

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
April 19, 2023

1. Call to Order and Roll Call:

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2:00 pm, Wednesday, April 19, 2023. Vice Chairman Kelly presided with the following members present: Ashley, Bryson, Dearth, Franklin, Lapsley, Manheimer, Pelly, Pennington, Watts, Whitesides and Wisler. Moore and VeHaun were absent.

Others present were Billy Clarke, General Counsel; Brian Goldstein with Woodfin Sanitary Water and Sewer District; Tom Hartye, Hunter Carson, Scott Powell, Mike Stamey, Pam Thomas, Ken Stines, Wesley Banner, Spencer Nay and Pam Nolan, MSD.

2. Inquiry as to Conflict of Interest:

Mr. Kelly asked if there were any conflicts of interest with the agenda items. No conflicts were reported.

3. Approval of Minutes of the March 15, 2023 Board Meeting:

Mr. Kelly asked if there were any changes to the Minutes of the March 15, 2023 Board Meeting. Mr. Whitesides moved for approval of the minutes as presented. Mr. Watts seconded the motion. Voice vote in favor of the motion was unanimous.

4. Discussion and Adjustment of Agenda: None.

5. Introduction of Guests: None.

6. Informal Discussion and Public Comment: None.

7. Report of Committees:

a. Right of Way Committee – March 22, 2023:

Mr. Kelly reported that the Right of Way Committee met on March 22, 2023 and made routine recommendations which are noted in the Consolidated Motion Agenda.

8. Report of General Manager:

Mr. Hartye reported that Pam Mease from 9 Elkdale Drive called to with appreciation for Mike Rice.

Mr. Hartye reported that as part of developing the preliminary budget, the CIP Committee will meet on April 25th to consider an update of the Ten-Year Capital Improvement Program and the FY 2023 Construction Fund Budget. The CIP Budget has gotten up to \$531 Million. The total budget for

10 years is \$1 Billion. The Personnel Committee will meet on April 27th to consider Cost of Living Adjustments and Benefit Allocations (i.e., Self-Funded Medical and Dental Program). The Finance Committee will meet May 2nd to consider a Preliminary Budget with an updated 10-year Business Plan which will incorporate the recommendations from the other Committees along with the proposed FY 23 Operating Budget and Sewer Rate recommendations.

Mr. Hartye reported that the CIP Committee will meet April 25th at 9 am. The Personnel Committee will meet April 27th at 9 am. The Finance Committee will meet May 2nd at 2 pm. The next Regular Board Meeting will be held on May 17th at 2 pm. The next Right of Way Committee Meeting will be held on May 24th at 9 am.

9. Consolidated Motion Agenda:

a. Consideration of Compensation Budgets – 96 Lookout Road SSR; Old County Home Road PSR; Onteora Blvd. @ Cleveland Avenue; Somerset Road @ Green Road:

Mr. Hartye reported that the Right of Way Committee recommended approval of these compensation budgets.

b. Consideration of Right of Way Policy and Procedure Updates:

Mr. Hartye reported that Ms. Banks shared with the Right of Way Committee some policy and procedural updates for right of way acquisitions. The Committee recommended approval of all updates and revisions to this document.

c. Consideration of Developer Constructed Sewer Systems – Appalachian Mountain Brewery; Enka Oak Street; Greenwood Park Ph. 2; Hawthorne @ Haywood Ph. 2; High Hopes Subdivision; Pardee Partners; Selwyn Townhomes; West City View Phase 1:

Mr. Hartye reported that the Appalachian Mountain Brewery project is located at North Mills River Road and Boylston Highway in Henderson County and included extending approximately 225 linear feet of 8-inch public gravity sewer to serve this Tap and Tasting Room.

Mr. Hartye reported that the Enka Oak Street project is located in Buncombe County and included extending approximately 125 linear feet of 8-inch public gravity sewer to serve 3 homes in this phase of this residential development.

Mr. Hartye reported that the Greenwood Park Ph. 2 project is located off Union Chapel Road in the Town of Weaverville and included extending approximately 1,450 linear feet of 8-inch public gravity sewer to serve 18 homes in this phase of this residential development.

Mr. Hartye reported that the Hawthorne @ Haywood Ph. 2 project is located in Buncombe County and included extending approximately 665 linear feet of 8-inch public gravity sewer to serve 92 apartments in this phase of this residential development.

Mr. Hartye reported that the High Hopes Subdivision project is located off Ben Lippen Road in the Town of Woodfin and included extending approximately 300 linear feet of 8-inch public gravity sewer to serve 13 homes in this residential development.

Mr. Hartye reported that the Pardee Partners project is located along Boylston Highway in Henderson County and included extending approximately 1,100 linear feet of 8-inch public gravity sewer to serve this new Ambulatory Surgery Center.

Mr. Hartye reported that the Selwyn Townhomes project is located in the City of Asheville and included extending approximately 993 linear feet of 8-inch public gravity sewer to serve 45 townhomes in this residential development.

Mr. Hartye reported that the West City View Ph. 1 project is located in the Town of Woodfin and included extending approximately 843 linear feet of 8-inch public gravity sewer to serve 22 homes in this phase of this residential development.

Staff recommends acceptance of the aforementioned developer constructed sewer systems. All MSD requirements have been met.

d. Cash Commitment Investment Report – Month ended February, 2023:

Mr. Powell reported that Page 43 presents the makeup of the District's Investment Portfolio. There has been no change in the makeup of the portfolio from the prior month. Page 44 presents the MSD Investment Manager's report as of the month of February. The weighted average maturity of the investment portfolio is 104 days and the yield to maturity is 4.50%. Page 45 presents the District's Analysis of Cash Receipts. Domestic User Fees are considered reasonable based on timing of cash receipts and historical trends. Industrial User Fees are considered reasonable based on timing of cash receipts and historical trends. Facility and Tap Fees are at budgeted expectations due to receiving revenue from various developers. Page 46 presents the District's analysis of expenditures. O&M, Debt Service and Capital Project expenditures are considered reasonable based on historical trends and timing of cash expenditures. Page 81 presents the District's Variable Debt Service Report. The 2008A Series Bonds are performing at budgeted expectations. As of the end of March, the issue has saved the District rate payers over \$7.4 million in debt service since April of 2008.

e. Consideration of Auditing Services FY 2023:

Mr. Powell reported that an RFP for Auditing Services was sent to five auditing firms. On March 30th, Staff received responses from Cherry Bekaert LLP, PBMares, and FORVIS. All firms exhibited knowledge of the utility industry in North Carolina. The Selection Committee chose Cherry Bekaert due to their audit approach, firm staffing and notably their governmental utility experience in North Carolina. The proposed fees for the FY 2023 engagement are \$45,000.00 which is below the budgeted amount of \$49,000.00. For the FY 2016 engagement, the amount was \$45,000.00 as well. The Selection Committee recommends Cherry Bekaert LLP as auditors for the FY 2023 fiscal period. Ms. Wisler asked if Staff wanted to approve a three-year contract or just one year subject to any issues. Mr. Powell stated one year subject to any issues. Cherry Bekaert LLP will hold the other two years price per their RFP. Ms. Wisler asked if it had always been done that way. Mr. Powell stated yes.

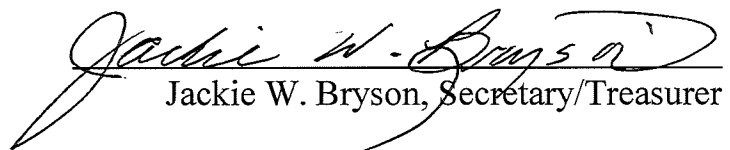
With no further discussion, Mr. Kelly called for a motion to approve the Consolidated Motion Agenda. Mr. Watts moved, Mr. Ashley seconded the motion. Roll call vote was as follows: 12 ayes; 0 Nays.

10. Old Business: None.

11. New Business: None.

12. Adjournment:

With no further business, Mr. Kelly called for adjournment at 2:11 pm.


Jackie W. Bryson, Secretary/Treasurer



Metropolitan Sewerage District

Regular Board Meeting

April 19, 2023 @ 2 pm

	Agenda Item	Presenter
	Call to Order and Roll Call	VeHaun
	01. Inquiry as to Conflict of Interest	VeHaun
	02. Approval of Minutes of the March 15, 2023 Board Meeting	VeHaun
	03. Discussion and Adjustment of Agenda	VeHaun
	04. Introduction of Guests	VeHaun
	05. Informal Discussion and Public Comment	VeHaun
	06. Report of Committees	
	a. Right of Way Committee – March 22, 2023	Kelly
	07. Report of General Manager	Hartye
	08. Consolidated Motion Agenda	Hartye
	a. Consideration of Compensation Budgets - 96 Lookout Road; Old County Home Road; Oteora Blvd. @ Cleveland Avenue; Somerset Road @ Greene Road	Hartye
	b. Consideration of Right of Way Policy and Procedure Updates	Hartye
	c. Consideration of Developer Constructed Sewer Systems – Appalachian Mountain Brewery; Enka Oak Street; Greenwood Park Ph. 2; Hawthorne @ Haywood Ph. 2; High Hopes Subdivision; Pardee Partners; Selwyn Townhomes; West City View Ph. 1	
	d. Cash Commitment/Investment Report-Month ended February, 2023	Powell
	e. Consideration of Auditing Services FY 2023	Powell
	09. Old Business	VeHaun
	10. New Business:	VeHaun
	11. Adjournment: (Next Meeting 5/17/23)	VeHaun
	STATUS REPORTS	

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
March 15, 2023

1. Call to Order and Roll Call:

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2:00 pm, Wednesday, March 15, 2023. Chairman Vebaun presided with the following members present: Ashley, Bryson, Dearth, Franklin, Kelly, Lapsley, Manheimer, Pelly, Pennington, Watts and Whitesides. Moore and Wisler were absent.

Others present were Billy Clarke, General Counsel; Brian Goldstein with Woodfin Sanitary Water and Sewer District; Jim Struve with Hazen & Sawyer; Tom Hartye, Hunter Carson, Bart Farmer, Scott Powell, Mike Stamey, Darin Prosser, Angel Banks, Spencer Nay and Pam Nolan, MSD.

2. Inquiry as to Conflict of Interest:

Mr. VeHaun asked if there were any conflicts of interest with the agenda items. No conflicts were reported.

3. Approval of Minutes of the January 18, 2023 Board Meeting:

Mr. VeHaun asked if there were any changes to the Minutes of the January 18, 2023 Board Meeting. Mr. Watts moved for approval of the minutes as presented. Mr. Ashley seconded the motion. Voice vote in favor of the motion was unanimous.

4. Discussion and Adjustment of Agenda:

Mr. Hartye stated that Item 08. C. Reimbursement Agreement – English Drive Subdivision will be pulled from the Consolidated Motion Agenda. There were no comments or objections.

5. Introduction of Guests:

Mr. VeHaun welcomed Brian Goldstein with Woodfin Sanitary Water and Sewer District and Jim Struve with Hazen & Sawyer.

6. Informal Discussion and Public Comment: None.

7. Report of General Manager:

Mr. Hartye reported that there are 2 big Engineering Studies coming before the Board. The one today is for the Solids Handling Facility, and one will be in a couple of months for a Biological Process Upgrade. These studies typically go from an alternatives analysis to about a 30% design level where a more refined capital budget estimate can be made. Our current place holder estimate of \$90 million for the Biological Process Upgrade is derived from the 2015 Facilities Plan which estimated at \$55-60 Million which we have inflated with time. Our goal was the upcoming regulations of 2030, but in replacing this entire process with Biological Nutrient Removal (BNR) which

will meet any potential future regulations 20 years out, the cost may be over double that. This will challenge our engineers to phase the project for the near term 2030 regulations first. Today's item will be the Preliminary Engineering Report (PER) for the Solids Handling Facility. Mr. Hartye stated that he would go into further detail under that item. Mr. Hartye presented slides of the plant to familiarize everyone with what will be discussed. Mr. Pennington asked if the floor was an epoxy type surface and were the tuyeres firebrick? Mr. Hartye stated that it was all refractory brick. There was some further discussions regarding materials, sands and their functions.

Mr. Hartye reported that Joe Blair of Wildwood Park in Weaverville called to express his appreciation for James Norton and Chase Jones assistance. They did a great job of helping him get through the ice to open his line.

Mr. Hartye reported that attached is an email regarding a call from Gail Muirhead of Garden Circle. Thanks to Linda Phillips, Grayson Hensley and McKinley Hensley.

Mr. Hartye reported that attached is an email regarding a call from Ina Par of Mayfair Drive and her appreciation for Wayne Rice.

Mr. Hartye reported that attached is an email regarding a call from Pam with Bayshore Company regarding Gregg Patton and Grey Clough.

Mr. Hartye reported that the next Right of Way Committee Meeting will be held on March 22nd at 9 am. The next Regular Board Meeting will be held on April 19th at 2 pm.

8. Report of Committees:

a. Right of Way Committee – January 25, 2023

Mr. Pelly reported that the Right of Way Committee met on January 25, 2023 and actions are noted in the Consolidated Motion Agenda.

9. Consolidated Motion Agenda:

a. Consideration of Bids – Intermediate Clarifier Trough Rehabilitation Ph. 1:

Mr. Hartye reported that the intermediate clarifier was placed into service in 1990. This project includes surface preparation and coating application to make the existing troughs watertight and resistant to further corrosion. The project has been divided into two phases: Phase 1, scheduled for completion in Spring 2023 will have the chosen contractor rehabilitating the effluent troughs in the southern half of the intermediate clarifier. Following a short evaluation period, Phase 2 will be undertaken, rehabbing the effluent troughs on the north side of the clarifier. Phase 1 was

advertised informally, and one bid was received on January 26, 2023, as follows: Carolina Management Team, LLC in the amount of \$255,651.89. The FY 22-23 Construction Budget for this project is \$257,000.00. This is an information only item since it is a smaller project.

b. Consideration of Engineering Services Contract – Solids Handling PER:

Mr. Hartye reported that the purpose of this project is to evaluate and recommend improvements to MSD's solids handling processes at the Water Reclamation Facility (WRF) which will include a phased plan for WRF upgrades necessary for managing solids production over a 30-year planning horizon. The fluidizing bed incinerator (FBI) is the primary means of solids disposal at the WRF. The existing FBI was originally placed into service in 1992 and has undergone several rebuilds of various components over the years with the most major rebuild was in 2004. Unlike most other process equipment, we do not have a second incinerator that can be used for backup. During these rebuild periods and maintenance periods MSD has an agreement to haul to the County Landfill. In turn, MSD takes leachate from the County Landfill on a daily basis. This preliminary engineering report will both determine the sizing of the replacement FBI equipment along with identifying back-up options that may either reduce or eliminate the need for hauling during downtimes. Some thoughts are to try to use the existing FBI as a back-up or go to a dryer which makes small pellets that we can either market or haul and those would be a lot less to haul. With the new liquid treatment upgrades to meet the 2030 regulations, an increase in solids is anticipated and will be incorporated into the study. Other solids handling equipment appears to be fine but each system will be looked at for its condition, capacity and useful life to see if any changes are required. Pursuant to NCGS 143-64.31 the District has to advertise a Request for Qualifications for the project and received responses from CDM Smith and Hazen & Sawyer. Both firms were invited to interview in front of MSD's Selection Committee. Mr. Hartye reported that the Selection Committee is comprised of himself, MSD's Lead Engineers, Lead Operations folks from the plant and Forest Westall. The Selection Committee chose Hazen & Sawyer as the most qualified engineering consultant to complete the project. Hazen & Sawyer has extensive experience with similar solids handling studies and has performed work on all four sewage sludge incinerators in the State of North Carolina. Additionally, Hazen & Sawyer will team with Chavond-Barry Engineering, a highly reputable engineering firm specializing in the design and improvement of thermal processes and air pollution control systems. Hazen & Sawyer has performed well on previous projects for the District. Attached is the Scope of Work and the fee involved. Sufficient funds are available in the CIP Contingency Fund to cover anticipated FY22-23 expenses. Since this project spans two fiscal years, there is also a Capital Project Ordinance attached. Staff recommends the District enter into an engineering contract with Hazen & Sawyer in the amount of \$453,300.00, subject to review and approval by District Counsel. Mr.

Kelly asked if the equipment that is coming out has any salvage value or does it go to the landfill? Mr. Hartye stated that one option is to try to keep it going as a back-up for when the new one goes down. But it definitely has salvage value if it is not used.

c. Consideration of Reimbursement Agreement – English Drive Subdivision:

Mr. Hartye reported that this item has been pulled from the Agenda.

d. Consideration of Condemnation – Elk Mountain Place GSR:

Mr. Hartye reported that after four contacts with this owner, negotiations have stalled. Right of Way Committee recommends authority to obtain appraisal and proceed with condemnation, if necessary.

e. Consideration of Compensation Budgets – 6 Cottage Street SSR; Buchanan Avenue GSR:

Mr. Hartye reported that the Right of Way Committee recommends approval of these Compensation Budgets.

f. Consideration of Developer Constructed Sewer Systems – 328 Emma Road; The Farm @ Pond Road Ph. 1; Jasper Apartments; Overlook Circle; Project Ranger; The Springs of North Asheville Ph. 2; Sterling Property; Victoria Hills Subdivision; Whitney Drive Subdivision:

Mr. Hartye reported that the 328 Emma Road project is located in the City of Asheville and included extending approximately 665 linear feet of 8-inch public gravity sewer to serve 17 homes in this residential development.

Mr. Hartye reported that the Farm @ Pond Road Ph. 1 project is located in Buncombe County and included extending approximately 3,540 linear feet of 8-inch public gravity sewer to serve 168 apartments in this phase of this residential development.

Mr. Hartye reported that the Jasper Apartments project is located along US Highway 70 in Buncombe County and included extending approximately 765 8'inch public gravity sewer to serve 100 affordable apartments in this residential development.

Mr. Hartye reported that the Overlook Circle project is located at Overlook Circle and Overlook Place in the City of Asheville and included extending approximately 180 linear feet of 8-inch public gravity sewer to serve 7 homes in this residential development.

Mr. Hartye reported that the Project Ranger project is located off of Brevard Road in Buncombe County and included extending approximately

250 linear feet of 12-inch and approximately 3,060 linear feet of 10-inch public gravity sewer to serve the Commercial development. This project also qualified for MSD's Economic Development Fee Waiver.

Mr. Hartye reported that the Springs of North Asheville Phase 2 project is located off Old Marshal Highway in Buncombe County and included extending approximately 855 linear feet of 8-inch public gravity sewer to serve 120 townhomes in this residential development.

Mr. Hartye reported that the Sterling Property project is located at Burton Street in the City of Asheville and included extending approximately 262 linear feet of 8-inch public gravity sewer to serve 4 homes in this residential development.

Mr. Hartye reported that the Victoria Hills Subdivision project is located off Lance Road in Buncombe County and included extending approximately 4,180 linear feet of 8-inch public gravity sewer to serve 95 homes in this residential development.

Mr. Hartye reported that the Whitney Drive project is located off Hi Alta Avenue in the City of Asheville and included extending approximately 425 linear feet of 8-inch public gravity sewer to serve 15 homes in this residential development.

Staff recommends acceptance of the aforementioned developer constructed sewer systems. All MSD requirements have been met.

g. Cash Commitment Investment Report – Month ended January, 2023:

Mr. Powell reported that Page 77 presents the makeup of the District's Investment Portfolio. There has been no significant change in the makeup of the portfolio from the prior month. Page 78 presents the MSD Investment Manager's report as of the month of January. The weighted average maturity of the investment portfolio is 119 days and the yield to maturity is 4.23%. Page 79 presents the District's Analysis of Cash Receipts. Domestic User Fees are considered reasonable based on timing of cash receipts and historical trends. Industrial User Fees are considered reasonable based on timing of cash receipts and historical trends. Facility and Tap Fees are above budgeted expectations due to receiving revenue from various developers. Page 80 presents the Districts analysis of expenditures. O&M, Debt Service and Capital Project expenditures are considered reasonable based on historical trends and timing of cash expenditures. Page 81 presents the District's Variable Debt Service Report. The 2008A Series Bonds are performing at budgeted expectations. As of the end of February, the issue has saved the District rate payers over \$7.3 million in debt service since April of 2008.

Mr. Kelly stated he had asked several times, that years ago if we were to terminate this existing swap agreement it would cost the District \$2

Million. Now, if we were to terminate it, someone would pay us \$55,000. Mr. Powell stated that is correct, but he does not recommend terminating it due to the uncertain nature of interest rates at this time. Mr. Kelly asked if it is likely, if the interest rates continue to increase, that MSD would proceed with an increase also? Mr. Powell stated that is correct and if you exercise the termination then you would be exposed to the interest rates at that time. Typically, a positive value means that interest rates are more than what you're actually receiving.

h. Second Quarter Budget to Actual Review:

Mr. Powell reported that page 84 presents the District's second quarter Budget to Actual Revenue and Expenditure Report. Domestic User Fees and Industrial User Fees are at budgeted expectations. Facility and Tap Fees are above budgeted expectations due to unanticipated revenue from various developers. Interest and miscellaneous income are above budgeted expectations. Actual short-term interest rates are higher than anticipated for the fiscal year. O&M expenditures are at 50.38% of budget. They include encumbered amounts which has elevated the budget to actual above 50%. Bond principal and interest expenditures are reflected at 50%. This will aid the user to properly assess debt service commitments on a budgetary perspective. Actual amount spent as of the end of the first quarter is 16.43%. This is due to timing of the District's debt service payments. Amounts budgeted for capital equipment and capital projects are rarely expended proportionately throughout the year.

With no further discussion, Mr. VeHaun called for a motion to approve the Consolidated Motion Agenda with the exception of 08.c., which was removed. Mr. Pelly moved, Mr. Whitesides seconded the motion. Roll call vote was as follows: 12 ayes; 0 Nays.

10. Old Business: None.

11. New Business:

Mr. Vahaun stated that 3-4 years ago there was some discussion from the Town of Canton regarding treating their wastewater. He stated that their conditions have drastically changed due to the Canton Paper Mill closing and asked Mr. Hartye if he had any comments. Mr. Hartye stated that Mr. Carson had anticipated the question might be asked so he created a map to show how far away they are. Staff is waiting for the dust to settle before there is a full conversation. Mr. Hartye stated that this map basically shows what it would take to get to MSD from the paper mill. The pump station is at their plant and they would have to pump up the ridge about 3,000 feet, then it's gravity all the way back to MSD. That would be over 45,000 feet. It would be a massive project. They would probably identify many other options such as having the Town maintain the plant and get some money to upgrade it. Clyde or Waynesville may also be an option as well. Mr. Pelly asked if the plant was

currently serving the Town in that capacity? Mr. Hartye stated yes, the Town's wastewater goes to the Mill and the Mill treats both together. It will take some time, they have to close, decommission, etc. so the plant will be around for some time. They have a few options but if they were to come this way, this map shows what it would look like. Mr. Pennington stated that is essentially nine miles and his understanding is that the plant was the largest user of potable water from the Town as well as the largest employer so it is like a triple whammy. Mr. Watts asked if there were any numbers on the quantity of discharge they may have to have treated. Mr. Clarke stated that it is an average of about a half million gpd in dry weather and about a million gpd in wet weather. Mr. Hartye stated that is not very much. Ms. Manheimer commented that if this project were to be pursued maybe the State would step in and help. Mr. Clarke stated that Haywood County has some wastewater issues of it's own, they send theirs to the Town of Waynesville. This might be an opportunity for the Town of Waynesville and Haywood County to get together and resolve their wastewater issues. Mr. Watts asked if it came this way, it would go through the pump station planned for Carrier Bridge? Mr. Hartye stated yes, eventually it would. Mr. Watts asked if that capacity was sufficient? Mr. Hartye stated yes, but if you're talking about the rest of Haywood County and their growth, MSD would have to take a look at that. These numbers that Mr. Clarke quoted are not a lot. We expect that from the Southern end of town in a couple of years. There was some discussion regarding other failed facilities in the State.

12. Adjournment:

With no further business, Mr. VeHaun called for adjournment at 2:38 pm.

Jackie W. Bryson, Secretary/Treasurer

**RIGHT OF WAY
COMMITTEE RECOMMENDATIONS
AND MINUTES
March 22, 2023**

I. Call To Order

The regular monthly meeting of the Right of Way Committee was held in the Boardroom of the William H. Mull Building and called to order at 9:00 a.m. on Wednesday, March 22, 2023. The following Right of Way Committee members were present: Glenn Kelly, Committee Chairman; Matt Ashley, Jackie Bryson, Esther Manheimer, Chris Pelly, Nathan Pennington and Al Whitesides.

Others present: Jerry VeHaun, Board Chairman; Bob Watts, Board Member; William Clarke, MSD Counsel; Angel Banks, Tom Hartye, Hunter Carson, Tim Hensley, Wesley Banner, Shaun Armistead and Pam Nolan, MSD.

II. Inquiry as to Conflict of Interest

Mr. Kelly inquired if anyone had a conflict of interest with Agenda items. There were none.

III. Consideration of Compensation Budgets-

96 Lookout Road SSR, Project No. 2022226
Old County Home Road PSR, Project No. 201522
Onteora Blvd. @ Cleveland Ave. SSR, Project No. 2022041
Somerset Road @ Greene Road Rehabilitation, Project No. 2021008

The attached Compensation Budgets are based on current ad valorem tax values and follow the MSD approved formula.

STAFF RECOMMENDATION: Approval of Compensation Budgets.

Ms. Banks reviewed the above compensation budgets. The 96 Lookout Road project is located off of Riverside Drive and consists of replacing 222 linear feet of 6" VCP with 8" DIP. The existing line is in bad shape with structural defects and root intrusion. The Old County Home Road PRS project is located off of Leicester Highway and consists of replacing a little over 1,800 linear feet of 4" and 8" VCP with 8", 12" and 18" DIP. There will also be a section of approximately 85 linear feet of 4" PVC force main that needs to be re-routed at the Erwin Hills Pump Station. This existing private system was in poor condition and MSD took it over for maintenance. The lines are vastly undersized for the number of connections and over the last few years additional homes have been built. The Onteora Boulevard @ Cleveland Avenue project is located in the Oakley area and consists of replacing 156 linear feet of 6" VCP with 8" DIP. Several homes have been built over the existing line. The Somerset Road @ Greene Road project is located in the Arden area and consists of replacing 578 linear feet of 8" VCP with 8" DIP. This particular line has misaligned joints and is on an eroding streambank which contributes to a lot of inflow and infiltration. There were no questions or discussions.

Mr. Ashley made the motion to accept Staff's recommendation. Mr. Pennington seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Approval of Compensation Budgets.

IV. Right of Way Policy and Procedure Updates-

Attached please find updates/revisions to the MSD Policy and Procedures for Right of Way Acquisition document. Most edits are for capitalization, grammar, nomenclature, and clarification. Significant changes are annotated. Both redline and clean copies are provided.

STAFF RECOMMENDATION: Approval of updates/revisions to the MSD Policy and Procedures for Right of Way Acquisition document.

Ms. Banks reviewed the updates and revisions. There were no questions or discussions.

Mr. Pelly made the motion to accept Staff's recommendation. Mr. Ashley seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Approval of updates/revisions to the MSD Policy and Procedures for Right of Way Acquisition document.

V. Other Business:

There being no further business, the meeting adjourned at 9:07 am.



MEMORANDUM

TO: MSD Board
FROM: Thomas E. Hartye, P.E., General Manager
DATE: April 14, 2023
SUBJECT: Report from the General Manager

- Kudos

Pam Mease from 9 Elkdale Dr called to say that Mike Rice went above and beyond in taking care of her issues. “Mike was extremely professional and is a credit to MSD and I am thankful for Mike staying until the problem was fixed to Mike’s satisfaction”

- FY 2023 Budget Process and Committee Meetings

As a part of developing the preliminary budget, the CIP Committee will meet on April 25th to consider an update of the Ten-Year Capital Improvement Program and the FY 2023 Construction Fund Budget. The Personnel Committee will meet on April 27th to consider Cost of Living Adjustments and Benefit Allocations (i.e., Self-Funded Medical & Dental Program). The Finance Committee will meet May 2nd to consider a Preliminary Budget with an updated 10-year Business Plan which will incorporate the recommendations from the other Committees along with the proposed FY23 Operating Budget and Sewer Rate recommendations.

- Board/Committee Meetings/Events

The CIP Committee will meet April 25th at 9:00am. The Personnel Committee will meet 9am April 27th. The Finance Committee will meet May 2nd at 9 am. The next Regular Board Meeting will be held on May 17th at 2 pm. The next Right of Way Committee meeting will be held on May 24th at 9am.

Metropolitan Sewerage District of Buncombe County

Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 3/22/2023

BOARD MEETING DATE: 4/19/2023

SUBMITTED BY: Tom Hartye, PE, General Manager
PREPARED BY: Angel Banks, Right of Way Manager
REVIEWED BY: Hunter Carson, PE, Director of CIP

SUBJECT: Consideration of Compensation Budgets-

96 Lookout Road SSR, Project No. 2022226
Old County Home Road PSR, Project No. 2015221
Onteora Blvd. @ Cleveland Ave. SSR, Project No. 2022041
Somerset Road @ Greene Road Rehabilitation, Project No. 2021008

The attached Compensation Budgets are based on current ad valorem tax values and follow the MSD approved formula.

STAFF RECOMMENDATION: Approval of Compensation Budgets.

Ms. Banks reviewed the above compensation budgets. The 96 Lookout Road project is located off of Riverside Drive and consists of replacing 222 linear feet of 6" VCP with 8" DIP. The existing line is in bad shape with structural defects and root intrusion. The Old County Home Road PRS project is located off of Leicester Highway and consists of replacing a little over 1,800 linear feet of 4" and 8" VCP with 8", 12" and 18" DIP. There will also be a section of approximately 85 linear feet of 4" PVC force main that needs to be re-routed at the Erwin Hills Pump Station. This existing private system was in poor condition and MSD took it over for maintenance. The lines are vastly undersized for the number of connections and over the last few years additional homes have been built. The Onteora Boulevard @ Cleveland Avenue project is located in the Oakley area and consists of replacing 156 linear feet of 6" VCP with 8" DIP. Several homes have been built over the existing line. The Somerset Road @ Greene Road project is located in the Arden area and consists of replacing 578 linear feet of 8" VCP with 8" DIP. This particular line has misaligned joints and is on an eroding streambank which contributes to a lot of inflow and infiltration. There were no questions or discussions.

Mr. Ashley made the motion to accept Staff's recommendation. Mr. Pennington seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Approval of Compensation Budgets.

96 Lookout Road SSR

Project Number: 2022226

Compensation Budget

07-Mar-23

PIN and Name								Net PE	PE Assd.	50% PE		TCE Assd.	10% Annl	Proj	TCE Rent	Total Comp.
27 Pin	83 Pin		Acres	Parcel SF	Land Value	LV/SF	SF	Value	Assd. Value	TCE SF	Value	Return	Time	Value	(Rounded)	
	9730809269	Cogdill	Mike	0.16	6,969.60	\$12,400.00	\$1.78	2,580.70	\$4,593.65	\$2,296.82	2,268.10	\$4,037.22	\$403.72	1	\$33.64	\$2,330
	9730809273	Cogdill	Mike	0.24	10,454.40	\$52,700.00	\$5.04	1,334.40	\$6,725.38	\$3,362.69	2,420.30	\$12,198.31	\$1,219.83	1	\$101.65	\$3,464
TOTALS:															\$5,795	
Staff Contingency:															\$5,000	
GM's Contingency															\$5,000	
Amendment																
Total Budget:															\$15,795	

Old County Home Road PSR

Project Number: 2015221

Compensation Budget

07-Mar-23

PIN and Name		Acres	Parcel SF	Land Value	LV/SF	Net PE SF	PE Assd. Value	50% PE Assd. Value	TCE SF	TCE Assd. Value	10% Annl Return	Proj Time	TCE Rent Value	Total Comp. (Rounded)		
27 Pin	83 Pin															
	9629229765	Anders	Kenneth	0.31	13,503.60	\$44,500.00	\$3.30	34.30	\$113.19	\$56.60	893.20	\$2,947.56	\$294.76	10	\$245.63	\$302
	9629233613	Anders	Thomas	0.77	33,541.20	\$50,400.00	\$1.50	2,055.40	\$3,083.10	\$1,541.55	3,133.70	\$4,700.55	\$470.06	10	\$391.71	\$1,933
	9629232787	Bradley	Jonathan	0.82	35,719.20	\$50,900.00	\$1.43	3,432.00	\$4,907.76	\$2,453.88	4,246.90	\$6,073.07	\$607.31	10	\$506.09	\$2,960
	9629242167	Calloway	Teresa	0.33	14,374.80	\$27,200.00	\$1.89	1,089.50	\$2,059.16	\$1,029.58	2,582.60	\$4,881.11	\$488.11	10	\$406.76	\$1,436
	9629241104	Culbertson LE	Gladys	0.83	36,154.80	\$40,100.00	\$1.11	2,338.80	\$2,596.07	\$1,298.03	2,559.50	\$2,841.05	\$284.10	10	\$236.75	\$1,535
	9629224618	Fogg	Clayton	8.18	356,320.80	\$145,900.00	\$0.41	0.00	\$0.00	\$0.00	1,674.30	\$686.46	\$68.65	10	\$57.21	\$57
	9629234172	Hines	Rickie	0.50	21,780.00	\$47,500.00	\$2.18	2,384.90	\$5,199.08	\$2,599.54	2,513.00	\$5,478.34	\$547.83	10	\$456.53	\$3,056
	9629243308	Holt	Amy	0.22	9,583.20	\$42,400.00	\$4.42	3,526.00	\$15,584.92	\$7,792.46	3,073.70	\$13,585.75	\$1,358.58	10	\$1,132.15	\$8,925
	9629233571	Justice	Ronald	1.10	47,916.00	\$53,000.00	\$1.11	0.00	\$0.00	\$0.00	21.90	\$24.31	\$2.43	10	\$2.03	\$2
	9629237301	Kieffer	Susan	0.39	16,988.40	\$45,900.00	\$2.70	467.20	\$1,261.44	\$630.72	91.10	\$245.97	\$24.60	10	\$20.50	\$651
	9629237391	Lance	Dianne	0.46	20,037.60	\$47,000.00	\$2.35	1,757.50	\$4,130.13	\$2,065.06	2,958.90	\$6,953.42	\$695.34	10	\$579.45	\$2,645
	9629148366	Lloyd	Terry	4.92	214,315.20	\$112,600.00	\$0.53	1,532.80	\$812.38	\$406.19	2,451.30	\$1,299.19	\$129.92	10	\$108.27	\$514
	9629241922	Lyerly	Matthew	1.33	57,934.80	\$54,400.00	\$0.94	2,311.10	\$2,172.43	\$1,086.22	2,061.50	\$1,937.81	\$193.78	10	\$161.48	\$1,248
	9629243406	McFarland	Kimberly	0.20	8,712.00	\$41,900.00	\$4.81	2,825.20	\$13,589.21	\$6,794.61	2,593.90	\$12,476.66	\$1,247.67	10	\$1,039.72	\$7,834
	9629229314	Mill Creek Planned Commu		3.27	142,441.20	\$76,200.00	\$0.54	1,261.10	\$680.99	\$340.50	1,040.20	\$561.71	\$56.17	10	\$46.81	\$387
	9629149676	RENPRO, LLC		3.92	170,755.20	\$140,200.00	\$0.82	2,517.30	\$2,064.19	\$1,032.09	2,076.20	\$1,702.48	\$170.25	10	\$141.87	\$1,174
	9629242392	Rice	Bradley	0.29	12,632.40	\$44,100.00	\$3.49	778.70	\$2,717.66	\$1,358.83	1,429.90	\$4,990.35	\$499.04	10	\$415.86	\$1,775
	9629237097	Shook	Shay	0.61	26,571.60	\$48,800.00	\$1.84	0.00	\$0.00	\$0.00	68.30	\$125.67	\$12.57	10	\$10.47	\$10
	9629236102	Sloan	Robert	0.56	24,393.60	\$48,300.00	\$1.98	3,657.30	\$7,241.45	\$3,620.73	4,428.30	\$8,768.03	\$876.80	10	\$730.67	\$4,351
	9629230925	Spivey & Son Investments,		3.32	144,619.20	\$80,700.00	\$0.56	4,947.50	\$2,770.60	\$1,385.30	7,421.20	\$4,155.87	\$415.59	10	\$346.32	\$1,732
	9629233152	Stewart	Guy	0.50	21,780.00	\$47,500.00	\$2.18	98.40	\$214.51	\$107.26	75.50	\$164.59	\$16.46	10	\$13.72	\$121
	9629237168	Zhang	Xiu	0.60	26,136.00	\$48,700.00	\$1.86	4,913.30	\$9,138.74	\$4,569.37	5,649.90	\$10,508.81	\$1,050.88	10	\$875.73	\$5,445

Old County Home Road PSR

Project Number: 2015221

Compensation Budget

07-Mar-23

PIN and Name		Acres	Parcel SF	Land Value	LV/SF	Net PE SF	PE Assd. Value	50% PE Assd. Value	TCE SF	TCE Assd. Value	10% Annl Return	Proj Time	TCE Rent Value	Total Comp. (Rounded)
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27 Pin	83 Pin													
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TOTALS:	\$48,094
Staff Contingency:	\$15,000
GM's Contingency	\$15,000
Amendment	
Total Budget:	\$78,094

Onteora Boulevard @ Cleveland Avenue Sewer Rehab

Project Number: 2022041

Compensation Budget

07-Mar-23

PIN and Name		Acres	Parcel SF	Land Value	LV/SF	Net PE SF	PE Assd. Value	50% PE Assd. Value	TCE SF	TCE Assd. Value	10% Annl Return	Proj Time	TCE Rent Value	Total Comp. (Rounded)	
27 Pin	83 Pin														
9657771308	Hansen	Erik	0.55	23,958.00	\$56,300.00	\$2.35	352.30	\$827.91	\$413.95	864.00	\$2,030.40	\$203.04	2	\$33.84	\$448
9657773306	Mozingo Jr.	Walter	0.14	6,098.40	\$46,600.00	\$7.64	860.80	\$6,576.51	\$3,288.26	221.60	\$1,693.02	\$169.30	2	\$28.22	\$3,316
9657772317	Oliver	Jacqueline	0.24	10,454.40	\$50,200.00	\$4.80	797.10	\$3,826.08	\$1,913.04	876.00	\$4,204.80	\$420.48	2	\$70.08	\$1,983
9657772346	Sellek	David	0.28	12,196.80	\$51,300.00	\$4.21	1,007.60	\$4,242.00	\$2,121.00	1,555.10	\$6,546.97	\$654.70	2	\$109.12	\$2,230
TOTALS:													\$7,977		
Staff Contingency:													\$5,000		
GM's Contingency													\$5,000		
Amendment															
Total Budget:													\$17,977		

Somerset Road @ Greene Road Rehabilitation

Project Number: 2021008

Compensation Budget

07-Mar-23

PIN and Name		Acres	Parcel SF	Land Value	LV/SF	Net PE SF	PE Assd. Value	50% PE Assd. Value	TCE SF	TCE Assd. Value	10% Annl Return	Proj Time	TCE Rent Value	Total Comp. (Rounded)	
27 Pin	83 Pin														
9653775169	Cole	Jaimie	0.41	17,859.60	\$37,100.00	\$2.08	1,496.30	\$3,112.30	\$1,556.15	1,168.30	\$2,430.06	\$243.01	2	\$40.50	\$1,597
9653773442	Dixon, III	Thomas	0.38	16,552.80	\$43,200.00	\$2.61	1,634.70	\$4,266.57	\$2,133.28	1,228.30	\$3,205.86	\$320.59	2	\$53.43	\$2,187
9653775204	Gutierrez	Adelina	0.38	16,552.80	\$43,200.00	\$2.61	1,619.70	\$4,227.42	\$2,113.71	1,214.80	\$3,170.63	\$317.06	2	\$52.84	\$2,167
9653774340	Harris	Michael	0.38	16,552.80	\$43,200.00	\$2.61	1,619.80	\$4,227.68	\$2,113.84	1,214.90	\$3,170.89	\$317.09	2	\$52.85	\$2,167
9653773385	Weaver	Paul	0.40	17,424.00	\$43,500.00	\$2.50	1,620.00	\$4,050.00	\$2,025.00	1,215.00	\$3,037.50	\$303.75	2	\$50.63	\$2,076
TOTALS:													\$10,192		
Staff Contingency:													\$5,000		
GM's Contingency													\$5,000		
Amendment															
Total Budget:													\$20,192		

Metropolitan Sewerage District of Buncombe County
Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 3/22/2023

BOARD MEETING DATE: 4/19/2023

SUBMITTED BY: Tom Hartye, PE, General Manager

PREPARED BY: Angel Banks, Right of Way Manager

REVIEWED BY: Hunter Carson, PE, Director of CIP

SUBJECT: Right of Way Policy and Procedure Updates

Attached please find updates/revisions to the MSD Policy and Procedures for Right of Way Acquisition document. Most edits are for capitalization, grammar, nomenclature, and clarification. Significant changes are annotated. Both redline and clean copies are provided.

STAFF RECOMMENDATION: Approval of updates/revisions to the MSD Policy and Procedures for Right of Way Acquisition document.

Ms. Banks reviewed the updates and revisions. There were no questions or discussions. Mr. Pelly made the motion to accept Staff's recommendation. Mr. Ashley seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Approval of updates/revisions to the MSD Policy and Procedures for Right of Way Acquisition document.

METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY

POLICY AND PROCEDURES FOR RIGHT OF WAY ACQUISITION

Capital Improvement Program

1.0 PURPOSE AND DEFINITIONS

The purpose of this Policy is to establish procedures for the Metropolitan Sewerage District (the "District") to acquire easements in real property for constructing, operating, maintaining, repairing, rehabilitating, and replacing, if necessary, interceptor and collector sewer lines in the District Sewerage System. It is the mission of the Right of Way Committee and Right of Way ~~staff~~Section of the Metropolitan Sewerage District to acquire such easements in the most fair and cost-effective manner possible.

District Board - A ~~twelve~~~~fourteen~~-member Board who sets and administers District policy. Three members are appointed by the Board of Commissioners for Buncombe County, three members are appointed by the City Council of the City of Asheville, ~~two members are appointed by the Cane Creek Water and Sewer District~~, and one member is appointed by each of the governing bodies of the Towns of Black Mountain, Biltmore Forest, Montreat, Weaverville, ~~the Town of and~~ Woodfin, and ~~the~~ Woodfin Sanitary Water and Sewer District. The officers of the District Board are elected annually by the members of the District Board. Appointments are generally for a ~~three-year~~~~three-year~~ term and are staggered so there is continuity in the membership from year to year.

Commented [BA1]: Incorporation of CCWSW into the District.

General Manager - Chief Executive Officer of the District.

Right of Way Committee - A committee of at least five District Board members appointed by the Chair of the Board which reviews ~~right of way~~~~real estate~~ matters and makes recommendations regarding same to the District Board.

Right of Way Manager – Manager of the easement acquisition program for the District.

Right of Way Agent - Member of the District Right of Way ~~Staff~~Section or ~~C~~contract ~~A~~agent responsible for securing signatures on easement documents.

~~Right of Way Administrative Assistant – Member of the District Right of Way Section responsible for administrative and database support for the Right of Way Section.~~

Project Engineer – Engineer responsible for the design, bidding, and administration of the ~~affected~~ sewer line project.

2.0 RESPONSIBILITY

2.1 The District Board of the Metropolitan Sewerage District hereinafter referred to as the "District Board", shall be responsible for selecting and approving sewer line projects requiring the acquisition of easements. The District Board shall have final approval concerning

expenditures of any funds for the acquisition of easements.

2.2 The Right of Way Committee or such other Committee as determined by the Board Chairman to have responsibilities for ~~Right of Way~~ real estate matters, hereinafter referred to as the "Right of Way Committee", shall be responsible for reviewing proposed easement acquisitions, land purchases and other real estate matters and shall make recommendations regarding ~~easement acquisitions~~ same to the District Board. The General Manager shall serve as an ex-officio member of the Right of Way Committee.

Commented [BA2]: We also take land purchases and other real estate matters through ROWC, not just ROW issues.

2.3 The Right of Way ~~Staff~~ Section shall be composed of a Right of Way Manager, designated employees of the District and agents hired by the District pursuant to contract for easement acquisition, hereinafter referred to as the "Right of Way Agent", and the Right of Way Administrative Assistant.

2.4 The Right of Way ~~Staff~~ Section shall work under the direction of the ~~Capital Improvements Program (CIP)~~ Engineering Division and the General Manager, and shall be responsible, subject to the approval of the District Board, for acquiring easements according to the procedures set forth herein.

3.0 PROCEDURE FOR EASEMENT ACQUISITION BY THE DISTRICT

The District will acquire easements for all new construction. With regard to existing lines, the policy is recited below:

The District claims an easement for existing sewer lines more than two years old with no recorded easement where the line was installed by the District or a governmental predecessor in interest or the line has been owned and operated by the District or a governmental predecessor in interest for more than two years. It is understood that the District only claims an easement for the sewer line in its current location and the easement extends in either direction from the center line of the existing sewer line to a width necessary to operate, maintain, repair and replace if necessary the existing sewer line together with a reasonable right of ingress and egress from the nearest public road.

The District may obtain and record easements in these situations to clarify public record.

3.1 PRE-NEGOTIATION

3.1.1 The Project Engineer shall notify the Right of Way Manager of upcoming ~~P~~ projects and provide a schedule for each project including preliminary design completion and easement plat completion. The Right of Way Manager shall then prepare a schedule for easement acquisition.

3.1.2 Upon completion of preliminary plans and easement plats, the Project Engineer shall provide the Right of Way Manager with two sets (or more) of plans, three sets (or more) of

sealed easement plats and a complete description of the need for the project.

3.1.3 The Right of Way Manager will provide the District's attorney with two surveys and/or attachments as necessary. The attorney will perform a current owner or five-year title search, and prepare Limited Ownership Data and Easement Agreement for each affected property.
~~owner.~~

3.1.4 The Right of Way Manager shall assign the project to a member of the Right of Way ~~Staff~~Section for easement acquisition or determine that the project should be negotiated by a contract agent. If the latter is determined, the Right of Way Manager shall obtain a proposal or proposals for professional services for the General Manager's approval. The member of the Right of Way ~~Staff~~Section or ~~C~~contract ~~A~~agent assigned to the project shall hereinafter be referred to as the "Right of Way Agent."

3.1.5 The Right of Way ~~Manager~~Agent shall mail notice of upcoming projects to affected neighborhood associations, when and where those neighborhood associations are known to actively exist. Notice shall describe the project and offer, if desired by the neighborhood, an open meeting conducted by District staff to present the preliminary project design.

3.1.6 Providing new and/or upgraded sewer lines to an area is a valuable service to the community. ~~As public monies provide funding for system improvements, it is the District's policy to attempt to obtain easements for no compensation. MSD is not purchasing the property, only~~In order to provide these sewers, MSD acquires ~~the easements rights~~ to construct, operate, maintain, and reconstruct lines through ~~said area~~private property. ~~This encumbers a property only to the extent that a structure can not be built and no trees can be planted on the easement; the Owner retains all other rights.~~

~~In cases where~~To compensation becomes necessary~~compensate for sewer easements~~, the following method may be used to establish a budget for each project and compensation with which ~~Staff~~the ~~Right of Way~~ Section may negotiate. The current land value (excluding improvement values) established by the Buncombe County Tax Assessor shall be used as the base value for compensation. Permanent Easement areas shall be compensated at fifty percent (50%) of value for any net new square footage. Temporary Construction Easement areas shall be compensated at a ten percent (10%) annual rate of return on the value of any new square footage for the duration of the project. In determining compensation due under this policy, the District Board may consider the fact that the property is already encumbered by an existing sewer line(s), the rehabilitation of which will not further burden the property.~~;~~

A contingency shall be added to each project's compensation budget allowing for additional funds to finalize negotiations with owners in lieu of condemnation. The contingency shall be based on ten percent (10%) of the total number of parcels included in the project multiplied by \$5,000.00. Contingency funds may be used on any parcel within the project in order to avoid condemnation. An additional level of contingency funds, amounting to 100% of the budget contingency, shall be added to each project's compensation budget, requiring the General Manager's authority for use.

Commented [BA3]: Deleting "no compensation" sentence as we do not attempt to acquire without compensation. Also deleting last sentence. Our easements restrict fill and other utilities without written permissions and "extent" of an encumbrance is subjective. It is enough to say that MSD acquires easements.

These compensation budgets shall then be presented to the Right of Way Committee and District Board for approval, with the exception of small projects totaling less than \$1,000 before added contingencies. Upon approval, the District Board shall authorize the General Manager to acquire at a maximum not to exceed these limits. Any amounts above these limits must be approved by the Right of Way Committee and District Board.

3.2 NEGOTIATION

3.2.1 The Right of Way Agent will send an introduction letter to each Affected Owner. The introduction letter will present the need for an easement, briefly explain negotiation procedures, state negotiation schedule, and request an appointment with the Owner to discuss acquisition of the easement.

3.2.2 The Right of Way Agent will make all reasonable efforts to meet with the affected Owner or his representative to discuss (1) the District's acquisition policy and procedure, (2) review the Easement Agreement and attached easement plat, (3) to invite Owner input and (4) address specific concerns the Owner may have. A minimum of three documented, substantial meetings must occur between the Right of Way Agent and the Owner. A substantial meeting is defined as personal contact with the property owner, or their appointed agent, where all aspects of the project are reviewed, discussed, and understandings are reached. In the case of a non-local owner, where personal contact may not be possible, substantial meetings are defined as above using telephone conversations or letters where receipt is confirmed by the owner or their appointed agent. As many additional meetings as the Right of Way Agent deems necessary to reach agreement may be held within the confines of the project schedule.

3.2.3 Any special provisions for construction or restoration must be noted on a "Special Provisions Detail Sheet." A copy of the Special Provisions Detail Sheet shall be placed in the file and a copy provided to the Owner. A Special Provisions Summary Report with individual detail sheets attached will be provided to the Project Engineer for inclusion in the special conditions of the project specifications. The Right of Way Agent shall have the authority to offer in lieu of cash compensation, reasonable improvements, trees, plants, or other reasonable provisions agreed upon with the Owner.

3.2.4 If the District and the affected Owner reach an agreement for acquisition of an easement the Right of Way Agent shall be authorized to obtain valid signatures on the Easement Agreement, request a check, deliver compensation to the Owner and secure, if applicable, a Substitute Form 1099S for reporting to the IRS.

3.2.5 Upon recordation of the Easement Agreement, the District's attorney will update the title, prepare Final Limited Ownership Data and return the recorded agreement and ownership data to the District for the file. The Right of Way Administrative Assistant shall send a copy of

the recorded agreement, the Right of Way Use Policy and the Special Provisions Detail Sheet (if negotiated) to the Owner, have any remaining documentation completed and prepare the file for closing.

3.2.6 The responsibility to obtain CIP project encroachment agreements shall rest with the Project Engineer. Requests for encroachment upon the District's existing system shall be reviewed by appropriate CIP and District staff. All completed encroachment agreements shall be filed with the Right of Way project records.

3.3 CONDEMNATION

3.3.1 If, after reasonable efforts by the Right of Way Agent an agreement cannot be reached, the Right of Way Agent may request authority for condemnation.

3.3.2 The decision as to whether or not to proceed with condemnation shall be made by recommendation of the Right of Way Committee to the full Board. If condemnation is authorized, the Right of Way Manager will arrange for an appraisal of the property.

3.3.3 Upon receipt and review of appraisal, the Right of Way Manager shall make a final offer to the affected Owner in the amount of damages determined by the appraisal. If the offer is accepted, the procedures outlined in 3.2.2 through 3.2.4 will be followed.

If the offer is not accepted, the Right of Way Manager will instruct the District's attorney to forward Notice of Condemnation to the Owner by registered or certified mail. A check will be issued for compensation funds as determined by the appraisal to be deposited with the Clerk of Court.

3.3.4 Thirty days after mailing to the Owner the Notice of Condemnation, the District's attorneys shall file the Complaint and Declaration of Taking and deposit compensation funds as determined by the appraisal with the Buncombe County Clerk of Superior Court. Upon filing of the Complaint, the District has access to the easement areas taken.

3.3.5 It is the District's policy to minimize court action and to utilize out of court settlements where possible. In mediation and trial settings where calling a Right of Way Committee/Board meeting is not feasible, the General Manager or his/her designee shall have authority to negotiate on behalf of MSD and to make a recommendation to the Right of Way Committee/Board.

ACCESS

3.4.1 The Right of Way Manager shall advise the CIP Director and the Project Engineer upon the completion of access to all parcels. The project shall not be advertised for construction until this notice is provided by the Right of Way Manager.

8/91 approved - original policy produced
6/93 rev. allow other committees to consider issues
rev. acquisition on existing lines
rev. row agent to obtain estimate -beyond const. scope
9/93 rev. compensation formula
rev. plans/specs to be reviewed/approved by Eng Div
rev. engineer to provide schedule plans/plats/form
4/95 rev. add row mission statement
rev. add contingency to compensation chart
2/96 rev. clarification of contingency guidelines
11/96 rev. policy/esmt. for existing line
6/97 rev. title search changed from 30 yr to 5 yr
6/98 rev. condemnation delegated to ROW Committee
6/98 rev. authorize an additional level of contingency funds
2/99 rev. delete use of subordination agreement
rev. delete construction and media notification by row staff
8/99 rev. update procedures and forms
1/02 rev. general clerical updates
6/02 rev to Compensation Policy
4/06 rev. update policy and procedures
2/07 rev. delegation of Condemnation authority back to Board
9/11 rev. grammar and nomenclature
rev. added "or" phrase to claimed esmts application
rev. remove specified width for claimed esmts
rev. proposals for contract agents approved by GM
rev. add GM/designee authority to negotiate in mediation/trial
2/13 rev. except budgets < \$1,000 from formal presentation
3/23 rev. add CCWSD members
rev. ROW Administrative Assistant
rev. remove policy of no compensation
rev. grammar and nomenclature

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: April 19, 2023

SUBMITTED BY: Tom Hartye, P.E. - General Manager

REVIEWED BY: Hunter Carson, P.E. - Engineering Director

PREPARED BY: Kevin Johnson, P.E. - Planning and Development Manager

SUBJECT: Acceptance of Developer Constructed Sewer System for the Appalachian Mountain Brewery Sewer Extension, MSD Project No. 2022112

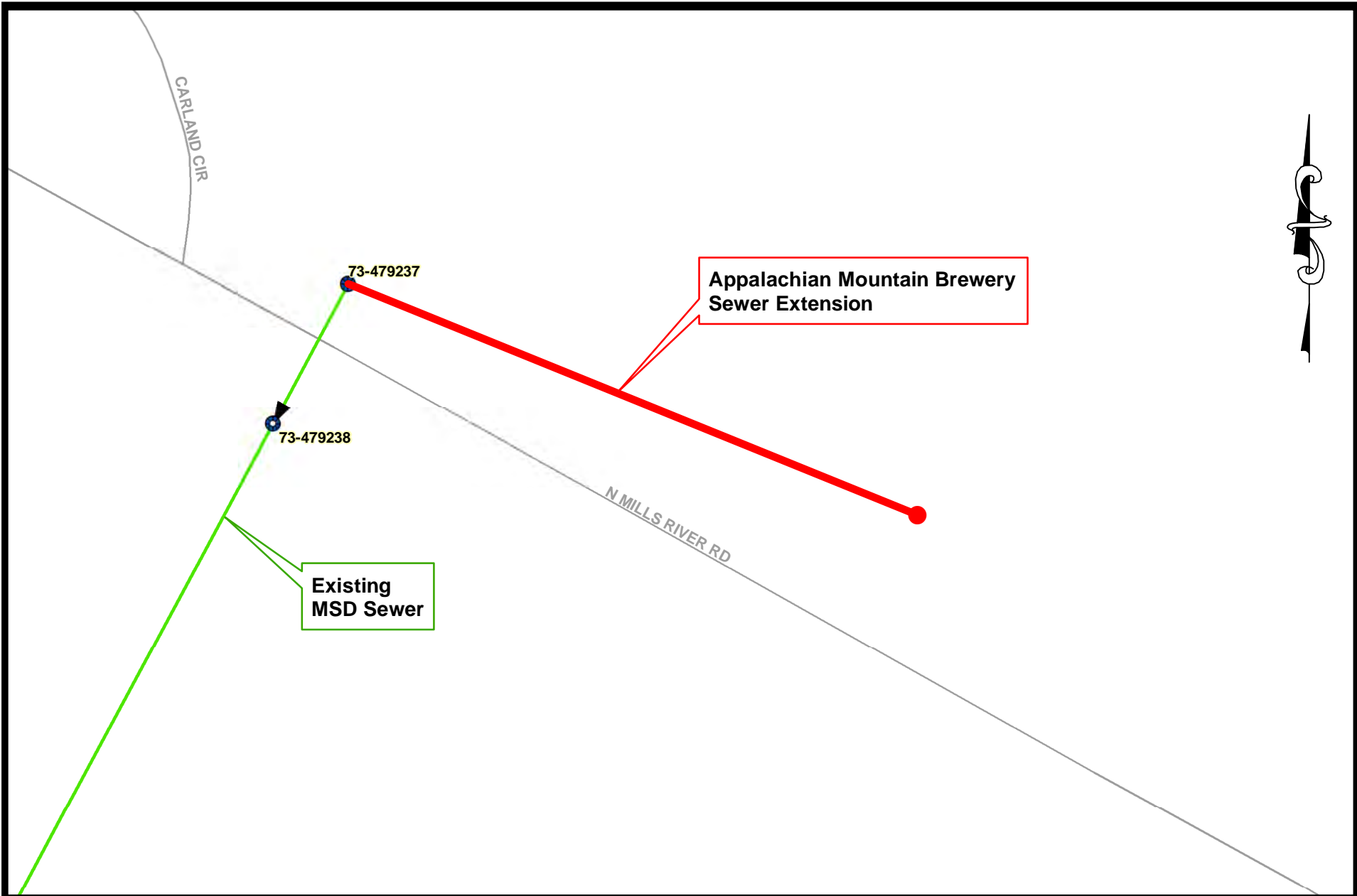
BACKGROUND: This project is located inside the District boundary at the corner of North Mills River Road and Boylston Highway in Henderson County. The developer of the project is Nathan Kelischek of MR Management – Asheville, LLC.

The project included extending approximately 225 linear feet of 8-inch public gravity sewer to serve the Commercial Development.

A wastewater allocation was issued in the amount of 2,400 GPD for the new Tap and Tasting Room. The estimated cost of the sewer construction is \$20,000.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



Appalachian Mountain Brewery
Sewer Extension

Existing
MSD Sewer



MSD
Engineering Division

**Appalachian Mountain Brewery Sewer Extension
MSD Project # 2022112**

Metropolitan Sewerage District of Buncombe County

04/04/2023

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: April 19, 2023

SUBMITTED BY: Tom Hartye, P.E. - General Manager

REVIEWED BY: Hunter Carson, P.E. - Engineering Director

PREPARED BY: Kevin Johnson, P.E. - Planning and Development Manager

SUBJECT: Acceptance of Developer Constructed Sewer System for the Enka Oak Street Sewer Extension, MSD Project No. 2021224

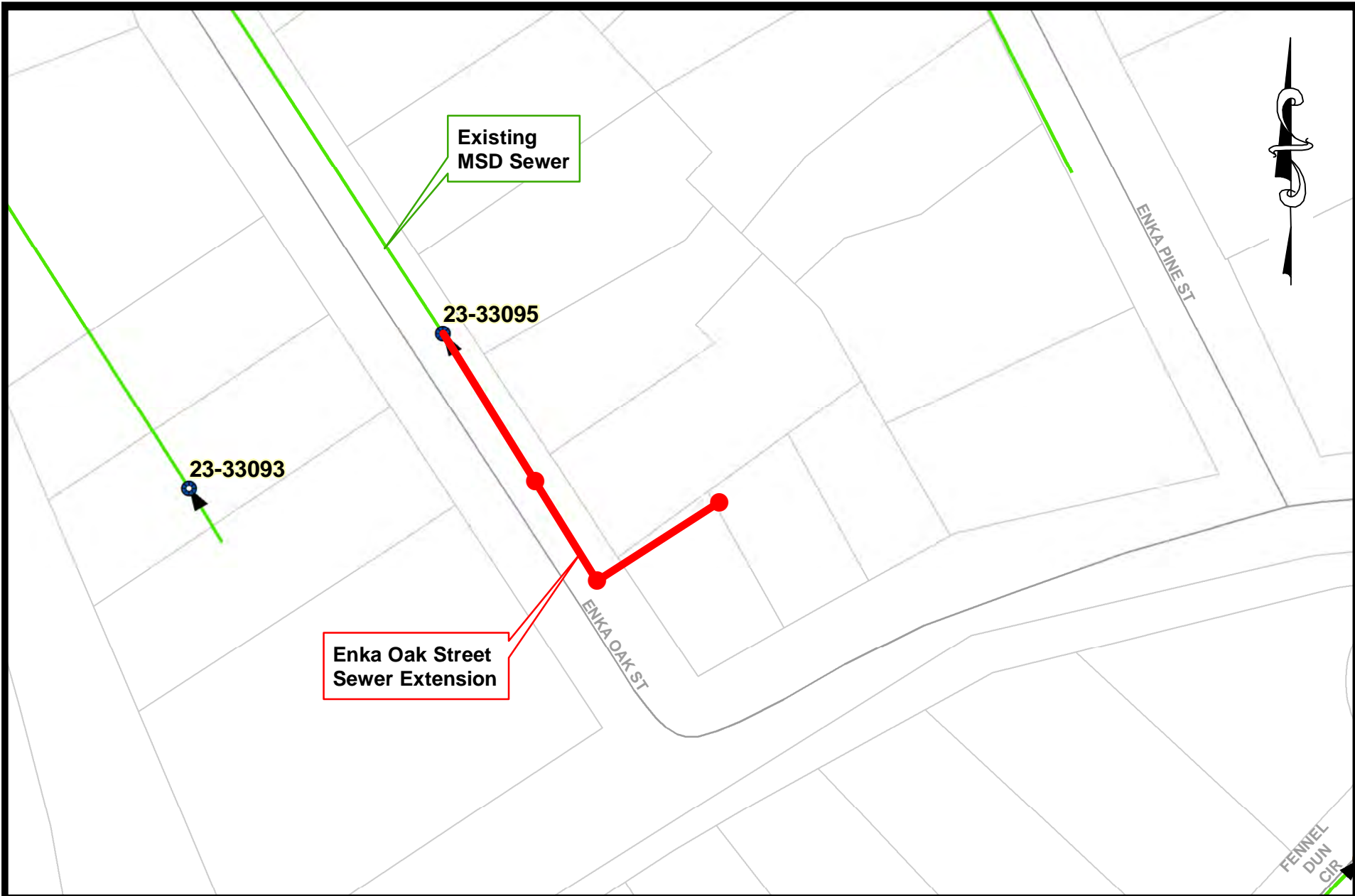
BACKGROUND: This project is located inside the District boundary along Enka Oak Street in Buncombe County. The developer of the project is Aaron Meinch of Meinch Construction, Inc.

The project included extending approximately 125 linear feet of 8-inch public gravity sewer to serve the Single Family Residential Development.

A wastewater allocation was issued in the amount of 900 GPD for the three (3) homes served by this extension. The estimated cost of the sewer construction is \$50,000.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



MSD
Engineering Division

Enka Oak Street Sewer Extension MSD Project # 2021224

Metropolitan Sewerage District of Buncombe County

04/04/2023

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: April 19, 2023

SUBMITTED BY: Tom Hartye, P.E. - General Manager

REVIEWED BY: Hunter Carson, P.E. - Engineering Director

PREPARED BY: Kevin Johnson, P.E. - Planning and Development Manager

SUBJECT: Acceptance of Developer Constructed Sewer System for the Greenwood Park Phase 2 Sewer Extension, MSD Project No. 2020245

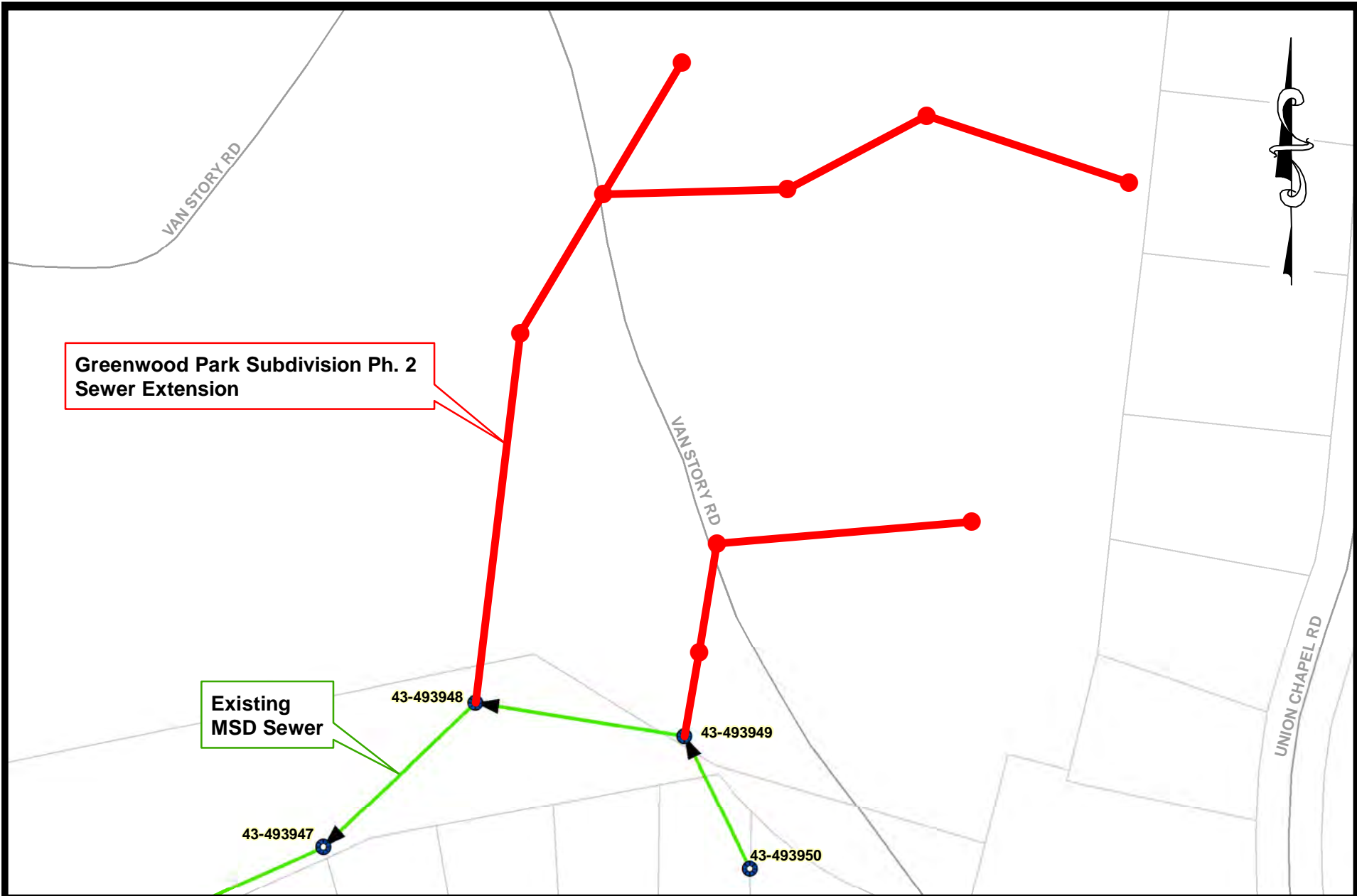
BACKGROUND: This project is located inside the District boundary off Union Chapel Road in the Town of Weaverville. The developer of the project is Amit Dorf of Greenwood Park LLC.

The project included extending approximately 1,450 linear feet of 8-inch public gravity sewer to serve the Single-Family Residential Development.

A wastewater allocation was issued in the amount of 5,400 GPD for the eighteen (18) homes included in this phase of the development. The estimated cost of the sewer construction is \$143,846.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



MSD
Engineering Division

Greenwood Park Subdivision Ph. 2 Sewer Extension MSD Project # 2020245

Metropolitan Sewerage District of Buncombe County

04/04/2023

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: April 19, 2023

SUBMITTED BY: Tom Hartye, P.E. - General Manager

REVIEWED BY: Hunter Carson, P.E. - Engineering Director

PREPARED BY: Kevin Johnson, P.E. - Planning and Development Manager

SUBJECT: Acceptance of Developer Constructed Sewer System for the Hawthorne at Haywood Phase II Sewer Extension, MSD Project No. 2019130

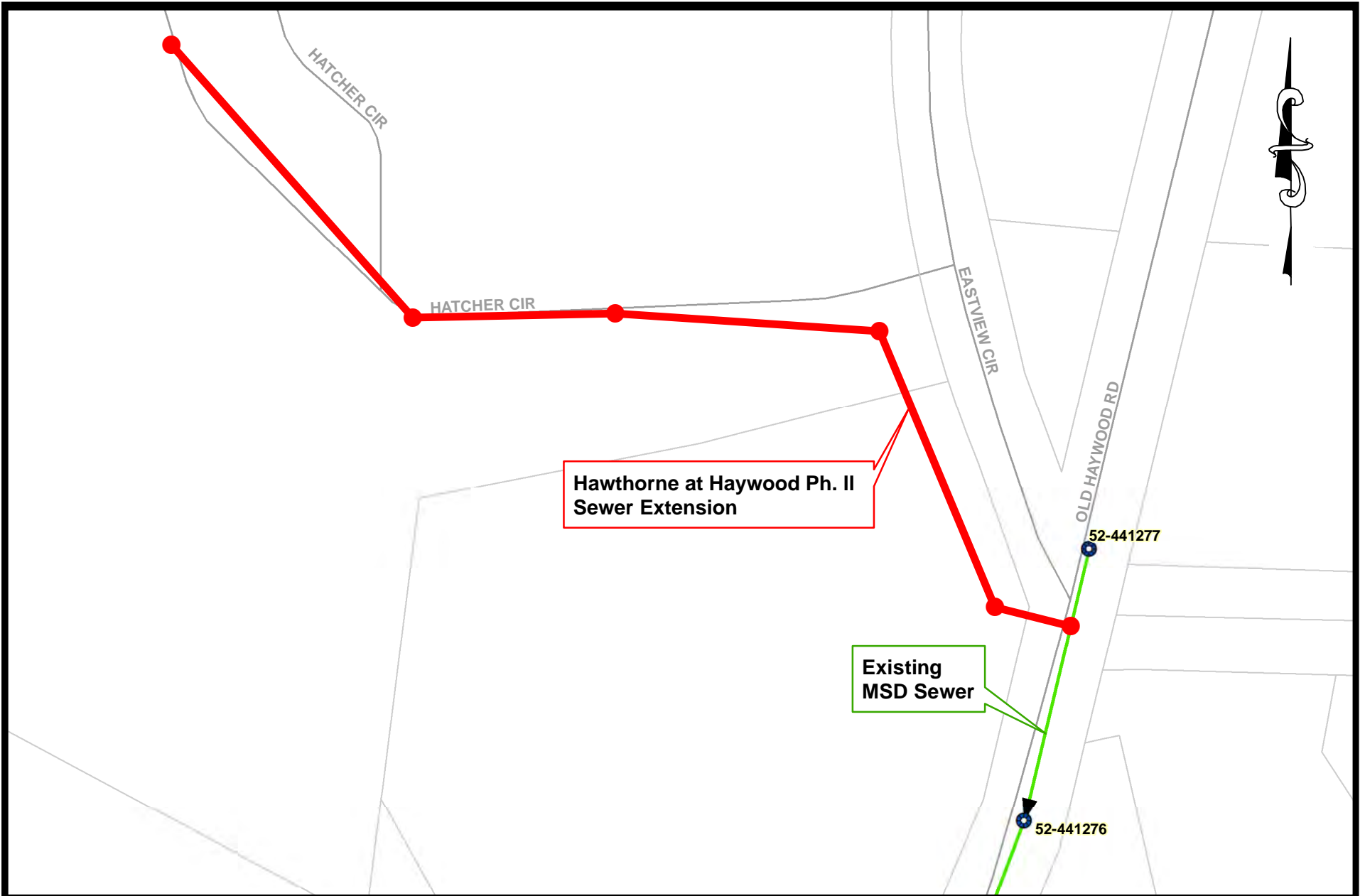
BACKGROUND: This project is located inside the District boundary off Eastview Circle in Buncombe County. The developer of the project is Phillip Payonk of Hawthorne at Haywood Phase II Apartments, LLC.

The project included extending approximately 665 linear feet of 8-inch public gravity sewer to serve the Multi-Family Residential Development.

A wastewater allocation was issued in the amount of 29,000 GPD for the ninety-two (92) apartments included in this phase of the development. The estimated cost of the sewer construction is \$90,000.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



MSD
Engineering Division

Hawthorne at Haywood Ph. II Sewer Extension MSD Project # 2019130

Metropolitan Sewerage District of Buncombe County

04/04/2023

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: April 19, 2023

SUBMITTED BY: Tom Hartye, P.E. - General Manager

REVIEWED BY: Hunter Carson, P.E. - Engineering Director

PREPARED BY: Kevin Johnson, P.E. - Planning and Development Manager

SUBJECT: Acceptance of Developer Constructed Sewer System for the High Hopes Subdivision Sewer Extension, MSD Project No. 2015152

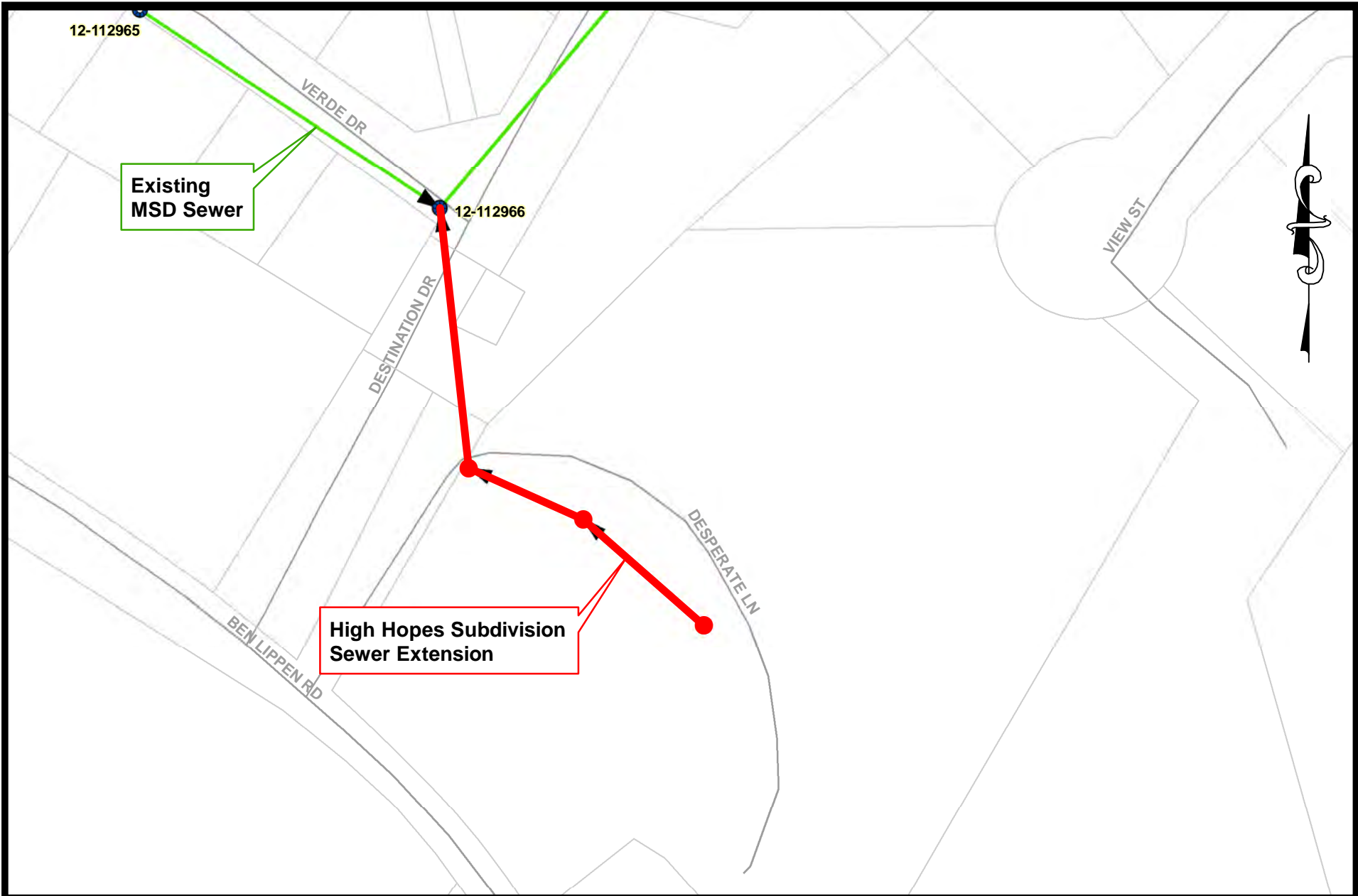
BACKGROUND: This project is located inside the District boundary off Ben Lippen Road in the Town of Woodfin. The developer of the project is Reese Lasher.

The project included extending approximately 300 linear feet of 8-inch public gravity sewer to serve the Single-Family Residential Development.

A wastewater allocation was issued in the amount of 5,200 GPD for the thirteen (13) homes included in this development. The estimated cost of the sewer construction is \$33,000.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



MSD
Engineering Division

High Hopes Subdivision Sewer Extension MSD Project # 2015152

Metropolitan Sewerage District of Buncombe County

04/04/2023

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: April 19, 2023

SUBMITTED BY: Tom Hartye, P.E. - General Manager

REVIEWED BY: Hunter Carson, P.E. - Engineering Director

PREPARED BY: Kevin Johnson, P.E. - Planning and Development Manager

SUBJECT: Acceptance of Developer Constructed Sewer System for the Pardee Partners Sewer Extension, MSD Project No. 2021058

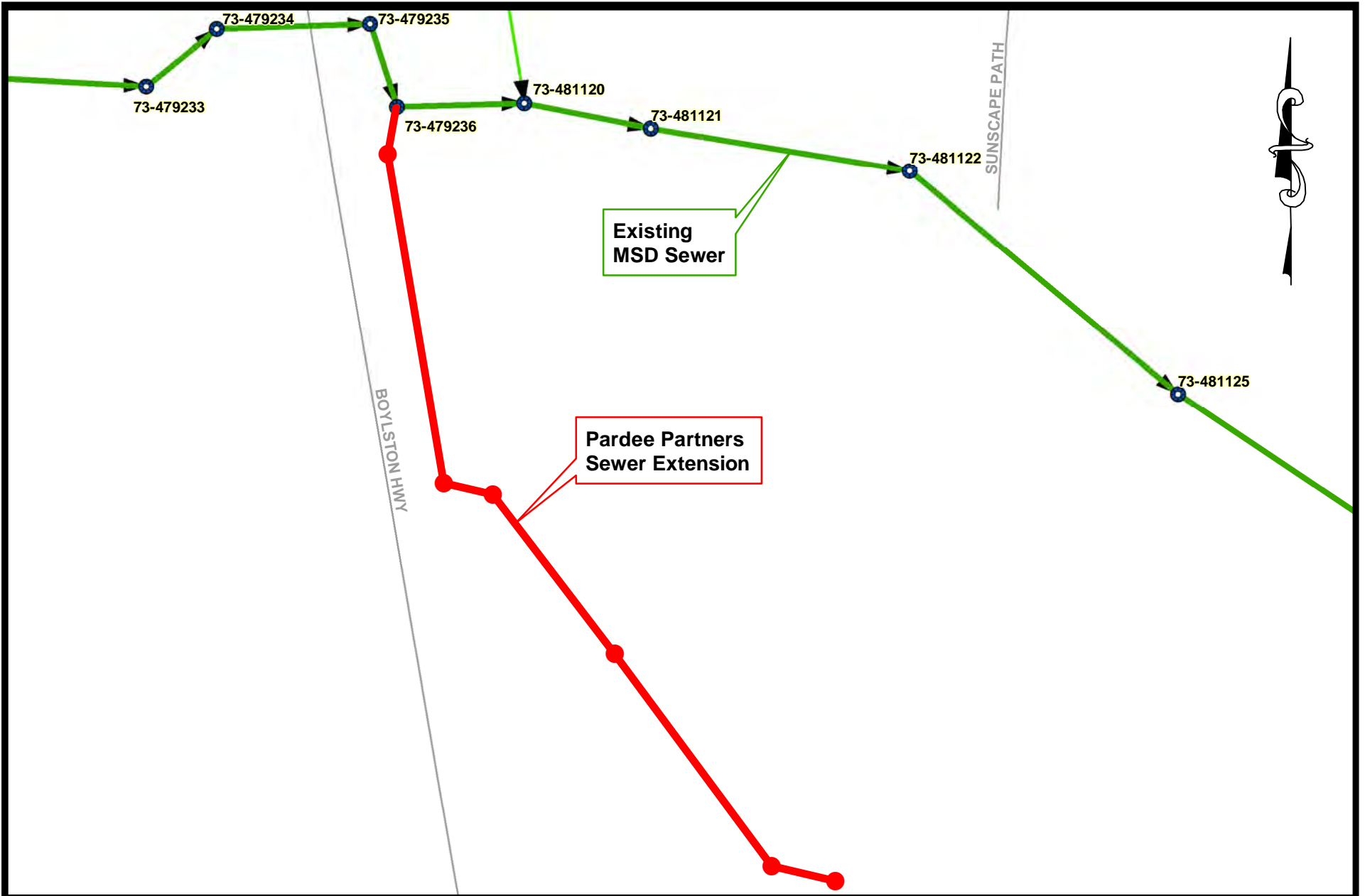
BACKGROUND: This project is located inside the District boundary along Boylston Highway in Henderson County. The developer of the project is Walter Carpenter of Henderson County Pardee Hospital.

The project included extending approximately 1,100 linear feet of 8-inch public gravity sewer to serve the Commercial Development.

A wastewater allocation was issued in the amount of 22,000 GPD for the new Ambulatory Surgery Center. The estimated cost of the sewer construction is \$115,800.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



MSD
Engineering Division

**Pardee Partners Sewer Extension
MSD Project # 2021058**

Metropolitan Sewerage District of Buncombe County

04/04/2023

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: April 19, 2023

SUBMITTED BY: Tom Hartye, P.E. - General Manager

REVIEWED BY: Hunter Carson, P.E. - Engineering Director

PREPARED BY: Kevin Johnson, P.E. - Planning and Development Manager

SUBJECT: Acceptance of Developer Constructed Sewer System for the Selwyn Townhomes Sewer Extension, MSD Project No. 2021209

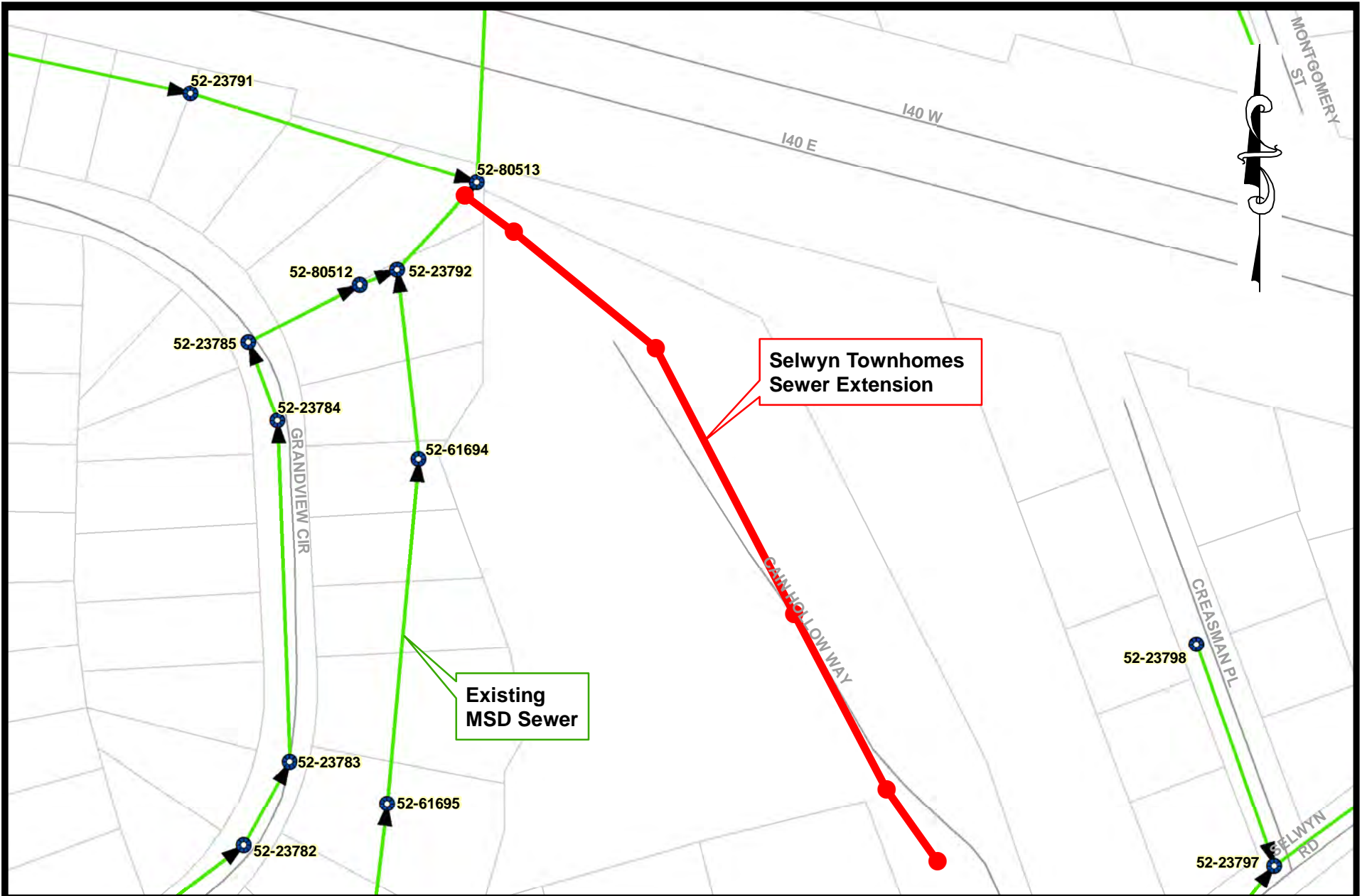
BACKGROUND: This project is located inside the District boundary off Selwyn Road in the City of Asheville. The developer of the project is David Luck of Selwyn Road, LLC.

The project included extending approximately 993 linear feet of 8-inch public gravity sewer to serve the Single-Family Residential Development.

A wastewater allocation was issued in the amount of 13,500 GPD for the forty-five (45) townhomes included in this development. The estimated cost of the sewer construction is \$160,000.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



MSD
Engineering Division

**Selwyn Townhomes Sewer Extension
MSD Project # 2021209**

Metropolitan Sewerage District of Buncombe County

04/04/2023

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: April 19, 2023

SUBMITTED BY: Tom Hartye, P.E. - General Manager

REVIEWED BY: Hunter Carson, P.E. - Engineering Director

PREPARED BY: Kevin Johnson, P.E. - Planning and Development Manager

SUBJECT: Acceptance of Developer Constructed Sewer System for the West City View Subdivision Phase 1 Sewer Extension, MSD Project No. 2020155

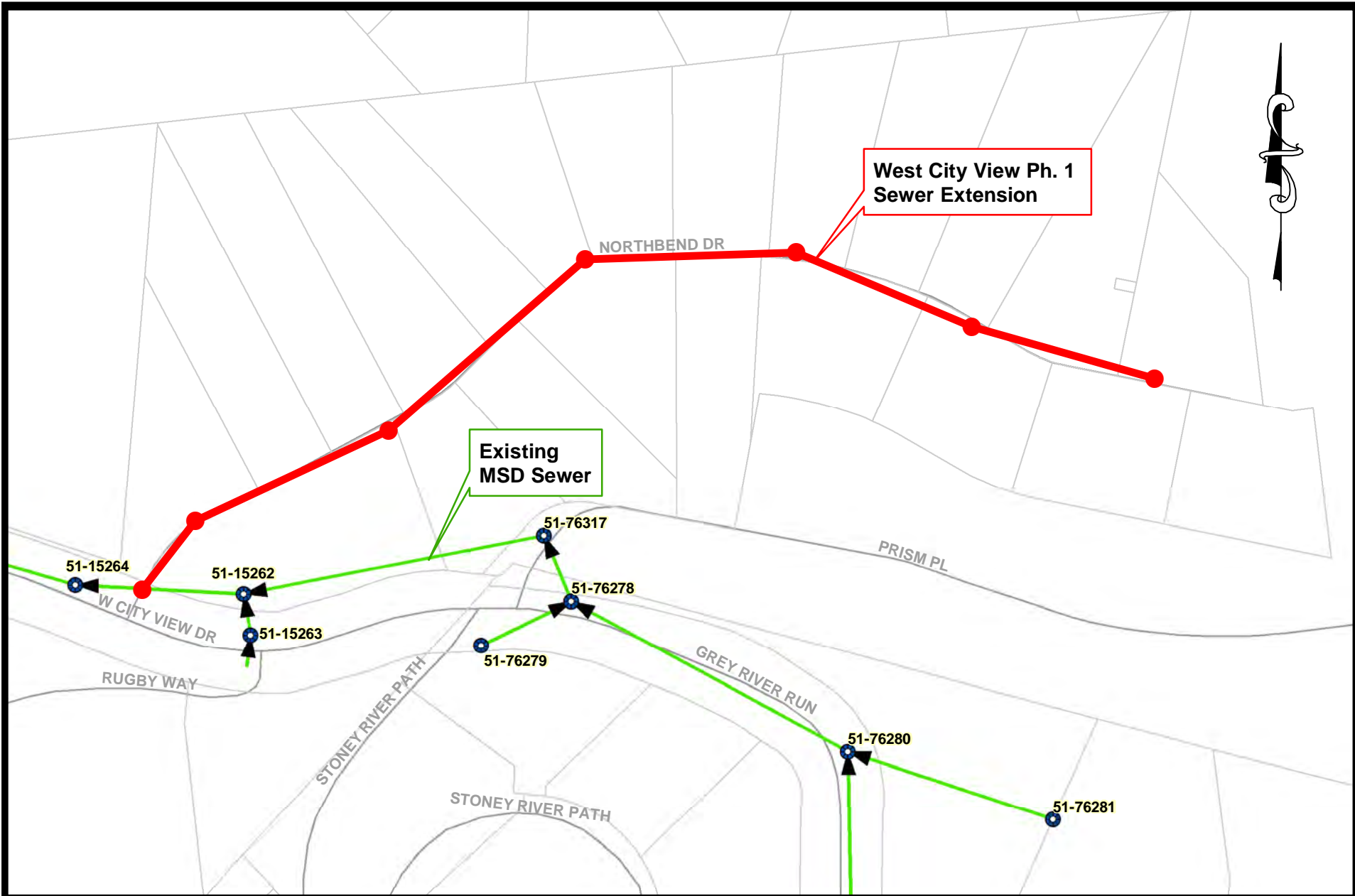
BACKGROUND: This project is located inside the District boundary off West City View Drive in the Town of Woodfin. The developer of the project is Mike Anderson.

The project included extending approximately 843 linear feet of 8-inch public gravity sewer to serve the Single-Family Residential Development.

A wastewater allocation was issued in the amount of 6,600 GPD for the twenty-two (22) homes included in this phase of the development. The estimated cost of the sewer construction is \$99,484.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



MSD
Engineering Division

**West City View Ph. 1 Sewer Extension
MSD Project # 2020155**

Metropolitan Sewerage District of Buncombe County

04/04/2023

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: April 19, 2023
 Submitted By: Thomas E. Hartye, PE., General Manager
 Prepared By: W. Scott Powell, CLGFO, Director of Finance
 Cheryl Rice, Accounting Manager
 Subject: Cash Commitment/Investment Report-Month Ended February 28, 2023

Background

Each month, staff presents to the Board an investment report for all monies in bank accounts and specific investment instruments. The total investments as of February 28, 2023 were \$82,366,774. The detailed listing of accounts is available upon request. The average rate of return for all investments is 2.065%. These investments comply with North Carolina General Statutes, Board written investment policies, and the District's Bond Order.

The attached investment report represents cash and cash equivalents as of February 28, 2023 do not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of February 28, 2023 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$40,344,640.

Total Cash & Investments as of 02/28/2023		82,366,774
Less:		
Budgeted Commitments (Required to pay remaining FY23 budgeted expenditures from unrestricted cash)		
Construction Funds	(17,335,217)	
Operations & Maintenance Fund	<u>(8,587,927)</u>	
		(25,923,144)
Bond Restricted Funds		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(67,825)	
FY23 Principal & Interest Due	<u>(7,153,420)</u>	
		(7,221,245)
District Reserve Funds		
Fleet Replacement	(1,343,361)	
Pump Replacement	(194,726)	
WWTP Replacement	(353,787)	
Maintenance Reserve	<u>(1,049,992)</u>	
		(2,941,866)
District Insurance Funds		
General Liability	(495,886)	
Worker's Compensation	(475,948)	
Post-Retirement Benefit	(2,501,909)	
Self-Funded Employee Medical	<u>(2,462,136)</u>	
		<u>(5,935,879)</u>
Designated for Capital Outlay		<u>40,344,640</u>

Meeting Date: April 19, 2023

Subject: Cash Commitment/Investment Report-Month Ended February 28, 2023

Page 2

Staff Recommendation

None - Information Only.

Action Taken

Motion by:

to

Approve

Disapprove

Second by:

Table

Send to Committee

Other:

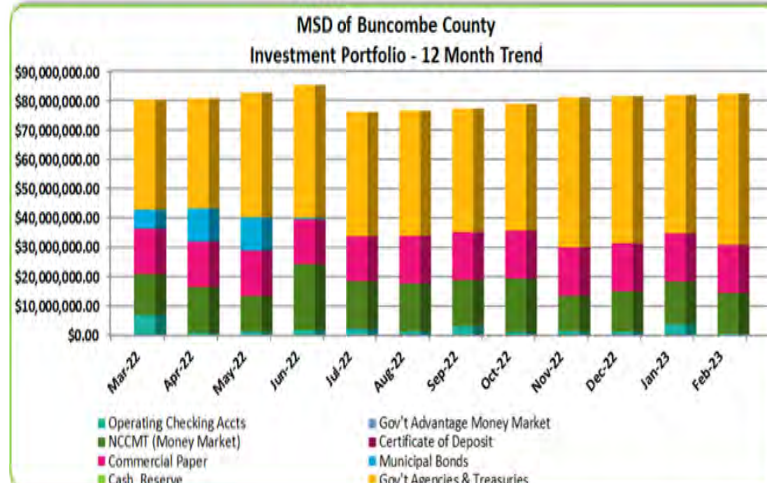
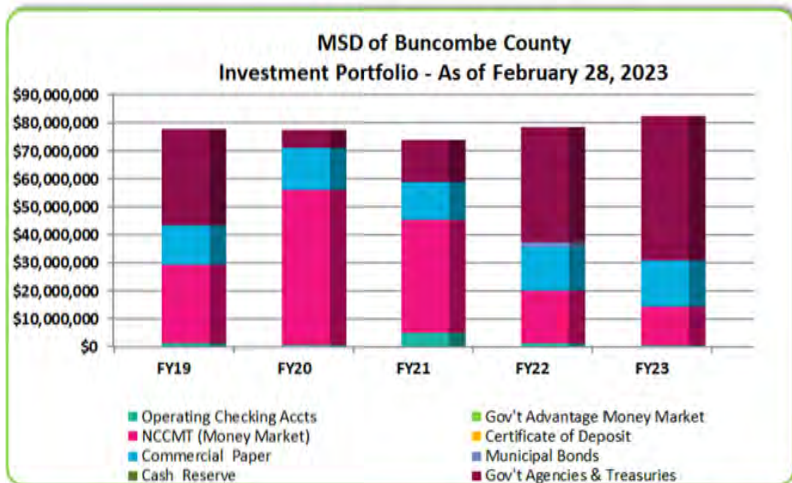
Follow-up required:

Person responsible:

Deadline:

	Operating Checking Accounts	Gov't Advantage Money Market	NCCMT (Money Market)	Certificate of Deposit	Commercial Paper	Municipal Bonds	Cash Reserve	Gov't Agencies & Treasuries	Total
Held with Bond Trustee	\$ -		\$ 67,825			\$ -	\$ -		\$ 67,825
Held by MSD	552,881	46,700	13,752,719	-	16,391,290	-		51,555,359	82,298,949
	\$ 552,881	\$ 46,700	\$ 13,820,544	\$ -	\$ 16,391,290	\$ -	\$ -	\$ 51,555,359	\$ 82,366,774

Investment Policy Asset Allocation	Maximum Percent	Actual Percent	
U.S. Government Treasuries, Agencies and Instrumentalities	100%	62.59%	No significant changes in the investment portfolio as to makeup or total amount.
Bankers' Acceptances	20%	0.00%	
Certificates of Deposit	100%	0.00%	The District 's YTM of 4.50 % is exceeding the YTM benchmark of the NCCMT Government Portfolio.
Commercial Paper	20%	19.90%	
Municipal Bonds	100%	0.00%	
North Carolina Capital Management Trust	100%	16.78%	All funds invested in CD's, operating checking accounts, Gov't Advantage money market are fully collateralized with the State Treasurer.
Checking Accounts:	100%		
Operating Checking Accounts		0.67%	
Gov't Advantage Money Market		0.06%	



Meeting Date: April 19, 2023

Subject: Cash Commitment/Investment Report-Month Ended February 28, 2023

Page 4

Metropolitan Sewerage District Investment Managers' Report On February 28, 2023

Summary of Asset Transactions

	Original Cost	Market	Interest Receivable
Beginning Balance	\$ 71,860,879	\$ 72,030,213	\$ 119,736
Capital Contributed (Withdrawn)	3,640,743	3,640,743	
Realized Income	61,076	61,076	(36,653)
Unrealized/Accrued Income			112,760
Ending Balance	<u>\$ 75,562,698</u>	<u>\$ 75,732,032</u>	<u>\$ 195,843</u>

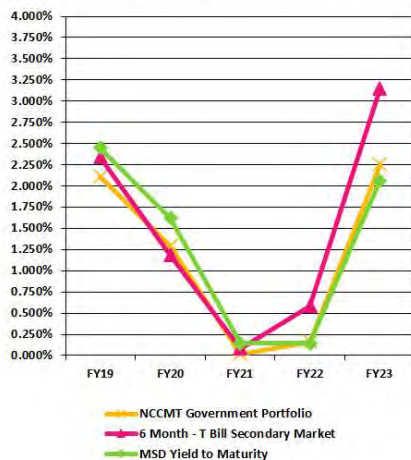
Value and Income by Maturity

	Original Cost	Income
Cash Equivalents <91 Days	\$ 50,449,778	\$ 91,591
Securities/CD's 91 to 365 Days	20,071,684	36,440
Securities/CD's > 1 Year	5,041,236	9,152
	<u>\$ 75,562,698</u>	<u>\$ 137,183</u>

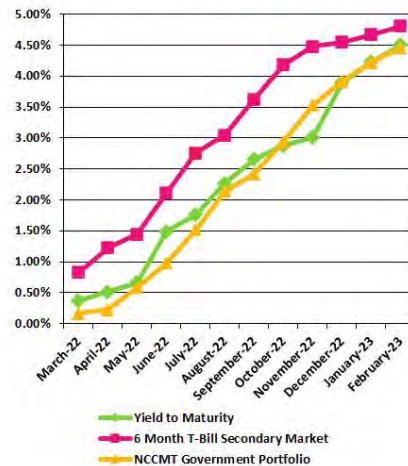
Month End Portfolio Information

Weighted Average Maturity	104
Yield to Maturity	4.50%
6 Month T-Bill Secondary Market	4.81%
NCCMT Government Portfolio	4.46%

Metropolitan Sewerage District
Annual Yield Comparison



Metropolitan Sewerage District
Yield Comparison - February 28, 2023

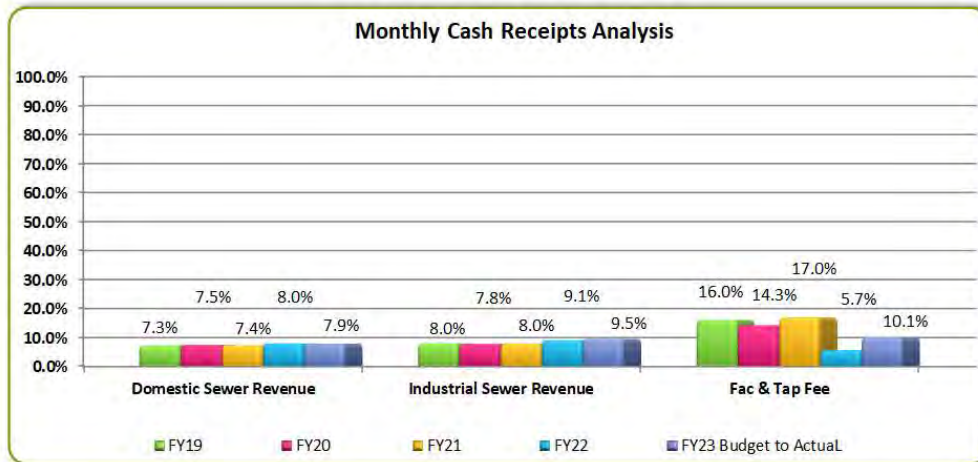


Meeting Date: April 19, 2023

Subject: Cash Commitment/Investment Report-Month Ended February 28, 2023

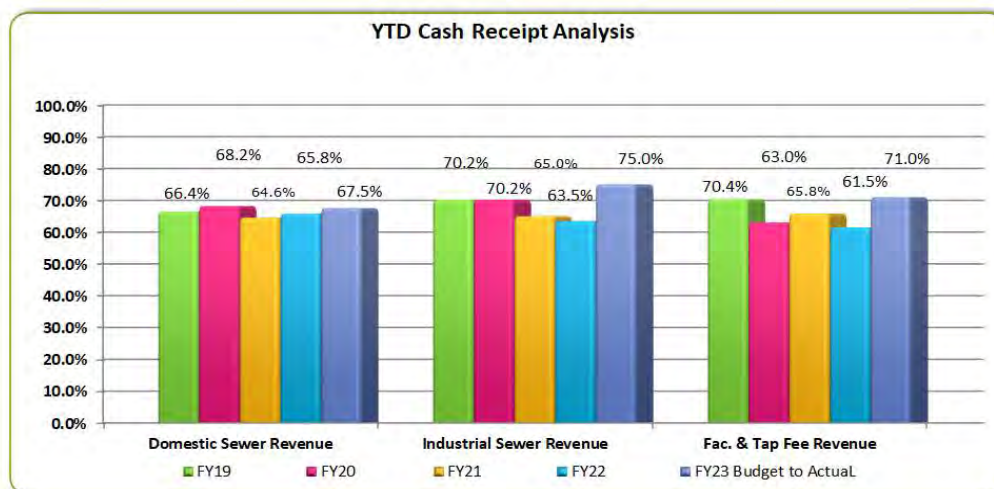
Page 5

Metropolitan Sewerage District Analysis of Cash Receipts As of February 28, 2023



Monthly Cash Receipts Analysis:

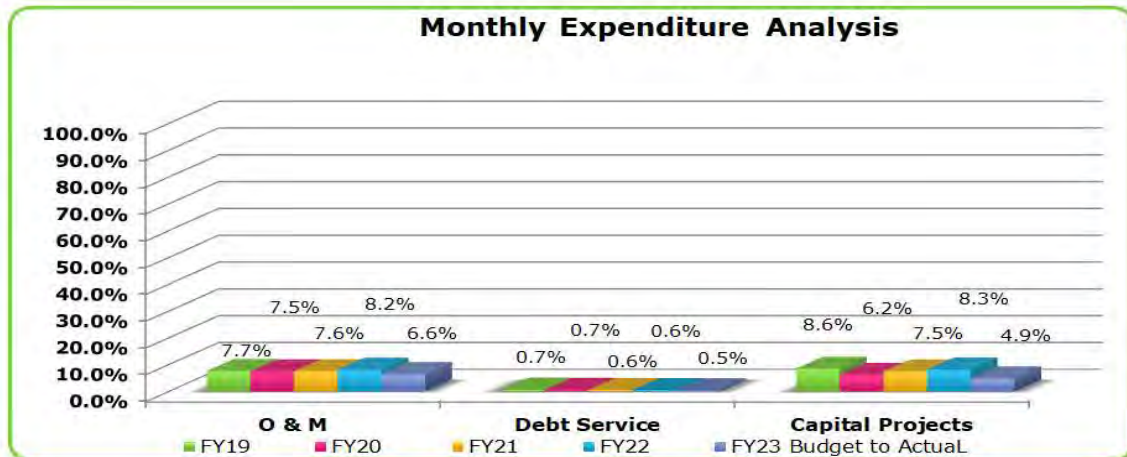
- * Monthly domestic sewer revenue is considered reasonable based on timing of cash receipts in their respective fiscal periods.
- * Monthly industrial sewer revenue is reasonable based on historical trends.
- * Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap fee revenue reasonable.



YTD Actual Revenue Analysis:

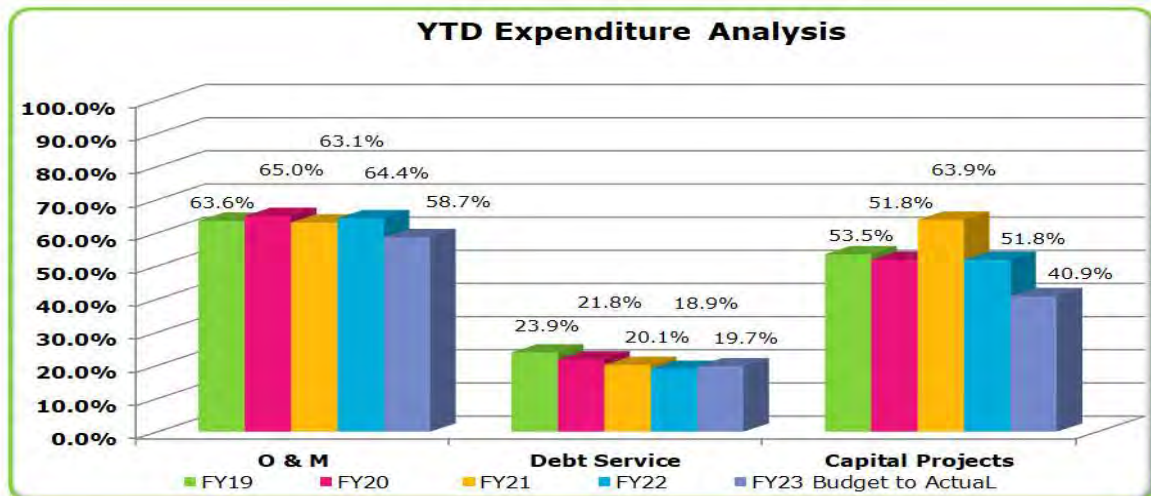
- * YTD domestic sewer revenue is considered reasonable based on historical trends.
- * YTD industrial sewer revenue is reasonable based on historical trends.
- * Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap fee revenue reasonable.

Metropolitan Sewerage District Analysis of Expenditures As of February 28, 2023



Monthly Expenditure Analysis:

- * Monthly O&M expenditures are considered reasonable based on historical trends and timing of expenditures in the current year.
- * Due to the nature of the variable rate bond market, monthly expenditures can vary year to year. Based on current variable interest rates, monthly debt service expenditures are considered reasonable.
- * Due to nature and timing of capital projects, monthly expenditures can vary from year to year. Based on the current outstanding capital projects, monthly capital project expenditures are considered reasonable.



YTD Expenditure Analysis:

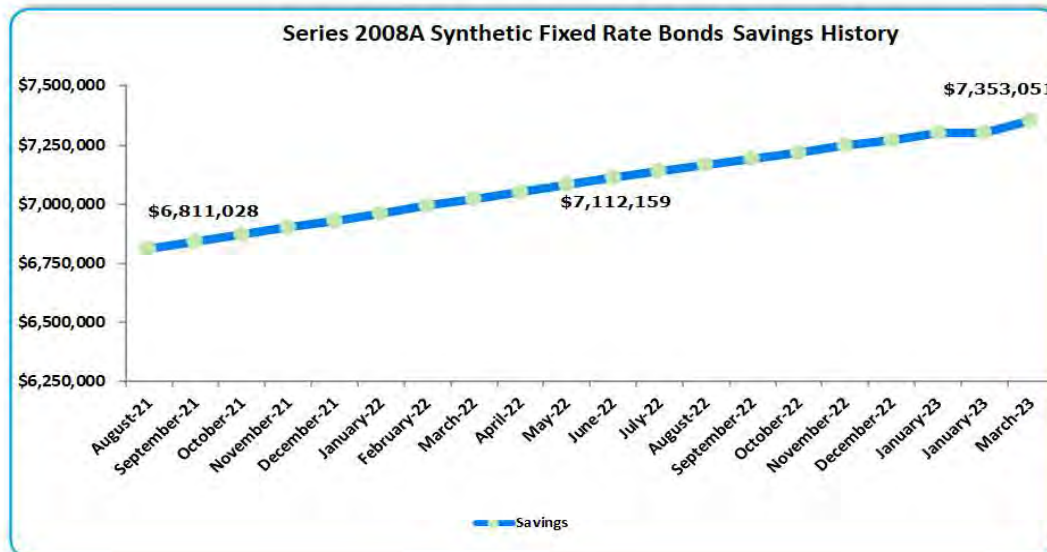
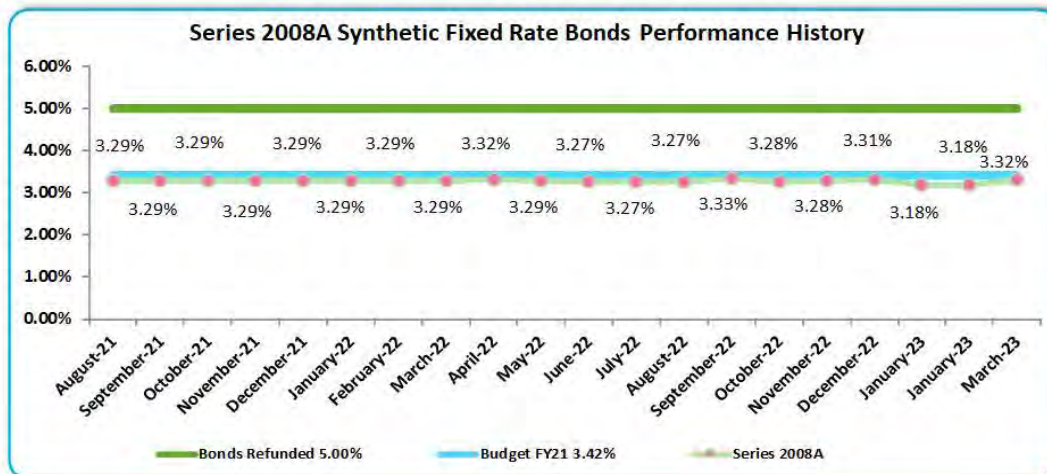
- * YTD O&M expenditures are considered reasonable based on historical trends.
- * Due to the nature of the variable rate bond market, YTD expenditures can vary year to year. Based on current variable interest rates, YTD debt service expenditures are considered reasonable.
- * Due to nature and timing of capital projects, YTD expenditures can vary from year to year. Based on the current outstanding capital projects, YTD capital project expenditures are considered reasonable.

Meeting Date: April 19, 2023

Subject: Cash Commitment/Investment Report-Month Ended February 28, 2023

Page 7

Metropolitan Sewerage District Variable Debt Service Report As of March 31, 2023



Series 2008A:

- * Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$7,353,051 as compared to 4/1 fixed rate of 4.85%.
- * Assuming the rate on the Series 2008A Bonds continues at the current all-in rate of 3.7210%, MSD will achieve cash savings of \$4,670,000 over the life of the bonds.
- * MSD would pay \$360,632 to terminate the existing Bank of America Swap Agreement.

METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY

BOARD ACTION ITEM

Meeting Date: April 19, 2023

Submitted By: Thomas E. Hartye, PE., General Manager

Prepared By: W. Scott Powell, CLGFO, Director of Finance

Subject: Consideration for FY2023 Auditing Services RFP

Background

In FY 2015, the District issued an RFP for audit services. The scope of the contract was for a minimum of three years covering the fiscal years ending June 30, 2016 through 2019. Additionally, The RFP specified that after the first year of the contract, it could be continued on the basis of annual negotiation.

Discussion

The external auditor is charged with providing an opinion on the District's financial statements prepared by management. The opinion is subject to governmental auditing standards issued by the Comptroller General of the United States. Additionally, the external auditor informs the board of any audit findings and/or difficulties incurred through the audit process.

Since we have had the same external auditor for over nineteen years, staff informed the board of its desire to issue an RFP for auditing services for the FY2023 fiscal period. A RFP (Exhibit 1) was sent to the following auditing firms:

- ◀ CHERRY BEKARET, LLP
- ◀ MARTIN STARNES & ASSOCIATES, CPA
- ◀ MAULDIN & JENKINS
- ◀ PBMARES
- ◀ FORVIS

On March 30, 2023, staff received responses from Cherry Bekaret LLP, PBMares, and FORVIS. A selection committee comprised of the General Manager, Finance Director, and Accounting Manager evaluated the responses based on their relevant experience in governmental accounting in North Carolina specifically with utility systems.

All firms exhibited knowledge of utility industry and experience in North Carolina. Based upon the presented qualifications, the selection committee chose Cherry Bekaret LLP (Exhibit 2) due to their audit approach, the firms staffing, and notably the governmental utility experience in North Carolina.

Board Meeting: April 19, 2023

Subject: Consideration for FY2023 Auditing Services

Page 2

Fiscal Impact

The combined audit fees and reimbursable expenses proposed by Cherry Bekaret LLP for FY2023 is \$45,000. The cost of the FY2024 and F2026 audit engagements were \$47,000 and \$49,000 respectively. Staff budgeted \$48,000 in FY2023.

Staff Recommendation

Selection Committee recommends Cherry Bekaret LLP as auditors for FY2023 fiscal period.

Action Taken

Motion by:

to

Approve

Disapprove

Second by:

Table

Send to Committee

Other:

Follow-up required:

Person responsible:

Deadline:

METROPOLITAN SEWERAGE DISTRICT OF
BUNCOMBE COUNTY, NORTH CAROLINA



REQUEST FOR PROPOSAL

Metropolitan Sewerage District of Buncombe County, North Carolina Request for Proposal to Provide Audit Services

The Board of Directors of the Metropolitan Sewerage District of Buncombe County, North Carolina (hereinafter called the "District") invites qualified independent auditors (hereinafter called "auditor") having sufficient governmental accounting and auditing experience in performing an audit in accordance with specifications outlined in this Request for Proposal (RFP) to submit a proposal.

There is no expressed or implied obligation for the District to reimburse responding firms for expenses incurred in preparing proposals in response to this request.

Type of Audit

The audit will encompass a financial and compliance examination of the District's Annual Comprehensive Financial Report (ACFR) in accordance with the laws and regulations of the State of North Carolina, which include requirements for the minimum scope of the audit. The financial and compliance audit will cover Federal, State, and local funding sources in accordance with generally accepted auditing standards; Government Auditing Standards, July 2011 revisions; the Single Audit Act of 1984, the Single Audit Act Amendments of 1996; the provisions of Title 2 U.S. Code of Federal Regulations part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); the State Single Audit Implementation Act; and applicable laws and regulations.

Period Covered By the Proposal

The District intends to continue the relationship with the selected Auditor for services over a minimum of three years covering the fiscal years ending June 30, 2023, 2024, and 2025 on the basis of annual negotiation, after completion of the first year contract. Each year after negotiation has taken place an annual contract documenting the terms of the audit will be signed. Since one governing board may not obligate future governing boards, the remaining years of the agreement, as well as any subsequent years, are subject to annual governing board approval.

Requirements

1. The audit must be conducted in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the State Single Audit Implementation Act, and any other applicable procedures for the audit of a government's financial statements prepared in accordance with GAAP and encompass any requirements imposed by the Local Government Commission.
2. Final fieldwork will not commence until the last week of September for each year. The audit must be conducted in a manner such that all necessary financial and compliance information (trial balance with any potential adjusting journal entries in final form) are completed and presented to the District's Finance Director, not later than the second week of October each year, to enable the District to prepare the financial statements. Prior to the beginning of fieldwork, the auditor and the Director of Finance will agree upon delivery date of all District-prepared schedules and assembled documentation.
3. All ACFR statements, schedules, and notes to the financial statements (except those listed below) will be drafted by Finance staff and available for the auditor at the beginning of fieldwork. Auditor reviews and comments should be turned in to Finance by the 15th of October.
 - Schedule of Findings and Questioned Costs (Compliance)
 - Summary Schedule of Prior Year Audit Findings (Compliance)
4. The financial audit opinion will cover the general-purpose financial statements. The supplemental schedules and related information are not necessary for fair presentation, but will be presented as additional analytical data. This supplemental information will be subjected to the tests and other auditing procedures applied in the examination of the general purpose financial statements, and an opinion will be given as to whether it is fairly stated in all material respects in relation to the financial statements taken as a whole.
5. The working papers shall be retained and made available upon request by the District or any cognizant agency for no less than three years from the date of the audit report.
6. The report will be subjected to quality control review by a qualified independent third party, i.e., the North Carolina Local Government Commission, prior to acceptance by the District.

7. In the event that circumstances arise during the audit that require work to be performed in excess of the original estimates, such cost will be negotiated prior to commencement of work. Any such negotiation will be conducted with the General Manager, Director of Finance, and the Finance Committee, and an amended contract will be approved by the governing board and submitted to the North Carolina Local Government Commission for approval.

Time Schedule for Awarding the Contract

Wednesday, March 15, 2023	Requests for proposal packages will be released
Friday, March 31, 2023 2:00 p.m.	The proposal should be submitted to the Metropolitan Sewerage District of Buncombe County Finance Department located at 2028 Riverside Drive, Asheville, NC 28804, and be clearly marked "Proposal-Audit Services". All inquiries and submissions are to be directed in writing to District Director of Finance, W. Scott Powell at the above address.
Wednesday, April 5, 2023	Preliminary selection of auditor by Selection Committee.
Wednesday, April 19, 2023	Audit Firm selection will be approved by Board at the regularly scheduled meeting.

The District reserves the right to adjust the dates for preliminary selection and final contract approval based upon changes to regularly scheduled Board meeting dates, unanticipated delays in the selection and/or negotiation process, or any other contingency based upon the best interest of the District. Nevertheless, every effort will be made to be respectful of the time constraints put upon public accounting firms in the late spring.

Description of Selection Process

Five (5) copies of each section of the proposal should be submitted at the time and place indicated under the section entitled "Time Schedule for Awarding Contract".

Proposals will be submitted in two sections. The *first section* will be comprised of the firm's prior experience and qualifications of its personnel in performing government audits having

utility enterprise systems and/or standalone government utility system audits. The second section will be comprised of the separately sealed audit cost estimates. A selection committee will evaluate each auditor on educational and technical qualifications and then select the top three firms from the first section to have their second section opened and evaluated. The firm providing the optimum value of governmental utility audit experience and approach for proposed fees will be selected.

PLEASE KEEP IN MIND THAT COST, WHILE AN IMPORTANT FACTOR WILL NOT BE A SOLE DETERMINING FACTOR. UNUSUALLY LOW BIDS THAT ARE OBVIOUSLY OUT OF LINE WITH OTHER BIDDERS OR ARE SIGNIFICANTLY LOWER THAN OUR CURRENT FEES MAY RAISE CONCERN. THE LOWEST BID WILL NOT AUTOMATICALLY BE AWARDED PREFERENTIAL CONSIDERATION.

The Finance Director may be contacted only to clarify questions concerning the RFP.

The District reserves the right to reject any proposals, waive technicalities in proposals, and be the sole judge of suitability of the services for its intended use and further specifically reserves the right to make the award in the best interest of the District. Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the bid. The District shall not be responsible to reimburse any responding firms for any expenses incurred in preparing or presenting responses to this request.

During the evaluation process, the District reserves the right to request additional information or clarifications from proposers or to allow corrections of errors or omissions. At the discretion of the District, firms submitting proposals may be asked to make in person presentations as part of the evaluation process.

First Section

The first section should address the requested information below pertaining to the firm's experience and audit approach. The corresponding response should begin with the number of the requested information.

▶ Audit Approach

Clearly describe your firm's approach to conducting the examination (include use of statistical sampling and automated processes). Specifically comment on the audit

timeline and how the District can assist in expediting the audit. Include separate sections for both SAS 99 and GASB 34.

► Profile of the Firm

1. State whether your firm is regional, national, or international.
2. Give the location of the office responsible for the proposed services and the number of partners, supervisory staff, seniors, and other professional staff employed at that office. Also, give the number of staff members with local government experience specifically with utility systems (e.g. water and sewer).
3. Describe the range of services provided by the local office in the governmental area, such as audit, accounting, or management advisory services. Include activities, which demonstrate your commitment to governmental practice.
4. Describe your audit organization's participation in AICPA-sponsored or comparable quality control (peer review) programs.
5. Describe how the firm meets professional independence standards, and include any potential personal or professional conflict of interest.
6. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.
7. Describe liability insurance coverage arrangements.
8. Provide statistics on your firm's turnover rate and your policy on audit team continuity for your clients.

► Governmental Experience

1. Provide information on your firm's background and experience auditing governmental units having utility enterprise systems and/or standalone governmental utility system audits.
2. Provide information on your firm's background and experience auditing governmental units having variable debt and interest rate swaps.
3. List the governmental clients of your firm. Also, list names, addresses, and telephone numbers of client officials.
4. List the governmental clients of your firm that have annual water and sewer revenues in excess of \$40 million.

5. The District has received the GFOA Certificate of Achievement for Excellence in Financial Reporting since 1995. Indicate whether your office has previous experience auditing financial statements, which have earned this recognition.
6. List any specific training or experience your firm has related to new pronouncements such as GASB 87 and GASB 101.
7. Identify the specific persons (minimally, the engagement partner and manager) who will work on the District's audit and designate the individual who will be the primary contact for the firm. Include resumes for each person to be assigned to the audit and indicate specific governmental experience of each person. Identify individuals that will be assigned to work on the District's audit who will also be assigned responsibilities on other similar local government engagements (identify each entity) during the District's audit time frame. Staff continuity is a priority for the District. The District must be notified of any changes in key audit personnel prior to annual renewal of contract within the multi-year period to assess continuity concerns. Note which staff that are members of GFOA (national and local) and if they attend any GFOA professional development conferences or seminars.

Second Section

The second section should consist of completed cost estimate sheets (see attachments) which will include the following information.

1. Proposals should include completed cost estimate sheets and any other necessary cost information in a separate sealed envelope marked "Cost Estimate." The District plans to evaluate the qualifications of all firms submitting proposals before considering the Cost Estimate.
2. Cost estimates must indicate the basis for the charges and whether the amount is a "not-to-exceed" amount.
3. Charges must be separately estimated for the financial audit and the compliance audit.
4. Cost estimates for additional compliance testing must be included in the event additional federal or state financial assistance is obtained. List the cost per additional program tested. This amount should not be in the base bid and should be noted on a separate line of the cost estimate form.

5. The firm's travel expenses, as well as any other incidental expenses, must be included in the base cost estimate. The District will not directly reimburse for these types of expenses.
6. Note your method of determining increase in audit costs on a year-to-year basis within the initial three-year audit contract period.

Note your method of determining audit costs, which would be used in price negotiations after the initial three-year. List factors that you would use in determining any increases or decreases

Description of the District and the Accounting Structure

► Description

The District is a special purpose governmental unit established under the provisions of the North Carolina Metropolitan Sewerage Districts Act, being Article 5, Chapter 162A of the General Statutes of North Carolina, as amended. Located in Buncombe County, the District serves the City of Asheville and surrounding communities, including Biltmore Forest, Weaverville, Black Mountain, Montreat, and Woodfin Water District, and certain unincorporated areas of Buncombe County and northern Henderson County. The District serves about 59,000 residences and businesses, which comprise more than 80% of the population of Buncombe County. The collection system has been extended over the years as a result of expansion and development, and now collects wastewater through approximately 1140 miles of sewer line with more than 34,000 manholes. The wastewater treated by the District is gathered in the collector sewer systems located primarily within the boundaries of the municipalities and other political subdivisions comprising the District and conveyed to the wastewater treatment plant through large sewer lines called interceptors that generally run parallel to the French Board River, the Swannanoa River or one of their primary and secondary tributaries. The District operates a 40 million gallon per day wastewater treatment plant and a hydroelectric generating facility on the French Broad River adjacent to the treatment plant, which provides power for the plant.

► Fund and Account Groups

The District's financial statements are presented as an Enterprise Fund. However, due to provisions in the Bond Order, budgeting and internal accounting involve several funds including the revenue fund, construction fund, debt service escrow funds, and reserve funds. A copy of the FY2022 ACFR and the FY2023 Budget is available on the District's website www.msdbc.org.

► **Grants, Entitlements, and Shared Revenues**

There are no anticipated grants, entitlements, or shared revenues for FY2023.

► **Budget**

The District budgets all funds on the modified accrual basis of accounting as required by North Carolina law. Appropriations are made at the departmental level. The District also maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated with the accounting system to provide easy comparison with actual expenditures.

► **Accounting Records**

The District maintains all its accounting records at the Finance Department located at 2028 Riverside Drive, Asheville, NC. The District maintains its cash receipts, cash disbursements, general ledger, payroll, fixed assets, inventory, and procurement records on a mainframe computer system using integrated Microsoft Dynamics NAV software.

► **Assistance Available to Proposer**

The Finance staff consists of the following: Director of Finance, Accounting Manager, Budget Analyst, Billing Coordinator, Accounts Payable Coordinator, Purchasing Supervisor, and Warehouse Manager. The Director of Finance is a CLGFO with both governmental auditing and accounting experience.

To assist the Auditor in his or her examination of the records, the District will provide and prepare the following:

► **General**

1. A trial balance of all District funds maintained in the Finance Department.
2. All normal year-end adjusting entries.
3. A copy of the original budget, all amendments, and the final budget as of June 30.
4. Details of budgeted and expended amounts for all Capital Projects, with supporting information as to status of projects – completed, in progress, etc.
5. Confirmation letters for mailing by auditor i.e. Banks, grants, revenues, and legal representation letter.
6. Copies of Board-approved fiscal policies.
7. A copy of the operating and capital lease schedules itemizing contracts in force during the audit period as well as access to the lease files.

▶ **Cash and Investments**

1. Bank reconciliations for each month.
2. List of outstanding checks, showing check number, payee, date, and amount.
3. Schedule of cash and investments at the year-end.
4. Schedule of summarized investment activity including investment income and all purchases and sales of investments.

▶ **Receivables**

1. Aged trial balance of accounts and miscellaneous receivables as of the statement date.
2. Analysis of allowance for doubtful accounts.
3. Reconciliation of revenue confirmations with general ledger amounts.

▶ **Other Assets**

1. Schedule of prepaid assets, insurance coverage, claims, and judgments if any.
2. Schedule of inventory items on hand with item cost and book valuation.

▶ **Fixed Assets**

1. Schedule of all capital outlays during the audit period.
2. Schedule of all capital dispositions during the audit period.
3. Schedule of all depreciation expense by asset.
4. Schedule of CIP with capitalized engineering and interest expenses.

▶ **Liabilities**

1. Subsidiary detail of accounts payable including retainage and listing of open encumbrances at year-end.
2. Detail of all salaries and wages payable and accrued withholdings.

▶ **Long-Term Debt**

1. Schedule of long-term debt and capital leases, including amortization of issuance costs and amortization of bond discounts and premiums.
2. Computations of compensated absences, pension liability, OPEB liability, and arbitrage rebate.

▶ **Federal and State Grants**

1. Schedule of Expenditures of Federal and State Awards if any, including CFDA numbers and/or pass-through grant numbers.

2. Grant agreements, budgets, financial reports, applicable laws, and regulations, correspondence with grantor agencies, including monitoring reports and audits.

▶ **Size and Complexity of Unit**

- ◆ Personnel/payroll
 - ◇ Number of employees at 6-30-22 was 150.
 - ◇ Frequency of Payroll is bi-weekly.
 - ◇ Number of payroll direct deposit advices 3,822
- ◆ Sewerage Billing
 - ◇ Seven municipalities include MSD charges on their water bills and remit payment on a periodic basis.
 - ◇ MSD direct bills approximately 500 industrial and well-water customers monthly.
 - ◇ Approximately 59,000 customers generating \$41,500,000 in sewer revenues.
- ◆ Purchasing
 - ◇ Approximately 2,000 purchase orders were issued during FY2022
- ◆ Bank Accounts
 - ◇ Number of Bank Accounts:
 - 12 North Carolina Cash Management Trust Accounts
 - 12 Debt Escrow Accounts
 - 1 General Checking Account
 - ◇ Approximate activity in the checking accounts:
 - Annual number of deposits is 600.
 - Annual number of checks is 4000.
- ◆ Information Technology (IT)
 - ◇ The approximate number of financial user connections is 12.
 - ◇ The IT department is separate from the Finance department.
 - ◇ The number of employed programmers that are capable of modifying the financial system is 1.

Finance Department staff will furnish additional data as requested and will be available to furnish reasonable assistance in other areas. Space will be made available for audit staff fieldwork.



Cost Estimate (Per Year)

THREE-YEAR CONTRACT

	FY2023	FY2024	FY2025
Base charge–Financial Audit			
Base charge–Compliance Audit			
Charge per program for additional compliance testing			
Other:			
TOTAL			

Basis/methodology of cost estimate:

Basis for determining cost estimate after first year:



Proposal for Audit Services

Metropolitan Sewerage District of Buncombe County, North Carolina

March 31, 2023

Daniel T. Gougherty, CPA
Director, Cherry Bekaert LLP
Director, Cherry Bekaert Advisory LLC

P 704.377.1678

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1111 Metropolitan Avenue | Suite 900 | Charlotte, NC 28204
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Technical Proposal

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Cover Letter

March 31, 2023

W. Scott Powell, District Director of Finance
Metropolitan Sewerage District of Buncombe County
2028 Riverside Drive
Asheville, NC 28804

Dear Scott Powell:

Thank you for the opportunity to continue providing audit services to Metropolitan Sewerage District of Buncombe County "(the District)". It would be our pleasure to provide the District with quality-focused audit services delivered by one of the largest government audit firms in North Carolina. We bring a deep understanding of the District 's needs through service to many of your peers, as well as local and Firm-wide resources to best serve you.

Since 2018, we have served nearly 100 public sector entities across North Carolina, providing a wide range of attestation and advisory services (e.g., financial statement and compliance audits, risk assessments, internal auditing, operational audits, agreed upon procedures, indirect cost plans, internal control reviews, comfort letters, and strategic management services). Our service to the public sector throughout the State means that many of our auditors and advisory consultants serve multiple public sector clients. We regularly help North Carolina public sector clients:

- ▶ **Implement new Governmental Accounting Standards Board ("GASB") Statements** and maintain compliance with new/changing guidance.
- ▶ Ensure **on-time and compliant report completion** by incorporating robust pre-planning, significant interim work, technology solutions and proven government auditing procedures, making our audit process **seamless and easy-to-navigate**.
- ▶ **Assess regulatory changes through year-round discussion**, offering expertise and sharing lessons learned through compelling thought leadership and custom Continuing Professional Education ("CPE") offerings, such as our [Government Benchmarking Survey](#) and Annual Government Seminar.
- ▶ **Improve ease of use** through comprehensive service plans, remote auditing, integrated IT/technology specialists and direct access/knowledge of systems.
- ▶ **Meet Government Finance Officers Association ("GFOA") certificate program award criteria** through high-quality Annual Comprehensive Financial Reports.

Continued Commitment to the District

We are fully committed to developing a trusted, mutually beneficial relationship with the District. When you work with us, you will receive committed support from a Firm who invests the time to understand you and deliver value added audit and attestation services. We are committed to being a trusted advisor and your "go to" for questions and concerns as they arise. Our client base and references demonstrate our long history of service and timeliness in meeting or exceeding client expectations.

Depth of Local & Industry Resources You Deserve

The District will have access to all of the resources of one of the largest CPA firms in the United States, while being served by a local team based in our Charlotte and Raleigh offices ("Mid-Carolina practice"). Our team offers an unmatched depth of practical knowledge in the effective application of current standards. This includes the GASB, U.S. General Accounting Office's *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act.

Our audit programs and processes are tailored specifically to your needs, streamlined through years of experience with similar counties and municipalities. Our approach is highly automated and focused on proper planning. Furthermore, our team has helped many public sector clients smoothly transition to a new auditor. With extensive experience serving counties, cities, towns and authorities throughout the state of North Carolina, we offer a critical mass of government experienced auditors and advisors and our **Client PROMISE** to build a mutually-beneficial relationship.

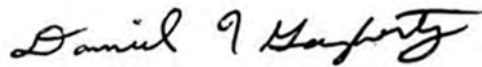
Simply put, we are ready to start day one to provide the District an expert look to its external audit and business issues. We strongly believe that only Cherry Bekaert brings the capacity, capability and commitment to provide a positive audit experience, without interrupting the District's daily operations.

Conclusion

This proposal provides detail about our approach and the team committed to serve you, but more importantly, it illustrates the unique ways in which the District will benefit from working with Cherry Bekaert. With your engagement team based in our Mid-Carolina practice to serve you, paired with the deep bench strength of dedicated industry resources, we trust you will find Cherry Bekaert is your guide forward.

Thank you again for this opportunity. If you have questions about this proposal or require additional information, please feel free to contact me directly at 704.377.1678 or by email at dgougherty@cbh.com, as an authorized representative of the Firm.

Sincerely,



Daniel T. Gougherty, CPA

Director, Cherry Bekaert LLP

Director, Cherry Bekaert Advisory LLC

Please Note: "Cherry Bekaert" is the brand name under which Cherry Bekaert LLP and Cherry Bekaert Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. Cherry Bekaert LLP is a licensed CPA firm that provides attest services, and Cherry Bekaert Advisory LLC and its subsidiary entities provide business advisory and non-attest services. For more details, visit cbh.com/disclosure.

First Section

Audit Approach

Clearly describe your firm's approach to conducting the examination (include use of statistical sampling and automated processes). Specifically comment on the audit timeline and how the District can assist in expediting the audit. Include separate sections for both SAS 99 and GASB 34

Cherry Bekaert utilizes a risk-based tailored audit approach and program. The Firm employs an efficient, effective, compliant and time-tested audit process utilizing a methodology that facilitates quality and delivers a comprehensive and timely audit. Our approach focuses on a targeted examination of your financial statements by addressing the risks related to the fair presentation of the statements in accordance with U.S. Generally Accepted Accounting Principles. Our audit of the District will feature CCH Engagement software, a state-of-the-art automated environment enabling our audit documentation to be virtually paperless and our engagement team members to share files via wireless technology. We tailor Thomson Reuters PPC audit and accounting guidance to specifically address the audit and risk areas associated with each local government client. These audit programs will reflect the identified areas of risk and help us ensure that such areas receive the proper degree of audit consideration.

Cherry Bekaert, like multiple accounting firms across the U.S., uses PPC's Audit and Accounting guidance and audit engagement workflow tools as a starting point for our audit program sheets. PPC provides the breadth and depth for specific industry coverage and is always at the forefront of new and changing standards. Then the audit team will tailor these audit programs based on the specific risks (inherent, control and overall risk of material misstatement) that have been identified during the planning and brainstorming session by the audit team assigned to the District's audit. The following chart shows the key procedures and audit segmentation applied during each of the defined stages of the audit engagement:

I. Planning and Inherent Risk Assessment	
<p>Planning Procedures</p> <ul style="list-style-type: none"> ▶ Initial Meetings with Management We will schedule an entrance conference to introduce all key personnel, discuss the planned audit scope, and verify our understanding of communication channels and working relationships. These early discussions will ensure the District's awareness and compliance with new requirements and allow a reasonable amount of time for implementation and consultation. We will discuss the following: 	
<ul style="list-style-type: none"> ▶ Anticipated audit issues ▶ New accounting principles and/or auditing updates ▶ New laws or regulations, including Uniform Guidance, and the expected impact on the District ▶ Any staff concerns 	<ul style="list-style-type: none"> ▶ Initial audit approach and dates, as well as dates and times for periodic audit progress meetings ▶ Reporting requirements and deadlines ▶ Assistance to be provided by District staff ▶ Review of any reports issued by regulatory agencies during the year ▶ Audit concerns or operational changes that could affect the audits
<p>Perform Preliminary Analytical Review Procedures</p> <p>We will perform a preliminary analytical review to analyze the financial statements for unusual trends and results and to identify in advance the high audit risk areas. To strengthen audit confidence and risk assessment compliance, Cherry Bekaert uses MindBridge, an AI-enhanced auditing data analytic tool to analyze 100% of transactions using a risk-scoring mechanism based on predefined control points, including rule-based, statistical and AI learned selection criteria. Using data analytics provides efficient means to spotting risks and anomalies. Having insight into riskier transactions and data anomalies enables our engagement team to better understand the risk of material misstatement and design more effective audit procedures. Extended audit procedures are then focused on the areas of unusual results or potential audit risk.</p>	

Determine Audit Materiality

We will calculate materiality during the preliminary planning process for the audit. However, it must be pointed out that this calculated materiality is only a starting point. Auditing standards define materiality from the viewpoint of the user of the financial statements, not the auditor. The question we have to ask is, "Would it affect the user's conclusions regarding the financial position or results of operations of the District, if the adjustment was not made or a particular fact was not disclosed?"

As a result, for certain areas, such as compliance requirements or potential fraud related to cash receipts, our materiality levels may be adjusted to account for the user's perspective.

Inherent Risk Assessment: Inherent risk involves the degree to which a financial statement assertion is susceptible to misstatement due to the nature of the account. The objective of our inherent risk assessment is to take into consideration all that we have learned about the organization, changes that have occurred during the year, its operating environment, and the risk of fraud and determine what our audit response, if any, should be. The risks identified and our planned responses to these risks will be summarized and documented in our working papers..

II. Internal Control Documentation, Verification and Testing

Our internal control phase will be designed to carefully assess control-risk factors corresponding with all significant financial statement assertions. We will conform to AICPA's risk-assessment standards, which include evaluating and testing internal controls to support our report on the following determinations:

- ▶ Assets are safeguarded from loss from unauthorized acquisition, use, or disposition;
- ▶ Transactions are executed in accordance with budget authority and significant provisions of applicable laws and regulations; and
- ▶ Transactions are properly recorded, processed, and summarized to permit preparation of the financial statements and to maintain accountability for assets.

Entity Level Controls: As part of our entity level control assessment, we will consider whether there are organizational-wide processes that promote strong internal controls.

Verification of these entity level controls is generally performed through interviews of key staff and review of documentation maintained by those key staff.

1. *Monitoring* - Document and assess the effectiveness of the District's monitoring activities

2. *Control Environment*

- ▶ Management philosophy
- ▶ Management's attitude towards risks
- ▶ Oversight by the District's Board.
- ▶ Integrity and ethical values
- ▶ Promotion of ethics and appropriate conduct
- ▶ Organizational structure
- ▶ Assignment of authority and responsibility
- ▶ Workforce competence and human resource development

3. *Risk Assessment*

- ▶ Document the results of the most recent organizational-wide risk assessment.
- ▶ Determine whether a process is established for on-going risk assessments of the impact of change on key financial processes

4. *Information and Communication* - Document and assess how the District gathers, uses, and disseminates information.

Process Level Control Activities

Documentation - Obtain and review documentation of process level control activities applicable to:

- ▶ All significant fiscal processes
- ▶ Accounting administration
- ▶ The general ledger
- ▶ Information systems
- ▶ Year-end close and financial reporting

Verification - We will verify that all key controls identified are in place and appear to be operating effectively. This is done by inquiry and observation, and walk-through procedures that trace process from initiation to completion.

Testing: The team will prepare sampling control test work plans. We will select the most effective and efficient testing techniques when determining the nature of the tests to apply. The nature of our testing will fall into one of the following three non-sampling control test categories:

- ▶ **Observation** involves physically observing organization personnel performing the control technique to be tested.
- ▶ **Inquiry** involves making either oral or written inquiries of organization personnel responsible for specific control techniques to determine what they do or how they perform a specific control technique.
- ▶ **Inspection** involves examining documents and records for evidence that a control technique actually occurred.

Determining the timing of control tests depends on the type of test. For example, observations should be conducted during the period under audit while inspections can be performed after year-end, if the documents being examined are from the period under audit. The extent of testing is determined by auditor judgment to be the level necessary to assess the effectiveness of the controls.

Our use of sampling will also consider requirements of the Uniform Guidance. If necessary, we will draw representative sample selections for each separate system of internal control over major federal programs. We will integrate these tests, to the extent possible, with required sampling for reliance on other aspects of the District's internal control structure.

Perform Non-sampling Control Tests - We will perform and evaluate non-sampling control test results, test information system controls associated with financial reporting, and evaluate results. We also will test internal control over compliance with laws and regulations that could have a direct and material effect on the financial statements. We will test controls sufficiently to support a low assessed level of control risk or report findings where controls in operation cannot support that risk assessment.

Conduct Sampling Control Tests - Sampling control tests are conducted if sufficient evidence cannot be obtained through non-sampling procedures. A sampling control test is conducted by taking a sample of transactions and determining if the control technique being tested was in place for the sampled items during the audit period. Based on test results, we will reassess control and combined risk. Whenever possible, the team will also make use of computerized audit tools, such as Interactive Data Extraction and Analysis (IDEA), to improve the efficiency and effectiveness of sampling control tests.

Assess Control Risk - Based on our evaluation of the above steps, and the results of our tests of controls, we will assess control risk. Control risk is the risk that a material misstatement is not prevented or detected in a timely manner by the District's systems of internal control. We then will assess control risk in light of our assessment of inherent risk to determine combined risk. The team will then document its assessment of control risk.

Integration of Information System Controls Testing: The Cherry Bekaert team has developed an integrated financial statement audit approach to ensure that Information System (“IS”) controls are considered when determining the amount of reliance that can be placed upon internal controls for financial reporting and compliance with laws and regulations. Our review procedures of general controls are categorized as follows:

- ▶ **Entity-wide security program planning and management controls** provide a framework and continuing cycle of activity for managing risk, developing security policies, assigning responsibilities, and monitoring the adequacy and effectiveness of IS and security controls.
- ▶ **Access controls** limit or detect access to computer resources (data, programs, equipment, and facilities), thereby protecting these resources against unauthorized modifications, loss, and disclosure.
- ▶ **System development and program change controls** prevent implementation of unauthorized programs or modifications to existing programs that may alter financial data, modify or destroy application audit trails, or introduce processing errors.
- ▶ **System software controls** limit and monitor access to powerful programs, utilities and sensitive files that control computer hardware, secure applications supported by the system, and monitor and record activities.
- ▶ **Segregation-of-duties controls** provide policies, procedures, and an organizational structure to prevent one individual from controlling key aspects of computer-related operations and thereby conducting unauthorized actions or gain unauthorized access to assets or financial records.
- ▶ **Service continuity controls** ensure that when unexpected events occur, critical operations continue without interruption or are promptly resumed to minimize the impact of the disruption on an entity’s critical mission and to protect sensitive data from destruction.

III. Risk Assessment Synthesis

We use a risk assessment synthesis process to summarize results of our initial planning, inherent risk assessment, and documentation of entity level and process level internal controls. The risk assessment synthesis process is designed to:

- ▶ Identify significant audit areas
- ▶ Document the risks of material misstatement affecting each area (including fraud risks or other significant risks)
- ▶ Assess those risks and select an audit approach that is appropriately tailored to respond to the assessed level of risk,
- ▶ Document the linkage of the assessed risks to the audit procedures that respond to those risks

One of the byproducts of this process will be the identification of potential improvements that could be made to strengthen the internal control process, eliminate duplicative controls or improve the operating efficiency of the District’s financial processes. Any observations will be shared with the District’s management team at the conclusion of this phase of the audit. We will also use the lessons learned to develop our customized audit programs by significant area that reflects our risk assessment process.

IV. Compliance Testing

This engagement will include the issuance of an opinion on the annual financial statements prepared by the District, and applying procedures and reporting on the schedule of expenditures of Federal and State awards presented as supplementary information. The engagement will also include consideration, testing, and reporting on the District's internal controls and compliance, for both laws and regulations that could have a material impact on the financial statements, as well as compliance requirements material to major Federal and State programs. The aforementioned statement of work will be performed in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the provisions of Uniform Guidance, Audits of States and Local Governments and the State Single Audit Implementation Act.

Our compliance audit procedures will be designed to identify and test those transactions and activities that are likely to have a direct and material impact on the District's basic financial statements and to determine whether they were carried out in accordance with the provisions of laws, rules, contracts, and grantor guidelines. Our reports will note instances of noncompliance that could have a direct and material effect on the District's financial statements.

The nature and extent of our compliance tests are derived from the following:

- ▶ Results of our analysis of internal control over compliance matters
- ▶ Review of debt documents
- ▶ Correspondence with Federal and State agencies
- ▶ Review of the District's agreements
- ▶ Review of the District's internal policies and procedures
- ▶ General statutes
- ▶ Grant agreements
- ▶ AICPA Statements of Position
- ▶ AICPA Statements on Auditing Standards
- ▶ *Government Auditing Standards*
- ▶ Uniform Guidance Compliance Supplement
- ▶ Other applicable professional standards and guidance

V. Further Audit Procedures (Substantive Testing)

We will perform substantive tests to form conclusions about whether the financial statements are free from material misstatements. These customized audit procedures come directly from our risk assessment procedures.

Conduct Substantive Tests: The objective of our substantive testing is to:

- ▶ Determine if financial statement assertions are materially misstated
- ▶ Form an opinion about whether the principal statements are presented fairly in accordance with the organization's basis of accounting

Substantive test procedures will be applied to all significant assertions in each significant financial statement line item and account. As with the sampling control testing described above, the team makes use of computerized audit tools to improve the efficiency and effectiveness of substantive tests. The extent of substantive testing is based largely upon our assessed level of combined risk. For example, if we assess combined risk as low, then we can rely upon internal controls and perform limited testing. If, however, we assess combined risk as high, we must obtain all assurance from substantive testing to express an opinion on the financial statements. The two types of substantive tests are analytical review procedures and detail tests.

- ▶ **Analytical review procedures** involve establishing an expectation of what a significant balance or transaction total should be. If the actual amount is within a certain limit of the established expectation, then the auditor may determine that no further testing is necessary or that additional detail testing is desirable.
- ▶ **Detail tests** are procedures applied to individual items selected for testing and include confirmation, physical observation, vouching, and recalculation.

Conduct Tests Related to Fraud Risks: We will perform testing for fraud risks identified during the planning phase that are not mitigated by internal controls. Testing will be combined with substantive and compliance testing to the extent practical. In addition to testing for specifically identified fraud risk, we will perform the following procedures to identify fraud related to management override of controls:

- ▶ Examine journal entries and other significant adjustments.
- ▶ Review accounting estimates.
- ▶ Evaluate the business rationale for significant and non-recurring transactions.

Complete Overall Analytical Review Procedures: Once all the final adjustments are recorded and a final draft of the financial statements has been prepared, we will conduct analytical review procedures. Specifically, we will review the financial statements and supporting trial balances for key relationships and determine if audit evidence is consistent with variances noted during preliminary analytical procedures. Our analytic review will include trend and comparative analysis and will encompass the use of key liquidity, performance and operational metrics.

Determine Adequacy of Audit Procedures and Audit Scope: In the planning phase, we determined planning materiality based on preliminary information. Based on planning materiality, we determined design and test materiality levels, which impacted the nature and extent of testing. We now will determine a final materiality based upon audited balances. In light of the final assessment of combined risk and final materiality level, we will consider if the extent of substantive audit procedures was sufficient.

Evaluate Known and Likely Misstatements: Misstatements will be evaluated both in quantitative and qualitative terms. Based largely on these considerations and our evaluation, we will determine the type of audit opinion and internal control and compliance reports to render.

VI. Reporting

Review of ACFR for GFOA Compliance: Before issuance of our audit reports, we will review the ACFR in comparison to our Firm’s standard governmental reporting checklist and the current GFOA reporting checklist to help ensure compliance with the certificate program requirements. We will also review any comments received from the most recent submission and discuss management's response to ensure all matters are addressed appropriately.

We will prepare the following reports in accordance with GAAS, GAS, and Uniform Guidance:

- ▶ Report of Independent Auditor on the financial statements and supplementary information
- ▶ Report of Independent Auditor on Internal Controls over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- ▶ Reports of Independent Auditor on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance, for both Federal and State programs, if applicable.
- ▶ Management Letter including Management's responses (if necessary)
- ▶ External Auditor's Communication with the District's Board.

We will review our auditor’s reports, management letter, and other matters with management. After meeting with management, the finalized reports will be made available to the District.

SAS 99 Procedures

Assess the Risk of Fraud: The auditor's consideration of inherent, fraud, and internal control risk (including control environment, risk assessment, communication, and monitoring) affects the nature, timing and extent of testing. During the planning phase, we will identify and document all risks and associate them with significant financial statement line items and assertions during the Risk Assessment Synthesis (RAS). For each risk identified, we will also document the nature and extent of the risk and condition(s) that gave rise to the risk. Typical procedures include:

- ▶ Hold audit team meetings to brainstorm ideas regarding how fraud could be perpetrated and concealed
- ▶ Inquire of management and others significantly involved in financial reporting to: (1) identify known instances of fraud and (2) determine how someone could rationalize, perpetrate and conceal fraud
- ▶ Evaluate the possibility that management could override internal controls

GASB 34 Procedures

We are familiar with auditing and reconciling GASB 34 adjustments and understand the District's reporting under modified accrual basis of accounting for budgeting and internal reporting. We further understand and are able to effectively and efficiently audit any reconciling items between modified accrual basis of accounting and full accrual basis of accounting in which the District's Annual Comprehensive Financial Report is audited under including but not limited to reconciling items for capital assets, right to use assets, long term debt obligations, derivatives, lease liabilities, compensated absences, other post employment benefits, pension liabilities and related deferred outflows and inflows.

Assistance Expected from the District's Staff

We plan our audit approach to keep our requests organized and limited; therefore, assistance from your staff will enable us to perform our audit in an effective and efficient manner. Typical areas where we anticipate staff assistance include:

- ▶ Appropriate personnel being available for questions during all phases of fieldwork, as well as for "interviews" during the initial planning phase regarding significant accounting systems, computer applications, and overall control environment
- ▶ Copies provided, in electronic format, of the necessary audit schedules at year-end
- ▶ Copies provided of any new legal documents and major contracts (e.g. debt agreements and leases)
- ▶ Assistance in the updating of internal controls related documentation
- ▶ Access to source documents (e.g., invoices, remittance advices, canceled checks, bills, etc.) as may be required in performing substantive audit procedures
- ▶ Assistance in the preparation of confirmations

Use of Technology

Leveraging the power of technology is critical as financial and operational systems become more complex, companies expand nationally and internationally, and regulatory requirements change. Cherry Bekaert employs and offers expertise in a wide range of solutions and platforms to improve the efficiency, quality, compliance, integration and speed of our engagements. Our audit and advisory services combine data analysis software, wireless technology and engagement management software. As such, our documentation is virtually paperless with procedures documented in an automated environment and files shared through encrypted wireless technology among engagement team members. We will also provide a secure client portal for transmitting information to the engagement team over the internet.

Data Analysis Software
<p>IDEA data analysis software is an excellent tool to test for ways to improve efficiency and effectiveness. ActiveData advanced data analytics and statistics assist in understanding trends and identifying anomalies.</p>
Workpaper Management
<p>We manage workpapers with CCH Engagement, allowing us to prepare, review, transfer and manage our work in a paperless environment.</p>
MindBridge
<p>MindBridge leverages artificial intelligence (AI) to detect unintentional errors and intentional misstatements, minimizing financial loss while automating our audit approach. We use its AI-enhanced risk-scoring mechanism to focus on higher-risk items, improving the efficiency of journal entry testing. In addition, MindBridge enables us to perform a revenue reconciliation and proof of cash exercise by simply uploading your general ledger, which reduces the revenue sample sizes our teams need to detail test.</p>
Secure Document Management
<p>Cherry Bekaert uses secure, web-based document management solutions, via Smartsheet®, for clients to transmit data files to the team. Authentication to the Smartsheet® portal utilizes unique login credentials, and data is secured through SSL encryption.</p>

Coordination & Communication Using Smartsheet®

Cherry Bekaert recognizes that the business landscape is rapidly changing with employees working remotely, businesses operating in multiple locations and technologies improving at lightning speed. To ensure seamless delivery and efficient communication, we will utilize Smartsheet® throughout the audit process. Cherry Bekaert utilizes this powerful cloud-based tool to track and manage the entire audit engagement in real-time through a highly secure platform. You can attach documents, log comments and notes, schedule check-in meetings, share screens and show request status and progress throughout the year, not just at final fieldwork or at a single point in the process.

Our firm’s previous investment in technology and process changes allowed us to perform audit engagements remotely without missing a beat. We have collaborated with clients to employ our technology and tools to restructure the audit processes. We created virtual audit environments that provided high quality audits with highly flexible scheduling. This minimized disruptions in an unsettled environment and eliminated travel/in-person meeting requirements. However, we understand building trust in a new relationship is important and frequent interaction is necessary. We utilize Microsoft Teams to meet remotely with clients and Smartsheet® to stay engaged with our clients throughout the engagement process. We understand that remote/virtual auditing does not work in all cases, and we are flexible in its application. We will work with your staff to determine what procedures/activities can be conducted remotely versus on-site during the planning phase.

Your engagement team will share in a way that creates efficiencies and enhances a collaborative communication environment. Service delivery using Smartsheet® allows us to:

- ▶ Promote real-time and year round collaborative planning, communication and status updates
- ▶ Integrate the technology of information sharing seamlessly and without disruption

- ▶ Decompress the evidence gathering burden on your team
- ▶ Reduce distractions to your team
- ▶ Minimize your training of Cherry Bekaert staff
- ▶ Enhance specialist interaction

Information Security Statement: The Firm takes the security of all our clients' data very seriously. Smartsheet® encryption and access controls protect your data at rest and in transit. In addition, Cherry Bekaert maintains Information Security Policies and monitoring procedures that only allow authorized individuals to access client data within Smartsheet® based on their job function. For more information on how Smartsheet® delivers secure solutions, please visit: <https://www.smartsheet.com/security-info>.

Use of Statistical Sampling

Our tailored audit program will employ statistical and non-statistical sampling to ensure that we select and review transactions in sufficient detail to formulate conclusions regarding the fair presentation of the financial statements, the District compliance with regulations, and the existence of properly functioning internal control. Cherry Bekaert has developed sample size guidelines in accordance with GAAS and GAS for all samples performed to form our opinions on the fair presentation of the financial statements. The objective of the guidelines is to improve the quality of sampling by:

- ▶ Relating sample sizes more directly to factors that influence sample size;
- ▶ Reducing unexplainable sample size variability; and
- ▶ Encouraging the use of statistical sampling.

Structured worksheets, which give appropriate recognition to factors such as reliance on internal control, nature and timing of audit procedures, dollar total of population being sampled, and the estimated sampling error, are used to effectively determine audit samples and evaluate the results. We will use these worksheets to determine the sample size for testing over areas such as capital asset additions /dispositions, cash disbursements, accounts receivable, and accounts payable. Sample sizes will vary based on materiality and the population being tested. The extent to which we apply detailed audit procedures and sampling is based on:

- ▶ Quantitative and qualitative components of our materiality determination;
- ▶ Our evaluation of audit risks and internal accounting controls; and
- ▶ The characteristics of items comprising the account balances or class of transactions.

Internal Control Testing Methods

Internal control assessment is a significant part of our audit process, included in planning, risk assessment and throughout our testing procedures. Internal control assessment for the District is focused on the following audit and accounting areas:

- ▶ Cash receipts;
- ▶ Cash disbursements;
- ▶ Payroll;
- ▶ Budgeting;
- ▶ Journal entries; and
- ▶ Financial close out procedures

During the preliminary planning segment, we will review the internal control environment over the District's financial processes. We will conduct this internal control review from an information technology perspective, but will also include manual controls over the transactional flow in the account balances. By relying on controls from a compliance perspective, we will gain an understanding of the processes and controls related to the District. As appropriate, during this control review we may test certain controls that we will rely on when performing the audit.

Reviewing and testing controls over the District's financial processes during the planning segment will give us a strong understanding of the significant areas and processes of the District we will need to perform an efficient and effective audit.

Our internal control procedures include a combination of interviews, inquiries, document inspection, walkthroughs of transaction processing and observation, noting the adequacy of internal controls in light of processes recommended by the Committee of Sponsoring Organizations ("COSO"). When conducting our internal control procedures, we assess the potential for error and what could go wrong, designing our audit procedures to assure controls exist to prevent errors and to assess the adequacy of controls to detect errors should they occur. In the event of error, we find it important to understand how it occurred and to assess what can be done to inhibit future occurrence. As a by-product, we also assess the potential for best practice improvements in efficiency and effectiveness, although those are not our primary objectives in conducting an audit of financial statements.

Internal Control Philosophy: Our procedures are tailored to address specific risks for each individual client. We obtain an understanding of an entity wide control environment during audit planning to assess "what can go wrong," and use that understanding as a basis in formulating our client service plan and audit procedures. We use a variety of methods to obtain our understanding of internal controls. Typically, these include interviewing entity personnel, observing processes and controls, walking through transactions from initiation to recording, and discussing controls and risks of fraud with various client personnel. We also leverage our information systems audit professionals when assessing controls and risks over information systems processing. We will communicate with management regarding any weaknesses we may find in the internal controls or opportunities for strengthening controls or making processes more efficient.

Financial Process Controls: We will review the internal control environment over the financial processes of the District. The internal control review will be conducted from an information technology perspective but will also include manual controls over the transactional flow in the account balances. The intent of the control review is to rely on controls from a compliance perspective and to gain an understanding of the processes and controls related to the District.

Technology Controls: We use tailored IT audit programs based on your specific environment and the inner workings of your software package and supporting infrastructure, including operating system(s), databases and network(s). The District will have the assurance of direct review by a senior level individual with significant experience directly related to information systems.

Integration of Information System Controls Testing

The Firm has developed a financial statement audit approach to ensure that IT controls are considered when determining reliance that can be placed upon internal controls for financial reporting and compliance with laws and regulations. Our review procedures of general controls are categorized as follows:

- ▶ Entity-wide security program planning and management controls provide a framework and continuing cycle of activity for managing risk, developing security policies, assigning responsibilities, and monitoring the adequacy and effectiveness of Information Technology and security controls.
- ▶ Access controls limit or detect access to computer resources (data, programs, equipment, and facilities), thereby protecting these resources against unauthorized modifications, loss, and disclosure. System development and program change controls prevent implementation of unauthorized programs or modifications to existing programs that may alter financial data, modify or destroy application audit trails, or introduce processing errors.
- ▶ System software controls limit and monitor access to powerful programs and utilities and sensitive files that control computer hardware, secure applications supported by the system, and monitor and record activities.
- ▶ Segregation-of-duty controls provide policies, procedures, and an organizational structure to prevent one individual from controlling key aspects of computer-related operations and thereby conducting unauthorized actions or gain unauthorized access to assets or financial records.

Automated Processes

Our audit leverages MindBridge's artificial intelligence (AI) to detect unintentional errors and intentional misstatements, minimizing financial loss while automating our audit approach. We use its AI-enhanced risk-scoring mechanism to focus on higher-risk items, improving the efficiency of journal entry testing. In addition, MindBridge enables us to perform a revenue reconciliation and proof of cash exercise by simply uploading your general ledger, which reduces the revenue sample sizes our teams need to detail test.

As a demonstration of our commitment to leveraging technology for our clients' benefit, Cherry Bekaert was one of four firms to be recognized in the first-ever [MindBridge Community Awards](#). The awards were presented by MindBridge and recognize companies who are using the MindBridge platform to deliver innovative solutions, services and support to their clients. The Firm received the MindBridge Impact Award, which recognizes an organization whose efforts have had a clear impact on business outcomes, improving the client experience, driving operational efficiency, creating cost savings and/or impacting revenue performance.



“These awards reflect MindBridge’s mission to improve the global financial system by building the world’s leading risk discovery platform”, says Leyton Perris, CEO of MindBridge. “These leading firms have shown us where the future of audit is heading”.

Timeline

We affirm our commitment to expediting the audit engagement to meet your deadlines. Upon appointment as your auditors, we will immediately begin discussions with management regarding the timing of our audit procedures, as depicted in the schedule below. These dates are subject to change during the audit-planning phase as a result of discussions with the District staff.

Issuance of the final audit reports, management letters (if applicable) and any required communications will be delivered prior to your deadlines. Based on our understanding of the scope of work and the RFP requirements, our suggested timeline is depicted below.

Phase	Date
Pre-Planning	April
Internal Control & Risk Assessment	May
Interim Testing	June
Final Fieldwork	September/October
Reporting & Delivery	October

Profile of the Firm

1. State whether your firm is regional, national, or international

Ranked among the largest assurance, tax and advisory firms in the U.S., Cherry Bekaert provides guidance and support that helps our clients move forward to reach their organizational goals. “Cherry Bekaert” is the brand name under which Cherry Bekaert LLP and Cherry Bekaert Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. Cherry Bekaert LLP is a licensed CPA firm that provides attest services, and Cherry Bekaert Advisory LLC and its subsidiary entities provide business advisory and non-attest services spanning the areas of transaction advisory, risk and accounting advisory, digital solutions, cybersecurity, tax, benefits consulting, and wealth management. We exercise a deliberate curiosity to know our clients’ industries and work collaboratively to create shared success. For more details, visit cbh.com/disclosure.

For more than 75 years, global corporations, public/private businesses and the public sector have relied on Cherry Bekaert to guide them forward. While we serve a diverse client base, we focus on several core industries, including Government & Public Sector. We seek to help clients ignite growth with integrated, forward-looking industry solutions that effectively deliver on our Client Promise, empowering our people and investing in efficient innovative processes to become the Firm of the Future.

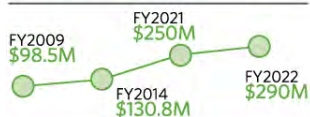
Headquartered in Raleigh, North Carolina, Cherry Bekaert serves clients across industries in all 50 U.S. states and internationally. With more than 1,300 associates, we have the depth of experience and specialized talent to address any financial situation and offer the highest caliber of personal attention, responsiveness and accessibility that our clients expect and deserve.

Cherry Bekaert provides a unique alternative to other national, regional, and local firms. **Clients choose us to be their professional services firm primarily because we provide the depth of knowledge, resources and experience of a national firm, but with a local firm’s focus on service.** Our Government & Public Sector practice bench strength provides Cherry Bekaert the wealth of deployable resources needed to ensure your engagement is performed efficiently, accurately and on your schedule.

Our underlying service philosophy includes:

- ▶ Direct partner involvement
- ▶ Staff continuity
- ▶ Proactive communication and responsiveness
- ▶ Tailored, streamlined service plans

1300+
Employees Firmwide



\$290M+
Annual Revenue

130+
Partners
& Principals

Serving
Clients
Across the
U.S. and Internationally

75 Years in
Business

Ranked as a Top
Accounting Firm
Across the U.S. **25**

Member of Allinial Global,
the 2nd largest accounting and
consulting association in the world,
represented by over 256 fellow firms in
99 countries with a combined
revenue of \$4.5312 Billion



Our experienced professionals know how to apply the best practices of accounting and business to your company, and can offer guidance through all stages of a company’s growth. Let us be **Your Guide Forward** by delivering:

- ▶ Outstanding service qualifications, amplified by our commitment to prioritize your business and provide practical and timely support
- ▶ High levels of partner and manager involvement, attentiveness to your needs, continuity of service professionals and expertise on a year round basis
- ▶ A streamlined and cost-effective service approach.

2. Give the location of the office responsible for the proposed services and the number of partners, supervisory staff, seniors, and other professional staff employed at that office. Also, give the number of staff members with local government experience specifically with utility systems (e.g. water and sewer).

Our Mid Carolina practice serves clients through offices in Charlotte, Raleigh, Durham and Fayetteville. They manage audit engagements for over 40 counties, cities, towns, school boards, authorities, commissions and other governmental entities, while also providing a wide range of advisory and attestation services (e.g., agreed upon procedures, indirect cost plans, internal control reviews, comfort letters, and strategic management services).

The Firm’s Charlotte practice and Raleigh practice will be responsible for the proposed services, bringing the following combined resources:

Staff Level	Charlotte	Raleigh
Partner/Director	17	18
Sr. Manager	14	12
Manager	8	22
Senior	20	27
Staff	15	22
Admin	7	21

Government Services Group

In addition to local capacity and expertise, our Firm-wide Government & Public Sector (“GPS”) team has more than 200 professionals experienced and trained to understand the many facets of the public sector. As one of the largest providers of audit and accounting services to the state and local market, we have unique insight into the operations and business of governments. **The public sector comprises one of the largest portions of our attest client base; we provide innovative, effective government auditing and advisory services to 150+ local governments, public authorities/boards, school districts, and state and local agencies, ranging in size from \$2 million to \$9 billion.** We hold a dominant position as the auditor of choice in North Carolina, Virginia, and Florida; Since 2018, we have served nearly 100 public sector entities across North Carolina, providing a wide range of advisory and attestation services. Using a digital environment with data-driven practices, we increase audit efficiency and enable government managers and leaders to better focus on their mission and delivering results to constituents.

The Firm's GPS audit practice provides seamless service delivery, quality control and continuing education for government engagements throughout the country. The experience gained through service to such a wide breadth and depth of public sector organizations provides us with invaluable insight into the issues and stresses impacting you. Our professionals have held key positions for the Office of Management & Budget (OMB), the American Institute of Certified Public Accountants (AICPA), and state and local committees.

They attend and teach at conferences hosted by the Government Finance Officer Association (GFOA), the Association for School Business Officials (ASBO), the Association of Government Accountants (AGA), the American Association of Airport Executives (AAAE) and the Airports Council International (ACI). Additionally, many Cherry Bekaert team members have worked in government, helping us to better understand what you are trying to achieve and the obstacles and opportunities that may exist within your organization. You will find working with our team that we have a clear sense of your priorities, goals and objectives.

Each of the team members included in the proposal have experience in auditing Water and Sewer Funds (standalone authorities and/or utility enterprise systems within municipalities and counties). Also, a majority of the staff and seniors within the Mid-Carolina practice above have similar experience which shows our bench strength in auditing units of governments such as the District.

3. Describe the range of services provided by the local office in the governmental area, such as audit, accounting, or management advisory services. Include activities, which demonstrate your commitment to governmental practice.

Government and public sector organizations are in an environment of accelerated change and greater expectations from the constituents they serve. From fluctuating budgets, new program demands, increasingly complex compliance restrictions, political priorities, potential near-term economic changes, and the need from constituents for greater access to services, we understand the distinct challenges state and local governments face. We also recognize economic impacts of any kind affect state and local government first.

At Cherry Bekaert, we focus on the areas of highest need and those that enable and improve the efficiency and effectiveness of the business of digital government. Our Government & Public Sector (“GPS”) team has a deep understanding of the complex challenges federal, state and local governments and public sector organizations face. As one of the largest providers of audit and accounting services to the state and local market, we have unique insight into the operations and business of governments. And in the current environment, it is critical to have the right government accountant providing the proper technical guidance, reducing the demands on government staff and allowing entities to focus on their constituents.

With extensive knowledge of the methods and techniques applicable to government auditing, our Audit and Assurance team is already one of the largest providers in the state and local audit and accounting space, serving clients around the nation. **The public sector comprises one of the largest portions of our attest client base; we provide innovative, effective government auditing and advisory services to 150+ local governments, public authorities/boards, school districts, and state and local agencies, ranging in size from \$2 million to \$9 billion.** We hold a dominant position as the auditor of choice in North Carolina, Virginia, and Florida. Using a digital environment with data-driven practices, we increase audit efficiency and enable government managers and leaders to better focus on their mission and delivering results to constituents.

Cherry Bekaert stands ready to assist our state and local government clients to achieve their organizational goals and manage effectively, efficiently and responsively. Many Cherry Bekaert team members have worked in government, helping us to better understand what you are trying to achieve and the obstacles and opportunities that may exist within your organization. You will find working with our team that we have a clear sense of your priorities, goals and objectives.



The Firm's GPS audit practice provides seamless service delivery, quality control and continuing education for government engagements throughout the country. The experience gained through service (e.g., financial audits, control assessments, performance audits, risk assessments) to such a wide breadth and depth of public sector organizations provides us with invaluable insight into the issues and stresses impacting you. Our professionals have held key positions for the Office of Management & Budget (OMB), the American Institute of Certified Public Accountants (AICPA), and state and local committees. They attend and teach at conferences hosted by the Government Finance Officer Association (GFOA), the Association for School Business Officials (ASBO), the Association of Government Accountants (AGA), the American Association of Airport Executives (AAAE) and the Airports Council International (ACI).

We understand that today's government managers face distinct challenges from all directions. As such, we focus on areas of need specific to the public sector—everything from financial statement and related compliance audits to performance and operational audits—to help our clients manage effectively, efficiently and responsively. We have gained market share by recruiting and developing an outstanding professional team throughout our entire footprint, and by establishing a cohesive leadership team that works as a collective brain trust for the sector. Our government professionals stay informed about market conditions and industry trends that may affect state and local governments. Through this commitment and dedication, we have a significant concentration of expertise which, together with our Firm's size, has provided us a niche and unsurpassed reputation in this industry.

Addressing New Accounting, Reporting, Compliance, and Audit Requirements

Over the years, we have assisted our clients with GASB pronouncement implementation, providing research and advice to resolve many complex accounting issues, including:

- ▶ Recording other post-employment benefits under GASB #43 and GASB #45
- ▶ Capitalizing intangible assets under GASB #51
- ▶ Presenting changes in fund balance under GASB #54
- ▶ Providing assistance interpreting the fair value measurement and disclosure requirements under GASB #72 and the guidance for certain external investments pools and participants under GASB #79
- ▶ Assisting with analysis and implementation of the accounting and reporting aspects for pensions (GASB #67 and #68) and other postemployment benefits (GASB #74 and #75)
- ▶ Assisting with the analysis of fiduciary activities (GASB #84)
- ▶ Assisting with analysis of the accounting and reporting aspects of lease accounting (GASB #87)

We typically meet with our clients during engagement planning and throughout fieldwork to discuss new pronouncements and issues surrounding implementation.

We are very proactive in follow-up communication to derive appropriate solutions in the planning stages. Our knowledge of GASB pronouncements is complemented by our willingness to invest necessary time and resources, including appropriate consultation. For example, during our 2019 audit season, we began helping clients understand and plan to address the myriad of accounting and reporting requirements related to leases (required for 2022 financial statements).

Your engagement team offers an unmatched depth of knowledge in current GASB requirements, as well as future reporting standards such as:

- ▶ GASB #91 – Conduit Debt
- ▶ GASB #94 – Public-Private Agreements
- ▶ GASB #96 – Subscription Based Technology Agreements
- ▶ GASB #97 – Component Unit Criteria and Deferred Compensation Plans
- ▶ GASB #101 - Compensated Absences

Thought Leadership

The field of governmental accounting and financial management is dynamic for both you and your external auditors. Pronouncements from the following bodies all have significant impact on this sector:

- ▶ GASB (altering internal accounting and external reporting)
- ▶ AICPA (modifying audit standards and procedures)
- ▶ OMB (creating new compliance demands associated with the expenditure of Federal funds)

We consider the training of our professionals to be extremely important to best meet the evolving needs of our profession and provide the highest quality of service to our clients. Furthermore, we are dedicated to the continuing education of our clients and the greater Public Sector community. We offer webinars (<http://www.cbh.com/events/>) and seminars throughout the year, including the local chapters of the GFOA. It is this commitment to education and leadership of the public sector that has set us apart from other firms. Our professionals teach for the AICPA, GFOA and various other state and local government organizations. CPE topics we have provided to our clients and organizations in the past include:

- ▶ GASB and/or Uniform Guidance Update
- ▶ Evolution of Internal Control
- ▶ Behavioral Ethics
- ▶ Professional Skepticism
- ▶ Risk Assessment topics
- ▶ Current Information Technology hot topics
- ▶ What’s Your Fraud I.Q.?

Representative Clients

Our local offices have provided the following additional services to state and local government entities:

Government Entity	Services	Served Since
Cabarrus County	Risk Advisory, ARPA Consulting	2017
Cape Fear Public Utility Authority	Fraud/Forensics	2015
Centralina Regional Council	Technology Solutions	2017
City of Charlotte	Agreed-upon Procedures, Pre/Post Implementation Consulting	2001
City of Fayetteville	Pre/Post Implementation Consulting	2003
City of Greensboro	Pre/Post Implementation Consulting	2011
City of High Point	Control Readiness Consulting	2015
City of Raleigh & Federal Transit Administration (FTA)	Agreed-upon Procedures	2010
Cumberland County	Benefits Consulting	2017

Fayetteville Public Works Commission	Accounting Advisory, Pre/Post Implementation Consulting, Control Readiness Consulting	2014
Greater Raleigh Convention & Visitors Bureau	Accounting Advisory	2011
North Carolina Education Lottery	Agreed-upon Procedures	2007
North Carolina Turnpike Authority	Agreed-upon Procedures	2009
Town of Apex	Accounting Advisory	2021
Town of Wake Forest	Risk System & Process Consulting	2014
Triangle Transit	Agreed-upon Procedures	2001
Trillium Health Resources	Accounting Advisory, Cybersecurity, SOC Readiness, Technology Solutions	2015
Wake County Register of Deeds	Risk Advisory and Organizational Assessment	2021
Various Large State and Local Governments in VA and FL	Pre- and Post-Implementation Review services	-
Various State and Local Governments in NC, GA, VA and FL	Internal Review Discovery Services and Internal Investigation services	-

Additional Capabilities

We recognize that in addition to traditional compliance, the District faces numerous business issues that either contribute to or prohibit long-term goals and success. Cherry Bekaert’s Risk and Accounting Advisory Services, which is led out of the Mid-Carolinas practice, offers a wide range of specialized risk and accounting advisory services designed to enhance profitability, reduce expenses and meet the District’s goals:

Operational Efficiency & Process Improvement	Cyber Security	Internal Control Maturity & IT Risk Assessment	Fraud & Forensics
<p>Understanding a process starts with getting the right context. Cherry Bekaert starts by clearly identifying risks to management objectives including:</p> <ul style="list-style-type: none"> ▶ Financial Reporting ▶ Operations ▶ Compliance Objectives 	<p>Cherry Bekaert’s Risk and Accounting Advisory Services Group assists clients in identifying relevant cybersecurity risks, and developing realistic solutions and plans to help minimize the likelihood and impact of data being compromised.</p>	<p>Internal Control Maturity and IT Risk Assessments identify, assess, and prioritize threats to an organization’s IT, systems, applications, and operations. These may include security/privacy threats, fraud and abuse exposures, and inefficient/</p>	<p>Cherry Bekaert’s Fraud & Forensic Practice includes experienced professionals trained in forensic accounting who work with public sector and not-for-profit organizations to assess suspected fraudulent activity and help safeguard organizations</p>

<ul style="list-style-type: none"> ▶ Entity-level ▶ Activity-level <p>When risks are clearly understood, the purpose of a process becomes evident – as do potential process improvements needed to address risks and achieve management objectives.</p>	<ul style="list-style-type: none"> ▶ IT Governance, Security Planning and Policies & Procedures ▶ Security Awareness Training & Program Development ▶ Readiness Assessments ▶ Risk Assessments ▶ Vulnerability Assessments ▶ Attack & Penetration Tests/Ethical Hacking ▶ Due Diligence for Transactions 	<p>ineffective operational vulnerabilities.</p> <ul style="list-style-type: none"> ▶ IT Security ▶ Risk/Control Environment ▶ Disaster Recovery Planning 	<p>against future losses. Services include:</p> <ul style="list-style-type: none"> ▶ Internal Review and Discovery Services ▶ Fraud Examination and Forensic Accounting ▶ Forensic Technology ▶ Digital Data Forensics ▶ Expert Witness Testimony ▶ Fraud Risk Assessment and Gap Analysis ▶ Comprehensive anti-fraud program of controls both design and implementation
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4. Describe your audit organization’s participation in AICPA-sponsored or comparable quality control (peer review) programs.

Cherry Bekaert has passed, without exception, 15 consecutive peer reviews conducted under the auspices of the AICPA. A copy of our most recent peer review report as well as the acceptance letter from the AICPA are included below. The review included a number of specific engagements for which Single Audit and Government Auditing Standards apply.

The Firm is a member of the AICPA’s SEC Practice Section and Private Companies Practice Section (PCPS) of the Division for CPA Firms and practices under the AICPA-recognized quality control program. Selected Firm professionals are approved by the AICPA to perform peer review, quality assurance review and consulting review of other CPA firms’ quality assurance programs. Firm leaders and partners in charge of industry practice areas maintain vital links to policy-making bodies in public accounting. Our personnel committee assignments and industry associations include (but are not limited to):

- ▶ Accounting Standards Executive Committee
- ▶ AICPA Professional Ethics Committee
- ▶ AICPA Auditing Standards Organization
- ▶ AICPA Accounting and Review Services Committee
- ▶ AICPA Technical Issues Committee, Private Companies Practice Section
- ▶ AICPA Tax Division and its Individual Taxation Subcommittee
- ▶ AICPA SEC Practice Section Executive Committee
- ▶ AICPA Accounting Practice Committee



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Report on the Firm's System of Quality Control

November 29, 2022

To the Partners of Cherry Bekaert LLP and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Cherry Bekaert LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans; an audit performed under FDICIA; and an examination of service organizations (SOC 2 engagement).


As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Cherry Bekaert LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies), or fail. Cherry Bekaert LLP has received a peer review rating of pass.



EisnerAmper LLP
Iselin, New Jersey

 "EisnerAmper" is the brand name under which EisnerAmper LLP and Eisner Advisory Group LLC provide professional services. EisnerAmper LLP and Eisner Advisory Group LLC are independently owned firms that practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. EisnerAmper LLP is a licensed CPA firm that provides attest services, and Eisner Advisory Group LLC and its subsidiary entities provide tax and business consulting services. Eisner Advisory Group LLC and its subsidiary entities are not licensed CPA firms.

National Peer
Review Committee

December 16, 2022

Michelle Thompson
Cherry Bekaert LLP
3800 Glenwood Ave Ste 200
Raleigh, NC 27612-5532

Dear Michelle Thompson:

It is my pleasure to notify you that on December 16, 2022, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is October 31, 2025. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

Michael Wagner
Chair, National PRC

+1.919.402.4502

cc: Marc Fogarty, Steven Siegel

Firm Number: 900010011816

Review Number: 594133

5. Describe how the firm meets professional independence standards, and include any potential personal or professional conflict of interest.

Cherry Bekaert is independent of the District, in accordance with the Code of Professional Ethics of the AICPA, and will comply with all Federal, State and Local laws and regulations in the performance of this engagement. Our client independence is verified annually and monitored by our in-house counsel and our professional practices group during the annual evaluation of continuance of client relationships.

Furthermore, we are not aware of any existing or potential relationships between Cherry Bekaert and the District or its employees that could impair our independence and objectivity. Prior to entering into an engagement for any professional services, including advisory services, we evaluate the implications of any proposed services to an attest client will have on independence, in fact and in appearance. In addition, all professional staff assigned to your engagement must reaffirm their independence prior to the conclusion of the engagement. We communicate to our clients all conclusions with respect to the independence at the beginning and end of each engagement.

Should the District engage us to perform audit services, we will always establish strict guidelines for what the firm can and cannot do under the applicable independence rules that apply to the industry and service; however, in most cases we are able to provide the level of service desired by our clients while maintaining strict independence.

6. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office

There have been no complaints or regulatory actions against the Firm, key personnel or any engagement team members leveled by state regulatory bodies or professional organizations.

7. Describe liability insurance coverage arrangements.

The Firm maintains adequate insurance coverage to meet the needs of the District. We have placed our professional liability insurance with a national carrier and our current limits of coverage are satisfactory for this engagement.

8. Provide statistics on your firm's turnover rate and your policy on audit team continuity for your clients.**Commitment to Team Stability**

We believe knowledge, efficiency and effectiveness are optimized over time in a client relationship. Therefore, we strive to maintain continuity in partners and key professionals from year to year. In the mentoring and developing our staff, we normally experience a progression of staff responsibility during the years of service on the engagement allowing their knowledge of the client to increase the efficiency of our team. For many of our tenured clients, we have professionals that began as staff accountants and progressed to serve as managers, senior managers and partners on that engagement. We will periodically introduce new staff to our clients as bringing fresh talent and insight to the engagement team provides new ideas, while maintaining team continuity, which creates efficiency and reduces the learning curve for new team members.

However, if we lose a key person, we will replace that person from the top rather than from the bottom. For example, if the senior needs to be replaced, the manager will step in to perform their role until a replacement has been assigned and has been brought up to speed on the District's engagement. We will keep you informed of all personnel changes and, consistent with auditing principles generally accepted in the U.S., seek your agreement before any changes are made to key personnel. Our turnover rate for FY21 was 20.5%, which is comparable to our peer firms.

To better engage with and encourage our employees in their careers, we recently launched our Transform Your Career ("TYC") initiative. This program will provide growth and development opportunities, a meaningful approach to performance, and an enhanced comprehensive total rewards package. We are excited for TYC and the opportunities it will provide our employees and we expect this to have a positive impact on employee engagement and retention as we continue our growth journey.

Governmental Experience

1. Provide information on your firm's background and experience auditing governmental units having utility enterprise systems and/or standalone governmental utility system audits

Below are some of our current and recent standalone utility authority clients, as well as governmental units having utility enterprise systems and/or standalone governmental utility system audits:

North Carolina

- ▶ Fayetteville Public Works Commission*
- ▶ Greenville Utilities Commission*
- ▶ Cape Fear Public Utility Authority*
- ▶ Sandhills Utility Services*
- ▶ Metropolitan Sewerage District of Buncombe County, NC*
- ▶ Cleveland County Water Authority*
- ▶ Piedmont Triad Regional Water Authority*
- ▶ City of Charlotte, including utilities*
- ▶ City of Asheville, including utilities*
- ▶ City of High Point, including utilities*
- ▶ City of Raleigh, including utilities*
- ▶ City of Durham, including utilities*
- ▶ Town of Cary, including utilities*
- ▶ Eastover Sanitary District*
- ▶ Handy Sanitary District*

Florida

- ▶ Charlotte County Utilities
- ▶ City of Vero Beach, including utilities
- ▶ Hillsborough County – Water Resource Division Enterprise Fund
- ▶ Orange County, Florida Water Utilities
- ▶ Orlando Utilities Commission

South Carolina

- ▶ South Carolina Public Service Authority*
- ▶ Renewable Water Resources
- ▶ Piedmont Municipal Power Authority
- ▶ Santee Cooper

Virginia

- ▶ City of Newport News, including utilities
- ▶ City of Charlottesville, including utilities
- ▶ City of Chesapeake, including utilities
- ▶ City of Hampton, including utilities

- ▶ City of Portsmouth, including utilities
- ▶ City of Richmond, including utilities
- ▶ City of Virginia Beach, including utilities
- ▶ Spotsylvania County, including utilities
- ▶ Stafford County, including utilities
- ▶ Western Tidewater Water Authority
- ▶ Upper Occoquan Service Authority

**Served by North Carolina Practice*

2. Provide information on your firm’s background and experience auditing governmental units having variable debt and interest rate swaps.

A majority of our governmental audit clients listed have some form of variable rate debt, and some of those clients currently or previously have utilized interest rate swaps to hedge variable rate debt, including the City of Charlotte, the City of Winston-Salem, and Union County. The proposed audit team is familiar with these type of transactions and we have internal specialists and software that allows us to value interest rate swaps to ensure proper valuation.

3. List the governmental clients of your firm. Also, list names, addresses, and telephone numbers of client officials

Representative Clients

In addition to the clients provided earlier in our proposal, a representative list of our current and past North Carolina government clients includes the following:

Local Government	Services	GFOA	Served Since
Metropolitan Sewerage District of Buncombe County	Audit	*	2004
Piedmont Triad Regional Water Authority	Audit		2004 - 2021
Cape Fear Public Utility Authority	Audit, Single Audit		2015 - 2021
Durham County	Audit, Single Audit	*	1997
Forsyth County	Audit, Single Audit	*	2009 to 2017 and 2022
Guilford County	Audit, Single Audit	*	2000
Mecklenburg County	Audit, Single Audit, Agreed Upon Procedures	*	2004
New Hanover County	Audit, Single Audit	*	2015
Randolph County	Audit, Single Audit	*	2005

Orange County	Audit, Single Audit	*	2021
Henderson County	Audit, Single Audit	*	2022
Cumberland County	Audit, Single Audit, Consulting	*	1987-2019 and 2022
Greene County	Audit, Single Audit		2019 - 2021
Tyrrell County	Audit, Single Audit		2017
Union County	Audit, Single Audit		2022
City of Asheville	Audit, Single Audit	*	2012 - 2017
City of Charlotte	Audit, Single Audit	*	2003
City of Durham	Audit, Single Audit, Agreed Upon Procedures	*	2012
City of Greensboro	Audit, Single Audit	*	2011
City of Greenville	Audit, Single Audit, Due Diligence	*	2015
City of High Point	Audit, Single Audit, Consulting	*	2015
City of Jacksonville	Audit, Single Audit	*	2019 - 2021
City of Raleigh	Audit, Single Audit, AUPs	*	2002
City of Reidsville	Audit, Single Audit	*	2017
Town of Morrisville	Audit, Single Audit	*	2015
Town of Fuquay-Varina	Audit, Single Audit	*	2010
Town of Cary	Audit, Single Audit, AUPs	*	2002
Town of Hillsborough	Audit		2020 - 2021
Town of Wake Forest	Audit, Single Audit, Consulting	*	2013
Town of Holly Springs	Audit, Single Audit	*	2021

Cumberland County Board of Education	Audit, Single Audit	*	2012 - 2021
NC Education Lottery	Audit and AUPs	*	2007
NC Turnpike Authority	Audit and AUPs		2009
New Hanover Board of Education	Audit, Single Audit	*	2007 - 2021
New Hanover County Airport Authority	Audit, Single Audit		2019
Centralina Regional Council	Audit, Single Audit		2017
Asheboro City Schools	Audit, Single Audit	*	1985 - 2020
Triangle J Council of Governments	Audit, Single Audit		2010

References

The best indicator of our ability to serve clients in a professional yet personalized manner is the outstanding reference provided by our clients. Provided are some of our references served by members of your engagement team. We can provide additional references if needed. We encourage you to call any of the individuals listed and ask them about our services and expertise.

Client Name	Client Contact
City of Charlotte	Teresa Smith , Chief Financial Officer Teresa.Smith@charlottenc.gov 704.336.8567
City of Greensboro	Marlene Druga , Finance Director Marlene.Druga@greensboro-nc.gov 336.373.2094
Henderson County	Samantha Reynolds, CPA , Finance Director sreynolds@hendersoncountync.gov 828.697.4821

4. List the governmental clients of your firm that have annual water and sewer revenues in excess of \$40 million.

Some of our larger government clients including municipalities and counties with enterprise fund water and sewer funds that have annual water and sewer revenues in excess of \$40 million, include:

- ▶ City of Charlotte, North Carolina
- ▶ City of Winston-Salem, North Carolina
- ▶ City of High Point, North Carolina
- ▶ City of Greensboro, North Carolina
- ▶ City of Raleigh, North Carolina
- ▶ Orange County, Florida
- ▶ Brevard County, Florida
- ▶ Fairfax County, Virginia

5. The District has received the GFOA Certificate of Achievement for Excellence in Financial Reporting since 1995. Indicate whether your office has previous experience auditing financial statements, which have earned this recognition.

The GFOA Certificate of Achievement for Excellence in Financial Reporting is highly recognized as the epitome of financial accountability and quality reporting. As a firm, we have provided support in obtaining and maintaining the certification to more than 75 governments, with several of our partners/directors participating in the program as certificate reviewers.

As with all of our GFOA submitting entities, we will assist you in any way necessary to help you continue to receive this award every year. Before issuance of our audit reports, we will review the District's Annual Comprehensive Financial Report in comparison to our Firm's standard governmental reporting checklist and the current GFOA reporting checklist to help ensure that the Annual Report is in compliance with the certificate program requirements. We will also review any comments received from the GFOA from the most recent submission to ensure all matters are addressed appropriately.

6. List any specific training or experience your firm has related to new pronouncements such as GASB 87 and GASB 101

We consider the training of our professionals to be extremely important to best meet the evolving needs of our profession and provide the highest quality of service to our clients. We believe that to consistently offer our clients the most current information, continuing education of our personnel is a mission-critical objective. It is the policy of Cherry Bekaert that all professional personnel:

- ▶ Comply with the continuing professional education requirements of the AICPA, the SEC Practice Section of the AICPA Division for Firms, the appropriate state boards of accountancy, the U.S. Government Accountability Office, Yellow Book requirements and other regulatory agencies as applicable;
- ▶ Maintain an adequate awareness and understanding of current developments in technical literature; and
- ▶ Assist in the training and development of staff members under their supervision.

In our commitment to training, we require all client service professionals complete at least 20 hours of qualifying CPE every year and at least 120 hours every three (3) years. In addition, all client service professionals who serve governmental entities are required to complete 80 hours of CPE every two (2) years with at least 24 hours in subjects that directly relate to government auditing and/or the government environment. CPE is obtained through various sources, including AICPA, national and state GFOA conferences, state society of CPA industry conferences and webinars, other industry conferences (example: AHACPA's annual Public Housing Authority conference) and internally provided seminars and webinars.

Government-specific CPE courses that our professionals have taken over the last five years, in addition to speaking engagements to provide CPE for various organizations, include the following:

- ▶ Government Risk Assessment
- ▶ Single Audit Fundamentals
- ▶ AICPA Peer Review Update for Government
- ▶ Local Government Impacts of COVID-19
- ▶ Government CAFR Preparation
- ▶ Yellow Book 2018 Update
- ▶ Annual GASB Updates
- ▶ Auditing OPEB
- ▶ Deep Dive into GASB 77, 79, 80 and 87
- ▶ Local Government Accountability Update
- ▶ Single Audit Compliance Supplement Update
- ▶ GASB 72, Fair Value Accounting
- ▶ Uniform Guidance requirements
- ▶ Government fraud risk
- ▶ Annual GFOA GASB Updates
- ▶ Cash Flows in a Government Environment
- ▶ AICPA Clarity Standards
- ▶ GAQC Single Audit Roundtable
- ▶ GASB 84, Fiduciary Activities
- ▶ GASB 87, Leases
- ▶ GASB 101, Compensated Absences
- ▶ 2020 Single Audit Deep Dive
- ▶ Audits of State and Local Governments
- ▶ Assets and Liabilities of State and Local Governments
- ▶ Reporting in a Single Audit
- ▶ Intermediate Government Accounting
- ▶ Testing Internal Controls in a Single Audit
- ▶ Single Audit Nuts and Bolts
- ▶ National/State GFOA Annual Conferences
- ▶ AICPA GAQC Courses

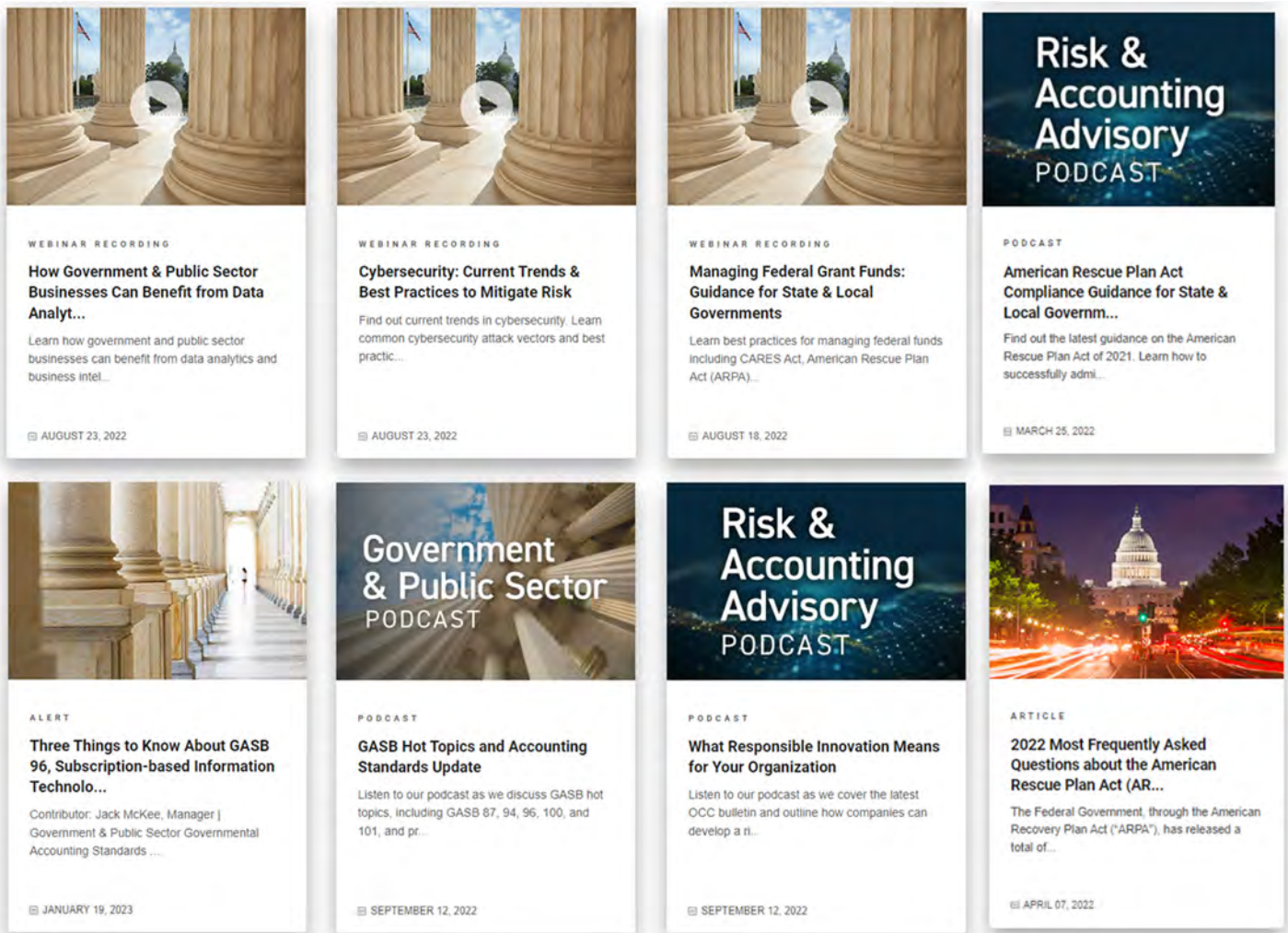
Cherry Bekaert is also proud to be one of only two firms nationally to have provided a professional from our government team to serve on the last two-year GASB fellow program rotation, working with GASB on technical matters. As a GASB fellow, Scott Anderson, a Director from our Mid-Carolina audit practice, was on the forefront of evolving standards currently contemplated. Since GASB is considering significant changes to financial reporting and presentation, Scott's involvement provides unique insights we can share with our clients. He finished his rotation and returned to the Firm in August 2022.









Additionally, we are dedicated to the continuing education of our clients and the greater public sector community in addition to our employees. It is this commitment to education and leadership of the public sector that has set us apart from other firms. As leaders in the industry, your engagement team has been providing guidance to the public sector

for the majority of their careers, bringing decades of combined experience to the City. For example, Dan Gougherty is a frequent speaker on topics for internal and external trainings and spoke at the 2020 NCGFOA Winter Conference and the 2020 SACUBO Fall Workshop on GASB 87: Leases. Daniel is involved in the implementation team for GASB 87, has written an article on Coronavirus Relief Funds, and has presented on this topic at Cherry Bekaert’s Annual Government Seminar held virtually in August 2020. Daniel attends the winter and summer NCGFOA conference regularly.

Furthermore, Cherry Bekaert’s Government Services Blog (<http://www.cbh.com/industries/government/>) helps keep our governmental clients up to date on vital business and financial information. And our **annual Government Benchmarking survey** aggregates responses from over 150 government financial and operational leaders to capture and identify significant trends relevant to governments. Based on responses from local government participants, we can share valuable feedback that allows governmental organizations to compare their own performance, accomplishments and challenges with similar entities across the United States. This year’s report highlights trends in how entities are handling a variety of issues and provides recommendations on changes that need to be made to better prepare for the future. Such topics we address, in addition to those previously mentioned, include COVID-19, financial reporting and risk assessments. Highlights and the complete report are available at cbh.com/localgovsurvey.

We are dedicated to the continuing education of our clients and the greater Public Sector and Financial Services communities. We offer webinars, seminars (<http://www.cbh.com/events/>) and thought leadership throughout the year. Cherry Bekaert’s Government Services Blog (<http://www.cbh.com/industries/government/>) helps keep our governmental clients up to date on vital business and financial information. Examples of recent thought leadership and education include:



 <p>WEBINAR RECORDING</p> <p>How Government & Public Sector Businesses Can Benefit from Data Analyt...</p> <p>Learn how government and public sector businesses can benefit from data analytics and business intel...</p> <p>AUGUST 23, 2022</p>	 <p>WEBINAR RECORDING</p> <p>Cybersecurity: Current Trends & Best Practices to Mitigate Risk</p> <p>Find out current trends in cybersecurity. Learn common cybersecurity attack vectors and best practic...</p> <p>AUGUST 23, 2022</p>	 <p>WEBINAR RECORDING</p> <p>Managing Federal Grant Funds: Guidance for State & Local Governments</p> <p>Learn best practices for managing federal funds including CARES Act, American Rescue Plan Act (ARPA)...</p> <p>AUGUST 18, 2022</p>	 <p>Risk & Accounting Advisory PODCAST</p> <p>American Rescue Plan Act Compliance Guidance for State & Local Governm...</p> <p>Find out the latest guidance on the American Rescue Plan Act of 2021. Learn how to successfully admi...</p> <p>MARCH 25, 2022</p>
 <p>ALERT</p> <p>Three Things to Know About GASB 96, Subscription-based Information Technolo...</p> <p>Contributor: Jack McKee, Manager Government & Public Sector Governmental Accounting Standards</p> <p>JANUARY 19, 2023</p>	 <p>PODCAST</p> <p>GASB Hot Topics and Accounting Standards Update</p> <p>Listen to our podcast as we discuss GASB hot topics, including GASB 87, 94, 96, 100, and 101, and pr...</p> <p>SEPTEMBER 12, 2022</p>	 <p>Risk & Accounting Advisory PODCAST</p> <p>What Responsible Innovation Means for Your Organization</p> <p>Listen to our podcast as we cover the latest OCC bulletin and outline how companies can develop a ri...</p> <p>SEPTEMBER 12, 2022</p>	 <p>ARTICLE</p> <p>2022 Most Frequently Asked Questions about the American Rescue Plan Act (AR...</p> <p>The Federal Government, through the American Recovery Plan Act ("ARPA"), has released a total of...</p> <p>APRIL 07, 2022</p>

7. Identify the specific persons (minimally, the engagement partner and manager) who will work on the District's audit and designate the individual who will be the primary contact for the firm. Include resumes for each person to be assigned to the audit and indicate specific governmental experience of each person. Identify individuals that will be assigned to work on the District's audit who will also be assigned responsibilities on other similar local government engagements (identify each entity) during the District's audit time frame. Staff continuity is a priority for the District. The District must be notified of any changes in key audit personnel prior to annual renewal of contract within the multi-year period to assess continuity concerns. Note which staff that are members of GFOA (national and local) and if they attend any GFOA professional development conferences or seminars.

Cherry Bekaert has carefully selected an experienced engagement team with specialized knowledge relating to the unique accounting and auditing issues. The table below lists the approximate percentage of time spent by each member of the proposed audit team.

Team Member	Approximate Percentage of Time Spent
Director - Daniel T. Gougherty	9%
Concurring Reviewer - Scott Anderson	1%
Senior Manager - Richard Hart	20%
Senior - Peyton Noschese	30%
Staff, IT and Administrative - TBD	40%

Senior manager levels and above attend local GFOA conferences, such as North Carolina Government Finance Officers Association (NCGFOA). Further, the proposed director is a member of the NCGFOA.

Given the importance of client service to our organization, Cherry Bekaert implements several proprietary, internal client service programs throughout the year to help us better serve our clients. A key element is an annual client service plan to ensure we meet your needs and expectations. The client service plan guides and directs our efforts and communication throughout the year. During our initial client service planning meeting, we spend time making sure we learn and understand your goals, objectives, challenges and other advisers important to your organization. The client service plan is then used to guide and direct our efforts and communication throughout the year. This includes timelines, standard checklists and involvement of specialist resources.

The entire engagement team that serves the District will work together to share information, documents and what we all know about your business and service needs (goals, other relationships, delivery expectations, etc.). We will have periodic meetings with you to hear about your business and learn from them. This approach promotes stability by effectively sharing knowledge and collaboratively developing engagement solutions. We follow a “working leader” approach to client service. This ensures frequent and direct access to the directors/partners who maintain responsibility for the engagement. Our Firm believes strongly that leadership engagement increases the value you gain from our services. We ensure staff continuity to drive efficiency, stability and familiarity with your business. This includes significant involvement by senior professionals before, during, and after an engagement. We employ a high ratio of partners and senior managers to staff.

Additionally, we emphasize the value of communication with our clients. Open, frequent communication throughout the engagement is part of our Firm’s culture and an integral part of our service philosophy. Throughout the engagement, we will provide weekly status updates via conference call, Microsoft Teams, in person meetings and/or email; whichever is preferred by the District stakeholders and management. We will discuss options within our technology tools such as Smartsheet® for reminders, notifications of completed tasks, etc.

As mentioned, we strive to maintain continuity in partners and key professionals from year to year. Please see the Commitment to Team Stability section on page 24 for additional information.



Daniel T. Gougherty, CPA (Primary Contact)

Director, Cherry Bekaert LLP

Director, Cherry Bekaert Advisory LLC

Assurance Services

Dan has over 15 years of public accounting experience, including 11 years of audit services for state and local governments. As a member of the Firm’s Government Services and Not-for-Profit industry groups, Dan employs his expertise to assist local governments and not-for-profits with financial and compliance audits, including Uniform Grant Guidance. He has served some of the largest counties, towns, foundations, airports and special purpose governments in the the Southeast.

As an Audit Director, Dan ensures the overall quality of an audit engagement. He advises clients in all phases of financial reporting. He oversees engagement planning and performance of audit tests. Clients have sought Dan’s knowledge in documenting, evaluating and identifying areas of improvement in internal controls and processes, and implementation of new Governmental Accounting Standard Board (“GASB”) standards.

Dan has spoken at a number of internal and external conferences, including events for the North Carolina Association of Certified Public Accountants.

Dan has more than 40 hours each year of relevant continuing education, including the continuing education required by Government Auditing Standards (24 hours of government accounting and auditing credits).

Dan is licensed to practice as a Certified Public Accountant in North Carolina and Florida and is a member of the American Institute of Certified Public Accountants (AICPA) and North Carolina Government Finance Officers Association (NCGFOA).

Education

B.S. in Accounting, University of Central Florida

Relevant Experience

- ▶ Metropolitan Sewerage District of Buncombe County
- ▶ Piedmont Triad Water Authority
- ▶ City of Charlotte, North Carolina
- ▶ City of Winston-Salem, North Carolina
- ▶ City of Asheville, North Carolina
- ▶ City of Greensboro, North Carolina
- ▶ City of High Point , North Carolina
- ▶ Mecklenburg County, North Carolina
- ▶ Piedmont Triad Airport Authority
- ▶ Union County, North Carolina
- ▶ Henderson County, North Carolina
- ▶ Orange County, Florida

Professional Involvement

- ▶ American Institute of Certified Public Accountants
- ▶ North Carolina Association of Certified Public Accountants



Scott Anderson, CPA

Director, Cherry Bekaert LLP

Director, Cherry Bekaert Advisory LLC

Assurance Services

A licensed Certified Public Accountant in Florida and North Carolina, Scott has served the Firm’s clients since 2005. He primarily provides audit services to the public sector, Not-for-Profit and construction contractors. Scott served in the GASB Practice Fellow Program for previous two-year rotation and returned to Cherry Bekaert with vast experience in financial standard setting. Scott was on the forefront of evolving standards; since GASB is currently considering significant changes to financial reporting and presentation, Scott’s involvement provides us with unique insights and access to future developments.

As a Director with the Firm’s Assurance practice, Scott advises clients in all phases of financial reporting. He oversees engagement planning, performance of audit tests and report writing. Clients have sought Scott’s knowledge in documenting, evaluating and identifying areas of improvement in internal controls and processes, and his assistance in the writing of financial statements.

Scott has extensive experience with Uniform Grant Guidance and the audit requirements of the governments in the State of North Carolina and Florida. He has instructed at a number of external conferences and seminars, including the Florida Government Finance Officers Association School of Government Finance, Florida School Finance Officers Association Conference, and webinars sponsored by the Firm on various technical GASB topics. In addition, Scott has served as an internal training instructor for the Firm’s Audit University for the past eight years. He serves on the Government Finance Officers Association Special Review Committee, reviewing and providing feedback on annual financial statements from local governments from all over the United States.

Education

Bachelor of Arts, Utah State University

Master of Accounting, North Carolina State University

Professional & Civic Involvement

- ▶ American Institute of Certified Public Accountants
- ▶ Florida Institute of Certified Public Accountants
- ▶ Florida Government Finance Officers Association
- ▶ GFOA Special Review Committee
- ▶ GASB Fellow Program
- ▶ Leadership Tampa Bay

Relevant Experience

- ▶ Guilford County, North Carolina
- ▶ Hillsborough County, Florida
- ▶ Wake County, North Carolina
- ▶ City of Durham, North Carolina
- ▶ City of Fayetteville, North Carolina
- ▶ City of Greensboro, North Carolina
- ▶ City of St. Petersburg, Florida
- ▶ City of Raleigh, North Carolina
- ▶ Metropolitan Community Health Services
- ▶ Nash-Edgecombe Economic Development, Inc.
- ▶ North Carolina Rural Economic Development, Inc.
- ▶ Southern Regional Area Health Education Center
- ▶ Tampa Bay Regional Planning Council
- ▶ Triangle Family Services, Inc.
- ▶ Manatee District School Board
- ▶ Polk County District School Board
- ▶ St. Lucie County District School Board

**Richard Hart, CPA****Senior Manager, Cherry Bekaert Advisory LLC****Audit Services**

An Assurance Senior Manager, Richard assists clients with performing audits in accordance with U.S. GAAP, including statutory reporting under Government Auditing Standards and single audits in accordance with the Uniform Guidance and the State Single Audit Implementation Act.

With over ten years of experience, Richard has worked with government entities, nonprofit organizations, and middle-market companies.

Education

B.S. in Accounting, University of North Carolina – Pembroke

Master of Accounting, Virginia Tech

Relevant Experience

- ▶ Piedmont Triad Water Authority
- ▶ City of Charlotte, North Carolina
- ▶ City of Winston-Salem, North Carolina
- ▶ City of Asheville, North Carolina
- ▶ Mecklenburg County, North Carolina
- ▶ Fairfax County, Virginia
- ▶ Forsyth County, North Carolina
- ▶ City of Alexandria, Virginia
- ▶ District of Columbia
- ▶ City of Greensboro, North Carolina
- ▶ City of High Point, North Carolina

Professional Involvement

- ▶ American Institute of Certified Public Accountants
- ▶ North Carolina Association of Certified Public Accountants

Peyton Noschese, CPA**Senior Associate, Cherry Bekaert Advisory LLC****Audit Services**

An Assurance Senior Associate, Peyton assists clients with performing audits in accordance with U.S. GAAP, including statutory reporting under *Government Auditing Standards* and single audits in accordance with the Uniform Guidance and the State Single Audit Implementation Act.

With more than two and a half years of experience, Peyton has worked with government entities, nonprofit organizations, and middle-market companies.

Education

Master of Science in Accounting, Appalachian State University

Relevant Experience

- ▶ Metropolitan Sewerage District of Buncombe County
- ▶ Mecklenburg County, North Carolina
- ▶ City of Winston-Salem, North Carolina
- ▶ Charlotte Regional Realtor Association
- ▶ General Council of Finance and Administration

Professional Involvement

- ▶ American Institute of Certified Public Accountants
- ▶ North Carolina Association of Certified Public Accountants



Proposal for Audit Services

Metropolitan Sewerage District of Buncombe County, North Carolina

March 31, 2023

Daniel T. Gougherty, CPA
Director, Cherry Bekaert LLP
Director, Cherry Bekaert Advisory LLC

P 704.377.1678

E dgougherty@cbh.com

1111 Metropolitan Avenue | Suite 900 | Charlotte, NC 28204
cbh.com

Cost Proposal

Second Section

Cost Estimate

We understand and appreciate your desire for professional service providers who are not only highly qualified, but who are also cost-conscious and cost-effective about the work they perform. We are mindful that cost is always one consideration, along with quality of the service, in selecting a professional services firm. Accordingly, we have structured our fee based on our previous years of experience, our knowledge of the District's operations and accounting systems and our strong desire to continue our mutually-beneficial relationship.

All services proposed herein are subject to the completion of our customary final client acceptance procedures.

Future Fee Increases

The fees listed below for subsequent years assume no significant changes occur with your operation/organization and/or future accounting standards. A change in fees will apply should the scope of work change. If future accounting standards are issued and are effective, additional fees may be required to perform the necessary procedures to be in compliance with the new accounting standards. Should this occur, or there is a change in scope because of an increase in your operations, we would meet with you to obtain your agreement on any increase in the fee ranges before proceeding.

Base Year, June 30, 2023 Audit

Professional	Estimated Hours *	Rate per Hour	Total Fee *
Audit Director	28	\$450	\$12,600
Audit Senior Manager	56	\$435	\$24,360
Audit Senior	84	\$285	\$23,940
Audit Staff	112	\$215	\$24,080
Subtotal			\$84,980
Less Discount			(\$39,980)
Total Fee - 2023			\$45,000

*Total fee is based on no single audit being required. Travel costs, cost of supplies and materials and other costs are included in the total fee.

Subsequent Two (2) Years	Estimated Audit Fee*
Total Fee – 2024	\$47,000
Total Fee – 2025	\$49,000
Total Fee – 2026	\$51,000

Cost Estimate (Per Year)

THREE-YEAR CONTRACT

	FY2023	FY2024	FY2025
Base charge–Financial Audit	\$45,000	\$47,000	\$49,000
Base charge–Compliance Audit	\$8,000	\$8,500	\$9,000
Charge per program for additional compliance testing	\$5,000	\$5,000	\$5,000
Other:			
TOTAL	\$45,000	\$47,000	\$49,000

Basis/methodology of cost estimate:

Our fees are generally based on the time required to complete the work at our established billing rates, plus clerical and computer charges and out-of-pocket expenses. Our fees are also based on other factors such as the complexity of the work, the skill required, time limits, the experience and abilities of our personnel, and the value of the services rendered. We have priced this engagement assuming that we will perform the audit primarily remotely, with the exception of coming on-site for one day and the board meeting where attendance will be in person.

Basis for determining cost estimate after first year:

Future year increases beyond the fee commitment shown will be adjusted to annual cost of living increases, assuming there are no significant changes to the scope of work and engagement.

STATUS REPORTS

**MSD System Services In-House Construction
FY 2022-2023**

PROJECT NAME	LOCATION	ZIP CODE	ESTIMATED FOOTAGE	ESTIMATED PROJECT DATES	WO#	CREW	COMPLETION DATE	ACTUAL FOOTAGE	NOTES
21 Mulberry Street Construction Rehabilitation	Woodfin	28804	465	7/8/22 - 7/22/22	289365	M. Hensley	7/22/2022	465	Construction Complete
Charlotte Street @ N Ridgeway Avenue	Blk Mountain	28711	1073	6/15/22 - 8/29/22	232699	Dockery	7/26/2022	1233	Construction Complete
122 Riverside Replacement	Asheville	28801	50	8/6/22 - 8/7/22	290174	Dockery	8/7/2022	50	Construction Complete
Owenby Lane @ US Highway 70 Sewer Rehabilitation	Black Mountain	28711	900	8/9/22 - 8/29/22	268180	Dockery	8/29/2022	990	Construction Complete
Cherry Street Sewer Rehabilitation	Weaverville	28787	420	9/6/22 - 10/1/22	278196	Dockery	9/23/2022	435	Construction Complete
S Main St @ Reems Creek Rd Sewer Rehabilitation	Weaverville	28787	592	10/3/22 - 11/15/22	275831	Dockery	10/25/2022	592	Construction Complete
Warren Haynes Drive Sag Removal	Asheville	28715	350	10/26/2022	291565	Cantrell	10/26/2022	350	Construction Complete
Albermarle Commons PS Elimination	Asheville	28805	625	10/31/22 - 12/9/22	284482	Dockery	11/30/2022	627	Construction Complete
Ash Line Repair	Woodfin	28804	8	15-Dec	292579	G. Hensley	12/15/2022	8	Construction Complete
Mountain View Rd at Maxwell Rd Sewer Rehabilitation	Asheville	28805	521	12/5/22 - 1/15/23	265289	Dockery	12/30/2022	375	Construction Complete
24 Woodgate Road Construction Rehabilitation	Asheville	28806	223	12/21/2022	292583	Cantrell	12/21/2022	223	Construction Complete
Wynn St. @ Mountain St. Sewer Rehabilitation	Asheville	28801	437	1/16/23 - 2/15/23	263129	Dockery	1/25/2023	434	Construction Complete
Bell Rd at New Haw Creek Rd Sewer Rehabilitation Phase 1	Asheville	28805	990	2/16/23 - 2/28/23	248044	McDevitt	2/28/2023	987	Construction Complete
Mace Avenue Sewer Relocation	Asheville	28806	100	3/7/23 - 3/20/23	293586	McDevitt	3/21/2023	73	Construction Complete
Bell Rd at New Haw Creek Rd Sewer Rehabilitation Phase 2	Asheville	28805	50	3/1/23 - 3/7/23	294564	McDevitt	3/17/2023	67	Construction Complete
Highland Farms Road Sewer Rehabilitation	Black Mountain	28711	850	4/10/23-5/10/23	275837	McDevitt			Construction starting
Grindstaff Dr @ McDowell St	Asheville	28803	603	FY 22-23	284606	McDevitt			Ready for construction
Briarcliff Dr at Oakwilde Dr Construction Rehab Ph. 2	Asheville	28803	257	FY 22-23	285342	McDevitt			Ready for construction
Naples PS Elimination and Gravity Conversion Ph. 2	Cane Creek	28760	422	FY 22-23	285603	McDevitt			Ready for construction
Norwood Ave Sewer Rehabilitation	Asheville	28804	1022	FY 22-23	275810	TBA			Ready for construction
44 Galax Sewer Rehab	Asheville	28806	294	FY 22-23	280827	TBA			Ready for Construction
Northwest Avenue @ W Charleston Avenue	Swannanoa	28778	1031	FY 22-23	275849	TBA			Ready for construction
Old Fairview Rd @ Willington Road	Asheville	28803	732	FY 22-23	276005	TBA			Ready for construction
5 Golf Street	Asheville	28801	240	FY 22-23	284586	TBA			Ready for construction



CONSTRUCTION TOTALS BY DATE COMPLETED - Monthly

From 7/1/2022 to 2/28/2023

	Dig Ups	Emergency Dig Ups	Dig Up ML Ftg	Dig Up SL Ftg	Manhole Repairs	Taps Installed	ROW Ftg	IRS Rehab Ftg *	Const Rehab Ftg *	D-R Rehab Ftg *	Manhole Installs	Bursting Rehab Ftg *	Total Rehab Ftg *
July 2022	28	6	63	433	17	10	25,839	0	435	1233	7	30	1698
August 2022	30	6	70	904	14	27	14,647	0	0	1040	6	0	1040
September 2022	20	7	32	494	12	17	6,291	0	0	435	3	0	435
October 2022	15	5	46	507	16	29	3,940	0	350	592	7	0	942
November 2022	10	5	27	348	17	19	26,106	0	0	627	4	0	627
December 2022	12	9	31	320	10	50	0	0	223	383	4	0	606
January 2023	39	9	49	605	17	15	0	0	40	434	3	0	474
February 2023	39	12	90	719	15	18	720	0	0	987	11	0	987
Grand Totals	193	59	407	4,330	118	185	77,543	0	1048	5731	45	30	6809

* Used to calculate Total Rehab Footage



CUSTOMER SERVICE REQUESTS

Monthly - All Crews

CREW	MONTH	JOBS	AVERAGE RESPONSE TIME	AVERAGE TIME SPENT
DAY 1ST RESPONDER				
	July, 2022	115	28	34
	August, 2022	83	30	37
	September, 2022	90	30	40
	October, 2022	83	29	36
	November, 2022	85	28	32
	December, 2022	71	27	50
	January, 2023	129	28	31
	February, 2023	152	28	30
		808	29	35
NIGHT 1ST RESPONDER				
	July, 2022	41	25	19
	August, 2022	41	26	24
	September, 2022	35	35	26
	October, 2022	28	28	34
	November, 2022	34	41	38
	December, 2022	33	33	34
	January, 2023	69	33	22
	February, 2023	43	30	23
		324	31	26
ON-CALL CREW *				
	July, 2022	29	40	39
	August, 2022	29	29	60
	September, 2022	27	56	67
	October, 2022	35	62	58
	November, 2022	28	49	51
	December, 2022	48	60	53
	January, 2023	60	67	33
	February, 2023	35	52	38
		291	54	48
Grand Totals:		1,423	34	36

* On-Call Crew Hours: 8:00pm-7:30am (Jul. - Oct.) 11:30pm-7:30am (from Nov. onward) Monday-Friday, Weekends, and Holidays



PIPELINE MAINTENANCE TOTALS BY DATE COMPLETED - Monthly

July 01, 2022 to February 28, 2023

	Main Line Wash Footage	Service Line Wash Footage	Rod Line Footage	Cleaned Footage	CCTV Footage	Smoke Footage	SL-RAT Footage
2022							
July	100,862	4,736	1,390	102,252	14,226	50	1,886
August	95,363	1,583	0	95,363	29,701	0	6,165
September	51,254	1,193	1,816	53,070	21,909	0	5,747
October	60,901	1,089	5,221	66,122	24,032	493	10,894
November	15,578	1,676	1,365	16,943	17,617	450	16,220
December	30,535	1,598	2,136	32,671	8,109	0	26,472
2023							
January	46,850	2,797	3,209	50,059	13,499	0	25,849
February	64,673	1,804	4,788	69,461	14,134	225	21,635
Grand Total:	466,016	16,476	19,925	485,941	143,227	1,218	114,868
Avg Per Month:	58,252	2,060	2,491	60,743	17,903	152	14,359

CAPITAL IMPROVEMENT PROGRAM

STATUS REPORT SUMMARY

April 12, 2023

PROJECT	LOCATION OF PROJECT	CONTRACTOR	AWARD DATE	NOTICE TO PROCEED	ESTIMATED COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
AURORA DRIVE	Asheville 28805	Terry Brothers Construction Co.	9/21/2022	9/29/2022	5/1/2023	\$684,695.00	98%	Waiting on paving and final inspection.
BENT TREE ROAD	Asheville 28804	Terry Brothers Construction Co.	11/19/2022	12/5/2022	4/28/2023	\$980,781.00	90%	Pipeline construction complete. Repaving in process.
CALEDONIA ROAD	Asheville 28803	Hyatt Pipeline LLC	11/16/2022	1/23/2023	5/23/2023	\$799,489.50	60%	Construction progressing well.
CHRISTIAN CREEK INTERCEPTOR	Buncombe County	Buckeye Bridge LLC	12/15/2021	3/14/2022	7/7/2023	\$6,000,556.30	75%	Construction progressing well.
LE AN HURST ROAD	Asheville 28803	Terry Brothers Construction Co.	1/18/2023	3/21/2023	5/20/2023	\$259,040.00	20%	Pipeline installation underway.
LINING CONTRACT NO. 9	Buncombe County	Terry Brothers Construction Co.	1/18/2023	3/20/2023	3/14/2024	\$2,130,890.00	5%	Pre-cleaning and pipe video work underway.
SPRINGSIDE ROAD @ OVERLOOK ROAD	Asheville 28803	Huntley Construction Company	5/19/2021	9/23/2021	4/28/2023	\$836,550.16	99%	Waiting on final inspection.
TOXAWAY STREET	Asheville 28806	Terry Brothers Construction Co.	7/20/2022	8/16/2022	4/28/2023	\$329,485.00	99%	Punchlist item for asphalt curb to be completed.
WRF - EQUIPMENT STORAGE FACILITY	Woodfin	Cooper Construction Company	10/20/2021	3/28/2022	5/29/2023	\$3,090,823.18	96%	Working on items needed for temporary C.O.
WRF - INTERMEDIATE CLARIFIER EFFLUENT TROUGH REHAB, PHASE 1	Woodfin	Carolina Management Team LLC	1/31/2023	TBD	TBD	\$255,651.89	0%	Preconstruction meeting was held on March 28th.
WRF - RBC SLIDE GATE REPLACEMENT PHASE 2	Woodfin	Harper Corp.	11/16/2022	3/27/2023	11/22/2023	\$624,000.00	0%	No work has begun yet. Materials have been ordered.

***Updated to reflect approved Change Orders and Time Extensions**

Planning & Development Project Status Report

Active Construction Projects Sorted by Work Location and Project Number

April 5, 2023

No.	Project Name	Project Number	Work Location	Zip Code	Units	LF	Pre-Construction Conference Date	Comments
1	First Baptist Relocation	2015032	Asheville	28801	Comm.	333	7/21/2015	Final Inspection complete, awaiting close-out docs
2	Hounds Ear (Mears Ave Cottages)	2016123	Asheville	28806	18	402	8/18/2017	Pre-con held, construction not yet started
3	Ashecroft Ph. 2	2016229	Asheville	28806	40	2,450	2/20/2018	On hold
4	RADTIP	2017052	Asheville	28801	0	919	2/13/2018	Final Inspection complete, awaiting close-out docs
5	Lake Julian Crossing	2018271	Asheville	28704	Comm.	1,134	11/30/2022	Installing
6	Timber Hollow Subdivision	2019049	Asheville	28805	18	525	7/28/2020	On hold
7	Millbrook Cottages	2019066	Asheville	28806	7	322	2/15/2022	Pre-con held, construction not yet started
8	3927 Sweeten Creek Rd (Rumi Way)	2019076	Asheville	28704	16	590	2/1/2023	Installing
9	UNC-A Edgewood Road Parking Lot	2019078	Asheville	28801	Comm.	373	7/19/2019	Final Inspection complete, awaiting close-out docs
10	Julian Woods Retirement Relocation	2019112	Asheville	28704	Comm.	1,083	3/17/2022	Installing
11	Ironwood Sewer Relocation	2019123	Asheville	28801	554	227	4/23/2021	Waiting on Testing
12	Burton Street	2021048	Asheville	28806	4	64	10/29/2021	Pre-con held, construction not yet started
13	Beloved Asheville	2021070	Asheville	28805	12	272	4/29/2022	Waiting on Testing
14	Busbee Ph. 1	2021245	Asheville	28803	210	4,245	4/26/2022	Installing
15	MAHEC Parking Deck	2021083	Asheville	28803	Comm.	550	6/1/2022	Waiting on final inspection
16	Old Home Road Subdivision	2021094	Asheville	28804	21	1,790	5/4/2022	Installing
17	Woodfield (RAD Lofts)	2021063	Asheville	28801	235	403	6/8/2022	Installing
18	Reed Creek Mixed Use	2022008	Asheville	28801	49	295	2/23/2023	Pre-con held, construction not yet started
19	Oak Hill Development	2022065	Asheville	28806	10	313	3/23/2023	Pre-con held, construction not yet started
20	Crossroads Community Ph1 Apartments	2022068	Asheville	28806	660	595	8/25/2022	Waiting on Paving
21	Waynesville Avenue Cottages	2021211	Asheville	28806	7	128	8/25/2022	Waiting on Paving
22	Reddick Road	2021108	Asheville	28805	5	507	9/2/2022	Pre-con held, construction not yet started
23	Randolph Avenue Commercial	2021149	Asheville	28806	Comm.	650	6/30/2022	Waiting on testing
24	The Ramble - Block K	2022015	Asheville	28803	38	4,516	1/25/2023	Installing
25	Friendly Hollow Way	2022064	Asheville	28803	5	166	1/25/2023	Waiting on final inspection
26	Jumbo Storage III	2022128	Asheville	28803	Comm.	283	11/9/2022	Final Inspection complete, awaiting close-out docs
27	Holiday Villa	2022172	Asheville	28704	7	355	2/15/2023	Installing
28	808 Montreat Road	2015126	Black Mountain	28711	4	371	4/18/2017	Final Inspection complete, awaiting close-out docs
29	Givens Highland Farms-Cottage Development	2018272	Black Mountain	28711	16	1,355	9/13/2019	Final Inspection complete, awaiting close-out docs
30	Sweet Birch Lane Phase 3	2020151	Black Mountain	28711	20	800	6/30/2021	Waiting on final inspection
31	Old Toll Road Subdivision	2020182	Black Mountain	28711	14	637	8/17/2021	Waiting on final inspection
32	Tudor Croft - Phase 2D	2018004	Black Mountain	28711	5	224	6/8/2022	Waiting on final inspection
33	NCDOT I-5504 NC 191/I-26 Interchange	2016132	Buncombe Co.	28806	0	355	10/23/2017	Installing
34	Liberty Oaks Ph. 1B	2018063	Buncombe Co.	28715	24	615	11/5/2021	Final Inspection complete, awaiting close-out docs
35	Upper Grassy Branch Road	2018087	Buncombe Co.	28805	6	250	8/31/2018	On Hold
36	Rockdale Subdivision	2018145	Buncombe Co.	28778	9	630	3/17/2020	Final Inspection complete, awaiting close-out docs
37	Roberson Relocation	2019037	Buncombe Co.	28715	Comm.	200	4/24/2020	Pre-con held, construction not yet started
38	Aiken Road Multi-Family	2019128	Buncombe Co.	28804	407	4,620	10/2/2020	Final Inspection complete, awaiting close-out docs
39	The Ramble - Tea House Ridge	2019159	Buncombe Co.	28803	22	8,050	9/21/2021	Installing
40	841 Charlotte Hwy	2019222	Buncombe Co.	28730	Comm.	110	4/20/2021	Pre-con held, construction not yet started
41	Creekside Cottages	2019255	Buncombe Co.	28704	6	400	3/12/2015	Phase 2 Construction Not started
42	Fisher Mill Road	2020015	Buncombe Co.	28704	3	380	10/20/2020	Final Inspection complete, awaiting close-out docs
43	Fountain Park Subdivision - Ph. 2	2020026	Buncombe Co.	28806	120	4,611	7/12/2019	Final Inspection complete, awaiting close-out docs
44	CMH Avery Creek	2020080	Buncombe Co.	28704	10	580	2/8/2022	Final Inspection complete, awaiting close-out docs
45	Kirkwood MHP (aka Rice MHP on-site)	2020166	Buncombe Co.	28715	75	2,610	12/21/2021	Final Inspection complete, awaiting close-out docs
46	Habitat- Glenn Bridge Road	2020178	Buncombe Co.	28704	30	908	12/14/2021	Final Inspection complete, awaiting close-out docs
47	Town Mountain Preserve Ph. 2	2020197	Buncombe Co.	28804	6	1,210	5/28/2021	Waiting on final inspection
48	Village at Bradley Branch Ph. 4B	2021120	Buncombe Co.	28704	16	393	11/2/2021	Waiting on final inspection
49	1102 New Salem Road	2022160	Buncombe Co.	28778	Comm.	569	12/15/2022	Waiting on final inspection
50	Collett Industrial (Banner Farm)	2020108	Cane Creek	28759	Comm.	255	11/20/2020	Final Inspection complete, awaiting close-out docs
51	B&F Ceramics	2021143	Cane Creek	28759	Comm.	2,360	11/1/2022	Final Inspection complete, awaiting close-out docs
52	Tap Root Ph. 1	2020024	Fletcher	28732	198	8,397	4/29/2022	Installing
53	Fernleaf Charter School	2020177	Fletcher	28732	Comm.	780	3/25/2022	Waiting on final inspection
54	Suncap Warehouse	2021059	Fletcher	28732	Comm.	803	12/3/2021	Final Inspection complete, awaiting close-out docs
55	Heritage Park	2021275	Fletcher	28732	63	2,653	9/6/2022	Waiting on testing
56	Mills River Fire & Rescue HQ Station	2022058	Mills River	28759	Comm.	160	11/1/2022	Final Inspection complete, awaiting close-out docs
57	Palisades at Reems Creek	2020066	Weaverville	28787	132	1,020	3/24/2022	Installing
58	Union Chapel (Views at Reems Creek)	2021030	Weaverville	28787	11	650	8/2/2022	Final Inspection complete, awaiting close-out docs
59	Stoney Knob Commercial	2021102	Weaverville	28787	3	273	1/26/2023	Installing
60	18 Wildwood Park Sewer Relocation	2021129	Weaverville	28787	1	147	2/22/2022	Final Inspection complete, awaiting close-out docs
61	Crest Mountain Phase 3B	2013041	Woodfin	28806	69	1,329	10/15/2013	Final Inspection complete, awaiting close-out docs
62	Brown Avenue aka Wolf Tract	2017029	Woodfin	28806	6	219	6/4/2021	Waiting on Paving
63	Skyfin-Terraces at Reynolds Mtn - Phase 4	2020167	Woodfin	28804	5	100	8/8/2017	Final Inspection complete, awaiting close-out docs
64	Serenity Townhomes	2020037	Woodfin	28804	8	480	7/14/2020	Final Inspection complete, awaiting close-out docs
65	Weaverville Road Subdivision	2020123	Woodfin	28804	4	600	4/6/2021	On hold
66	Rydele Heights	2021098	Woodfin	28804	73	1,880	3/1/2023	Installing
			TOTAL		3,282	75,474		