

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

July 16, 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, July 16, 1997. Chairman Post presided with the following members present: Bryson, Casper, Graham, Joyner, Holcombe, Kelly, Pace, Selby, Slosman and Sobol.

Others present were: W. H. Mull, General Manager, John S. Stevens, General Counsel, Jim Skalski, Asheville City Council, Bill Morris of Hendon Engineering Associates, Inc., Patti Beaver of CIBO, Jim Fatland, Larry Turner, Bob Ensley, Marsha Kiser, Mike Butler and Sondra Honeycutt, MSD.

2. Approval of Minutes of the June 11, 1997 Meeting:

Mr. Slosman requested that the wording "involved a funding request" be deleted from the sentence on page six, paragraph one. With no further additions or corrections, Ms. Bryson moved that the minutes of the June 11, 1997 meeting be approved as amended. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.

3. Resolution of Appreciation to Robert C. Ensley:

Mr. Post stated that the Resolution prepared in honor of Mr. Ensley cannot adequately expressed appreciation for his 23 years of service and is only a small part of what the Board feels it owes him for his dedication as an employee of the District. Mr. Ensley thanked the Personnel and Finance Committees', the Board and staff for making his early retirement possible, and for their hard work.

4. Election of Officers:

Mr. Joyner nominated Mr. Post as Chairman, Mr. Slosman as Vice Chairman, and expressed his hope that Ms. Bryson will be reappointed as Secretary/Treasurer. He stated that as Chairman of the Board, Mr. Post has always dedicated himself to directing the Board in the most fair and honest manner possible; always giving each member a voice in proceedings, and allowing the necessary time for Members to address vital issues facing MSD and the citizens of the District. He further stated that similar comments can be made concerning Mr. Slosman and Ms. Bryson. Mr. Selby seconded the nominations. With no further nominations, Mr. Holcombe moved that the nominations for Chairman and Vice Chairman be closed and that these officers nominated by Mr. Joyner be elected by acclamation. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion. Mr. Post expressed appreciation to Mr. Joyner for his comments and appointed Ms. Bryson to serve as Secretary/Treasurer.

5. CONSOLIDATED MOTION AGENDA:

a. Consideration of North Swannanoa Phase II - Section 1 Condemnation Request:

Mr. Mull reported that the Right of Way Committee recommends appraisal of PIN#'s 9689-13-03-9256, 9679-14-43-3316, 9678-05-09-8159, 9679-20-82-1042 and 9668-08-99-4336, offer of appraised damages and

condemnation if not accepted, contingent on the fact that Pin# 9679-14-43-3316 is in the flood plane.

b. Consideration of Personnel Policy Manual:

Mr. Mull reported that the Personnel Committee recommends approval of the Personnel Policies Section (holidays, insurance, longevity, retirement) of the Personnel Policy Manual. The Administrative Policies Section is a staff function and does not require Board approval. With regard to Item D. of the Administrative Policies Section, Mr. Sobol stated that any changes to the disciplinary action, up to and including termination, should be a Board function, rather than Administrative.

c. Consideration of Post Employment Health Plan (PEHP):

Mr. Mull reported that the Personnel Committee recommends disapproval of the PEHP.

With regard to item b., Mr. Casper questioned whether drug testing is required for new employees and if random drug testing is part of the policy. Mr. Turner reported that currently drug testing is only required for CDL drivers. He further reported that Mr. Clarke, Attorney for the District is reviewing MSD's drug testing policy compared to the policies of the City and County and will present his findings at the August meeting of the Personnel Committee.

With no further discussion, Mr. Slosman moved that the Board approve the recommendation of the Right of Way Committee with regard to item a. and recommendations of the Personnel Committee with regard to Items b. and c., except that the Administrative Section of the Personnel Policy Manual (Item b.) be referred back to the Personnel Committee for further consideration. Mr. Holcombe seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

6. Consideration of Proposed Facility Fee Revisions:

Mr. Mull reported that proposed revisions to the Facility Fee document was sent to each Board Member for review. Mr. Turner reported that the current facility fee has been in place since 1990, but has caused some confusion and has not been totally applicable in certain situations. He further reported that staff does not propose to change the fee, but rather the method of application. He presented the current vs. proposed fee methods for additions to existing residential structures; new residential construction; additions to commercial structure, with fixture count; structures with additional flow, where building usage has changed, and all groundwater remediation projects. A discussion followed regarding the proposed flat fee of \$750.00 for new residential construction regardless of square footage. Mr. Joyner expressed his concern that a small residence will pay the same fee as a large residence. Mr. Selby agreed that the fee should be less for a smaller residence and stated that he would like to have the opportunity to present this information to the Home Builders Association for comment. Mr. Slosman stated that the fee should not be equal since there is a critical shortage of affordable housing, and this may be a way for the District to help with that shortage. He moved that the proposal be referred back to the Planning Committee for further discussion. Mr. Selby seconded the motion. Mr. Post requested that staff look at a rate structure, consistent from one municipality to another, on ground water usage. It was further requested that staff provide a comparison of permits issued according to income and total revenue from fees for additions.

7. Consideration of Bids - New Maintenance Facility Building:

Mr. Turner reported that on June 12, 1997 single and multi-prime bids were received for Phase 1 improvements to the Burlington site. He further reported that because the multi-prime bid was \$907.00 lower than the lowest single-prime bid, and since none of the bids were disqualified, the District is required by state law to proceed with the lowest multi-prime bid as follows: Cooper Enterprises, Inc., (General Contractor) with a total base bid of \$1,908,000.00; D.R. Walters Electric, (Electrical Contractor) with a total base bid of \$149,500.00; Pyatt Heating & Air, (Mechanical Contractor) with a total base bid of \$110,325.00, and McNutt Service Group, (Plumbing Contractor) with a total base bid of \$163,427.00. The total multi-prime base bid is \$2,331,252.00.

Mr. Turner presented information regarding the Adjusted Projected Construction Cost that includes: an additional site wall; additional warehouse area; fuel dock, and phase II site work, bringing the adjusted projected construction cost down to \$1,952,580.00 from the total base bid of \$2,331,252.00. He reported that the original projected construction cost was \$1,650,000.00. He also presented information regarding the Base Bid Less Cost Savings, and Phase I Improvements Building Cost Analysis. Mr. Slosman moved that the Board approve the multi-prime bids as presented. Mr. Pace seconded the motion. A discussion followed regarding the difference between a single-prime and multi-prime bid; how much savings the District will generate by adding its own fuel dock; whether Phase II site work should be deleted from the Phase I projected cost, and if there is enough unencumbered funds in the CIP budget to award the contract. With no further discussion, roll call vote was as follows: 11 Ayes; 0 Nays.

8. Consideration of Award of Construction Contract - Woodside Hills PSR:

Mr. Mull reported that the District has budgeted \$200,000.00 annually to rehabilitate and take over private sewer systems where there is a health hazard. He presented a map showing the location of the Woodside Hills Private Sewer Rehabilitation Project. He further reported that the cost of this project, in cooperation with the City of Asheville, is \$46,453.00, with a contingency of \$13,547.00, which is within the District's estimate and \$200,000.00 annual budget. A discussion followed regarding whether the project was bid separately; how much the City is spending on annexation extensions, and if this project is one that is listed in the Consolidation Agreement. With no further discussion, Mr. Selby moved that the Board approve the recommendation of staff and authorize reimbursement in the amount of \$46,453.00 to the City of Asheville for construction of Woodside Hills Private Sewer Rehabilitation and authorize \$13,547.00 as contingency as approved by the General Manager. Mr. Pace seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

9. Consideration of Total Facilities Energy Audit Contract:

Mr. Mull reported that proposals for a Total Facilities Energy Audit were solicited from engineering firms and reviewed by the District's Engineering Selection Committee. He further reported that of the seven (7) proposals received, two (2) firms were asked to make formal presentations. As a result, the Committee recommends the firm of Piedmont Olsen Hensley. He stated that following contract negotiations, staff recommends that the Board authorize the General Manager to execute the contract in the amount of \$74,400.00, which is included in the 1997/98 CIP budget. Mr. Casper expressed his concern regarding the structure of the contract and stated that any energy audit should be based on a pay as you save basis. Mr. Turner stated that the Scope of Services involves the entire process including potential capital investments that will

save the District money. Mr. Holcombe questioned whether any of the firms offered a guaranteed savings, and if solicitation was by published Request for Proposals, (RFP's). Mr. Turner stated that two of the firms gave an estimate on what they thought the audit was worth and that solicitation was by RFP. A lengthy discussion followed regarding the extent of the Scope of Services; type of audit; if the process accommodates the trend toward electrical deregulation incorporating the District's CP&L contract, and whether staff will assist in the process. Mr. Turner stated that the intent of the audit is process changes and modifications that will save energy and that staff will assist in providing the data to be analyzed. With no further discussion, Mr. Slosman moved that the Board approve the recommendation of staff. Mr. Joyner seconded the motion. Roll call vote was as follows: 7 Ayes; 4 Nays (Mr. Casper, Mr. Holcombe, Mr. Kelly and Mr. Selby)

Mr. Selby questioned whether the contract was considered at the committee level. Mr. Slosman stated that the concept of an energy audit was decided at the Board Retreat in February. Mr. Selby requested that this issue be referred to the appropriate committee for further consideration by those Members who have shown a concern. Mr. Mull concurred.

10. Consideration of Award of Bids for Vacuum Truck:

Mr. Mull reported that the following bid was received July 15, 1997 for a Pressure Cleaning/Vacuum Truck: Jet-Vac Sanitary Services, Inc. with a total base bid of \$168,098.00, which includes option items. He further reported that Public Works Equipment & Supply, Inc. submitted a bid, but because it was received two hours after the deadline, it was not considered. He stated that the Board approved staff's recommendation to replace one of three vacuum trucks purchased in 1991 following consolidation, and that funds are set aside in the Equipment Replacement Fund Budget. He further stated that the new truck will be smaller, making it easier for staff to maneuver, and that the Equipment Review Committee will consider the benefits of a small truck over a larger one prior to future replacements. A discussion followed regarding the costs of the original trucks; whether the existing truck will be sold; if the money from the sale will go back into the Equipment Replacement Fund, and the amount budgeted for the vehicle. With no further discussion, Mr. Holcombe moved that the Board award the bid to Jet-Vac Sanitary Services, Inc., subject to legal review. Mr. Slosman seconded the motion. Roll call vote was a follows: 11 Ayes; 0 Nays

11. Committee Reports:

a. Right of Way Committee - Mr. Selby

No further report.

b. Planning Committee - Mr. Slosman

Mr. Selby briefly discussed a proposal regarding the engagement of professional services for the District's rehabilitation program. Further consideration of this issue will be presented at the July 31 meeting of the Planning Committee.

Mr. Stevens presented a draft response to the City Manager's letter of June 27 for review and comment. Members requested that the following issues be addressed in the final draft: The District's method of financing for capital projects, with a request that these assumption be provided to the Board for review; clarification of the District's extension policy; the District's consideration of using more debt service financing; a reflection of the time involved in the creation of the

Consolidation Agreement and a factual reference to the Haw Creek and Highway 74 moratoriums. A discussion followed regarding the City's reference to the District's capital reserve funds. Mr. Joyner expressed his objection to the City Manager's reference to how wrong the District is in handling its funds. He also expressed his opinion with regarding to the statement concerning the District policy of no extensions. He stated that the Board does its utmost in handling the affairs of the District, with the best interest of the community and its rate payers in mind. With regard to item one (1.), paragraph two (2) of Mr. Westbrook's letter, Mr. Slosman stated that at no time did he say that the Board is looking at revising its policy in the area of economic development, but instead, that the District Board will always be open to innovative ways it can help. Mr. Stevens stated that he will revise the draft letter and forward a copy to each Member for final approval.

c. Personnel Committee - Mr. Sobol

No further report.

12. Unfinished Business:

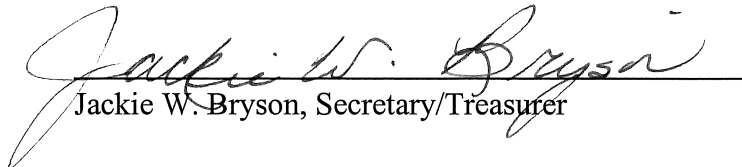
Mr. Joyner questioned when the Resolution, designating the French Board River as an American Heritage River, will be reconsidered. Mr. Mull stated that Ms. Cragolin, Director of RiverLink, will make a presentation at the August meeting of the Board.

13. New Business:

No further business

14. Adjournment:

With no further business, Mr. Slosman moved for adjournment at 3:50 p.m. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.



Jackie W. Bryson, Secretary/Treasurer