or fees  
2           owing to the dissolving unit shall be owed to and collected as provided in the  
3           resolution of merger or dissolution.
- 4           (4)    All actions, suits, and proceedings pending against, or having been instituted  
5           by, the dissolving unit shall not be abated by merger, but all such actions,  
6           suits, and proceedings shall be continued and completed in the same manner  
7           as if merger had not occurred, and the merged entity shall be a party to all  
8           such actions, suits, and proceedings in the place and stead of the dissolving  
9           unit and shall pay or cause to be paid any judgments rendered against the  
10          dissolving unit in any such actions, suits, or proceedings. No new process is  
11          required to be served in any such action, suit, or proceeding.
- 12          (5)    All obligations of the dissolving unit, including outstanding indebtedness,  
13          shall be assumed as provided in the resolution of merger or dissolution, and  
14          all such obligations and outstanding indebtedness shall constitute obligations  
15          and indebtedness as provided in the resolution of merger or dissolution.
- 16          (6)    All ordinances, rules, regulations, and policies of the dissolving unit shall  
17          continue in full force and effect until repealed or amended by the governing  
18          body of the merged entity.
- 19          (7)    The dissolving unit shall be abolished, and shall no longer be constituted a  
20          public body or a body politic and corporate, except for purposes of carrying  
21          into effect the provisions and intent of this section.
- 22          (8)    Governance of the district shall be as specified in the resolution of merger or  
23          dissolution, which may be amended by the Environmental Management  
24          Commission as needed.

25          (b)    All governing boards and district boards are authorized to take the actions and execute  
26          the documents necessary to effectuate the provisions and intent of this section."

27                **SECTION 3.(b)** This section becomes effective October 1, 2019.

28                **SECTION 4.** Article 20 of Chapter 160A of the General Statutes is amended by  
29 adding a new Part to read:

30                                "Part 5. Water and Wastewater Systems.

31                **"§ 160A-481.1. Definitions.**

32                The words defined in this section shall have the meanings indicated when used in this Part:

33                (1)    Local government unit. – Defined in G.S. 159G-20.

34                (2)    Undertaking. – Defined in G.S. 160A-460.

35                (3)    Unit of local government. – Defined in G.S. 160A-460.

36                **"§ 160A-481.2. Interlocal cooperation authorized.**

37                Interlocal cooperation, as provided in Part 1 of this Article, is authorized between any local  
38                government unit and any other unit of local government in this State for any purpose. When two  
39                or more local government units agree to contract for one or more undertakings under this Part,  
40                the provisions of Part 1 of this Article apply."

41                **SECTION 5.(a)** The Department of Environmental Quality shall study the statutes  
42 and rules governing subbasin transfers and make recommendations as to whether the statutes and  
43 rules should be amended. The study shall specifically examine whether transfers of water  
44 between subbasins within the same major river basin should continue to be required to comply  
45 with all of the same requirements under G.S. 143-215.22L as transfers of water between major  
46 river basins. In conducting this study, the Department shall consider whether the costs of  
47 complying with specific requirements, including financial costs and time, are justified by the  
48 benefits of the requirements, including the production of useful information and public notice  
49 and involvement.

1           **SECTION 5.(b)** No later than October 1, 2019, the Department of Environmental  
2 Quality shall report its findings and recommendations to the Environmental Review  
3 Commission.

4           **SECTION 6.(a)** The Treasurer and Secretary of State shall study and make  
5 recommendations as to the feasibility of authorizing historical charters for units of local  
6 government that have become, or are on the brink of becoming, defunct. The study shall  
7 specifically examine whether such historical charters are needed, the impact of such charters on  
8 the bond rating of the State and its political subdivisions, and the consequences of such historical  
9 charters.

10           **SECTION 6.(b)** No later than March 1, 2020, the Treasurer and Secretary of State  
11 shall report their findings and recommendations to the General Assembly.

12           **SECTION 7.** Except as otherwise provided, this act is effective when it becomes  
13 law.

**RIGHT OF WAY  
COMMITTEE RECOMMENDATIONS  
AND MINUTES  
March 27, 2019**

**I. Call To Order**

The regular monthly meeting of the Right of Way Committee was held in the Boardroom of the William H. Mull Building and called to order at 9:00 a.m. on Wednesday, March 27, 2019. The following Right of Way Committee members were present: Glenn Kelly, Matt Ashley, Jackie Bryson, Esther Manheimer and Al Whitesides.

Others present were: Bob Watts, Board Member; Angel Banks, Ed Bradford, Mike Stamey, Hunter Carson, Darin Prosser, Shaun Armistead, Wesley Banner and Pam Nolan, MSD.

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

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

**III. Consideration of Condemnation – Christian Creek Interceptor, Project No. 2011110**

**Property Owner: Dennis E. Austin  
Pin Number 9678-98-2183**

Subject parcel is improved with a vacant, single family home located off West Buckeye Cove Road in Swannanoa. The existing sewer line runs east to west bisecting the middle of the property. A portion of the sewer will be replaced in the same trench, and the other portion of sewer is being shifted slightly to the north. The owner, Dennis E. Austin, is deceased and we have been negotiating with the son, Marc Austin, who lives in Charlotte. A meeting was held in August. Austin had minimal concerns for which MSD made provisions; he also indicated agreement with the compensation (\$1,227) offered.

In follow up contacts, Austin indicated he would close out estate the end of January. Since the end of January, Austin has ignored all our additional contacts. We had Roberts & Stevens pull the estate file and they found no actions toward closing out the estate.

Total Contacts: 14

**STAFF RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation, if necessary.**

Ms. Banks reviewed the location and situation regarding this parcel. Mr. Banner made another contact with Mr. Austin prior to this meeting and Mr. Austin hung up on him. There was no

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

**COMMITTEE RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation, if necessary.**

**IV. Consideration of Condemnation–Springside Road @ Overlook Road GSR, Project No. 2012127**

**Property Owner: Jeffrey J. Browning  
Pin Number 9645-81-1518 and 9645-81-0637**

Subject parcels are improved with a single-family home on each parcel off Springside Road in South Asheville. One home is owner occupied and the other is being used as a rental. The existing sewer line runs along the eastern half of the larger parcel and parallel to a creek that runs between both parcels. A large portion of the proposed sewer line is being shifted to the west to avoid conflict with the creek.

A meeting was held with the owner in April, however he was very short and unwilling to meet to discuss the project. Subsequently numerous phone calls were made and doorhangers were left at the residence, all requesting further meetings, but there has been no response. It is unclear if the owner agrees with the total compensation (\$5501) being offered, or what his concerns may be with this project. Due to the owner being unresponsive we are unable to move forward with negotiations.

Total Contacts: 15

**STAFF RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation, if necessary.**

Ms. Banks explained the location and situation regarding this parcel and that Mr. Browning's mother lives in the other home on the property. There was no discussion. Mr. Kelly made the motion to accept Staff's recommendation. Mr. Whitesides seconded the motion. Voice vote was unanimous.

**COMMITTEE RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation, if necessary.**

**V. Consideration of Compensation Budgets –**

**Brown Avenue @ Elk Mountain Road PSR, Project No. 2018134**  
**Brownwood Avenue @ Waynesville Avenue, Project No. 2017208**  
**Lower Melody Lane GSR, Project No. 2013027**  
**New Walnut Street @ Riverside Drive GSR, Project No. 2017007**

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

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

Ms. Banks reviewed the above compensation budgets. The Brown Avenue at Elk Mountain Road project consists of replacing 485 linear feet of 4” and 6” PVC and Orangeburg pipe with 8” DIP. The Brownwood Avenue at Waynesville Avenue project consists of replacing 713 linear feet of 6” and 8” VCP with 8” DIP. The Lower Melody Lane project consists of replacing 694 linear feet of 6” Orangeburg pipe with 8” DIP. The New Walnut Street at Riverside Drive project consists of replacing 2,534 linear feet of 6” and 8” VCP with 8” DIP and HDPE. All of the existing lines are in poor condition. Mr. Kelly asked what the difference is between the Staff Contingency and GM Contingency on the compensation budgets. Ms. Banks stated it is the General Manager Contingency and is an additional layer of contingency if Staff usurps the Staff Contingency negotiating to avoid condemnation. Ms. Bryson made the motion to accept Staff’s recommendation. Mr. Ashley seconded the motion. Voice vote was unanimous.

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

**VI. Other – Hand out 2019 Meeting Schedule**

There being no further business, the meeting adjourned at 9:10 am.

# Metropolitan Sewerage District of Buncombe County

## Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 3/27/2019

BOARD MEETING DATE: 4/17/2019

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

**SUBJECT: Consideration of Condemnation–  
Christian Creek Interceptor, Project No. 2011110**

**Property Owner: Dennis E. Austin  
Pin Number 9678-98-2183**

Subject parcel is improved with a vacant, single family home located off West Buckeye Cove Road in Swannanoa. The existing sewer line runs east to west bisecting the middle of the property. A portion of the sewer will be replaced in the same trench, and the other portion of sewer is being shifted slightly to the north. The owner, Dennis E. Austin, is deceased and we have been negotiating with the son, Marc Austin, who lives in Charlotte. A meeting was held in August. Austin had minimal concerns for which MSD made provisions; he also indicated agreement with the compensation (\$1,227) offered.

In follow up contacts, Austin indicated he would close out estate the end of January. Since the end of January, Austin has ignored all our additional contacts. We had Roberts & Stevens pull the estate file and they found no actions toward closing out the estate.

Total Contacts: 14

**STAFF RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation, if necessary.**

Ms. Banks reviewed the location and situation regarding this parcel. Mr. Banner made another contact with Mr. Austin prior to this meeting and Mr. Austin hung up on him. There was no discussion. Mr. Kelly made the motion to accept Staff's recommendation. Mr. Whitesides seconded the motion. Voice vote was unanimous.

**COMMITTEE RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation, if necessary.**

# Metropolitan Sewerage District of Buncombe County

## Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 3/27/2019

BOARD MEETING DATE: 4/17/2019

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

**SUBJECT: Consideration of Condemnation–  
Springside Road @ Overlook Road GSR, Project No. 2012127**

**Property Owner: Jeffrey J. Browning  
Pin Number 9645-81-1518 and 9645-81-0637**

Subject parcels are improved with a single-family home on each parcel off Springside Road in South Asheville. One home is owner occupied and the other is being used as a rental. The existing sewer line runs along the eastern half of the larger parcel and parallel to a creek that runs between both parcels. A large portion of the proposed sewer line is being shifted to the west to avoid conflict with the creek.

A meeting was held with the owner in April, however he was very short and unwilling to meet to discuss the project. Subsequently numerous phone calls were made and doorhangers were left at the residence, all requesting further meetings, but there has been no response. It is unclear if the owner agrees with the total compensation (\$5501) being offered, or what his concerns may be with this project. Due to the owner being unresponsive we are unable to move forward with negotiations.

Total Contacts: 15

**STAFF RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation, if necessary.**

Ms. Banks explained the location and situation regarding this parcel and that Mr. Browning's mother lives in the other home on the property. There was no discussion. Mr. Kelly made the motion to accept Staff's recommendation. Mr. Whitesides seconded the motion. Voice vote was unanimous.

**COMMITTEE RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation, if necessary.**



# Metropolitan Sewerage District of Buncombe County

## Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 3/27/2019

BOARD MEETING DATE: 4/17/2019

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

**SUBJECT: Consideration of Compensation Budgets –**

**Brown Avenue @ Elk Mountain Road PSR, Project No. 2018134**  
**Brownwood Avenue @ Waynesville Avenue, Project No. 2017208**  
**Lower Melody Lane GSR, Project No. 2013027**  
**New Walnut Street @ Riverside Drive GSR, Project No. 2017007**

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

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

Ms. Banks reviewed the above compensation budgets. The Brown Avenue at Elk Mountain Road project consists of replacing 485 linear feet of 4” and 6” PVC and Orangeburg pipe with 8” DIP. The Brownwood Avenue at Waynesville Avenue project consists of replacing 713 linear feet of 6” and 8” VCP with 8” DIP. The Lower Melody Lane project consists of replacing 694 linear feet of 6” Orangeburg pipe with 8” DIP. The New Walnut Street at Riverside Drive project consists of replacing 2,534 linear feet of 6” and 8” VCP with 8” DIP and HDPE. All of the existing lines are in poor condition. Mr. Kelly asked what the difference is between the Staff Contingency and GM Contingency on the compensation budgets. Ms. Banks stated it is the General Manager Contingency and is an additional layer of contingency if Staff usurps the Staff Contingency negotiating to avoid condemnation. Ms. Bryson made the motion to accept Staff’s recommendation. Mr. Ashley seconded the motion. Voice vote was unanimous.

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

# Brown Avenue @ Elk Mountain Road PSR

Project Number: 2018134

## Compensation Budget

18-Mar-19

Pin Number and Name		Acres	Parcel SF	Land Value	LV/SF	Net PE SF	PE Assd. Value	50% PE Assd. Value	TCE SF	TCE Assd. Value	10% Annl Return	Proj Time	TCE Rent Value	Total Comp. (Rounded)		
27 Pin	83 Pin															
	9730448857	Biddix	Jerry	0.45	19,602.00	\$44,200.00	\$2.25	533.60	\$1,200.60	\$600.30	208.60	\$469.35	\$46.94	2	\$7.82	\$608
	9730447923	Holcombe	Larry	0.52	22,651.20	\$45,100.00	\$1.99	237.20	\$472.03	\$236.01	480.10	\$955.40	\$95.54	2	\$15.92	\$252
	9730457073	Topol	Karen	0.23	10,018.80	\$40,300.00	\$4.02	1,607.60	\$6,462.55	\$3,231.28	1,725.70	\$6,937.31	\$693.73	2	\$115.62	\$3,347
	9730457275	Topol Living Trust	Karen	0.82	35,719.20	\$48,000.00	\$1.34	4,052.20	\$5,429.95	\$2,714.97	5,747.10	\$7,701.11	\$770.11	2	\$128.35	\$2,843
	9730457161	Topol Living Trust	Karen	0.26	11,325.60	\$41,000.00	\$3.62	1,630.40	\$5,902.05	\$2,951.02	2,692.60	\$9,747.21	\$974.72	2	\$162.45	\$3,113
													<b>TOTALS:</b>	\$10,164		
													<b>Staff Contingency:</b>	\$5,000		
													<b>GM's Contingency</b>	\$5,000		
													<b>Amendment</b>			
													<b>Total Budget:</b>	\$20,164		

# Brownwood Ave. @ Waynesville Ave.

Project Number: 2017208

## Compensation Budget

18-Mar-19

Pin Number and Name		Acres	Parcel SF	Land Value	LV/SF	Net PE SF	PE Assd. Value	50% PE Assd. Value	TCE SF	TCE Assd. Value	10% Annl Return	Proj Time	TCE Rent Value	Total Comp. (Rounded)		
27 Pin	83 Pin															
	9638658139	Adams	James	0.36	15,681.60	\$98,500.00	\$6.28	1,351.00	\$8,484.28	\$4,242.14	0.00	\$0.00	\$0.00	2	\$0.00	\$4,242
	9638657168	Adams	James	0.31	13,503.60	\$96,500.00	\$7.15	0.00	\$0.00	\$0.00	984.00	\$7,035.60	\$703.56	2	\$117.26	\$117
	9638750480	CERC Holdings of WNC L		0.44	19,166.40	\$101,300.00	\$5.29	834.00	\$4,411.86	\$2,205.93	1,196.00	\$6,326.84	\$632.68	2	\$105.45	\$2,311
													<b>TOTALS:</b>	\$6,671		
													<b>Staff Contingency:</b>	\$5,000		
													<b>GM's Contingency</b>	\$5,000		
													<b>Amendment</b>			
													<b>Total Budget:</b>	\$16,671		

# Lower Melody Lane GSR

Project Number: 2013027

## Compensation Budget

18-Mar-19

Pin Number and Name			Acres	Parcel SF	Land Value	LV/SF	Net PE SF	PE Assd. Value	50% PE Assd. Value	TCE SF	TCE Assd. Value	10% Annl Return	Proj Time	TCE Rent Value	Total Comp. (Rounded)	
27 Pin	83 Pin															
	9648905691	Ashdown	Andrew	0.20	8,712.00	\$31,600.00	\$3.63	1,299.69	\$4,717.87	\$2,358.94	1,949.53	\$7,076.79	\$707.68	2	\$117.95	\$2,477
	9648906515	Carter	Tallie	0.20	8,712.00	\$31,600.00	\$3.63	1,299.73	\$4,718.02	\$2,359.01	1,290.02	\$4,682.77	\$468.28	2	\$78.05	\$2,437
	9648906449	Cook	Barry	0.21	9,147.60	\$31,800.00	\$3.48	1,299.76	\$4,523.16	\$2,261.58	1,949.63	\$6,784.71	\$678.47	2	\$113.08	\$2,375
	9648901868	Drumheart Mountain Prope		1.43	62,290.80	\$225,800.00	\$3.62	3,886.51	\$14,069.17	\$7,034.58	5,465.57	\$19,785.36	\$1,978.54	2	\$329.76	\$7,364
	9648904962	Elder	Haley	0.39	16,988.40	\$34,700.00	\$2.04	248.44	\$506.82	\$253.41	697.85	\$1,423.61	\$142.36	2	\$23.73	\$277
	9648903782	Flanders	Paul	0.22	9,583.20	\$24,000.00	\$2.50	174.30	\$435.75	\$217.88	880.77	\$2,201.93	\$220.19	2	\$36.70	\$255
	9648903767	Flanders	Paul	0.21	9,147.60	\$23,900.00	\$2.61	213.13	\$556.27	\$278.13	750.95	\$1,959.98	\$196.00	2	\$32.67	\$311
	9648905729	Flanders	Paul	0.17	7,405.20	\$30,900.00	\$4.17	789.54	\$3,292.38	\$1,646.19	1,577.52	\$6,578.26	\$657.83	2	\$109.64	\$1,756
	9648904884	Marcus	Phillip	0.17	7,405.20	\$30,900.00	\$4.17	1,384.78	\$5,774.53	\$2,887.27	1,450.68	\$6,049.34	\$604.93	2	\$100.82	\$2,988
	9648902759	Northbound Property Grou		0.47	20,473.20	\$26,700.00	\$1.30	248.57	\$323.14	\$161.57	789.49	\$1,026.34	\$102.63	2	\$17.11	\$179
	9648905743	Weiss	Sarah	0.19	8,276.40	\$31,400.00	\$3.79	1,412.18	\$5,352.16	\$2,676.08	840.05	\$3,183.79	\$318.38	2	\$53.06	\$2,729
	9648905667	Wright	Eric	0.20	8,712.00	\$31,600.00	\$3.63	1,292.25	\$4,690.87	\$2,345.43	1,540.45	\$5,591.83	\$559.18	2	\$93.20	\$2,439

<b>TOTALS:</b>	\$25,586
<b>Staff Contingency:</b>	\$10,000
<b>GM's Contingency</b>	\$10,000
<b>Amendment</b>	
<b>Total Budget:</b>	\$45,586

# New Walnut Street @ Riverside Drive GSR

Project Number: 2017007

## Compensation Budget

18-Mar-19

Pin Number and Name		Acres	Parcel SF	Land Value	LV/SF	Net PE SF	PE Assd. Value	50% PE Assd. Value	TCE SF	TCE Assd. Value	10% Annl Return	Proj Time	TCE Rent Value	Total Comp. (Rounded)		
27 Pin	83 Pin															
	9730710272	Taylor	Linda	0.12	5,227.20	\$8,300.00	\$1.59	870.00	\$1,383.30	\$691.65	925.00	\$1,470.75	\$147.08	3	\$36.77	\$728
	9730619190	Taylor	Linda	0.51	22,215.60	\$80,100.00	\$3.61	3,031.00	\$10,941.91	\$5,470.96	2,811.00	\$10,147.71	\$1,014.77	3	\$253.69	\$5,725
	9730710302	Taylor	Linda	0.47	20,473.20	\$40,000.00	\$1.95	1,173.00	\$2,287.35	\$1,143.68	2,202.00	\$4,293.90	\$429.39	3	\$107.35	\$1,251
<b>TOTALS:</b>														\$7,704		
<b>Staff Contingency:</b>														\$5,000		
<b>GM's Contingency</b>														\$5,000		
<b>Amendment</b>																
<b>Total Budget:</b>														\$17,704		

# Metropolitan Sewerage District of Buncombe County

## Board Action Item

**BOARD MEETING DATE:** April 17, 2019

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

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

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

**SUBJECT:** Acceptance of Developer Constructed Sewer System for 229 Flint Street Sewer Relocation, MSD Project No. 2017176

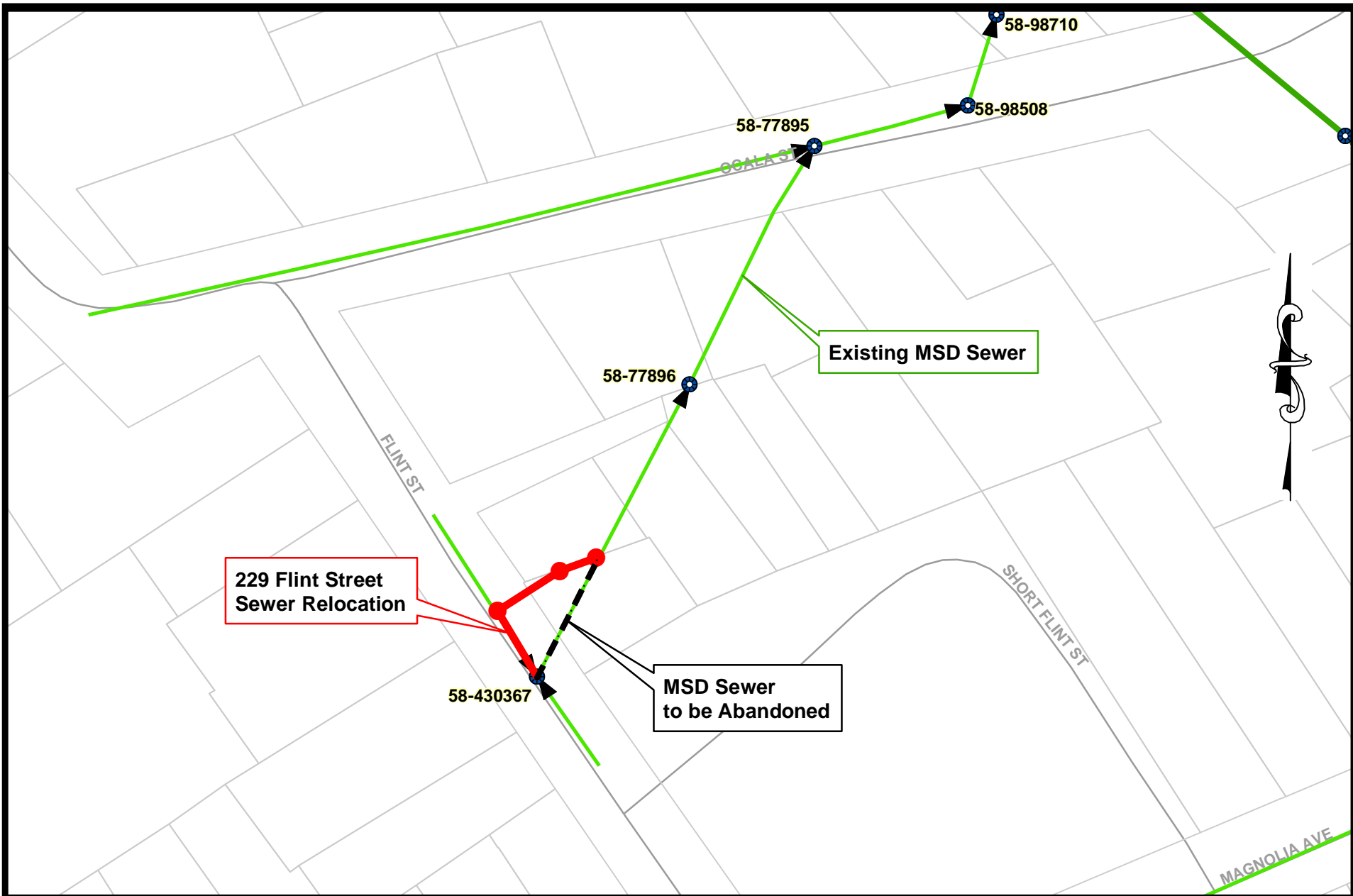
**BACKGROUND:** This project is located inside the District boundary off Flint Street in the City of Asheville. The developer of the project is Lynn Redden.

The project included relocating approximately 85 linear feet of 8-inch public gravity sewer along with abandoning approximately 60 LF of public gravity sewer to accommodate a remodel for an existing single family home.

No new wastewater was allocated for this project. The estimated cost of the sewer construction is \$63,000.00.

All MSD requirements have been met.

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



**MSD**  
Engineering Division

**229 Flint Street Sewer Relocation  
MSD Project # 2017176**

Metropolitan Sewerage District of Buncombe County

# Metropolitan Sewerage District of Buncombe County

## Board Action Item

**BOARD MEETING DATE:** April 17, 2019

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

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

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

**SUBJECT:** Acceptance of Developer Constructed Sewer System for the Newbridge Parkway Apartments Phase II, MSD Project No. 2016013

**BACKGROUND:** This project is located inside the District boundary off Newbridge Parkway in the Town of Woodfin. The developer of the project is Alexander Rodriguez.

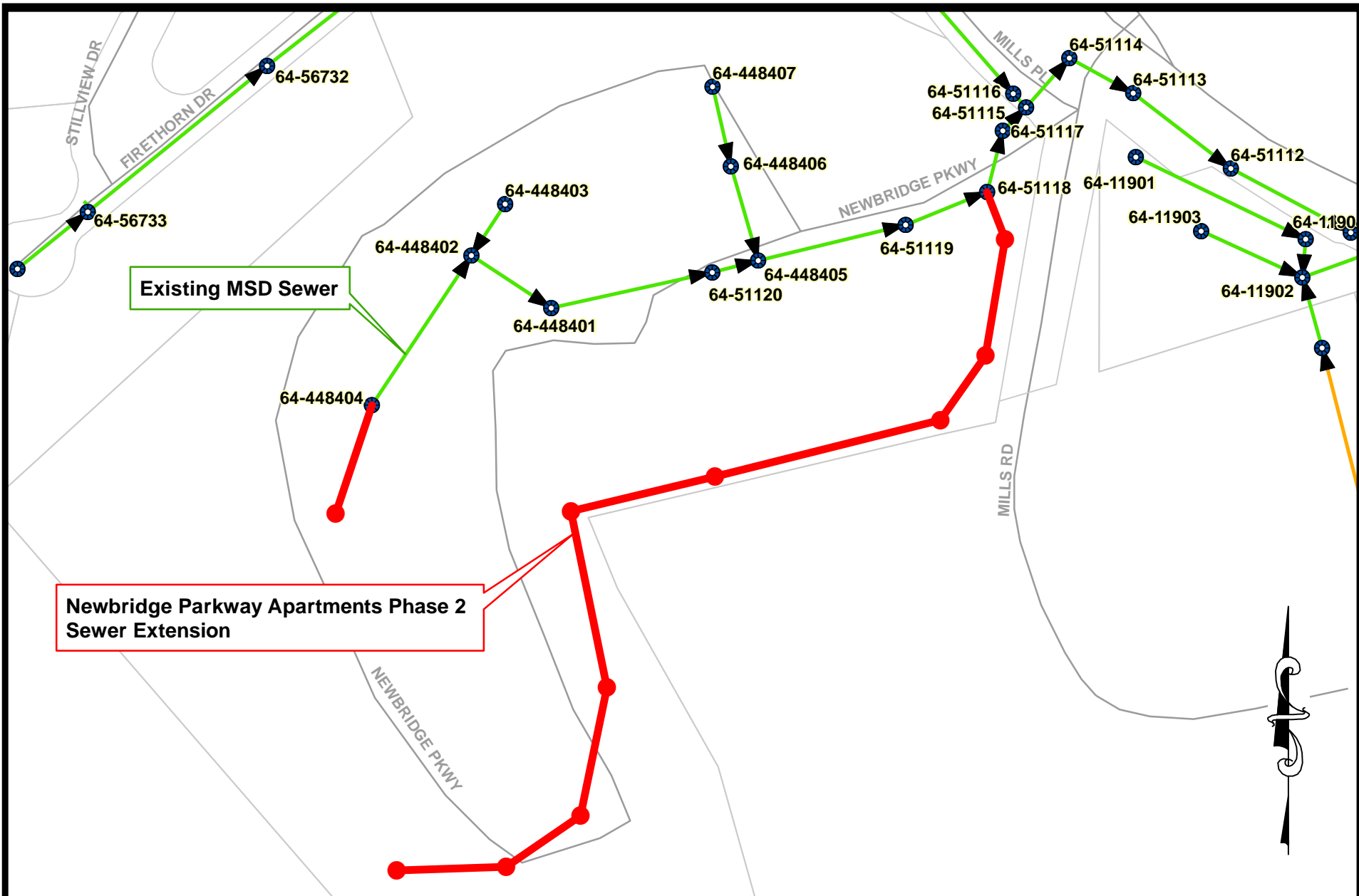
The project included extending approximately 1,430 linear feet of 8-inch public gravity sewer to serve the 136 apartments for this phase of the project.

A wastewater allocation was issued in the amount of 30,100 GPD for this phase of the apartment complex. The estimated cost of the sewer construction is \$110,000.00.

All MSD requirements have been met.

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





Existing MSD Sewer

Newbridge Parkway Apartments Phase 2 Sewer Extension



**MSD**  
Engineering Division

**Newbridge Parkway Apartments Phase 2 Sewer Extension  
MSD Project # 2016013**

Metropolitan Sewerage District of Buncombe County

# Metropolitan Sewerage District of Buncombe County

## Board Action Item

**BOARD MEETING DATE:** April 17, 2019

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

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

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

**SUBJECT:** Acceptance of Developer Constructed Sewer System for the Onteora Subdivision, MSD Project No. 2017002

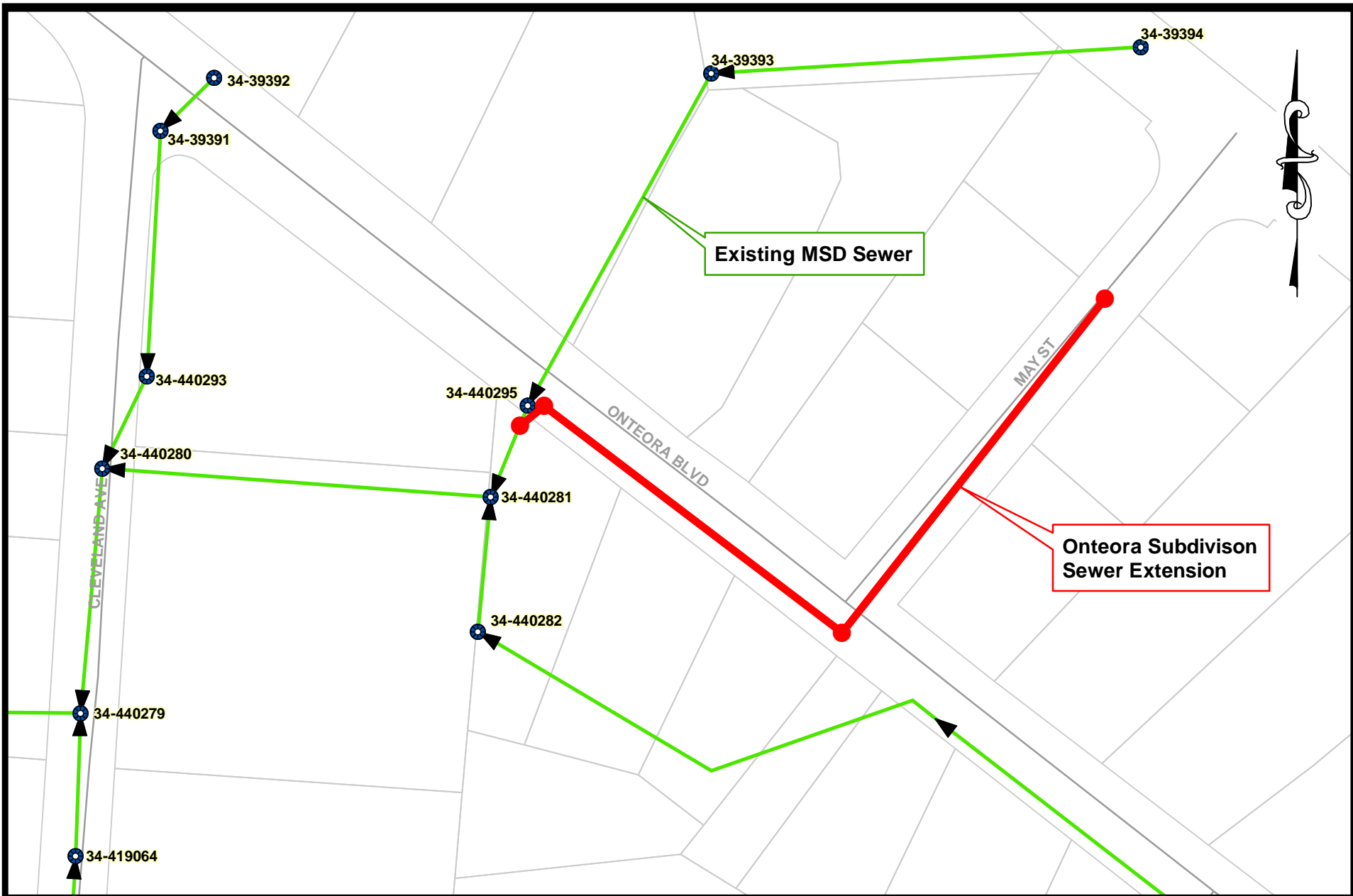
**BACKGROUND:** This project is located inside the District boundary off Onteora Boulevard in the City of Asheville. The developer of the project is Daniel Arnold.

The project included extending approximately 382 linear feet of 8-inch public gravity sewer to serve the six (6) unit single family residential development.

A wastewater allocation was issued in the amount of 1,800 GPD for this project. The estimated cost of the sewer construction is \$40,030.00.

All MSD requirements have been met.

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



**MSD**  
Engineering Division

**Onteora Subdivison Sewer Extension  
MSD Project # 2017002**

Metropolitan Sewerage District of Buncombe County

# Metropolitan Sewerage District of Buncombe County

## BOARD INFORMATIONAL ITEM

**Meeting Date:** April 17, 2019

**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 February 28, 2019

### 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 February 28, 2019 were \$77,714,268. The detailed listing of accounts is available upon request. The average rate of return for all investments is 1.925%. 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 February 28, 2019 do not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of February 28, 2019 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$45,596,500.

<b>Total Cash &amp; Investments as of 02/28/2019</b>		77,714,268
<b>Less:</b>		
Budgeted Commitments (Required to pay remaining FY19 budgeted expenditures from unrestricted cash)		
Construction Funds	(12,414,124)	
Operations & Maintenance Fund	<u>(6,831,219)</u>	
		(19,245,343)
<b>Bond Restricted Funds</b>		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(52,457)	
FY19 Principal & Interest Due	<u>(7,169,491)</u>	
		(7,221,948)
<b>District Reserve Funds</b>		
Fleet Replacement	(598,795)	
Pump Replacement	(198,919)	
WWTP Replacement	(259,176)	
Maintenance Reserve	<u>(985,385)</u>	
		(2,042,275)
<b>District Insurance Funds</b>		
General Liability	(154,209)	
Worker's Compensation	(364,777)	
Post-Retirement Benefit	(1,916,479)	
Self-Funded Employee Medical	<u>(1,172,737)</u>	
		(3,608,202)
<b>Designated for Capital Outlay</b>		<u><u>45,596,500</u></u>

Meeting Date: April 17, 2019

Subject: Cash Commitment/Investment Report-Month Ended February 28, 2019

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### Staff Recommendation

None - Information Only.

#### Action Taken

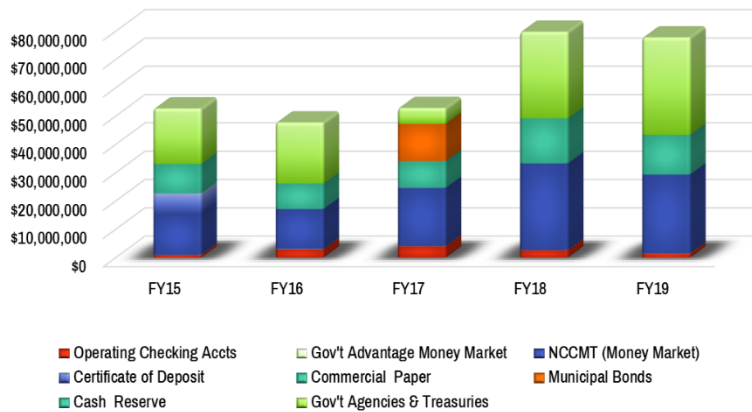
Motion by: \_\_\_\_\_ to  Approve  Disapprove  
Second by: \_\_\_\_\_  Table  Send to Committee  
Other: \_\_\_\_\_  
Follow-up required: \_\_\_\_\_  
Person responsible: \_\_\_\_\_ Deadline: \_\_\_\_\_

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

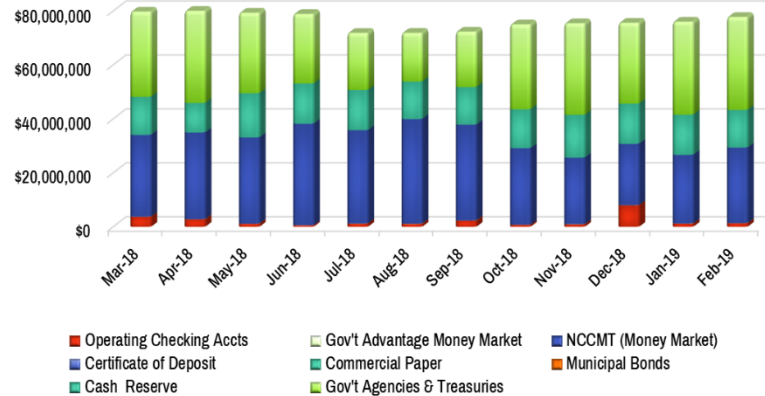
	Operating Checking Accounts	Gov't Advantage Money Market	NCCMT (Money Market)	Certificate of Deposit	Commercial Paper	Municipal Bonds	Cash Reserve	Gov't Agencies & Treasuries	Total
Held with Bond Trustee	\$ -	\$ -	\$ 54,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,137
Held by MSD	1,320,844	46,681	27,924,975	-	14,000,520	-	-	34,367,111	77,660,131
	<u>1,320,844</u>	<u>46,681</u>	<u>27,979,112</u>	<u>-</u>	<u>14,000,520</u>	<u>-</u>	<u>-</u>	<u>34,367,111</u>	<u>77,714,268</u>

Investment Policy Asset Allocation	Maximum Percent	Actual Percent	
U.S. Government Treasuries, Agencies and Instrumentalities	100%	44.22%	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 2.52% is exceeding the YTM benchmark of the NCCMT Government Portfolio.
Commercial Paper	20%	18.02%	
Municipal Bonds	100%	0.00%	
North Carolina Capital Management Trust	100%	36.00%	
Checking Accounts:	100%		All funds invested in CD's, operating checking accounts, Gov't Advantage money market are fully collateralized with the State Treasurer.
Operating Checking Accounts		1.70%	
Gov't Advantage Money Market		0.06%	

**MSD of Buncombe County**  
**Investment Portfolio - As of February 28, 2019**



**MSD of Buncombe County**  
**Investment Portfolio - 12 Month Trend**



Meeting Date: April 17, 2019

Subject: Cash Commitment/Investment Report-Month Ended February 28, 2019

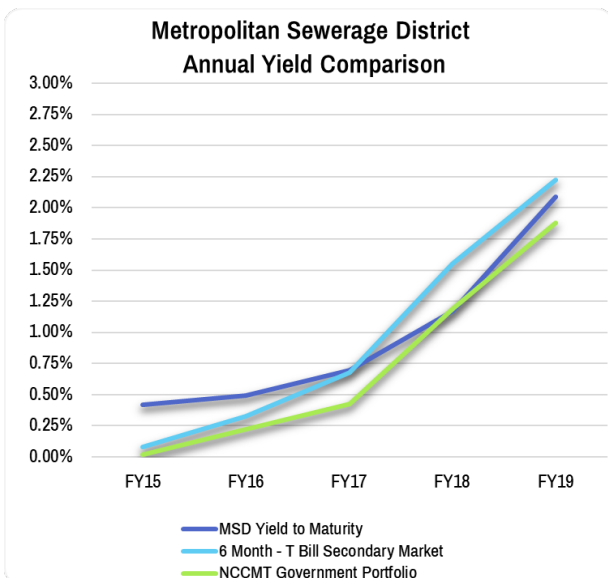
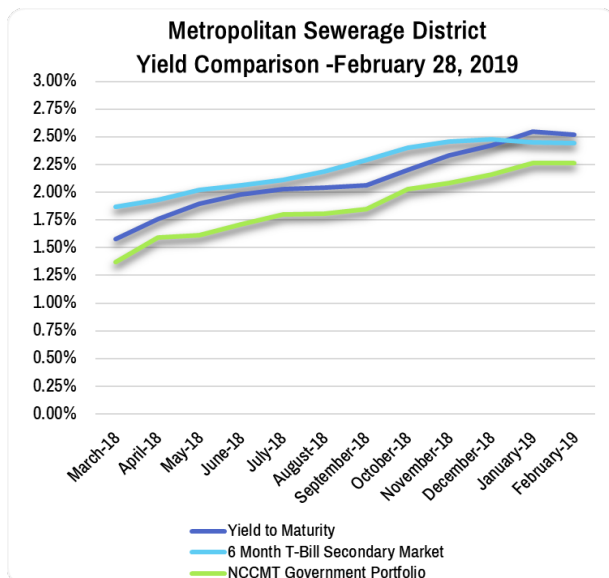
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**Metropolitan Sewerage District  
INVESTMENT MANAGERS' REPORT  
At February 28, 2019**

Summary of Asset Transactions			
	Original Cost	Market	Interest Receivable
Beginning Balance	\$ 72,048,459	\$ 72,097,872	\$ 179,034
Capital Contributed (Withdrawn)	1,522,161	1,522,161	-
Realized Income	70,648	70,648	(28,597)
Unrealized/Accrued Income		74,006	56,394
Ending Balance	<u>\$ 73,641,268</u>	<u>\$ 73,764,687</u>	<u>\$ 206,831</u>

Value and Income by Maturity			
	Original Cost	Income	
Cash Equivalents <91 Days	\$ 39,274,449	\$ 91,972	
Securities/CD's 91 to 365 Days	15,435,699	\$ 36,147	
Securities/CD's > 1 Year	18,931,120	\$ 44,332	
	<u>\$ 73,641,268</u>	<u>\$ 172,451</u>	

Month End Portfolio Information	
Weighted Average Maturity	229
Yield to Maturity	2.52%
6 Month T-Bill Secondary Market	2.44%
NCCMT Government Portfolio	2.26%

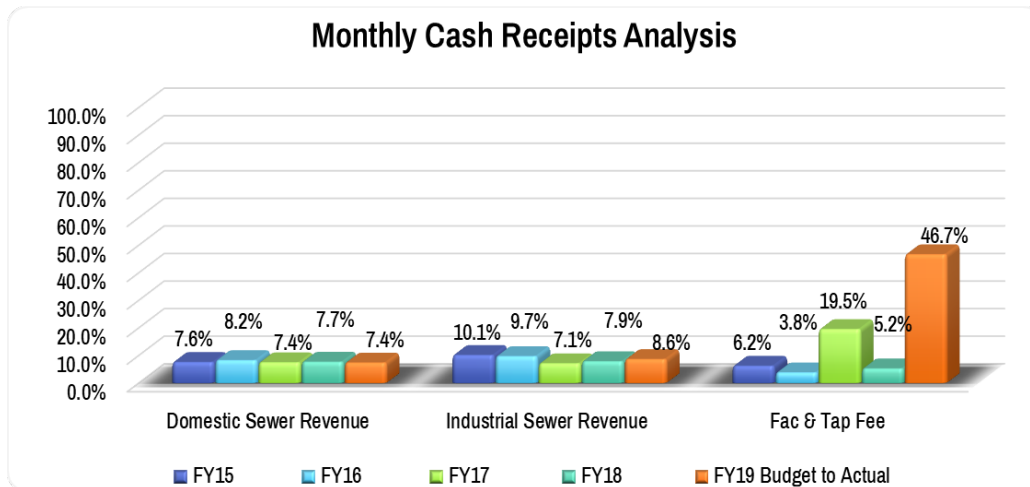


Meeting Date: April 17, 2019

Subject: Cash Commitment/Investment Report-Month Ended February 28, 2019

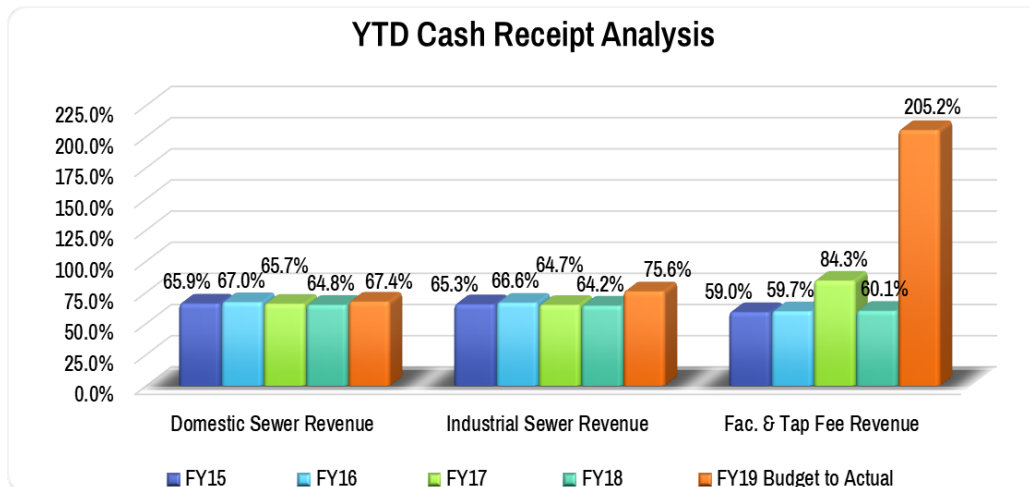
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Metropolitan Sewerage District  
ANALYSIS OF CASH RECEIPTS  
As of February 28, 2019



**Monthly Cash Receipts Analysis:**

- t Monthly domestic sewer revenue is considered reasonable based on timing of cash receipts in their respective fiscal periods.
- t Monthly industrial sewer revenue is reasonable based on historical trends.
- t Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap fee revenue reasonable.



**YTD Actual Revenue Analysis:**

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

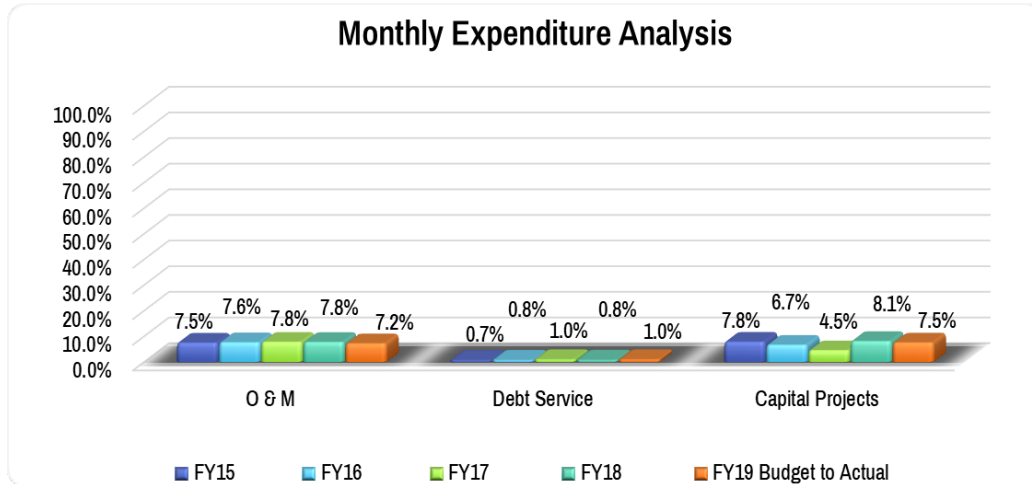


Meeting Date: April 17, 2019

Subject: Cash Commitment/Investment Report-Month Ended February 28, 2019

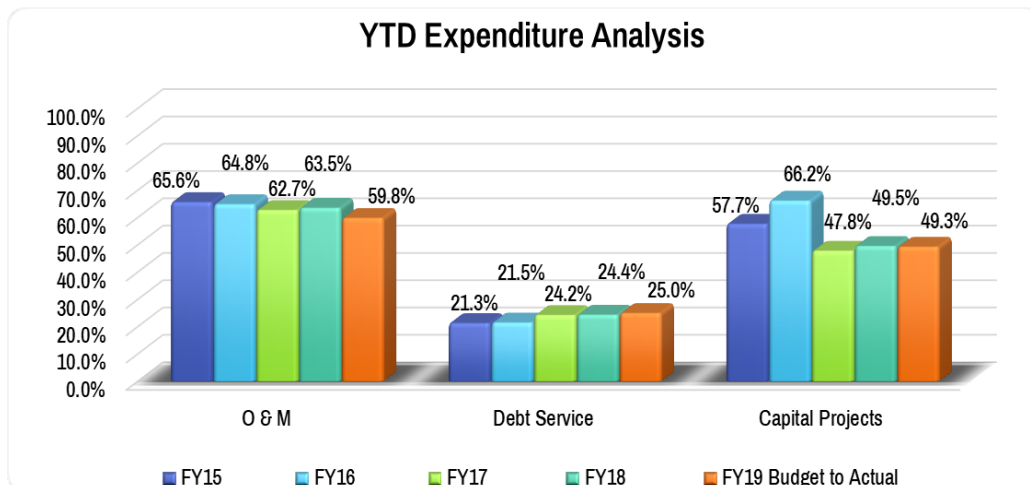
Page 6

Metropolitan Sewerage District  
ANALYSIS OF EXPENDITURES  
As of February 28, 2019



**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:**

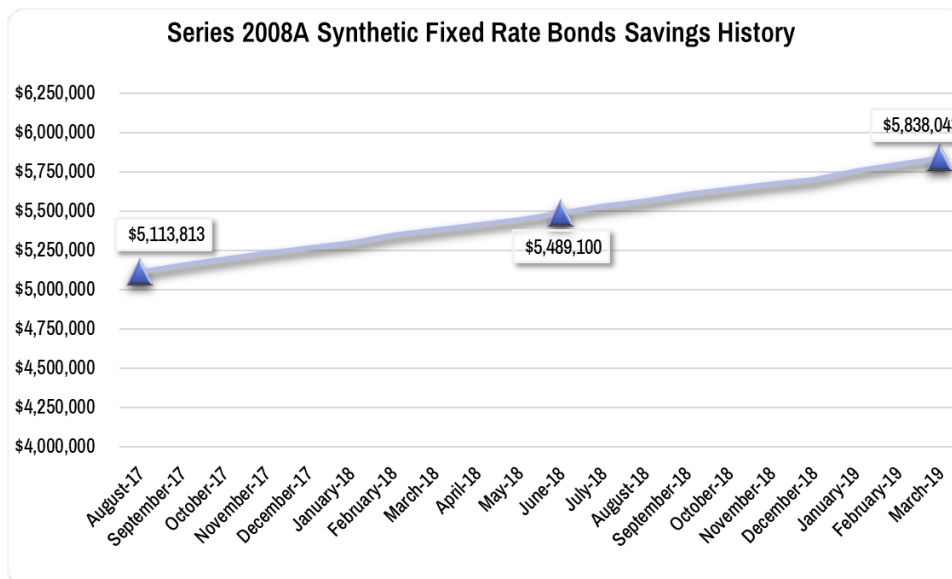
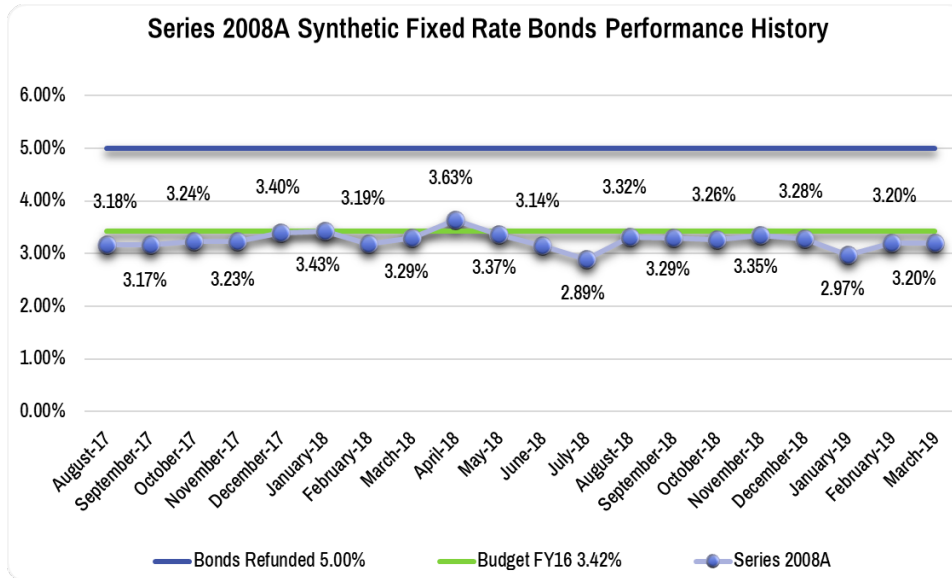
- ✘ YTD O&M expenditures are considered reasonable based on historical trends.
- ✘ Due to the nature of the variable rate bond market, YTD expenditures can vary year to year. Based on current variable interest rates, YTD debt service expenditures are considered reasonable.
- ✘ Due to nature and timing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

Meeting Date: April 17, 2019

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Metropolitan Sewerage District  
VARIABLE DEBT SERVICE REPORT  
As of March 31, 2019



**Series 2008A:**

- ☀ Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$5,838,403 as compared to 4/1/2008 fixed rate of 4.85%.
- ☀ Assuming 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 \$2,902,383 to terminate the existing Bank of America Swap Agreement.

# Metropolitan Sewerage District of Buncombe County

## BOARD ACTION ITEM

**Meeting Date:** April 17, 2019

**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 FY2019

### 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: April 17, 2019

Subject: Consideration of Auditing Services Contract for FY2019

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### Fiscal Impact

The combined audit fees and reimbursable expenses of \$48,000 (See attached engagement letter and audit contract) will be included in the FY2020 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 FY2019 audit contract with Cherry Bekaert, LLP, contingent upon review and approval of District counsel.

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

April 8, 2019

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” or “you” or “your” or “management”) 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, 2019:

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

1. We will audit the basic financial statements of the District as of and for the year ended June 30, 2019.
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**

**April 8, 2019**

**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*.

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 the 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 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

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

**April 8, 2019**

**Page 3**

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 District 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 District 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 District received in communications from employees, former employees, grantors, regulators, or other. In addition, you are responsible for identifying and ensuring that the District 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. 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.

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

**April 8, 2019**

**Page 4**

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.

**FEES**

The following summarizes the fees for the services described above:

<u>Description of Services</u>	<u>Estimated Fee</u>
<b>Audit services</b>	
Audit of the financial statements	<u>\$ 48,000</u>

The fees will be billed periodically. Invoices are due on presentation. A service charge will be added to past due accounts equal to 1½% 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.

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**



ATTACHMENTS – Engagement Letter Terms and Conditions  
Peer Review  
LGC Contract

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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 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*.

#### **NONATTEST SERVICES (IF APPLICABLE)**

All nonattest 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 nonattest 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 nonattest complies with the laws and regulations.

The accuracy and appropriateness of such nonattest 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 nonattest services, we may provide professional advice and guidance based on knowledge of accounting, tax, and other compliance, and of the facts and circumstances as provided by the District's designated individual. Such advice and guidance shall be 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.

We have attached a copy of the report on our most recent peer review.

## **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 12 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.

### **Independent contractor**

Each party is an independent contractor with respect to the other and shall not be construed as having a trustee, joint venture, agency, or fiduciary relationship.

### **No Third Party Beneficiaries**

The Parties do not intend to benefit any third party by entering into this Agreement, and nothing contained in this Agreement confers any right or benefit upon any person or entity who or which is not a signatory of this Agreement.

### **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 affect a reasonable amount of such consultation is reflected in our fee. However, should a matter require research, consultation, or audit work beyond that amount, 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



The of and	Governing Board Board of Directors
	Primary Government Unit Metropolitan Sewerage District of Buncombe County, North Carolina
	Discretely Presented Component Unit (DPCU) (if applicable) N/A

*Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)*

and	Auditor Name Cherry Bekaert LLP
	Auditor Address 1111 Metropolitan Avenue Suite 900, Charlotte, NC 28204

*Hereinafter referred to as Auditor*

for	Fiscal Year Ending 06/30/19	Audit Report Due Date 10/31/19
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*Must be within four months of FYE*

hereby agree as follows:

- The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). 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).
- At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with GAAS. 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 requires a federal single audit performed under the requirements found in Subpart F of the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

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 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 unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC 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.
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/she 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 the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) 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 U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

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 LGC staff within four months of fiscal year end. 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 GAAS include a review of the Governmental Unit's (Units') 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/her 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 (Units') 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(s) 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 invoice marked 'approved' with approval date shall be returned to

the Auditor to present to the Governmental Unit(s) 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 Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any costs 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. 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(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC staff simultaneously with the Governmental Unit's (Units') 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(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) 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 upon completion.

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(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

13. The Auditor shall submit the report of audit in PDF format to LGC Staff when (or prior to) submitting the final 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 LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit Report Reissued Form (available on the Department of State Treasurer website). 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(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC staff.

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 LGC Staff.

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 modified or amended 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 modified or 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 (pre-audit requirement does not apply to charter schools). 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 to the Secretary of the LGC for approval. 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(s), shall be attached to this contract, and shall be incorporated by reference as if fully set forth herein as part of this 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 26 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

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 (pre-audit requirement does not apply to charter schools), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.

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. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

22. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

23. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

24. 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.

25. 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.
26. 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).
27. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>.
28. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

### FEES FOR AUDIT SERVICES

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.

Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter, but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8, 9, and 12 for details on other allowable and excluded fees.

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 below. 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. Should the 75% cap provided below conflict with the cap calculated by LGC staff based on the prior year audit fee on file with the LGC, the LGC calculation prevails.

**20 NCAC 03 .0505: All invoices for services rendered in an audit engagement as defined in 20 NCAC 3 .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law.**

#### PRIMARY GOVERNMENT FEES


Primary Government Unit	Metropolitan Sewerage District of Buncombe County, North Carolina
Audit	\$ 48000
Writing Financial Statements	\$
All Other Non-Attest Services	\$
75% Cap for Interim Invoice Approval	\$ 36,000.00

#### DPCU FEES (if applicable)

Discretely Presented Component Unit	N/A
Audit	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$
75% Cap for Interim Invoice Approval	\$

## SIGNATURE PAGE

## AUDIT FIRM

Audit Firm Cherry Bekaert LLP	
Authorized Firm Representative (typed or printed) Matthew Socha	Signature 
Date 04/08/19	Email Address msocha@cbh.com

## GOVERNMENTAL UNIT

Governmental Unit Metropolitan Sewerage District of Buncombe County, North Carolina	
Date Primary Government Unit Governing Board Approved Audit Contract (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
Mayor/Chairperson (typed or printed) Jerry Vehaun	Signature
Date	Email Address

Chair of Audit Committee (typed or printed, or "NA") NA	Signature
Date	Email Address

## GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

*(Pre-audit certificate not required for charter schools)*

Required by G.S. 159-28(a1) or G.S. 115C-441(a1)

*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.*

Primary Governmental Unit Finance Officer (typed or printed) W. Scott Powell	Signature
Date of Pre-Audit Certificate	Email Address spowell@msdbc.org

**SIGNATURE PAGE – DPCU  
(complete only if applicable)**

**DISCRETELY PRESENTED COMPONENT UNIT**

DPCU N/A	
Date DPCU Governing Board Approved Audit Contract (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)	Signature
Date	Email Address

Chair of Audit Committee (typed or printed, or "NA")	Signature
Date	Email Address

**DPCU – PRE-AUDIT CERTIFICATE**

*(Pre-audit certificate not required for charter schools)*

Required by G.S. 159-28(a1) or G.S. 115C-441(a1)

*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.*

DPCU Finance Officer (typed or printed)	Signature
Date of Pre-Audit Certificate	Email Address

Remember to print this form, and obtain all required signatures prior to submission.

**PRINT**



# **STATUS REPORTS**

**MSD System Services In-House Construction**

**FY 18-19**

PROJECT NAME	LOCATION	ZIP CODE	ESTIMATED FOOTAGE	ESTIMATED PROJECT DATES	WO#	CREW	COMPLETION DATE	ACTUAL FOOTAGE	NOTES
Emergency Weaverville #2 FM Repair Section 1	Woodfin	28804	60	7/10/2018	254177	631	7/10/2018	61	Complete
West Skyland Circle Sewer Rehabilitation	Woodfin	28804	520	6/18/18 - 7/20/18	246546	631	7/11/2018	515	Complete
Waynesville Avenue Sewer Rehab Ph. 2	Asheville	28806	400	6/15/18 - 7/15/18	253710	674	7/16/2018	372	Complete
Williamette Circle Sanitary Sewer Rehabilitation	Weaverville	28787	183	7/12/18 - 7/18/18	233748	631	7/18/2018	185	Complete
Emergency Weaverville #2 FM Repair Section 2	Woodfin	28804	330	8/4/18-8/5/18	254896	674	8/5/2018	321	Complete
3 Cliffridge Parkway Emergency Replacement	Avery's Creek	28704	80	8/7/2018	477071	608	8/7/2018	80	Complete
56 Fairway Drive Sewer Rehabilitation	Asheville	28805	451	7/17/18 - 8/31/18	240884	674	8/13/2018	452	Complete
Livingston Street at Erskine Sewer Rehabilitation	Asheville	28801	710	7/19/18 - 8/31/18	247502	631	8/15/2018	720	Complete
Myrtle Street Sewer Rehabilitation	Arden	28704	410	8/14/18 - 8/29/18	251129	674	8/29/2018	372	Complete
105 Midland Ave Sewer Rehabilitation	Black Mountain	28711	810	8/16/18 - 9/28/18	242836	631	9/12/2018	825	Complete
12 Melody Lane Sewer Replacement	Asheville	28803	215	9-24-18 - 9-26-18	256028	631	9/26/2018	216	Complete
110 Beaver Drive	Woodfin	28804	425	9/3/18-9/28/18	210211	674	9/28/2018	492	Complete
14 Shiloh Road Sewer Replacement	Asheville	28803	145	10/1/18 - 10/7/18	256024	631	10/3/2018	145	Complete
51 Hillcrest Road Sewer Replacement	Woodfin	28804	1320	10/7/18 - 11/7/18	255110	631	10/31/2018	1270	Complete
2229 Riverside Drive FM Repair Section 3	Woodfin	28804	182	11/16/2018	257443	631	11/16/2018	182	Complete
Blue Ridge Assembly Drive Sewer Replacement	Black Mountain	28711	250	10/29/18 - 11/9/18	256869	674	11/26/2018	287	Complete
Kanawha Drive GSR	Montreat	28757	495	11/1/18 - 12/1/18	255722	674	11/30/2018	332	Complete
38 Dunsmore Avenue	Black Mountain	28711	260	12/2/18 - 12/18/18	237426	674	12/18/2018	236	Complete
32 Klondyke Avenue Sewer Rehabilitation	Asheville	28801	1165	11/17/18 - 1/2/18	257226	631	12/28/2018	1216	Complete
28 Roebing Circle Sewer Rehabilitation	Asheville	28803	600	12/27/18 - 1/ 15/19	256370	674	1/18/2019	646	Complete
217 Mountain View Road Sewer Rehabilitation Ph. 1	Asheville	28805	979	1/2/19 - 2/1/19	257484	631	1/31/2019	752	Complete
70 Hampton Street Sewer Replacement	Asheville	28803	273	2/1/19 - 2/10/19	256291	631	2/8/2019	253	Complete
Laurel Road Phase 2B	Arden	28704	800	2/11/19 - 3/15/19	250366	631	3/19/2019	907	Complete
26 Wilshire Drive Phase I Sewer Rehabilitation	Asheville	28806	1478	2/1/19 - 3/15/19	235158	674	3/25/2019	1477	Complete
Weaverville #2 FM By-pass	Woodfin	28804	2300	3/20/19 - 4/15/19	258476	631			Construction 80% complete
26 Wilshire Drive Phase II and III Sewer Rehabilitation	West Asheville	28806	384	3/26/19 - 4/15/19	259181/260381	674			Construction 20% complete
15 Dew Waite Road	Ridgecrest	28770	533	4/16/19 - 5/16/19	236553	631			Ready for construction
Waightstill Mtn FM Replacement	Arden	28704	3,700	4/16/19 - 5/15/19	235481	674			Ready for construction
217 Mountain View Road Sewer Rehabilitation Ph. 2	Asheville	28805	483	FY 18-19	260470	631			Ready for construction
252 Kenilworth Road (Phase 1)	Asheville	28803	800	FY 18-19	234632	TBA			Ready for construction
149 State Street Sewer Rehabilitation	Asheville	28806	265	FY 18-19	237791	TBA			Ready for construction
Waynesville Avenue at Brownwood	Asheville	28806	370	FY 18-19	247283	TBA			In ROW



## CONSTRUCTION TOTALS BY DATE COMPLETED - Monthly

From 7/1/2018 to 2/28/2019

	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 2018	27	8	99	986	23	39	4,335	0	321	660	19	412	1393
August 2018	25	8	104	1,238	24	41	17,360	0	677	968	12	576	2221
September 2018	23	8	171	974	21	36	470	0	216	1317	11	0	1533
October 2018	37	9	256	601	46	27	2,630	0	205	916	9	507	1628
November 2018	24	15	54	416	16	8	2,377	0	514	287	2	0	801
December 2018	23	7	41	578	20	15	1,220	0	0	1452	10	0	1452
January 2019	23	13	105	539	19	15	1,340	0	68	1400	8	0	1468
February 2019	39	20	126	1,013	5	23	80	0	0	253	2	0	253
<b>Grand Totals</b>	<b>221</b>	<b>88</b>	<b>955</b>	<b>6,345</b>	<b>174</b>	<b>204</b>	<b>29,812</b>	<b>0</b>	<b>2001</b>	<b>7253</b>	<b>73</b>	<b>1,495</b>	<b>10749</b>

\* Used to calculate Total Rehab Footage



## PIPELINE MAINTENANCE TOTALS BY DATE COMPLETED - Monthly

July 01, 2018 to February 28, 2019

	Main Line Wash Footage	Service Line Wash Footage	Rod Line Footage	Cleaned Footage	CCTV Footage	Smoke Footage	SL-RAT Footage
<b>2018</b>							
July	78,545	1,208	693	79,238	23,634	0	1,683
August	67,431	1,082	1,765	69,196	35,905	35,328	23,056
September	61,707	856	8,164	69,871	17,818	300	12,942
October	94,807	1,141	11,984	106,791	19,250	10,504	4,765
November	85,234	1,974	8,074	93,308	14,766	24,371	3,595
December	47,029	1,200	2,758	49,787	16,156	38,524	0
<b>2019</b>							
January	88,137	2,254	6,458	94,595	14,037	28,090	20,459
February	67,560	2,788	6,961	74,521	15,221	500	3,631
<b>Grand Total:</b>	<b>590,450</b>	<b>12,503</b>	<b>46,857</b>	<b>637,307</b>	<b>156,786</b>	<b>137,617</b>	<b>70,131</b>
<b>Avg Per Month:</b>	<b>73,806</b>	<b>1,563</b>	<b>5,857</b>	<b>79,663</b>	<b>19,598</b>	<b>17,202</b>	<b>8,766</b>



## CUSTOMER SERVICE REQUESTS

### Monthly - All Crews

CREW	MONTH	JOBS	AVERAGE RESPONSE TIME	AVERAGE TIME SPENT
<b>DAY 1ST RESPONDER</b>				
	July, 2018	97	20	35
	August, 2018	127	28	30
	September, 2018	75	21	40
	October, 2018	94	25	35
	November, 2018	76	28	35
	December, 2018	117	30	41
	January, 2019	107	28	42
	February, 2019	118	31	36
		<b>811</b>	<b>27</b>	<b>37</b>
<b>NIGHT 1ST RESPONDER</b>				
	July, 2018	11	17	25
	August, 2018	19	15	23
	September, 2018	13	21	20
	October, 2018	20	28	22
	November, 2018	20	29	33
	December, 2018	12	22	25
	January, 2019	23	28	27
	February, 2019	18	22	25
		<b>136</b>	<b>23</b>	<b>25</b>
<b>ON-CALL CREW *</b>				
	July, 2018	44	46	54
	August, 2018	37	41	40
	September, 2018	31	34	44
	October, 2018	38	51	38
	November, 2018	42	58	53
	December, 2018	49	39	30
	January, 2019	59	41	31
	February, 2019	48	52	36
		<b>348</b>	<b>45</b>	<b>40</b>
<b>Grand Totals:</b>		<b>1,295</b>	<b>31</b>	<b>36</b>

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

## *Right of Way Section 3rd Quarter Summary Open Projects*

<i>Project</i>	<i>Total ROW Budget</i>	<i>Total Expend to Date</i>	<i>Comment</i>
149 State Street Sewer Rehabilitation		\$3,365	Project 100% complete and no condemnations. No budget prepared for projects with only one parcel; funds from contingency.
15 Dew Waite Road SSR	\$16,588	\$8,378	Project 100% complete with 51% of Total Budget expended and no condemnations.
26 Wilshire Drive Sewer Rehabilitation	\$29,150	\$22,978	Project 100% complete with 79% of Total Budget expended and no condemnations.
Brown Avenue @ Elk Mountain Road PSR	\$20,164		Intro letters out 3/15/19.
Brownwood Ave. @ Waynesville Ave.	\$16,671		Intro letters out 3/6/19.
Christian Creek Interceptor	\$100,477	\$43,477	Access 75% complete with 43% of Total Budget expended to date. Anticipate one condemnation.
New Walnut Street @ Riverside Drive GSR	\$17,704		Intro letters out 3/5/19.
Springside Rd. @ Overlook Rd. GSR	\$21,276	\$10,506	Access 62% complete with 49% Total Budget expended to date. Anticipate two condemnations.

**CAPITAL IMPROVEMENT PROGRAM**

**STATUS REPORT SUMMARY**

**April 10, 2019**

PROJECT	LOCATION OF PROJECT	CONTRACTOR	AWARD DATE	NOTICE TO PROCEED	ESTIMATED COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
AVERY CREEK PUMP STATION IMPROVEMENTS	Arden 28704	NHM Constructors	11/21/2018	3/1/2019	6/30/2019	\$513,420.00	0%	Equipment is arriving soon and site meeting scheduled for 4/10/19.
BEAUCATCHER ROAD @ KENILWORTH ROAD	Asheville 28805	Terry Brothers Construction Company	1/16/2019	TBD	TBD	\$171,908.00	0%	No work has started yet. Contractor on another MSD project.
DRY RIDGE ROAD (4-INCH MAIN)	Asheville 28804	Buckeye Bridge, LLC	9/19/2018	11/12/2018	5/1/2019	\$286,837.90	95%	Contractor working on curb; paving and final restoration remain.
HILL STREET	Asheville 28801	Terry Brothers Construction Company	7/18/2018	8/1/2018	5/1/2019	\$654,969.00	99%	Minor punchlist item remains. Paving this Spring.
KENILWORTH ROAD @ SPRINGDALE ROAD	Asheville 28805	Terry Brothers Construction Company	1/16/2019	TBD	TBD	\$252,324.00	0%	No work has started yet. Contractor on another MSD project.
LONG SHOALS ROAD @ ALLEN AVENUE	Arden 28704	Teraflex Group LLC	2/20/2019	4/1/2019	6/29/2019	\$112,321.00	0%	Contractor has mobilized and begun work
MEMORY LANE	Asheville 28805	Terry Brothers Construction Company	6/13/2018	10/1/2018	5/1/2019	\$652,274.80	95%	All sewer work complete. Paving this Spring.
OLD HAW CREEK ROAD @ GREENBRIAR ROAD	Asheville 28805	Terry Brothers Construction Company	1/16/2019	4/15/2019	10/12/2019	\$821,552.00	0%	Contractor scheduled to start construction soon.
OLD WEST CHAPEL ROAD	Asheville 28803	Terry Brothers Construction Company	11/21/2018	1/10/2019	6/9/2019	\$982,155.00	75%	Work is progressing well. The 12" burst is complete.
SOUTH FRENCH BROAD INTERCEPTOR - LINING (FY 18-19)	Biltmore Estate	Granite Inliner, LLC	10/17/2018	1/2/2019	4/15/2019	\$1,066,164.00	95%	All CIPP lining work complete. Site restoration underway.
WRF - PLANT HEADWORKS IMPROVEMENTS	Woodfin	Judy Construction Company	1/18/2017	4/3/2017	5/1/2019	\$9,444,462.62	95%	All new equipment started and operating as designed. Crews are working on retaining wall, storm drain construction, and remaining site work.
WRF- PLANT HIGH RATE PRIMARY TREATMENT	Woodfin	Shook Construction Company	10/17/2018	1/7/2019	10/28/2020	\$15,071,000.00	7%	Contractor is near completion on demo and processing of the microscreen building. Potable water, non-potable water, and gas line construction underway.

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

## Planning & Development Project Status Report

Active Construction Projects Sorted by Work Location and Project Number

April 2, 2019

#	Project Name	Project Number	Work Location	Zip Code	Units	LF	Pre-Construction Conference Date	Comments
1	Dillingham Woods	2014048	Asheville	28805	22	375	3/4/2015	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	8 Sulphur Springs Road	2015116	Asheville	28806	6	80	11/22/2016	Final Inspection complete, awaiting close-out docs
4	Towne Place Suites	2016012	Asheville	28801	83	342	9/11/2018	Pre-con held, construction not yet started
5	Hounds Ear (Mears Ave Cottages)	2016123	Asheville	28806	18	402	8/18/2017	Pre-con held, construction not yet started
6	Lausch Subdivision	2016153	Asheville	28805	4	248	5/16/2017	Waiting on final inspection
7	Hawthorne at Mills Gap	2016222	Asheville	28803	272	442	10/3/2017	Waiting on final inspection
8	Ashecroft	2016229	Asheville	28806	40	2,450	2/20/2018	Phase 1 - Punchlist items pending / Phase 2 - on hold
9	Gerber Road Storage	2017049	Asheville	28803	Comm.	156	2/9/2018	Waiting on final inspection
10	RADTIP	2017052	Asheville	28801	0	919	2/13/2018	Installing
11	Panda Express	2017080	Asheville	28805	Comm.	100	9/8/2017	Waiting on final inspection
12	Rock Hill Road	2017096	Asheville	28803	15	990	7/24/2018	Installing
13	605 Fairview Road	2017103	Asheville	28803	10	380	5/18/2018	Final Inspection complete, awaiting close-out docs
14	Villa Heights	2017118	Asheville	28806	8	540	2/20/2018	Final Inspection complete, awaiting close-out docs
15	McCormick Place	2017150	Asheville	28801	17	210	8/3/2018	Waiting on final inspection
16	Flint Street	2017176	Asheville	28801	2	90	12/28/2018	Final Inspection complete, awaiting close-out docs
17	Wanoca Cottages	2017214	Asheville	28803	15	378	3/28/2019	Pre-con held, construction not yet started
18	Hawthorne Apartments @ Haywood	2017225	Asheville	28806	240	1,604	10/19/2018	Testing
19	Fernwood Avenue	2017251	Asheville	28806	3	368	10/30/2018	Installing
20	US 74 Commercial Development	2018010	Asheville	28803	4	265	5/25/2018	Pre-con held, construction not yet started
21	Sunrise Drive Homes	2018046	Asheville	28806	5	220	7/20/2018	Waiting on final inspection
22	Alice Place Subdivision	2018066	Asheville	28803	19	480	6/19/2018	Punchlist pending
23	Oakview Park Road	2018072	Asheville	28803	3	230	1/29/2019	Pre-con held, construction not yet started
24	Old Haywood Subdivision	2018073	Asheville	28806	73	1,770	3/22/2019	Pre-con held, construction not yet started
25	Ingles Smokey Park Highway	2018074	Asheville	28806	1	1,289	4/11/2014	Installing
26	Fern Street	2018081	Asheville	28803	8	60	2/15/2019	Pre-con held, construction not yet started
27	Cypress Knoll Gardens	2018121	Asheville	28803	7	90	10/30/2018	Final Inspection complete, awaiting close-out docs
28	Le An Hurst Road	2018127	Asheville	28803	5	245	3/22/2019	Pre-con held, construction not yet started
29	Tru by Hilton	2018131	Asheville	28805	1	248	1/25/2019	Pre-con held, construction not yet started
30	Cedar Lane	2018164	Asheville	28704	9	145	3/22/2019	Pre-con held, construction not yet started
31	Grove Park Views	2018239	Asheville	28801	7	150	2/19/2019	Pre-con held, construction not yet started
32	West Kessler Avenue	2007176	Black Mountain	28711	6	410	11/15/2016	Final Inspection complete, awaiting close-out docs
33	808 Montreat Road	2015126	Black Mountain	28711	4	371	4/18/2017	Final Inspection complete, awaiting close-out docs
34	Avadim	2017001	Black Mountain	28711	Comm.	2,286	1/11/2019	Installing
35	Sweet Birch Lane	2017111	Black Mountain	28711	65	780	9/28/2018	Punchlist pending
36	Chapman's Cove	2017227	Black Mountain	28711	10	430	9/21/2018	Waiting on final inspection
37	White Oak Circle	2018197	Black Mountain	28711	4	330	10/30/2018	Pre-con held, construction not yet started
38	402 Blue Ridge Road	2018206	Black Mountain	28711	6	372	2/5/2019	Pre-con held, construction not yet started
39	Hyde Park Phase 2	2013058	Buncombe Co.	28704	14	500	12/3/2013	Waiting on final inspection
40	Creekside Cottages	2014095	Buncombe Co.	28704	7	504	3/12/2015	Waiting on final inspection
41	Avondale Subdivision	2015052	Buncombe Co.	28803	4	215	4/7/2017	Final Inspection complete, awaiting close-out docs
42	Bee Tree Village	2015158	Buncombe Co.	28778	26	1,118	3/17/2017	Waiting on final inspection
43	Newbridge Pkwy Apts. Phase II	2016013	Buncombe Co.	28804	154	1,368	10/27/2017	Final Inspection complete, awaiting close-out docs
44	Weatherwood Subdivision	2016034	Buncombe Co.	28704	19	785	7/21/2017	Final Inspection complete, awaiting close-out docs
45	NC DOT I-5504 NC 191/I-26 Interchange	2016132	Buncombe Co.	28806	0	355	10/23/2017	Installing
46	New Salem Heights	2016192	Buncombe Co.	28778	25	816	2/13/2018	Waiting on final inspection
47	Villas of Avery Creek	2017068	Buncombe Co.	28704	270	3,170	9/18/2018	Testing
48	ABCCM	2017083	Buncombe Co.	28806	60	4,069	12/4/2018	Installing
49	240 Old Farm School Road	2017112	Buncombe Co.	28805	4	340	2/9/2018	Final Inspection complete, awaiting close-out docs
50	Fields BMW	2018022	Buncombe Co.	28704	3	490	10/9/2018	Waiting on final inspection
51	Rosscraggon Road Subdivision	2018048	Buncombe Co.	28704	4	370	4/20/2018	Waiting on final inspection
52	The Ramble Block I	2018050	Buncombe Co.	28803	39	7,316	12/4/2018	Installing
53	Upper Grassy Branch Road	2018087	Buncombe Co.	28805	6	250	8/31/2018	Waiting on final
54	Bee Tree Road	2018115	Buncombe Co.	28778	6	240	12/18/2018	Testing
55	New Riparian	2018156	Buncombe Co.	28778	5	275	9/28/2018	Waiting on final inspection
56	The Preserve at Avery's Creek Phase 2	2018188	Buncombe Co.	28704	141	4,000	6/16/2017	Waiting on final inspection
57	Biltmore Lake Block I, Ph. 4	2018226	Buncombe Co.	28715	27	1,770	3/12/2019	Pre-con held, construction not yet started
58	Starview Heights	2016184	Weaverville	28787	16	Private	1/12/2018	Final Inspection complete, awaiting close-out docs
59	Wheeler Road	2017019	Weaverville	28787	72	1,535	3/28/2018	Waiting on final inspection
60	44 Central Ave	2017107	Weaverville	28787	7	275	10/27/2017	Final Inspection complete, awaiting close-out docs
61	Maple Trace Phase 2	2017160	Weaverville	28787	37	2,560	3/27/2018	Final Inspection complete, awaiting close-out docs
62	Ambler's Chase	2017249	Weaverville	28787	21	1,235	11/29/2018	Installing
63	Crest Mountain Phase 3B	2013041	Woodfin	28806	69	1,329	10/15/2013	Punchlist pending, awaiting closeout documents (roadwork remaining)
64	Reese & Jan Lasher (High Hopes)	2015152	Woodfin	28806	14	320	4/26/2016	Final Inspection complete, awaiting close-out docs
65	Ventana Phase 2A	2016059	Woodfin	28806	8	900	2/17/2017	Final Inspection complete, awaiting close-out docs
66	Olivette Development-Phase 1 Gravity	2016065	Woodfin	28804	356	1,155	3/29/2018	Installing
67	Olivette Pump Station/Force Main	2016213	Woodfin	28804	356	1,740	2/27/2018	FM 70% installed/Pump station has been set
68	Ricky Robinson Property	2017088	Woodfin	28804	1	385	7/31/2018	Waiting on final inspection
69	Apple Lane	2017130	Woodfin	28804	4	60	8/31/2018	Pre-con held, construction not yet started
70	88 North Merrimon Avenue	2017196	Woodfin	28804	Comm.	455	5/11/2018	Waiting on final inspection
71	Greenwood Fields Phase 2	2018006	Woodfin	28804	158	2,200	3/9/2018	Final Inspection complete, awaiting close-out docs
72	Olivette Gravity Phase 2	2018116	Woodfin	28804	94	12,406	11/27/2018	Installing
73	Skylin-Terraces at Reynolds Mtn -Phase 3&4	2018187	Woodfin	28804	22	845	8/8/2017	Waiting on final inspection and phasing
			<b>TOTAL</b>		<b>3,041</b>	<b>75,929</b>		