

MINUTES OF MEETING OF
DISTRICT BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

The District Board of the Metropolitan Sewerage District of Buncombe County met in regular session on June 26, 1990 at 2:00 p.m.

1. Chairman Smith called the meeting to order. Members Present were: Mr. Aceto, Mr. Dent, Mr. Dyson, Mr. Ivey, Dr. Maas, Ms. McDonald, Chairman Smith, Mr. Waddy, Mr. Williams. Also present were Mr. Mull, Engineer-Manager, Bill Morris and Dean Huber of Hendon Engineering, Jack Stevens, Billy Clarke and Tim Barnes. Absent from the meeting were Edwards and Pope.

Chairman Smith asked for any changes or comments to the minutes of May 15, May 23 and June 5. Mr. Dyson moved that the minutes of all three meetings be accepted as submitted. Mr. Waddy seconded the motion. Voice vote in favor of approving the minutes of all three meetings was unanimous.

2. Sewer Service Charge Committee. Chairman Smith stated that the meeting would begin with report of the Sewer Service Charge Committee. He asked for a report from Mr. Mull. Mr. Mull reported that the Sewer Service Charge Committee met on June 25 with several other Board members in attendance in addition to the Sewer Service Charge Committee members. Bill Morris of Hendon Engineering presented a report to the Committee on the various options for financing sewer rehabilitation. Tim Barnes of Ernst and Young was also in attendance at the meeting and discussed certain aspects of the financing. Mr. Mull then turned the meeting over to Ms. McDonald.

Mrs. McDonald presented a Resolution with recommended increases in the sewer service charge. The rates recommended by the Committee were as follows. \$1.74 per ccf for domestic users. \$1.32 represents the treatment costs and \$.42 represents the collection system costs. Industrial user charges would be \$.256 per ccf for flow, \$.182 per pound of BOD and \$.166 per pound of suspended solids. The collection system charge for industry would be \$.279 per ccf.

There would be a separate billing fee per bill of \$1.00 per bill. There will also be base charge rates based on meter size beginning with \$4.10 per month for a 5/8" meter going up to \$1,050.00 per month for a 10" meter.

Finally, the recommendation calls for the District to impose a \$750.00 per equivalent residential unit capacity depletion fee and a connection charge of \$350.00 to be paid upon application for connection to the sewer system.

There was considerable discussion of the increased sewer use charges, the timing of the increase and the capacity depletion fee. There was also discussion as to when rates might be adjusted in the future.

There was further discussion about whether the recommended rates would finance sewer rehabilitation on a "pay as you go basis" or if bond financing would be required. Bill Morris pointed out that the projections were for a \$13 million bond issue during fiscal year 1991-92 and a \$16 million to \$17 million bond issue a couple of years after that.

Ms. McDonald moved that the recommended increases in the sewer use charge be approved. Mr. Aceto seconded the motion. Roll call vote in favor of the Motion was unanimous. The Resolution and the rate recommendations are attached to these minutes and incorporated hereby by reference.

Mr. Mull stated that the MSD will be sending out a letter to all customers explaining the reasons for the rate increases.

3. REPORT OF THE ENGINEER-MANAGER.

a. Mr. Mull reported on the status of Phase III of the plant expansion contracts. A written report was submitted on the progress of Phase III and included with each Board Members package. The end of July is still the projected completion date for Phase Three.

b. Mr. Mull asked the Board to ratify the decision made by telephone poll to purchase a new vehicle for Engineer II. Mr. Dyson moved that the purchase be ratified. Mr. Waddy seconded the Motion. Voice vote in favor of the Motion was unanimous.

c. Mr. Mull reported that the MSD had received a letter from The Citizens Watch for a Clean Environment supporting the District's efforts to fix the collector sewer systems.

d. Mr. Mull also reported \$12,000 was being spent to move sludge around in the lagoon to allow supernatants to get from the cove back to the overflow. This money was part of money previously authorized by the Board to keep the lagoon feasible until the new sludge handling facility can be built.

e. Mr. Mull presented copies of Senate Bill 1252 dealing with Pollution Tax

Legislation. There was discussion of this Bill, and it was agreed that the progress of the Bill in the Legislature should be monitored.

4. REPORT OF OFFICERS. There were no reports of officers.

5. REPORT OF COMMITTEES:

a. Capital Improvement Plan. Mr. Aceto reported that the Capital Improvement Committee (CIP) met on June 9. The CIP Committee discussed maintenance contracts and details of the maintenance contracts between the City and County were worked out. The Committee also discussed sewer taps, how they would be done and how the charges for the capacity depletion fee and the connection fee would be collected. The CIP Committee also discussed the schedule for the rehabilitation projects. Mr. Aceto reported that Harold Huff had reported that the South Swannanoa Interceptor was to be completed by the end of 1990. Mr. Aceto also reported the North Swannanoa Interceptor was scheduled to be built-out in six years. Mr. Aceto indicated that the CIP Committee is still meeting monthly and is expected to continue meeting monthly for the foreseeable future.

b. Hydro Committee. Mr. Dyson reported for the Hydro Committee. The Hydro Committee met the week of June 19. The Hydro Committee got some good news from the Fish and Wildlife Service. The flows show the MSD making some money off the hydro project. Cost estimates for the gabions were reviewed and they were estimated to be \$150,000. The Fish and Wildlife Service has reviewed the site plan and ok'd it so the MSD has applied for permits to go ahead and proceed with this project from the Corps of Engineers and Southern Railway. There was general discussion of the gabions to be put in the rivers, what they would look like and whether there would be fishing allowed on those gabions. There was discussion about putting up "No Trespassing" signs on the gabions.

c. Sewer Consolidation & Renovation Finance. Mr. Ivey made the report of the Sewer Consolidation and Renovation Finance Committee. Mr. Ivey reported that the Sewer Consolidation and Renovation Finance Committee had not met since its report to the Board at the June 6th meeting. He said the committee did not have plans for additional meetings at this time.

d. Sewer Extension Policy. Mr. Mull stated that this committee consisted of Dr. Maas, Mrs. McDonald and Mr. Edwards; that the committee met with Jack Stevens and discussed a number of items regarding sewer extension policy and what would be required to approve to connect with the sewer system. He reported that Mr. Stevens had a lot of information for the Committee and Dr. Maas has written a memo to the committee outlining certain requests and certain items which the committee is in the process of reviewing and needs to get back together. There was general discussion about the work of the committee and circulating the new proposed policies to those who might be affected. The committee is also looking into devices that might promote or encourage water conservation.

f. Sewer System Consolidation. Mr. Aceto reported the Sewer System Consolidation Committee met on June 12. Minutes of that meeting were in the Board members' package at this meeting. A copy of these minutes are attached hereto. Mr. Aceto reported on some grant money that the Water Authority had for sewer projects. It appears now that the City may not be planning to use those grant funds for sewer projects. Mr. Aceto reported that the Committee had asked Mr. Clarke to write the City and clarify its position on that. The Committee also considered the CIP program and the capacity depletion charges. There was discussion about the length of time to build the North Swannanoa Interceptor. There was also some discussion about the City's request to impose a \$2.53 per customer billing charge on the MSD. The Committee directed Mr. Clarke to respond to this request by bringing the attention of the Water Authority Board that there is probably some statutory limitation on what can be charged to the MSD and that the MSD cannot justify a billing charge any greater than that it is paying to the small towns. Chairman Smith asked if there was any response to the letters. Mr. Clarke reported that the letters had not actually been sent out but were being reviewed by Mr. Mull and Mr. Aceto.

Mr. Aceto then presented a Resolution to the Board. The Resolution was entitled "Resolution Relating to the Assumption of Debt Service on Outstanding Indebtedness on the Enka-Candler Water and Sewer District." Mr. Clarke explained that the Resolution is essentially a finding that Authorized Officers of the District and Appropriate Consultants had performed the duties imposed on them pursuant to Section 214 of the MSD's Bond Order which are required in connection with the assumption of the indebtedness on the Enka-Candler Sewerage System by the MSD. Mr. Clarke pointed out that the Board had agreed to assume that indebtedness as a part of the consolidation. Mr. Aceto moved that the Resolution be adopted as submitted. Mr. Dent seconded. Roll call vote in favor of the Resolution was unanimous. The Resolution is attached to and made a part of these minutes.

6. Unfinished business. There was some discussion about a letter sent to the Board by Mr. Ivey regarding the possible ongoing relationship with Tim Barnes as a consultant to the Board. After much discussion there was a Motion by Mr. Aceto that Mr. Ivey or Mr. Mull obtain from Tim Barnes a proposal as to how his firm's talents could best be used on a continuing basis in consultation with the MSD Board and what terms and that could be considered at the next meeting. The Motion was seconded by Mr. Ivey. After further discussion, the Motion was approved by unanimous voice vote.

There being no further business, the meeting was adjourned.



Charles M. Dent

RESOLUTION RELATING TO THE ASSUMPTION OF
DEBT SERVICE ON OUTSTANDING INDEBTEDNESS
OF THE ENKA CANDLER WATER AND SEWER DISTRICT

WHEREAS, the District Board of the Metropolitan Sewerage District of Buncombe County (the "District") adopted on May 23, 1985 a bond order authorizing and securing sewerage system revenue bonds of the District;

WHEREAS, under the provisions of Section 214 of said bond order, as amended on June 4, 1985 (the "Bond Order"), the District may assume the payment of the principal of and the interest on Additional Indebtedness, as defined in the Bond Order, for the purpose of acquiring Additional Improvements, as defined in the Bond Order, subject to the conditions provided in said Section 214;

WHEREAS, as a part of the sewerage system consolidation program of the District, the District has agreed to acquire from the Enka Candler Water and Sewer District (The "ECWSD") and the ECWSD has agreed to transfer to the District the system of collector sewers and interceptor sewers and related property owned by the ECWSD, in accordance with the terms of a Sewer Consolidation Agreement between the District and the ECWSD made on November 21, 1989 (the "Agreement");

WHEREAS, under the Agreement, in consideration of the transfer to it of said property of the ECWSD, the District is to undertake certain responsibilities as to the operation, maintenance, improvement, reconstruction, including rehabilitation, and extension of said property and to assume the payment of debt service on the Sanitary Sewer Bond of the ECWSD, dated April 22, 1985 (the "Bond"), solely from the sources available therefor under the Bond Order, subject to the provisions of the Bond Order and applicable law;

WHEREAS, the District Board resolved, on November 21, 1989, to assume the payment of the principal of and the interest on the Bond of the ECWSD constituting Additional Indebtedness under the Bond Order pursuant to Section 214 of the Bond Order, commencing with the payment of the principal of and the interest on the Bond due on June 1, 1991, for the purpose of acquiring the existing sewerage system of the ECWSD, (hereinafter referred to as the "Enka Candler Resolution"); and

WHEREAS, the District, in the Enka Candler Resolution, authorized Mohnkern, Bolick & Company, P. A., Certified Public Accountants, and Hendon Engineering Associates, Incorporated, to perform the duties imposed on Appropriate Consultants in connection with the assumption by the District of debt service on the Bond as Additional Indebtedness pursuant to Section 214 of the Bond Order.

NOW, THEREFORE, the District Board of the Metropolitan Sewerage District hereby finds, determines and resolves as follows:

1. The Secretary-Treasurer of the District has certified as true and accurate a copy of the Enka Candler Resolution authorizing the acquisition of the existing sewerage system of the ECWSD (the "Additional Improvements") and the payment of the principal of and interest on the Bond of the ECWSD in accordance with the requirements of Section 214(a) of the Bond Order.

2. Hendon Engineering Associates, Incorporated has prepared and executed a statement certifying that the acquisition of the Additional Improvements is necessary to preserve, develop or improve the Sewerage System of the District, to maintain adequate service to the public and to protect the public health. The statement of Hendon Engineering has been approved by an Authorized Officer, as defined in the Bond Order, of the District. The statement by Hendon Engineering is in accordance with the requirements of Section 214(b) of the Bond Order.

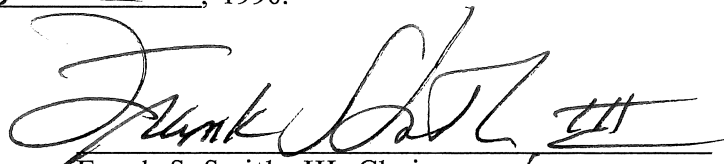
3. Hendon Engineering Associates, Incorporated, has prepared and executed a statement, which has been approved by an Authorized Officer, that the Additional Improvements will be acquired on the second day of July, 1990 and giving estimates of the amount of the Net Revenues to be received by the District for the Fiscal Year beginning July 1, 1991 and ending June 30, 1992 and the Fiscal Year beginning July 1, 1992 and ending June 30, 1993, as each such term is defined in the Bond Order. The statement by Hendon Engineering is in accordance with the requirements of Section 214(c)(i) and (ii) of the Bond Order.

4. An Authorized Officer has signed a certificate setting forth the amount of the Net Revenues for the Fiscal Year beginning July 1, 1988 and ending June 30, 1989. The certificate has been approved by Mohnkern, Bolick & Company, P. A. The certificate is in accordance with the requirements of Section 214(d) of the Bond Order.

5. An Authorized Officer has signed a certificate setting forth the amount of the Principal and Interest Requirements for the Fiscal Year beginning July 1, 1988 and ending June 30, 1989 and showing the respective amounts of the annual Principal and Interest Requirements for each succeeding Fiscal Year on account of the Indebtedness then Outstanding, as each such term is defined in the Bond Order, and on account of the assumption of the obligation to pay the principal of and the interest on the Additional Indebtedness of the ECWSD. The certificate further states that the percentage derived by dividing the Net Revenues for the Fiscal Year 1988-89 by the Principal and Interest Requirements for the Fiscal Year 1988-89 results in a percentage greater than 120%. The certificate further states that the percentages derived by dividing the Net Revenues to be received in Fiscal Years 1991-92 and 1992-93 by the maximum Principal and Interest Requirements for any succeeding Fiscal Year results in a percentage greater than 120%. Finally, the certificate states that the District is not in default in the performance of any of the covenants, conditions, agreements, or provisions contained in the Bond Order relative to the payment of the Principal of and the interest on the Indebtedness now Outstanding and in Section 501 of the Bond Order relative to the fixing of rates, fees and charges. The certificate is in accordance with the requirements of Section 214, Subparagraph (e)(i)(ii), Subparagraph (f) and Subparagraph (g).

The foregoing statements and certificates are hereby approved and the Engineer-Manager of the District is directed to deposit the statements and certificates and certified copies of proceedings of the District with the Trustee under the Bond Order.

This the 22 day of June, 1990.



Frank S. Smith, III, Chairman
Board of the Metropolitan Sewerage District
of Buncombe County, North Carolina

ATTEST:



Charles M. Dent, Secretary

RESOLUTION RELATING TO THE ADOPTION OF AN INCREASED
SEWER USE CHARGE BY THE METROPOLITAN SEWERAGE DISTRICT
OF BUNCOMBE COUNTY

WHEREAS, the District Board of the Metropolitan Sewerage District of Buncombe County, North Carolina (the "District") entered into Sewer Consolidation Agreements on November 21, 1989 with the City of Asheville, the Town of Montreat, the Town of Black Mountain, the Woodfin Sanitary Water and Sewer District and the Buncombe County Board of Commissioners as Trustee for the following water and sewer districts: Busbee Sanitary Sewer District, Crescent Hill Sanitary Sewer District, Skyland Sanitary Sewer District, Fairview Sanitary Sewer District, East Biltmore Sanitary Sewer District, Caney Valley Sanitary Sewer District, Swannanoa Water and Sewer District, Beaverdam Water and Sewer District, Venable Sanitary District and Enka-Candler Water and Sewer District, transferring the sewerage systems owned by the respective political subdivisions to the District;

WHEREAS, the District entered into a Sewer Consolidation Agreement with the Town of Weaverville dated December 18, 1989 transferring the sewerage system of the Town of Weaverville to the District;

WHEREAS, the District entered into a Sewer Consolidation Agreement with the Town of Biltmore Forest dated January 16, 1990 transferring the sewerage system of the Town of Biltmore Forest to the District;

WHEREAS, each of the Sewer Consolidation Agreements (the "Agreements") includes a provision that the District will impose an additional sewer use charge to be implemented as soon as practical after the effective date of the Agreement;

WHEREAS, the District, effective July 2, 1990, will be responsible for the operation, maintenance, repair and rehabilitation of the sewerage systems transferred to the District under the Agreements (the "Sewerage Systems");

WHEREAS, the District has employed the firm of Ernst and Young to review the District's increased financial needs in connection with the operation, maintenance, repair and rehabilitation of the Sewerage Systems;

WHEREAS, Hendon Engineering Associates, Incorporated, the District's consulting engineers, in coordination with the firm of Ernst and Young have recommended an increase in the sewer use charge to pay for the District's increased financial needs in the operation, maintenance, repair and rehabilitation of the Sewerage Systems;

WHEREAS, the recommendations of Hendon Engineering Associates, Incorporated are attached to and made a part of this Resolution; and

WHEREAS, the District Board has reviewed the recommendations of Hendon Engineering Associates and approved those recommendations;

NOW, THEREFORE, the District Board of the Metropolitan Sewerage District hereby

finds, determines and resolves as follows:

1. That it is necessary to increase the sewer use charge to pay for the operation, maintenance, rehabilitation and repair of the Sewerage Systems acquired as a result of the Sewer Consolidation Agreements entered into on November 21, 1989, December 18, 1989 and January 16, 1990;

2. The recommendations of Hendon Engineering Associates, Incorporated, the District's consulting engineers, are hereby approved and the District Board hereby adopts an increase in the sewer use charge effective July 2, 1990 in accordance with the recommendations of Hendon Engineering Associates. A true and correct copy of the recommendations is attached to this Resolution.

3. The effective date of this Resolution shall be July 2nd, 1990.

This the 26 day of June, 1990.



Frank S. Smith, III, Chairman
Board of the Metropolitan Sewerage District
of Buncombe County, North Carolina

ATTEST:


Charles M. Dent, Secretary

RECOMMENDED RATE SCHEDULE

FOR ADOPTION AT JUNE 26, 1990 BOARD MEETING

CONTAINED IN MONTHLY BILLINGS		CURRENT FY 89-90	RECOMMENDED FY 90-91	PROJECTED FY 91-92	PROJECTED FY 92-93
I.	Domestic User Charge Per CCF				
	A. Treatment Works	\$1.10	\$1.32	\$1.22	\$1.23
	B. Collection System	\$0.22	\$0.42	\$1.15	\$1.14
II.	Industrial User Charge				
	A. Treatment Works				
	1. Flow - per CCF	\$0.241	\$0.256	\$0.247	\$0.249
	2. BOD - per lb.	\$0.171	\$0.182	\$0.175	\$0.177
	3. SS - per lb.	\$0.156	\$0.166	\$0.160	\$0.162
	B. Collection System Per CCF	\$0.090	\$0.279	\$0.457	\$0.445
III.	Collection System ¹				
	Billing Fee per bill		\$1.00		
IV.	Base Charge ²				
		<u>METER SIZE</u>	<u>MONTHLY FEE</u>	<u>METER SIZE</u>	<u>MONTHLY FEE</u>
		5/8"	\$ 4.10	3"	\$ 94.00
		3/4"	\$ 5.90	4"	\$ 168.00
		1"	\$ 10.50	6"	\$ 380.00
		1 1/2"	\$ 24.00	8"	\$ 670.00
		2"	\$ 42.00	10"	\$1050.00

ONE TIME CHARGES³

I.	New Development Capacity Depletion Fee Per 300 gpd household equivalent unit	\$ 750.00
II.	4" Service Tap	\$ 350.00

W962-June.15d

¹ These charges will be added to each sewer bill mailed out, both monthly and bi-monthly.

² These charges will be added to each sewer bill, Bi-Monthly Billed Customers will have two monthly fees added to their bill.

³ This fee is not included in Net Revenue Estimates.

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
SPECIAL MEETING
June 5, 1990

110

1. Call to Order and Roll Call:

A special meeting of the Board of the Metropolitan Sewerage District was held June 5, 1990, for the purpose of hearing a presentation of Ernst & Young's findings regarding funding of the sewerage system as a result of Consolidation.

Chairman Smith called the meeting to order with the following members present: Dent, Edwards, Ivey, Maas, McDonald, Pope, Waddey and Williams. Others present were: W. H. Mull, John Stevens, Ernest Ferguson, Larry Fisher, Dean Huber, Bill Morris, Tom Tarrant and Phil Carson.

Those absent were: Aceto and Dyson.

2. Presentation of Ernst & Young:

Mr. Tim Barnes, Senior Manager with Ernst & Young, made a presentation to the Board concerning Ernst & Young's findings regarding funding of the sewerage system. Mr. Barnes presented the following documents to the Board: 1) Review of Capital Funding Requirements and Proposed Rates; 2) Proposed Rate Schedule FY 90-91; 3) Proposed Capital Improvement Plan; 4) MSD Consolidation Plan/Adjusted Rate Summary - Fund Balance Appropriations; and 5) Rate Comparison - MSD vs. Selected Communities. These documents are attached herewith and made a part of these minutes.

3. Comments and Questions by Board Members:

After the presentation by Ernst & Young's Senior Manager, Mr. Tim Barnes, lengthy discussion followed.

4. Board Action:

As a result of this discussion, the Board directed Ernst & Young to 1) Update the figures used in the report and find a degree of comfort between the costs and capital improvement plans actual years of completion. Chairman Smith encouraged the Board members to be thinking about the issues at hand, i.e., does the Board want to do a Bond Issue that would give the District an initial rate increase which would remain the same for possibly three years, or does the Board want to stair-step the increase along.

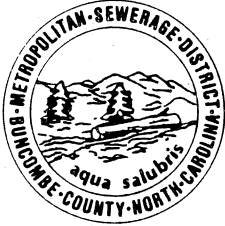
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5. Adjournment:

There being no further business to come before the Board, the meeting was adjourned at 4:20 p.m.



Charles M. Dent, Secretary



Metropolitan Sewerage District of Buncombe County, North Carolina

Review of Capital Funding Requirements and Proposed Rates

June 5, 1990

Ernst & Young

**Study Objectives
and
Background**

Study Objectives

- **Review Proposed Capital Improvement Plan (CIP) and MSD Operating Costs.**
- **Evaluate Available Capital Funding Techniques and Recommend Most Feasible Alternative.**
- **Review Adequacy and Reasonableness of Proposed FY 1990-91 User Charges.**
- **Provide Related Recommendation with Regards to Extension / Development Policies and Billing Practices.**

Suggested Financial Guidelines

- **Achieve Targeted Debt Service Coverage of Approximately 1.50 X (Moody's U.S. Median = 1.79 X).**
- **Debt Service (Principal and Interest) at or Below 40% of Annual Revenue Requirements.**
- **Don't Borrow to Fund Recurring Renewal / Replacement Items (Unless Deferrals are Significant).**
- **Between 5% and 10% of Annual Revenues Should be Reinvested in System Renewals and Replacements.**
- **Maintain Rates in Upper Half of Comparable Communities / Utilities, But not Highest (Unless Dictated by Circumstances).**

Current User Charges

- Domestic user charge is \$1.32 per hundred cubic feet (Ccf), based upon metered water usage.
- Minimum charge is \$3.96 per month (includes first 3 Ccf).
- Industrial user rate has three separate components:
 - Flow - \$³³¹~~.241~~ per Ccf
 - Biochemical Oxygen Demand (BOD) - \$.171 per pound
 - Suspended Solid (SS) - \$.156 per pound
- Rate methodology is well-documented and appears to reasonably allocate costs. With consolidation, the allocation of both operating and capital costs for the collection system may need to be re-examined in detail.

Revenue Requirements

	<u>FY 1990-91</u>
Operation & Maintenance	\$5,260,937
Debt Service	
- 1985 A & 1986 A Revenue	3,187,561
- Enka Candler	<u>90,651</u>
Total Revenue Requirements*	<u><u>\$8,539,149</u></u>

* Excludes debt service coverage and cash-funded capital replacements / improvements.

**Capital Improvement Plan
and
Recommended Funding
Techniques / Policies**

Proposed Capital Improvement Plan

- **CIP Anticipates Expenditures in Excess of \$63,000,000 (Current Dollars) over Fifteen-Year Period (FY 1990-91 Through FY 2004-05**
- **Amounts are Broken into Categories as Follows:**
 - **Interceptors, Buildings, Equipment - \$38,898,000**
 - **Upgrade, Relief, Rehab, Extensions - \$10,128,000**
 - **Routine Recurring Costs - \$14,641,000**
- **CIP Excludes any Costs of Future Treatment Plant Expansions / Upgrades.**

Capital Funding Techniques and Policies

- **Rate Revenues**
- **Bonds**
 - **General Obligation**
 - **Revenue**
- **State Revolving Loan Funds**
- **Impact or Capital Recovery Charges (Meter Size / ERUs)**
- **Acreage Charges**
- **Front-Footage Assessment**
- **Extension Policies / Tie with Capital Improvement Program**
- **Subdivision Requirements**
- **Development Agreements / Certificates of Participation**
- **Privatization**

Capital Improvement Plan

- Findings -

- **Proposed Capital Improvement Expenditures Represent Significant Increase Over Historical MSD Expenditures.**
- **Appears to be Substantial Uncertainty about Timing and Amount of Certain Projects. Would Expect Further Refinement of Project Amounts and Timing.**
- **First Two Years of Consolidation will be Learning Process and Provide Time for Detailed System Studies.**

Recommended Capital Funding Policies

- **Formally Establish Categories and Dollar Amount Cap or Percentage of Revenues Devoted to Funding of Capital Projects Through Rates.**
- **Adopt Modest Capital Recovery Fee (\$500-\$750 per Single-Family Dwelling or Equivalent) with Increase to Full Cost Recovery as Capital Needs and Local Policies Dictate.**
- **Adopt Limits on Extension of Collector / Interceptor Lines and Establish Cost-Sharing Policies Whereby MSD will Bear Costs of "Oversized" Pipes.**
- **Balance of Capital Improvement Requirements Should be Funded Through Bond Issues.**
- **Avoid Use of Capitalized Interest Unless Rate Phase-In Period Dictates Otherwise.**

**Proposed Rates
and
Financial Impact**

Proposed User Charges

- **Maintain Rate Stability by Avoiding Significant Changes in Existing User Charge Structure.**
- **Recommend MSD Adopt Base Charge Concept as Currently Used by City of Asheville.**
- **Balance of Additional Costs to be Borne through Increases in Volume Charge Component.**
- **Amount of Increase Dependent on Adoption of CIP Schedule by MSD Board and Size of Proposed Bond Issue.**
- **Some Communities May Require Transition Period to Modify Current Billing Systems.**

Other Recommendations

Other Recommendations

- **Maintain Current Billing / Collection Relationships with Water Utilities - - Serves as Generally Most Cost-Effective Arrangement.**
- **Adopt Formal System Extension and Development Policies that Promote Cost-Sharing for System Extensions and Limit MSD's "At Risk" Capital by Specifying Conditions Under Which Collection / Interceptor Systems will be Extended.**
- **Continue Annual Review and Update of Rates.**
- **Prepare Annual Summary of Bond Coverage Test as Management Report or Include in Annual Audit.**

PROPOSED RATE SCHEDULE*
FY 90-91

METER SIZE	BASE CHARGE	TOTAL VOLUME CHARGES per CCF		INDUSTRIAL WASTE STRENGTH UNIT CHARGE	
	MONTHLY FEE	DOMESTIC	INDUSTRIAL	\$/POUND BOD	\$/POUND SS
5/8"	\$ 4.08	\$1.801	\$0.581	\$0.181	\$0.166
3/4"	5.87				
1"	10.44				
1 1/2"	23.49				
2"	41.75				
3"	93.95				
4"	167.02				
6"	375.79				
8"	668.07				
10"	1043.86				

*NOTE: Volume and waste strength unit charges may be adjusted based upon actual treatment plant cost at the end of current year.

Metropolitan Sewerage District of Buncombe County
Proposed Capital Improvement Plan

A. Major Projects

	Projected Cost <u>(Current Dollars)</u>
<u>1. Major Interceptors, Other.</u>	
South French Broad	\$ 3,700,000
North Swannanoa	20,064,000
South Swannanoa	1,060,000
Sweeten Creek	997,000
Beaverdam Creek	1,044,000
Reed Creek	869,000
Priority II Interceptors	4,978,000
Priority III Interceptors	3,606,000
Maintenance Building & Admin. Building	1,480,000
Rehabilitation & Maintenance Equipment	<u>1,100,000</u>
Subtotal-	38,898,000
<u>2. Special Request Projects</u>	
Upgrade, Relief, Rehab.	7,427,000
Annexations	1,743,000
Other Extensions	<u>958,000</u>
Subtotal	10,128,000
Total-Major Projects	<u><u>\$49,026,000</u></u>

B. Recurring Needs (Annual Costs)

Private Line Upgrades	\$200,000
I/I Rehabilitation	\$400,000
Corrective Program	\$400-600,000

FILE: IND100

MSD CONSOLIDATION PLAN
 5/31/1990 ADJUSTED RATE SUMMARY - FUND BALANCE APPROPRIATIONS
 OPTION NO.1 - THREE BOND ISSUE, THEN PAY AS YOU GO

CONTINUE CURRENT METER CHARGES
 DOMESTIC RATE GRADUAL INCREASE
 INDUSTRIAL RATE GRADUAL INCREASE

USER:	MONTHLY USAGE CCF/MO	EQUIVALENT METERS	MSD BASE CHARGE	FY 89-90 COMBINED TOTAL CHARGE	FY 90-91 COMBINED TOTAL CHARGE	% CHANGE 1989 TO 1990
DOMESTIC						
"	3	1	4.00	8.04	9.48	17.93
"	6	1	4.00	12.00	14.08	24.03
"	10	1	4.00	17.28	22.09	27.81
"	15	1	4.00	23.00	31.09	30.19
"	20	1	4.00	30.48	40.09	31.53
COMMERCIAL						
WESTERN STEER	200	5	23.49	287.49	383.60	33.43
J & S CAFETERIA	700	8	41.75	965.75	1,302.13	34.83
SHEPARD	1000	25	167.02	1,407.02	1,967.57	32.32
GROVE PARK INN	4000	215.5	1,639.00	6,919.00	8,841.19	27.78
INDUSTRIAL						
SM COMPANY	200	7	23.49	127.47	179.74	41.01
ROYAL CROWN	700	8	41.75	939.13	1,153.32	22.81
DAY INTERNATIONAL	1000	25	167.02	897.34	1,171.68	30.57
NATIONAL LINEN	2000	25	167.02	2,871.56	3,494.13	21.68
SQUIRE D	4000	51	379.07	2,146.73	3,173.47	47.83
MISSION HOSPITAL	7000	101	755.66	7,663.65	9,691.94	26.47
EERACON	10000	137.5	1,036.04	7,039.85	9,697.17	37.75
FISHEVILLE DYEING	20000	50	375.79	12,283.07	17,592.71	43.23
CHAMPION	30000	43.5	260.96	23,304.94	31,581.42	35.48
GERBER	40000	228	1,860.68	47,748.36	59,737.96	25.11

RATE COMPARISON
MSD vs. SELECTED COMMUNITIES¹

	<u>RESIDENTIAL</u>		<u>INDUSTRIAL</u>
	<u>5 CCF</u>	<u>10 CCF</u>	<u>15,000 CCF</u>
MSD			
Current	\$10.68	\$17.28	\$13,285
Proposed	13.09	22.09	22,383
Atlanta, Georgia	6.00	12.00	18,000
Birmingham, Alabama	3.96	8.13	14,700
Charleston, South Carolina	13.50	29.00	39,158
Charlotte, North Carolina	6.15	10.85	14,101
Columbia, South Carolina	8.20	14.15	25,652
Greensboro, North Carolina	4.35	8.70	13,050
Greenville, South Carolina ²	11.45	20.90	28,352
Knoxville, Tennessee	13.29	23.14	18,543
Raleigh, North Carolina	5.28	9.58	12,901

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¹Summarized from Ernst & Young's 1990 National Water and Wastewater Rate Survey. Based on inside city rates and industrial flows at domestic strength (BOD and SS strengths - 250 mg/l).

²New Rates Effective 3/15/90.