

APRIL 18, 1989

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, April 18, 1989. Chairman Smith called the meeting to order at 2:00 p.m.

Chairman Smith and the following members were present: Aceto, Dent, Dyson, Edwards, Maas, McDonald, Pope, and Waddey. Others present were: W.H. Mull, Engineer-Manager, John S. Stevens, General Counsel for the District, Dean Huber and Bill Morris of Hendon Engineering Associates, and Clark Morrison with the Asheville Citizen-Times.

2. Minutes of March 21, 1989:

Mr. Waddey moved that the Board minutes of March 21, 1989 be adopted. Mrs. Pope seconded the motion, and voice vote was unanimous in favor of the motion.

6. Report of Committees:**a. Budget Committee - Mrs. Pope:****1. Adoption of Amended Budget for FY 1988/89:**

Mrs. Pope turned the floor over to Mr. Mull to review explanation of the proposed Amended Budget with the Board. After review and discussion, Mr. Mull recommended that the Board adopt the Resolution Amending the FY 1988/89 Budget as follows: Total Operations Expenditure from \$1,193,159 to \$1,293,159 and Total Expenditures from \$1,834,112 to \$1,934,112. Mrs. Pope moved that the Board adopt the Resolution Amending the 1988/89 Budget as follows: Total Operations Expenditure from \$1,193,159 to \$1,293,159 and Total Expenditures from \$1,834,112 to \$1,934,112. Mr. Dent seconded the motion and roll call vote was unanimous in favor of the motion.

2. Adoption of Preliminary Operation and Maintenance Budget for FY 1989/90:

Mr. Mull reviewed the FY 1989/90 Preliminary Operation and Maintenance Budget with the Board, and recommended that the Board adopt the Preliminary Operation and Maintenance Budget for FY 1989/90 as follows: Total Administrative and General \$682,463, Total Operations Expenditures \$1,414,905, and Total Expenditures of \$2,097,368, along with the Resolution setting a Public Hearing on said Preliminary Budget for May 16, 1989. Mr. Dyson moved that the Board adopt the Resolution adopting the FY 1989/90 Preliminary Budget. Mrs. McDonald seconded the motion and roll call vote was unanimous in favor of the motion.

3. Schedule Public Hearing on Preliminary Operation and Maintenance Budget for FY 1989/90:

Mr. Mull reviewed the Notice of Public Hearing with the Board. Mr. Waddey moved that the Board adopt the Notice of Public Hearing setting a date for a Public Hearing on said Preliminary Budget of May 16, 1989. Mr. Edwards seconded, and voice vote was unanimous in favor of the motion.

b. Sewer System Consolidation Committee - Mr. Aceto:

Mr. Aceto summarized the proposal for total system consolidation to the Sewer Owner's Meeting held on March 30, 1989. This proposal included a 50% cost sharing arrangement with municipalities for certain sewer system extensions. The proposal was made by Chairman Smith directly to the Meeting of the Sewer Owner's. There was consensus at the meeting that substantial progress has been made and it was agreed to form a subcommittee of representatives from the municipalities to try and hammer out some kind of a detailed proposal that included funding for extensions, sources of funding, timing of the transfers, etc., and to work out the details of the transferred items. The minutes of the Sewer Consolidation Implementation Committee dated April 12, 1989, are attached hereto and made a part of these minutes. Mr. Aceto reviewed these minutes of the Sewer Consolidation Implementation Committee with the Board and general discussion followed.

c. Sludge Committee - Mr. Dent

Mr. Dent stated that the Committee met on April 17, 1989, to review cost figures on the N-Viro Proposal which was submitted several weeks ago. N-Viro representatives indicated they would have a proposal on Privatization to the District within 90 days, but as of yesterday, no proposal had been received. Mr. Mull stated he spoke with Pat Nicholson of N-Viro, and Mr. Nicholson stated a Privatization Proposal would be presented to the District by the May Board Meeting. Mr. Mull stated he would contact Mr. Nicholson to try and get the proposal prior to the May Board Meeting, so it can be reviewed.

Mr. Mull stated he also contacted the District's General Counsel concerning privatization proposals for the District, and asked that he be looking into the District's liabilities, responsibilities, what type of bonds would be required, etc. General discussion followed. Mr. Mull stated he would like for N-Viro to come and meet with the Sludge Committee on April 28th (Since Purac, company which is working on proposal with N-Viro, representatives will be in the area), and also on May 15th to review their proposal before the Board meeting on the 16th, and noted he would contact them to set-up these meetings.

Grant funds for this project were discussed, and Mr. Mull also stated he would contact Coy Batten with the North Carolina Department of Natural Resources & Community Development, Construction Grants Section, to try and set-up a meeting to find out what grant funds are available, if any, for a project of this type.

3. Hendon Engineering Associates Annual Report - Dean Huber:

Mr. Huber reviewed Hendon's Annual Report with the Board. A copy of this report is attached and made a part of these minutes. Chairman Smith urged the Board to review this report and bring any questions to the May meeting.

4. REPORT OF ENGINEER-MANAGER:

a. Status of Phase III Plant Expansion Contracts:

Mr. Mull stated a time extension has not been granted for Republic Contracting Corporation for Section 3, General Work. King Electric is ahead of schedule on Section 3A Electrical. Martin Heating and Air Conditioning has not started work on Section 3B HVAC due to the fact that General Work has not arrived at the point where Martin can start its work. Price

Piping is ahead of its schedule on Section 3C Plumbing.

b. United States Fish and Wildlife Service Letter Dated April 5, 1989, and MSD's Response Dated April 14, 1989; Letter from Robert Gurss Re: FERC Application Procedure (Arrange Hydro Committee Meeting):

Mr. Mull reviewed the above packet with the Board. The letter from U.S. Fish & Wildlife Service basically said that the Mitigation Plan the District submitted was useless. The District responded to the Fish & Wildlife Service letter on April 14, 1989.

Mr. Mull reviewed a letter from MSD's Washington Attorneys regarding the proceeding to apply for a FERC License. The Board instructed the Engineer-Manager to look into the possibility of applying for a license a couple of months ago.

Mr. Mull reported that the District was issued a Compliance Order from FERC, and noted that an Appeal has been filed concerning this Order. The appeal document was passed around for the Board to review.

Mr. Mull stated that he and Jack Stevens, General Counsel, would be going to Washington on April 21 to meet with MSD's Licensing Attorneys to find out what the District's next step will be. It is our hope that we can talk with the Fish and Wildlife Service again to try and ascertain what the Fish and Wildlife would accept in the way of Mitigation, and at the same time, see if they would take another look at the proposed flows. Mr. Mull encouraged Board members to attend the meeting in Washington.

c. Award Bids/Project 723 - Remote Telemetry Flow Monitoring & Siphon Screening Section 1, General, and Section 1A Electrical Equipment and Wiring:

Mr. Mull reported that a Bid Opening was held on March 28, 1989, and the following bids were received for Section 1 General: Hobson Construction Company with a total bid of \$447,978 (apparent low bidder), Goodwater, Inc. with a total bid of \$451,974, and Terry Brothers Construction Company with a total base bid of \$550,300. The following bids were received for Section 1A Electrical: Brevard Electric Company with a total base bid of \$49,650, M. B. Haynes Corporation with a total bid of \$53,500, Hayes & Lunsford with a total bid of \$76,643, and King Electric with a total bid of \$147,000. It is the recommendation of the Engineer-Manager and Hendon Engineering Associates that the bid for Section 1 General be awarded to Hobson Construction Company in the amount of \$447,978, and that the bid for Section 1A Electrical be awarded to Brevard Electric Company in the amount of \$49,650. Mr. Mull reported that the bids received have been reviewed by General Counsel and found to be acceptable. Mrs. Pope moved that the bid for Section 1 General be awarded to Hobson Construction Company at \$447,978, and the bid for Section 1A Electrical be awarded to Brevard Electric Company at \$49,650. Mr. Dyson seconded the motion and roll call vote was unanimous in favor of the motion.

d. Report on Use of Dried Micro-organisms Feed (Biosocks) to Reduce Grease in Sewerage System:

Mr. Mull asked the Board members to read the memorandum from Marc Fender on Biosocks, and reported that the Biosocks did not work out and the District would not be pursuing this further. The District is still trying to resolve this problem.

e. Proposed Extension of Septage Agreement Between Transylvania County and the Metropolitan Sewerage District:

Mr. Mull reported that the District received a letter from Mr. Emory, County Manager of Transylvania County, requesting a six months extension of the septage agreement that now exists between Transylvania County and the District. After review and discussion, Mr. Mull recommended that the District enter into a six months extension of the septage agreement between Transylvania County and the District. Mr. Edwards so moved and Dr. Maas seconded. Voice vote was unanimous in favor of the motion.

f. MSD Records Retention:

Mr. Mull turned the floor over to General Counsel to discuss MSD's records retention. Mr. Stevens reviewed a Resolution concerning a Records Retention Policy for the District. General discussion followed. Mr. Dyson moved that the Board adopt the Resolution concerning a Records Retention Policy for the District. Mrs. McDonald seconded, and voice vote was unanimous in favor of the motion.

g. Request to Advertise For Laboratory Equipment for New Lab:

Mr. Mull reviewed a list of equipment required for the new laboratory and offices at the new Wastewater Treatment Plant, along with a list of estimated costs for this equipment. These lists have been updated from the lists contained in the Contract Documents for the current construction phase as previously approved by the North Carolina Department of Natural Resources & Community Development. Our NPDES Permit which takes effect July 1, 1989, will require the District to monitor for priority pollutants, etc., for which MSD must have this equipment. Lengthy discussion followed. The total direct costs amounted to (with shipping, mark-up and contingencies @ 15%) \$528,057., and the office furniture including shipping mark-up and contingencies @ 15% amounted to \$39,100. Dr. Maas suggested that the Wastewater Treatment Plant become certified for drinking water analyses. Mrs. McDonald moved that the District move ahead on the equipment lists provided and reviewed, and receive bids on the equipment which would provide more information as to whether or not MSD would want to become a regional lab. Mr. Aceto seconded, and roll call vote carried unanimously in favor of the motion.

h. Investigation of Possible Violation of MSD Sewer Use Ordinance:

Postponed until later in the Board Meeting.

i. Water Pollution Control Federation (WPCF) 62nd Annual Conference - San Francisco - October 16 - 19, 1989:

Mr. Mull stated the Water Pollution Control Federation 62nd Annual Conference will be held October 16 - 19, 1989, in San Francisco, California, and asked that the Board authorize attendance of Board members and appropriate MSD staff and General Counsel. At this time Chairman Smith reiterated some of the travel guidelines set for this conference. Mr. Edwards moved that the Board members, General Counsel, and appropriate staff members of the District be authorized to attend the WPCF Conference in San Francisco, October 16-19, 1989. Dr. Maas seconded, and roll call vote was unanimous in favor of the motion.

5. Report of Officers: None.

7. Unfinished Business:

a. Materials from Metropolitan Waste Control Commission - Air Dispersion Modeling - 1987 and Health Risk Assessment Metropolitan Plant Sewage Sludge Incineration:

Mr. Mull reported that the above materials were ordered by the District, as requested by Dr. Maas, and are available for review.

b. Update on Project 721 - South French Broad Relief Interceptor Easement Acquisition - Biltmore Estate:

Mr. Mull reported that the District has received a counter proposal concerning this Easement and asked for a meeting with the Easement Committee (Ivey and McDonald). At this time, Mr. Dyson was appointed to serve on the Easement Committee. The Easement Committee meeting was set-up for April 28th at 2:30 p.m.

8. New Business:

Mr. Mull reported that a letter has been received from Buncombe County Public Schools requesting the District accept sludge from the North Buncombe Elementary School Sewage Treatment Plant. General Counsel has prepared an Agreement for Disposal of Waste Sludge between the District and North Buncombe Elementary School Sewage Treatment Plant, and this agreement was reviewed with the Board. Mr. Mull stated that the District would probably receive 100 gallons of sludge per year, according to the estimates from Buncombe County Schools. The Engineer-Manager recommended that the Board authorize the District to enter into such an agreement. Mr. Dyson moved that the District enter into such an Agreement for Disposal of Waste Sludge with North Buncombe Elementary School and Mrs. Pope seconded. Mr. Mull stated that the State would not issue the school a Permit until it has a contract with the District to handle its sludge. Voice vote was unanimous in favor of the motion.

At 4:01 p.m. Chairman Smith called the Board into Executive Session to discuss 4. h., Investigation of Possible Violation of MSD Sewer Use Ordinance.

At 4:15 p.m. Chairman Smith reconvened the regular Board meeting.

9. Date of Next Regular Meeting - May 16, 1989

10. Adjournment:

There being no further business, Mr. Edwards moved that the Board meeting be adjourned at 4:16 p.m., and Mrs. Pope seconded.


Secretary

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

Telecopier (704) 254-3299

John S. Stevens, General Counsel



Frank S. Smith III, Chairman
M. Leon Williams, Vice-Chairman
Steven T. Aceto
Charles M. Dent
E. Charles Dyson
M. Wayne Edwards
George E. Ivey
Richard P. Maas
Diane K. McDonald
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 1988 - 89 BUDGET, adopted by the Metropolitan Sewerage District Board at its regular meeting held April 18, 1989.

WITNESS my hand and seal of said District this 18th day of April, 1989.

Secretary

Metropolitan Sewerage District Board
of Buncombe County, North Carolina

(SEAL)

MSD Metropolitan Sewerage District of Buncombe County, North Carolina

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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 1988 - 89 Budget adopted by the Metropolitan Sewerage District Board at its regular meeting held on April 18th, 1989.

WITNESS my hand and seal of said District this 18th day of April, 1989.

Secretary

Metropolitan Sewerage District Board
of Buncombe County, North Carolina

(SEAL)

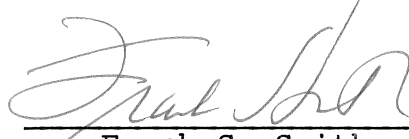
RESOLUTION

WHEREAS, the Metropolitan Sewerage District Board adopted a Budget Resolution at its regular meeting held on June 21st, 1988, for Fiscal Year 1988-89; and


WHEREAS, increases are necessary to meet the operation requirements of the Metropolitan Sewerage District of Buncombe County, North Carolina, as follows:

Total Administrative and General:	from \$ <u>640,953</u> to \$ <u>640,953</u>
Total Operations Expenditures:	from \$ <u>1,193,159</u> to \$ <u>1,293,159</u>
Total Expenditures:	from \$ <u>1,834,112</u> to \$ <u>1,934,112</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 June 21st, 1988, for Fiscal Year 1988 - 89, be and is hereby amended pursuant to the foregoing schedule Duly approved and adopted by roll call vote this the 18th day of April, 1989.



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

ATTEST: 

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

We have considered the proposed amendment to the 1988 - 89 BUDGET increasing the budget amount as follows:

Total Administrative and General:	from \$ <u>640,953</u> to \$ <u>640,953</u>
Total Operations Expenditures:	from \$ <u>1,193,159</u> to \$ <u>1,293,159</u>
Total Expenditures:	from \$ <u>1,834,112</u> to \$ <u>1,934,112</u>

find the proposed increases/decreases 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 1988 - 89.

HENDON ENGINEERING ASSOCIATES, INC.

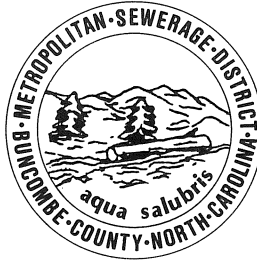
By: H. Dean Huber
Date: 4-18-89

MSD Metropolitan Sewerage District of Buncombe County, North Carolina

W. H. Mull, P.E., Engineer-Manager
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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 acknowledging receipt to its members of the Preliminary Operations and Maintenance Budget for the Fiscal Year 1989 - 90, and hereby setting the date for a public hearing on said Budget.

This 18th day of April, 1989.



Secretary
Metropolitan Sewerage District Board
of Buncombe County, North Carolina

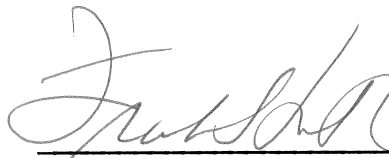
(SEAL)

RESOLUTION OF THE METROPOLITAN SEWERAGE DISTRICT

BOARD OF BUNCOMBE COUNTY, NORTH CAROLINA

BE IT RESOLVED that the Metropolitan Sewerage District Board of Buncombe County, North Carolina, hereby acknowledges receipt on April 18 1989, to its Members from the Engineer-Manager and Budget Office of the attached Preliminary Operation and Maintenance Budget for the Fiscal Year 1989-90, totaling \$2,097,368 dollars of which the estimated monthly Budget is equal to one-twelfth (1/12) of the total Budget and hereby sets the date for a public hearing on said Budget to be held at 2:00 p.m., May 16, 1989, in the Boardroom of the MSD Administration Building located at N.C. Highway 251 North at Woodfin, North Carolina. This Preliminary Operation and Maintenance Budget shall remain available for public inspection in the office of the District until such time as the Budget is adopted by the Board.

This 18th day of April, 1989.



FRANK S. SMITH, III, CHAIRMAN
Metropolitan Sewerage District Board
of Buncombe County, North Carolina

ATTEST:



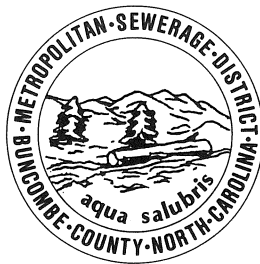
W. H. Mull, P.E.
Engineer-Manager

MSD Metropolitan Sewerage District of Buncombe County, North Carolina

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John S. Stevens, General Counsel



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Richard P. Maas
Diane K. McDonald
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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 PRELIMINARY OPERATION & MAINTENANCE BUDGET for FY 1989 - 90, adopted by the Metropolitan Sewerage District Board at its regular meeting held April 18, 1989.

WITNESS my hand and seal of said District this 18th day of April, 1989.

Secretary

Metropolitan Sewerage District Board
of Buncombe County, North Carolina

(SEAL)



Hendon Engineering Associates

INCORPORATED

TELEPHONE (704) 258-2123

ADDRESS REPLY TO P. O. BOX 7623

306 WEST HAYWOOD STREET · ASHEVILLE, NORTH CAROLINA 28802

HARRY H. HENDON
(1904-1973)
H. D. HUBER
P. L. BENTLEY
M. G. BUCKLEY, JR.
R. F. HOLBROOK
J. O. BREWER

W. L. MORRIS, JR.
H. E. BYAS, JR.
S. S. KANE

April 14, 1989

Metropolitan Sewerage District
Buncombe County, North Carolina
P. O. Box 8969
Asheville, North Carolina 28814

Attention: Mr. W. H. Mull, Engineer-Manager

Gentlemen:

Article V, Section 504 of the Resolution authorizing and securing Sewerage System Revenue bonds for the Metropolitan Sewerage District of Buncombe County (MSD) requires an appropriate consultant to prepare and file with the District on or before the 15th day of April in each fiscal year, a report setting forth:

"(a) its findings whether the Sewerage System has been maintained in good repair, working order and condition..."

A review was made of the MSD Sewerage System on March 8, 1989. Aging treatment facilities are being replaced by new treatment units as they become available. Microscreens and rotating biological contactors (RBC's) have now replaced half of the activated sludge facilities. Supplemental aeration facilities placed in the Aeration Basins met the additional air requirements resulting from increased industrial, commercial and residential flow during the critical hot summer period in 1988.

The Metropolitan Wastewater Management Plan (sewer consolidation) is still in the stage of being adopted by the member communities of MSD, a necessary legal step prior to implementation. MSD, MSD counsel and the consulting engineers are still working to develop a plan satisfactory to the member communities which would be consistent with MSD responsibilities. The Management Plan or consolidation remains the key to implementation of a Sewer System rehabilitation program for the control of infiltration and inflow.

The MSD Sewer Use Ordinance was revised again to reflect additional new State regulations and guidelines. The revised Ordinance was formally adopted by the Board on January 17, 1989, after a 60 day comment period by the member communities of MSD. The revised ordinance is now being printed for general distribution. New Permits to Discharge Industrial Waste, have been issued to replace expiring Permits. They reflect requirements of the new Ordinance and increased pretreatment requirements and restrictions where the MSD Industrial Monitoring Program has identified deficiencies. Strict enforcement of new pretreatment regulations and Permit requirements should help minimize future adverse industrial impact on Wastewater Treatment Plant performance.

Plans are continuing to move the Septage Dumping Station to a location subject to continuous MSD Staff supervision. This relocation is necessary to help insure that grease from grease traps, illegal RCRA regulated wastes and other wastes violating new MSD Ordinance provisions are not dumped into the MSD Sewerage System.

The Plant effluent was generally in compliance with NPDES Permit requirements for BOD or organic oxygen demand and total suspended solids although there have been a number of days out of compliance. It is anticipated as soon as the current parallel treatment processes of activated sludge and RBC treatment are adjusted and stabilized, the plant will be able to remain in compliance. As a safety measure however a less stringent interim limitation has been requested in the form of a request for modification of the Consent Judgement which was filed June 30, 1988. Stepped up enforcement of Industrial Pretreatment Program requirements is also contributing toward compliance.

The Treatment Plant effluent was out of compliance for fecal coliform concentration at least once every month in 1988 except January. This problem continues to be at least partially attributable to construction upsets and to chlorinator malfunctions. Steps to resolve these problems are continuing.

"(b) its recommendations as to:

(i) the proper maintenance, repair and operation of the Sewerage System during the ensuing fiscal year and an estimate of the amount of money necessary for such purposes."

The interim solution to the sludge disposal problem has been implemented. The Sludge Lagoon dam has been raised and a more controllable system for discharging sludge into the Lagoon at selected points has been implemented. These facilities are already improving the appearance of the Sludge Lagoon and the supernatant return to the Wastewater Treatment Plant. Additional measures and expenditures may be necessary before permanent

sludge disposal facilities are in place. The Series 1986A Bond Issue budgeted \$1,000,000 from the General Fund for interim sludge handling measures.

Few other deficiencies, other than those associated with the age of the older facilities and associated with construction, were noted during the inspection. Recommendations for minor maintenance improvements and repairs have been given to the Engineer-Manager. Three additional shift operators have been employed as authorized by the District Board. This additional staff assists in maintenance of the old treatment facilities as well as phasing in operational requirements of the new treatment facilities.

"(ii) the insurance to be carried under the provisions of Section 707 of this Order..."

The Asheville-Buncombe County Insurance Advisory Committee has provided a tabulation of policies and coverages currently in effect. The insurance being carried is consistent with recommendations made by the Consulting Engineers and the Asheville-Buncombe Insurance Advisory Committee.

"(iii) the additions, improvements, renewals and replacements which should be made during the ensuing fiscal year and an estimate of the amount of money necessary for such purposes."

Phases 2 and 3 of the Metropolitan Plant Expansion project, which are currently being treated as one construction project, are well under construction with the general contractor on site as of February 20, 1988. The current estimated cost of these phases is approximately \$21,500,000. Assuming no changes in the current EPA grant status, the MSD share should be approximately \$9,400,000. MSD funds for this project are part of the Series 1986A Bonds proceeds.

Phase 4 of the Metropolitan Plant Expansion is the sludge handling and disposal phase. Design of dewatering and on-site incineration facilities is complete. A State air discharge permit has been received for these proposed facilities. Facility Plan approval for construction of these facilities has been received from EPA and a grant application has been filed. Construction plans and specifications for this phase are in Raleigh undergoing review. Current estimates for the dewatering and on-site incineration scheme total approximately \$12,600,000 of which the MSD share should be approximately \$5,000,000, assuming no changes in the current status of the EPA grants and funding lists. MSD funds for this project are a part of the Series 1986A Bonds proceeds.

The South French Broad Relief Interceptor Project plans and specifications are complete. Easements acquisition work is in progress. The most recent estimated cost is \$2,800,000 and funds for this project are projected in the MSD General Account. Construction should begin as soon as land rights are acquired.

The Carrier Bridge Pumping Station expansion is under construction. The project cost for this project is approximately \$650,000 and funds for this project are in the General Account. The full capacity of this pumping station expansion should not be utilized until the Treatment Plant can handle the additional flow.

The Remote Flow Monitoring System and Syphon Improvement project construction bid opening was March 28, 1989. The apparent low bids totaled approximately \$500,000. The Series 1986A Bond Issue projected this project to be approximately \$650,000. Funds for this project are in the General

Account.

The Craggy Dam Hydroelectric Facility continues to generate much less power than planned. This is primarily due to the intractable position of the U. S. Fish and Wildlife Staff. MSD Fish Consultants continue to negotiate the issues of minimum flows in the river and fish mortality in an effort to improve power output.

Schedules and costs for the projects in progress are subject to change due to factors beyond the control of MSD or the Engineers. However, the Engineers periodically reevaluate and update both schedules and estimates.

"(iv) any necessary or advisable revisions of the rates, fees and charges referred to in Section 501 of this article or as the same may have been previously revised."

Current user rates are based on a resolution effective September 15, 1987, titled: Adopting Charges for the Discharge of Domestic Wastewater and Industrial Wastes. Adjustments were made to industrial waste charges in accordance with the annual User Charge Analysis conducted during July and August, 1988.

The annual User Charge Analysis dated September 14, 1988, indicated the domestic user charge rate could be decreased from \$1.00/CCF to 98¢/CCF. The MSD Board decided to leave the rate at \$1.00/CCF. Domestic user charge rates will be evaluated again after the close of the Fiscal Year at the same time industrial user charge rates are evaluated.

We would like to express our continuing thanks and appreciation to Mr. W. H. Mull and to Mr. R. L. Cunningham, who have been most cooperative with our work as Consulting Engineers over the years.

Very truly yours,

HENDON ENGINEERING ASSOCIATES, INC.

By



H. Dean Huber

HDH:f
R927-BB.ANN

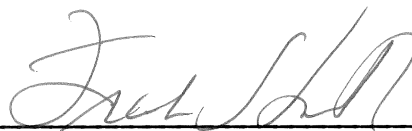
cc: Local Government Commission
Trustee

NOTICE OF PUBLIC HEARING

NOTICE OF PUBLIC HEARING BEFORE THE
BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
OF BUNCOMBE COUNTY, NORTH CAROLINA

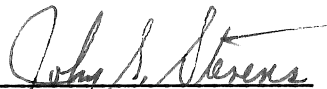
Notice is hereby given that the Board of the Metropolitan Sewerage District of Buncombe County, North Carolina, will hold a public hearing at the Administration Building of the Metropolitan Sewerage District at the Main Treatment Plant on N.C. Highway 251 North, Woodfin, North Carolina, at 2:00 p.m., Tuesday, May 16, 1989, on the Budget of the District for the Fiscal Year beginning July 1, 1989, and ending June 30, 1990. The Budget has been submitted to the Governing Board and is available for public inspection in the office of the Clerk of the Board.

THIS 18th day of April, 1989.



FRANK S. SMITH, III, CHAIRMAN
Metropolitan Sewerage District Board
of Buncombe County, North Carolina

Approved as to form:



John S. Stevens, Attorney
April 18, 1989

Minutes of the Sewer Consolidation Implementation Committee
April 12, 1989

The Sewer Consolidation Implementation Committee met on April 12, 1989, at the offices of Roberts Stevens & Cogburn, P.A. at 11:30 a.m. The following were in attendance:

Pete Post, Town of Montreat
Bill Stanley, Buncombe County Commissioners
John Creighton, Buncombe County
Robert Musselwhite, Town of Biltmore Forest
Doug Bean, City of Asheville
Jack Stevens, MSD/Roberts Stevens & Cogburn
Mike Begley, Town of Black Mountain
Bill Morris, MSD/Hendon Engineering
Bill Mull, MSD
Jim Stokoe, Land-of-Sky Regional Council
Frank Smith, Chairman, MSD Board
Steve Aceto, Chairman, MSD Consolidation Committee
Billy Clarke, MSD/Roberts Stevens & Cogburn

RECEIVED

APR 17 1989

Metropolitan Sewerage District
of Buncombe County

Jack Stevens opened the meeting by asking if everyone received a copy of the minutes since there were no suggestions for changes. Jack Stevens then circulated a proposed policy statement regarding consolidation and asked everyone to review it. There were no suggestions for changes in the minutes.

Mr. Stevens then clarified that the MSD was no longer taking the "spreading stain" approach to rehabilitating the sewer system. The MSD realizes that some places need rehabilitation and repair more urgently than others and MSD is committed to doing rehabilitation where it needs to be done first.

Jack Stevens then raised the issue of the proposed transfer document and asked if everyone had received a copy. The group then began a detailed review of the transfer document. With regard to the first page of the document, John Creighton pointed out that Buncombe County may make contact with the Avery Creek Sewer District. The Avery Creek District is not presently a part of the MSD, although the MSD treats its waste pursuant to contract. John Creighton mentioned that there was a new board in Avery Creek and that a contact at this point might be beneficial. Jack Stevens pointed out that the Enka-Candler District has an outstanding debt on its system. The only way the MSD can assume such an obligation would be by a vote of the District. There was some discussion about a possible vote of the members of the District, and it was pointed out that it might be difficult to decide just who was eligible to vote and other problems associated with holding such an election.

On the second page of the transfer document, Billy Clarke pointed out that the language there represented the findings of the 208 Task Force which had studied the sewer system in Buncombe County. Doug Bean pointed out that the City has made some major improvements to its system since those findings, and the City system is now in better shape. It was agreed that the document would be changed to reflect improvements made to the system by the City in recent years.

There was then some discussion about the language at the top of page three referring to grants from the federal government or from the State of North Carolina. John Creighton raised the possibility of a political subdivision receiving grant funds from the State of North Carolina and then going to the MSD and asking that a certain project on the Capital Improvement Program (CIP) be moved up and the grant funds applied to pay for it. There was then more discussion about this issue and about a political subdivision's right to do sewer extensions or repairs if the MSD could not or would not. There was general agreement that there was no obligation in the transfer document requiring a political subdivision to turn over any grant funds to the MSD. There was also agreement that there was nothing to prevent a political subdivision from using grant funds and doing a project without the MSD. Discussion continued about the reallocation of CIP funds to match grant funds. It was generally agreed that the CIP will be reviewed annually, and that the availability of grant funds for the various political subdivisions will be a factor to be considered in the planning process. Doug Bean suggested that everybody agreed with the concept that there was no obligation to give grant funds to MSD. MSD could be made aware of the availability of grant funds and would make the ultimate decisions under the CIP plan.

Billy Clarke then pointed out that the provisions on page six and at the top of page seven are drawn from the MSD Bond Order and that those conditions would have to be satisfied in a transfer so that MSD would not violate its Bond Order.

In subparagraph 1(c) on page eight of the transfer agreement, there is a reference to an additional sewer use charge at the time of the signing of the agreement. This prompted general discussion in the group. There was agreement that an increase would have to occur. Some of the municipalities were worried about an increase in the MSD rate at the same time they were contemplating an increase in the rate. There was discussion about the timing of the transfer, and there appeared to be general agreement that the best way to do it would be for the MSD to take over all the obligations on the date of the signing of the agreement and to have one sewer use charge by the MSD. Then the MSD sewer use charge could be raised without raising any other charges.

There was considerable discussion about how this would be done. It was agreed that the MSD could start collecting all the sewer use charges on the date of the agreement, and the MSD could contract with the political subdivisions who have sewer maintenance crews to provide sewer maintenance for the MSD while the MSD works out the details of transferring employees from those political subdivisions to the MSD. It was agreed that political subdivisions having employees involved in sewer maintenance should meet with the MSD and discuss the details of a transfer of employees.

Paragraph four on page nine of the proposed transfer document mentions the use of eminent domain power by the political subdivision on behalf of the MSD in connection with MSD's operation of the consolidated system. It was pointed out that that provision was put in there because the MSD did not (and still does not) have "quick take" authority under the condemnation statutes. There is a bill pending in the legislature which may make this provision unnecessary.

Bob Musselwhite then raised the issue of the influence of small towns in a system-wide plan of rehabilitation. He pointed out that small towns feared that they might lack influence and that some towns were already experiencing problems that needed to be addressed quickly.

RESOLUTION
Metropolitan Sewerage - District of Buncombe County

Whereas North Carolina General Statutes Section 132-3 provides that no public records shall be destroyed unless specifically provided elsewhere without the consent of the North Carolina Department of Cultural Resources; and

Whereas North Carolina General Statutes Section 132-8.1 provides for a records management program for the maintenance, retention, preservation and disposal of official records to be administered by the North Carolina Department of Cultural Resources and that state agencies and other public entities are to cooperate with the Department of Cultural Resources in establishing a program for efficient management of records for each entity; and

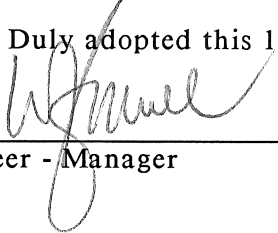
Whereas North Carolina General Statutes Section 121.5 provides that when the custodian of any official records for a public entity certifies to the Department of Cultural Resources that records have no further use and the Department of Cultural Resources certifies that these records appear to have no further use, then these records may be destroyed or otherwise disposed of while the agency has custody of them; and

Whereas the Metropolitan Sewerage District has engaged representatives from the North Carolina Department of Cultural Resources to make a thorough study and evaluation of all of the records of the District and such evaluation has been completed and a detailed report made by the Department as to the retention and disposal of certain District records; and

Whereas management of the District has made a further review of the findings and conclusions of the Department of Cultural Resources with respect to District's records retention;

Now, Therefore, Be it Resolved by the Board of the Metropolitan Sewerage District that all records and files belonging to the District shall be retained, managed, and disposed of according to the attached schedule as directed by the Department of Cultural Resources and modified by management of the District.

Duly adopted this 18th day of April, 1989.



Engineer - Manager

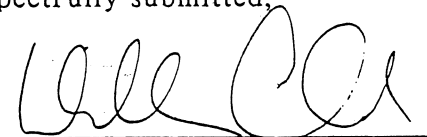
This prompted a wide-ranging discussion of the costs of consolidation and the costs of rehabilitation and repair and the costs of extension. Bill Morris presented a chart showing the proposed sewer extension and rehabilitation and repair for Asheville, Uncombe County, Biltmore Forest, Black Mountain, Montreat, Woodfin, and Weaverville. There was another chart showing the MSD construction plan without sewer extensions. The group discussed the costs of all of this work extensively. It was pointed out that an increase of \$1.50 in the rate for domestic users would result in a \$9 per month increase. Many of the members expressed concern that the users would not be able to afford such a substantial increase in the sewer rate. In addition, there was concern about increasing the rate for industrial users. There was then some discussion about the possibility of using bond financing as opposed to the pay-as-you-go plan. There was some suggestion that it might be cheaper in the long run and it might have the added benefit of getting the rehabilitation and repair done in a 5- to 10-year period instead of a proposed 15-year period.

The group briefly discussed storm water. Mr. Smith suggested that the MSD should talk about that as well since that dealt with problems of inflow and infiltration. Mr. Smith suggested that storm water and sewer construction and maintenance might be coordinated. Mr. Bean, Mr. Mull, and Mr. Morris were to consider that issue. Mr. Stevens suggested that it might be possible for the MSD to levy a tax in the City for storm water if it were to take it over. There was some discussion about storm water being more of an issue for the City of Asheville and not for the smaller political subdivisions.

The group then adjourned, having reached page nine of the transfer agreement, and agreed to convene again on April 19 at 11:30 a.m. to continue discussion of the document.

Respectfully submitted,

BY:



WILLIAM CLARKE

METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA

OPERATION AND MAINTENANCE FUND--STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

1988-89 BUDGET
(AMENDED 4-18-89)

=====

	1988-89 BUDGET	CURRENT MOMTH	PERIOD ENDING	PRIOR MONTH	PERIOD ENDING
	-----	-----	-----	-----	-----
TOTAL ADMINISTRATIVE AND GENERAL.....	640,953				
TOTAL OPERATIONS EXPENDITURES.....	1,293,159				
	=====	=====	=====	=====	=====
TOTAL EXPENDITURES.....	1,934,112				
INTEREST TRANSFERRED TO REVENUE ACCT.....					
TOTAL DISBURSEMENTS.....					
TRANSFERRED FROM REVENUE FUND.....					
OTHER RECEIPTS.....					
TOTAL RECEIPTS.....					
EXCESS OF RECEIPTS OVER DISBURSEMENTS.....					
(DISBURSEMENTS OVER RECEIPTS).....					
BEGINNING CASH BALANCE.....					
ENDING CASH BALANCE.....					

The current expenses for each month are estimated to be one-twelfth (1/12) of the annual budget.
Estimated revenue to be collected from sewer service charges for this fund equal \$1,934,112.

METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA

OPERATION AND MAINTENANCE FUND--STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

PRELIMINARY 1989-90 BUDGET

=====

	PRELIMINARY 1989-90 BUDGET	CURRENT MONTH	PERIOD ENDING	PRIOR MONTH	PERIOD ENDING
	-----	-----	-----	-----	-----
TOTAL ADMINISTRATIVE AND GENERAL.....	682,463				
TOTAL OPERATIONS EXPENDITURES.....	1,414,905				
	=====	=====	=====	=====	=====
TOTAL EXPENDITURES.....	2,097,368				
INTEREST TRANSFERRED TO REVENUE ACCT.....					
		-----	-----	-----	-----
TOTAL DISBURSEMENTS.....		-----	-----	-----	-----
TRANSFERRED FROM REVENUE FUND.....		-----	-----	-----	-----
OTHER RECEIPTS.....		-----	-----	-----	-----
		-----	-----	-----	-----
TOTAL RECEIPTS.....		-----	-----	-----	-----
EXCESS OF RECEIPTS OVER DISBURSEMENTS.....		-----	-----	-----	-----
(DISBURSEMENTS OVER RECEIPTS).....		-----	-----	-----	-----
BEGINNING CASH BALANCE.....		-----	-----	-----	-----
ENDING CASH BALANCE.....		-----	-----	-----	-----

The current expenses for each month are estimated to be one-twelfth (1/12) of the annual budget.
 Estimated revenue to be collected from sewer service charges for this fund equal \$2,097,368.

METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA

OPERATION AND MAINTENANCE FUND--STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

PRELIMINARY WORKING BUDGET FOR FY 89/90
=====

	1988-89 BUDGET	ACTUAL THROUGH 3/31/89	ESTIMATED 1988-89 EXPENDITURES		SURPLUS OR (DEFICIT)	RECOMMENDED 1989-90 BUDGET		INCREASE (DECREASE) FROM FY 88-89
200 SALARIES.....	200,885	126,622	158,644	(1)	42,241	211,622	*	10,737
210 BILLING & COLLECTIONS.....	68,000	49,977	66,250		1,750	68,000		0
220 TELEPHONE & TELEGRAPH.....	7,000	3,914	5,206	(2)	1,794	6,000	(2)	-1,000
230 TRAVEL & CONVENTION.....	4,000	5,179	6,000	(3)	-2,000	6,000		2,000
240 OFFICE SUPPLIES.....	7,000	4,056	6,000		1,000	7,000		0
251 POWER & WATER.....	4,800	2,935	3,904		896	4,800		0
260 DIRECTORS' EXPENSES.....	10,000	6,670	10,000		0	10,000		0
270 INSURANCE.....	93,000	90,028	101,000	(4)	-8,000	110,000		17,000
280 DUES & SUBSCRIPTIONS.....	1,650	1,160	1,650		0	1,650		0
290 ACCOUNTING @ 1% OF PAYROLL..	8,181	5,374	7,286	(1)	895	9,036		855
300 CONSULTING ENGINEERS.....	14,000	10,239	13,618		382	14,000		0
310 LEGAL FEES & EXPENSES.....	30,000	18,297	24,335		5,665	30,000		0
320 TRUSTEE FEES.....	18,000	7,671	12,000		6,000	18,000		0
330 AUDIT FEES.....	11,000	5,984	5,984		5,016	8,000		-3,000
340 POSTAGE & PETTY CASH.....	3,000	1,804	2,400		600	3,000		0
350 OFFICE EQUIPMENT REPAIRS....	1,000	544	1,000		0	1,000		0
360 FICA TAXES @ 7.15%.....	58,496	38,811	53,595	(1)	4,901	64,608		6,112
370 NC RETIREMENT @ 8.59%.....	68,886	43,710	62,590	(1)	6,295	76,083		7,198
380 VEHICLE EXPENSE.....	6,100	4,572	6,100		0	6,100		0
390 CAPITAL OUTLAY (EQUIPMENT)..	5,000	126	5,000		0	5,000		0
400 CONTINGENCY.....	20,956	9,177	10,000		10,956	22,564		1,608
<hr/>								
TOTAL ADMINISTRATIVE AND GENERAL.....	640,953	436,851	562,562		78,391	682,463		41,510

DISBURSEMENTS CONTINUED	1988-89 BUDGET	ACTUAL THROUGH 3/31/89	ESTIMATED 1988-89 EXPENDITURES		SURPLUS OR (DEFICIT)	RECOMMENDED 1989-90 BUDGET		INCREASE (DECREASE) FROM FY 88-89
500 SALARIES & WAGES.....	617,234	406,970	569,999	(5)	47,235	691,980	**	74,746
510 CHEMICALS.....	90,000	36,938	49,127	(6)	40,873	60,000	(6)	-30,000
520 TELEPHONE.....	5,500	4,607	6,500	(7)	-1,000	6,500		1,000
530 POWER & LIGHTS.....	200,000	312,636	402,636	(8)	-202,636	362,000		162,000
540 SMALL TOOLS & SUPPLIES.....	20,000	8,921	11,864		8,136	20,000		0
550 WATER & GARBAGE.....	8,000	4,861	6,765		1,235	8,000		0
560 VEHICLE EXPENSE.....	8,000	6,456	8,586		-586	8,000		0
571 LABORATORY SUPPLIES.....	8,000	9,232	12,279	(9)	-4,279	15,000	(9)	7,000
580 UNIFORM SERVICE.....	6,000	4,923	6,000		0	6,000		0
591 SCHOOLS.....	3,000	1,454	4,000		-1,000	3,000		0
600 MAINTENANCE BLDG. & GROUNDS.	30,000	14,361	30,000		0	30,000		0
610 MAINTENANCE PIPELINE.....	10,000	5,775	10,000		0	10,000		0
620 MAINTENANCE EQUIPMENT.....	75,000	60,006	79,807		-4,807	75,000		0
630 CAPITAL OUTLAY--NEW.....	20,000	4,786	20,000	(10)	0	20,000		0
640 EQUIPMENT REPLACEMENT.....	65,000	19,635	40,000		25,000	65,000		0
650 CONTINGENCY.....	27,425	150	150		27,275	34,425		7,000
TOTAL OPERATIONS EXPENDITURES.....	1,193,159	901,710	1,257,714		-64,555	1,414,905		221,746
TOTAL EXPENDITURES.....	1,834,112	1,338,561	1,820,275		13,837	2,097,368		263,256

Percent Increase from FY 87-88.. 14.35%

Due to USF&WS..... 8.83%

Due to insurance..... .93%

Subtotal..... 9.76%

Wages & Other..... 4.59%

Total..... 14.35%

*, ** Total salaries (line items 200 & 500) are 8.34% over 1988-89.
This includes the following:

CATAGORY	% OF TOTAL SALARIES
C.O.L. and merit raises	5.25%
Adjustments	.18%
New Positions	2.91%
	8.34%

FOOTNOTES:

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- (1) New position for Assistant E-M not filled yet.
- (2) New phone system savings.
- (3) Ensley's trips to Birmingham, Dallas, Raleigh, Winston-Salem, etc. re Pretreatment Program.
- (4) Increases in workman's comp. and health insurance.
- (5) One death, one retirement, one quit, several positions not filled.
- (6) Reduced chlorine usage; no peroxide, HTH, or lime used (\$23,000 saved).
- (7) Reduced from \$6,500 last year; more calls this year, one phone added, will need more phones next year when new building finished.
- (8) Bypassing for Fish & Wildlife; low flow in river.
- (9) Biological toxicity monitoring, sludge monitoring.
- (10) Replace operators truck (1986 Toyota, 75,000 miles).

BOND RESOLUTION REQUIREMENTS:

PRELIMINARY BUDGET MUST BE FILED WITH TRUSTEE ON OR BEFORE MAY 15.

(WILL MAIL APRIL 19 IF BOARD APPROVES APRIL 18)

PUBLIC HEARING MUST BE HELD ON OR BEFORE JUNE 15.

(SCHEDULE FOR MAY 16)

BUDGET SHALL BE ADOPTED PROMPTLY AFTER THE PUBLIC HEARING.

METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA

OPERATION AND MAINTENANCE FUND--STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

AMENDED BUDGET (4/18/89)

=====

	AMENDED 1988-89 BUDGET	CURRENT 1988-89 BUDGET	DIFFERENCE
	-----	-----	-----
200 SALARIES.....	187,885	200,885	-13,000
210 BILLING & COLLECTIONS.....	68,000	68,000	
220 TELEPHONE & TELEGRAPH.....	7,000	7,000	
230 TRAVEL & CONVENTION.....	7,000	4,000	3,000
240 OFFICE SUPPLIES.....	7,000	7,000	
251 POWER & WATER.....	4,800	4,800	
260 DIRECTORS' EXPENSES.....	10,000	10,000	
270 INSURANCE.....	103,000	93,000	10,000
280 DUES & SUBSCRIPTIONS.....	1,650	1,650	
290 ACCOUNTING @ 1% OF PAYROLL..	8,181	8,181	
300 CONSULTING ENGINEERS.....	14,000	14,000	
310 LEGAL FEES & EXPENSES.....	30,000	30,000	
320 TRUSTEE FEES.....	18,000	18,000	
330 AUDIT FEES.....	11,000	11,000	
340 POSTAGE & PETTY CASH.....	3,000	3,000	
350 OFFICE EQUIPMENT REPAIRS....	1,000	1,000	
360 FICA TAXES @ 7.15%.....	58,496	58,496	
370 NC RETIREMENT @ 8.42%.....	68,886	68,886	
380 VEHICLE EXPENSE.....	6,100	6,100	
390 CAPITAL OUTLAY (EQUIPMENT)..	5,000	5,000	
400 CONTINGENCY.....	20,956	20,956	
-----	-----	-----	-----
TOTAL ADMINISTRATIVE AND GENERAL.....	640,953	640,953	

DISBURSEMENTS CONTINUED		AMENDED 1988-89 BUDGET	CURRENT 1988-89 BUDGET	DIFFERENCE
		-----	-----	-----
500	SALARIES & WAGES.....	585,234	617,234	-32,000
510	CHEMICALS.....	60,000	90,000	-30,000
520	TELEPHONE.....	6,500	5,500	1,000
530	POWER & LIGHTS.....	405,000	200,000	205,000
540	SMALL TOOLS & SUPPLIES.....	15,000	20,000	-5,000
550	WATER & GARBAGE.....	8,000	8,000	
560	VEHICLE EXPENSE.....	8,000	8,000	
571	LABORATORY SUPPLIES.....	13,000	8,000	5,000
580	UNIFORM SERVICE.....	6,000	6,000	
591	SCHOOLS.....	4,000	3,000	1,000
600	MAINTENANCE BLDG. & GROUNDS.	30,000	30,000	
610	MAINTENANCE PIPELINE.....	10,000	10,000	
620	MAINTENANCE EQUIPMENT.....	75,000	75,000	
630	CAPITAL OUTLAY--NEW.....	20,000	20,000	
640	EQUIPMENT REPLACEMENT.....	40,000	65,000	-25,000
650	CONTINGENCY.....	7,425	27,425	-20,000
TOTAL OPERATIONS EXPENDITURES.....		1,293,159	1,193,159	100,000
TOTAL EXPENDITURES.....		1,934,112	1,834,112	100,000
INTEREST TRANSFERRED TO REVENUE ACCT.....				
TOTAL DISBURSEMENTS.....				
TRANSFERRED FROM REVENUE FUND.....				
OTHER RECEIPTS.....				
TOTAL RECEIPTS.....				
EXCESS OF RECEIPTS OVER DISBURSEMENTS.....				
(DISBURSEMENTS OVER RECEIPTS).....				
BEGINNING CASH BALANCE.....				
ENDING CASH BALANCE.....				

The current expenses for each month are estimated to be one-twelfth (1/12) of the annual budget. Estimated revenue to be collected from sewer service charges for this fund equal \$1,934,112.