

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

April 17, 1996

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, April 17, 1996. Chairman Post presided with the following members present: Bryson, Casper, Holcombe, Joyner, Kelly, Pace, Selby, Sobol and Wallace. Mr. Slosman was absent.

Others present were: W. H. Mull, Engineer-Manager, Billy Clarke, Attorney for the District, Danny Bridges of McGill Associates, PA, Diane Delafield, Marketing Consultant, Ann Sutton, Randy Hintz, John Sainato, Sharon Walk and Sondra Honeycutt, MSD.

2. Approval of the Minutes of the March 20, 1996 meeting:

Ms. Wallace moved that the minutes of the March 20, 1996 meeting be approved as presented. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.

Mr. Post congratulated Mr. Mull on his successful completion of the Institute of Government's City and County Administration course. In addition, he appointed the following Board Members to serve on a Construction Committee to review current construction and change order procedures; proposed changes to standards and specifications; review of all change orders in excess of a dollar amount to be determined by the Board, and any change order that would cause a project to exceed its total approved costs: Mr. Holcombe, Chairman; Mr. Pace, Mr. Joyner and Mr. Selby. Following a discussion as to what the Committee's authority will be on the dollar limit for change orders, Ms. Wallace moved that the Board approve establishment of the Committee. Mr. Kelly seconded the motion. Voice vote was unanimous in favor of the motion.

3. Engineer-Manager's Report

CONSOLIDATED MOTION AGENDA

Personnel Committee Item:

Mr. Mull reported that the following item was brought before the Personnel Committee, April 2, 1996.

b.1. Consideration of Employee Opinion Survey:

Following the evaluation of two (2) firms, (WCI and L.F. Zerfoss Associates, Inc.) to conduct an Employee Opinion Survey at a cost not to exceed \$4,000.00, the Personnel Committee recommended that the Board approve retaining the services of L.F. Zerfoss Associates, Inc.

Mr. Kelly questioned the need for an Employee Opinion Survey. Mr. Sobol reported that the survey is being considered at this time in order for it to be used as tool by the new Deputy General Manager of Operations. Several questions were raised regarding the benefits of the survey, and how it differs from the survey conducted by Municipal Advisor's Inc. Mr. Sainato reported that there will be 100% employee participation, with approximately 15% being interviewed personally. He further reported that the survey will allow the District to establishment employee participation in a working environment. Zerfoss Associates, Inc. has experience with the City of Asheville as well as general industry. Mr. Joyner expressed his concern about the lack of participation by all employees in what is happening, and that the Board should encourage employees to be more aware of what takes place in Board meetings. Mr. Kelly asked how often the survey will need to be updated, since 85% of MSD employees will not

be interviewed. Mr. Sainato stated that all employees can be interviewed upon request, and that typically a new study will not be necessary in less than three years. Mr. Holcombe reported that the City of Asheville utilized this firm four years ago and he felt the results were invaluable in determining what was concerning employees and that the survey was performed with the utmost confidentiality. He further stated that the key to the success of any survey is to follow-up on the results. A brief discussion followed regarding who will review the survey results and select the 15% to be interviewed. The Board agreed that the Chairman of the Personnel Committee and Chairman of the Board be selected to review the results. Mr. Sainato reported that the 15% who will be personally interviewed will be selected on a random, and/or volunteer basis.

With no further discussion, Mr. Selby moved that the Board adopt the recommendation of the Personnel Committee, with the results reported to the Personnel Committee Chairman and the Chairman of the Board. Mr. Holcombe seconded the motion. Roll call vote was as follows: 9 Ayes; 1 Nay, Mr. Kelly.

Planning Committee Items:

Mr. Mull reported that the following item was brought before the Planning Committee, March 29, 1996:

d.II.2 Consideration of MSD Participation in Rehabilitation of Sewer Line Serving First Presbyterian Church of Weaverville:

The Committee recommended that MSD participate in the cost of upgrading this section of line in an amount of 25% of the estimated construction costs, not to exceed \$2,000.00.

Following a brief discussion regarding rights-of-way, Mr. Selby moved that the Board adopt the recommendation of the Planning Committee. Mr. Sobol seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

Right of Way Committee Items:

Mr. Mull reported that the following items were brought before the Right of Way Committee, March 29, 1996:

e.II.c. Consideration of District Acquiring Sewer Right of Way for Reems Creek Estates - West Coast Funding (Developer Constructed Projects).

The Committee recommended not using the District's authority via North Carolina General Statute 162A-74 to obtain the right of way for West Coast Funding and have the Blue Ribbon Committee and the Board study policy decisions so that matters like this can be avoided.

Mr. Mull presented a map showing the location of the property. He reported that because the Town of Weaverville denied a request for encroachment, the developer requested that MSD declare an easement along the public road right-of-way on Hillcrest Drive, (location of the closest manhole connection) as necessary or convenient for carrying out the work of the District, pursuant to North Carolina General Statute 162A-74. A discussion followed regarding the Town of Weaverville's reason for denial, and who will treat their sewerage if the project is developed. Mr. Mull stated that the Town of Weaverville denied the encroachment because the development is outside the City limits and because of concerns regarding capacity of the existing sewer system should other homes previously planned for in the Reems Creek Golf Course area be developed. Mr. Selby reported the Committee did not feel the Board wanted to get into a condemnation action. A discussion followed regarding who is

responsible for the expense of maintaining the line; capacity, and the possibility that a portion of the system will require a pump station. With no further discussion, Mr. Selby moved that the Board adopt the recommendation of the Right-of-Way Committee. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.

e.II.E. Consideration of Contract Amendment for Engineering Assistance during Easement acquisition - McGill Associates - Lake Julian Pump Station One.

The Committee recommended approval of the contract amendment for engineering assistance during easement acquisition, increasing the original contract amount of \$3,700.00 to \$8,000.00.

Mr. Selby moved that the Board adopt the recommendation of the Right-of-Way Committee. Mr. Sobol seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

REGULAR AGENDA ITEMS:

c. Capital Improvement Plan (CIP) Committee Items:

5.a. Consideration of CIP Project Schedule.

Mr. Mull reported that the Committee recommends that the Board adopt the FY 1996-1997 CIP Budget, with the exception of the Lake Julian Pump Station No.2 until further review by the Planning Committee. He presented a copy of the CIP Budget for 1996-1997 totaling \$18,418,915.00, which includes \$108,900.00 for the Lake Julian Pump Station No.2. Mr. Mull further reported that there was a request from the City of Asheville to include some additional projects, but the Committee felt that it would not be appropriate. Mr. Doug Spell representing the City of Asheville, agreed that these projects were not in the same category and should not be added, however he requested that the District participate in the Chicken Hill Project. Mr. Mull stated that the Committee agreed that the CIP projects associated with the Consolidation Agreement would not be changed or deleted, but there were other CIP projects that could be changed or deleted at the discretion of the Board. In answer to a question regarding the line item for Administrative Building Addition, Mr. Selby reported that this line item is a funded amount that was kept consistent with previous years and was not amended.

Mr. Sobol questioned when Section II, Phase III of the North Swannanoa Interceptor sewer project will begin. Mr. Post reported that funding is in place and that the Black Mountain Consolidation projects will start this fall, with the exception of one project that will start this summer. He further reported that completion of Phase III is scheduled for the year 2002. Following a discussion regarding whether projects on this line are contingent on a future bond issue, Mr. Sobol requested that the Board not delay projects because of the bond issue, and that it continue to look at special sections of that line in need of immediate repair. With no further discussion, Mr. Holcombe moved that the Board adopt the CIP Project Schedule as recommended by the Committee. Mr. Pace seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

5.b. Consideration of CIP Program Financing:

Mr. Mull reported that the CIP Committee recommended adoption of the CIP Program Financing with consideration for a small yearly rate adjustment.

He presented information regarding projects that are fully funded in the amount of \$42,678,934.00; projects in the next revenue bond issue totaling \$33,315,480.00, and projects with no funding totaling \$11,200,000.00. In addition, he presented the CIP projected cash flow for 1996-97 thru 2000-01, which includes a \$33,215,000.00 bond issue. He further reported that the Committee held a lengthy discussion regarding small yearly rate increases to fund the bond issue, totaling approximately 15%, and that a recommendation from staff on rate increases is forthcoming when an analysis is complete. Also, that the rate schedule is being reviewed as far as minimum ccf and meter charges. Mr. Casper questioned the method of determining how much of the \$3.5 million User Fee Income goes into the construction fund. Mr. Selby explained that this amount is the extra revenue generated that the District is mandated to put into the CIP. Following a lengthy discussion regarding a clarification on the recommendation, Mr. Holcombe moved that the Board adopt the CIP Program Financing as recommended by the Committee. Mr. Pace seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

f. Blue Ribbon Committee Item:

1. Consideration of Resolution Regarding Participation in Sewer Extensions:

Mr. Mull reported that the Resolution regarding participation in sewer extensions was considered at length by the Blue Ribbon Committee on April 1, but because there was not adequate time to review the document, Mr. Slosman, in his absence, requested that this issue be tabled until the May meeting of the Board. Mr. Selby stated that the Resolution addresses, in a public format, why the District does not participate in extensions, therefore requested that during the time this issue is tabled, that the District proceed to get comments from other agencies, for consideration prior to adoption. Following a lengthy discussion regarding whether the Board should adopt the resolution prior to receiving comments, Mr. Selby moved that the Board table this issue until the next meeting of the Board. Mr. Holcombe seconded the motion. Voice vote was unanimous in favor of the motion.

g. Consideration of Reaffirmation of Phone Poll Award of Bids for Four (4) Vehicles.

Ms. Bryson moved that the Board affirm it's award of bids by phone poll for four (4) vehicles, (two trucks and two sedans) for a total base bid of \$73,670.00. Mr. Selby seconded the motion. Mr. Casper questioned why it was necessary to award the bid by phone when the costs were previously approved in the 1995-96 budget. Mr. Mull explained that although this amount was included in the budget, the Board must approve the expenditure of funds, and that the bid was about to expire. With no further discussion, roll call vote was as follows: 8 Ayes; 0 Nays. Mr. Holcombe and Mr. Pace was absent during the vote.

h. Consideration of Proposals for MSD Comprehensive Services/Education Brochure and MSD Youth Tour Brochure.

Mr. Mull reported that as a part of the District's public relations effort staff has met with Ms. Diane Delafield to discuss updating the District's brochure on the Treatment facility, as well as develop a small brochure for children who tour the plant. He further reported that the creative development cost for the Services/Education brochure is \$9,000.00, with the printing, (2,500 copies) estimated at \$8,000.00 for a total cost of \$17,000.00. In addition, the cost of the Youth Tour brochure is \$2,750.00 and \$650.00 respectively, for a total of \$3,400.00, all of which is covered in the District's current budget. Mr. Mull stated that he would like to proceed with development of the brochures prior to

the French Broad River Week. A discussion followed regarding whether the initial order of 2,500 should be increased to 5,000 and if a two (2) color process could be used instead of a (4) color process, thereby reducing the costs. Ms. Delafield stated that it is possible to go with four colors on the cover of the larger brochure, with two (2) colors inside, which would reduce the costs by approximately \$2,000.00, but that since several photos are being used, a four color process inside and out would enhance it's appeal. Regarding the Youth Brochure, she recommended staying with three (3) colors, since the price is reasonable. With no further discussion, Ms. Delafield was instructed to proceed.

4. Report of Committees

b. Personnel Committee - Mr. Sobol

Mr. Sobol reported that the Personnel Committee will meet April 18, 1996, to discuss items not addressed in the April 2 meeting. He further reported that at the April 17 meeting, Mr. Norm Roberts, of Norman Roberts & Associates, Inc. presented ten (10) candidates for the position of Deputy General Manager of Operations. Mr. Sobol stated that Mr. Roberts will personally interview each candidate and report his findings to the Committee at the May 22 meeting.

Mr. Selby questioned the procedure for formal adoption of Committee minutes. Mr. Clarke stated that although there is no legal requirement, Committee minutes should be maintained and adopted.

c. CIP Committee - Mr. Selby

Mr. Selby requested that wording on page one (1) of the March 27, 1996 meeting minutes be revised to read, the "CIP" instead of "Planning" Committee was called to order, etc.

d. Planning Committee - Mr. Slosman

No further report.

e. Right-of-Way Committee, Mr. Selby

No further report.

f. Blue Ribbon Committee - Mr. Casper

Mr. Selby requested that wording on page two (2), paragraph two (2) of the April 1 minutes be changed to read "Mr. Selby discussed various ideas including a supplemental tax". With regard to calculating the economic value of a new user on the system, Mr. Selby requested that staff develop a way to measure this value.

5. Unfinished Business:

a. Progress Update on Disposal of Current Inventory of Biosolids Product:

Mr. Mull stated that the District is making progress in the disposal of the biosolids product and that a report will be given at the next meeting of the Board.

6. Old Business:

a. Consideration of Agreement for Energy Service Savings:

Mr. Mull reported that staff met with Walter Currie, Attorney for the District to redraft the Agreement for Energy Service Savings in order to confirm what will be studied and the savings to be realized. As a result, Mr. Johnson of Johnson, Wilson & Peard, Inc. acknowledged the changes and signed the Agreement. Mr. Mull presented a list of accounts to be audited, which include telephone and power, but excludes the power audits the District currently has on-going with Carolina Power & Light Company and the North Carolina Department of Commerce. He stated that one of the major changes in the Agreement was wording on page one (1), paragraph five (5), which now reads "amounts actually saved". Mr. Sobol moved that the Board adopt the Agreement as presented and authorized the Engineer-Manager to sign. Mr. Selby seconded the motion. Following a brief discussion, roll call vote was as follows: 8 Ayes; 0 Nays. Mr. Holcombe and Mr. Pace were absent during the vote.

b. Consideration of Approval of Annual Audit Engagement with Killian, Cole & Marshall:

Mr. Mull reported that in conjunction with the budgetary process last year, the District engaged the services of Bitter, Killian, Cole and Marshall to perform the audit for three (3) consecutive years, however, the North Carolina Local Government Commission requires that the audit engagement contract be approved each year. Therefore, staff recommends that the Board approve the engagement of Killian, Cole and Marshall at a cost of \$15,900.00 to perform the annual audit, which will be funded from professional services line item in the Administration O&M budget. With no discussion, Mr. Selby moved that the Board adopt the recommendation of staff. Mr. Joyner seconded the motion. Roll call vote was as follows: 7 Ayes; 0 Nays. Mr. Holcombe, Mr. Pace and Mr. Sobol were absent during the vote.

In other business, Mr. Mull reported on a letter received from Mr. King, President of L.T.K. Enterprises, Inc. regarding his concerns on continuing delays for inclusion of the Little Flat Creek sewer system into the MSD, and the possibility of having to pay a pump station fee. He further reported that Buncombe County Commissioners' plan to discuss the extension of all districts with public systems outside of MSD's boundaries, not just the area surrounding Mr. King's development, however, this process will take some time. Mr. Mull recommended that the District hold Mr. King to the standards that were in effect when he applied, as opposed to having to pay a pump station fee when a policy is developed. Ms. Sutton questioned whether the recommendation includes both the new pump station and the existing station, and if improvements will have to be made to the existing pump station before the District takes it in. Mr. Mull reported that Mr. King is still negotiating with engineering, but has indicated his willingness to rehabilitate this pump station. Mr. Joyner questioned whether adequate capacity is in place. Mr. Mull confirmed that it is. Ms. Bryson moved that the Board inform Mr. King that improvements on the existing pump station, (North Buncombe Middle School) be upgraded to the District's specifications, and that the new pump station, (at the entrance to Little Flat Creek) would be accepted with the standards that were in place when application was made. Mr. Joyner seconded the motion. Following a brief discussion, voice vote was unanimous in favor of the motion.

7. New Business:

At 3:50 p.m., Ms. Wallace moved that the Board go into closed session to consider condemnation of rights-of-way for Aston Park Center and settlement of pending condemnation action against the Dreamland Drive-In. Mr. Kelly seconded the motion. Voice vote was unanimous in favor of the motion.

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

Mr. Kelly moved that the Board adopt the recommendation of the Right-of-Way Committee with regard to Aston Park Center. Ms. Wallace seconded the motion. Roll call vote was as follows: 8 Ayes; 0 Nays. Mr. Holcombe and Mr. Pace were absent during the vote.

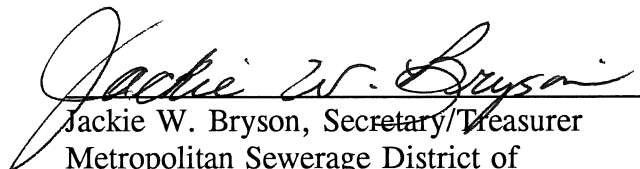
Mr. Kelly moved that the Board adopt the Settlement Proposal to pay the Dreamland Drive-In/Flea Market owner the total sum of \$112,500.00 including that sum already deposited. Ms. Bryson seconded the motion. Roll call vote was as follows: 8 Ayes; 0 Nays. Mr. Holcombe and Mr. Pace were absent during the vote.

Mr. Post called the Board's attention to the Informational Memorandum No. 96-2 prepared by the Engineer-Manager. Mr. Joyner requested that the Board recognize concerns regarding plans to pump leachate from the new Buncombe County Solid Waste Management Facility to the MSD. He further requested that a copy of the report prepared by Mr. Ensley be sent to Mr. Gary Roberts, a concerned citizen. A discussion followed regarding how far the leachate will be pumped; whether the leachate is viewed like any other water the District treats; monitoring requirements, and State requirements on the type, size and length of pipe to be used. With regard to other new customers, Mr. Mull stated that he will list new companies in future memorandums as information is made available.

Mr. Mull presented a copy of Hendon Engineering Associate's Annual Report to be considered at the next meeting of the Board.

8. Adjournment:

With no further business, Mr. Selby moved for adjournment at 4:20 p.m. Mr. Kelly 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