

# BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

MAY 17, 1997

**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., Wednesday, May 7, 1997. Vice Chairman Slosman presided with the following members present: Bryson, Casper, Graham, Joyner, Holcombe, Kelly, Selby and Sobol. Those members absent were: Post and Pace.

Others present were: W. H. Mull, General Manager, John S. Stevens, General Counsel, Dr. Lloyd Robinson and William Morris, of Hendon Engineering Associates, Inc., Larry Turner, Jim Fatland and Sondra Honeycutt, MSD.

**2. Approval of Minutes of the April 16, 1997 Meeting:**

Mr. Holcombe moved that the Board approve the minutes of the April 16, 1997 meeting as presented. Mr. Joyner seconded the motion. Voice vote was unanimous in favor of the motion.

**3. Annual Report - Hendon Engineering Associates, Inc.:**

Dr. Robinson presented Hendon Engineering's Annual Inspection Report performed March 12, and 13, 1997, as required by Article V, Section 504 of the Bond Order. A discussion followed regarding the effluent biotoxicity tests. Mr. Mull reported that the test is a requirement of the State and during the past year there were two violations. He further reported that the source of the violations were not identified, however, the problem has not reoccurred. Dr. Robinson reported that because this test is very sensitive to chlorine in the effluent, seventy percent of plants tested failed. No further discussion was held.

**4. Consideration of Resolutions Approving the Preliminary Budget Resolutions for Fiscal Year 1997-98:**

**a. O&M Budget:**

Mr. Mull presented a Resolution approving the amended O&M Budget in the amount of \$9,777,662. In addition, he presented information showing line item decreases following the May 5, 1997 Finance Committee meeting. He reported that the decreases reduced the 1997-98 O&M budget from \$10,027,573 to 9,777,662; slightly less than the 1996-97 O&M budget of \$9,781,716. He further reported that the Finance and Personnel Committees' will meet to discuss modifications to the budget prior to the Public Hearing, scheduled for June 11, 1997.

Mr. Kelly complimented staff on their decision to decrease the Cost of Living (COL) compensation from 2.8% to 2.0%. He stated that according to Chairman Greenspan, the Consumer Price Index is overstated by up to 50%, therefore, the actual COL should be between 1.4% and 2.2%, and that 2.0% is a reasonable compromise. Mr. Joyner stated that before the Board takes away from the income of employees, it should refrain from accepting payment for attendance at Board and Committee meetings. Mr. Casper reported that the Finance Committee did not specifically recommend reducing the COL, but because of increasing compensation costs, he suggested a combined cap of 5% a year for COL and Merit. He further reported that the Committee instructed staff to come back with information on how the District plans to deal with future cost increases. Mr. Mull stated that the total for COL and Merit is 5.5%

in the Budget and that information on this issue will be presented at the next meeting of the Finance and Personnel Committees. A lengthy discussion followed regard revenues and if they were considered in preparation of the Budget; procedure requirements of the General Statutes and Bond Order; why funds were transferred out of O&M into the CIP Budget for the Burlington relocation, and sewer user fees.

Mr. Mull presented a spreadsheet showing cash flow projection of revenue and expenditures for Fiscal Years 1995-96 through 2001-02. The following suggestions were made regarding the annual COL/Merit increases and procedures for preparation of the budget: 1) consider COL/Merit separately. 2) finalize the preliminary budget a month in advance, and 3) develop a procedure policy. With no further discussion, Mr. Joyner moved that the Board adopt the amended Preliminary O&M Budget as presented. Mr. Casper seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays.

**b. General & Construction III Fund Budgets:**

Mr. Mull presented a Resolution approving the Preliminary General & Construction III Fund Budgets in the amount of \$20,512,000. He briefly reviewed some of the projects in question and reported that Mr. Turner will provide more detailed information on the timing of CIP projects for Fiscal Year 1997-98. Mr. Selby moved that the Board adopt the Preliminary General & Construction III Fund Budgets as presented. Ms. Bryson seconded the motion. Mr. Holcombe questioned whether existing revenues are available without a rate increase. Mr. Fatland confirmed that sufficient revenues are available. With no further discussion, roll call vote was as follows: 9 Ayes; 0 Nays.

**c. Fleet Replacement Fund Budget:**

Mr. Mull presented a Resolution approving the Preliminary Fleet Replacement Fund Budget in the amount of \$358,000, which is included in the O&M Budget. With no discussion, Mr. Selby moved that the Board adopt the Preliminary Fleet Replacement Fund Budget as presented. Mr. Joyner seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays.

**d. Wastewater Treatment Plant Replacement Fund Budget:**

Mr. Mull presented a Resolution approving the Preliminary Wastewater Treatment Plant Replacement Fund Budget in the amount of \$200,000, which is included in the O&M Budget. Mr. Bryson moved that the Board adopt the Preliminary Wastewater Treatment Plant Replacement Fund Budget as presented. Mr. Kelly seconded the motion. Mr. Joyner recommended that the Resolution be amended to read "Preliminary Wastewater Treatment Plant Equipment Replacement Fund Budget." With no further discussion, roll call vote was as follows: 9 Ayes; 0 Nays.

**5. General Manager's Report:**

CONSOLIDATED MOTION AGENDA

**a. Consideration of Informal Bids for Re-roofing of Four (4) buildings at the WWTP:**

Mr. Mull presented additional information regarding materials for re-roofing of four buildings at the WWTP and the bid tabulation as presented at the April 16 meeting. He reported that because the low bid of The Bonitz Company was not in conformance with the specifications, staff recommends that the bid be awarded to Stroup Sheet Metal Works in the amount of \$46,818.00, contingent upon legal counsel approval of the contract.

**b. Consideration of Black Mountain Compensation Chart:**

Mr. Mull reported that due to design changes in the Black Mountain Rehabilitation Project, nine (9) additional easements need to be obtained at a total budgeted cost of \$8,000.00. Therefore, staff recommends that the Board approve the budgeted expenditures as shown on the Compensation Chart.

Regarding item (a.), Mr. Sobol expressed his appreciation to Scotty Monroe, Building Trades Expediter for his work in providing such a comprehensive report. Regarding item (b.), Mr. Sobol questioned whether the easements have been obtained, and if this will impact the bidding process. Mr. Selby reported that the Right of Way Committee traditionally reviews the Easement Compensation Agreements. However, because the Committee did not meet, staff developed the compensation amounts based on a formula according to the project budget. Mr. Turner stated that the easements have not been acquired, but will not affect the bid process. With no further discussion, Mr. Holcombe moved that the Board approve the Consolidated Motion Agenda as presented. Mr. Kelly seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays.

**6. Consideration of Holiday Inn Sunspree Golf Course Settlement:**

Mr. Mull reported that the Planning Committee recommends that the Board approve a settlement agreement with the Holiday Inn Sunspree Golf Course in the amount of \$25,000.00 to sod disturbed areas following grading by the contractor. With no discussion, Mr. Selby moved that the Board approve the recommendation of the Planning Committee. Mr. Sobol seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays.

**7. Report on Lee Construction Closeout:**

Mr. Mull reported that the Planning Committee discussed ongoing settlement negotiations with Lee Construction Company for expansion of the wastewater treatment plant. The Committee recommended that a Letter of Notice be sent offering \$20,000.00 as a final settlement, with the District retaining the remaining funds to complete the project. Mr. Mull presented a copy of the letter forwarded today to Lee Construction, and stated that if the offer is not accepted within fifteen (15) days, the District will declare Lee Construction in default of the contract.

**8. MSD Sewer Master Plan:**

Mr. Mull reported that recommendation on the Sewer Master Plan is deferred to a later meeting. Mr. Selby questioned whether the twelve week schedule for completion is attainable. Mr. Mull stated that because of the budget process, it may take longer. Mr. Sobol requested that when this item is reintroduced, that Hendon Engineering Associates, Inc. provide the amount spent to date.

**9. Committee Reports:**

**Personnel Committee**

Mr. Sobol reported that the Personnel Committee met April 17 and May 1 to consider the following items:

**a. Approval of Voluntary Early Retirement Benefits:**

Mr. Sobol reported that the Personnel Committee recommends that the Board consider the following:

1. County of Buncombe early retirement benefit plan, which provides for ½ of the early retirees annual salary.
2. Placing retirees with 15 or more years of MSD experience at top step.
3. Allowing all early retirees to purchase medical coverage through age 65.

Mr. Sobol further reported that the Personnel Committee will meet May 21 to discuss medical coverage for employees age 65 and older. He stated that Mr. Jack Ferguson of Ferguson Enterprises will be present to provide additional information and to answer questions. A discussion followed regarding the financial impact of this plan; the number of eligible employees, and MSD's current policy on insurance coverage for employees retiring before age 65. Following a brief discussion, Mr. Mull stated that complete backup information regarding this issue will be provided to all Board Members prior to the June 12 meeting. No action was taken.

**b. Approval of Merit/Cost of Living Increases:**

Deferred to the Personnel Committee for further consideration.

**c. Approval of Administrative Leave:**

Mr. Sobol reported that the Personnel Committee recommended the following Proposed Policy for Administrative Leave and Consideration for Outstanding Leave Balances:

1. Proposed Policy - Administrative Leave
  - a. For emergency call in or completion of special projects or assignments.
  - b. Must be approved by Division Head of Deputy General Manager.
  - c. Limited Earned on an hour for hour.
2. Consideration for Outstanding Balances
  - a. Authorize up to 80 hours of administrative leave balances to remain with exempt employees.
  - b. to 80 hours earned in a calendar year with a maximum 80 hours accrual.

A discussion followed regarding the number employees and hours involved, and the District's current vacation pay policy. With no further discussion, Ms. Bryson moved that the Board approve the recommendation of the

Personnel Committee as presented. Mr. Joyner seconded the motion. Voice vote was unanimous in favor of the motion.

**Finance Committee**

No further report

**Planning Committee**

**a. Fleet Audit**

Mr. Mull presented a copy of the Fleet Management Assessment prepared by Transportation Consultants, Inc. (TCI). He reported that because of some concerns addressed in the audit, staff will develop a plan of action and bring back to the Board for approval. A discussion was held regarding the number of employees involved; a recommendation to move the fleet to administration; why the District plans to wait six months to consider a privatization proposal, and the possibility of consolidating the District's fleet maintenance with that of the City of Asheville. Mr. Turner stated that the study was performed as a result of concerns later proven to be factual. Mr. Holcombe commended staff for addressing the problem and initiating the study.

**b. Consultant Selection Procedure:**

Mr. Mull reported that the Planning Committee discussed the procedure for selection of professional engineering services. He further reported that the issue was deferred until the next meeting of the Committee.

**10. Unfinished Business:**

Mr. Selby questioned the schedule for addressing the issue of calculating the value of a new user on the system. Mr. Casper reported that according to Mr. George Raftelis, who is a consultant on rates, he stated that it would be very difficult to calculate the value of a new user. Also, because this issue was not on the Finance Committee agenda, he suggested that it be considered at the July 16 meeting of the Board.

**11. Old Business:**

**Landfill Gas Update**

Mr. Mull reported that Mr. Brinker of Asheville Landfill Gas, LLC requested that the District terminate its contract with the LLC and enter into a new contract with Asheville Landgas Partners, Limited Partnership. As a result, a new gas sales agreement was drafted and forwarded to Gomel & Davis, LLP, Attorney for Mr. Brinker. He further reported that if the conditions of the contract are met, the District will consider entering into a contract with the Limited Partnership. He stated that Buncombe County is proceeding with plans to install the necessary wells, and that recent rate structure negotiations with Carolina Power and Light Company were held.

**12. New Business:**

**a. Report on Meeting with Black Mountain Town Board**

Mr. Mull reported that he and Mike Sobol attended a meeting of the Black Mountain Town Board on April 21 to discuss pending legislation and the

District's CIP Program as it relates to Black Mountain rehabilitation projects and the North Swannanoa Interceptor Sewer. He further reported that the presentation was very well received and that Board passed a resolution in support of the District's legislation.


**b. Quarterly Investment Report:**

Mr. Fatland expressed appreciation to the Board and Finance Committee for providing written investment policies that have greatly improved investment earnings at the District. Mr. Fatland reported all monies are earning federal funds rate less 50 basis points (4.71%) or better, and that the average investment yield on the District's \$36 million portfolio is 5.63%. He stated that he contacted the Institute of Government and reported that the District's General Fund can be used for any lawful purpose and is not restricted. However, all monies held by the trustee are restricted, as well as capital reserves for fleet, wastewater equipment and maintenance reserve fund.

In other business, Mr. Slosman appointed Ms. Graham, Mr. Kelly and Mr. Joyner to serve on a committee to hear a grievance by Cliff Cunningham.

**13. Adjournment**

With no further business, Mr. Holcombe moved for adjournment at 4:10 P.M. Mr. Sobol seconded the motion. Voice vote was unanimous in favor of the motion.

  
Jackie W. Bryson, Secretary/Treasurer

STATE OF NORTH CAROLINA

COUNTY OF BUNCOMBE

RESOLUTION

WHEREAS, Carolyn R. Wallace, has been a member of the Board of the Metropolitan Sewerage District of Buncombe County, North Carolina representing the County of Buncombe from January 19, 1991 until her resignation from the Board effective January 19, 1997; and

WHEREAS, Carolyn R. Wallace contributed significantly in a variety of committee positions on the Metropolitan Sewerage District Board having been a member of the following committees: Sludge Committee, Sewer Service Charge Committee, Plant Operations Committee, Personnel Committee, Right of Way Committee, Planning Committee, and Blue Ribbon Committee; and

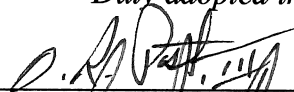


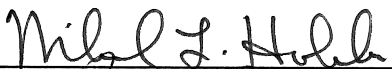




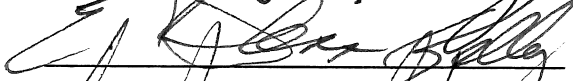
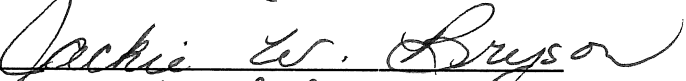
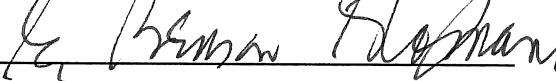
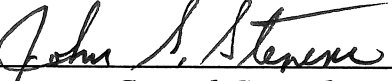

WHEREAS, Carolyn R. Wallace has been an instrument of change on the District Board in that during her distinguished tenure she was integral to the Board's increasing sensitivity to such important matters as long-range planning, personnel and senior management structure, as well as becoming responsive to the needs and concerns of the average citizen /user of the District's services.

NOW, THEREFORE, BE IT RESOLVED:

One: That the Board of the Metropolitan Sewerage District express their sincere appreciation to Carolyn R. Wallace, for her conscientious work and significant contribution to the District and the people of Buncombe County during her term as a Board member and as a valuable and active committee member.

Two: That the original of the Resolution be placed in the permanent records of the Board and copies transmitted to Carolyn R. Wallace and the Commissioners of Buncombe County.

Duly adopted this 19<sup>th</sup> day of January, 1997.

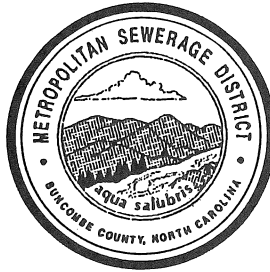
	
	
	
	
	
	
	General Counsel
	
General-Manager	

# MSD Metropolitan Sewerage District of Buncombe County, North Carolina

W. H. Mull, P.E., Engineer-Manager  
P.O. Box 8969, Asheville, N.C. 28814  
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John S. Stevens, General Counsel



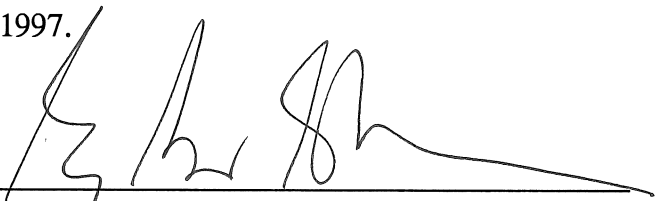
O.R. Post, Chairman  
E. Benson Slosman, Vice-Chairman  
Jackie W. Bryson  
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Joe Joyner  
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C. Michael Sobol

## NOTICE OF PUBLIC HEARING

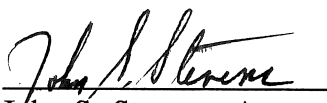
### NOTICE OF PUBLIC HEARING BEFORE THE BOARD OF THE METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA

Notice is hereby given that the Board of the Metropolitan Sewerage District of Buncombe County, North Carolina, will hold a public hearing at the Administration Building of the Metropolitan Sewerage District, located at 2225 Riverside Drive, Asheville, North Carolina at 2:00 p.m., Wednesday, June 11, 1997 on the Budgets of the District for the Fiscal Year beginning July 1, 1997, and ending June 30, 1998. The Budgets have been submitted to the Governing Board of the Metropolitan Sewerage District of Buncombe County, North Carolina, and are available for public inspection at the District's Administration Building.

Witness my hand this 7th day of May, 1997.

  
E. Benson Slosman, Vice Chairman  
Board of the Metropolitan Sewerage District  
of Buncombe County, North Carolina

Approved as to Form:

  
John S. Stevens, Attorney  
May 7, 1997



# MSD Metropolitan Sewerage District of Buncombe County, North Carolina

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John S. Stevens, General Counsel



O.R. Post, Chairman  
E. Benson Slosman, Vice-Chairman  
Jackie W. Bryson  
Larry Casper  
Elizabeth C. Graham  
Michael L. Holcombe  
Joe Joyner  
E. Glenn Kelly  
Ben Pace  
Bob Selby  
C. Michael Sobol

## RESOLUTION OF THE METROPOLITAN SEWERAGE DISTRICT

### BOARD OF BUNCOMBE COUNTY, NORTH CAROLINA

BE IT RESOLVED that the Metropolitan Sewerage District Board of Buncombe County North Carolina, hereby acknowledges receipt on May 7, 1997, to its Members from the General Manager the Preliminary Operation & Maintenance Budget for Fiscal Year 1997-98, totaling \$9,777,662 of which the estimated monthly Budget is equal to one-twelfth (1/12) of the total Budget and hereby sets the date for a public hearing on said Budget to be held at 2:00 p.m., June 11, 1997, in the Boardroom of the MSD Administration Building located at N.C. Highway 251 North at Woodfin, North Carolina. This Preliminary Operation and Maintenance Budget shall remain available for public inspection in the office of the District until such time as the Budget is adopted by the Board.

This 7<sup>th</sup> day of May, 1997.

E. Benson Slosman, Vice Chairman  
Metropolitan Sewerage District Board  
of Buncombe County, North Carolina

ATTEST:

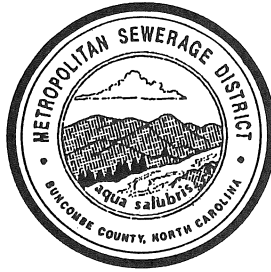
William H. Mull, P.E.  
General Manager

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## RESOLUTION OF THE METROPOLITAN SEWERAGE DISTRICT

### BOARD OF BUNCOMBE COUNTY, NORTH CAROLINA

BE IT RESOLVED that the Metropolitan Sewerage District Board of Buncombe County North Carolina, hereby acknowledges receipt on May 7, 1997, to its Members from the General Manager the Preliminary General and Construction III Fund Budgets for Fiscal Year 1997-98, totaling \$20,512,000 and hereby sets the date for a public hearing on said Budget to be held at 2:00 p.m., June 11, 1997, in the Boardroom of the MSD Administration Building located at N.C. Highway 251 North at Woodfin, North Carolina. These Preliminary General and Construction III Fund Budgets shall remain available for public inspection in the office of the District until such time as the Budget is adopted by the Board.

This 7<sup>th</sup> day of May, 1997.

E. Benson Slosman, Vice Chairman  
Metropolitan Sewerage District Board  
of Buncombe County, North Carolina

ATTEST:

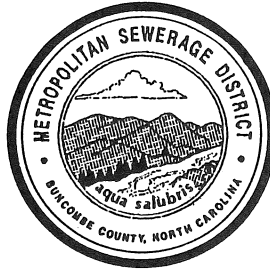
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## RESOLUTION OF THE METROPOLITAN SEWERAGE DISTRICT

### BOARD OF BUNCOMBE COUNTY, NORTH CAROLINA

BE IT RESOLVED that the Metropolitan Sewerage District Board of Buncombe County North Carolina, hereby acknowledges receipt on May 7, 1997, to its Members from the General Manager the Preliminary Fleet Replacement Fund Budget for Fiscal Year 1997-98, totaling \$358,000 and hereby sets the date for a public hearing on said Budget to be held at 2:00 p.m., June 11, 1997, in the Boardroom of the MSD Administration Building located at N.C. Highway 251 North at Woodfin, North Carolina. This Preliminary Fleet Replacement Fund Budget shall remain available for public inspection in the office of the District until such time as the Budget is adopted by the Board.

This 7<sup>th</sup> day of May, 1997.

E. Benson Slosman, Vice Chairman  
Metropolitan Sewerage District Board  
of Buncombe County, North Carolina

ATTEST:

William H. Mull, P.E.  
General Manager

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## RESOLUTION OF THE METROPOLITAN SEWERAGE DISTRICT

### BOARD OF BUNCOMBE COUNTY, NORTH CAROLINA

BE IT RESOLVED that the Metropolitan Sewerage District Board of Buncombe County North Carolina, hereby acknowledges receipt on May 7, 1997, to its Members from the General Manager the Preliminary Wastewater Treatment Plant Equipment Replacement Fund Budget for Fiscal Year 1997-98, totaling \$200,000 and hereby sets the date for a public hearing on said Budget to be held at 2:00 p.m., June 11, 1997, in the Boardroom of the MSD Administration Building located at N.C. Highway 251 North at Woodfin, North Carolina. This Preliminary Wastewater Treatment Plant Equipment Replacement Fund Budget shall remain available for public inspection in the office of the District until such time as the Budget is adopted by the Board.

This 7<sup>th</sup> day of May, 1997.

E. Benson Slosman, Vice Chairman  
Metropolitan Sewerage District Board  
of Buncombe County, North Carolina

ATTEST:

William H. Mull, P.E.  
General Manager