

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

October 16, 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, October 16, 1996. Chairman Post presided with the following members present: Bryson, Casper, Holcombe, Joyner, Pace, Slosman and Sobol. Those Members absent were Kelly, Selby and Wallace.

Others present were: W. H. Mull, Engineer-Manager, Walter Currie, MSD Attorney, William Langdon, Con Dameron and Jim Lorick of William Langdon & Associates, Tim Hemker of W.K. Dickson, Danny Bridges of McGill Associates, Inc., Jim Fatland, Larry Turner, Wayne Watkins, Stan Boyd, and Sondra Honeycutt, MSD.

2. Approval of the Minutes of the September 18, 1996 meetings.

Mr. Pace moved that the Board approve the minutes of the September 18, 1996 meeting as presented. Ms. Bryson seconded the motion. Voice vote was unanimous in favor of the motion.

3. Engineer-Manager's Report

CONSOLIDATED MOTION AGENDA

Planning Committee Items:

Mr. Mull reported that the following item was brought before the Planning Committee, September 26, 1996.

II.2.a. Discussion/Consideration of Request to be Released from Bid - Contract - WMIT Sewerline - Morgan Construction Corp.

The Committee recommended releasing Morgan Construction Corporation from its bid; bar them from bidding on this and other projects in the future, (based on past performance) and re-bid the project..

Right of Way Committee Item:

Mr. Mull reported that the following item was brought before the Right of Way Committee, September 26, 1996:

II.a. Lake Julian Pump Station #1:

The Committee recommended approval of staff's original recommendation to go with the CP&L Route.

With regard to Item II.2.a., WMIT Sewerline, Mr. Currie reported that in recent correspondence with the Attorney for Morgan Construction Corporation, he stated that if they were allowed to withdraw their bid contract on this project, the District would not accept bids on future projects for a period of five (5) years. The Attorney responded that the five year limitation is too long and suggested one (1) year to eighteen (18) months instead. Mr. Currie stated that since no further correspondence has been received, he recommends that the District consider Morgan's bid unresponsive and unqualified for a period of five years. There being no discussion, Mr. Holcombe moved that the Board adopt the recommendation of the Planning Committee with regard to the bid contract on the WMIT Sewerline, and to include the five year limitation as recommended by Mr. Currie. Also, that the Board adopt the recommendation of the Right-of-Way Committee with regard to Lake Julian Pump Station #1. Mr. Pace seconded the motion. Roll call vote was as follows: 8 Ayes, 0 Nays.

Mr. Joyner expressed his appreciation to Mr. Turner for his involvement in the completion of the Lake Julian Project.

REGULAR AGENDA ITEMS:

g. Construction Committee Items:

II.1. Consideration of Change Order #2 Lexington Avenue Rehabilitation

Mr. Mull reported that the Construction Committee met today and recommends approval of Change Order #2 - Lexington Avenue Rehabilitation in the amount of \$6,851.66, decreasing the contract dollar amount from \$290,642.16 to \$283,790.55 due to some bid items under runs, with the decrease to go into the construction contingency. Following a brief discussion regarding whether this is a joint MSD and City of Asheville project, Mr. Pace moved that the Board approve the recommendation of the Construction Committee. Mr. Holcombe seconded the motion. Roll call vote was as follows: 8 Ayes; 0 Nays.

h. Progress Report on the Sludge Product Distribution:

Mr. Mull presented a copy of an article written by personnel with the Agricultural Extension Service regarding the District's Nutri-Lime product, which will be included in an upcoming newsletter issue. Also, he presented a letter from McGill Associates, Inc., regarding marketing efforts on the benefits of using Nutri-Lime and introduction of the product. Mr. Mull reported that in addition to publication of the aforementioned article, Mr. Osbourne of the Asheville Citizen Times newspaper has expressed a willingness to publish an article in the Tuesday Farm Section of the paper. He further reported that in discussions with Mr. Branam, of Southern States, he stated that there has been some opposition from regional corporate staff in publishing a "New Product Bulletin", however, he expressed an interest in continuing to make his customers aware of the product. Mr. Mull stated that work on product demonstrations is progressing by Dr. Bob Rubin of NC State University and McGill Associates, with demonstration programs tentatively scheduled for the latter part of November. He further stated that in conjunction with the above efforts, MSD staff has offered the product to the public for free through local newspaper advertisements, and that staff is planning an additional media event to educate the general public about Nutri-Lime.

Mr. Slosman expressed his concern regarding the wording in the first paragraph of the article by the Agricultural Extension Service, which states that "wastewater biosolids are rendered pathogen free", and questioned the District's liability should pathogens be discovered in the product. Following a brief discussion, the Board agreed that the wording be changed to read "wastewater biosolids are rendered Class A by the State of N.C." Mr. Casper questioned the time frame for coming to a conclusion on the product with regard to its marketability and comparing the cost of processing and selling the product versus the cost of incineration. Mr. Mull reported that this will be discussed at the October 31 meeting of the Planning Committee.

i. Status Report on Landfill Gas:

Mr. Mull reported that recent negotiations have been held between the District and Asheville Landfill Gas, LLC regarding the Pricing tier and BTU value changes in the contract agreement as authorized by the Board at the September 18 meeting. He further reported that the revised contract will include the District's pricing tier and a higher BTU guarantee in a one-year trial contract. Mr. Mull stated that if the trial contract is favorable to the District, it will guarantee an

additional nine (9) year contract. Mr. Currie reported that the one-year trial contract was a result of a lack of pertinent information as to whether it is economical for the District to enter into such an agreement and will give the District an opportunity to see if it will work without buying additional equipment. A discussion followed regarding whether the District can run the steam turbine on less BTU's.

4. Report of Committees

d. Planning Committee - Mr. Solomon

No further report

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

No further report

g. Construction Committee - Mr. Holcombe

No further report.

5. Unfinished Business:

a. Burlington Property Improvements:

1. Consideration of Approval of Architect Contract:

Mr. Mull reported that the Planning Committee met to discuss the contract and directed staff to negotiate a contract with William Langdon & Associates, with a compensation structure to culminate complete design of Phase 1 and any preliminary design necessary for Phase II, and report the negotiation results to the Board at the October 16 meeting. Mr. Mull presented a Scope of Services prepared by Mr. Turner. Phase 1, deals with the basic architectural and engineering services at a lump sum cost of \$80,000 payable by phases. Phase 2, deals with architectural and engineering services through the design development phase for the "Old CP&L building", at a lump sum cost of \$79,625, with a credit of \$28,500 previously paid for schematic services, leaving a balance of \$51,125 to complete Phase 2. Future, Phase 3, deals with actual architectural and engineering design services for the "Old CP&L Building" at a cost to be negotiated upon authorization to proceed.

A lengthy discussion followed with regard to why the District is paying in a lump sum, rather than on a percentage basis; construction costs to relocate the maintenance facilities; cost to house maintenance, engineering and CIP personnel in the CP&L building in lieu of renting space; whether a study has been done on future staffing needs, and the scope of services on Phase 1 and 2. Mr. Turner stated that for the scope of the project, the costs are reasonable with enough checks and balances, since the District will be paying certain percentages as the project progresses. With no further discussion, Mr. Solomon moved that the Board approve a lump sum payment of \$80,000.00 for Phase 1; a lump sum payment of \$79,625.00 for Phase 2, with a credit of \$28,500.00 previously paid for schematic services, with the Future Phase to be negotiated upon authorization to proceed. Mr. Pace seconded the motion. Mr. Holcombe asked for a clarification on the

projected cost of 3.3 to 3.7 million to renovate the CP&L building, and the cost of 1.6 million to expand this facility to house the Maintenance personnel. Mr. Holcombe stated that although he is in favor of the Biltmore facility moving to the Burlington facility he does not feel the District has made the decision to develop the CP&L facility, therefore he cannot vote to approve the proposal. Mr. Langdon stated that during Phase 2, there will be an opportunity to look at it, and decide whether to do the entire project or only a percentage. With no further discussion, roll call vote was as follows: 7 Ayes; 1 Nay, (Mr. Holcombe).

2. Consideration of Approval for Project Financing

Mr. Mull reported that Mr. Fatland developed a financing plan to accommodate all potential phases of the Burlington Program, which involves a bank loan as opposed to issuing bonds, but does not involve an increase in sewer service charges or use of current funds other than what has been previously appropriated for in the CIP Budget of \$1,625,000 for these facilities. Mr. Fatland gave a brief report on how he arrived at the plan and stated that interest earned from the District's ten (10) year investment agreement offsets 90% of the total loan costs, but that application must be made with the North Carolina Local Government Commission (NCLGC) for this funding arrangement. Following a brief discussion regarding whether to approve the finance plan for Burlington Phases I and II, Mr. Sobol moved that the Board authorize staff to coordinate the bank loan application process with the NCLGC and bring back to the Board for approval. Mr. Slosman seconded the motion. Roll call vote was as follows: 8 Ayes; 0 Nays. A brief discussion followed regarding the Escrow Account.

6. Old Business:

a. Revenue Fund - Open New Bank Account:

Mr. Mull reported that Wachovia Bank is currently paying 2.14% interest on the District's Revenue Account, and that First Citizens Bank, who pays 4.64% on its Interest Bearing Checking Account has offered the same interest on the Revenue Account, which amounts to an increase in annual interest earnings of \$30,000.00. He further reported that in accordance with the District's Bond Order (Section 503), the Revenue Fund shall be established and administered by the District. Mr. Mull stated that consolidation of all bank accounts with MSD's official depository makes good sense for economic and efficiency reasons, therefore, staff recommends opening a Revenue Fund Checking account with First Citizens Bank; close the Revenue Account with Wachovia Bank and coordinate the change with member agencies. Mr. Sobol moved that the Board approve the recommendation of staff. Mr. Joyner seconded the motion. Roll call vote was as follows: 6 Ayes; 0 Nays; 1 Abstention, Ms. Bryson. Mr. Pace was absent during the vote.

b. 1996-97 Fleet Replacements and New Vehicles:

Mr. Mull presented a report on the District's New and Replacement Vehicles, which was reviewed by the Vehicle and Equipment Review Committee, and Mr. Turner, Deputy General Manager of Operations, with input from Division Heads, and includes: 10 pick-up trucks, 1 sedan, 3 vans, and 1 dumpster truck at a total estimated cost of \$348,000.00. With no discussion, Mr. Slosman moved that the Board approve the recommendation of the Committee. Mr. Holcombe seconded

the motion. Roll call vote was as follows: 7 Ayes; 0 Nays. Mr. Pace was absent during the vote.

7. New Business:

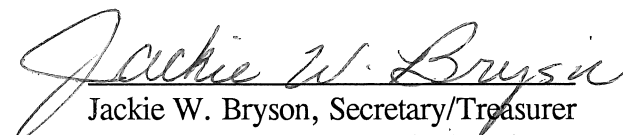
a. Consideration of Polymer Bids of October 15, 1996:

Mr. Mull reported that the District's Waste Water Treatment Plant uses approximately 75,000 dry pounds of polymer per year, with the following three (3) firms confirmed as meeting minimum standards: Polydyne Inc., Allied Colloids and Stockhausen. He further reported that bids were received October 15, 1996 as follows: Polydyne, Inc. with an extended bid of \$30.52/DT, and Allied Colloids with an extended bid of \$19.32/DT. No bid was received from Stockhausen. Mr. Mull stated that staff recommends award of the bid to Allied Colloids for \$1.65/lb, (\$0.17 less per pound than the current price) in an amount not to exceed \$123,750.00 for 75,000 pounds, all subject to review of the bids by legal counsel. Following a brief discussion as to the use of polymer, and how it is extracted, Mr. Holcombe moved that the Board approve the recommendation of staff. Mr. Casper seconded the motion. Roll call vote was as follows: 7 Ayes; 0 Nays. Mr. Pace was absent during the vote.

As a matter of information, Mr. Post brought to the Board's attention project status reports. Mr. Casper commended Mr. Mull, staff and the construction group on the Sweeten Creek Project as it relates to Luster.

8. Adjournment:

With no further business, Mr. Slosman moved for adjournment at 3:15 p.m. Mr. Holcombe 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