

Personnel Committee Meeting

April 21, 2026

9:00 AM

W.H. Mull Building, Board Room

Committee

Members: Jackie Bryson, Chair, Al Whitesides, Douglas Dearth, Allan Tarleton, Chris Pelly

Minutes: Brooke Ledford

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| 1. | Call Meeting to Order | Jackie Bryson, Chair |
| 2. | Inquiry as to Conflict of Interest | Bryson |
| 3. | Approval of February Committee minutes | Bryson |
| 3. | Human Resource Activities | Swing |
| 4. | Consideration of Self-Insured Health Plan & Pay Adjustment | Swing |
| 5. | GM Succession Update | Swing |
| 6. | Other | Bryson |
| 6. | Adjourn | Bryson |

Metropolitan Sewerage District of Buncombe County

PERSONNEL COMMITTEE ACTION ITEM

Meeting Date: April 21, 2026

Submitted By: Thomas E. Hartye, P.E., General Manager
Derrick Swing, SHRM-SCP, Human Resources Director
W. Scott Powell, CLGFO, Director of Finance

Subject: Pay Adjustment and Self-Insured Health Plan for
FY 2026-27

Staff Recommendation:

That the MSD Board fund and approve:

- 3.0% annual wage increase for all employees starting July 1, 2026
- 0% increase for the Self-Insured Medical Plan
- 5.5% increase in State required contributions for the NC Retirement Plan

Background

At the Board request, staff annually develops a composite view of both salary and benefit programs costs.

Each year, during the budgetary process, the Personnel Committee considers cost of living and merit pay salary adjustments with the goal of keeping MSD's compensation program competitive with other area employers and to meet the objective of retaining skilled, high performing employees. Noncompetitive wages lead to high turnover levels, loss of knowledgeable personnel, and increased costs from training new employees.

The Personnel Committee also considers benefits as an integral part of budgeting for a comprehensive compensation package.

Staffing Levels

MSD management continues to effectively maintain effective and efficient staffing levels. As a vacancy occurs, it is evaluated to determine the impact on operations. Occasionally MSD reengineers, reorganizes and reassigns duties to help control personnel costs. At other times, a position may be added to support specific areas and ensure safe work practices.

MSD's workforce currently averages 45 years of age and has 11 years of service with the District. MSD's staff is considered extremely skilled and responsive.

Health Insurance

In March, the District's insurance consultants indicated that FY 26 projected increases to medical to be 7% to 9% and drug costs to be 11% to 16%. It is important to keep in mind that health plan cost increases continue to significantly outpace general inflation and average wage increases.

Attachment # 1 provides actual and projected medical costs for MSD.

Significant cost drivers for MSD continue to be rising medical inflation costs, lack of hospital competition and increasing drug costs (both specialty and generic).

Several years ago, we rebuilt the medical insurance plan. Based on these changes, savings were realized in brokerage fees, drug costs, claims experience and reinsurance fees. Over the last five years the medical plan has maintained a healthy reserve despite having significant claims. The insurance reserve allows for a smoothing of costs during adverse times. Based on the January 1st insurance renewal, staff is recommending no change in the Board and employee contributions for fiscal year FY2026.

MSD management continues to offer many Health & Wellness programs including: On-site PA available at zero cost to the employee; greater usage of on-site "Advent Advantage" services; required physicals for all adults covered under MSD's medical insurance; onsite workout & weight rooms; and complimentary flu shots. In the past, we have also offered medical and nutritional training classes through Advent Hospital and Wellness activities that encourage healthier lifestyles. We are excited about introducing more Wellness and educational opportunities in FY 26/27.

Salary & Benefits Discussion:

The District has attempted to provide employees with competitive wages and benefits as a means of retaining and rewarding high-performing employees. The benefit to MSD of keeping professional and motivated employees has been illustrated repeatedly over the past years.

Over 60% of MSD employees have earned technical certifications above their job requirements. MSD employees have continued to earn national and state awards for ISO 14001, the AMSA Environmental Achievement Award, National and North Carolina GIS recognitions, NC "Operations Challenge" and the NACWA "Excellence in Management" award, among others.

A summary of the last 11 years' Consumer Price Index compared with actual and proposed FY 2026-27 cost of living and merit raises is summarized below:

Consumer Price Index (CPI)
for South Urban Region

2014 - 1.6% *
2015 - 0.5%*
2016 - 2.0%*
2017 -1.89%*
2018- 1.50%*
2019 – 2.16%*
2020 – 1.35%*
2021 – 8.1%*
2022 – 6.3%*
2023 – 3.7%
2024 – 2.8%
2025 – 2.2%

District Adopted Increase

FY 2015-16 3.0%
FY 2016-17 3.0%
FY 2017-18 3.0%
FY 2018-19 3.0%
FY 2019-20 2.5%
FY 2020-21 0%
FY 2021-22 3.5%
FY 2022-23 7.0%
FY 2023-24 6.3%
FY 2024-25 3.7%
FY 2025-26 2.7%
FY 2026-27 3.0% (Proposed)

*CPI-W for “Urban Wage Earners and Clerical” for the South Urban region

Cost of Living:

The District obtains cost of living data from the Bureau of Labor Statistics for the South Region. The Consumer Price Index is 2.2% for “all urban consumers and for wage earners and clerical workers” during the period of December 2024 to 2025. The Consumer Price Index for the previous period of December 2023 to 2024 was 2.8%.

Private Sector:

Each year several international consulting firms (Mercer, World at Work, SHRM) survey thousands of companies for projected pay increases for the next year. Private sector firms granted raises averaging 2% to 4%% in 2025 and were planning increases averaging 3% to 3.5% in 2026.

Agency Comparisons: Attachment # 2 provides a listing of our benchmark agencies showing the past years’ increases, as well as potential increases for the upcoming year based upon conversations with respective staff.

Fiscal Impact:

The proposed salary and benefit adjustment costs are approximately \$593,000 higher than last years’ budget request in this area.

Recommendation:

Staff requests that the Personnel Committee approve the recommendation of:

- 3.0% annual wage increase for all employees starting July 1, 2026
- 0% increase for the Self-Insured Medical Plan
- 5.5% increase in State required contributions for the NC Retirement Plan

COMMITTEE ACTION TAKEN	
Motion by:	To: Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	

MSD Self-Funded Health Insurance Plan Projection

Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Est. Actual	Budget
FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2026	FY2027

Beginning Balance	\$1,168,265	\$1,198,068	\$1,361,878	\$1,889,312	\$2,307,417	\$2,893,387	\$3,847,771	\$4,624,513	\$5,162,010	\$5,524,289
Income:										
Employer Contribution	2,051,775	2,185,141	2,327,175	2,478,441	2,639,540	2,811,110	2,993,840	2,993,840	2,993,840	2,993,840
Employee Contributions	382,579	343,194	351,869	355,075	349,602	359,647	358,756	358,371	345,000	345,000
Transfer from Other Insurance Funds	225,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Interest	15,701	30,330	20,593	315	2,882	85,467	167,285	175,768	150,000	140,000
Total Income	\$2,675,055	\$2,708,665	\$2,849,637	\$2,983,831	\$3,142,024	\$3,406,224	\$3,669,881	\$3,677,979	\$3,638,840	\$3,628,840

Total Funds Available	\$3,843,320	\$3,906,733	\$4,211,515	\$4,873,143	\$5,449,441	\$6,299,611	\$7,517,652	\$8,302,492	\$8,800,850	\$9,153,129
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Expenses:										
Transfer to Other Insurance Funds										
Claims Paid	2,201,519	2,075,792	1,908,124	2,187,739	2,131,940	2,033,421	2,366,382	2,710,482	2,846,561	3,092,000
Fixed Costs	443,733	469,063	414,079	377,987	424,114	418,419	430,000	430,000	430,000	430,000
Total Expenses	\$2,645,252	\$2,544,854	\$2,322,203	\$2,565,726	\$2,556,054	\$2,451,840	\$2,893,139	\$3,140,482	\$3,276,561	\$3,522,000

Ending Balance	\$1,198,068	\$1,361,878	\$1,889,312	\$2,307,417	\$2,893,387	\$3,847,771	\$4,624,513	\$5,162,010	\$5,524,289	\$5,631,129
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Number of Participants	163	163	166	166	165	166	167	162	161	166
Total Cost per Participant	\$16,229	\$15,613	\$13,989	\$15,456	\$15,491	\$14,770	\$16,745	\$19,386	\$20,351	\$21,217
MSD Cost per Participant	\$13,881	\$13,507	\$11,869	\$13,317	\$13,372	\$12,604	\$14,597	\$17,174	\$18,208	\$19,139
MSD Contribution Increase	7.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	0.00%	0.00%	0.00%

* Employees cost sharing includes premium increases and overall plan modifications.

Attachment #2		FY 2026
Agency	FY 2025	“Based upon conversions with respective managers which have not yet been approved”
Woodfin	3% COLA	2.8% COLA
Weaverville	3% COLA 2% Merit	3 COLA 2% Merit
Black Mountain	3% COLA	Unknown
Biltmore Forest	3% COLA	2.8%-3.3% COLA
City of Asheville	3% COLA	2.5%-3.3% COLA
Buncombe County	3.09% COLA Longevity Pay	2.71% COLA Longevity Pay
OWASA	1% COLA	1.0% COLA
Western Carolina Sewer & Water (REWA)	3% Merit	3.2% Merit
MSD	2.7% COLA	3% COLA
Private Sector	2%-4%	3%-5%
CPI	2.7%	2.2%

PERSONNEL COMMITTEE MEETING

February 26, 2026

9:00 a.m.

1. Call to Order

Mrs. Bryson called the meeting to order at 9:01 a.m. in the W. H Mull Building of the Metropolitan Sewerage District. In attendance were the following members: Jackie Bryson, Doug Dearth, Al Whiteside, Chris Pelly, and Allan Tarleton. Also present were Jerry VeHaun, Esther Manheimer, Susan Russo Klein, Thomas Hartye, and Derrick Swing.

2. Inquiry as to Conflict of Interest

Mrs. Bryson stated there were none at this time.

3. Succession Planning

Mr. Swing shared information related to Succession planning efforts.

- The District has undergone review of succession planning multiple times in the past ten years. Succession planning is the systematic process of identifying critical roles, assessing talent, developing internal candidates through training and mentoring, and creating action plans to ensure leadership continuity. Previous succession planning efforts occurred in 2009 and updated in 2022.
- In 2026, the General Manager and Human Resources Director are again meeting with Division Directors to identify pending retirements and assess current and future leadership and skills gaps. HR will work with Directors to address future needs.
- In addition, the Board must make decisions related to the hiring of a new General Manager.

4. General Manager's Report

Mr. Hartye reviewed short -term goals & objectives.

- Carrier Bridge Pump Station and Force Main: *Accelerated project and split in two to expedite disturbance to park areas. MOU with COA. River Crossings project ahead of schedule with first crossing in FBR park installed and the second between the Estate and Carrier Park started. Pump Station work ahead of schedule.*
- Preliminary Engineering Report (PER) for Future Treatment Improvements: *Study 50%complete - identified several technologies to meet future regulations and to replace the aging RBC's. This will be the most expensive single project in MSD history (currently)at \$400 Million. Short listed 3 technologies for further analysis and currently pilot testing AGS.*
- NPDES Permit Renewal: *Successful negotiation with State Regulatory Agency regarding future ammonia limit. Was able to move effective date from 2030 to 2037 which will ease the rate implications of this \$400 Million project.*
- Preliminary Engineering Report (PER) for Future Solids Handling Improvements: *This study is complete and presented to MSD Board. This project involves construction and*

equipment of \$170 million. This will be MSD's first Design Build project. MSD has hired H&S to lead us through first phase of D/B process.

- Succession Planning:
 - *In 2009 and 2022, I met with district leaders and supervisors to identify critical positions and potential future vacancies and any anticipated reorganizations within departments.*
 - *Personnel has met with entire staff individually to ascertain desired career path(s). Identify and arrange needed training.*
 - *This program is being updated for new arrivals and new planned retirements in this coming year.*

- Incinerator Rehabilitation Project: *Primary Heat exchanger was replaced along with a new gas system, preheat burner and sand system last year. Currently rebuilding incinerator refractory lining, dome and tuyeres. Project 50% complete.*

- Weaverville Pump Station Replacement/Upgrade. *Construction is moving along swiftly – approximately 70% complete. Project cost \$24 million.*

- Hydro-electric Facility equipment study: *Complete. Incorporating equipment upgrades into CIP for future needs.*

- Craggy Dam Study: *Two Drafts submitted to MSD in May and December 2025 were not acceptable. American Rivers et al to address MSD comments and concerns.*

- Future Large Interceptor Improvements: *River crossing permitted by USCOE. Construction beginning 2026. Design@ 40 %, archaeological studies, environmental permitting for SFB relief Interceptor underway. Regarding the future equalization Tank for wet weather - Norfolk Southern Roundhouse property eliminated from consideration due to contamination issues. Currently working with City of Asheville on property east of the JBL complex.*

- Keep within FY 25 operating budget: *Expenditures approximately 8% under budget.*

- Replace or rehab 30,000 LF of sewer main: *Rehabbed / replaced 25,818 LF of sewer mains in addition to 295 repair projects related to Helene damage.*

- Preventative Maintenance of > 600,000 LF of sewers: *Jet cleaned approximately 942,137 LF.*

- Meet environmental permit regulations for FY 25: *Met all permit regulations.*

- Update Financial Forecast (Business Plan) and parity plan and assist Board in

understanding assumptions, inputs and impacts: *Increased the CIP to \$771 Million over next 10 years for Plant rehab. Plan to perform rate study next year when the 2 large future projects have clearer estimates.*

- Customer Service Response Times: *First Responder daytime 28 minutes avg.. Night response time 33 minutes avg..*

- Partnerships:
 - Partnering with the COA for pavement restoration services and Park restoration.
 - Stream testing with both EQI and Mountain True.
 - Water /sewer project coordination.
 - Riverlink for stream bank restorations

4. Succession Planning for General Manager

The District must begin discussions regarding a General Manager search. Although this transition is not estimated to occur until late 2027, it is important to get the Personnel Committee's thoughts now. Considerations for that recruitment are shared with the Personnel Committee for discussion.

- General Manager search would result in a selection prior to Mr. Hartye's retirement approximately September 2027. The two broad options would be: 1) an internal search, 2) internal/external search.
- The rough timeline for recruitment would be:
 - February 2026 – Discuss recruitment options
 - Summer 2026 – MSD Board chooses recruitment strategy
 - Fall 2026 – Recruitment begins
 - Summer 2027 – New GM announced
 - Fall 2027 – GM Onboarded
- The goals of the recruitment process would be:
 - Maintain MSD's unique organizational culture – ensure continuity and stability
 - Industry knowledge and leadership skills - lead MSD into the next chapter
 - Provide strategic direction – continue MSD's positive trajectory
 - Phased transition & onboarding – knowledge transfer & connecting with team
- Discussion ensued regarding the various types of recruitment and searches. Consideration includes whether MSD will retain a search firm or delegate recruiting duties to HR; Mr. Hartye's role in the search process; consideration of internal candidates; whether to conduct a local or national search; what group or committee should be involved the search; and the Board's role in the final selection of the candidate. State law requires MSD to hire a NC licensed engineer with experience in domestic and industrial wastewater, collection and treatment.

5. Other

Mrs. Bryson asked the Committee Members if they had any other business, to which there was none.

6. Adjourn

With no further business, the meeting was adjourned at 9:40 AM. The next Personnel Committee meetings will be held Tuesday, April 21st, at 9:00am.