

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
September 20, 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, September 20, 1995. Chairman Post presided with the following members present: Bryson, Casper, Joyner, Kelly, Pace, Selby, Slosman and Sobol. Those members absent were: Holcombe and Wallace.

Others present were: W. H. Mull, Engineer-Manager, John S. Stevens, General Counsel, Danny Bridges of McGill Associates, P.A., Ed Byas of Hendon Engineering Associates, Inc., Tim Hemker and Victor Lofquist of W.K. Dickson, Con Dameron and Bill Langdon of William Langdon & Associates, Frances Shelton, Leonard Clayton, Patti Tissot, Jim Fatland, Ann Sutton, Sharon Walk, Dave Nisbet, Linda Mazingo and Sondra Honeycutt, MSD.

2. Approval of the Minutes of the August 16, 1995 meeting:

Mr. Selby requested that Page Three, Paragraph 2, under New Business be changed to read "that the District needs to be proactive in it's economic development role." With no further additions or corrections, Mr. Joyner moved that the Board approve the minutes as amended. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.

3. Engineer-Manager's Report:

CONSOLIDATED MOTION AGENDA

Planning Committee Item:

Mr. Mull reported that the following item was brought before the Planning Committee, August 31, 1995:

d.1. Consideration of Bull Mountain Private Sewer Rehabilitation Project:

The Committee recommended that the portion of the public line in the street be constructed utilizing funds from the Beaverdam Creek Contingency with a budget not to exceed \$21,000.00.

d.3 Consideration of Bids for Ventilation of Pump Station Facilities - Carrier Bridge Station, Weaverville Commuter, Pearson Bridge Siphon, & Square D Siphon.

The Committee recommended that the bid from Bolton Inc. of \$38,282.00 be accepted and the work performed.

d.4 Consideration of Proposal for Engineering Services - Lexington Avenue Sewer Rehabilitation.

The Committee recommended that the proposal from W.K. Dickson for Engineering Services in the amount of \$39,958.00 be approved.

d.5 Report on City of Asheville Street/Sidewalk Contract 12 - Hendon Engineering Associates, Inc.

Presented as information only.

Right of Way Committee Items:

II.c Consideration of Contract Amendments:

1.a. McGill Associates - Beaverdam Creek Interceptor - Easement Acquisition Services.

The Committee recommended approval of revised contract ceiling in the amount of \$43,500.00.

2.a. Vaughn & Melton - US 74 - Engineering Assistance Services.

The Committee recommended approval of revised contract ceiling in the amount of \$12,000.00.

II.d. Consideration of Compensation Charts:

2. US 74

The Committee recommended approval of Contingency Funds to allow continued negotiations with property owner and/or obtaining appraisals.

3.a. North Swannanoa II, Section 1

The Committee recommended approval of Contingency Funds to allow continued negotiations with property owner and/or obtaining appraisals.

3.b. North Swannanoa II, Section 2

The Committee recommended approval of Contingency Funds to allow continued negotiations with property owner and/or obtaining appraisals.

3.c. North Swannanoa II, Section 3

The Committee recommended approval of Contingency Funds to allow continued negotiations with property owner and/or obtaining appraisals.

II.f. Consideration of Condemnations:

1. North Swannanoa Interceptor, Phase II, Section 1

The Committee recommended authorization for condemnation if contingency offer or appraised damage not accepted.

2. North Swannanoa Interceptor, Phase II, Section 1

The Committee recommended offer of contingency amount, appraised damages and condemnation if appraised damages not accepted.

3. US 74 Interceptor

The Committee recommended offer of contingency and appraised damages, approval to proceed with condemnation if not accepted.

Mr. Slosman moved that the Board approve the Consolidation Motion Items as presented. Mr. Sobol seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays.

REGULAR AGENDA

Planning Committee Items:

d.6. Consideration of Petition for Inclusion of Little Flat Creek Subdivision in the Metropolitan Sewerage District:

Mr. Mull reported that this issue was postponed until the Planning Committee could further visit the Extension Policy and consider additional information related to land planning and issues dealing with sewer service in the North Buncombe area. He further reported that the Little Flat Creek Subdivision has two pump stations associated with it, and the District is looking at a revised pump station acceptance fee to be included in the Extension Policy. Mr. Mull stated that the County Manager is currently in the process of scheduling a meeting with Members of the District Board for planning in that area; specifically between the Subdivision and the District boundary. Mr. Slosman reported that the Committee discussed this issue at length and decided to take a negative report to the person who made the request. He presented a copy of a map showing the District's boundary and stated the Committee felt that to continue setting up small District's like Little Flat Creek was not the way to go, but instead look at the entire area between Woodfin Water & Sewer District and the Town of Weaverville and find out why this was not included in the original Consolidation Agreement, and if there is any merit in looking at it. Also, this issue would tie into what the Blue Ribbon Committee is doing as far as extensions, or policies on pump stations.

Mr. Slosman asked why this area was not included in the original Consolidation Agreement. Mr. Stevens reported that it was not a matter of including a particular area, but the various Water and Sewer Districts, created in the 1930's, became the District and the boundary went back to the 1920's. Mr. Stevens further reported that the only change since that date has been when a new area has come in, like Enka-Candler, and when a municipality expands through annexation, then the District, under State annexation statutes, expands with it. Mr. Stevens stated that the procedure for enlarging a municipality's boundary through annexation is difficult to comply with, including a minimum boundary that adjoins a certain classification of industrial properties, or property that has a minimum density per acre of people, etc.

d.7 Review of Extension Policy:

a. Addition of Policy on Existing 6" Private Sewers:

Mr. Mull reported that this issues was discussed at length by the Planning Committee and that several meetings were held with the District's Attorney to draft language that would be appropriate to modify the current Policy on Connections to Existing Private Sewer Systems, since the District requires upgrading of a private 6" sewer line to an 8" sewer line if another property, off the property it serves, connects to it. Mr. Mull further reported that there are several lengthy private 6" sewer systems, which would cost a great deal to upgrade, therefore, a procedure is being developed that would allow connection to an existing 6" sewer, and at the same time, would assure that the system was maintained and had adequate capacity to handle the proposed wastewater flow. Following a lengthy discussion regarding requirements of the current policy, Mr. Casper suggested that a joint meeting of the Planning and Blue Ribbon Committees' be scheduled for October 11, 1995 at 8:30 a.m. to further discuss this issue.

b. Modification of Extension Policy to Require Fee for Acceptance of Pump Stations:

Presented as information only.

g. Water Environment Federation Handout:

Presented as information only.

h. Consideration of Acceptance of Private System for Biltmore Commons:

Mr. Mull presented a map showing the location of Biltmore Commons, Phase I, developed by Nappier & Gunnells Construction Company, Inc. Mr. Mull reported that staff recommends acceptance of the system contingent on completion of final construction work satisfactory with MSD's inspection staff. He further stated that all rights-of-way; encroachment agreement, etc. are complete. With no discussion, Mr. Slosman moved that the Board approve acceptance of the system. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.

i. Other Business:

Mr. Mull reported that he attended a public hearing at the Town of Woodfin to hear plans for rezoning property, (from single family to multi family) adjacent to the Chemical Stabilization facility to build a golf course. He further reported that in review of the plans he saw no indication that living units would be built on the property; only the course itself, and a club house, and that the District would be kept apprised of the Town's plans.

With regard to pump station fees, Mr. Selby requested that prior to the next meeting of the Planning Committee that the present day value of pump stations be determined, and that the plugged in inflation rate of 4% be changed to 3.1%, which he felt would make a significant difference to a developer. Mr. Mull reported that staff will look at three different size pump stations and refine those numbers.

4. Report of Officers:

None

5. Report of Committees:

d. Planning Committee - August 31 & September 15, 1995 - Mr. Slosman

No further report.

e. Right of Way Committee - August 31, 1995 - Mr. Selby

Mr. Selby briefly discussed the procedure for approval of Committee minutes and called the Board's attention to the minutes of the Right-of-Way Committee.

7. Unfinished Business:

a. Discussion regarding the Acquisition of Real Property.

Deferred to Closed Session

8. Old Business:

a. Consideration of Refunds for the Towns' of Biltmore Forest, Montreat and Weaverville:

Mr. Mull reported that in a lengthy process of collecting back Sewer Service Charges for public buildings, the Towns of Biltmore Forest, Montreat and Weaverville

are due a refund since they started paying charges prior to July, 1993. As a result, staff requests that refunds be issued as follows: Biltmore Forest, \$860.90; Montreat, \$422.64, and Weaverville, \$373.80. A lengthy discussion followed with regard to who initiated the refunds; whether the City of Asheville has paid back charges, the amount currently being paid, and how these charges are monitored. Mr. Slosman moved that the Board approve the refunds. Mr. Pace seconded the motion. Mr. Casper requested that staff research City of Asheville accounts that were previously not paying and come up with a number that the District can assume is being monitored each month to determine if it is reasonable. Mr. Joyner asked whether the District will consider those persons that claim the water they are using is not going into the sewer system, i.e., laundromats, watering lawns, car washes and those that are on wells. Mr. Mull stated there are systems where separate meters are installed and credit given to those who use water for irrigation. In addition, credit is given to those users who fill swimming pools. With no further discussion, roll call vote was as follows: 9 Ayes; 0 Nays.

b. Consideration of Resolution on Board Compensation:

Mr. Mull presented a resolution regarding Board Compensation and stated that attendance at Board and regularly scheduled committee meetings would be the same as that authorized for members of Occupational Licensing Boards, pursuant to General Statute 62A-67 (d), (\$100.00 per meeting per day). Mr. Stevens reported that if the District held two meetings in the same day, compensation would be limited to \$100.00 per day. Mr. Fatland reported that the Board referred this issue to the Personnel Committee, but it was inadvertently left off the agenda, therefore, in order to bring this matter to a closure, it was placed on today's agenda. He further reported that in a letter from Mr. Kelly dated April 4, 1995, stating his support of the \$100.00 per meeting compensation, he suggested that a ceiling of \$300.00 per month be set. However, as stated by Mr. Stevens, there is no ceiling in accordance with the law. Mr. Fatland stated that if the resolution is adopted, and the Licensing Boards are permitted to increase their fees in future years, the District could compensate Board Members in accordance with the rate that is then in effect. A discussion followed with regard to when the compensation rate was set for Occupational Licensing Boards; the District's current compensation policy, and whether a cap should be set if an increased is approved. Mr. Kelly moved that the Board adopt the Resolution with the following change: After the word "Board", (paragraph three (3), line three (3) insert, "to wit: \$100.00, but not to exceed \$300.00 per month, per Board Member." Mr. Slosman seconded the motion. A discussion followed regarding a previous concern about the amount of time required for Members to serve without suffering financially; the amount of compensation paid to other local Boards, and how the public will perceive an increase in compensation. With no further discussion, Mr. Slosman moved that the Board table the motion until a study is made of what other local Boards are paid and presented to the Board at its next regularly scheduled meeting. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.

9. New Business:

a. Consideration of Cash and Investment Policy Resolutions:

Mr. Fatland reported that staff recently completed a Cash and Investment course at UNC-Chapel Hill, sponsored by the Institute of Government and the North Carolina Local Government Commission. He further reported that it is recommended by State Treasurer that the investment of public monies necessitates direct involvement by District Board's, management, and finance officer's to ensure safety, liquidity and yield. As a result, he drafted an Investment Policy and Resolution for the Board's review, and at the next meeting, will present a Cash Management Plan. Also, as part of the process, the State Treasurer encouraged review of banking services every three (3) years, and in view of the District's current account with NationsBank, he requested authorization to bring Request for Proposals back to the full Board next month. Mr. Stevens recommended the following changes to the Investment Policy: Page one (1), (Investment Philosophy) first paragraph, second line, add after the word "manner", "consistent with the District

Bond Order"; Page one, (Scope) first paragraph, line one, add after the word "District", "and is specifically subject to all of the provisions of the District Bond Order"; Page one (Scope) paragraph two, second line add after the word "funds", "and is limited to the extent permitted by the District Bond Order." Mr. Stevens stated that the changes mean anything that can be done is still subject to and limited by the Bond Order. Mr. Fatland reported that the purpose of the policy is to protect safety first, principal, and to improve the District's interest earnings with good management. Therefore, he recommended that the Board adopt the Resolution and Investment Policy as revised. A lengthy discussion followed regarding authorized investment options; whether the District is utilizing the N.C. Capital Trust Fund; who will perform the cash management duties; if a cash management proposal is necessary, and who Request for Proposals will go to. Mr. Casper stated that he felt it was a good idea for Mr. Fatland to take on the responsibility, but would like a quarterly report on how much the District has earned compared to the performance of other money managers. Mr. Joyner moved that the Board adopt the Resolution and Investment Policy as revised, and authorize Mr. Fatland to take on the responsibility of cash management. Mr. Slosman seconded the motion. Mr. Selby stated that he supports the motion, contingent on the District obtaining a Request for Proposal for cash management services within the next six months in order to see how much it would cost. With no further discussion, voice vote was unanimous in favor of the motion.

Mr. Slosman moved that the Board approve Request for Proposals for banking services and that they be submitted to all banks with an office in the Asheville area. Mr. Kelly seconded the motion. Following a brief discussion regarding whether Request for Proposals will be restricted to those banks that abide by the pool method, voice vote was unanimous in favor of the motion.

b. Consideration of Internal Control Changes to Self-funded Trust Bank Account.

Mr. Fatland reported that currently the District has a self-funded account with NationsBank and his recommendation authorizes the Secretary/Treasurer and Assistant Secretary, (Engineer-Manager) and Assistant Treasurer, (Director of Administration) to serve as signatories on the account with NationsBank. Mr. Fatland further stated that the reason for this recommendation is that the State Treasurer encourages two (2) signatures on all checks. Following a brief discussion, Mr. Slosman moved that the Board adopt the recommendation of staff. Mr. Casper seconded the motion. Voice vote was unanimous in favor of the motion.

c. Consideration of Internal Control Changes to Right-of-Way Bank Account.

Mr. Fatland reported that the Board approved the establishment of a Right-of-Way Bank account and authorized the Engineer-Manager and Right of Way Coordinator to sign checks. Mr. Fatland further reported that in order to improve internal controls over cash, staff recommends the Secretary/Treasurer or Assistant Secretary, (Engineer-Manager), or Assistant Treasurer, (Director of Administration) to serve as a second signature on the Right of Way bank account. Mr. Sobol moved that the Board adopt the recommendation of staff. Mr. Pace seconded the motion. Following a clarification on who will sign checks and the account limit, voice vote was unanimous in favor of the motion.

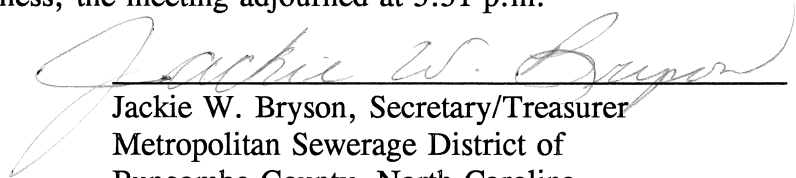
Mr. Post called the Board's attention to the Sewer Line Construction Contract Status Reports and letters from Mr. Sinsky to Mr. Mull and follow-up letter from Mr. Mull to Mr. Sinsky regarding Wheeler Construction Company. Also, Mr. Post appointed Mr. Pace, Mr. Joyner, and Mr. Sobol, as Chair, to a committee to hear the appeal of an employee who was recently terminated.

At 4:40 p.m., Mr Casper moved that the Board go into closed session to consider a personnel matter; the acquisition of real property and to consult with Counsel on a possible litigation. Mr. Joyner seconded the motion. Voice vote was unanimous in favor of the motion.

At 5:50 p.m., the Board reconvened the regular meeting.

11. Adjournment:

With no further business, the meeting adjourned at 5:51 p.m.



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