

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT**  
**JANUARY 14, 1998**

**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, January 14, 1998. Chairman Casper presided with the following members present: Bryson, Graham, Kelly, Pace, Selby, Slosman, Sobol and Post. Mr. Joyner was absent.

Others present were: W. H. Mull, General Manager, William Clarke, MSD Attorney, Barbara Field, with the City of Asheville, Danny Bridges of McGill Associates, Inc., Con Dameron and William Langdon of William Langdon & Associates, Ginny Liles representing the League of Women Voters, Patti Beaver of CIBO, Jim Fatland and Sondra Honeycutt, MSD.

Mr. Casper welcomed Ms. Barbara Field, representing the City of Asheville and announced the appointment of Mr. Steve Aceto, representing the Town of Montreat. He also announced the resignation of Mr. Michael Holcombe, with the City of Asheville, due to a residency requirement. Mr. Sobol asked for a clarification on this requirement. Mr. Clarke stated that the Statutes say that Board Members must be a qualified voter and a resident of the political subdivision which appoints them.

**2. Approval of Minutes of the December 17, 1997 Meeting:**

Mr. Slosman moved that the Board approve the minutes of the December 17, 1997 meeting as presented. Ms. Bryson seconded the motion. Voice vote was unanimous in favor of the motion.

**3. Consideration of Award of Bid for Construction - Lake Julian Pump Station:**

Mr. Mull presented a letter from David R. Payne, Attorney representing Arden Presbyterian Church, granting the MSD an easement for the purpose of construction in relation to the Lake Julian pump station. He reported that the SESSION unanimously voted not to grant a permanent easement, however, agreed to allow MSD to cross the lower part of the church property on a temporary basis construct and service the pump station and to give a six months notice should they wish to terminate the privilege. He further reported that staff recommends award of the contract to R.T. Construction Company, Inc. in the amount of \$287,450.00 for Alternate "B + C", with a contingency of \$29,000.00. A discussion followed regarding Alternate "B + C" and what it represents; whether a right of way was obtained from CP&L, and how long the MSD has used the church parking lot for access to the pump station. Mr. Selby moved that the Board approve the recommendation of staff. Mr. Slosman seconded the motion. Mr. Selby requested that a letter be drafted to the SESSION expressing the District's appreciation for their cooperation in resolving this issue. There being no further discussion, roll call vote was as follows: 9 Ayes; 0 Nays.

**4. Consideration of Consolidated Office Facility:**

Mr. Mull presented a letter from Mr. Casper stating his reasons for not approving the CP&L renovation at this time and a memorandum from Mr. Clarke regarding the possible use of tax credits. In addition, he presented a corrected copy of the Planning Committee minutes of December 31, 1997.

Mr. Casper stated that the purpose of his letter is to counter the Planning Committee's recommendation as follows: to proceed with consolidation and construction/renovation of an office facility utilizing the CP&L building, with a thorough review of the plans and square footage of the building and costs to be carefully scrutinized and justified by the Board. He recommended that the Board postpone voting on this issue due to its importance and because he feels the new Board should make the final decision. Mr. Pace stated that he felt the vote on this issue should not be postponed and that the decision should be made by the current Board. Ms. Graham stated that she did not feel comfortable voting on this issue without better information. Mr. Kelly suggested that the Board take time to hear the pro and con views of Mr. Slosman and Mr. Casper on this issue.

Mr. Slosman stated that in his opinion the District would operate more efficiently by being in one location. He further stated that the District will realize a savings by reducing total personnel needs by three (3) full time positions and obtaining rental from the Administration building. In addition, he felt the District will be giving something back to public by renovating an historic building.

Mr. Casper agreed that the District needs more space, but felt that the addition of a 34,000 square foot office facility to accommodate staffing needs through the year 2050, is overbuilding. He stated that the District is building in growth that may or may not occur and paying for it with 1998 dollars. He further stated that he felt the projection of leasing the Administration building at less than fair value, while replacing it with a project at current construction costs for possible future needs, is unfair to the rate payers. He suggested that the District consider renovating half of the CP&L building now and revisit the total square footage needs. He stated that other reasons for not approving the CP&L renovation includes the need for at least \$33,000,000 in debt financing for sewerline construction; a declining or flat domestic revenue growth; a declining industrial revenue growth, and a 3 to 4% growth in administrative costs. Mr. Slosman stated that aside from the issue of efficiency, renovating half of the CP&L building, would cost more per square foot.

Mr. Selby stated that because the Board, through the Planning Committee, staff recommendations, and Architectural presentations have made a serious effort to be thorough in its decision to proceed, he strongly recommends that the Board not spend the time to reevaluate space needs. He further stated that the Planning Committee's recommendation provides for a thorough review of the plans, operational costs and square footage of the building and, if the Board does not give approval to proceed, he will propose a review of all building structure needs including the Alkaline Stabilization facility. Mr. Pace asked for a clarification on the use of the facility as a backup to incineration. Mr. Mull gave a brief overview of the process and reported that when the incinerator is down for repair or maintenance (approximately 10 weeks annually) the Alkaline Stabilization facility is utilized as a backup since the lagoon is full and can no longer be used. Several questions were asked regarding how long it will take to complete the plans for renovation of the CP&L building; the total cost of design and development and future square footage needs.

Mr. Dameron stated that if plans for the CP&L building are approved, completion of the plans for bid will take approximately ten (10) weeks and with no significant changes, architectural fees will be in the 8-1/2 percent range. With regard to square footage needs, he stated that currently 50 employees will occupy the facility, and that long-range, the plan will accommodate 64 employees and 75 with a 6,000 square foot expansion. Mr. Pace stated that in his opinion the

Architects have done a good job in estimating total square footage needs, and that cost estimates for the CP&L building are more solid than the numbers for the other alternatives.

Mr. Sobol stated that another issue for consideration is operational costs. Following a brief discussion regarding these costs, Mr. Selby moved that the Board approve the recommendation of the Planning Committee. Mr. Kelly seconded the motion. Mr. Casper recommended that the Planning Committee bring all relevant information regarding this issue to the attention of the Board at the next meeting. Mr. Selby stated that because the motion does not address funding or alternative ways of reducing construction costs, these issues need to be considered by the Finance Committee. Ms. Graham asked for a clarification on the motion. Mr. Selby stated that the motion will allow for completion of the plans; justification of space requirements; create a budget for operating costs and finalize funding recommendations. Mr. Dameron stated that there has been no lack of thorough planning, research and programming and suggested that each Member of the Board receive a copy of the study which represents over a year of planning. Following a brief discussion regarding cost estimates, roll call vote was as follows: 6 Ayes, 3 Nays (Mr. Casper, Ms. Graham and Mr. Sobol).

**5. Consideration of Award of Bid for Replacement Vehicles:**

Mr. Mull reported that because of pricing delays from the manufacturer no bids were received and will not be considered at today's meeting. A discussion was held regarding the number of vehicles and whether 1998 vehicles were specified.

**6. Committee Reports:**

**Planning Committee**

No further report.

**Personnel Committee**

Mr. Sobol requested that before adjournment, the Board go into closed session to discuss personnel matters.

**7. Unfinished Business:**

Mr. Casper requested that Board Members consider volunteering to serve on the following Committees to fill vacancies resulting from new appointments: Finance, Planning and Personnel.

**8. Old Business:**

None

**9. New Business:**

**a. Consideration of Resolution for R.L. Cunningham:**

Mr. Mull presented a Resolution for R. L. Cunningham in appreciation of 30 years of dedicated service to the District. With no discussion, Mr. Slosman

moved that the Board approve the Resolution as presented. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.

**b. Domestic User Charge Revenue Analysis:**

Mr. Mull presented a revised copy of Exhibit "A" of MSD's Domestic Sewer Charge Revenue for Fiscal Year 1993/94 through 1996/97. He stated that the 1996/97 revenue for the City of Asheville is \$11,703,842 instead of \$11,312,671. He further stated that because the previous report showed a decline in revenue for 1996/97, staff analyzed the City of Asheville's revenue on both an accrual and cash basis and found that the revenue on a cash basis for 1996/97 totaled \$11.6 million, while the accrual basis showed \$11.3 million.

Mr. Fatland reported that the revenue was collected by the City of Asheville and forwarded to the MSD, however, the error occurred on the confirmation sheet to the Auditor in August which showed accrual revenue as \$400,000 instead of \$800,000. He explained the process for reporting revenues and the amounts not billed to the Auditor. He stated that as a result of staff's investigation, the following two issues surfaced: Revenues shown by the City as a decline were not correct, and secondly, the possibility that revenues may be higher. He further stated that staff will be working with the City to resolve this issue.

Mr. Casper asked how the District will resolve the issue of the approximate 4,300 accounts that were not billed by the City in December 1996 and January 1997 and the amount that will be owed to the District as a result. Mr. Fatland stated that staff is awaiting a response from the City Water Department on discrepancies discovered during review of billing data reports, and if these accounts were not billed, the City will owe the District approximately \$150,000. Mr. Slosman asked whether the City is responsible for loss of revenue since they are the billing and collecting agent for the District. Mr. Fatland stated that this is an item for consideration by the Board.

In a related issue, Mr. Slosman asked if the list of 1,600 water accounts provided by the City, that were not being served with sewer, are part of the 4,300 accounts that were not billed. Mr. Mull stated that following an investigation by staff, approximately 500 of the 1600 accounts have been added back on to the Asheville billing system, but the 4,300 unbilled accounts is a separate issue. Mr. Fatland stated that staff will be working with City staff to reconcile collections on a monthly basis. A discussion was held regarding the amount the District pays the City to bill sewer accounts; changes in the minimum charge per ccf; whether the Auditors will redo the financial statements because of errors by the City, and why Henderson County is showing a decrease in revenue. Mr. Mull suggested that in the future municipalities report not only the number of customers, but show cash and accrued revenues separately.

In other business, Mr. Selby asked about the status of legislation which would make it easier to expand the District's boundaries to include areas outside the District where the District's currently providing service. Mr. Clarke reported that a Bill was introduced in the Senate, but did not pass. Mr. Selby requested that the Board consider a resolution in support of Representative Wilma Sherrill's Bill, when finalized, to place a moratorium on involuntary annexations by the City of Asheville for a period of two years. Mr. Casper asked that Mr. Selby

present his views in a written statement as to why he thinks the District should support a positive resolution. Ms. Field stated that it's her understanding that if the May session of the General Assembly is short, the Bill will not be considered if it's a local Bill and one that is controversial. She further stated that the City of Asheville and City Council will oppose the Bill, therefore she did not feel it will get very far. As a matter of clarification, Mr. Selby stated that the State Legislative body ruled that if this is a unanimous local Bill then it is not controversial. Mr. Slosman cautioned the Board not to get involved in politics, but to stay as neutral as possible. Mr. Pace agreed. Ms. Graham stated that unless this issue directly affects the District's efficient operation, it should not get involved. Mr. Selby argued that if the Bill passes, it is for the purpose of a study and that the District has the resources to contribute and should be open to Legislative activities that affect it.

Regarding the proposed Administration building, Mr. Mull asked how the Board plans to proceed. The Board directed the Architects to come back with a design contract.

Mr. Casper expressed his appreciation to Mr. Post and Mr. Slosman for their service on the District Board.

At 3:35 p.m. Mr. Kelly moved that the Board go into closed session to consider personnel matters. Mr. Slosman seconded the motion. Voice vote was unanimous in favor of the motion.

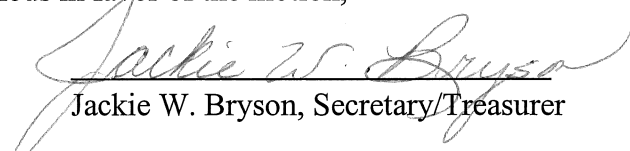
At 4:18 p.m., the Board reconvened the regular meeting.

Mr. Sobol moved that the Board approve a 3% pay increase and 1% merit increase for the General Manager. Ms. Graham seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays.

Mr. Mull reported that during the flood event, three after hour crews answered 216 calls; the District bypassed approximately 5 million gallons of wastewater from the treatment plant; approximately 5 million gallons from overflowing manholes in sewer lines and dispatched the vacuum truck to Bakersville to clear debris from their interceptor sewer.

**10. Adjournment:**

At 4:30 p.m. Mr. Pace moved for adjournment. Mr. Slosman seconded the motion. Voice vote was unanimous in favor of the motion,

  
Jackie W. Bryson, Secretary/Treasurer