

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

March 15, 1995

1. Call to Order and Roll Call:

The regular monthly meeting of the Board of the Metropolitan Sewerage District was held in the Boardroom of MSD's Administration Building at 2:00 P.M., on Wednesday, March 15, 1995. Chairman Post presided with the following members present: Bryson, Casper, Holcombe, Joyner, Kelly, Pace, Selby, Slosman, Sobol and Wallace.

Others Present were: W. H. Mull, Engineer-Manager, John S. Stevens, General Counsel, Danny Bridges and Gary McGill of McGill Associates, P.A., Ed Byas of Hendon Engineering Associates, Inc., Ken Vasilik of Biltmore Farms, Inc., Ken Crum, of Kinco, Jim Fatland, Stan Boyd, Linda Mazingo, Sharon Walk, Tom Tarrant, Randy Hintz and Sondra Honeycutt, MSD.

2. Approval of the Minutes of the February 15, 1995 meeting;

Ms. Wallace moved that the Minutes of the February 15, 1995 meeting be approved as presented. Mr. Joyner seconded the motion. Voice vote was unanimous in favor of the motion.

At 2:20 p.m., Ms. Bryson moved that the Board go into closed session to consider a legal matter with Counsel involving a possible claim against manufacturer's and installer's of equipment. Mr. Holcombe seconded the motion. Voice vote was unanimous in favor of the motion.

At 3:03 p.m., the Board reconvened the regular meeting.

3. Budget Calendar and Agenda:

Mr. Mull presented a Budget Calendar and Agenda for the Personnel/Finance Committees' and Board meetings for March through June. Mr. Post urged Members of the Board to attend these very important meetings, and suggested that all meetings be scheduled for 2:00 p.m.

4. Engineer-Manager's Report

CONSOLIDATED MOTION AGENDA

Mr. Mull reported that the following Consolidated Motion items were brought before the Planning Committee, February 23, 1995.

10.d.5 a. Consideration of CIP Extension Project Substitution - U.S. Highway 70 for Craigmont Road - Black Mountain:

The Planning Committee recommended transfer of funds, (\$4,200.00) contingent upon construction of the line to MSD specifications and inspection of the construction by MSD inspectors.

10.d.5.b. Consideration of Change Order for Additional Services - ENG/6A - Revision to Black Mountain Sewer Improvements:

The Planning Committee recommended acceptance of the change order for a lump sum fee of \$3,000.00.

Regarding item 10.d.5.a., Mr. Mull presented a letter from the Mayor of the Town of Black Mountain requesting that the District allow the transfer of a portion of funds, (\$4,200.00 of the \$19,110.00) earmarked for the Town's Craigmont Road annexation sewer line to the sewer line project proposed for U.S. Highway 70 at an estimated cost of \$10,000.00 to \$12,000.00. Mr. Casper stated that his concern with regard to this request is whether the Town of Black Mountain is now paying sewer charges. A brief discussion followed regarding the amount owed; if the District has

started to receive meter readings, and the time frame given to the Town of Black Mountain to submit the readings. Mr. Casper moved that the Engineer-Manager write a letter and resolution to the Mayor of the Town of Black Mountain stating there are Members of the District Board who have expressed a concern that the District is not making the progress it hoped to on the collection of monthly sewer user charges, and as a result, reluctantly gave approval on those items presented. Mr. Slosman seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays; 1 Abstention, Mr. Sobol.

Following a question by Mr. Holcombe regarding item 10.d.5.b, (Scope of Services) Mr. Joyner moved that the Board adopt the recommendation of the Planning Committee. Ms. Bryson seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

REGULAR AGENDA

Planning Committee Items:

10.d.1. Consideration of Construction Contract Change Order for Chemical Stabilization Facility:

Mr. Slosman moved that the Board approve the following Change Order's: Goodwater Construction, Inc., totaling \$369,261.00; Emory Electric, totaling \$24,367.00; and Pyatt Heating and Air Conditioning, totaling \$6,832.00, as recommended by staff. Mr. Joyner seconded the motion. With regard to item six (6) of Emory Electric's Change Order, (revised light fixture at the booster pump station) Mr. Sobol requested an explanation for the increase in cost. Mr. Boyd reported that the plans called for an inside fixture, and the cost of \$469.00, is the difference between an inside and outside fixture. With no further discussion, Roll call vote was as follows: 11 Ayes; 0 Nays.

10.d.3 Consideration of Participation in Sewer Rehabilitation - Kinco Company - Out of District:

Mr. Mull reported that the Kinco Company, located at a facility on Emma Road in West Asheville, manufactures vinyl windows and is currently served by septic tanks. He further reported that currently Kinco employs 140 people and has plans to expand to 400 employees by 1996 and needs sewer service in order to accommodate the expansion. Mr. Mull stated that the estimated cost to upgrade approximately 2,800 linear feet of existing sewer line is \$350,000.00, and according to the District's rating factors for participation in the upgrade of sewer lines, it's share of the cost is 50%. Mr. Mull further stated that Buncombe County has applied for a Community Development Block Grant (CDBG) to fund the extension of the sewer line and for a portion of the rehabilitation funds. Mr. Mull reported that following considerable review, the Planning Committee recommended issuing an allocation to Kinco subject to staff recommendations. In consideration of the District's rating factors, staff has recommends that the District participate 50% in the rehabilitation work.

Mr. Ken Crum, stated that Kinco's problem is that they cannot stay on the septic system and do the expansion. A lengthy discussion followed regarding the conditions of the allocation; whether the District has an existing Rehabilitation Policy and what it takes into account; if the project is on the current CIP list; how the rating factors work, and the distribution of CDBG funding. With no further discussion, Mr. Joyner moved that the Board approve the recommendations of the Planning Committee and Staff. Mr. Sobol seconded the motion. A discussion followed regarding whether the District will proceed prior to approval of CDBG funds; if the District has estimated the amount of revenues that will be generated as a result of this action, and whether there is moratorium on the line. With no further discussion, Mr. Sobol seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

10.d.5.d. Consideration of Acceptance of Ducker Creek Sewer:

Mr. Mull reported that the Ducker Creek Sewer was constructed with funds from Biltmore Farms, Inc., City of Asheville and Buncombe County. In addition, that construction is complete and rights-of-way documents prepared and the developer desires to make the sewer active as soon as possible so construction of buildings can continue. Mr. Mull further reported that this item was not considered by the Planning Committee, but is an add-on item for the Board's review. Mr. Mull stated that staff recommends that the Ducker Creek Sewer be accepted for ownership and maintenance by the District contingent upon recording of rights of way documents. Following a brief discussion with regard to whether rights of way have been transferred to the District, Mr. Slosman moved that the Board adopt the recommendations of staff. Mr. Holcombe seconded the motion. Voice vote was unanimous in favor of the motion.

Blue Ribbon/Planning Committee Items:

10.f.I. Consideration of Securing a Consultant to Determine the Cost Benefit of Adding User's to the Sewer System and a Recommendation of a Means for MSD to Participate in the Cost of Extensions in Proportion to the Benefit to Rate Payers:

Deferred to Report of Committees.

10.f.II. Consideration of New 6" Private System Sewer Standards:

Mr. Mull reported that this item was reviewed extensively by the Blue Ribbon Committee with amendments made to items twelve (12) and thirteen (13). Mr. Kelly asked if the standards are covered in the Consolidation Agreement with the various municipalities, and if this is something the municipalities should look at. Mr. Selby stated that he felt it was a concern, especially when the City of Asheville annexes a new area and assumes that area has adequate sewers and the District must take it over, when in fact, the sewers do not meet MSD Standards. Mr. Mull stated that the City of Asheville is aware of this problem, and the District made it clear that it would not accept those lines. Mr. Post pointed out that the new Standards only apply to private sewer systems. Mr. Sobol moved that the Board adopt the proposed 6 inch Private System Sewer Standards. Mr. Joyner seconded the motion. Following a brief discussion, roll call vote was as follows: 7 Ayes; 4 Nays (Ms. Bryson, Mr. Casper, Mr. Kelly and Ms. Wallace).

In response to a question by Mr. Kelly's, Mr. Stevens stated that in review of the Consolidation Agreement that there is a specific provision in all of the agreements stating, "any extensions of the sewerage system of any area in the District shall upon the completion become the property of the District provided that the extensions were designed, constructed and completed in accordance with standards established by the District, and if acceptable, accepted by the District." In addition, "the District specifically reserves the right to refuse to accept any non-conforming extensions to the sewerage system."

10.f.III. Consideration of Allocation Fee:

Mr. Mull reported that the Allocation Fee is the only new fee on the Schedule of Rates and Fees, and presented the contents as amended. Mr. Selby asked for a clarification on the intention of the fee; why the fee is being implemented, and whether there is any additional cost to a true user. Mr. Slosman moved that the Board adopt the recommendation of the Committees' to approve the Allocation Fee as amended. Mr. Joyner seconded the motion. A discussion followed regarding the fee for an addition to a residence; why the wording "Facility Fee" was changed to read "New Development Facility Fee"; whether the District will incur additional cost for 4 inch taps inside the

City of Asheville as a result of the City's new Street Cut Fees, and if it will be necessary to increase the cost of those taps in order to recover some of the costs. With no further discussion, the motion was amended to include a change in the wording to read "Facility Fee" instead of "New Development Facility Fee." The motion was adopted unanimously as amended.

10.f.IV. Consideration of Policy on the Extension of Sewer Services:

Mr. Mull reported that at the suggestion of Counsel, several grammatical changes were made to the Policy following review by the Blue Ribbon/Planning Committees'. Mr. Kelly stated that in light of the changes made, requested that vote on the Policy be delayed until the Board has a chance to review the changes. Mr. Mull stated that the only substantial change to the Policy was the deletion of paragraph two (2), "Policy", page i, regarding land use of local governmental units, however, there remains a requirement in the Policy to review these by local governmental authorities in order that it meets whatever plans they may have. Mr. Kelly moved that the Board delay consideration of the Policy until the April 19, 1995 regular meeting of the District Board. Mr. Selby seconded the motion. Mr. Holcombe requested that the motion be amended to include that the Policy be sent to the various municipalities for review prior to adoption. Mr. Kelly agreed to the amendment. Mr. Joyner stated that he felt the Policy has nothing to do with the municipalities, that it has been reviewed enough, and should be adopted immediately. Mr. Casper agreed with Mr. Joyner's statement since it's use is primarily for private sewer extensions and for staff as a guideline for people who come to them for extensions. Mr. Selby stated that if the District is going to change something as significant as the Extension of Sewer Service, adequate time should be given for public comment. Mr. Mull reported that the District currently operates under this Policy, but because the wording was not clear in the section dealing with Private Sewer Systems, Section "D" was modified to authorize six (6) inch Private Sewer Systems serving one lot, parcel or property. Mr. Mull further reported that the only other change is the Reimbursement Policy. With no further discussion, the motion was defeated by a show of hands as follows: 3 Ayes; 8 nays

Mr. Casper moved that the Board adopt the Policy on the Extension of Sewer Service as amended. Mr. Sobol seconded the motion. Following a brief discussion regarding the difference between the Policy reviewed by the Blue Ribbon/Planning Committees' and the amended one, the Policy was adopted by a show of hands as follows: 8 Ayes; 3 Nays (Mr. Selby, Mr. Kelly, Mr. Holcombe).

10.f.V. Consideration of Reimbursement Policy:

Mr. Mull reported that the Reimbursement Policy addresses reimbursement of funds to applicants/developers who, at their cost, install sewer facilities with a capacity in excess of eight (8) inches. Mr. Mull further reported that following review of the policy by the Blue Ribbon/Planning Committees', item IV. "Criteria", paragraph C was changed in order that the District is not participating on a percentage basis, but on the dollar value for the increased pipe size. Mr. Mull presented a Reimbursement Table, to be reviewed annually, showing the installed pipe size and the dollar value per foot of pipe length the District will reimburse. Mr. Mull stated that Item IV. "Criteria", Section E, paragraph 3, "tax appraisal" was changed to read "tax value". In addition, wording was deleted from paragraph 1, which required bids from three (3) contractor's. With no discussion, Mr. Joyner moved that the Board adopt the Reimbursement Policy as amended. Mr. Casper seconded the motion. Roll call vote was as follows: 9 Ayes; 2 Nays (Mr. Kelly and Mr. Selby).

5. Report of Officers:

None

6. Report of Committees:

- a. Finance Committee - (None)
- b. Personnel Committee - (None)
- d. **Planning Committee - February 23, 1995 - Mr. Slosman:**

No further report.

- e. Right of Way Committee - (None)

f.a. Blue Ribbon Committee - February 28, 1995 - Mr. Casper

With regard to Item 10.f.I, (Consideration of Hiring a Consultant) Mr. Casper suggested that this item be addressed at the next regular meeting of the Board, since he felt more discussion was needed, and because he has additional documentation to present. Following a brief discussion as to the reason for the delay, Mr. Casper moved that approval of this item be tabled. Mr. Slosman seconded the motion. Ms. Wallace expressed her concern about the District's ability to get this information in time for consideration during its budget process. Mr. Casper stated that in his opinion, cost participation is not a pressing issue. With no further discussion, the motion was defeated by a show of hands as follows: 3 Ayes; 8 Nays.

Mr. Selby announced that in a recent conversation with the President of the Chamber of Commerce, he indicated a willingness to offer the services of the recently hired Economic Research Director to assist the Blue Ribbon Committee in sorting out elements that need to be addressed professionally.

f.b. Joint Meeting Blue Ribbon/Planning Committees' - March 13, 1995 - Mr. Casper:

Mr. Casper reported that prior to the joint meeting of the Blue Ribbon/Planning Committees', the Blue Ribbon Committee requested that staff come up with numbers showing the benefits of an extension project and a comparison of revenues that would be generated through taxes, user charges, etc. by the City of Asheville, Buncombe County and the MSD. As a result, staff used the Biltmore Park project as a model. It was the general feeling of those Committee members present that extensions were good, assuming the numbers were correct; that the District could estimate the revenues correctly, and that an estimate could be made as to the District's cost participation. Mr. Casper further reported that staff indicated they could not explore this issue further, since it would take a more involved analysis of how much percent participation the District should get involved in, therefore, the Committee made a recommendation to hire a consultant. Mr. Kelly stated that if the Consolidation Agreement states the District does not participate in extensions, why is the District planning to hire a consultant to determine how much it should participate. Mr. Casper stated that what came out of the joint meeting is that perhaps the District is ready to consider participation in extensions. Mr. Slosman reminded the Board that in a meeting held with representatives of the various municipalities, they expressed a desire for the District to look at doing extensions, therefore, he agreed that this should be reviewed by those involved. Ms. Wallace suggested that the Committee recommendation be changed to read "a means for MSD to participate in the cost of extensions", not "the means". Ms. Wallace stated that until the Committee has a philosophical discussion on whether it is a good idea or not for the District to participate in extensions, it should not say that it has come to the conclusion to participate in extensions. Mr. Post stated that he felt the District is not ready to move to the next level until it has a better handle on rehabilitation.

Mr. Joyner presented a letter to the Board expressing his opinions as to reasons why the District should not hire a consultant, or further consider funding extensions other than those it has committed to in the Consolidation Agreements. Members of the Board expressed their individual reasons, for or against, hiring a consultant to do a benefit analysis at this time. In answer to a question as to whether the District is

precluded from extending or if it must get permission, Mr. Stevens stated that the District has specific statutory authority to extend in or outside the District, however, it is not obligated to do extensions. With no further discussion, Mr. Slosman moved that the Board not approve hiring a consultant at this time. Mr. Pace seconded the motion. By a show of hands, the motion passed unanimously.

7. Unfinished Business:

None

8. Old Business:

a. Status Report on Biosolids Product and Marketing Study:

Mr. Bridges reported that since the February meeting of the Board, they have been in contact with the following bulk user's, (N.C. Department of Transportation (NCDOT), Southern States, Inc., and Buncombe County Solid Waste Department) to finalize their respective roles in both the short and long-term programs. Mr. Bridges further reported that the NCDOT is still very interested in using the product and have indicated a willingness to pay for the cost of hauling and spreading the product in some quantity. With regard to Southern States, Mr. Bridges stated that they are looking at selling the product in lieu of agricultural application, and as requested, additional samples of nitrified lime have been provided for further analyses in order to compare the nitrified lime product with the bulk agriculture lime they are currently purchasing. In addition, discussions have been held as to what the District will charge for the product. Mr. Bridges further stated that both the NCDOT and Southern States can essentially use all of the product the District can produce on a long-term basis. Mr. Bridges reported that the Buncombe County Solid Waste Department (BCSWD) has reviewed the analyses of the nitrified lime and are currently discussing use of the product as a mixture in their daily operations. Mr. Bridges stated that in using the information provided by North Carolina State University, it would be possible to use 27.5 cubic yards of nitrified lime or 31 tons per day as a daily cover mixture; approximately two-thirds of the amount MSD is presently producing per day when operating the chemical stabilization process. Mr. Bridges further reported that they have contacted local private hauling contractors, and based on weekly hauling, the estimates are approximately \$1.50 per cubic yard or \$247.50 per week to haul 165 cubic yards. On an annual basis, the cost to transport the product from the MSD to BCSWD is estimated at \$13,000.00.

With regard to the marketing study, Mr. Bridges stated that the initial concepts for a brochure and video, to be used for public presentations, will be ready for staff review within the next two weeks. In addition, they anticipate completion of a long-term report that will address exactly what price the District will sell the product for, and the exact amount the NCDOT, Southern States and BCSWD will commit to. Mr. Bridges further stated that the program will also address the small residential user and bagging operations. On the short term, Mr. Bridges reported that the NCDOT has promised to select areas to be used as demonstration sites, and Environmental Waste Recycling will begin delivery of the product next week to Warren Wilson College and the Crowell farm, weather permitting. A discussion followed with regard to whether BCSWD is willing to pay for hauling costs, and if the District will be given the opportunity to review the results of analyses once they are performed.

b. Report on North Swannanoa Sewer Problems:

Mr. Boyd reported that as a result of periodic overflow problems that have occurred since early February, and continuous overflows during the past few weeks, the contractor has been faced with on-going problems with the existing sewer line located along Azalea Road in East Asheville. Mr. Boyd further reported that in a recent meeting with the contractor, the District agreed to a change order to install a temporary relief sewer at a cost of \$25,000.00, which is now in service, and that repair to the existing sewer line, would be complete as of today. In addition, the contractor is

continuing with another relief sewer in order to alleviate the problem and that the primary objective is to get the new sewer line in service. A discussion followed regarding the location of the overflow and the time frame for completion of work being done on the closed section of Highway 81, (Swannanoa River Road). Mr. Mull reported that a press release is being developed to go out to all property owners along this section of road. Mr. Boyd reported that the existing sewer collapsed when the contractor dug down to the tunnel end to install the new sewer, but the contractor plans to be out of the road, (between Dreamland Drive-In and Biltmore) by mid May.

9. New Business:

a. Authorize Opening of an Account with The North Carolina Management Trust - Mr. Fatland:

Mr. Fatland reported that at the request of the Board staff was asked to evaluate the District's current investment policy in order to increase it's current yield for investments net of fees. Mr. Fatland further reported that on the short term, several member agencies, with the exception of Montreat and Black Mountain, belong to the North Carolina Management Trust Fund (NCMTF), which is approved by the Local Government Commission (LGC); registered with the Security Exchange Commission, and who provides ongoing reports to the LGC. Mr. Fatland further reported that the yield on NCMTF investments is 5.77% net of fees compared to the District's current rate with Nations Bank of 2.25%, therefore, staff recommends opening an account with the NCMTF for short term investments. With no discussion, Mr. Kelly moved that the Board approve the recommendation of staff. Mr. Slosman seconded the motion. Voice vote was unanimous in favor of the motion.

With regard to the inclusion of Avery Creek Sanitary Water and Sewer District (ACSW&SD) into the MSD District, Mr. Stevens reported that at the request of Mr. Mull he wrote a letter to the Chairman asking them what their intentions are, and informing them that the District is willing to work with them. Mr. Stevens further reported that he has drafted legislation, which was sent to Bond Counsel and Counsel was of the opinion that anything the District attempts to do in this regard may be unconstitutional under the State Constitution. Bond Counsel feels that ACSW&SD will have to dissolve then come into the District in the same manner as Hunter's Trace. In substance ACSW&SD would have to agree whether it comes into the District, or it enters into a contract with the District. Mr. Stevens stated that this is not local legislation and is something that could not be acted upon.

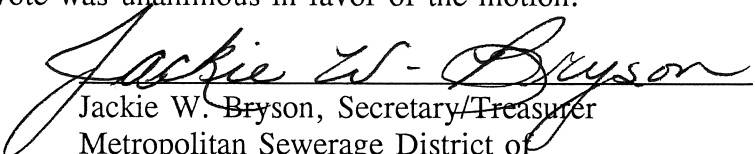
b. French Broad River Week:

Mr. Mull reported that as a part of the French Broad River Week in June, the District plans to participate by offering the following: a plant tour; hydro tour; solids handling tour; laboratory tour; TV line demonstration; free rides on the vacuum trucks for children and a poster contest. In addition to refreshments, the District will give away savings bonds.

Mr. Mull reported that a meeting has been scheduled for next week with Congressman Taylor to discuss the fish habitat.

10. Date of Next Regular Meeting, April 19, 1995.

11. Adjournment: At 5:35 p.m. Mr. Kelly moved for adjournment. Mr. Selby seconded the motion. Voice vote was unanimous in favor of the motion.


Jackie W. Bryson, Secretary/Treasurer
Metropolitan Sewerage District of
Buncombe County, North Carolina

METROPOLITAN SEWERAGE DISTRICT OF
BUNCOMBE COUNTY, NORTH CAROLINA

RESOLUTION

WHEREAS, the Sewer Consolidation Agreement between the District and the Town of Black Mountain provides that the District participate in the cost of certain Extension Projects specifically listed on Exhibit "D";

WHEREAS, Exhibit "D" of the Consolidation Agreement lists a project described as "Craigmont Road" Sewer Extension Project;

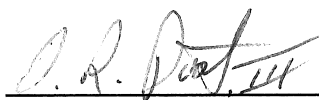
WHEREAS, the total project cost for the "Craigmont Road" Sewer Extension Project is shown on Exhibit "D" as \$54,600.00;

WHEREAS, the District's share of the total project cost for the "Craigmont Road" Sewer Extension Project is shown on Exhibit "D" as limited to \$19,110.00;

WHEREAS, the Consolidation Agreement between the District and the Town of Black Mountain provides that "The Town or any other political subdivision comprising the District may substitute a project for any projects it has listed on Exhibit "D"";

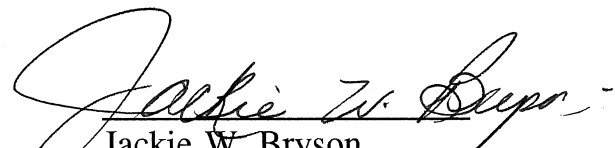
WHEREAS, the Town of Black Mountain has requested that the "Craigmont Road" Sewer Extension Project project listed on Exhibit "D" of the Consolidation Agreement be decreased to \$42,600.00; and the District's share of this project be decreased to \$14,910.00; and that the "U.S. Highway 70" Sewer Project be substituted for the \$12,000.00 reduction, with the District's share of the "U.S. Highway 70" Sewer Project being \$4,200.00; and the District having considered the Town of Black Mountain's request;

NOW, THEREFORE BE IT RESOLVED by the Metropolitan Sewerage District Board of Buncombe County, North Carolina and adopted by roll call vote this 15th day of March, 1995, that the "U.S. Highway 70" Sewer Project be substituted for a portion of the "Craigmont Road" Sewer Extension Project; that the District's share of the "Craigmont Road" Sewer Extension Project be reduced to \$14,910.00; and that the participation of the District be limited to \$4,200.00 for the "U.S. Highway 70" Sewer Project.



O.R. Post, III, Chairman
Metropolitan Sewerage District Board
of Buncombe County, North Carolina

ATTEST:



Jackie W. Bryson
Secretary/Treasurer