

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT  
OCTOBER 21, 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, October 21, 1998. Chairman Selby presided with the following members present: Aceto, Blackburn, Field, Joyner, Kelly, Pace, Sobol and Spell. Ms. Bryson and Ms. Graham were absent.

Others present were: W. H. Mull, General Manager, John S. Stevens, General Counsel, Gary McGill of McGill Associates, Dewayne Brown of Vaughn & Melton, Beth Lazer with the League of Women Voters, Patti Beaver of CIBO, Jim Fatland, Tom Hartye, John Kiviniemi, and Sharon Walk, MSD.

**2. Approval of Minutes of September 16, 1998 Meeting:**

Mr. Pace moved that the minutes of the September 16, 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. Disposal of Used Laboratory Equipment:**

Mr. Mull reported an offer was received from Montreat College to purchase the District's used laboratory equipment (Hewlett Packard GC/MS Instrument) in the amount of \$9,000. He further reported that because the College needs time to raise funds for this equipment, they proposed the following three-year payment schedule: October, 1998 \$1,000; October, 1999 \$3,000 and October, 2000 \$5,000, with ownership passed to Montreat College in October 1998. He stated that following review of the proposal, the District's legal counsel recommends acceptance of the offer subject to compliance with General Statute 160A-266, which requires publication of the Board's approval of the Private Negotiation and Sale. The sale would not be consummated until ten (10) days after the publication of the Board Approval. The District's staff is ordered to comply with the above after receipt of the "Consultant of Record's" approval to dispose of the equipment.

**b. Consideration of Bids for N. Swannanoa, Phase II, Section 1B:**

Mr. Mull reported that the following bids were received and opened October 15, 1998 for the North Swannanoa Interceptor, Phase II, Section 1B using Alternate "A" & "C" (DIP): Bryant Electric Company, Inc. with a total base bid of \$9,982,323.00; J.S. Haren Company with a total base bid of \$10,661,830.00; Thalle Construction with a total base bid of \$13,045,485.00; Ruby-Collins, Inc. with a total base bid of \$13,252,897.40; BF McMahan with a total base bid of \$14,488,505.00; McClam & Associates, Inc. with a total base bid of \$15,613,685.00 and Don Moorhead Construction with a total base bid of \$16,764,819.00. He stated that the alternate quoted includes every aspect of the project using ductile iron pipe and explained what the other alternate bids represent. He further stated that staff recommends that the contract be awarded to Bryant Electric in the amount of \$9,982,323.00, along with a 10% contingency, or \$1,000,000.00 for changes in the work, with approval of the General Manager, and contingent upon attorney review and approval. A discussion followed regarding Bryant Electric's references; alternate materials, pipe size; total length of pipe, and expected completion date.

With no further discussion, Mr. Spell moved that the Board approve the recommendations of Counsel and Staff as presented. Mr. Joyner seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays.

**4. Consideration of Roofing System for CP&L Building:**

Mr. Mull reported that following evaluation of the CP&L building roofing system, the Planning Committee recommends removing the tile, repairing the substrate and structure as appropriate to enable restoration of the tile roof at a later date, but replace the roof with a new standing-seam metal roof at an approximate cost of \$75,000.00. He stated that following Board approval, staff would proceed with bidding the project. Mr. Selby asked whether future meetings on this issue should be addressed by the Planning or Construction Committee. Mr. Aceto stated that this project and others should go to the Construction Committee after they are let. Mr. Kelly asked whether Carolina Roofing Concepts, Inc. is a consultant or someone who is likely to bid on the project and if the District is sure it will cost \$225,000.00 to restore the tile roof as opposed to the recommended alternative. Ms. Field stated that Carolina Roofing is a consultant and when the project goes out to bid, they will hire a roofing contractor, or do the work themselves. Also, there is nothing that excludes them from bidding on the project. She further stated that consideration was given to bidding both types of roofs, but was not cost effective since the current tiles must be removed to repair the substrate and there is no way to guarantee they will last another 20 years. Also, the standing-seam metal roof will have a 20-30 year warranty. Mr. Kelly further questioned the life of a tile roof. Ms. Field stated that a tile roof has a 50-year life. Mr. Pace moved that the Board approve the recommendation of the Planning Committee. Ms. Field seconded the motion. Following a brief discussion regarding the original estimate to replace the roof; the actual costs to replace the entire roof structure, and the cost of the contingency, voice vote was unanimous in favor of the motion.

**5. Committee Reports:**

**CIP Committee:**

Mr. Sobol reported that the CIP Committee met October 13, 1998 and heard a presentation by Mr. McGill regarding the Engineering Division and proposed organizational recommendations. Mr. McGill stated that the report was very comprehensive with a great deal of time spent in group discussions with staff and individually with the engineers on how to look at time, fund balances, how things are allocated, contingencies and organizational changes. He further stated that the Committee recommends that the report be approved and sent to the Personnel and Finance Committees for consideration and recommendations to the Board.

Mr. McGill reported that it is important to understand that the results of the report are not just his opinions, but a consolidation of opinions from staff regarding organizational/staffing changes, space needs, how projects are accomplished and differences in MSR and PSR projects. Also, that the report was not an evaluation of staff, but rather an evolutionary review of where MSD is in CIP and a continuing step in the process since the Consolidation Agreement. Mr. Sobol stated that staff needs to show what is being done now compared to the projected costs savings by hiring additional staff to do the work in-house. He further stated that with more personnel the District could complete the smaller projects without going to the consultant. Mr. Selby stated that the District needs to encourage completion of the process. With no further discussion, Mr. Aceto moved that the Board approve the recommendation of the CIP Committee. Mr.

Pace seconded the motion. Voice vote was unanimous in favor of the motion. Mr. Mull reported that the current list of CIP projects is on schedule.

**Finance Committee:**

Mr. Blackburn reported that the Finance Committee met October 14, 1998 and heard a presentation from staff and Mr. David Gray of Robinson-Humphrey. He further reported that the Committee approved acceptance of staff's four (4) step recommendation as follows:

1. Approve Robinson-Humphrey as Senior Manager
2. Approve Craigie/BB&T and A. G. Edwards & Sons as Co-Managers.
3. Approve allocation of bonds to be sold as follows: Senior Manager 50%, Co-Managers 25% each.
4. Approve compensation schedule (based on \$22.4 million revenue bond issue).

Mr. Blackburn moved that the Board approve the Committee's recommendation as presented. Mr. Kelly seconded the motion. Voice vote was unanimous in favor of the motion.

A discussion followed regarding the District's current bond rating; how it can be improved; if the bonds are insured; whether a higher rating would reduce the cost of insurance, and if request for proposals (RFP's) for Bond Counsel have been sent out. Mr. Stevens reported that RFP's were sent to six or seven firms, one of whom is Brown & Wood, the District's current Bond Counsel, Mr. Gundars Aperans, of Robinson, Bradshaw & Hinson, P.A., and five or six other North Carolina firms. He further reported that he expects a reply from these firms within a week to 10 days. Regarding a question about Trustee services, Mr. Stevens stated that since this is one of the last steps in the process, RFP's for these services could be deferred to a later date.

**Planning Committee:**

Mr. Aceto reported that the Planning Committee met October 15, 1998 to consider the following issues:

**a. Revised Sewer Extension Standards:**

Mr. Aceto reported that the Committee considered the District's revised Sewer Extension Standards and expressed a concern that permit delegation has not been received from the State. He further reported that the Committee recommends that a Resolution be drafted making the State aware of the Committee's/District's concerns regarding permit delegation and getting delegated as soon as possible. Mr. Spell requested that Counsel check into whether the State has up to 180 days to respond to the District's request. Mr. Pace suggested that the General Manager contact the State and draft a resolution after the 180 days are up.

**b. Pump Station Acceptance Policy:**

Mr. Aceto reported that the Pump Station Acceptance Policy has come up several times and that following review, the Committee recommends that staff clarify and obtain additional information and bring back to the Committee at it's next meeting. Mr. Joyner read a statement regarding his motion to accept staff's recommendation to approve fees based on the lesser of the O&M cost or the replacement cost of a pump station built by a private developer, i.e., Mountain Vista Estates and Reynolds Mountain. He stated that if his motion

had passed, it would amount to MSD subsidizing developers, which would not help the home buyers, construction workers or rate payers. Therefore, he strongly encouraged the Board to think long and hard about how fees and rates are set, who benefits most, as well as who is hurt and who actually pays the bill.

Mr. Selby suggested that before a fee structure is adopted, that it be brought to the attention of the public for input. Mr. Aceto asked when the appropriate time is to develop public input. Mr. Selby stated that the Committee should complete it's deliberations, make a recommendation to the Board, the Board receive the recommendation, notify the public, then vote on it at the next regularly scheduled meeting. Mr. Mull stated that since the policy is part of the Sewer Standards, the District will by Statute, need to send out notification for comment to the various municipalities, planning agencies in Buncombe County, along with developers, contractors, etc. Mr. Blackburn stated that the Committee should also consider homeowners in smaller projects. A discussion followed regarding the reasons why public agencies must be notified and whether this is an issue that could be addressed through the CIP Committee. Mr. Aceto stated that in the development of an updated information package, staff should give some consideration to the concerns expressed by Mr. Joyner and Mr. Blackburn.

Ms. Field stated that she recently attended a meeting of the League of Municipalities and there are some serious concerns at the State level about failing septic systems in the State and how that affects clean water and responsibility in providing sewer. She asked whether the District's main purpose is to make sure there is clean water and that it deal with waste in an appropriate safe way. Mr. Mull stated that the District's legislative mandate is to treat the wastewater flowing through the sewers in Asheville/Buncombe County and that the District does accept sewerage from septic receiving stations. Ms. Field further stated that the Planning Committee should be thinking about what the District is going to do about encouraging some kind of incentive for people to get off of septic systems. Mr. Selby suggested that the Planning Committee invite the County to come to MSD with their thoughts and plans for unsewered areas of the County, which are outside the District. Ms. Field stated that when the District is making a decision as to whether or not it will approve a particular piece of new technology, should it not consider the long-range costs and the effects on the environment and economic development of what it's doing. A discussion followed regarding new technology dealing with septic systems; the time it takes the State to approve new systems, and other areas of concern in providing sewerage service to those areas outside the District. With no further discussion, Mr. Aceto expressed his appreciation to members for their interest in obtaining information at the WEF Conference on new technology.

**c. Landfill Gas Power Generator:**

Mr. Aceto reported that the Committee discussed the benefits of Landfill Gas in generating power, which allows the District to sell more of it's hydro output to CP&L and as a potential source of emergency power. He further reported that no recommendation was made at this time, but staff will continue to evaluate for back-up emergency power generation.

**d. Report on Hydro Intake Rake Status:**

Mr. Aceto reported that the consulting firm of Arcadis is providing design services for the Hydro Intake Rake Project, which is to be advertised for bids

during the first quarter of 1999 and constructed in the fall of 1999. He further reported that there is no recommendation at this time.

In other business, Mr. Aceto reported that the Committee did not consider effluent disinfection, but will discuss this issue at a future meeting.

**6. Unfinished Business:**

Mr. Mull introduced Mr. Tom Hartye, the District's new Deputy General Manager of Operations. In addition, he announced that the next meeting of the Construction and Planning Committees is scheduled for November 5, 1998 at 8:30 a.m. and 9:30 a.m. respectively.

**7. Old Business:**

None

**8. New Business:**

Mr. Pace requested that since Ms. Field is a liaison to the Construction Committee that she be appointed to serve as a voting member. Mr. Selby appointed Ms. Field to serve.

Mr. Selby reported that on October 16, he, along with Mr. Sobol and Mr. Mull, met with the North Carolina Secretary of Commerce concerning the General Revenue Bond the State authorized to be on a Referendum Ballot for November. He further reported that he spoke on behalf of the Board in support of the Bond. Mr. Pace asked whether a resolution should be drafted in support of the Bond. Mr. Aceto stated that he was not comfortable with taking a position on a political matter that may not directly affect the District and has not been previously discussed. Mr. Sobol moved that the Board approve a Resolution in support of the Bond. Mr. Pace seconded the motion. Mr. Mull stated that the billion dollar Bond Issue consist of \$200 million for counties that do not have natural gas pipe lines, and \$800 million for water and sewer projects. He reported that the \$800 million will be divided between counties that are designated as economically distressed; in areas where the combined water and sewer service charges are greater than 1 1/2 percent of the median household income; areas that will bring in significant new economic development; areas where crumbling infrastructure will be repaired and for sewer treatment plants. Ms. Field asked if the Board's support would have any substantial affect on the outcome, since the vote on this issue is only two weeks away. Mr. Sobol stated that it's the cumulative influence of having more organizations voice their positive support of the issue. He further stated that in addition to the quality of water issue, this is another avenue for smaller communities to obtain funds to build new systems. Mr. Joyner stated that although the water and sewer issue is appealing, he has reservations about subsidizing the natural gas industry. Mr. Selby stated that the two issues would be voted on separately. Mr. Pace stated that if the newspaper ran an article regarding this issue, it might be more effective. Mr. Sobol moved to amend his motion to read that the Board approve a Resolution in support of the Bond which is restricted to water and sewer only. Mr. Aceto moved to table the motion until the next meeting of the Board. Voice vote was as follows: 1 Aye; 8 Nays.

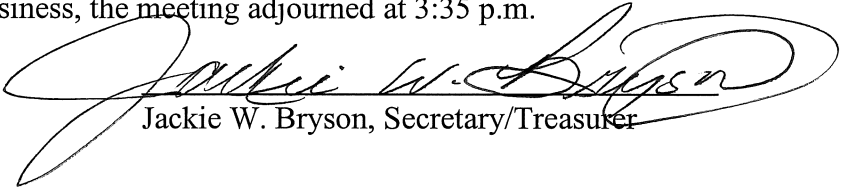
Regarding Mr. Sobol's motion, Mr. Kelly commented that this issue is similar to the Board's vote in support of the Asheville-Buncombe Vision, which in his opinion, means nothing to the general public. Following a brief discussion,

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voice vote was as follows: 6 Ayes; 2 Nays (Mr. Aceto & Mr. Kelly); 1 Abstention (Mr. Joyner).

**9. Adjournment:**

With no further business, the meeting adjourned at 3:35 p.m.



Jackie W. Bryson, Secretary/Treasurer