

METROPOLITAN SEWERAGE DISTRICT BOARD

MARCH 15, 1988

1. CALL TO ORDER AND ROLL CALL:

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2 p.m. on Tuesday, March 15, 1988. Chairman Smith called the meeting to order at 2:00 p.m.

Chairman Smith and the following members were present: Aceto, Batts, Boggs, Dent, Pope, Waddey and Williams. Others present were: W.H. Mull, P.E., Engineer-Manager, John Stevens, General Counsel, Bill Morris, representative of the Consulting Engineers, and Leah Karpen representing the League of Women Voters.

2. MINUTES OF FEBRUARY 16, 1988:

Mr. Waddey moved that the Board minutes of February 16, 1988 be approved as written. Mr. Williams seconded the motion, and voice vote was unanimous in favor of the motion.

3. REPORT OF ENGINEER-MANAGER:

a. Consideration of Request to Continue Treating Transylvania County Septage (Discussion of this Agenda Item was Postponed until after the Sludge Committee Report):

Mr. Mull reviewed a letter from Transylvania County Manager Neil Emory requesting a 6 month extension of the septage agreement that now exists between Transylvania County and the Metropolitan Sewerage District. General discussion followed. Mr. Mull stated the District has not encountered any problems to date accepting septage from Transylvania County, and recommended that the District extend the agreement until the end of December, 1988. Mr. Dent moved that the District continue to accept and treat septage from Transylvania County until December 31, 1988, as long as it violates no rules, regulations or ordinances of the District. Mr. Williams seconded the motion, and voice vote was unanimous in favor of the motion.

b. Status of Phase III Plant Expansion Contracts:

Mr. Mull reported that contracts have been executed with Republic Contracting Corporation for Section 3 General Work, and that the Contractor has mobilized on-site and performed some demolition work on primary settling basin. A plan for sequence of construction must be received and reviewed by the Engineers before major work can commence.

Contracts have been executed with King Electric, Inc., for Section 3A Electrical. No work has been performed to date.

No bids have been received for Section 3B HVAC, and Section 3C Plumbing.

c. Status of Modifications to Sludge Lagoon Dike:

Mr. Mull reported that the as of March 1, 1988, the Contractor has been paid \$142,342 or 89% of the value of the contract. Work remaining on this project consists of completing finishing concrete at spillway and effluent box, installation of slide gate at effluent, dress up top surface of dam and grade to correct elevation, and seed area.

d. Status of Carrier Bridge Pumping Station Modifications:

Mr. Mull reported that no work has been started on this project. The Contractor is working with pump supplier on shop drawings.

e. Consideration of Solicitation of Proposals from Local Auditors:

Mr. Mull stated that the Board authorized the Engineer-Manager and General Counsel to prepare documents for solicitation of proposals (RFP) from local Auditors for the purpose of not only performing next year's audit, but also to select an Auditor early enough the auditors can help upgrade the accounting procedures and develop the accounting policies and procedures manual. At this time, Mr. Stevens reviewed this document with the Board.

The Board approved the RFP and authorized its distribution to local auditing firms to be selected by Bill Mull, Engineer-Manager. A copy of the RFP is attached herewith and made a part of these minutes.

f. Proposed DEM Permitting and Administration Fees:

Mr. Mull reported to the Board that the District received Public Notice that the Division of Environmental Management is increasing their fees which they charge to issue permits, along with an annual fee for the Division to conduct its monitoring of the District.

g. Interim Aeration Modifications:

Mr. Mull reported that as of July 1, 1988, the District will be under a judicial order for its effluent requirements instead of the Special Order by Consent (S.O.C.) in effect now. North Carolina Department of Natural Resources and Community Development officials have hinted that stricter enforcement during discharge violations may be imposed under the judicial order until the 40 MGD plant construction is completed. The existing aeration system has been experiencing significant problems at times in meeting the oxygen demands of the wastewater. When this occurs, the basins go septic and plant effluent exceeds required discharge parameters.

It is the recommendation of Hendon Engineering Associates that the District proceed with the purchase of six to twelve, 5 HP, surface aerators to be located in the existing aeration basins. Mr. Dent moved that the District proceed with the purchase of six to twelve, 5 HP, surface aerators. Mr. Batts seconded the motion. General discussion followed. Roll call vote was unanimous in favor of the motion.

4. Report of Officers:

None.

5. Report of Committees:

a. Budget Committee - Mr. Batts

Mr. Batts reported the Budget Committee met on March 8, 1988, to discuss amending the Fiscal 1987-88 Budget. At this time, Mr. Batts reviewed proposed line item changes in the Budget with the Board. Total Administrative and General were increased from \$502,975.00 to \$600,475.00; Total Operations Expenditures were increased from \$1,028,812.00 to \$1,090,012.00; and Total Expenditures were increased from \$1,611,787.00 to \$1,690,487.00.

Mr. Batts moved that the Board adopt the Resolution amending the Fiscal Year 1987-88 Budget. Mr. Waddey seconded, and roll call vote was unanimous in favor of the motion. A copy of the Amended Budget is attached herewith and made a part of these minutes.

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b. Hydro Committee - Mr. Dyson

In Mr. Dyson's absence, Mr. Mull reported for the Hydro Committee. Mr. Mull reviewed the minutes of the Hydro Committee meeting of March 8, 1988, along with a letter from the U.S. Department of the Interior, Fish and Wildlife Service.

c. Sewer Rate Review Committee - Mr. Edwards

In the absence of Mr. Edwards, Mr. Dent gave the report of this Committee. Mr. Dent stated that the consensus of the Committee was that at this time, no adjustments should be made to the industrial user charges.

d. Sewer System Consolidation Committee - Mr. Aceto

Mr. Aceto reported that the Sewer System Consolidation Committee met March 7, 1988, with 3 representatives from the North Carolina Department of Natural Resources and Community Development. The Committee related to these representatives MSD's efforts to negotiate firm commitments for consolidation along with the fact that the City of Asheville has not agreed to proceed with sewer system consolidation as set out in the 1985 Letter of Intent. Mr. Aceto moved that MSD General Counsel draft a letter to all municipalities in the District advising them that MSD has pursued consolidation to a standstill, and that MSD would encourage all municipalities to attend a meeting which the District (through the Land-Of-Sky Regional Council) will arrange with State officials and municipalities. Mr. Waddey seconded the motion, and voice vote was unanimous in favor of the motion.

e. Sludge Committee - Mr. Boggs

Mr. Boggs reported the Sludge Committee met on March 3, 1988 to discuss septage. Mr. Mull reported that the District currently allows septic tank haulers to discharge in a manhole under the East end of the Haywood Road Bridge. This area will soon be the location of a river park, and therefore, the District has relocated the septic tank haulers discharge point to a manhole located at the East end of the Smokey Park Bridge. Mr. Mull stated that to effectively control septage being pumped into the system the discharge point for septic tank haulers should be at the treatment plant where septage can be better monitored. This will require investigation and design work, as well as an addendum to the Phase III contract.

Mr. Boggs moved that the Board authorize the Engineer-Manager, General Counsel and Hendon Engineering Associates, Inc. to investigate cost estimates and the design of a receiving/holding station for septage at the Wastewater Treatment Plant, and to define legal problems associated with same. General discussion followed. Mr. Dent seconded the motion, and roll call vote was unanimous in favor of the motion.

6. Unfinished Business:

a. Proposed MSD/City Agreement for Champion Finishing Bar Screen Vault:

Mr. Mull reviewed a proposed Agreement between the MSD and City of Asheville which would allow the City of Asheville to initiate a change order with its Contractor to build the concrete vault (which will house the bar screen equipment) in accordance with plans and specifications prepared by Hendon Engineering Associates, Inc. Lengthy discussion followed. Mr. Mull suggested the proposed Agreement be amended to reflect in

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paragraph No. 3 that "MSD agrees to reimburse the City for the cost of causing said bar screen vault to be constructed in an amount to be mutually agreed upon between the City and MSD." Mr. Waddey moved that the Board authorize the District to accept the proposed Agreement as amended. Mr. Dent seconded the motion, and roll call vote was unanimous in favor of the motion.

Mr. Boggs moved that the authorization granted to accept the MSD/City Agreement as amended reflect that expenditures will not exceed \$30,000. Mr. Williams seconded the motion, and roll call vote was unanimous in favor of the motion.

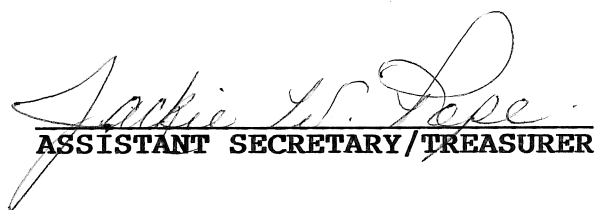
7. New Business:

Mr. Stevens briefed the Board concerning the U.S. Fish & Wildlife letter setting minimum flows. A meeting was held on March 10, 1988, with Mr. Martin Gaynes, Attorney, Mr. Dilip Mathur, Fisheries Biologist, Mr. Jim Brewer and Mr. Dick Woodruff, representatives of Hendon Engineering Associates, Inc., Mr. Bill Mull and him to discuss the strategy to be used concerning the U.S. Fish & Wildlife matter.

8. DATE OF NEXT REGULAR MEETING - APRIL 19, 1988

9. ADJOURNMENT:

There being no further business, the meeting of the District Board was adjourned at 3:50 p.m.


ASSISTANT SECRETARY/TREASURER

MSD Metropolitan Sewerage District of Buncombe County, North Carolina.

W. H. Mull, P.E., Engineer-Manager
P. O. Box 8969, Asheville, N.C. 28814
Telephone: Area Code 704-254-9646


John S. Stevens, General Counsel



Frank S. Smith III, Chairman
M. Leon Williams, Vice-Chairman
Steven T. Aceto
Walter T. Batts
Walter J. Boggs
Charles M. Dent
E. Charles Dyson
M. Wayne Edwards
George E. Ivey
Jackie W. Pope
Marvin E. Waddey

I, Charles M. Dent, Secretary to the District Board of the Metropolitan Sewerage District of Buncombe County, North Carolina, do hereby certify that the attached is a true and correct copy of the Resolution amending the Fiscal 1987-88 Budget adopted by the Metropolitan Sewerage District Board at its regular meeting held on March 15, 1988.

WITNESS my hand and seal of said District this 15th day of March, 1988.



Secretary
Metropolitan Sewerage District
Board of Buncombe County,
North Carolina

(SEAL)

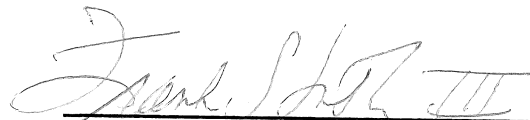
RESOLUTION

WHEREAS, the Metropolitan Sewerage District Board adopted a Budget Resolution at its regular meeting held on March 15, 1988, for Fiscal Year 1987 88; and

WHEREAS, changes are necessary to meet the operation requirements of the Metropolitan Sewerage District of Buncombe County, North Carolina, consisting of line item(s):

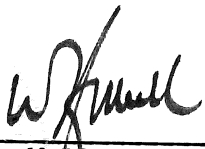
Line Item 270 "Insurance"	from \$ <u>77,000</u>	to \$ <u>84,500</u>
Line Item 310 "Legal Fees & Expenses:	from \$ <u>20,000</u>	to \$ <u>30,000</u>
Line Item 510 "Chemicals"	from \$ <u>50,000</u>	to \$ <u>80,000</u>
Line Item 530 "Power & Lights"	from \$ <u>200,000</u>	to \$ <u>220,000</u>
Line Item 540 "Small Tools & Supplies"	from \$ <u>9,000</u>	to \$ <u>13,000</u>
Line Item 580 "Uniform Service"	from \$ <u>4,000</u>	to \$ <u>5,700</u>
Line Item 600 "Maint. Bldg. & Grounds"	from \$ <u>16,600</u>	to \$ <u>22,100</u>
Total Administrative and General	from \$ <u>502,975</u>	to \$ <u>600,475</u>
Total Operations Expenditures	from \$ <u>1,028,812</u>	to \$ <u>1,090,012</u>
Total Expenditures	from \$ <u>1,611,787</u>	to \$ <u>1,690,487</u>

NOW, THEREFORE, BE IT RESOLVED by the Metropolitan Sewerage District Board of Buncombe County, North Carolina, that the Budget Resolution which it adopted on May 19, 1987, for Fiscal Year 1987 - 88, be and is hereby amended pursuant to the foregoing schedule Duly approved and adopted by roll call vote this the 15th day of March, 1988.



Frank S. Smith, III, Chairman
Metropolitan Sewerage District
Board of Buncombe County,
North Carolina

ATTEST:



W. H. Mull, P.E.
Engineer-Manager

MSD Metropolitan Sewerage District of Buncombe County, North Carolina.

W. H. Mull, P.E., Engineer-Manager
P. O. Box 8969, Asheville, N.C. 28814
Telephone: Area Code 704-254-9646

John S. Stevens, General Counsel



Frank S. Smith III, Chairman
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Walter J. Boggs
Charles M. Dent
E. Charles Dyson
M. Wayne Edwards
George E. Ivey
Jackie W. Pope
Marvin E. Waddey

I, Charles M. Dent, Secretary to the District Board of the Metropolitan Sewerage District of Buncombe County, North Carolina, do hereby certify that the attached is a true and correct copy of the AMENDED 1987 - 88 BUDGET, adopted by the Metropolitan Sewerage District Board at its regular meeting held March 15, 1988.

WITNESS my hand and seal of said District this 15th day of March, 1988.

Secretary to the Board
Metropolitan Sewerage District
Board of Buncombe County, North
Carolina

(SEAL)

We have considered the proposed amendment to the 1987 - 88 BUDGET increasing the budget amount for line item(s)

Line Item 270 "Insurance"	from \$ <u>77,000</u>	to \$ <u>84,500</u>
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find the proposed increases necessary to meet the operating requirements of the Metropolitan Sewerage District of Buncombe County, North Carolina.

In accordance with Section 505 of the Bond Resolution, we recommend and approve this proposed amendment to the annual budget for Fiscal Year 1987 - 88.

HENDON ENGINEERING ASSOCIATES, INC.

By: William A. Morris

Date: 3-15-88

REQUEST FOR PROPOSALS

Gentlemen or Madam:

The Metropolitan Sewerage District of Buncombe County, North Carolina (hereinafter referred to as "MSD") requests that your firm submit a proposal for serving as MSD's independent accountant. Our principal objective is to obtain the services of a qualified certified public accounting firm to perform an annual audit of MSD for the July 1, 1987 to June 30, 1988 fiscal year. In addition to the annual audit, MSD seeks an evaluation of existing financial reporting systems and controls and the development of a financial reporting system which is responsive to MSD's needs. A detailed list of the services sought by MSD is attached and designated as Exhibit A.

The procedure for receiving, reviewing, and awarding a contract to perform accounting services for MSD will be in accordance with the procedures and timetables listed below. The proposal must be in writing and contain the following:

- (1) The name, address, and telephone number of the accounting firm.
- (2) A clear statement that the proposal is submitted pursuant to MSD's Request for Proposals dated the ____ day of _____, 1988.
- (3) A statement of qualifications for performing accounting services for MSD.
- (4) Detail the scope of services to be provided, with specific reference to the services listed in Exhibit A.
- (5) Quote a fee for services at an hourly rate.
- (6) Estimate of annual charges for time and expenses.
- (7) Explain billing procedures.
- (8) Additional relevant information.
- (9) Signature of an authorized agent of the accounting firm.

All proposals should be submitted to the principal administrative office of MSD by personal delivery or by Registered or Certified Mail Return Receipt Requested addressed to:

Mr. William H. Mull, P.E., Engineer-Manager
 Metropolitan Sewerage District of Buncombe County
 P.O. Box 8969
 Asheville, North Carolina 28814
 (704) 254-9646

MSD will review all proposals submitted on or before the _____ day of _____, 1988, at 5:00 p.m. All firms submitting timely proposals will be contacted for interviews. Each firm will be requested to participate in an interview with MSD personnel. After all interviews have been conducted, MSD shall review the accumulated

information and will expect to render a final decision and award on the _____ day of _____, 1988, at 12:00 p.m. or at such later time as is convenient for MSD. The following schedule is provided to summarize the time constraints for each step of this procedure:

	<u>Begins</u>	<u>Ends</u>
Submission of Bids	March __, 1988	_____, _____, 1988
Interviews	_____, _____, 1988	_____, _____, 1988
Expected Final Award		_____, _____, 1988

MSD will award the contract to perform accounting services for MSD upon the basis of the following factors:

- (1) Cost
- (2) Interviews
- (3) Experience in public entity accounting
- (4) Consideration of other relevant factors

The basis of the award will generally reflect MSD's consideration of the factors enumerated above. It is expressly noted that while cost of the accounting services will be an important factor, it will not be the exclusive basis for MSD's determination. It is MSD's opinion that this combination of objective and subjective factors will result in the procurement of high quality accounting services at a reasonable cost.

Please contact the Metropolitan Sewerage District office at (704) 254-9646 if you have any questions regarding this Request for Proposals.

Sincerely yours,

METROPOLITAN SEWERAGE DISTRICT

William H. Mull, Engineer-Manager

WHM/ekr

Enclosure

EXHIBIT A

SERVICES TO BE PERFORMED UNDER REQUEST FOR PROPOSALS

1. Review and modification of current accounting system to properly reflect all cash and accrual activity as required.
2. Review and upgrade monthly financial reports to properly reflect all cash and accrual activity as required.
3. Review full computerization of bookkeeping system including accounts payable, receivables, payroll processing and monthly reports. Provide recommendations and cost estimates for software, software installation and training.
4. Develop an accounting policies and procedure manual which incorporates policies and procedures dictated by the Bond Order and any regulatory agencies. Provide 18 copies of this manual and also provide this manual on diskette which can be edited in Word Perfect Version 4.2.
5. Develop a capitalization policy to facilitate an efficient property and equipment accounting system.
6. Review system of internal controls and make recommendations for improvements if required.
7. Develop a comprehensive chart of accounts with written documentation of items which should be coded to each account.
8. Audit of all statements and disclosures required by generally accepted accounting procedures and additionally required legal disclosures of all funds or divisions of MSD.
9. An annual audit to cover the July 1, 1987 to June 30, 1988 fiscal year.
 - a. Render a written opinion.
 - b. Review internal control and accounting.
 - c. Accountability of funds and adherence to budget and law.
 - d. File copy of auditors opinion with Secretary of the Local Government Commission.
 - e. Complete examination of all Federal Financial Assistance Programs in accordance with the Single Audit Act of 1984.
 - f. File copies of the examination of all Federal Financial Assistance Programs in accordance with the Single Audit Act of 1984 with the Secretary of the Local Government Commission.
10. Express an unqualified opinion on MSD general purpose financial statements in accordance with generally accepted accounting procedures.
11. Payor reports on compliance with statutory, regulatory, and contractual

agreements in accordance with the Single Audit Act of 1984 (P.L. 98-502) and the U.S. Office of Management and Budget Circular Number A-128.

**

In rendering the services outlined above, the accounting firm shall comply with the following:

1. "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" promulgated by the U.S. Comptroller General.
2. Single Audit Act of 1984 (P.L. Number 98-502).
3. The Office of Management and Budget Compliance Supplement--"Uniform Requirements for Grants to State and Local Governments."
4. The Office of Management and Budget Circular Number A-128, "Audits of State and Local Governments."
5. Applicable North Carolina General Statutes.