

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
AUGUST 19, 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, August 19, 1998. Chairman Selby presided with the following members present: Aceto, Bryson, Casper, Field, Graham, Joyner, Pace, Sobol and Spell. Mr. Kelly was absent.

Others present were: W. H. Mull, General Manager, John S. Stevens, General Counsel, Ron Lawson and Chip Smith of Arcadis Geraghty & Miller, Gary McGill and Danny Bridges of McGill Associates, Patti Beaver with CIBO, Mark Barrett with the Asheville Citizen-Times, Virginia Liles with the League of Women Voters, Jim Fatland and Sondra Honeycutt, MSD.

2. Approval of Minutes of July 15, 1998 Meeting:

Mr. Casper moved that the minutes of the July 15, 1998 meeting be approved as presented. Mr. Joyner seconded the motion. Voice vote was unanimous in favor of the motion.

3. Consolidated Motion Agenda:

a. Consideration of Proposal for Phase II, Major Rehabilitation Program:

Mr. Mull reported that the Planning Committee recommends entering into an agreement with Arcadis Geraghty & Miller in accordance with the proposal for an amount not to exceed \$497,00.00, contingent upon MSD Attorney review and approval.

b. Consideration of Bids for Miscellaneous Sewer Rehabilitation Projects - Trinity Chapel/Sevier Street.

Mr. Mull reported that the following bids were received August 6, 1998 for the Trinity Chapel Road/Sevier Street Sanitary Sewer Rehabilitation: Wheeler Construction with a total base bid of \$281,350.00; Buckeye Construction with a total base bid of \$290,323.26; T&K Utilities with a total base bid of \$297,343.00; Hobson Construction with a total base bid of \$304,168.50 and Steppe Construction with a total base bid of \$333,410.00. He further reported that staff recommends that the District award the bid to Wheeler Construction Company in the amount of \$281,350.00, with a contingency of \$43,000 (15%) and contingent upon attorney review and approval. He stated that following review of the bids and bid documents, the MSD Attorney has given approval to award the contract to Wheeler Construction Company.

c. Consideration of Bids for Miscellaneous Sewer Rehabilitation Project - Carson Creek:

Mr. Mull reported that the Carson Creek project was re-advertised with the following bids received July 9, 1998: Wheeler Construction with a total base bid of \$189,523.00, an Alternate #1 bid of \$27,075.00 and an Alternate #2 bid of \$34,600.00, and Ronnie Ledford Utilities with a total base bid of \$145,331.99, an Alternate #1 bid of \$16,196.50 and Alternate #2 bid of \$44,194.58. He stated that the Alternate #1 bid is for open cutting a section at Turtle Creek Apartments; Alternate #2 bid is for pipe-bursting this same section, and that the bids are well within the budgeted

amount of \$230,000.00. He further reported that staff recommends that the District award the contract to Ronnie Ledford Utilities in the amount of \$145,331.00, utilizing Alternate #2 in the amount of \$44,194.58, for a total of \$189,525.58, contingent upon attorney review and approval. Additionally, staff recommends a contingency of \$29,000 (15%).

d. Acceptance of Developer Constructed Sewer Systems:

1. Burnside Phase II @ Biltmore Park:

Mr. Mull reported that construction included installation of 1,900 linear feet of 8" sanitary sewer pipe at an approximate cost of \$89,000. He further reported that staff recommends acceptance of the developer constructed sewer system and that all MSD requirements have been met. Also, as with all portions of the Biltmore Park development, annexations by the City of Asheville must continue in a timely manner. He presented a map showing the location of the sewer system.

2. Transitional Housing at Eliada Home:

Mr. Mull reported that the project is located on Compton Road off Leicester Highway and construction included installation of 441 linear feet of 8" sanitary sewer pipe at an approximate cost of \$10,515.00. He further reported that staff recommends acceptance of the developer constructed sewer system. He presented a map showing the location of the sewer system.

e. Consideration of Compensation Chart - North Swannanoa Phase II, Section 2.

Mr. Mull reported that the Right of Way Committee recommends acceptance of the Compensation Budget in the amount of \$244,895.00.

f. Consideration of Construction without Easement - Wilmington Street MSR:

Mr. Mull reported that the Right of Way Committee recommends proceeding with construction of the Wilmington Street project based upon prescriptive easement rights.

g. Consideration of Quarterly Investment Report 6/30/98:

Mr. Mull reported that the average rate of return for all investments is 5.78% and staff recommends that the Board receive and file the Investment Report for the fourth quarter ended June 30, 1998.

h. Consideration of Annual Chlorine Bid:

Mr. Mull reported that the following bids were received August 12, 1998 for Chlorine: Prillaman Chemical Corporation with a total base bid of \$451.00 per ton; Jones Chemical with a total base bid of \$249.00 per ton, and PB&S Chemical with a total base bid of \$346.00 per ton. He further reported that staff recommends that the contract be awarded to Jones Chemical (the District's current supplier) for one year at a unit price of \$249.00 per ton to be delivered upon request.

Regarding item a. (Phase II Major Rehabilitation Program) Mr. Casper asked how much of the \$4 million project costs is scheduled for consultant fees and how much for construction. Also, what was included in Phase I. This item was pulled for further discussion.

Regarding item b. (Trinity Chapel and Sevier Street) Mr. Spell questioned staff's experience with Wheeler Construction as far as being a responsible bidder. Mr. Selby stated that although the District had problems in the past, Wheeler was able to rectify these.

With regard to item c. (Carson Creek) Mr. Mull stated that although Ronnie Ledford Utilities has never done work for the District, they received an excellent reference from the Buncombe County School Board.

Regarding item d. (Developer Constructed Sewer System - Burnside Phase II), Mr. Joyner questioned the wording with regard to annexations by the City of Asheville. Mr. Mull stated this wording is included because the area is outside the District and must be annexed before it can be taken over for maintenance.

With no further discussion, Ms. Graham moved that the Board approve items b,c,d,e,f,g,h, of the Consolidated Motion Agenda. Mr. Pace seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

Regarding item a. Mr. Selby reported that the Planning Committee heard a presentation by Mr. Mark Lethbridge of Arcadis, based on the findings of Phase I of the Major Rehabilitation Program. He stated that staff initiated an infiltration/inflow (I&I) study with a recommendation that a basin be selected for a rehabilitation effort. In order to determine a basin, Arcadis was contracted to assess information from several basins and select one to be used as a Pilot Basin for Phase II of the program. Mr. Selby further reported that Phase II of the program is to initiate I&I repair on the Pilot Basin, retain the services of Arcadis and proceed. Mr. Mull stated that part of the process in proceeding with Phase II is to determine how much of the work will be done in-house; how much by the consultant and how much equipment should be purchased for line cleaning, rehab work, etc. He further stated that the Biltmore/London Road basin was selected as the Pilot project based, on information provided by the District's GIS System and data from the Water Authority. Also, the 13 mini basins encompass 21.20 square miles (61% inside the City); 12,628 sewer parcels (84% inside the City) and 1,041,356 lineal feet of sewer line (85% inside the City).

Mr. Selby presented a cost breakdown of the Arcadis proposal as reported in the Planning Committee minutes, which includes \$367,000 for Engineering Services and \$130,000 for Preventative Maintenance Cleaning; both based on time and expense. He stated that the proposal is a two-fold intention; first to help develop a Preventative Maintenance Program and second, a basin-by-basin approach for I&I repair. Mr. Casper asked for a clarification on the project budget of \$14,164,000.00. Mr. Mull stated that the Pilot Basin project is \$4 million and that the remaining \$10 million are engineering and construction costs through the year 2000. He further stated that the cost to do the entire system is approximately 300,000,000. Mr. Casper asked what the cost was for Phase I. Mr. Mull stated that the cost for Phase I was approximately \$84,000.00 and gave a brief overview of the work done and related background information regarding the SSES Study done in the 70's. Mr. Selby referred to the Sewer Master Plan prepared by Hendon Engineering and stated that what the District is looking at is an annual expense for Maintenance and basin-by-basin rehabilitation.

A discussion followed regarding the Engineering Services and what is included. Mr. Aceto requested that Arcadis address the topic of Hydraulic Modeling.

Mr. Ron Lawson of Arcadis gave a brief overview of Phase I work. He explained that of the sixty-nine (69) basins identified thirteen (13) were selected as priority basins. It was estimated that the cost to rehabilitate the priority basins is approximately \$90 million over a period of eight to ten years. He further explained that the Pilot Basin will be used to explore various rehab techniques (trenchless, open trench, etc.), and from what is learned, they will be able to project costs for future years.

Mr. Lawson reported that in Phase II, they are recommending the development of a Hydraulic Model for the entire system, which will be used to evaluate the results of future rehabilitation. Mr. Casper asked what percent of the \$300 million project will be used for engineering fees, and the cost of the Pilot Project. Mr. Lawson stated that the engineering fee alone is in the range of 5-7%, but for design through construction up to 10%. He further stated the estimated cost of the Pilot Project is \$1.8 million. A discussion followed regarding the Major Rehabilitation Preventative Maintenance cost of \$1.5 million and whether all 69 basins were ranked. Mr. Lawson explained that the basins were ranked and costed out according to severity and impact problems. He stated that as a part of Phase II some way of storing and retrieving data will be necessary since flow-monitoring information will be fed into the model on a continuing basis. A brief discussion followed regarding the qualifications of Arcadis; McGill Associates involvement in the project and use of existing flow monitoring stations.

Mr. Sobol stated that because of the importance of this project and since EPA is enforcing Sewer System Overflows (SSO's), it seems that they would be interested in helping municipalities out and addressing this problem without having to go back through a learning curve. He asked if the Planning Committee could address how this is being revised and also present this to the Congressman as a funding mechanism; since what the District is developing could be used as a model nationwide. Mr. Selby stated that this is a pro-active response to EPA's enforcement of SSO requirements and feels that pursuing funding alternatives is worth consideration.

Ms. Field stated that in talking to Mr. Wayne McDevitt, Secretary of the North Carolina Department of Environment and Natural Resources, he stated that if the District does not have a program in place, and has a serious problem, it will have more trouble with EPA than communities who do have a program. Also, he stated that "once we set a schedule of what we're going to do, if you are behind schedule in implementing your plan to fix your system, and there is a problem, they will look upon that very negatively." Therefore, what the District needs to do is to make sure that what it's doing is right and do it in the time frame as planned. Mr. Lawson reported that EPA has identified several major cities they will be notifying regarding SSO's and watersheds. Ms. Field stated that this program needs to be done in a reasonable effective timely way and have the engineering data behind it to do it right. Mr. Smith of Arcadis stated that the model being developed is unique to this Sanitary Sewer System and would not be applicable to other areas. Mr. Selby asked what the schedule is for this program. Mr. Lawson stated that except for the pilot basin rehab, completion is expected by the end of this fiscal year. With no further discussion, Mr. Sobol moved that the Board approve the recommendation of the Planning Committee. Ms. Field seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

4. Committee Reports:

Planning Committee

Mr. Selby reported that in addition to the Arcadis proposal, the Planning Committee discussed replacement of the influent bar screens; future treatment plant sites and heard reports on the District's Geographic Information System and Developer Constructed Sewer Systems.

Regarding future treatment plant sites, Mr. Mull reported that a couple of sites upstream were investigated. One of the sites was the Cranston Print Works Wastewater Treatment facility, which staff felt would not benefit the MSD. The other site, constructed by American Enka, was located on the non-preferred side of the French Broad River, is rocky and steep, but has potential

Mr. Selby appointed Mr. Aceto to serve as Chairman of the Planning Committee.

Right of Way Committee

Mr. Pace stated that there is no further business, but requested that the Chairman appoint Mr. Spell to serve as an official member of the Committee.

Mr. Selby appointed Mr. Spell to serve on the Right of Way Committee.

Personnel Committee

Mr. Sobol reported that the Committee considered the semi-annual evaluation of the General Manager and requested that the Board go into closed session to discuss this issue prior to adjournment.

Mr. Casper asked what the status is of the Deputy General Manager of Operations position. Mr. Mull reported that the background check is complete and that the position will be filled by mid September.

5. Unfinished Business:

a. Interim Report on Population Requirement:

Mr. Stevens presented a memorandum regarding the District Population/Board Representation. He reported that the law that authorizes the District provides for representations from members of the geographical entities or the corporate entities in the county. He stated that under that statutory framework, the County appoints three (3) members to the Board, because the County Commissioners serve as trustees of parts of the District that lie outside the City limits. He further stated that the Statute says that every incorporated entity appoints a member to the Board. It goes on to say "if any city or town within the District shall have a population, as determined from the last decennial census, greater than that of all other political subdivisions (other than counties) and unincorporated areas within the district, the governing body of any such city or town shall appoint three members." Therefore, under these criteria in the past, the City of Asheville is entitled to three appointees. As a result, he was asked to look, based on the 1990 census, if this condition still existed.

Mr. Stevens further reported that according to the 1990 Census, Asheville has a population of 61,607 and all other political subdivisions

within Buncombe County a population of 12,281 for a total of 73,888. In order to determine the number of persons living in Buncombe County, but not in incorporated areas, the population of the incorporated areas (73,888) was subtracted from the total Buncombe County population (174,281) leaving a total of 100,933. The next step was to determine how many of 100,393 persons living in the County were living in those unincorporated areas of the County within the Metropolitan Sewerage District in 1990. He presented population maps obtained from the State Board of Elections in Raleigh, which are used for redistricting and are broken down by Blocks. He stated that using this information the computer calculated the District's population at 122,613. The population of the incorporated areas of the District (73,888) was then subtracted from this figure, leaving a balance of 48,725. He further stated that when adding the 48,725 (people living in unincorporated areas within the District boundary) to 12,281 (people living in political subdivisions other than counties or the City of Asheville within the District) gives a total of 61,006.

As a result of the above calculations the City of Asheville's population as of the 1990 Census was 61,607, therefore, the City continues to have a population slightly greater than that of all other political subdivisions within the District and is entitled to appoint three members to the District Board. He pointed out further that because Census blocks cross District lines, it is certain that the difference is actually greater than the 601 calculated. The current population figure for the City of Asheville is believed to be just over 68,000.

b. Status of Appropriations Bill:

Mr. Selby reported that in conversations with Congressman Taylor's office he was told that the dynamics of the federal appropriations process is that the District is still in the running. He further reported that there is a funding opportunity; Congressman Taylor has the District's request on appropriations that is going to Committee for the two (2) appropriation Bills to reconcile, one in the House and one in the Senate. Also, Congressman Taylor's office said that he and Senator Faircloth are both on the same Committee looking at the reconciliation process for a bill that includes an appropriation for the District.

6. Old Business:

a. Status of Proposed Meeting with Secretary Wayne McDevitt:

Mr. Selby asked if the Board wants to meet with Mr. McDevitt on a formal or informal basis and when. Ms. Field stated that the Board should meet with him formally to hear his comments on what some of the new initiatives are and how these might affect the District's planning process. Mr. Aceto moved that the Board have a called meeting at Mr. McDevitt's convenience. Ms. Field seconded the motion. Voice vote was unanimous in favor of the motion.

c. Status of Request by Cane Creek Water & Sewer District (CCWSD) with Regard ITT:

Mr. Casper questioned the status of a request by CCWSD with regard to ITT. Mr. Mull reported that this issue has been resolved and ITT has been billed for the facility fee. However, the bill has not been paid as of today.

d. Asheville Greenways Master Plan:

Ms. Field reported that she received a letter from the Trust for Public Land thanking the Board for allowing them to present the Asheville Greenways Master Plan at the July 15 meeting. She further reported that a copy of the Greenways Master Plan was enclosed and it was requested that the Board consider adoption once it is complete. Mr. Selby suggested that this issue be directed to the Right of Way Committee.

7. New Business:

a. Request for Qualifications for Underwriters for Proposed Revenue Bond Issue:

Mr. Mull presented a memorandum from Mr. Fatland regarding the proposed revenue bond financing. He reported that the District currently has \$54,879,844 in outstanding revenue bonds. The annual interest expense this past year was \$3,316,969, which reflects 6.04% of the outstanding long-term debt. He further reported that included in the outstanding long-term debt is the potential to advance refund \$9,515,000. In addition, there will be a need for additional construction funds. Therefore, Mr. Fatland recommends that the Board authorize staff to issue request for qualifications (RFQ's) for underwriters and present this information to the Finance Committee/Board for approval. Mr. Selby suggested that the Finance Committee meet to assemble an underwriting team as the Board anticipates CIP funding needs in October. He requested that Mr. Casper, as Chairman of the Finance Committee, look at this issue, assemble the underwriting team and come up with a recommendation. Also, he requested that the Finance Committee look at any changes to the Bond Order. Mr. Aceto asked whether RFQ's for Bond Counsel would be considered at the same time. Following a brief discussion, Mr. Selby requested that the Committee consider this issue as well.

Regarding the Construction Fund Cash Flow, Mr. Mull reported that during the months of July and August the District expended \$1.8 million (88%) of the budgeted amount. He stated that prior to the October meeting a chart would be developed showing CIP expenditures.

b. Committee Member Status:

Mr. Selby requested that changes to the structure of Committees be updated to reflect the appointment of Mr. Aceto as Chairman of the Planning Committee and Mr. Spell to the Right of Way Committee. He further requested that he be notified prior to the September meeting if any Member is interested in serving on a particular committee.

In other business, Mr. Joyner stated that in the past the Board has made an effort to stop micro managing. It was understood that Board Members would not have individual contact with members of the staff without going through Mr. Mull. However, some Board Members have gotten over the attitude of distrust and lack of sympathy for the efforts of the General Manager. He further stated that in the past some Board Members felt they should get directly involved in matters that staff is trying to accomplish, which in his opinion should not be done. He suggested that it would be worthwhile to discuss the duties of a Board Member as to what they should or should not be getting involved in on a personal basis. Mr. Selby questioned whether the By-laws have been reviewed by Members of the Board. He suggested that a discussion be held on Board etiquette

at the September meeting. A discussion was held regarding Member orientation and responsibility with regard to staff and public input.

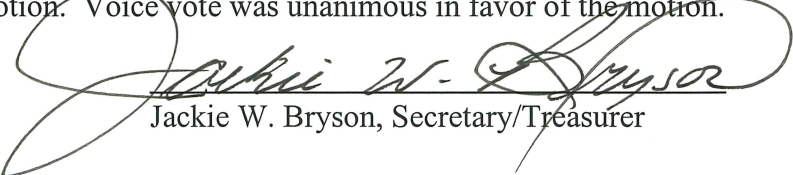
At 4:12 p.m. Mr. Aceto moved, pursuant to North Carolina General Statute 143-318.11 (a) (6), that the District Board go into closed session to consider the performance of the General Manager as part of the Board's annual evaluation of the General Manager. Ms. Bryson seconded the motion. Voice vote was unanimous in favor of the motion.

At 4:45 p.m., the regular meeting of the Board was reconvened.

Mr. Sobol moved that the Board revise the Incentive Agreement adopted for the General Manager in that the following sentence be deleted from page 2, final paragraph, sixth line "however the District will not pay for her insurance coverage after the date the General Manager reaches 65 years of age for a maximum of five years", and substitute with, "the District will pay the cost of the spouse insurance until age 65." Roll call vote was as follows: 10 Ayes; 0 Nays.

8. Adjournment:

With no further business, Mr. Casper moved for adjournment at 4:55 p.m. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.


Jackie W. Bryson, Secretary/Treasurer

RESOLUTION

RESOLUTION APPROVING THE ACQUISITION OF THE SEWERAGE SYSTEM FACILITIES OF BURNSIDE PHASE II at BILTMORE PARK

WHEREAS, the Metropolitan Sewerage District ("District") has been asked to acquire the sewerage system facilities constructed to serve Burnside Phase II at Biltmore Park located off Burnside Drive, Buncombe County, North Carolina, and more particularly described on a plat bearing an initial date of July 7, 1998, prepared by Webb Morgan & Associates, PA and recorded in the Office of the Register of Deeds for Buncombe County, in Plat Book 68 at Page 192;

WHEREAS, the District Board is bound by certain covenants in its Bond Order and cannot acquire additional sewerage system facilities unless such provisions are satisfied;

WHEREAS, the District Board has determined that the sewerage system facilities serving Burnside Phase II at Biltmore Park are not subject to any lien or other encumbrance which is materially adverse;

WHEREAS, the District Board has determined the acquisition of the Burnside Phase II at Biltmore Park sewerage system and the responsibility to operate and maintain it will preserve and maintain the public health and welfare within the District;

WHEREAS, Biltmore Farms, Inc. has tendered appropriate instruments transferring complete ownership of the system to the District and delegating to the District the responsibility for operation and maintenance;

WHEREAS, the appropriate instruments have been prepared and executed by Biltmore Farms, Inc. and have been duly recorded;

WHEREAS, the District has determined that it has reasonable access to and over related public rights of way and easements necessary to operate and maintain the system;

WHEREAS, the District Board has determined that adequate funding will be available for the acquisition and for the operation and maintenance of the system and that the District Board will have the authority to determine the need and priority for the operation and maintenance, improvement and reconstruction of the additional sewerage system facilities.

BE IT NOW HEREBY RESOLVED: The District Board of the Metropolitan Sewerage District hereby accepts the Burnside Phase II at Biltmore Park sewerage system together with all easements therefor, said sewerage system being more particularly described on a plat map dated July 7, 1998 prepared by Webb Morgan & Associates, PA, recorded in Plat Book 68 at Page 192, Buncombe County Registry.

This the 19th day of August 1998.

METROPOLITAN SEWERAGE DISTRICT OF
BUNCOMBE COUNTY, NORTH CAROLINA

By: 
Chairman

ATTEST:


Secretary

RESOLUTION

RESOLUTION APPROVING THE ACQUISITION OF THE SEWERAGE SYSTEM FACILITIES OF ELIADA HOME (TRANSITIONAL HOUSING)

WHEREAS, the Metropolitan Sewerage District ("District") has been asked to acquire the sewerage system facilities constructed to serve the Eliada Home Transitional Housing facility located off Leicester Highway and Eliada Home Road, Asheville, North Carolina, and more particularly described on a plat bearing an initial date of September 26, 1997, prepared by Ray E. Anders & Associates, Inc., P.A. and recorded in the Office of the Register of Deeds for Buncombe County, in Plat Book 68 at Page 81;

WHEREAS, the District Board is bound by certain covenants in its Bond Order and cannot acquire additional sewerage system facilities unless such provisions are satisfied;

WHEREAS, the District Board has determined that the sewerage system facilities serving Eliada Home Transitional Housing are not subject to any lien or other encumbrance which is materially adverse;

WHEREAS, the District Board has determined the acquisition of the Eliada Home Transitional Housing sewerage system and the responsibility to operate and maintain it will preserve and maintain the public health and welfare within the District;

WHEREAS, Eliada Homes, Inc., Letcher R. Beatty and Sara M. Beatty White have tendered appropriate instruments transferring complete ownership of the system to the District and delegating to the District the responsibility for operation and maintenance;

WHEREAS, the appropriate instruments have been prepared and executed by Eliada Homes, Inc., et al and have been duly recorded;

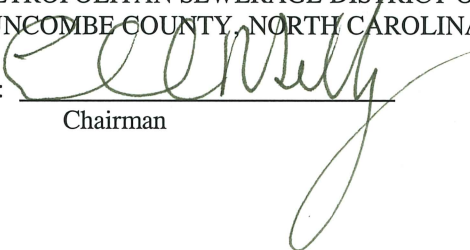
WHEREAS, the District has determined that it has reasonable access to and over related public rights of way and easements necessary to operate and maintain the system;

WHEREAS, the District Board has determined that adequate funding will be available for the acquisition and for the operation and maintenance of the system and that the District Board will have the authority to determine the need and priority for the operation and maintenance, improvement and reconstruction of the additional sewerage system facilities.

BE IT NOW HEREBY RESOLVED: The District Board of the Metropolitan Sewerage District hereby accepts the Eliada Home Transitional Housing sewerage system together with all easements therefor, said sewerage system being more particularly described on a plat map dated September 26, 1997 prepared by Ray E. Anders & Associates, Inc. and recorded in Plat Book 68 at Page 81, Buncombe County Registry.

This the 19th day of August 1998.

METROPOLITAN SEWERAGE DISTRICT OF
BUNCOMBE COUNTY, NORTH CAROLINA

By: 
Chairman

ATTEST:


Secretary