

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
January 21, 1992

1. Call to Order and Roll Call:

The regular monthly meeting of the Board of the Metropolitan Sewerage District was held in the Boardroom of MSD's Administration Building at 2:00 p.m. on Tuesday, January 21, 1992. In the absence of Chairman Smith and all other Officers of the Board, Mr. Wayne Edwards moved that the Board elect Ms. Diane McDonald as Chairman for this meeting of the Board. Ms. Wallace seconded. Voice vote was unanimous in favor of the motion. Ms. McDonald called the meeting to order at 2:10 p.m. with the following members present: Aceto, Dent, Edwards, Frizzell, Maas, and Wallace.

Others present were: W. H. Mull, Engineer-Manager, John Stevens, General Counsel, Dean Huber and Bill Morris of Hendon Engineering Associates, Inc., Mr. Ron Brondyke and Mr. Robert Benedict of Meridia, Debra Price representing CIBO, Bob Tinkler representing the League of Women Voters, Stan Boyd, Angel Morris, and Susan Presley MSD.

2. Minutes of the December 17, 1991 Board Meeting:

Mr. Edwards moved that the minutes of the December 17, 1991 meeting be adopted as written. Mr. Dent seconded. Voice vote was unanimous in favor of the motion.

Ms. McDonald welcomed back to the Board Mr. Charles M. Dent who was appointed by Buncombe County to fill the expired term of Dr. Richard Maas. In addition, Ms. McDonald reported that Dr. Maas was reappointed by Buncombe County to fill the unexpired term of Marvin E. Waddey.

3. Report of Engineer-Manager:

a. Final Contract Change Order - South Swannanoa Interceptor;

Mr. Mull reported that the Final Contract Change Order for the South Swannanoa Interceptor was reviewed by the Sewer System Consolidation Committee January 13, 1992. Mr. Mull stated that the City of Asheville requested approval of the Final Change Order in the amount of \$40,000.00 in order to meet its contractual obligation to Dillard Construction Company for which the MSD agreed to pay. Mr. Edwards moved on a recommendation of the Committee that the Board approve the Final Change Order in the amount of \$40,000.00. Mr. Frizzell seconded. Voice vote was unanimous in favor of the motion.

b. Consideration of Policy for Sewer Upgrades;

Mr. Mull presented a proposed Policy for Sewer Upgrades drafted by Mr. Bill Morris of Hendon Engineering Associates, Inc. and reviewed by William Clarke, MSD Attorney. Mr. Mull stated that because of it's length that adoption of this policy be held over to the next regular meeting of the Board in order to give members time to review it in it's entirety. Before consideration of the following matter John S. Stevens, General Counsel to the District, was excused from the meeting and took no part in deliberations of the Board regarding the matter. Mr. Stevens explained that he was doing so because the property that was to be the subject of the discussion was under the control of Walter Currie as executor of an estate and under contract to the prospective owners of the Meridia Apartment project. Mr. Stevens recommended that the Board obtain independent counsel for this matter.

1. Meridia Apartments

Mr. Mull stated that the Meridia Apartments project, involving the replacement of an existing 6" sewer line and its proposal that the capacity depletion fee of \$91,250.00 be applied to this upgrade, was discussed at the January 13, 1992 Sewer System Consolidation Committee. Mr. Mull reported that in accordance with the proposed policy for sewer upgrades, the Committee recommended that the rating system developed by Hendon Engineering be applied

to the line serving Meridia and that the MSD contribute 25% of the cost of replacing the upper section of the 6" line and 25% of the cost of replacing the lower section of the 6" line along Hendersonville Road irrespective as to whether the policy was adopted or not. In addition, a recommendation has been made that MSD administer the project. A discussion followed as to whether the Board would be setting a precedent by using the proposed policy to arrive at a percent of involvement prior to adoption of the policy. Mr. Aceto discussed at length the question of assigning priorities in the placement of projects and presented to the Board a Master Plan obtained from another district comparable to MSD's and stated that this plan reduces the political particulars to a standard that both the public and staff could follow and recommended that the Committee work with the MSD Board to come up with a sewer master plan to address sewer system matters. Mr. Benedict of Meridia stated that it boils down to how the lender recognizes off-site and on-site cost expenses and because this is an off-site expense the lender does not recognize this as recoverable. Mr. Blondyke of Meridia stated that they will pay \$91,000.00 up front but are asking the MSD to categorize billings for the additional 75% as an additional capacity depletion fee for a total of \$150,000.00. Mr. Mull suggested the possibility of categorizing the additional 75% in the form of a special assessment. Following remarks by several members regarding adoption of the policy prior to making a decision on the Meridia proposal, Mr. Aceto moved that the Board adopt the policy for sewer upgrades (drafted by Hendon Engineering January 3, 1992) subject to further review by the Board and Counsel within a two (2) month time period and that the draft of the policy be applied to any consideration made by the Board at today's meeting but would not put the Board in a position with regard to precedence. Ms. Wallace seconded. Roll call vote was as follows: 7 Ayes; 0 Nays

Ms. McDonald moved that the Board approve the District participating 25% in the construction cost of the two (2) line segments previously identified with the District administering construction of said line segments and imposing a special assessment against Meridia for the other 75% of construction cost with said special assessment to be collected during the course of construction of the line segments. Mr. Frizzell seconded. Roll call vote was as follows: 7 Ayes; 0 Nays

Mr. Stevens rejoined the meeting.

2. City Parks & Recreation

Mr. Mull presented a rating factor sheet used to evaluate a request made by the City of Asheville Parks and Recreation Department to participate in the cost of maintaining a sewer line located along Hilliard and Clingman Avenues. Mr. Stan Boyd presented a map showing the location of the line and stated that because the City of Asheville Parks and Recreation are planning to expand its maintenance facility it is necessary to fill in a ravine located on the property prior to construction. Mr. Boyd stated the material in the existing sewer line which is located in the ravine needs to be changed before it can be filled in and since the MSD owns the sewer line the City of Asheville Parks and Recreation have asked MSD to participate in the cost. Mr. Boyd further stated that following inspection, it was found that the sewer line is not in great shape but is maintainable. Mr. Mull stated that staff has recommended that the District not participate in the replacement of the sewer line and in addition, recommends that prior to filling the ravine that the City of Asheville Parks and Recreation be required to replace the line in order to withstand the weight of the fill.

c. Consideration of Bids for Sewerline Construction - Montreat CIP;

Mr. Mull presented a bid tabulation from McGill Associates, P.A. for Sanitary Sewer Line Improvements, Phase I, Town of Montreat CIP which was publicly opened at 2:00 p.m. on Tuesday, January 14, 1992. The results of the bid opening are as follows: Buckeye Construction Company with a total base bid of \$459,839.80; Dillard Excavating Company with a total base bid of \$544,602.00; Henson's Incorporated (No Bid); Hobson

Construction Company with a total base bid of \$406,604.00; Huntley Construction Company (Apparent Low Bidder) with a total base bid of \$381,337.00; Perry M. Alexander Construction Company with a total base bid of \$448,517.00; R & G Construction Company (No Bid); Steppe Construction Company with a total base bid of \$442,546.10 and Terry Brothers Construction Company with a total base bid of \$423,993.00. Mr. Mull reported that the low bid of \$381,337.00 is \$35,604.91 below construction cost estimates of \$416,941.91. Mr. Mull stated that in review of the bids, bid bonds, powers of attorney and MBE forms Mr. Walter Currie, Attorney for the District, stated that the bid of Steppe Construction, Inc. is not acceptable and should be rejected because the bid bond runs in favor of the Town of Montreat rather than the MSD and its power of attorney is not certified in force as of the date of the bond. In addition, the bid of Perry M. Alexander Construction Company submitted a MBE Form 1 rather than Form 2, and that the bid documents of all other bidders are in acceptable form. Mr. Aceto moved that the Board accept the apparent low bid of Huntley Construction Company in the amount of \$381,337.00. Dr. Maas seconded. Roll call vote was as follows: 7 Ayes; 0 Nays

d. Consideration of Policy for Cleaning Sewer Service Lines;

Mr. Mull presented a copy of MSD's Sewer Service Policy prepared by staff and presented to the Sewer System Consolidation Committee January 13, 1992. Mr. Mull stated that following advise of counsel, Item #5 of the policy has been revised to read "MSD has no responsibility for work on private property". Mr. Aceto reported that this policy was reviewed by the Capital Improvements Plan Committee at its last meeting and stated the policy as presented represents the current policy of the City of Asheville and Buncombe County prior to consolidation and that the Committee recommended that the MSD take no responsibility outside the collection lines. Following a discussion regarding MSD's legal responsibilities caused by wastewater backup due to negligence of MSD employees, versus its responsibility to serve the public, Mr. Aceto moved that the Board adopt the policy with the above stated revision. Dr. Maas seconded. Voice vote was unanimous in favor of the motion

e. Consideration of Proposal for Easement Plat Preparation - Vaughn & Melton - Beaverdam Interceptor Improvements;

Mr. Mull presented a proposal from Vaughn & Melton for modification of its agreement dated November 1, 1991 and reviewed by the Right-of-Way Committee January 14, 1992. Mr. Mull deferred to Mr. Boyd for a report on this proposal. Mr. Boyd reported that the proposal is the next step in the Beaverdam Interceptor Improvement project located on Merrimon Avenue between Newbridge and the interchange at 19-23. Mr. Boyd stated that although the MSD has an agreement with Vaughn & Melton to prepare the plans and specifications for this project, the modification is being proposed to establish a fee for services pertaining to land parcel easement acquisitions in the amount of \$15,075.00 (based on approximately 35 parcels at a unit cost of \$430.00). Ms. Wallace moved that the Board approve the modification to Vaughn & Melton's agreement in the amount of \$15,075.00. Mr. Edwards seconded. Roll call vote was as follows: 7 Ayes; 0 Nays

f. Consideration of Bids for Sewer Rehabilitation - Patton Avenue - Asheville Street/Sidewalk CIP;

Mr. Mull reported that bids for Sewer Rehabilitation (along Patton Avenue and part of the City of Asheville's Street/Sidewalk CIP) were received Wednesday, January 15, 1992 by the City of Asheville under a joint agreement between the MSD and the City of Asheville. The results of the bid opening are as follows: APAC Carolinas, Inc. (Apparent Low Bidder) with a total base bid of \$128,311.50 and L. J., Inc. with a total base bid of \$144,312.00. Mr. Mull stated that the apparent low bidder, APAC-Carolinas, Inc. has selected Hobson Construction Company as its subcontractor for performing the sewer work and that costs will run 62% over the original estimates because of the high visibility associated with this portion of Patton avenue and the variety of work to be performed. Mr. Bill Morris of Hendon Engineering Associates, Inc. reported that the City of Asheville

is replacing the street approximately four feet down and up for at least half the length of the I-240 interchange up to Lexington Avenue and are dividing this project into four phases to avoid traffic tie-ups in the central business district. In addition, Mr. Morris felt that this particular project presents additional problems such as \$1,000.00 a day penalties if deadlines are not met, plus all other utilities (telephone, gas, electric) will be replacing lines at the same time. Mr. Morris further stated that the City of Asheville's overall estimated cost presents the same percentage overage and will run approximately \$900,000.00; a substantially larger cost than what the District is looking at. Following a discussion as to reasons for the 60% overage, Dr. Maas moved that the Board approve the sewer work portion of the low bid received by the City of Asheville on January 15, 1992, for the Patton Avenue Streets, Sidewalks, Storm Drainage and Sanitary Sewer Improvements Project and that approval be subject to action by the City of Asheville to, (1). Negotiate with the low bidder providing that any reduction in the City's overall cost will be pro-rata reflected in MSD's costs or, (2). Accept the low bid, or (3). Reject any or all bids. Mr. Edwards seconded. Roll call vote was as follows: 7 Ayes; 0 Nays

Mr. Mull reported that in the specifications, change orders can be issued to delete any portion up to the whole project. Mr. Mull stated that Mr. Bill Morris of Hendon Engineering will be evaluating line items in the bid to determine what could possibly be deleted.

4. Report of Officers

None

5. Report of Committees:

a. Sewer System Consolidation - Mr. Aceto:

Steve Aceto announced that his second consecutive three year term as a member of the District Board expired January 17th, and that he had declined the Town of Montreat's offer to reappoint him for a third term. While his successor was not yet appointed, he indicated this would be his last meeting. He thanked the Board for the pleasure and opportunity of serving. Ms. McDonald stated on behalf of the Board its regrets in Mr. Aceto's decision and commended Mr. Aceto for his hard work and accomplishments during his tenure as a member of the Board.

Regarding Collection System Mapping, Mr. Aceto asked Mr. Bill Morris of Hendon Engineering Associates, Inc. for a progress report. Mr. Morris reported that of the 231 maps necessary to cover MSD's total system that to date nine (9) maps are complete with another 39 to be completed within a few weeks. Mr. Morris further reported the 48 maps will contain the majority of the sewer system inside the city limits and that maps outside the city limits, will be developed from aerial photographs. Mr. Morris stated that unless there is a specific project reason or 80% of the sewer lines and manholes are located, they would not prepare a map. Mr. Morris further stated that of the 17,000 manholes, 13,600 (51%) have been located leaving 20% that are buried under asphalt, homes or just lost. Mr. Morris reported that to date they have accumulated approximately \$360,000.00 (48%) of the projected three year budget of \$750,000.00 with 1 1/2 years left to complete the project.

Mr. Aceto stated with regard to his proposal for a Sewer Master Plan that his concern was the remaining replacement of six and eight inch interceptor and collector lines and that these lines be committed to a comprehensive plan that would be developed with citizen input and MSD's consulting engineers. Mr. Aceto further stated that a Sewer Master Plan would give staff and others a benchmark for making decisions such as the one involving Meridia and would commit them to some kind of an objective standard that everyone would perceive to be fair. Following a brief discussion, Mr. Aceto moved that the Board request the consulting Engineer's to prepare a proposal to develop a Collection System Master Plan that would include the remaining mileage of the system that is not covered by the CIP program and Priority System Program and that the plan be developed with coordination of the Board's CIP Committee and developed following solicitation from appropriate interested citizens groups. Mr. Dent seconded. Voice vote

was unanimous in favor of the motion. A discussion followed regarding the identification of sewer rehabilitation projects.

b. Right-of-Way Committee - Mr. Edwards

Mr. Edwards reported the Right-of-Way Committee met January 14, 1992 and discussed the status of easement acquisitions being negotiated by Martin/McGill, Inc. Mr. Edwards stated that to date, Martin & McGill have negotiated 29% of the easements (16 of the 55), 13 with no compensation and 3 with tap installations.

Mr. Edwards further reported that the Committee discussed a request by staff that it be given negotiation authority up to \$500.00 which will allow staff to expedite easement acquisitions without approval of the Board for each one. Mr. Edwards moved that the Board approve the request of staff for negotiation authority up to \$500.00. Dr. Maas seconded. Roll call vote was as follows: 7 Ayes; 0 Nays

Mr. Edwards reported that in negotiation of an easement agreement with Mr. William Orr, (who's property is located near the intersection of Bryson Street and Swannanoa River Road in Biltmore) that Mr. Orr has requested payment toward construction of a fence in the amount of \$435.00 and in addition, that MSD install four (4) concrete monuments marking the corners of his property. Mr. Edwards stated that in further negotiation with Mr. Orr he agreed to sign the easement in exchange for payment of \$685.00. Following a discussion on the possibility of rerouting the line, and the cost involved, Mr. Aceto moved that the Board approve Mr. Orr's request in the amount of \$685.00. Mr. Dent seconded. Roll call vote was as follows: 7 Ayes; 0 Nays

In negotiation of other easement acquisitions for the North Swannanoa Sanitary Sewer Interceptor, Mr. Edwards reported that the owner of Parcel #38 (Alexander Investments) located at the entrance to Beverly Hills off Swannanoa River Road, have agreed to deed its property to the MSD instead of signing an easement agreement. Mr. Edwards further reported that several problems have been encountered with both property owners in obtaining easements and encroachment problems with the NCDOT for the North Swannanoa Sanitary Sewer Interceptor. Mr. Edwards stated that following a meeting with MSD's consulting engineers two (2) alternate routes were developed to address this problem and reported that cost estimates for the alternate routes were lower than the original design cost. Ms. Angel Morris presented a map showing the alternate routes prepared by Hendon Engineering Associates. Mr. Edwards further stated that the second alternative route, approved by the committee, moves the line, located in front of several businesses, to the area back behind said businesses.

c. Sludge Committee - Dr. Maas

Dr. Maas reported that the Sludge Committee met January 15, 1992 to further discuss his report to the Board, December 17, 1992 regarding calculations that were based on emission reports put out by the EPA from an Incinerator similar to the MSD's along with a comparison study of North Carolina Air Toxic Regulations. Dr. Maas stated that as a result of his report, MSD's consulting engineers and staff from UNC-A's Environmental Quality Institute checked on the regulations and figures and found that while the calculations were essentially correct, the State (who finalized its regulations in October) relaxed the standard for Chromium by a factor of 30, which is what the MSD will need to meet applicable Air Toxic Regulations. Dr. Maas stated that although North Carolina Air Toxic Regulations are tougher than Federal Standards in the new Clean Air Act he is still concerned, from a technical standpoint, MSD's ability to actually meet those standards since it does assume a 99.95 percent removal of particulants. However, Dr. Maas further stated that the MSD does have a performance bond that states the incinerator will have to meet the 99.95 percent removal. A brief discussion followed regarding the performance bond and modeling required to obtain a permit for the Incinerator.

In regard to Buncombe County's potential co-composting facility Dr. Maas reported that the County has received five proposals from co-composting firms for building a

facility and that four of the five proposals state that in order to work they will need to mix the solid waste with sewerage sludge. Dr. Maas further reported that the County is sending citizen staff teams to look at other co-composting facilities and if reports are favorable, the District should receive some type of request from the County for MSD's cooperation in the use of sewerage sludge as a part of its co-composting operation. Dr. Maas stated the Committee recommended that the District Board adopt a resolution agreeing to cooperate with Buncombe County in addressing the solid waste management issue. Ms. Wallace presented a draft resolution for Board review. Following review of the draft and a revision suggested by Mr. Aceto, Dr. Maas moved that the Board adopt the resolution (in the form of a press release) as revised. Ms. Wallace seconded. Voice vote was unanimous in favor of the motion.

A brief discussion followed with regard to what the MSD is doing to decrease chromium levels in the influent.

d. Bond Finance Committee - Mr. Ivey

In the absence of Mr. Ivey, Ms. McDonald reported that the Bond Finance Committee met January 17, 1992 to discuss refunding of the 1986 bond issue by the District. Ms. McDonald stated that Mr. George Woodall of Interstate Securities was present to discuss refunding or defeasing of the 1986 bonds and projected that in doing so the District would realize a savings of approximately \$1.6 million with a present value of \$900,000.00. Ms. McDonald further stated the Committee agreed that the District should proceed with the defeasance of the 1986 bonds. In addition, Ms. McDonald reported the Committee discussed whether the District should proceed with looking at the possibility of a new issue although the District would be required to spend at least 85% of the proceeds of a bond issue within three years of the date of issuance, no action was taken. Ms. McDonald further stated the Committee discussed a resolution authorizing the District to reimburse itself for funds spent on capital projects which would only be available in the event of a new bond issue. Ms. McDonald moved that the Board approve the defeasance of the 1986 bonds. Mr. Dent seconded. Roll call vote was as follows: 7 Ayes; 0 Nays. In addition, Ms. McDonald moved that the Board adopt the Bond Resolution, a copy of which is attached to these minutes as Exhibit A, prepared in anticipation of future bond issues. Following a brief discussion regarding the contents and reasons for the Resolution, Mr. Edwards seconded the motion. Roll call vote was as follows: 7 Ayes; 0 Nays.

Ms. Wallace suggested that the wording in paragraph three (3) of the minutes of the Bond Finance Committee be changed to read "The committee agreed that the District Board should proceed with a refunding of the 1986 bonds, and in the interim, explore the possibility of combining the refunding with a new issue".

A brief discussion followed regarding why the District issues revenue bonds instead of GO bonds.

6. Unfinished Business:
None

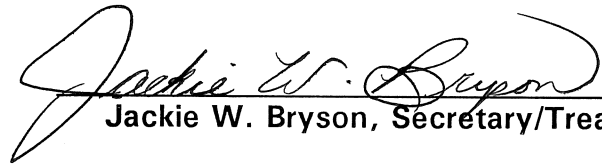
7. New Business

Mr. Mull stated that he received a call from Mr. Robert Sheppard of Land of Sky Regional Council inviting Board members and staff to attend its annual dinner to be held February 26, 1992, 6:00 p.m. at \$15.00 per person. Dr. Maas moved that the Board approve the cost of \$15.00 per person for those Board members and staff who wish to attend the Annual Land of Sky Dinner. Ms. Wallace seconded. Roll call vote was as follows: 7 Ayes; 0 Nays.

8. Date of Next Regular Meeting: February 18, 1992

9. Adjournment:

There being no further business, the meeting adjourned at 4:45 p.m.



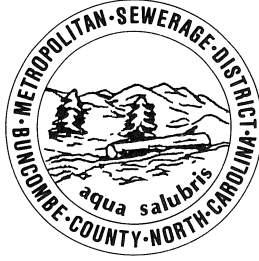
Jackie W. Bryson, Secretary/Treasurer

MSD Metropolitan Sewerage District of Buncombe County, North Carolina

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John S. Stevens, General Counsel



Frank S. Smith III, Chairman
George E. Ivey, Vice-Chairman
Steven T. Aceto
Jackie W. Bryson
M. Wayne Edwards
Richard P. Mass
Diane K. McDonald
Charles W. Penny
Marvin E. Waddey
Carolyn R. Wallace

January 22, 1992

For immediate release--

The Board of the Metropolitan Sewerage District re-affirms its receptiveness to cooperate with Buncombe County Commissioners in their planning for a co-composting facility for Buncombe County, dating back to proposals made to the County Commissioners by MSD in 1985. Recent developments in solid waste management planning in the county have indicated there may be interest in use of MSD sludge for composting with county garbage.

For more information, contact Mr. Frank Smith, Chairman, MSD Board, telephone (704) 258-1869; Mr. Wayne Edwards, Board Member, telephone (704) 254-0715; Dr. Rick Maas, Board Member, telephone (704) 251-6441.

PROPOSED DRAFT

METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY
SEWER EXTENSION AND UPGRADING POLICY

	<u>Page</u>
I. Intent of Policy	1
II. Application of Policy	
A. History of MSD Sewer Collection System	1
B. Project Categories, Priority Determination, and Funding Distribution	1
Table I, " <u>Project Funding Distribution</u> "	3
Table II, " <u>Rating Factors for MSD Participation for Upgrading of Existing Line Segments</u> "	4
Table III, " <u>MSD Participation in Upgrading of Line Segments</u> "	4
III. Orderly Growth and Upgrading of the Sewer Collection System	
A. Current Status of Sewer Collection System Capacity	5
B. Impact of New Development	5
C. Capital Improvements Plan	6
IV. Sewer Flow Allocation Request	
A. Predevelopment Requirement	6
B. Final Plans and Specifications	6
C. Easement Documentation	6
D. Record Drawings	6
E. Initiation of Reimbursement Agreement	7
V. Reimbursement Agreements	7
Appendix	8

It is MSD's desire to participate in sewer projects in a manner that is fair and equitable to all citizens of the District and also to all local government within the District. As the overall benefit of the project moves more toward the benefit of the entire district, the less the public sponsor's or private property owner's required participation in the project funding and more the MSD participation under the system-wide sewer rate.

The priority and ultimate scheduling of each project will be determined by MSD using the following guidelines. The priority guidelines are listed in descending order. The more criteria the project will address or meet, the higher the project priority.

- (1) Alleviation of a public health hazard
 - (a) Broken sewer line
 - (b) Overflowing existing line from average daily flows
 - (c) Overflowing existing line from peak daily flows
 - (d) Overflowing existing line only in storm events
 - (e) Failing on-site sewage disposal
- (2) Eminent exceeding of pipe capacity from known development projects
- (3) Potential for exceeding of pipe capacity from future project development
- (4) Sewer line serving a public facility
- (5) Sewer line serving a population greater than 25,000

Projects with equal priority rating will be further prioritized by comparing the benefit/cost ratio of the project. (i.e., I/I rehab costing \$500,000 that will eliminate 1000 gpm of excessive I/I (\$500/gpm eliminated) will be ranked higher than a project costing \$200,000 that will eliminate 100 gpm (\$2000/gpm eliminated.)

In all cases, MSD would accept ownership and maintenance responsibility for the new sewer collection lines.

The following Table I, "Project Funding Distribution", Table II, "Rating Factors for MSD Participation for Upgrading of Existing Line Segments", and Table III, "MSD Participation in Upgrading of Line Segments", describe MSD's participation policy.

TABLE II

RATING FACTORS FOR MSD PARTICIPATION FOR UPGRADING OF EXISTING LINE SEGMENTS

A. REHABILITATION NEEDS					POINTS	
1. CIP PROGRAM	NOT ON SCHEDULE 0	5-10 YEARS 10	3-5 YEARS 15	1-2 YEARS 20		
2. % OF I&I REHAB VERSES UPGRADED REPLACEMENT COST	0-10% 0	11-25% 15	26-50% 15	OVER 50% 20		
3. AGE OF PIPE SEGMENT	0-10 YEARS 0	11-25 YEARS 3	26-50 YEARS 7	OVER 50 YEARS 10		
4. SIZE OF EXISTING PIPE SEGMENT *	>10" 0	8"-10" 3	6" 7	4" 10		
B. PIPE CAPACITY						
5. % PIPE CAPACITY USED BY EXISTING USERS (INCLUDING I&I) **	11-35% 5	36-65% 10	66-95% 15	OVER 95% 25		
6. % PIPE CAPACITY USED BY NEW DEVELOPMENT *	OVER 75% 0	36-75% 3	11-35% 7	0-10% 10		
C. LOCATION OF DEVELOPMENT						
7. DISTANCE (FT) DOWNSTREAM FROM DEVELOPMENT CONNECTION POINT	0-500 0	501-1000 2	1001-2500 4	OVER 2500 5		
TOTAL POINTS RECEIVED FOR THIS SEGMENT						
PERCENTAGE OF MSD PARTICIPATION (SEE TABLE III)						

**TABLE III
MSD PARTICIPATION FOR UPGRADING OF SEWER LINES**

0-25 points	0% MSD dollar
26-50 points	25% MSD dollar
51-75 points	50% MSD dollar
76-84 points	75% MSD dollar
85-100 points	100% MSD dollars

Notes:

- * Indicates that no points are available for replacing pipe with new pipe of same size.
- ** Indicates that no points are available for replacing pipe with new pipe of same size unless existing segment is replaced due to I&I.

Where developer's on site activities (landscaping, building over existing sewer main, etc.) require pipe upgrading or relocation, MSD percentage of participation shall be applied to upgrade cost no greater than the estimated cost for upgrading existing pipe in existing location.

C. Capital Improvements Plan

MSD has developed a Capital Improvements Plan that includes all short-range and projected long-range needs of the WWTP and sewer collection system. The CIP shall be reviewed and updated annually by the Consolidated Sewer System CIP Subcommittee. The Subcommittee shall review all project requests and present a status report on the CIP and its recommendation for CIP revisions in June of each year for incorporation in the MSD budget and sewer rate determination process.

The CIP will be coordinated with and reflect the appropriate consolidated elements of MSD's 201 Facility Plan, member jurisdiction's Annexation Plans, Industrial Development Plans, and Land Use Plans.

IV. Sewer Flow Allocation Request

A. Predevelopment Requirement

All proposed projects expecting to tie to the MSD sewer system must first submit an application to MSD which contains engineering data on the proposed flow from the development and the description of the sewer system extensions.

Preliminary site plans shall be submitted with the application.

MSD will review the impact of the requested flows on the collection system and WWTP. The capacity depletion fee amount will be calculated and given to the developer.

Payment of the capacity depletion fee must be made prior to MSD giving the developer an approved flow allocation.

B. Final Plans and Specifications

Prior to the developer letting bids or contracting for construction, the final plans and specifications, as prepared by a professional engineer, shall be submitted to MSD for review and approval. This shall be accomplished prior to submittal to EHNR for construction permit. Failure to do so will result in revocation of flow allocation.

An Engineering Review and Inspection Fee in the amount of 2% of the construction cost shall be paid by the developer prior to MSD's review and approval.

C. Easement Documentation

The developer shall submit documentation of easements for all sewer lines to become part of MSD's sewer collection system, as a prerequisite to beneficial use of the proposed lines by the developer. Failure to do so will result in revocation of flow allocation and physical disconnection from MSD's system.

D. Record Drawings

The developer shall deliver record drawings of the constructed sewer system

MSD SEWER SERVICE POLICY

1. CALL MSD FIRST

When a resident has sewer problems, the resident should first contact the MSD. MSD will check the main sewer. If there is a cleanout at ground level, MSD will also inspect the cleanout to determine if the stoppage is in the service sewer or in the building sewer. MSD will clear the stoppage if it is in the MSD part of the system. Otherwise, MSD will notify the resident.

2. PROPERTY OWNER'S RESPONSIBILITY

The owner of the property is responsible for keeping the sewer clear between the building and the cleanout, if there is one. If there is no cleanout at ground level, the owner is also responsible for clearing the service sewer to the main sewer. Locating the building sewer, and its connection to the service sewer is also the owner's responsibility. The MSD recommends that the owner employ a licensed plumbing or sewer contractor (the contractor) to clear any stoppage in the building sewer.

3. DEFECTIVE SERVICE LINE

If the contractor is unable to clear a stoppage due to a defect in the service sewer, MSD will repair it. If there is no cleanout to grade, the contractor must first expose the end of the building sewer at a point in the public right-of-way of the line. MSD cannot perform work on private property except within a public easement for a sewer line.

4. DISTRICT WILL INSTALL CLEANOUT

If the contractor was able to clear a stoppage in a sewer, but, because there was no cleanout to grade, had to excavate the end of the sewer, MSD will install a cleanout to facilitate clearing future stoppages, provided the contractor contacts MSD before closing excavation. If the MSD installs a cleanout, MSD will assume maintenance of the service line between the cleanout and the MSD sewer main.

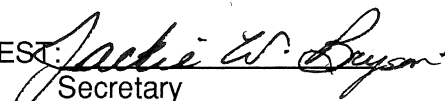
5. LIMIT OF MSD LIABILITY

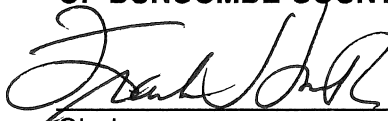
MSD has no responsibility for work on private property.

Adopted this 21st day of January, 1992.

**METROPOLITAN SEWERAGE DISTRICT
OF BUNCOMBE COUNTY, N.C.**

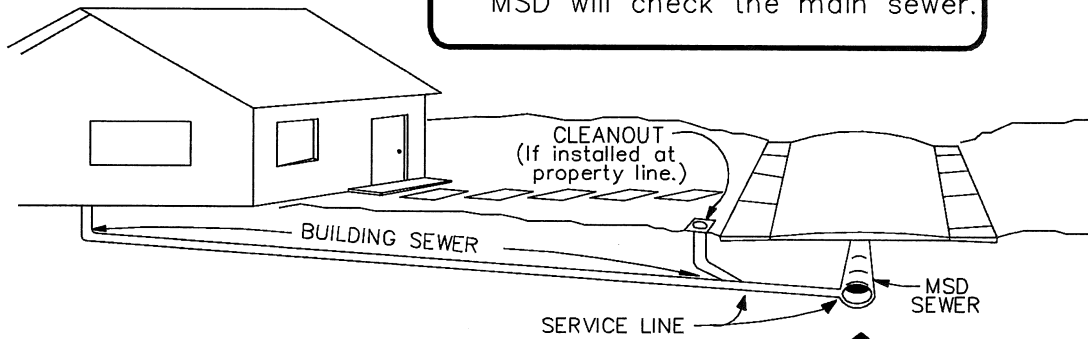
ATTEST:


Secretary


Chairman

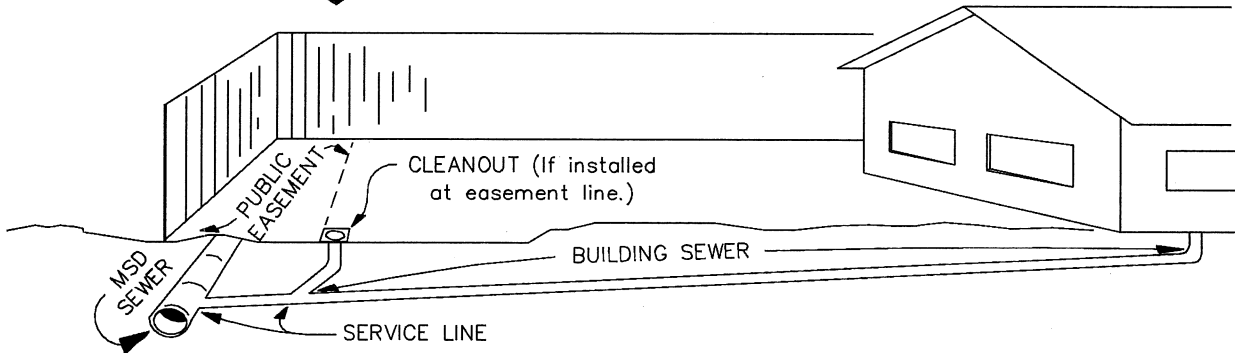
1. FIRST-CALL MSD

MSD will check the main sewer.



MSD SEWER IN
EASEMENT IN YARD

MSD SEWER
IN STREET



2. If the main is ok, MSD recommends that you then call a plumbing or sewer contractor.

3. If your contractor cannot unplug a stoppage in your service line, MSD can help. Give us another call while your contractor is there.

(The SERVICE LINE is the portion of your hookup that is within the street right-of-way or public easement.)

NOTE: There is no extra charge for MSD services (the work is financed through sewer charges), but MSD cannot assume the cost of your contractor's call, regardless of the location of the stoppage!

REMEMBER: CALL MSD FIRST!
(704) 255-0061

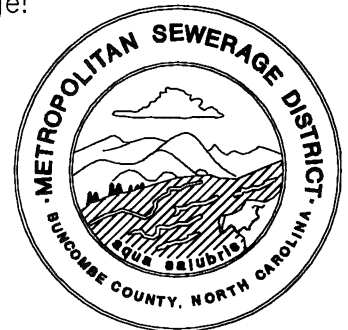


EXHIBIT A

RESOLUTION CONCERNING THE FUNDING OF
CERTAIN PROJECTS IN ANTICIPATION OF
ISSUING BONDS THEREFOR

BE IT RESOLVED by the District Board of the Metropolitan Sewerage District of Buncombe County as follows:

Section 1. The District Board of the Metropolitan Sewerage District of Buncombe County (the "District") has determined that it will be necessary to proceed with several projects, including (a) the construction of new sludge handling facilities at its wastewater treatment plant, such project constituting the last phase of its four-phase expansion and upgrade of such plant, and (b) the repair or replacement of certain collector sewer systems served by such plant in accordance with a study prepared by the District and its consulting engineers.

Section 2. The District Board of the District intends to issue revenue bonds of the District to finance or refinance, together with any other available funds, the costs of such projects and related costs, such as capitalized interest, a debt service reserve and other reserves, and administrative, legal and other costs in connection therewith, on a tax-exempt basis for purposes of federal income taxation.

Section 3. In anticipation of such financing or refinancing of such costs, the District may use moneys of the District designated for other purposes to pay such costs, provided that moneys so used by the District will not be required to be used otherwise pending such use and will be replenished from the proceeds of such bonds.

Section 4. This resolution shall take effect upon its passage.