

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT  
RETREAT  
FEBRUARY 1, 1997**

**1. Call to Order:**

The Board Retreat of the Metropolitan Sewerage District was held Saturday, February 1, 1997 at Highland Park. Chairman Post called the meeting to order at 8:00 a.m. with the following members present: Bryson, Casper, Graham, Kelly, Holcombe, Selby, Sobol and Slosman. Those members absent were: Joyner and Pace.

Others present were: William Mull, General Manager, William Clarke, Attorney for the MSD, Carolyn Wallace, Ex-officio, Lori Boling of CIBO, James Fatland, Larry Turner and Sondra Honeycutt, MSD.

**2. Closed Session:**

At 8:05 a.m., Mr. Slosman moved that the Board go into closed session to discuss the Engineer-Manager. Ms. Bryson seconded the motion. Voice vote was unanimous in favor of the motion.

At 9:00 a.m., the Board returned to the regular session.

**3. Consideration of Chain of Command Document:**

Mr. Mull presented the Chain of Command document, which was prepared at the request of the Personnel Committee. He reported that the document was prepared in accordance with the Bond Order, By-laws and Personnel Manual of the District. A discussion followed regarding the time frame for the annual performance evaluations of the Deputy General Managers (DGM's); hiring/dismissal procedures; the appeal process, and whether the document replaces an existing policy. Mr. Mull addressed several additions not included in the original draft, all of which apply to the DGM's. Mr. Selby moved that the DGM's be given the authority to hire and dismiss employees and that the Personnel Committee be given the task of developing policy to support this decision. Mr. Slosman seconded the motion. Following a discussion regarding the issue of dialogue between members of the Board and the DGM's and other staff, Mr. Slosman moved that the Board table the motion until further review by the Personnel Committee. Mr. Selby seconded the motion. Voice vote was unanimous in favor of the motion.

**4. Methane Gas Contract & Benefits:**

Mr. Mull presented an executed copy of a contract between the District and Asheville Landfill Gas, (ALG) and a letter from Buncombe County identifying those who bid on the project and the selection of Enerdyne Power Systems, Inc., ALG. In addition, he presented a Summary of Assumptions and Contract Conditions and potential Landfill Gas Options. He reported that during the first year the District will evaluate the contract standards, and if all goes well, it will renew the contract. He further reported that consideration is being given to additional power generation and other uses for the landfill gas. Mr. Holcombe congratulated Mr. Mull, his staff and Mr. Currie for negotiation of the contract. A discussion followed regarding the possibility of CP&L purchasing engine-generated power at the same rate they purchase hydroelectric power. Because federal tax laws limit the sale of hydroelectric power to 25% of the District's rated

capacity, Mr. Post suggested that Mr. Mull and District Counsel meet with City and County Attorneys and draft a letter to the Utilities Commission regarding this issue. Mr. Selby asked whether the \$400,000 required capital investment was deducted from the ten year savings. Mr. Mull confirmed that it was. Mr. Selby suggested that since the District is limited in selling electricity by federal law, perhaps a different entity, owned jointly by the County and District, could sell it. Mr. Mull stated that the initial savings utilize the majority of power at the treatment plant and that the sale of any additional electricity would be an occasional non-reliable source. However, there is some potential if a larger generator is used. A brief discussion followed regarding the District becoming a public utility and selling electricity to other customers. Ms. Graham stated there is a possibility because of deregulation, but suggested this issue be referred back to committee for further consideration. Mr. Mull stated that he would check into the matter.

**5. Incinerator/Alkaline Stabilization Plans:**

Mr. Mull presented a memorandum regarding the Biosolids Handling Operation along with a policy adopted by the Board in 1989 giving first priority to the beneficial reuse of sludge, with incineration used as necessary. In addition, he presented a brief history of the operation and current practices, with a time schedule for various studies to be done. He reported that discussions were held with Dave Zimmerman, Sludge Consultant regarding his ideas on optimization of the incineration operation. He further reported that Mr. Zimmerman plans to run tests on alternative fuel sources for the Thermal Converter utilizing, waste acid, mixed paper, sawdust, landfill gas and digester gas, and will prepare a cost proposal for conducting these services. A discussion was held regarding the mixed paper product. Mr. Slosman reported that this product is pure cellulose, has a high BTU content and is an inexpensive alternative.

**6. Expenditures for Budgeted Items:**

Mr. Fatland presented an Amendment to the Budget Resolution adopted by the Board June 12, 1996, which sets forth the budget dollar limitation. Mr. Fatland reported that in addition to the Budget Resolution, the Board adopted a Purchasing Resolution November 29, 1995. He further reported that he met with Mr. Mull to develop guidelines, (as attached) on how to administer the budget. Following review of the Amendment, staff agreed to develop an Operating Procedure instead and present it to the Finance Committee for review.

**7. Professional Consulting Services**

**a. Price Considerations:**

Mr. Holcombe reported that in the late 1980's the General Assembly introduced and passed a bill, (General Statute 143-64.31) "which forbids solicitation of estimated fees in acquiring architectural, engineering and surveying services." However, the Statute has the following two exemptions: (1. Units of local government may by resolution exempt particular projects where an estimated professional fee is in an amount less than \$30,000. (2. Other particular projects may by resolution be exempted at the sole discretion of a unit of local government by stating the reasons therefor and circumstance's attendant thereto. Mr. Holcombe presented examples of the savings generated by soliciting

proposals requesting estimated fees. He further reported that because the District faces a large amount of construction over the next ten to twenty years, it has an opportunity to save the rate payers a great deal of money. Therefore, he recommends that the Board adopt a resolution that will accomplish two things. First, exempt all projects where the estimated engineering fees are \$30,000 or less. Second, that for certain projects, the Board reserves the right to exempt when it feels the competition between competing firms would materially lower the public's expenses with no risk.

Mr. Turner stated that the District is paying for a firm's skill and knowledge to provide a service. He reported that statistics from Florida and Maryland, for a period from 1974 to 1985, show the average engineering fee for design, was 6.7% and 13% respectively, based on construction costs. He stated that in his opinion if the District allows price to be the basis for selection, it faces the risk of getting substandard plans and specifications that will ultimately cost the District more in change orders. He further stated that one of the basic principals of total quality management is the selection of suppliers based on quality of work. Mr. Holcombe pointed out that the proposal is not to award engineering contracts to the lowest bid, but rather add "estimated fees" to the existing solicitation qualifications. Mr. Turner felt the process is delayed by writing the scope of services prior to selection and should be written jointly after the selection is made. Mr. Mull gave a brief report on how the process was handled in the past and stated that the selection was based on qualifications and costs. A discussion followed with regard to whether a grading system is currently in place; cost overruns; the difference between sewer and waterline construction, and if the resolution should be adopted prior to review of the scope of future sewerline projects.

Mr. Slosman questioned whether there is any movement by the Board to see if changes can be made at the State level. Mr. Clarke stated that because of the way the exemptions are worded, and because the Statute is a public policy, it would probably be easier to develop a policy that does not violate the Statute then to amend it. Following a discussion regarding the resolution presented by staff, (attached) Mr. Kelly moved that the Board change the \$30,000 figure to \$10,000 and adopt the resolution as drafted. Ms. Bryson seconded the motion. Mr. Slosman reminded the Board that staff needs to develop the future scope of work and schedule a meeting with the engineers to discuss the process. Following a clarification on the resolution, roll call vote was as follows: 9 Ayes; 0 Nays.

With regard to upcoming projects, Mr. Turner presented a draft Sanitary Sewer Overflow, (SSO) Policy that the EPA may adopt in upcoming months. He referenced pages 10 and 11 regarding how chronic SSO's are dealt with. He stated that when the policy is adopted, the District might be required to rehabilitate all its SSO's. He further stated that the District needs to move rapidly on getting its rehabilitation plans in place and working with the State toward that end. Mr. Turner presented an article from the Water Environment Federation dealing with Collection System Maintenance. He reported that according to the average age and rehabilitation cost, (shown on page 15) the District is looking at approximately \$200 million in rehabilitation cost over a period of time. Mr. Post requested that Mr. Turner and Mr. Mull bring information back to the Board regarding the District's SSO's. A discussion followed regarding infiltration and inflow.

**8. Public Relations Recommendations:**

Mr. Mull reported that the Public Relations Committee presented the following recommendations to the Board December 18, 1997:

**1. For the 1996-97 Fiscal Year:**

- a. Design public presentation to assist the Board and staff for addressing community groups in the amount of \$2,500.
- b. Newspaper Insert educating public on MSD (annual programs) in the amount of \$9,500.
- c. Telephone cross reference for MSD listings in the amount of \$25.00.

**2. Future expansion of public relations programs will be addressed during the 1997-98 budgetary process.**

Mr. Mull reported that funds are included in the 1996-97 Operation & Maintenance-Administration Budget for this effort. Mr. Sobol expressed his concern about the public not being able to reach staff at the Engineering Division and felt that a portion of these funds should be used to correct the problem. A discussion followed regarding ways to alleviate this problem.

Mr. Turner suggested that the telephone survey, at an estimated cost of \$11,000, be done prior to the newspaper insert so the District will know what the public really thinks. The Board was in agreement. With no further discussion, Mr. Sobol moved that the Board approve up to \$24,000 for the District's Public Relations Program. Mr. Slosman seconded the motion. Following a brief discussion with regard to the survey, roll call vote was as follows: 8 Ayes; 1 Nay (Mr. Kelly)

**9. Sewer Line Construction**

**a. Use of Local Contractors and Survey of Industry Groups:**

Mr. Selby stated that a confidential survey of industry groups might provide the District with a list of local contractors who might bid on projects if the requirements of the contract were different. Therefore, he requested that the Board instruct staff to look at the District's contracting procedures, i.e., bonding requirements and scope of the work, in order to give local contractors a better chance to bid on projects. Mr. Slosman gave an example of savings that could be generated, in travel time alone, by meeting with local contractors and bringing them in line with out-of-state firms. A discussion followed regarding dialogue between contractors and the General Manager. Mr. Turner expressed a desire to assume the responsibility of meeting with contractors and reporting back to the Board with his findings. A discussion followed regarding the percentage of local work that is subcontracted by out-of-state firms. Mr. Turner gave an example of a firm in Nashville who contracts with local firms when doing out-of-state projects. In the absence of Mr. Joyner, Ms. Wallace read his comments A & B as attached.

**b. Sewer Extensions & Methane Gas Revenues:**

Mr. Post stated that at the request of Mr. Joyner and Mr. Pace any action on the issue of Sewer Extensions be delayed until the full Board

meets and that it be a matter of discussion only. Mr. Sobol stated that although he agrees with the Policy on Sewer Extensions, he feels that funds received from the sale of methane gas should be used toward helping with projects that meet the criteria. He further stated that this would enhance growth in the County by providing jobs, increase the tax base and bring additional revenue to the District. Therefore, he proposed that the District consider use of these funds to help industry, or primarily persons who want to develop areas of the county that do not have sewer systems.

At the request of Mr. Pace, Mr. Post addressed the following issues: First, because the District is responsible to its rate payers, any additional funds could mean less of a sewer increase in the future. Secondly, if extensions are to be funded with this money, how will the District, in a fair and equitable way, decide what projects to fund. Thirdly, how much did Buncombe County save by having Asheville Landfill Gas do the work. He further stated that Mr. Pace suggested the possibility of the County using these savings for the purposes previously mentioned. Mr. Mull reported that by accepting Enerdyn's proposal the County will save an estimated \$300,000 and will guarantee a \$6,000 revenue per year for twenty (20) years. Mr. Sobol stated that any additional funds from the sale of methane gas will only reduce the O&M budget by less than 1%, but could develop projects that will bring in additional revenue through increased user fees. Mr. Fatland reported that the sewer user and tap fees go directly into the General Fund Construction for the CIP program, not the O&M budget. Ms. Wallace read Mr. Joyner's statement with regard to this issue, C. as attached. Mr. Kelly agreed with Mr. Joyner's statement and expressed his reasons for opposition to extensions for the purpose of encouraging new industrial development and a blanket extension policy to fund annexation by municipalities.

Mr. Selby stated that the bottom line is that no one in the County is looking at new sewer needs and until the District knows the benefit or liability from a new user, it has no voice in the dialogue with regard to sewers. He recommends that any revenues not previously budgeted for be put into expanding the rate payer's base in order that the cost of rehabilitation can be spread out over an ever growing population. Mr. Slosman stated that industry will always come and go, and that any extensions must have a payback. He further stated that because the issue is too complex to resolve at today's meeting, the Blue Ribbon Committee needs to reconvene from time to time to further consider this issue. A discussion followed regarding the need to identify sewerlines that are connected to the system without the knowledge of the District. Mr. Casper pointed out that the Extension Policy does not preclude an industry or developer from coming to the Board with their needs. Mr. Holcombe suggested that Mr. Casper's statement be included in the current Extension Policy. Mr. Selby moved that the Board direct staff to initiate a study to identify the economic value of adding new users, (industrial/residential) to the District on both existing and extension sewers. Mr. Sobol seconded the motion. Following a lengthy discussion on the best method to accomplish such a study and the availability of other similar studies, voice vote was unanimous in favor of the motion.

**10. Proposed Legislation:**

Mr. Mull reported that during the past year, Board Members and staff have identified a number of areas where amendments to legislation establishing Metropolitan Sewerage Districts are desirable. He briefly reviewed the following amendments:

- a. Authorization for Special Assessments
- b. Qualified exception for Geographical Information Systems.
- c. Extension of Metropolitan Sewerage Districts
- d. Privacy of Employee Personnel Records

With regard to item (d), Mr. Holcombe asked how the Asheville Buncombe Water Authority differs with the MSD on this issue. Mr. Clarke stated that currently there is no privacy, however this amendment would make the District's records subject to the same qualified privileges as the Water and Sewer District's. Regarding item (a), Mr. Turner stated that in areas where private sewers exist, the District can set up a special assessment, with all property owners paying a fee for rehabilitation of the system. Mr. Mull stated that although the District will rehabilitate a private system to some extent, property owners must grant a right of way and pay a \$350.00 allocation fee to hook on to the system. Mr. Clarke gave a brief explanation on the procedure for setting special assessments by Water and Sewer Districts. A discussion followed regarding why the amendments were discussed with Buncombe County. Mr. Clarke reported that the County approached the District to identify some areas of growth. Mr. Holcombe suggested that staff discuss these amendments with the City as well.

Regarding the expansion of the District boundary, Mr. Clarke stated that the new procedure would allow the District to extend in two ways. First, if there is a petition by 100% of the property owners, and if the Board agrees. Secondly, in the interest of promoting the public health and welfare, the District Board can decide to extend sewer service to areas where it currently provides service, on substantially the same basis and in the same manner. This is defined to mean, all properties currently being served by sewer or within 300 feet of a public sewerline. A discussion followed regarding the 300 foot definition; whether this refers to lot lines and if the District can extend its boundary beyond County lines. Mr. Clarke reported that the District currently has authority within its boundary to ask anyone within 300 feet of a public line to hook on to that line and if the District extends the boundary, it's required to extend sewer service to those areas. In addition, the District cannot extend beyond county lines without permission. With no further discussion, Mr. Slosman moved that the Board proceed with the proposed legislation through members of the Western Carolina Delegation and all municipalities of the Board. Mr. Kelly seconded the motion. Voice vote was unanimous in favor of the motion.

**11. County-Wide/North Planning Area:**

Mr. Mull reported that Buncombe County Commissioners have plans to hire a consultant to look at planning in the North area and in the Cane Creek drainage area. He further reported that he met with the County to express the District's interest in working with them on the sewer systems and wastewater services in those areas. He stated that the County will keep the District advised on what is being done. A discussion followed regarding the status of Madison County's sewerage facilities, and if information is available on its size.

**12. Avery Creek Sanitary Sewer District:**

Mr. Mull presented a memo on the history of the Avery Creek Sanitary District (ACSD) and a draft agreement between the District and ACSD, drawn by Billy Clarke. He reported that ACSD's only source of income is from water and sewer connection fees and that in a discussion with the County, it is their feeling that ACSD has no intention of dissolving itself. Mr. Mull suggested that the Board attempt to get the ACSD to enter into the agreement or deny additional sewer service. A discussion followed regarding ACSD's use of these revenues; whether the District can reduce or deny allocation to ACSD, and if this issue will be discussed as a part of the legislation package. Mr. Mull presented a map of the area in question. Mr. Slosman stated that the Board needs to look at the alternatives and decide the best method to proceed. Mr. Selby suggested that representatives of the District meet with County Commissioners to discuss this issue and come back to the Board with the dialogue from that meeting. A brief discussion followed regarding the capacity of the line crossing the French Board River and if there is a need to increase the size of the line in the future

**13. WEF Attendance:**

Mr. Mull reported that some concern was expressed regarding the number of Board Members and Staff that attend the National WEF Annual Conference. As a result, staff recommends that the District limit the number of MSD staff attending the conference to no more than four (4) individuals per year. An exception would be made if the Conference is held in North Carolina or adjacent southeast states. Mr. Mull stated that because there may be items on the agenda that are valuable to staff, he requested that the recommendation be withdrawn and that this decision be left up to his discretion. Mr. Slosman stated that attending this conference is worth the costs considering the valuable information that is obtained.

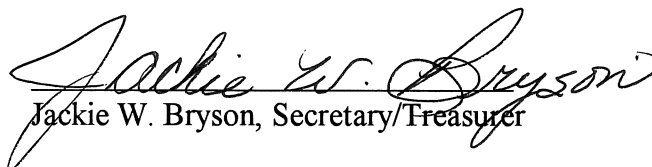
**14. Other Business:**

Mr. Post expressed his appreciation to Ms. Wallace for her attendance and input at today's meeting.

Ms. Bryson announced the retirement of Mr. Jake Wilson from the Woodfin Sanitary Water & Sewer District. She requested that his replacement, Mr. Calvin Dixon, be asked to serve as a representative on the CIP Committee in Mr. Wilson's place.

**15. Adjournment:**

With no further business, Mr. Holcombe moved for adjournment at 3:00 p.m. Mr. Slosman seconded the motion. Voice vote was unanimous in favor of the motion.

  
Jackie W. Bryson, Secretary/Treasurer