

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
June 12, 2024

1. Call to Order and Roll Call:

The regular monthly meeting of the Metropolitan Sewerage District Board and Public Hearing on the Final Budget for FY 2024-2025 was held in the Boardroom of MSD's Administration Building at 2:00 pm, Wednesday, June 12, 2024. Chairman VeHaun presided with the following members present: Bryson, Dearth, Franklin, Kelly, Lapsley, Pelly, Pennington, Watts, Whitesides and Wisler. Ashley, Manheimer and Moore were absent.

Others present were Billy Clarke, General Counsel (via telephone/internet access); Patty Beaver with CIBO; Tom Hartye, Hunter Carson, Scott Powell, Pam Thomas, Mike Stamey 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 May 15, 2024 Board Meeting:

Mr. VeHaun asked if there were any changes to the Minutes of the May 15, 2024 Board Meeting. Mr. Watts moved for approval of the minutes as presented. Mr. Whitesides seconded the motion. Voice vote in favor of the motion was unanimous.

4. Discussion and Adjustment of Agenda: None.

5. Introduction of Guests:

Mr. VeHaun welcomed Patty Beaver with CIBO.

6. Informal Discussion and Public Comment: None.

7. Report of General Manager:

Mr. Hartye reported that the Final FY 2025 Budget of \$69.22 Million and a Public Hearing will be held at this meeting. There have been no changes to the Preliminary Budget that was brought to this Board in May. The proposed Sewer Rate increase is 5.0% as required by our business plan to fund the \$610 Million Ten-year Capital Improvement Plan. There are no recommended fee increases.

Mr. Hartye reported that there has been a large increase to this year's CIP Budget. There was good attendance at the CIP Committee Meeting but for those who missed the meeting, Hunter Carson, Director of Engineering will give a presentation at this meeting on MSD's large Capital Projects. The majority of our \$37.5 Million in construction is the Weaverville Pump Station. The 10-year CIP of \$610 Million involves a few large financially and socially impactful projects. Mr. Carson will go over a few of these projects so that they are on everyone's radar.

Mr. Carson reported that he would review 5 projects that make up a huge component of the \$610 Million proposed for the Capital Improvement Program (CIP) over the next 10 years. He presented a slide showing how these funds were allocated. Over the last 34 years since consolidation, MSD has spent roughly \$500 Million in CIP funds compared to over \$600 Million for this 10-year CIP. The Weaverville Pump Station Replacement Project is the pump station that conveys flow from Weaverville south to the plant. The station was originally constructed in the early 1980's. There have been a few capacity upgrades since that time. It has a current capacity of 2.8 mgd. With all of the development allocations that MSD has issued, the current demand is about 3.1 mgd. When allocations exceed design capacity it triggers, through NCDEQ, either an upgrade or replacement of that station. That is what is happening here, not only for Weaverville Pump Station but also for Carrier Bridge Pump Station. The new station will be sized for 50-year flow projections, also taking into account wet weather events. Mr. Lapsley asked what the capacity is. Mr. Carson stated that it will initially be 5 mgd expandable to 6 mgd. The project was initially bid in December with Haren Construction Company as the low bidder at \$20.9 Million. Roughly half of that construction cost is the pump station. There will be about 18,000 lf of 24-inch force main to replace the existing 12-inch force main, which the other half will go to. Mr. Carson presented slides showing a schematic of the new station which will be built adjacent to the old station which will be abandoned. The existing station pumps from Pump Station 1 to Pump Station 2 and then again on to the plant. The new system will pump directly from Pump Station 1 to the plant. Another aspect of this project is an existing 30-inch aerial creek crossing over Reems Creek. During wet weather and high storm events, that crossing is at risk of being washed out so another component of this project is re-laying that pipe under the creek bed. The force main will be 24-inch hdpe and the majority will run parallel with the existing, however, we do need 30 additional easements. Staff has been working on those for quite a few months and hope to finalize all easement acquisition later this summer. We are allowing an administrative period for the contractor. What this does is allow him to get some of his up-front shop drawing reviews out of the way so we can go ahead and get the long lead equipment and materials out of the way so that when easement acquisition is complete, the contractor can hit the ground running. Construction is anticipated to last approximately 2 years.

Mr. Carson reported that the Carrier Bridge Pump Station Replacement is another big project. Carrier Bridge Pump Station is MSD's largest pump station located near the confluence of the Swannanoa and French Broad Rivers and was constructed in 1966. It serves a large portion of the District's overall service area. Capacity of this station will be increasing from 22 mgd to 40 mgd and will be expandable to 50 mgd in the future. Mr. Carson presented a map showing the area serviced by the Carrier Bridge Pump Station and architectural renderings of what the new structure will look like. HDR should be completing 90% design by this coming Fall. Then we will go for additional necessary permitting and go to construction at the end of 2025. This project is budgeted at \$80 Million. The new pump station will have bar screens which are intended to capture a lot of the large debris that is coming down the

interceptor so that it doesn't pass through the pumps. The entire building will be enclosed and all of the air that is exhausted out of the building will run through carbon scrubbers for odor control. There will also be about 800 linear feet of new 60-inch inlet piping. Mr. Carson explained three different alignments being considered and stated that Staff is working with the City on those. Each option crosses Amboy Road and creates impacts to the greenway. There will also be discharge piping that will come out of the pump station and cross the river to tie into existing infrastructure on the east side of the river. Mr. Carson showed two alignments being considered and stated that both are expected to take about 8 months to install. In addition, MSD will be rehabilitating part of the interceptor system on the east side of the river. That is a 54-inch interceptor and we are proposing to do a CIPP (Cured In Place Pipe) Liner. This will have less disturbance on the surface. However, when you are doing the rehabilitation you have to bypass all of the wastewater around the work area. In order to do that, there will be a series of bypass pumps and piping around the work area, and those will be above ground. There will be portions of RADTIP that will be temporarily shut down. There will also be two open cut river crossings of the French Broad. One of those is for the discharge force main. Those are the two 36-inch force mains that cross the river. The other is at Carrier Park. That crossing is to accommodate a future 60-inch gravity sewer that will ultimately come through the Biltmore Estate and tie into Carrier Bridge. Both river crossings will be done with a rip rap cofferdam which will be approximately 12-feet high and allows us to create a "U" shape out into the river. About 50% -55% of the river will be temporarily blocked. The cofferdam creates an isolated area that can be dewatered, and the force mains can be installed in the dry across the dewatered area. Once half of the pipe is completed, the rip rap is removed, and the process is repeated on the other side of the river. This will be done in two different locations, on Lyman Street and at Carrier Park.

Mr. Carson reported on the Swannanoa Equalization Tank. This is a future project. When there are heavy, wet weather events, with inflow and infiltration into the interceptor pipes, they routinely surcharge which can result in sanitary sewer overflows. The purpose of this tank is to withdraw some of that excess water off of the interceptor system, pump this tank full until the storm water recedes, and then reintroduce it into the interceptor system. Ultimately this tank is to reduce SSO's and improve water quality. This is a very large tank; the storage volume is approximately 8 MG and 200 feet in diameter. Mr. Pelly asked how much rain that would be. Mr. Carson stated that this is sized for the 5-year storm which is roughly 3 ¼- inches in a 24-hour period. Mr. Pelly asked if it was activated when needed. Mr. Carson stated that there would be level indication upstream and downstream. When we see the level inside the interceptor system coming up, we would activate. Mr. Hartye added that it may only happen three times a year with most of the days remaining open and empty. Mr. Carson stated that in 2019, CDM Smith was assisting MSD with looking at various things such as interceptor capacities and evaluating this tank. We looked at a handful of options as far as locations and pretty quickly shortlisted down to three locations. Since then,

we are down to one location for various reasons. Hardesty Lane is a City of Asheville owned site just south of the John B. Lewis (JBL) Soccer Complex off of Azalea Road. We have been in discussions with the City and conversations are ongoing regarding the purchase of a portion of that piece of property.

Mr. Carson then reported on Solids Handling. This is replacement of MSD's Solids Handling Infrastructure. Solids Handling refers to the unit processes at the plant that help to stabilize and reduce the volume of wastewater solids that are generated in the treatment process. MSD is currently in a Preliminary Engineering Report (PER) phase with Hazen & Sawyer. We are looking at solids handling processes that will replace the processes that we have now, which range in age from 20-40 years old and are at the end of their service life. The study is anticipated to be complete this coming fall. We currently have \$86 Million budgeted to replace those solids handling processes over the next 10 years.

Mr. Carson reported on the Biological Treatment Replacement. This is replacement of the Rotating Biological Contactors (RBC's). There are two things driving this project, first is the condition of the existing infrastructure. More importantly, there is a regulatory aspect. Staff has been working with DEQ over the past year. We now have a compliance level that will go into effect in December, 2037 for ammonia. The existing RBC's are 34 years old and near the end of their service life. Additionally, they are not designed to meet compliance levels that have been implemented. The total Project Budget is \$229 Million. We are in the PER phase for this project as well and Hazen & Sawyer is helping on this project also. The PER will help evaluate different technologies to replace the RBCs and we're down to three alternatives. Hazen will help with preliminary permitting with DEQ and then constructability or Maintenance of Plant Operations (MOPO). The treatment plant's footprint is very tight and in order to replace this infrastructure with something new while keeping the plant currently in service and in compliance is going to be very challenging. This will have to be phased, taking out a section at a time and replace with new technology. Phased construction is expected to occur over the course of about 7 years. We are about 2 years out from beginning design and permitting. We anticipate finishing the PER in this next fiscal year.

Mr. Lapsley thanked Mr. Carson for the presentation. He stated that \$600 Million was a very aggressive Capital Improvement Program over 10 years and asked if there was a feel for rate increase percentage. Mr. Hartye responded that these projects are what is driving the rate increases. Approximately 20 years ago the MSD Board adopted the idea of using a projection and having small rate increases over time as opposed to large increases. The current rate increase is 5%. Mr. Pelly asked what the average rate increase over the last 10 years has been. Mr. Hartye stated that he would need to look at the numbers but somewhere between 3% and 5%. Mr. Kelly asked if money was being set aside to pay this \$600 Million and if so, about how much a year. Mr. Hartye responded that MSD doesn't operate at a profit,

so anything not used for operation, which is 1/3 of budget, gets carried forward to the CIP. Mr. Kelly asked about how much is in reserve. Mr. Powell responded that there is about \$90 Million in the bank and will be used for future commitments. When you're looking at the \$610 Million and the proforma, \$320 Million is debt coming out. Most of that debt is reimbursed and goes into unrestricted reserves. MSD's debt has significantly gone down over 7 years. Mr. Hartye stated that he wanted these projects to be on the Board's radar not only because of the financial impact but social impact as well.

Mr. Hartye reported that MSD received the Clean Air Compliance Award from AB Air Quality Agency. Thanks to all Treatment Plant Staff.

Mr. Hartye reported that Regina Edwards at 102 Patton Mountain Road called to express her appreciation to the MSD crew for their prompt response to her sewer issue. She said they went above and beyond and were very helpful, friendly and hardworking. Thanks to Billy Cantrell, Gilbert Karn, Jimmy Brooks, Ronnie Buckner, and Jake Seymour.

Mr. Hartye reported that MSD participated in Transportation Day at Reynolds Mountain Christian Academy on Thursday, May 9th. James Norton and Dalton Coates took a vacuum truck and talked with approximately 160 kids ages Pre-K through 6th grade. Pics and thanks are attached.

Mr. Hartye reported that the Right of Way Committee Meeting will be held on June 26th at 9am. The next Regular Board Meeting will be held on July 17th at 2 pm.

8. Consolidated Motion Agenda:

a. Consideration of Developer Constructed Sewer Systems: 808 Montreat Road; Ingles #31 at Smokey Park: Sherwin Williams:

Mr. Hartye reported that the 808 Montreat Road project is located off Montreat Road in the Town of Black Mountain and included extending approximately 362 linear feet of 8-inch public gravity sewer to serve 3 homes in this residential development.

Mr. Hartye reported that the Ingles #31 @ Smokey Park: Sherwin Williams project is located along Smokey Park Highway in the City of Asheville and included relocating approximately 220 linear feet of 8-inch public gravity sewer along with abandoning approximately 200 linear feet of public sewer to accommodate this commercial development.

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

b. Consideration of Non-City of Asheville Road ROW Paving Restoration Contract - FY 2024-2025:

Mr. Hartye reported that this is an annual contract for restoration of roads, driveways and sidewalks resulting from District Maintenance activities for areas outside of the City of Asheville Road Right of Ways. These activities are both planned (new connections or small repairs) and unplanned (emergency repairs). This contract includes an option for two one-year renewal periods if it is in the District's best interest and both parties agree. The initial bid opening was on Friday, May 17, 2024; however, only one bid was received at that time. The project was re-advertised and a bid opening was held on Friday, May 24, 2024. Two bids were received as follows: C&T Paving, LLC with a bid amount of \$424,350.00 and French Broad Paving, Inc. with a bid amount of \$567,650.00. C&T Paving is the apparent low bidder. C&T Paving, LLC has performed previous projects for the District and have a good performance history. Staff recommends award of this contract to C&T Paving, LLC in the amount of \$424,350.00, subject to review and approval by District Counsel.

c. Report on City of Asheville Paving Agreement FY 2024-2025:

Mr. Hartye reported that this agreement is for small patches of 300 SF or less within the City Limits. Many years ago, it was decided that these small patches within City Limits were too onerous with administrative and permitting issues. An agreement was entered into between MSD and the City of Asheville for the City to do these small patches that were being made. For FY25, the District's monetary contribution for this agreement is \$273,068.39. This amount is based upon usage throughout the past three years. SF. The System Services CIP Construction Budget for FY25 includes appropriate funding for this item. This item is provided for information only.

d. Cash Commitment Investment Report – Month ended April, 2024:

Mr. Powell reported that Page 30 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 31 presents the MSD Investment Manager's report as of the month of April. The weighted average maturity of the investment portfolio is 46 days and the yield to maturity is 5.23%. Page 32 presents the District's Analysis of Cash Receipts. Monthly and YTD domestic and industrial sewer revenue are considered reasonable based on timing of cash receipts in their respective fiscal periods. YTD facility and tap fees are above historical trends due to the timing of various cash receipts from developers as well as these fees being budgeted conservatively. Page 33 presents the Districts analysis of expenditures. Monthly and YTD O&M expenditures are considered reasonable based on historical trends. Due to the nature of the variable rate bond market, Monthly and YTD expenditures can vary year to year. Based on the current variable interest rates, debt service expenditures are considered reasonable. Due to the 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. Page 34

presents the District's Variable Debt Service Report. The 2008A Series Bonds are performing at budgeted expectations. As of the end of May, the issue has saved the District rate payers over \$7.7 million in debt service since April of 2008.

With no further discussion, Mr. VeHaun called for a motion to approve the Consolidated Motion Agenda. Mr. Watts moved, Mr. Whitesides seconded the motion. Roll call vote was as follows: 11 ayes; 0 Nays.

9. Public Hearing: Consideration of Resolution adopting Final Budget for FY 2024-2025 and the Schedule of Sewer Rates and Fees.

Mr. VeHaun declared the Public Hearing open at 2:43 pm.

Mr. VeHaun called for comments from the public or Board Members. There were no comments.

Mr. VeHaun declared the Public Hearing closed at 2:44 pm.

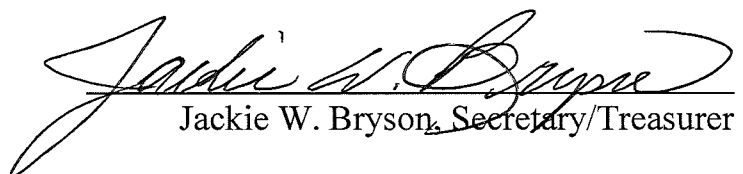
Mr. VeHaun called for a motion to approve the Resolution adopting the Final Budget for FY 24-25 and the Schedule of Sewer Rates and Fees. Ms. Wisler moved. Mr. Pelly seconded the motion. Roll call vote was as follows: 11 ayes; 0 nays.

10. Old Business: None.

11. New Business: None.

12. Adjournment:

With no further business, Mr. VeHaun called for adjournment at 2:45 pm.


Jackie W. Bryson, Secretary/Treasurer