

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
OCTOBER 15, 2014**

1. Call to Order and Roll Call:

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2:00 p.m., Wednesday, October 15, 2014. Chairman VeHaun presided with the following members present: Ashley, Belcher, Bryson, Frost, Kelly, Pelly, Root, Russell, Stanley and Watts. Ms. Manheimer was absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, P.A., Joseph Martin with Woodfin Sanitary Water & Sewer District, Marcus Jones with Henderson County, and MSD Staff, Ed Bradford, Peter Weed, Scott Powell, Jim Hemphill, Mike Stamey, Ken Stines, Sam Sirls, Julie Willingham and Sondra Honeycutt.

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 September 17, 2014 Board Meeting:

Mr. VeHaun asked if there were any changes to the Minutes of the September 17, 2014 Board Meeting. With no changes, Mr. Watts moved for approval of the minutes as presented. Mr. Stanley seconded the motion. Voice vote in favor of the motion was unanimous.

4. Discussion and Adjustment of Agenda:

None

5. Informal Discussion and Public Comment:

Mr. VeHaun welcomed Mr. Jones and Mr. Martin. There was no public comment.

6. Report of General Manager:

Mr. Hartye reported the agenda includes an item for RBC replacement purchase, which is significant in terms of maintaining MSD's consistent treatment capability. HDR Consulting is preparing a Facilities Plan, and is working with staff to develop both short and long term recommendations for the plant in order to meet future growth demands and future regulations. This will involve a major phased upgrade to the treatment plant over the next 10-15 years, with a future investment of between \$50 and \$100 million. Along with the \$10 million Aqua-disk filters and the electrical improvements of \$2.5 million, which was recently completed, there are also significant projects underway involving incinerator upgrades of \$11 million, as well as influent pump station upgrades. He further reported MSD is currently leading the way in the development of new air cleaning technology, which will both increase performance and significantly reduce costs on the order of approximately \$4 million. In the next few months staff will be returning to the Board concerning both the incineration project and the 20-year Facility Plan.

Mr. Hartye reported Ann Ray of 36 Woodgate Drive called regarding a sewer problem at her home and wanted to let MSD know the crew who responded, were the nicest bunch of men she ever came into contact with. She said she was very impressed and would like to adopt them as her grandsons. Mr. Hartye expressed his thanks to Eric Bryant, Wayne Rice, Gregg Patton, Alan Taylor, Alan Knighten and Pete Cole. He further reported Michelle Bennett of United Way emailed expressing appreciation for

MSD's help at the Beaverdam YMCA. Mr. Hartye reported the October Right of Way Committee Meeting has been cancelled. The next meeting will be held at 9 am on November 26th. The next regular Board Meeting will be held on November 19th at 2 pm.

7. Consolidated Motion Agenda:

a. Consideration of Bids for Sanitary Sewer Rehabilitation Project – Old Haywood Road @ Starnes Cove Road:

Mr. Hartye reported this project is located in West Asheville, near the Lowes on Smoky Park Highway and is comprised of 1,491 LF of 8-inch DIP. He stated the 8-inch clay lines in this area are in poor structural condition, and in one location a home is located directly over the line. The contract was advertised and the following bids were received on September 25, 2014: Davis Grading Inc. with a total bid of \$499,980.00; Huntley Const. Co. with a total bid of \$388,682.88; Dillard Excavating Co. with a total bid of \$378,815.00; Thunder Disaster Services with a total bid of \$355,055.50, and Terry Brothers Const. Co. with a total bid of \$341,342.00. The FY14-15 Construction Budget for this project is \$420,000.00. Staff recommends award of this contract to Terry Brothers Const. Co., Inc. in the amount of \$341,342.00, subject to review and approval by District Counsel. Mr. Kelly asked if MSD has done any business with Thunder Disaster Services. Mr. Hartye said no, but they are a licensed contractor in Western North Carolina.

b. Consideration of Replacement RBC Purchase:

Mr. Hartye reported that MSD operates one of the largest Rotating Biological Contactor (RBC) plants in the country, with 152 units, which is the centerpiece of the District's treatment process. The RBC's were designed for 40MGD and are currently running, on an average day, at 20MGD. The RBC's have been in continuous operation for the past 27 years and their performance has been excellent, but about 38 of the units (25%) are out of service. As a result, MSD is dealing with useful life issues with the RBC's. Over the last couple of years, Peter Weed, Plant Director, has been working with Lew Andowski, RBC Consultant, to both maximize the life of the existing RBC's and to find viable replacement for those that are out of commission. RBC replacement is currently scheduled on the ten-year CIP in the amount of \$925,000. Air-driven units like MSD's are no longer manufactured. The newly manufactured units are electrically driven, which would require special modifications. Mr. Hartye presented a slide showing one of the used RBC's which is not in good condition.

Mr. Hartye further reported that Peter Weed located a company (American Resource Recovery Corporation – ARRC) which specializes in salvaging RBC's and re-selling them for use at other plants. During the summer, an opportunity arose at the Parkersburg, WV Treatment Plant, where they have discontinued their RBC process, and have units available which match those at MSD. Mr. Andowski and Peter Weed visited the facility and verified that these units are in good condition and compatible with MSD's existing basins. He presented slides showing the condition of these units, how they would be transported, and a picture showing the plant and the location of the 38 RBC's to be replaced. He stated the cost savings of purchasing/installing used vs. new RBC's are substantial. Used units cost less than \$30,000 versus \$150,000.00 for new ones. Staff recommends the District purchase 23 used RBC's from ARRC in the amount of \$486,684.00, subject to review and approval by District Counsel. He noted that purchases of used apparatus, supplies and equipment are not subject to the public bid laws (North Carolina General Statute 143-129 (e) (10)).

c. Consideration of Pace Analytical, Inc. Lease Renewal:

Mr. Hartye reported in FY 2002, the District entered into an operating lease agreement with Pace Analytical, Inc. The lease provides Pace with approximately 6,100 square feet of laboratory space in exchange for itemized laboratory services, specifically MSD testing needs (regulatory required-NPDES, IW-Pretreatment, Headworks, Biosolids, and other environmental programs). Currently the District and Pace Analytical, Inc. are in year 4 of a five-year lease agreement signed in 2011 in the amount of \$5,000/month. In September Pace Analytical expressed a need for additional space to build a walk-in cooler to store specimens. The space needed is about 500 square feet. Mr. Hartye presented a rendering of the space, showing the front of the building, and the 500 square foot expansion area at cost of approximately \$107,000, which will be paid by Pace. Pace Analytical, Inc. has agreed in principal to a new five-year lease in the amount of \$5,650/month, providing Pace with approximately 6,600 square feet of laboratory/cooler space. Following construction, Pace Analytical, Inc. will assign ownership of the addition to the District. Staff recommends authorizing the General Manager and Legal Counsel to negotiate the lease agreement with Pace Analytical, Inc., which incorporates the leasing of the identified space for \$5,650/month for direct exchange of “in-kind” laboratory services itemized by the District. This lease will be for five (5) years and incorporate two (2) three-year extension options to be mutually agreed upon by the District and Pace Analytical, Inc.

d. Cash Commitment/Investment Report – Month Ended August 31, 2014:

Mr. Powell reported Page 49 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 50 is the MSD Investment Manager Report as of the month of August. The weighted average maturity of the investment portfolio is 255 days. The yield to maturity is .49% and is exceeding MSD bench marks of the 6-month T-Bill and NCCMT cash portfolio. Page 51 is an Analysis of the District’s Cash Receipts. Monthly and YTD domestic sewer & industrial revenue are considered reasonable based on timing of cash receipts and historical trends. Facility and Tap Fees are considered reasonable taking into account the unpredictability of cash receipts. Page 52 is an analysis of the District’s Expenditures. Monthly and YTD expenditures are considered reasonable based on historical trends. Page 53 is the MSD Variable Debt Service report. The 2008 A Series is performing better than budgeted expectations. As of the end of September, both issues have saved District customers approximately \$3.6 million dollars in debt service since April 2008. Mr. Kelly asked when the Bank of America Swap Agreement terminates on its own. Mr. Powell stated the agreement terminates at the end of the debt series in 2031.

Mr. VeHaun called for discussion. With no discussion, Ms. Frost moved the Board approve the Consolidated Motion Agenda as presented. Mr. Stanley seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

8. Old Business:

None

9. New Business:

None

10. Adjournment:

With no further business, Mr. Stanley moved for adjournment at 2:21 p.m. Mr. Russell seconded the motion. Voice vote in favor of the motion was unanimous.

Jackie W. Bryson, Secretary/Treasurer

MSD

Regular Board Meeting

Metropolitan Sewerage District
of Buncombe County, NC

AGENDA FOR 10/15/14

✓	Agenda Item	Presenter	Time	
	Call to Order and Roll Call	VeHaun	2:00	
	01. Inquiry as to Conflict of Interest	VeHaun	2:05	
	02. Approval of Minutes of the September 17, 2014 Board Meeting.	VeHaun	2:10	
	03. Discussion and Adjustment of Agenda	VeHaun	2:15	
	04. Informal Discussion and Public Comment.	VeHaun	2:20	
	05. Report of General Manager	Hartye	2:30	
	06. Consolidated Motion Agenda		2:45	
	a. Consideration of Bids for Sanitary Sewer Rehabilitation Project – Old Haywood Road @ Starnes Cove Road.	Hartye		
	b. Consideration of Replacement RBC Purchase.	Hartye		
	c. Consideration of Pace Analytical, Inc. Lease Renewal.	Powell		
	d. Cash Commitment/Investment Report – Month Ended August 31, 2014.	Powell		
	07. Old Business:	VeHaun	3:00	
	08. New Business	VeHaun	3:05	
	09. Adjournment (Next Meeting (11/19/14)	VeHaun	3:10	
	STATUS REPORTS			

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
SEPTEMBER 17, 2014**

1. Call to Order and Roll Call:

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2:00 p.m., Wednesday, September 17, 2014. Chairman VeHaun presided with the following members present: Ashley, Belcher, Bryson, Kelly, Manheimer, Pelly, Root, Russell, Stanley and Watts. Ms. Frost was absent.

Others present were: Thomas E. Hartye, General Manager, Rebecca Reinhardt with Roberts & Stevens, Gary McGill with McGill Associates, P.A. and MSD Staff, Ed Bradford, Peter Weed, Scott Powell, Jim Hemphill, Mike Stamey, Ken Stines, Sam Sirls and Sondra Honeycutt.

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 August 20, 2014 Board Meeting:

Mr. VeHaun asked if there were any changes to the Minutes of the August 20, 2014 Board Meeting. With no changes, Mr. Watts moved for approval of the minutes as presented. Mr. Stanley seconded the motion. Voice vote was unanimous in favor of the motion.

4. Discussion and Adjustment of Agenda:

None

5. Informal Discussion and Public Comment:

Mr. VeHaun welcomed Ms. Reinhardt. There was no public comment.

6. Report of General Manager:

Mr. Hartye called on Ed Bradford, Engineering Director, and Mike Stamey, Collection System Construction Director, for a presentation on the construction activities of both contracted and in-house work.

Mr. Bradford presented slides showing the monthly Status Report Summary for projects within the Capital Improvement Program (CIP); expanded detail for each project, and the quarterly ten-year (2014-2015 through 2023-2024) Status Report. He indicated that the detailed CIP plus the Quarterly Status Report appear on our external website. He presented several slides showing the East State Street @ West Street in Black Mountain project which is near completion. Currently the contractor is preparing to set manhole eight of nine and placing binder in the trench prior to the NCDOT repaving the road. The next project is the Mt. Vernon Place Phase II project for which MSD is partnering with City Water Resources for paving after completion of its waterline project. He presented slides looking up Colonial Place, near Merrimon Avenue, construction progressing up Mt. Vernon Circle, and setting of the manhole, including compacting around it. He stated there are multiple MSD projects in this neighborhood (three contract projects and one in-house). Both water and sewer are being rehabilitated, and after completion of water rehab, affected streets will be repaved in a cost-sharing effort with the City. He presented slides showing the Merrimon @ Stratford project which is mostly complete except for bore under Elkwood Avenue where exceedingly hard granite is present and, requiring completion by hand-mined bore. He presented maps showing recently awarded projects (two in the east and one in the west) that total 9,100 LF. In addition, he presented a

map showing the Robinwood Avenue project in West Asheville which, is up for consideration at today's meeting, and the Old Haywood Road Project in West Asheville, which will be up for consideration at the October Board meeting, and the Old US 70 @ Pine Circle project in Black Mountain which will be up for consideration at the November Board meeting. Mr. Bradford turned the presentation over to Mr. Stamey to discuss in-house construction projects.

Mr. Stamey presented charts showing 34 completed pipeline replacement projects for FY 2013-2014 by MSD in-house crews. Total rehab footage for the year was 20,031 linear feet. The FY 2014-2015 proposed CIP projects for MSD in-house crews consist of 33 projects. As of July 1st of this year, six (6) of those project are complete. The two projects highlighted in yellow are current projects; Springside Drive (now complete) and Hickory Court. The remaining projects will be complete by the end of 2015.

Mr. Stamey presented a map showing completed sewer rehabilitation in the Grovestone Quarry area of Black Mountain where crews replaced 5,176 LF of 8" VCP with new 12" HDPE/DIP. He presented several slides showing the upper and lower sections during construction and post-construction. He addressed the many challenges of this project including infiltration/inflow I/I. The average daily reduction in I/I was 40,440 gallons, equal to 8,099 five gallon buckets of water or 14 tanker loads.

Mr. Stamey presented a map showing the location of the Westwood Road Sewer Rehabilitation project located in North Asheville near Beaverlake. This project connects to the Merrimon Avenue Stratford Road project, where crews replaced approximately 500 feet of pipe. He noted that because the City of Asheville Storm Water Department had a project in this same area, MSD coordinated work activities and shared the cost of paving. He presented a map showing the location of the Hickory Court Sewer Rehabilitation project located in the Royal Pines area of South Asheville where 1,700 ft. of pipe is being replaced. He stated there are a lot of homes close to the sewer line as well as power lines, steep terrain, and trees over the sewer line. He presented slides showing crews at work. He further reported on upcoming projects that include Campus Drive Sewer Replacement, Old County Home Road Sewer Replacement, and N. Ann Street Replacement.

With regard to in-house crews, Mr. Stamey reported that MSD has two (2) pipeline replacement crews; crews to Install Taps, Dig-up Point Repairs and Manhole Repairs. During FY13-14, MSD crews installed 218 taps; 588 point repairs, and 355 manhole repairs. He presented slides showing the aforementioned repairs. Mr. Russell asked if HDPE pipe is used exclusively in trenchless technology. Mr. Hartye stated this pipe is also used for force mains and special applications.

Mr. Hartye presented a letter from Mrs. Kit Riley regarding MSD Tech Services group as a whole and Furman Dean in particular. Mr. Bruce Ponder from 148 Appalachian Way called to express appreciation for Eric Bryant and James Beaver in helping him resolve his sewer issue. Also, Josh Ray Burnette at 8 Springside Drive called to say that Grady Brooks and Boyce Lunsford did a great job. He expressed his appreciation to Jesse Hunter and crew, McKinley Hensley, Tim Haney, Mickey Roberts, and Travis Courtney.

Mr. Hartye reported the United Way golf tournament will be held on Friday, October 3rd with an 8am registration and 8:30 shotgun start.

Mr. Hartye reported the September Right of Way Committee Meeting has been cancelled. The next meeting will be held at 9 am on October 22nd. The next regular Board Meeting will be held on October 15th at 2pm. The Employee picnic will be held October 14th behind the Maintenance facility.

7. Consolidated Motion Agenda:

a. Consideration of Bids for Sanitary Sewer Project – Robinwood Avenue GSR:

Mr. Hartye reported this project is for the replacement of aged six-inch clay sewer lines located in the Sulphur Springs Park section of West Asheville. The project is comprised of 1,835 LF of 8-inch DIP. The contract was advertised, and the following bids were received on August 28, 2014: Dillard Excavating Co. with a total bid of \$526,315.00; Huntley Construction Co. with a total bid of \$472,716.69; Terry Brothers Construction Co. with a total bid of \$461,902.00, and Davis Grading, Inc. with a total bid of \$457,838.60. He stated Davis Grading is currently finishing up an MSD project in Black Mountain, and their work quality is excellent. The FY 14-15 Construction Budget for this project is \$497,000.00. Staff recommends award of this contract to Davis Grading, Inc. in the amount of \$457,838.60, subject to review and approval by District Counsel.

b. Acceptance of Developer Constructed Sewer Systems. Hamburg Mountain Phase III Sewer Extension Project and Biltmore Lane Block “J2” Sewer Extension Project:

Mr. Hartye reported the Hamburg Mountain Phase III Sewer Extension Project is located inside the District boundary off Perrion Avenue in the Town of Weaverville. The project included extending approximately 843 linear feet of 8-inch public gravity sewer to serve a twenty (20) unit residential development.

Mr. Hartye reported the Biltmore Lake Block “J2” Sewer Extension Project is located inside the District boundary off Lake Drive in Buncombe County. The project included extending approximately 1,360 linear feet of 8-inch public gravity sewer to serve a fourteen (14) unit residential development.

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

c. Consideration of Reimbursement Resolution for Bond Projects:

Mr. Powell reported that in order to be in compliance with IRS regulations concerning tax-exempt financing, all expenditures made with non-MSD bond funds, which are to be reimbursed from MSD bond funds, must be properly identified and authorized. The proposed reimbursement resolution identifies major projects in the amount of \$12.6 million dollars intended to be solely or substantially financed by bonds to be issued in FY 16-17. Board approval is required to obtain the tax-exemption of interest paid on MSD bonds by authorizing reimbursement from bond proceeds of the expenditures for the attached project listing. Staff recommends approval of the reimbursement resolution.

d. Cash Commitment/Investment Report – Month Ended August 31, 2014:

Mr. Powell reported Page 23 presents the makeup of the District’s Investment Portfolio. There have been significant changes in the District portfolio due to the investing of bond proceeds. Page 24 is the MSD Investment Manager’s report as of the month of July. The weighted average maturity of the investment portfolio is 287 days. The yield to maturity is 0.50%, and exceeds MSD’s bench marks of the 6-month T-Bill and NCCMT cash portfolio. Page 25 is the Analysis of the District’s Cash Receipts. Monthly and YTD Domestic and Industrial sewer revenue is considered reasonable based on timing of cash receipts. Facility and Tap Fees are considered reasonable; taking into account the unpredictability of cash receipts.

Page 27 is an analysis of the District's Expenditures. Monthly and YTD O&M, CIP, and Debt expenditures are considered reasonable based on historical trends. Page 28 is the MSD Variable Debt Service report. The 2008A Series Bonds is performing better than budgeted expectations. As of the month of August, both issues have saved District customers approximately \$3.5 million dollars in debt service since the bonds were issues in April, 2008.

Mr. VeHaun called for discussion. With no discussion, Mr. Russell moved the Board approve the Consolidated Motion Agenda as presented. Mr. Stanley seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

8. Old Business:

None

9. New Business:

Mr. Hartye reminded the Board of the Monthly Status Reports, located at the end of each regular Agenda.

10. Adjournment:

With no further business, Mr. VeHaun called for adjournment at 2:43 p.m.

Jackie W. Bryson, Secretary/Treasurer



MEMORANDUM

TO: MSD Board
FROM: Thomas E. Hartye, P.E., General Manager
DATE: October 9, 2014
SUBJECT: Report from the General Manager

- Treatment Plant Update

On the agenda is an item for RBC replacement purchase, which is significant in terms of maintaining MSD's consistent treatment capability. HDR Consulting, in preparing a Facilities Plan, is working with staff to develop both short and long term recommendations for the plant in order to meet future growth demands and future regulations. This will involve a major phased upgrade to the treatment plant over the next 10-15 years, with a likely future investment of between \$50 and \$100 million. Along with the \$10 million Aqua-disk filters and the electrical improvements recently completed, there are also significant projects underway involving the incinerator upgrades and the influent pump station upgrades.

MSD is currently leading the way in the development of new air cleaning technology, which will both increase performance and significantly reduce costs. In the next few months staff will be returning to the Board concerning both the incineration project and the 20 –year Facility Plan.

- Kudos

- Ann Ray of 36 Woodgate Dr. called regarding a sewer problem at her home and wanted to let us know that they were the nicest bunch of men that she ever came into contact with. She was very impressed and would like to adopt them as her grandsons.. Thanks to Eric Bryant, Wayne Rice, Gregg Patton, Alan Taylor, Alan Knighten, and Pete Cole
- Michelle Bennett of United Way emailed expressing their appreciation for MSD's help at the Beaverdam YMCA.

- Board/Committee Meetings/Events

The October Right of Way Committee Meeting has been cancelled. The next Right of Way Committee meeting will be held at 9 am on November 26th. The next Regular Board Meeting will be held on November 19th at 2 pm.

Metropolitan Sewerage District of Buncombe County

BOARD ACTION ITEM

BOARD MEETING DATE: **October 15, 2014**

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

PREPARED BY: Ed Bradford, P.E. - Director of Engineering
 Hunter Carson, P.E. - Project Manager

SUBJECT: Sanitary Sewer Rehabilitation Project: Old Haywood Road @ Starnes Cove Road, MSD Project No. 2009117

BACKGROUND: This project is located in West Asheville, near the Lowes on Smokey Park Highway. The 8-inch clay lines in this area are in poor structural condition, and in one location a home is located directly over the line.

The project is comprised of 1,491 LF of 8-inch DIP.

The contract was advertised and five bids were received on Thursday, September 25, 2014 as follows:

<u>Contractor</u>	<u>Bid Amount</u>
1) Davis Grading, Inc.	\$499,980.00
2) Huntley Const. Co.	\$388,682.86
3) Dillard Excavating Co.	\$378,815.00
4) Thunder Disaster Services	\$355,055.50
5) Terry Brothers Const. Co.	\$341,342.00

The apparent low bidder is Terry Brothers Const. Co. with a bid amount of \$341,342.00. Terry Brothers has completed numerous sewer rehabilitation projects for MSD, and their work quality has been excellent.

Please refer to the attached documentation for further details.

FISCAL IMPACT: The FY14-15 Construction Budget for this project is \$420,000.00.

STAFF RECOMMENDATION: Staff recommends award of this contract to Terry Brothers Const. Co., Inc. in the amount of \$341,342.00, subject to review and approval by District Counsel.

**METROPOLITAN SEWERAGE DISTRICT OF
BUNCOMBE COUNTY, NORTH CAROLINA**

**OLD HAYWOOD ROAD @ STARNES COVE ROAD
SEWER REPLACEMENT
PROJECT NO. 2009117**

**BID TABULATION
September 25, 2014**

BIDDER	MBE Form	Bid Forms (Proposal)	TOTAL BID AMOUNT
Davis Grading, Inc. Shelby, NC	2	Yes	\$499,980.00
Huntley Construction Company Asheville, NC	1	Yes	\$388,682.86
Dillard Excavating Company Sylva, NC	1	Yes	\$378,815.00
Thunder Disaster Services Waynesville, NC	1	Yes	\$355,055.50
Terry Brothers Construction Company Leicester, NC	1	Yes	\$341,342.00

APPARENT LOW BIDDER

W. Hunter Carson, P.E.
Project Engineer
Metropolitan Sewerage District of
Buncombe County, North Carolina



This is to certify that the bids tabulated herein were publicly opened and read aloud at 2:00 p.m. on the 25th day of September, 2014, in the W.H. Mull Building at the Metropolitan Sewerage District of Buncombe County, Asheville, North Carolina. This was an informal bid and no bid bond was required.

Interoffice Memorandum

TO: Tom Hartye, General Manager

FROM: Ed Bradford, Engineering Director
Hunter Carson, Project Engineer

DATE: October 2, 2014

RE: Old Haywood Road @ Starnes Cove Road Sewer Replacement Project
MSD Project No. 2009117

The Old Haywood Road @ Starnes Cove Road Sewer Replacement project is located in West Asheville, approximately 0.7 mile north of the I-40/Smokey Park Hwy (US 19/23/74A) interchange. The project is in MSD Sub-basin No. 69, and includes sewer line replacement on portions of East Starnes Cove Road, Old Haywood Road, and Eastview Circle.

Approximately 1,491 linear feet of 8-inch DIP sewer line will be installed to replace existing 8-inch VCP lines. The existing piping is in poor condition.

On September 25, 2014, five (5) sealed bids were received at 2:00 pm. Results were as follows:

<u>Contractor</u>	<u>Bid Amount</u>
1) Davis Grading, Inc.	\$499,980.00
2) Huntley Construction Co.	\$388,682.86
3) Dillard Excavating Co.	\$378,815.00
4) Thunder Disaster Services	\$355,055.50
5) Terry Brothers Const. Co.	\$341,342.00

The apparent low bidder is Terry Brothers Construction Company with a bid amount of \$341,342.00. Terry Brothers Construction Company has extensive experience with District rehabilitation projects, and has an excellent performance history.

The FY14/15 construction budget for this project is \$420,000.00.

Staff recommends award of this contract to Terry Brothers Construction Co. contingent upon review and approval by District Counsel.

Metropolitan Sewerage District of Buncombe County, North Carolina

CAPITAL IMPROVEMENT PROGRAM

BUDGET DATA SHEET - FY 2014 - 2015

PROJECT:	Old Haywood Road @ Starnes Cove	LOCATION:	Asheville
TYPE:	General Sewer Rehab.	PIPE RATING:	43
PROJECT NO.	2009117	TOTAL LF:	1,491
PROJECT BUDGET:	\$452,470.00	PROJECT ORIGIN:	SSO's, Work Orders, Line Condition

DESCRIPTION	ESTIMATED PROJECT COST	TOTAL EXPENDS THRU 12/31/13	EST. COST JAN - JUNE 2014	EST. BUDGET FY 14-15
55310 - PRELIM. ENGINEERING				
55320 - SURVEY - DESIGN	\$8,200.00	\$8,200.00		
55330 - DESIGN				
55340 - PERMITS				
55350 - SPECIAL STUDIES				
55360 - EASEMENT PLATS	\$6,700.00	\$6,620.00		
55370 - LEGAL FEES	\$5,300.00	\$5,311.00		
55380 - ACQUISITION SERVICES				
55390 - COMPENSATION	\$7,520.00	\$7,517.00		
55400 - APPRAISAL				
55410 - CONDEMNATION				
55420 - CONSTRUCTION	\$420,000.00			\$420,000.00
55430 - CONST. CONTRACT ADM.				
55440 - TESTING	\$1,000.00			\$1,000.00
55450 - SURVEY - ASBUILT	\$3,750.00			\$3,750.00
TOTAL AMOUNT	\$452,470.00	\$27,648.00	\$0.00	\$424,750.00

ENGINEER:	MSD	HC	ESTIMATED BUDGETS - FY '15 -'24	
R.O.W. ACQUISITION:	MSD	# PLATS: [11]	FY 15-16	\$0.00
CONTRACTOR:			FY 16-17	\$0.00
CONSTRUCTION ADM:	MSD		FY 17-18	\$0.00
INSPECTION:	MSD		FY 18-19	\$0.00
			FY 19-20	\$0.00
			FY 20-21	\$0.00
PROJECT DESCRIPTION: This project is located in West Asheville along Old Haywood Rd., west of Smokey Park Hwy. It consists of installing approximately 1,491 LF of 8-inch ductile iron pipe to replace existing Orangeburg and vitrified clay sewer line. The existing lines are in poor condition.			FY 21-22	\$0.00
			FY 22-23	\$0.00
			FY 23-24	\$0.00

SPECIAL PROJECT NOTES:



**Old Haywood Road at Starnes Cove Road
Project No. 2009117**

NOT TO SCALE



METROPOLITAN SEWERAGE DISTRICT
of
BUNCOMBE COUNTY, NORTH CAROLINA

Budget Map

Metropolitan Sewerage District of Buncombe County

BOARD ACTION ITEM

BOARD MEETING DATE: **October 15, 2014**

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

REVIEWED BY: Billy Clarke, Esq. - District Counsel
Gary McGill, P.E.- Engineer of Record
Peter Weed - Director of Treatment Plant

PREPARED BY: Ed Bradford, P.E. - Director of Engineering

SUBJECT: Replacement RBC Purchase, MSD Project No. 2007068

BACKGROUND: *RBC History at the MSD Treatment Plant*

The Rotating Biological Contactors (RBC's) are used to remove biological oxygen demand (BOD) from the wastewater. They were installed in 1986-1987 as part of an upgrade at the treatment plant, and were selected primarily due to the site constraints at the plant.

MSD operates one of the largest RBC plants in the country (if not the world), with 152 units. Each RBC has over two acres of surface area for treatment, and is rotated by buoyant air supplied by large blowers.

The RBC's have been in continuous operation over the past 27 years, and their performance has been excellent. 38 of the units are out of service, primarily due to broken shafts. Staff has taken measures to reduce the operating weight of the units in order to extend their useful life.

RBC replacement is currently scheduled on the ten-year CIP. Air-driven units like MSD's are no longer manufactured. New RBC's are hydraulically driven, and therefore require that power/controls/etc. be available for each unit - which introduces additional cost and complexity. The cost for one new unit is currently estimated at \$150,000.00 each.

Purchase of Used Matching Units versus New Units

Over the previous year, plant staff have actively engaged multiple resources (both companies and individuals) which specialize in RBC operation and replacement. The purpose of this effort has been to help extend the useful life of the RBC's until such time that MSD must abandon this type of process.

Staff located a company (American Resource Recovery Corporation - ARRC) which specializes in salvaging RBC's and re-selling them for use at other plants. This occurs on a sporadic basis, only when a sewer utility with RBC's decides to change to a different process.

During Summer 2014, an opportunity arose at the Parkersburg, WV treatment plant. They have discontinued their RBC process, and now have units available which match those at MSD. These are air-driven units of the same diameter and length, such that they are essentially “drop-in” replacements for our units with broken shafts.

ARRC is under contract to remove these units from the Parkersburg facility. This presents an opportunity for MSD to replenish a portion of its out-of-service units. Mr. Lew Andowski of RBC Services - a specialized RBC consultant working for MSD - visited the facility and verified that these units are in good condition and compatible with MSD’s existing basins. In addition, MSD staff travelled to Parkersburg to inspect all units and select only those in the best condition.

The cost savings of purchasing used vs. new are substantial. The total estimated cost for purchase/delivery/installation is estimated at \$681,034.00 for 23 units (or \$29,610 per unit). As stated above, a single new RBC will cost approx. \$150,000 and will require new controls, etc.

The ten year CIP project budget, for six new units, is \$925,000. Staff originally proposed to replace one unit this current FY at an estimated cost of \$150,000.00.

The Future of RBC’s at MSD

MSD is actively engaged in an update of its Facilities Plan. This significant, comprehensive study will recommend various options for the future of the treatment plant, while considering future regulatory requirements, viability of existing processes, cost, and needed performance.

Viable long-term options for the plant *will likely not include RBC’s*. However, MSD is required to maintain the RBC process until such time that a new biological process will be implemented (approximately 15 years).

MSD has not had previous experience with ARRC; therefore, staff checked references for previous projects with this company. The references were all positive, and are attached in this item.

Please refer to the attached documentation for further details.

FISCAL IMPACT: The total cost for the purchase of the 23 units is \$486,684.00.

The CIP budget data sheet (attached) shows that the total estimated budget for this project is \$925,000.00. The current FY14-15 Construction Budget is \$175,000.00.

In addition to the purchase, MSD will be responsible for shipping and a local crane service to complete this work. This cost is estimated at \$194,350.00, and gives a total installed cost of \$681,034.00.

Funds are available within the contingency for the balance of \$506,034.00. In addition to the contingency, substantial savings are expected on the Incinerator Emissions Upgrade project, due to the new and less costly mercury removal system.

An itemized breakdown of the purchase cost is attached.

STAFF RECOMMENDATION: Staff recommends that the District purchase 23 used RBC's from ARRA in the amount of \$486,684.00, subject to review and approval by District Counsel.

Purchases of used apparatus, supplies and equipment are not subject to the public bid laws {North Carolina General Statute 143-129(e)(10)}.

MSD Replacement RBC Purchase

Parkersburg, WV - Salvage RBC's Purchased thru ARRC

September 30, 2014

	<u>Est./Unit</u>	<u>Quantity</u>	<u>Total</u>
Unit Cost	\$ 14,250.00	21	\$ 299,250.00
Units @ Salvage Value	\$ 7,087.50	2	\$ 14,175.00
Steel transport stands	\$ 1,925.00	23	\$ 44,275.00
Cover remove & reinstall	\$ 308.00	23	\$ 7,084.00
Remove Old RBC & Install New RBC	\$ 5,300.00	23	\$ 121,900.00
TOTAL ARRC PURCHASE			\$ 486,684.00

Reference Check for American Resource Recovery Corp.

MSD Purchase of used RBC's from Parkersburg, WV Plant

October 2014

**Ken Boswell - Water/Wastewater Division Supervisor
City of Sand Springs, OK**

Called and spoke with Mr. Boswell on October 1, 2014

Mr. Boswell stated that their experience was good. Things had to happen quickly, such that all tasks/coordination had to be done fast. He also purchased some RBC bearings from ARRC.

They are pleased with the units they purchased. May purchase more units, and would use ARRC again if the opportunity arises.

**Steve Boss - Superintendent of Water & Wastewater
Allendale Charter Township, MI**

Called and spoke with Mr. Boss on October 1, 2014

Mr. Boss stated that ARRC "did a really good job" with the RBC purchase for their township. Everything "worked out fine", and he would not hesitate to use them again.

**Lew Andowski
RBC Services, Thiensville, WI**

Called and spoke with Mr. Andowski on October 1, 2014

Mr. Andowski stated that ARRC has "always done good work, they handle the project site well and clean-up afterwards". He has used ARRC for four years now. He also used another company at one point but that was not favorable. He stated that they are careful loading these on the trucks, and that Pat's son does a good job.

- *Ed Bradford*
October 1, 2014

Metropolitan Sewerage District of Buncombe County, North Carolina

CAPITAL IMPROVEMENT PROGRAM

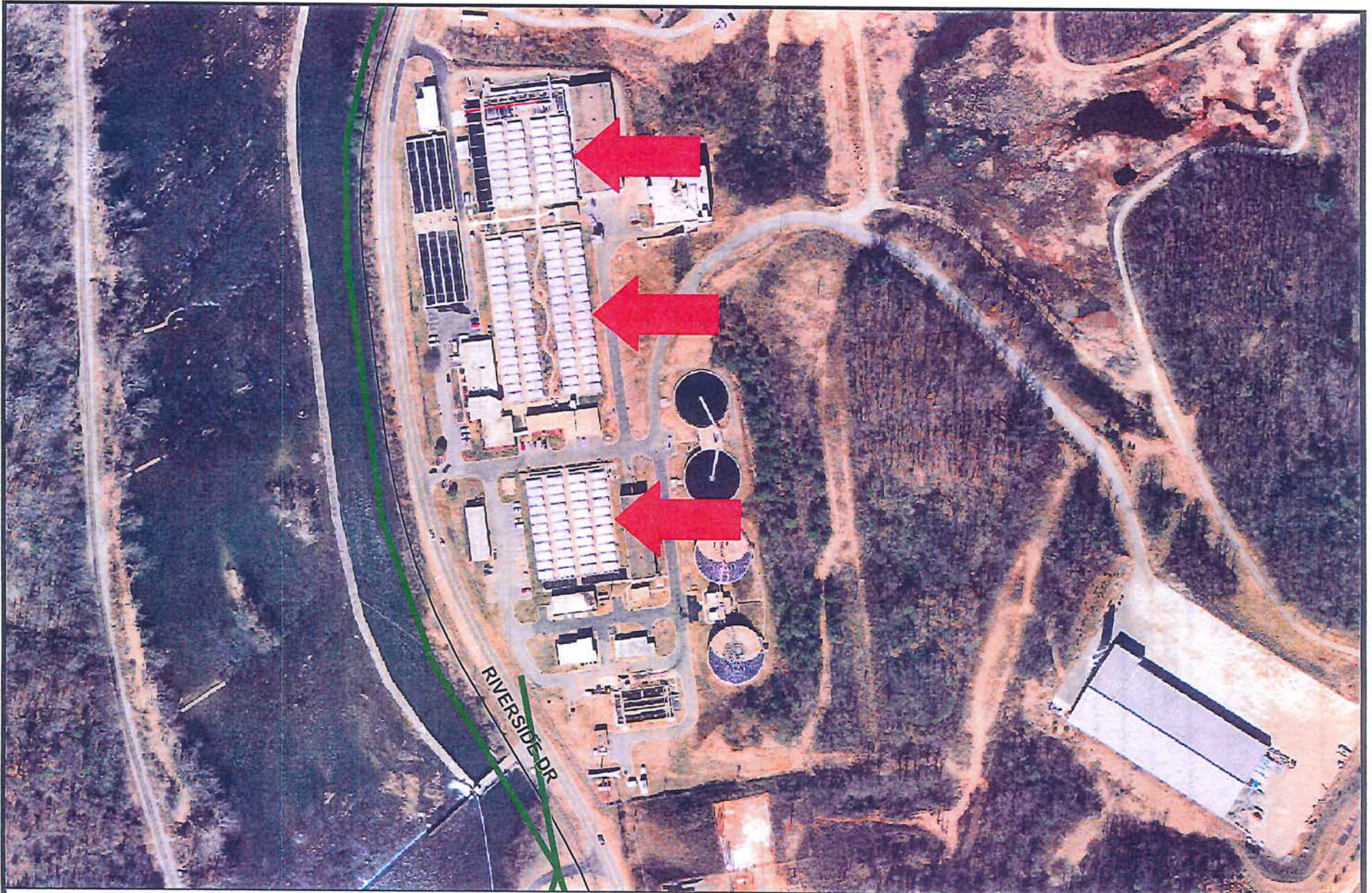
BUDGET DATA SHEET - FY 2014 - 2015

PROJECT:	RBC Replacement	LOCATION:	MSD-Treatment Plant
TYPE:	Treatment Plant	PIPE RATING:	N/A
PROJECT NO.	2007068	TOTAL LF:	0
PROJECT BUDGET:	\$925,000.00	PROJECT ORIGIN:	Obsolete / Failing equipment

DESCRIPTION	ESTIMATED PROJECT COST	TOTAL EXPENDS THRU 12/31/13	EST. COST JAN - JUNE 2014	EST. BUDGET FY 14-15
55310 - PRELIM. ENGINEERING				
55320 - SURVEY - DESIGN				
55330 - DESIGN				
55340 - PERMITS				
55350 - SPECIAL STUDIES				
55360 - EASEMENT PLATS				
55370 - LEGAL FEES				
55380 - ACQUISITION SERVICES				
55390 - COMPENSATION				
55400 - APPRAISAL				
55410 - CONDEMNATION				
55420 - CONSTRUCTION	\$925,000.00			\$175,000.00
55430 - CONST. CONTRACT ADM.				
55440 - TESTING				
55450 - SURVEY - ASBUILT				
TOTAL AMOUNT	\$925,000.00	\$0.00	\$0.00	\$175,000.00

ENGINEER:	MSD	HC	ESTIMATED BUDGETS - FY '14 -'23	
R.O.W. ACQUISITION:	MSD	# PLATS: [0]	FY 15-16	\$0.00
CONTRACTOR:			FY 16-17	\$0.00
CONSTRUCTION ADM.:	MSD		FY 17-18	\$0.00
INSPECTION:	MSD		FY 18-19	\$750,000.00
			FY 19-20	\$0.00
			FY 20-21	\$0.00
PROJECT DESCRIPTION: This project is for the replacement of the existing Rotating Biological Contactors (RBC's). The existing RBC's were installed in the 1980's, and as time progresses, some will need to be replaced as they age.			FY 21-22	\$0.00
			FY 22-23	\$0.00
			FY 23-24	\$0.00

SPECIAL PROJECT NOTES: Amount shown in FY 18-19 is to replace five units at \$150,000 each.



**RBC Replacement
Project No. 2007068**

NOT TO SCALE



METROPOLITAN SEWERAGE DISTRICT
of
BUNCOMBE COUNTY, NORTH CAROLINA

Budget Map



**AMERICAN RESOURCE RECOVERY CORPORATION
12070 REYBURN DR.
SPARTA, MI 49345
616-308-1621**



PROPOSAL

Proposal Submitted to		Today's Date	Date of Plans/Page #'s
Metropolitan Sewerage District of Buncombe County (MSDBC)		09/24/2014	Oct. 2014 1
Phone Number	Fax/E-mail	Job Name	
828.254.9646	828.251.4767	RBC : Sale, demo, install	
Address		Job Location	
2028 Riverside Dr. Ashville, NC 28804		Buncombe County WWTP	

**PURCHASE PROPOSAL
RBC : Sale, Demo, & Install**

Sale, demo and install of 8 used RBC units as outlined herein. Units have been made available for inspection and selected via MSDBC authorized agent.

	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Total Price</u>
1.	Used RBC units (inspected and selected by MSDBC)	8	\$ 14,250.00	\$ 114,000.00
2.	Custom steel storage Stands (pairs of two)	8	\$ 1,925.00	\$ 15,400.00
3.	Remove old RBC units and install the replacement units.	8	\$ 5,300.00	\$ 42,400.00
4.	Remove and replace weather covers on replacement units (see attach. #1 for scope and terms)	8	\$ 308.00	\$ 2,464.00
				<hr/> \$ 174,264.00

SHIPPING:

- MSDBC is buying the RBC units from ARRC and is responsible for all arrangements and expenses related to shipping of the RBC units to the MSDBC site. ARRC will load and make ready for transport each RBC unit. MSDBC will be responsible for each RBC unit once they have been loaded and made ready for transport. MSDBC will be responsible for all crane costs related to unloading and staging of the RBC units upon their arrival.

WARRANTY:

- The RBC units being purchased are used and are being sold AS IS and without warranty expressed or implied. The RBC units for purchase are functional and have been verified for compatibility.

PAYMENT TERMS:

- The deposit is due upon acceptance of the proposal.
DEPOSIT = \$15,400 : Total cost of steel stands + \$11,400 : 10% (RBC Unit Sale price)
Total deposit due at signing = \$ 26,800.00
- RBC sale balance is due **15 days NET** post delivery of the units to the MSDBC site.



**AMERICAN RESOURCE RECOVERY CORPORATION
12070 REYBURN DR.
SPARTA, MI 49345
616-308-1621**



PROPOSAL

Proposal Submitted to		Today's Date	Date of Plans/Page #'s
Metropolitan Sewerage District of Buncombe County (MSDBC)		09/24/2014	Oct. 2014 2
Phone Number	Fax/E-mail	Job Name	
828.254.9646	828.251.4767	RBC : Sale, demo, install	
Address		Job Location	
2028 Riverside Dr. Ashville, NC 28804		Buncombe County WWTP	

CONT>

- Removal & re-install costs for the old RBC units, RBC replacements, and the weather covers is due 15 days NET upon completion of the removal and re-install

TOTAL SALE COSTS:

RBC Sale	\$ 114,000.00
Stands	\$ 15,400.00
R & R costs	\$ 44,864.00
<u>Proposal Total</u>	<u>\$ 174,264.00</u>
<u>Deposit</u>	<u>(\$ 26,800.00)</u> <u>\$15,400 + \$11,400</u>

Total Balance Due : \$ 147,464.00

We propose to furnish material and labor—complete in accordance with above specifications for the sum of: _____ dollars (\$_ 174,264.00_____).

Payment as follows: Deposit \$26,800 due at signing & balances due 15 days Net delivery / completion .

All work to be completed in a substantial workman like manner. All changes to the above reference proposal will only be made by a written change order. Should more time be required to complete the proposed project written notice will be given 15 days prior to the expiration of the proposed completion date.

AUTHORIZED **Heath Kimble**
SIGNATURE _____

**Note: This proposal may be withdrawn by us if not
accepted within 5 days.**

Acceptance of Proposal: The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Signature _____ Signature _____
Date of Acceptance _____



**AMERICAN RESOURCE RECOVERY CORPORATION
12070 REYBURN DR.
SPARTA, MI 49345
616-308-1621**



*Attachment #1
Pg. 1*

RBC Demo & Install Specs

- Demolition, de-construction, removal and re-install of 8 air-drive RBC units and weather covers

^ Per unit removal= includes plastic media packs, steel shafts, drive-motors, and additional support devices.

SCOPE OF WORK:

- **RBC Removal:**

- Non-functional RBC Units and supporting material will be removed under the terms agreed.
- Removal will be coordinated with the site supervisor (or appointed County agent) and executed by ARRC Inc
- ARRC will demo the non-functional RBC units and remove from the site all media packs, steel, piping, grating, RBC parts and any additional supporting devices related to the RBC units.
- All work will be completed in a clean, organized and professional manner while adhering to necessary safety requirements.
- Because this is a demolition project that requires use of heavy equipment, ARRC cannot be responsible for any un-due damage to any landscape, vegetation or the concrete basins as a result of the demolition project.

Per RBC unit removal Cost - \$2,650.00 ea.

- **Install Replacement RBC:**

- ARRC will re-install replacement RBC units in empty tanks and/or where directed by MSDBC agent.
- ARRC will secure the replacement units for operation. MSDBC will be responsible for reconnecting any utilities related to the operation of the replacement RBC units and commencement of the RBC operation.
- Crane fees may apply to re-installation of the RBC units. (If needed fees will be finalized prior to execution of the agreed terms.)

Per RBC unit Install Cost = \$2,650.00 ea.

- **Weather Cover removal & re-install :**

- ARRC will remove and reinstall fiberglass weather covers for each RBC unit that is replaced

Per unit weather cover remove & re-install = \$308.00

Salvage Material:

- All RBC units and supporting salvage materials removed and/or deconstructed will become the property of ARRC and be removed from the site.
- ARRC will also have rights to the 3 salvage RBC units that have already been removed from their tanks and are staged on the site.
- The MSDBC will be responsible for the final clean and absolute re-launch of the replacement RBC units.



**AMERICAN RESOURCE RECOVERY CORPORATION
12070 REYBURN DR.
SPARTA, MI 49345
616-308-1621**



*Attachement #1
Pg. 2*

Owner Requirements:

- MSDBC will have replacement RBC units staged and ready for installation.
- The City of MSDBC will be responsible for stopping service, dis-connecting, and/or capping any and all utilities related to the previous operation and re-operation of the RBC units.
- The MSDBC will be responsible for the final clean and absolute re-launch of the replacement RBC units.

Removal & Reinstall Costs:

- Per Unit removal—\$2,2650.00
- Per Unit install—\$2,650.00
- Per unit weather cover remove & install—\$308.00



**AMERICAN RESOURCE RECOVERY CORPORATION
12070 REYBURN DR.
SPARTA, MI 49345
616-308-1621**



PROPOSAL

Proposal Submitted to		Today's Date	Date of Plans/Page #'s
Metropolitan Sewerage District of Buncombe County (MSDBC)		09/26/2014	Oct. 2014 1
Phone Number	Fax/E-mail	Job Name	
828.254.9646	828.251.4767	RBC : Sale, demo, install	
Address		Job Location	
2028 Riverside Dr. Ashville, NC 28804		Buncombe County WWTP	

**PURCHASE PROPOSAL
RBC : Sale, Demo, & Install**

Sale, demo and install of 15 used RBC units as outlined herein. Units have been made available for inspection and selected via MSDBC authorized agent.

	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Total Price</u>
1.	Used RBC units (inspected and selected by MSDBC)	13	\$ 14,250.00	\$ 185,250.00
2.	Used RBC Units (discounted salvage value sale)	2	\$ 7087.50	\$ 14,175.00
3.	Custom steel storage Stands (pairs of two)	15	\$ 1,925.00	\$ 28,875.00
4.	Remove old RBC units and install the replacement units	15	\$ 5,300.00	\$ 79,500.00
5.	Remove and replace weather covers on replacement units (see attach. #1 for scope and terms)	15	\$ 308.00	\$ 4,620.00
				<hr/> \$ 312,420.00

SHIPPING:

- MSDBC is buying the RBC units from ARRC and is responsible for all arrangements and expenses related to shipping of the RBC units to the MSDBC site. ARRC will load and make ready for transport each RBC unit. MSDBC will be responsible for each RBC unit once they have been loaded and made ready for transport. MSDBC will be responsible for all crane costs related to unloading and staging of the RBC units upon their arrival.

WARRANTY:

- The RBC units being purchased are used and are being sold AS IS and without warranty expressed or implied. The RBC units for purchase are functional and have been verified for compatibility.

PAYMENT TERMS:

- The deposit is due upon acceptance of the proposal.
DEPOSIT = \$28,875: Total cost of steel stands + \$19,942.50 : 10% (RBC Unit Sale price)
Total deposit due at signing = \$ 48,817.50



**AMERICAN RESOURCE RECOVERY CORPORATION
12070 REYBURN DR.
SPARTA, MI 49345
616-308-1621**



PROPOSAL

Proposal Submitted to		Today's Date	Date of Plans/Page #'s
Metropolitan Sewerage District of Buncombe County (MSDBC)		09/26/2014	Oct. 2014 2
Phone Number	Fax/E-mail	Job Name	
828.254.9646	828.251.4767	RBC : Sale, demo, install	
Address		Job Location	
2028 Riverside Dr. Ashville, NC 28804		Buncombe County WWTP	

CONT>

Balance Payment Terms

- RBC sales balances are due 15 days NET upon delivery to the MSDBC site.
- Removal & re-install costs for the old RBC units, RBC replacements, and the weather covers are due 15 days NET upon completion of the removal and re-install.

TOTAL SALE COSTS:

RBC Sale	\$ 199,425.00	
Stands	\$ 28,875.00	
R & R costs	\$ 84,120.00	
<u>Proposal Total</u>	<u>\$ 312,420.00</u>	
<u>Deposit</u>	<u>(\$ 48,817.50)</u>	<u>\$ 28,875 + \$ 19,942.50</u>

Total Balance Due : **\$ 263,602.50**

We propose to furnish material and labor—complete in accordance with above specifications for the sum of: _____ dollars (\$ 263,602.50 _____).

Payment as follows: Deposit \$48,817.50 due at signing & balances due 15 days Net delivery / completion .

All work to be completed in a substantial workman like manner. All changes to the above reference proposal will only be made by a written change order. Should more time be required to complete the proposed project written notice will be given 15 days prior to the expiration of the proposed completion date.

AUTHORIZED **Heath Kimble**
SIGNATURE _____

**Note: This proposal may be withdrawn by us if not
accepted within 5 days.**

Acceptance of Proposal: The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Signature _____ Signature _____
Date of Acceptance _____



**AMERICAN RESOURCE RECOVERY CORPORATION
12070 REYBURN DR.
SPARTA, MI 49345
616-308-1621**



*Attachment #1
Pg. 1*

RBC Demo & Install Specs

- Demolition, de-construction, removal and re-install of 15 air-drive RBC units and weather covers

^ Per unit removal= includes plastic media packs, steel shafts, drive-motors, and additional support devices.

SCOPE OF WORK:

- **RBC Removal:**

- Non-functional RBC Units and supporting material will be removed under the terms agreed.
- Removal will be coordinated with the site supervisor (or appointed County agent) and executed by ARRC Inc.
- ARRC will demo the non-functional RBC units and remove from the site all media packs, steel, piping, grating, RBC parts and any additional supporting devices related to the RBC units.
- All work will be completed in a clean, organized and professional manner while adhering to necessary safety requirements.
- Because this is a demolition project that requires use of heavy equipment, ARRC cannot be responsible for any un-due damage to any landscape, vegetation or the concrete basins as a result of the demolition project.

Per RBC unit removal Cost - \$2,650.00 ea.

- **Install Replacement RBC:**

- ARRC will re-install replacement RBC units in empty tanks and/or where directed by MSDBC agent.
- ARRC will secure the replacement units for operation. MSDBC will be responsible for reconnecting any utilities related to the operation of the replacement RBC units and commencement of the RBC operation.
- Crane fees will apply to re-installation of the RBC units and are the responsibility of MSDBC. (Crane fees will be finalized prior to execution of the agreed terms.)

Per RBC unit Install Cost = \$2,650.00 ea.

- **Weather Cover removal & re-install :**

- ARRC will remove and reinstall fiberglass weather covers for each RBC unit that is replaced.

Per unit weather cover remove & re-install = \$308.00 ea.

Salvage Material:

- All RBC units and supporting salvage materials removed and/or deconstructed will become the property of ARRC and be removed from the site.
- ARRC will also have rights to the 3 salvage RBC units that have already been removed from their tanks and are staged on the site.
- The MSDBC will be responsible for the final clean and absolute re-launch of the replacement RBC units.



**AMERICAN RESOURCE RECOVERY CORPORATION
12070 REYBURN DR.
SPARTA, MI 49345
616-308-1621**



*Attachement #1
Pg. 2*

Owner Requirements:

- MSDBC will have replacement RBC units staged and ready for installation.
- The City of MSDBC will be responsible for stopping service, dis-connecting, and/or capping any and all utilities related to the previous operation and re-operation of the RBC units.
- The MSDBC will be responsible for the final clean and absolute re-launch of the replacement RBC units.

Removal & Reinstall Costs:

- Per Unit removal—\$2,2650.00
- Per Unit install—\$2,650.00
- Per unit weather cover remove & install—\$308.00

Metropolitan Sewerage District of Buncombe County

BOARD ACTION ITEM

Meeting Date: October 15, 2014

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

Prepared By: W. Scott Powell, CLGFO, Director of Finance
Peter Weed, Director of Waste Treatment and Maintenance

Reviewed By: Billy Clarke, Board Legal Counsel

Subject: Consideration of Pace Analytical, Inc. Lease Renewal

Background

In FY 2002, the District entered into an operating lease agreement with Pace Analytical, Inc. The lease provides Pace with approximately 6,100 ft² of laboratory space in exchange for itemized laboratory services, specifically MSD testing needs (regulatory required-NPDES, IW-Pretreatment, Headworks, Biosolids, and other environmental programs). Currently, the District and Pace Analytical, Inc. is in Year 4 of a five-year lease arrangement signed in April 2011 in the amount of \$5,000/month (\$60,000 annually). Pace Analytical has the option of two (2) three-year extensions starting April 2016.

Discussion

In September 2014, Pace Analytical, Inc. expressed the need for additional space to build a walk-in cooler to store specimens. The space needed is approximately 500 ft². To establish a reasonable value for space provided, staff referred to the September 2010 lease agreement of 5,800 ft² of office space at 2229 Riverside Drive. Staff utilized a local real estate firm to establish the current value of \$9/ft². This value was predicated on a variety of factors including geographic location and proximity to the Wastewater Reclamation Facility.

Pace Analytical, Inc. has agreed in principal to a new five-year lease commencing on January 1, 2015 in the amount of \$5,650/month (\$67,800). The lease will provide Pace with approximately 6,600 ft² of laboratory/cooler space in exchange for itemized laboratory services. The lease will also include two (2) three-year extension options. Pace Analytical, Inc. will bear all costs associated with the construction of the additional space. After the cooler is completed, Pace Analytical, Inc. will assign ownership to the District.

Staff Recommendation

Authorize the General Manager and Legal Counsel to execute the negotiated lease agreement with Pace Analytical Inc., which incorporates the leasing of the identified space (see attachment A) for \$5,650/month (\$67,800 annually) for direct exchange of "in-kind" laboratory services itemized by the District (see attachment B). This lease will be for five (5) years and incorporate two (2) three-year extension options to be mutually agreed upon by the District and Pace Analytical, Inc.

Action Taken

Motion by:	to	Approve	Disapprove
Second by:		Table	Send to Committee
Other:			
Follow-up required:			
Person responsible:			Deadline:

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

THIS LEASE made and entered into this first day of January 1, 2015 by and between The Metropolitan Sewerage District of Buncombe County, North Carolina, a body corporate and politic with its principal office and place of business located at 2028 Riverside Drive in Woodfin, North Carolina 28804 ("MSD") hereinafter sometimes referred to as ("Lessor"), and Pace Analytical Services, Inc. ("Pace") a corporation organized under the laws of Minnesota, with its corporate headquarters located at 1700 Elm Street, Suite 200, Minneapolis, Minnesota, 55414, hereinafter sometimes referred to as ("Lessee").

WHEREAS, the Lessor is currently renting space and certain laboratory equipment to Lessee under a lease beginning in April, 2011 (the "2011 Lease");

WHEREAS, the Lessor and Lessee desire to enter into a new lease for the premises and laboratory equipment under the same terms and conditions, and the new lease will include additional square footage in the premises to be leased;

NOW, THEREFORE, the Lessor and Lessee, in consideration of the mutual covenants and conditions contained herein agree to a lease of certain real property and laboratory equipment owned by Lessor upon the following terms and conditions:

ARTICLE I
LEASED PREMISES, IMPROVEMENTS, AND MSD EQUIPMENT

Section 101. Premises

Lessor hereby rents and leases unto Lessee, and Lessee hereby takes and hires from Lessor (i) a portion of the Administration Building and certain laboratory equipment located therein at the MSD Water Reclamation Facility located at 2225 Riverside Drive in Woodfin, North Carolina, as shown on *Attachment A* attached hereto, including the right to use common areas shown on *Attachment A*, all improvements thereto, the right of ingress and egress from N.C Highway 251, and the right to use parking spaces adjacent to the Administration Building (the "Premises").

ARTICLE II
TERM OF LEASE AND RENT

Section 201. Initial Term

The Initial Term of this Lease shall be for a period of five (5) years, commencing on the first day of January 2015 and continuing through the 31st day of December 2019.

Section 202. Right of Extension

Lessee is granted the option to extend the Initial Term of this Lease for two additional periods of three (3) years each. If Lessee elects to extend the Initial Term for such period, the rental shall be as specified in Section 204, below. In order to exercise the option to extend hereby granted, Lessee must notify Lessor in writing at least six (6) months in advance of the expiration date of the Initial Term of the Lease of Lessee's intention to exercise the option to extend.

Section 203. Rent for Initial Term

- A.** During the Initial Term of this Lease, Lessee shall pay to Lessor an annual rental equal in value to Sixty-Seven Thousand, eight hundred and no/100 Dollars (\$67, 800.00) per year, payable in equal monthly installments of Five Thousand Six Hundred Fifty and 00/100 Dollars (\$5,500.00) each, each monthly installment payable in advance on the first day of each month during the entire term of the Lease. Lessor and Lessee acknowledge and agree that Lessee will be providing sampling and analytical services to Lessor required under the terms and conditions of its NPDES Permit and its Industrial Waste Pretreatment Program (the "Required Services") in lieu of actual rent. The Required Services are described on *Attachment B* attached hereto. Lessee agrees to provide the Required Services described on *Attachment B* to Lessor at no charge, up to an amount equal to the monthly rent, in exchange for the right to occupy the Premises. In the event Lessee provides other sampling and analytical services, or Required Services in excess of the amount of monthly rent, it will do so at its preferred pricing rate, as set forth on *Attachment B*.
- B.** Within ten (10) days of the end of each month, Lessee will provide Lessor with an invoice listing all Required Services and other sampling and analytical services provided to Lessor by Lessee during the prior month. Invoices for Required Services or other sampling and analytical services, up to the amount of the monthly rent, shall be offset with a credit to Lessee's monthly rent obligation. That portion of the invoice for Required Services or for other sampling and analytical services in excess of the amount of the monthly rent will be paid to Lessee within thirty (30) days of receipt by Lessor; if under, the Lessee shall pay the difference to Lessor within thirty (30) days of receipt of invoices by Lessor.

Section 204. Rent During Extension Periods

In the event this Lease is extended for either of the two (2) three-year renewal periods pursuant to Section 202 above, Lessee shall pay to Lessor during said extension period an annual rental to be computed as follows:

- (i)** During the first three-year extension, Lessee shall pay to Lessor an annual rental equal in value to Seventy-One Thousand, One Hundred Ninety and no/100 Dollars (\$71,190.00) per year, payable in equal monthly installments of Five Thousand, Nine Hundred, Thirty Two and 50/100 Dollar (\$5,932.50) each;
- (ii)** During the second three-year extension, Lessee shall pay Lessor an annual rental of Seventy-Four Thousand, Seven Hundred Fifty and no/100 Dollars (\$74,750.00) per year, payable in equal monthly installments of Six Thousand, Two Hundred Twenty-Nine 17/100 Dollars (\$6,229.17) each.

Except for the increase in the annual rent, the terms and conditions of the second three-year extension shall be the same as those of the first three-year extension. Each monthly installment shall be payable in advance on the first day of each month during the entire term of the Lease. Lessor and Lessee acknowledge and agree that Lessee will continue to provide sampling and analytical services to Lessor required under the terms and conditions of its NPDES Permit and its Industrial Waste Pretreatment Program (the "Required Services") in lieu of actual rent. Lessee and Lessor agree and acknowledge that the Required Services during the first three-year extension of this Lease should be substantially the same as the Required Services described on *Attachment B* attached to this Lease, and it is the intent of the Lessor and the Lessee that the exchange of Required Services for rent, up to an amount equal to the monthly rent, continue during any extension of the Lease. Prior to the first three-year extension of this Lease, Lessor and Lessee agree to develop a revised schedule of Required Services and pricing for Required Services similar to *Attachment B* attached to this Lease, which shall govern the exchange of services for rent during any extension of the Lease. The revised schedule shall also include pricing for sampling and analytical services in addition to the Required Services.

Section 205. Adjustments to Rent

Lessor and Lessee acknowledge and agree that the scope and amount of the Required Services during either of the three-year extensions may exceed the scope and amount of Required Services anticipated in Schedule B or that Lessor may request Lessee to perform additional sampling and analytical work, and that the cost of providing the Required Services or other sampling and analytical work may exceed the agreed upon monthly rental values for either of the three-year extensions. Should the cost of providing the Required Services or other sampling and analytical work exceed the agreed upon monthly rental values for either of the three-year extensions, MSD agrees to pay the difference to Lessee, provided, however, the additional services shall be provided at the preferred pricing rate in *Attachment B*, or as may be mutually agreed upon by MSD and Pace. Should the agreed upon rental rate for either of the three-year extensions exceed the invoiced charge of providing the Required Services or other sampling and analytical work provided, then Lessee shall pay the difference to Lessor in rent.

Section 206. Terms and Conditions

MSD and Pace acknowledge and agree that all Required Services and other sampling or analytical work provided by Pace to MSD, whether in lieu of rent or charged to MSD, shall be provided subject to the Standard Terms and Conditions of Pace, a copy of which is attached hereto as *Attachment C* and fully incorporated herein by reference. In the event of a conflict between the Standard Terms and Conditions and the Lease language, the Lease language prevails.

ARTICLE III INSURANCE

Section 301. Property Insurance

- A.** During the Initial Term of this Lease and during the extension period, Lessor shall carry fire, windstorm, and extended-coverage insurance on the building and other improvements erected on said Leased Premises, as well as on the MSD laboratory equipment, in an amount equal to one hundred percent (100%) of the full replacement value of the building, improvements and MSD Equipment, and pay the premiums promptly as the same become due.
- B.** In the event of loss or damage covered by the above referred-to policies, any proceeds received therefrom shall be used for rebuilding or repairing the improvements and the MSD laboratory equipment, and for no other purpose except as provided in Section 501 herein.
- C.** Lessee shall insure all its personal property and fixtures located in the Leased Premises, and Lessor shall have no interest in the proceeds from such insurance.

Section 302. Liability Insurance

- A.** Lessee agrees to defend, indemnify and hold harmless the Lessor, its successors and assigns, from and against any and all claims, suits or actions, Judgments and costs, for injury to person or property arising out of Lessee's use and possession of the Leased Premises or its use, maintenance and operation of its business conducted on the Leased Premises, and not resulting in whole or in part from the negligence of the Lessor.
- B.** Lessee shall, at its own expense, provide and keep in force the following insurance, in which Lessor and Lessee shall be named as insured:

Comprehensive general liability insurance insuring Lessor's interest only in the amount of at least One Million Dollars (\$1,000,000.00) for any occurrence resulting in property damage or bodily injury to or death of one person and consequential damages arising therefrom, and in the amount of at least One Million Dollars (\$1,000,000.00) for any occurrence resulting in property damage or bodily injury and/or death to more than one person and consequential damages arising therefrom;

- C.** All policies of insurance shall cover the entire Leased Premises, including common areas, parking areas and any sidewalks, streets and ways adjoining the Leased Premises. Said policies shall provide for at least thirty-(30) day notice to Lessor before cancellation, and certificates thereof shall be delivered to Lessor.
- D.** Lessor and Lessee, and all parties claiming under or through them, mutually release and discharge each other from all claims and liabilities arising from or caused by any casualty or hazard covered or required herein to be covered in whole or in part by insurance coverage

required to be maintained by the terms of this Lease on the Premises or in connection with activities conducted within the Premises, and waive any right of subrogation which might otherwise exist in or accrue to any person on account thereof. All insurance policies carried by Lessor and Lessee with respect to the Leased Premises shall provide for such waiver of subrogation.

- E. Lessor and Lessee shall provide certificates evidencing the insurance coverage required under this agreement upon request.

ARTICLE IV CONDITION AND USE OF PREMISES

Section 401. Use/Compliance with Laws and Ordinances

- A. Lessor covenants that it is seized of the Premises in fee simple, has the right to lease them for the entire term of this Lease, and hereby warrants and agrees to defend the title thereto and to reimburse and hold Lessee harmless from any loss by reason of any defect in the title.
- B. Lessee agrees to keep the premises at all times clean and sanitary and further agrees that it will permit no offensive or unsanitary conditions to exist on said premises. Lessor and Lessee acknowledge that Lessee will be operating a commercial laboratory on the Premises. Lessee warrants that it has in effect and will maintain all certifications and licenses necessary to operate a commercial laboratory in North Carolina and to conduct the analysis necessary to perform the Required Services. Lessee's failure to maintain such certification shall be an event of default under this Agreement. Lessee warrants and represents that it will be conducting analyses on water, wastewater and soil, sludge, groundwater, surface water, process water, used oil, cloth/papers/filters/film, air, meat products, wood, tile, rocks/sand and paint. No testing or analysis will be conducted on known radioactive, medical, or biological waste. Lessee further warrants and represents that its business will be conducted in accordance with all applicable, local, state and national laws and regulations governing environmental matters, including but not limited to the North Carolina Oil Pollution and Hazardous Substances Control Act, N.C. Gen. Stat. 143-215.75 et seq., relevant provisions of Chapter 130A of the North Carolina General Statutes, the Federal Clean Water Act, the Clean Air Act, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), and the Resource Conservation and Recovery Act ("RCRA").
- C. Lessee shall have the peaceful and quiet use of the Leased Premises for the purpose of using said Premises as a commercial laboratory space without hindrance on the part of the Lessor, and Lessor shall warrant and defend Lessee in such peaceful and quiet use against the lawful claims of all persons claiming by, through or under Lessor. Pace and MSD acknowledge that they will be sharing space in the Administration Building and agree to cooperate as necessary to minimize any interruption or disruption to the operations of the other. MSD and Pace further acknowledge and agree that Pace's analytical staff shall have 24-hour access to the Leased Premises, including access and entry through the MSD gate as well as access and entry to all Pace laboratory and office space and common areas. Lessee may not use the Leased

Premises for a purpose other than as set forth above without the express written consent of Lessor, which consent shall not be unreasonably withheld. Lessee may install and maintain two (2) signs advertising Lessee's business; one at the road and one at or on the building. Lessee's signs shall conform to law and to the requirements of all appropriate governmental authorities. Lessor shall have the right to approve the signs, such approval not to be reasonably held. Lessee shall comply with all present and future laws, ordinances and regulations of duly constituted public authorities, now or hereafter in any manner affecting the Leased Premises, the adjacent sidewalks, or any buildings thereon, or the use thereof. Lessee shall have the right to contest the validity of any laws, ordinances, or regulations adversely affecting its use of the Leased Premises and shall hold Lessor harmless from the consequences of violations of any such law, ordinance, or regulation.

Lessee shall not violate or permit to be violated any of the conditions of the policies of insurance described in Sections 301 or 302 hereof and shall perform and satisfy all requirements of the insurers.

- D. Lessee agrees, upon the termination of this Lease, to deliver up the Leased Premises with the floor and the entire interior of the building in as good order and condition as the same will be on the beginning of the term, reasonable wear and tear excepted, and free from all claims. Lessor and Lessee acknowledge that Lessee intends to make certain improvements to the Premises including an addition of approximately 500 square feet as shown on *Attachment A*. Prior to making any improvements or additions; Lessee shall submit plans and specifications for the improvement or addition to MSD for review and approval. Construction of such improvement or addition may begin only after MSD review and approval. The cost of constructing any improvements or additions shall be borne solely by Lessee, and Lessee warrants and represents that such improvements or additions shall be constructed in a good and workmanlike manner. Any improvements or additions constructed by or for Lessee during the term of this lease and any extensions thereof shall become the property of Lessor except that Pace shall be entitled to remove Freestanding Walk-in Cooler (s), testing and analytical equipment owned or purchased by Lessee during the term of the Lease, and any other personal property of Lessee.

Section 402. Maintenance of Property

- A. Lessee shall be solely responsible for the ordinary maintenance of the MSD Equipment and the interior of the Leased Premises but shall have no responsibility for maintenance of interior or exterior structural components, plumbing, electrical or heating, ventilating and air conditioning systems, fire systems, the roof, or the exterior of the building located on the Leased Premises, including all glass in the building.
- B. Lessor shall be responsible for ordinary maintenance of the shrubbery, sidewalks, grass, and the parking area on the Leased Premises. Lessor will maintain in force and effect for the duration of the term of this lease contracts for lawn care, snow removal and for inspection and control of termites.
- C. Lessor shall maintain the plumbing, electrical, heating, ventilating, air conditioning systems,

and fire systems serving the Leased Premises and all other equipment located on or around the Leased Premises.

- D.** Notwithstanding the provisions of A, B, and C above, Lessor covenants to maintain and shall be responsible for repairing the foundations, interior and exterior structural components and walls, as well as the plumbing, electrical, heating, ventilating and air conditioning systems, and fire systems, and shall make any and all repairs to the roof of the Leased Premises unless the same are damaged as a result of an act or omission of Lessee, its agents, employees or invitees, in which event, Lessee shall be responsible for and provide such repairs.
- E.** Lessor shall not be responsible for any damage to goods or fixtures belonging to the Lessee, which may be caused by water leaking through the roof of the Leased Premises unless Lessor has sufficient notice in advance of any damage of such condition or unless Lessor has caused such leak by its own negligence. Failure to inspect the roof of the building, unless notified to do so by Lessee, shall not be considered negligence.
- F.** Lessee shall be responsible for maintenance of all of the MSD laboratory equipment and any other testing or analytical equipment used by or brought onto the Premises by the Lessee.

Section 403. Utility Charges

Lessor shall provide for Lessee's use of all utility services in the Leased Premises, including but not limited to, heat, air conditioning, water, gas, electricity, sewer, and the like, and Lessee shall not be additionally charged for these services. Notwithstanding the foregoing, telephone & Internet charges shall be paid by Lessee.

ARTICLE V DESTRUCTION OR CONDEMNATION

Section 501. Fire-Damage Restoration of Improvements

- A.** Except as provided in subparagraphs B and C of this Section 501, in the event of damage to or destruction of the Leased Premises by fire or other insured casualty, the Lessor, at its sole expense, shall promptly restore the Leased Premises as nearly as possible to its condition prior to such damage or destruction. All insurance proceeds received by the Lessor pursuant to the provisions of this Lease, less the cost, if any, of such recovery, shall be held in trust and applied by the Lessor to the payment of such restoration, as such restoration progresses.
- B.** If the Leased Premises is destroyed or so damaged by fire or other casualty such that repair of such damage shall require 120 days or more, the Lessee may terminate this Lease on notice of at least ten (10) days and no more than thirty (30) days. Such notice shall be given within sixty-(60) days after the date of such damage or destruction. If the Lease shall so terminate, all rent shall be apportioned to the date of termination, and all insurance proceeds shall belong to the Lessor except as otherwise set forth herein.

- C.** If the Leased Premises is damaged by fire or other casualty to the extent of 50% or more of its replacement value in the last year of the lease term, then either Lessor or Lessee may terminate this Lease on notice of at least ten (10) days and no more than thirty-(30) days. Such notice shall be given within sixty-(60) days after the date of such damage. If Lessor elects to terminate this Lease as herein provided, Lessee may reinstate this Lease by exercising any then- existing option to renew the term hereof by written notice to Lessor within fifteen (15) days of Lessee's receipt of Lessor's termination notice. Upon receipt of such reinstatement notice from Lessee, Lessor, at its sole expense, shall promptly restore the Leased Premises as nearly as possible to its condition prior to such damage.
- D.** Any disbursement of insurance proceeds by a trustee shall be deemed to have been made by the Lessor.
- E.** Rent shall abate during the time the Leased Premises is being restored.
- F.** If repair of the Leased Premises is not completed by Lessor within 120 days after the date of its damage or destruction, then Lessee may terminate this Lease by written notice to Lessor at any time after the expiration of said 120-day period and before completion of said repairs.

Section 502. Condemnation

It is mutually agreed that if at any time during the term of this Lease, or any extension thereof, any of the Premises covered by this Lease be taken by any federal, state, or local authority, then, in the determination of damages sustained by said taking, recognition shall be given to (1) land value and future rental loss by reason of a partial or total taking; (2) building and improvement value as Lessor's and Lessee's interests therein may be; and (3) Lessee's loss of use.

Lessor and Lessee agree to cooperate and work together in agreeing to or contesting the amount of any condemnation award or damage. If the taking is so substantial that the portion remaining is no longer usable by the Lessee for the purposes intended, then this Lease may, at the option of the Lessee, be terminated. If any dispute arises as to whether or not the taking renders the remaining portion unusable for the intended purposes, then such dispute shall be determined by an arbitrator selected by mutual agreement between the Lessor and Lessee.

ARTICLE VI ASSIGNMENT - SUBLEASES - SALE

Section 601. Assignment or Sublease by Lessee

Lessee may not assign this Lease, in whole or in part, or sublet all or any of the Leased Premises, except to a subsidiary or successor of Lessor. The lease may not be assigned without the prior written consent of Lessor, which consent shall not be unreasonably withheld. In the event of any such assignment or subletting, Lessee shall remain primarily liable for all rents due under this Lease, and shall remain primarily liable for all obligations and responsibilities of Lessee hereunder.

Section 602. Sale by Lessor

Lessor shall have the right to sell or transfer the Leased Premises, subject to all of the provisions of this Lease.

ARTICLE VII DEFAULT - BANKRUPTCY

Section 701. Remedies of Lessor

In the event that during the term of this Lease (regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency, or other proceedings, in law, in equity, or before any administrative tribunal, which has prevented or might prevent compliance by Lessee with the terms of this Lease):

- (a) Lessee shall default in the payment of any installment of rent or other sum herein specified to be paid by Lessee, and such default shall continue for thirty (30) days;
- (b) Lessee shall default in the observance or performance of any of Lessee's covenants, agreements, or obligations hereunder, and such default shall not be cured within thirty (30) days after Lessor shall have given to Lessee written notice specifying such default or defaults;
or
- (c) (1) Lessee is adjudicated a bankrupt or insolvent; or
(2) A receiver is appointed for all or substantially all of Lessee's business or assets on the ground of Lessee's insolvency; or
(3) A Trustee is appointed for Lessee after a petition has been filed for Lessee's reorganization under the Bankruptcy Act of the United States, or any future law of the United States having the same general purpose; or
(4) Lessee shall make an assignment for the benefit of its creditors;

then, in any such event, Lessor shall have the right, at its election, at any time thereafter, while any such default or condition continues, to re-enter and take complete and peaceable possession of the Leased Premises and any and all improvements then forming part of the Leased Premises and to declare the term of this Lease ended, whereupon this Lease and all the right, title, and interest of

Lessee hereunder shall terminate and be of no further force or effect. In the event of such declaration, Lessor shall have the right to sue for and recover all rents and other sums accrued up to the time of such termination, including damages arising out of any breach on the part of the Lessee. Lessor shall also have the right, without re-entering the Leased Premises, or terminating this Lease, to sue for and recover all rents and other sums, including damages, at any time and from time to time accruing hereunder.

Section 702. Cumulative Rights

No right or remedy herein conferred upon or reserved to Lessor is intended to be exclusive of any other right or remedy herein or by law provided, but each shall be cumulative and in addition to every other right or remedy given herein or now or hereafter existing at law or in equity, or by statute.

Section 703. Interest on Overdue Rent or Invoices

Any installments of rent or payment of invoices overdue for a period of more than thirty-(30) days shall bear interest at the prime rate per annum as then charged by Bank of America in Asheville, NC.

Section 704. Other Remedies of Lessor

If the Lessee shall default in the performance of any covenant required to be performed by it under this Lease, Lessor may perform the same for the account and at the expense of the Lessee, after first giving notice to Lessee of its intention to do so. If Lessor at any time is compelled to pay or elects to pay any sum of money, or do any act which will require the payment of any sum of money, by reason of the failure of Lessee to comply with any provisions hereof; or if Lessor is compelled to incur any expense (including reasonable counsel fees in instituting, prosecuting, or defending any action or proceeding instituted by reason of any default of Lessee hereunder), the amount of such payments or expenses shall be paid by Lessee to Lessor as additional rent on the next date following such payment or the incurring of such expense upon which a regular monthly rental payment is due, together with interest at the rate of 3% over the "prime rate" as defined in Section 703.

Section 705. Effect of Waiver or Forbearance

No waiver by either party to this Lease of any breach by the other party of any of its obligations, agreements, or covenants hereunder shall be a waiver of any subsequent breach of any other obligation, agreement, or covenant, nor shall any forbearance by either party to this Lease to seek a remedy for any breach by the other party be a waiver of its rights and remedies with respect to such or any subsequent breach.

ARTICLE VIII

MISCELLANEOUS

Section 801. Notices

Any notice provided for herein shall be given in writing and shall be deemed to have been given when deposited with a recognized national courier service, i.e., Federal Express, DHL, UPS, United States Postal Service, etc. or when sent by Registered or Certified mail, addressed, if to the Lessor, as follows:

Thomas E. Hartye, P.E., General Manager
Metropolitan Sewerage District of Buncombe County
2028 Riverside Drive
Asheville, North Carolina 28804
Telephone: (828) 254-9646
Fax: (828) 254-3299
E-Mail: thartye@msdbc.org

And, if to the Lessee, as follows:

Michael Prasch, Controller
Pace Analytical Services, Inc.
1700 Elm Street, Suite 200
Minneapolis, Minnesota 55414
Telephone: (612) 607-1700
Fax: (612) 607-6348
E-Mail: mprasch@pacelabs.com

Section 802. Change of Address

The persons and places to which notices are to be mailed may be changed from time to time by Lessor or Lessee, upon written notice to the other.

Section 803. Release

At the final termination of this Lease, Lessee shall, if requested by Lessor, execute and deliver to Lessor an appropriate release, in form proper for recording, of all of Lessee's interest in the Leased Premises.

Section 804. Modification

This Lease may be modified as follows: Only by a written agreement signed by Lessor and Lessee.

Section 805. Severability

In the event any provision of this Lease shall be found in valid or unenforceable, that provision shall be severed from this Lease, and the remaining portions hereof shall continue in full force and effect pursuant to their terms.

Section 806. Descriptive Headings

The descriptive headings of this Lease are inserted for convenience in reference only and do not constitute a part of this Lease.

Section 807. Successors in Interest

This Lease shall be binding on and shall inure to the benefit of the parties hereto and their respective successors or permitted assigns.

Section 808. No Joint Venture or Employment Relationship

This Agreement constitutes a Lease only and the Required Services or other sampling and analytical work performed by Pace on behalf of MDS shall be that of a contractor and subject to the Standard Terms and Conditions of Pace. Any intention to create an employment, joint venture, partnership, or agency relationship between the parties is hereby disclaimed.

Section 809. Memorandum of Lease

A short form Memorandum of this Lease shall be recorded in the office of the Register of Deeds for Buncombe County, North Carolina.

IN WITNESS WHEREOF, the Metropolitan Sewerage District of Buncombe County has caused this Lease to be executed by its General Manager as the act of the District and Pace Analytical Services, Inc. caused these presents to be executed in its name and acknowledge by its Controller _____, all of which signatures are as of the day and year first above written.

METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY

By: _____

Its: _____

PACE ANALYTICAL SERVICES, INC.

By: _____

Its: _____

Acknowledgments for Corporate Officers on following page

**STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE**

I, _____ a Notary Public for said State and County,
certify that Thomas E. Hartye personally came before me this day and acknowledged that he is
General Manager of **METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY,
NORTH CAROLINA**, a Public Body and Body Politic and Corporate, and that by authority duly
given and as the act of the corporation, the foregoing instrument was signed in its name by its
General Manager, sealed with its corporate seal.

WITNESS my hand and official stamp or seal, this _____ day of _____, 2014.

NOTARY PUBLIC

MY COMMISSION EXPIRES:

I, _____ a Notary Public for said State and County,
certify that _____ personally came before me this day and
acknowledged that he is the _____ of **PACE ANALYTICAL
SERVICES, INC.**, a Minnesota corporation, and that the foregoing instrument was signed in
its name as the act of the corporation.

WITNESS my hand and official stamp or seal, this _____ day of _____, 2014.

NOTARY PUBLIC

MY COMMISSION EXPIRES:

ATTACHMENT "A"

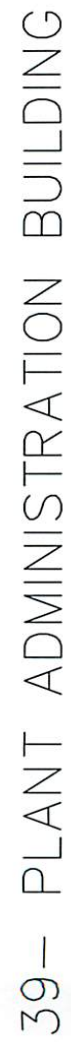


EXHIBIT B
REQUIRED SERVICES AND PREFERRED PRICING

Parameter	Total	Cost/test	Total Cost
% Total Solids	1	\$ 6.00	\$ 6.00
3030C Lead	12	\$ 7.00	\$ 84.00
3030C Metals (6 metals)	12	\$ 42.00	\$ 504.00
Aluminum	1	\$ 8.00	\$ 8.00
Antimony	1	\$ 8.00	\$ 8.00
Arsenic	32	\$ 8.00	\$ 256.00
Barium	1	\$ 8.00	\$ 8.00
Beryllium	33	\$ 8.00	\$ 264.00
BOD, 5-day	70	\$ 18.00	\$ 1,260.00
Boron	1	\$ 8.00	\$ 8.00
BTU	1	\$ 70.00	\$ 70.00
Cadmium	77	\$ 8.00	\$ 616.00
Calcium	1	\$ 8.00	\$ 8.00
CBOD	514	\$ 18.00	\$ 9,252.00
Chlorides	12	\$ 10.00	\$ 120.00
Chromium	77	\$ 8.00	\$ 616.00
Chronic Toxicity	4	\$ 700.00	\$ 2,800.00
Cobalt	1	\$ 8.00	\$ 8.00
Conductivity	425	\$ 4.50	\$ 1,912.50
Copper	79	\$ 8.00	\$ 632.00
Cyanide	56	\$ 28.00	\$ 1,568.00
D.O.	425	\$ 7.50	\$ 3,187.50
Daily field services	249	\$ 15.00	\$ 3,735.00
Fecal Coliform (Filter)	437	\$ 18.00	\$ 7,866.00
Fecal Density (MPN)	5	\$ 40.00	\$ 200.00
Field Services/hour	8	\$ 50.00	\$ 400.00
Full TCLP	1	\$ 836.00	\$ 836.00
Iron	1	\$ 8.00	\$ 8.00
Lead	75	\$ 8.00	\$ 600.00
Magnesium	1	\$ 8.00	\$ 8.00
Manganese	1	\$ 8.00	\$ 8.00
MEK	2	\$ 35.00	\$ 70.00
Mercury	29	\$ 20.00	\$ 580.00
Mercury (LL)	4	\$ 180.00	\$ 720.00
Molybdenum	1	\$ 8.00	\$ 8.00
NH3-N	370	\$ 10.00	\$ 3,700.00
Nickel	83	\$ 8.00	\$ 664.00
Nitrate Nitrogen	12	\$ 10.00	\$ 120.00
N02+N03	9	\$ 20.00	\$ 180.00
Oil & Grease	2	\$ 35.00	\$ 70.00

EXHIBIT B
REQUIRED SERVICES AND PREFERRED PRICING (continued)

Parameter	Total	Cost/test	Total Cost
pH	262	\$ 3.00	\$ 786.00
Pollutant scan	1	\$ 718.00	\$ 718.00
Potassium	1	\$ 8.00	\$ 8.00
Selenium	1	\$ 8.00	\$ 8.00
Silica	1	\$ 1.00	\$ 1.00
Silver	57	\$ 8.00	\$ 456.00
Sodium	1	\$ 8.00	\$ 8.00
Temp	425	\$ 7.50	\$ 3,187.50
Thallium	1	\$ 1.00	\$ 1.00
Tin	11	\$ 8.00	\$ 88.00
Titanium	1	\$ 1.00	\$ 1.00
TKN	5	\$ 10.00	\$ 50.00
TOC	12	\$ 20.00	\$ 240.00
Toluene	2	\$ 35.00	\$ 70.00
Total Cl2 (on NPDES)	249	\$ 15.00	\$ 3,735.00
Total Dissolved Solids	12	\$ 8.00	\$ 96.00
Total Nitrogen	45	\$ 0.00	\$ 0.00
Total Phosphorus	49	\$ 12.00	\$ 588.00
TSS	566	\$ 8.00	\$ 4,528.00
Vanadium	1	\$ 8.00	\$ 8.00
VOES	12	\$ 100.00	\$ 1,200.00
Zinc	87	\$ 8.00	\$ 696.00
TOTAL			\$ 59,442.50

EXHIBIT C
STANDARD TERMS AND CONDITIONS OF PACE ANALYTICAL SERVICES, INC.

Pace Analytical Services, Inc. (PASI)
Terms and Conditions

1. **Controlling Provisions** - These Standard Terms and Conditions are an integral part of the Agreement between Pace Analytical Services, Inc. ("PASI") and CLIENT ("Client"), and supersede any other (document provisions not consistent herewith. Further, the Agreement, including these terms, constitutes the entire agreement between PASI and Client relating to the project and any written or oral representations, assurances, commitments, premises, or agreements by PASI not contained herein are void.
2. **PASI General Responsibilities** - Performance by PASI shall meet current reasonable scientific and engineering standards in effect in the industry at the time the service is performed. Tests and observations will be conducted using test procedures and laboratory protocols as specified in accepted task orders, Scope of Work, proposals prepared by PASI or written instructions to PASI from Client. If Client directs a mariner of performing analyses that varies from PASI's standard or recommended methods and procedures, Client agrees to hold PASI harmless from all claims, damages, and expenses arising out of Client's direction.
3. **Reports and Records** - PASI will provide copies of each report to Client as specified in the task order or PASI proposal. PASI will retain final reports in a retrievable manner for five years from the date of issuance, and will retain back up data for those reports at a minimum of one year and a maximum of three years. PASI agrees to provide reports for Client's use only for purposes disclosed to PASI at the time of contracting. If Client does not pay for PASI's services as agreed, Client agrees that PASI may retain all reports and work not yet delivered to Client and request the return of the original reports issued. Methodology, discoveries, procedures, and equipment developed by PASI during or for the project shall remain the sole property of PASI.
4. **Delivery and Acceptance of Samples** - Client will notify PASI of upcoming work at least ten working days prior to delivery of the samples. PASI can accept or refuse the work within two days thereafter. Client is responsible for loss of or damage to samples until PASI accepts delivery of samples by notation on chain of custody documents. PASI reserves the right to transfer samples within our laboratory system, after prior notification to Client. Such transfers will be made only to PASI laboratories, which meet certification and/or approval requirements defined by Client. In the event Client chooses to restrict the transfer of samples between PASI laboratories, PASI will not be responsible for the payment of penalties, fines, resampling, or reanalysis charges. PASI reserves the right to charge for sample containers that are provided yet unused by the Client or received by PASI and unanalyzed at the request of the Client.

5. Samples and Disposal - PASI will dispose of all non-hazardous samples. It is the responsibility of the Client to inform PASI should it be desired non-hazardous waste samples or extracts be saved beyond 30 days after the issuance of the final report or if alternative or special disposal methods are desired. PASI reserves the right to charge for storage of any sample(s) or extract(s) stored beyond 30 days after the date of the final report or for any disposal costs incurred. PASI reserves the right to return highly hazardous, acutely toxic, or radioactive samples and sample containers and residues to Client. In addition, samples containing analytes for which there is no approved method of disposal may also be returned to Client. Client agrees to accept them.
6. Non-Assignment - Neither party may assign or transfer any rights or obligations existing under the Agreement without prior written consent of the other party; provided, however, that PASI may distribute the project within its system of laboratories or may subcontract such part or parts of the project as PASI may deem appropriate.
7. Time of Completion - Force Majeure - PASI shall use its best efforts to accomplish the project within any specified time limitations. PASI shall not be responsible for any non-performance or delay in the work to be performed caused by Client, Client's employee, agents or contractors, or caused by factors beyond PASI's control such as governmental authorities, unanticipated physical conditions not now known, labor disputes, or acts of God.
8. Successors and Assigns – The Terms shall be binding upon, and inure to the benefit of the successors and assignee of Client and PASI.
9. Compensation – The pricing offered to Client by PASI is predicated upon Client's acceptance of this Agreement. In most cases, the pricing includes all samples containers and preservatives as prescribed by the analytical method requested for each determination. Credit worthiness will be determined based upon an assessment of Client's payment history, credit reports, financial stability, or other factors. If credit is not granted, Client must pay PASI in advance prior to initiation of the project. In the event PASI is serving as a subcontractor for Client, PASI will be informed, upon request, of the identity of the ultimate client and may make inquiries of the ultimate client prior to granting credit.

Client agrees to pay for services as stated in the PASI proposal or price quote as accepted by the Client. Invoices are due 30 days from the date of the invoice. Within 15 days from receipt of invoice, Client will notify PASI in writing of any particular item that is alleged to be incorrect. Uncontested portions of the invoices will be due within 30 days from initial invoice date. Interest will be charged on unpaid balances at the rate of 1.5% per month, but not to exceed the maximum rate allowed by law, beginning 30 days after receipt of invoice. PASI may choose to invoice a third party if requested by Client, however, Client agrees to be ultimately responsible for payment until PASI is provided with that third party's written acceptance of all terms of the Agreement and until PASI agrees to a substitution.

In the event that payment is not made within 60 days following the invoice date, PASI will consider the default a total breach of the Agreement and may terminate all duties without liability to Client or to others. In the event that PASI must take action to collect payment, Client

shall pay all costs of collection, including attorney's fees. Any significant changes to the scope of work subsequent to the submittal of a price quotation, or the delivery of samples to the laboratory are subject to a renegotiation of prices or terms relating to the original scope of work. Such changes include, but are not limited to: QA/QC requirements and procedures, detection limits, samples received and stored, but not analyzed, decrease in quantity of samples delivered compared to quantity quoted, reporting, and other deliverable format requirements. PASI shall not be required to comply with such changes unless requested in writing and agreed upon by PASI in writing.

- 10.** Risk Allocation, Disputes, and Damages - PASI's aggregate liability for negligent acts and omissions and of a non-intentional breach by PASI will not exceed the fee paid for the services. Client agrees to indemnify PASI from all liabilities to others in excess of that amount. This limitation does not apply to losses arising from gross negligence or intentional breaches of contract by PASI. Neither PASI nor Client will be liable to the other for special, incidental, consequential, or punitive losses or damages, including but not limited to those arising from delay, loss of use, loss of profit or revenue, or the cost of capital. PASI will not be liable to Client unless Client has notified PASI of the discovery of the claimed negligent act, error, omission or breach within 30 days of the date of its discovery, and within two years of the date of injury or loss, and unless PASI is given an opportunity to investigate and to recommend ways of mitigating Client's damages. If it is claimed by a third party that PASI did not complete an acceptable analysis, Client will seek further review and acceptance of the completed work by the third party and use their best efforts to obtain that acceptance. Subject to an overall limitation of liability provided for in this Agreement, if PASI has failed to meet an established holding time through negligence or non-intentional breach, PASI will be responsible for the actual costs of resampling and reanalysis, but not exceeding the value of the individual task order or proposal.
- 11.** Client Responsibility - Client shall:
 - (a)** Provide PASI full and complete information regarding all factors known to Client, or which Client has access to, which could have any affect on the ability of PASI to perform its obligations, and notify PASI should Client acquire information of this type during performance of the project.
 - (b)** Provide to PASI personnel and/or subcontractors access to any site where PASI is to perform work, and access to all personnel of Client who are in any way involved in the project, including (but not limited to) any authority or permission which must be obtained by any third party.
 - (c)** Notify PASI of any delay regarding the start-up, progress, or completion of the project caused by Client, or caused by others and known to Client, not less than two (2) weeks before such delay. In the event that Client fails to give the notice required by the Paragraph, Client agrees to pay PASI for labor and material, and for lost profits due to PASI being unable to work elsewhere during the period of delay.

- 12.** Indemnities - PASI will indemnify and hold Client harmless from and against demands, damages, and expenses caused by negligent acts and omissions and breaches of contract by PASI and by the negligent acts and omissions and breach of contract of persons for whom PASI is legally responsible. Client will likewise indemnify and hold PACE harmless.
- 13.** Insurance - PACE carries liability insurance with limits as follows: General Liability - \$2,000,000 general aggregate, each occurrence - \$1,000,000; Personal and Advertising Injury - \$1,000,000; Automobile Liability - \$1,000,000; Excess Liability Umbrella - \$5,000,000 aggregate, \$5,000,000 each occurrence; Worker's Compensation Insurance - with statutory limits; Professional Liability \$5,000,000 aggregate, \$5,000,000 per claim. PACE will, at Client's request, submit certificates of insurance from insurers showing limits of coverage.
- 14.** Change Orders - PASI shall not be required to comply with any requested changes in the project unless agreed to by PASI in writing. Any changes may increase the amount due PASI.
- 15.** Confidentiality – Each party agrees that if during the performance of the project it becomes aware of trade secrets, confidential, or proprietary information of the other, it will not disclose except to its employees or contractors and then only as necessary to complete the project.
- 16.** Liability Limited - Client is aware that the project may involve inherent risks, both patent and latent, and that PASI cannot guarantee satisfactory results or indemnify Client from any damages, direct or indirect, resulting from the project. Should it be determined by a Court of competent jurisdiction that PASI did not meet current reasonable scientific regulatory and engineering standards in effect in the industry at the time the service is performed, and if Client suffers damages directly as a result thereof, PASI liability is limited to the amount of the project cost. PASI shall not be responsible for consequential or indirect damages in any amount. If Client desires any alteration of the limitation of PASI liability provided for in the Paragraph, it shall so advise PASI in writing prior to commencement by PASI of work on the project and agree to pay for the cost of any additional insurance PASI may agree to purchase to cover such liability. PASI shall not be required to undertake the project if it cannot, in PASI's opinion, adequately cover its exposure by insurance. Client will advise its agents, contractors, and subcontractors involved in the project, if any, of the liability limitation.
- 17.** Miscellaneous Provisions – PASI requests written acceptance of these terms and conditions, however, the arrival of samples at a PASI laboratory will be considered an intent to do business and constitute agreement to these Terms and Conditions. This Agreement constitutes the summary of terms and conditions between Client and PASI. In no event will the printed terms and conditions stated in a purchase order, other than agreed upon task order, be considered part of this Agreement. These terms shall be governed by the laws of the State of Minnesota.

I have read and understand these terms and conditions:

Signed: _____ Date: _____

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: October 15, 2014

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

Prepared By: W. Scott Powell, CLGFO, Director of Finance
Cheryl Rice, Accounting Manager

Subject: Cash Commitment/Investment Report-Month Ended August 31, 2014

Background

Each month, staff presents to the Board an investment report for all monies in bank accounts and specific investment instruments. The total investments as of August 31, 2014 were \$51,040,305. The detailed listing of accounts is available upon request. The average rate of return for all investments is 0.494%. These investments comply with North Carolina General Statutes, Board written investment policies, and the District's Bond Order.

The attached investment report represents cash and cash equivalents as of August 31, 2014 do not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of August 31, 2014 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$1,981,441.

Total Cash & Investments as of 08/31/2014		51,040,305
Less:		
Budgeted Commitments (Required to pay remaining FY14 budgeted expenditures from unrestricted cash)		
Construction Funds	(20,852,227)	
Operations & Maintenance Fund	<u>(13,264,281)</u>	
		(34,116,508)
Bond Restricted Funds		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(5,821)	
Remaining Principal & Interest Due	<u>(10,094,079)</u>	
		(10,099,900)
District Reserve Funds		
Fleet Replacement	(401,233)	
WWTP Replacement	(464,896)	
Maintenance Reserve	<u>(913,197)</u>	
		(1,779,326)
District Insurance Funds		
General Liability	(173,028)	
Worker's Compensation	(194,890)	
Post-Retirement Benefit	(1,257,666)	
Self-Funded Employee Medical	<u>(1,437,546)</u>	
		<u>(3,063,130)</u>
Designated for Capital Outlay		<u><u>1,981,441</u></u>

Staff Recommendation

None. Information Only.

Action Taken

Motion by:	to	Approve	Disapprove
Second by:		Table	Send to Committee
Other:			
Follow-up required:			
Person responsible:			Deadline:

**Metropolitan Sewerage District of Buncombe County
Investment Portfolio**

Operating Checking Accounts	Gov't Advantage Money Market	NCCMT (Money Market)	Certificate of Deposit	Commercial Paper	Cash Reserve	Gov't Agencies & Treasuries	Total
\$ 375,146	- \$	5,821 \$	- \$	- \$	- \$	- \$	5,821
\$ 375,146	46,660	20,883,858	10,735,495	9,993,775	- \$	8,999,550	51,034,484
\$ 375,146	46,660	20,889,679	10,735,495	9,993,775	- \$	8,999,550	51,040,305

Investment Policy Asset Allocation

	Maximum Percent	Actual Percent
U.S. Government Treasuries, Agencies and Instrumentalities	100%	17.63%
Bankers' Acceptances	20%	0.00%
Certificates of Deposit	100%	21.03%
Commercial Paper	20%	19.58%
North Carolina Capital Management Trust	100%	40.93%
Checking Accounts:	100%	0.73%
Gov't Advantage Money Market		0.09%

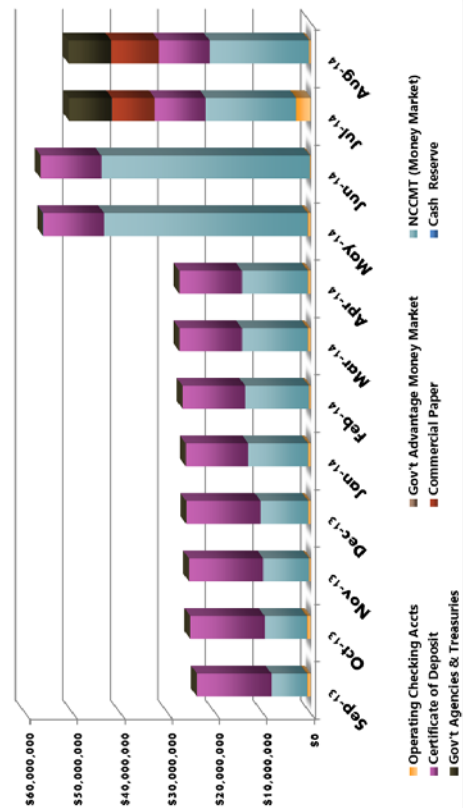
No significant changes in the investment portfolio as to makeup or total amount.

The District 's YTM of .49% is exceeding the YTM benchmarks of the

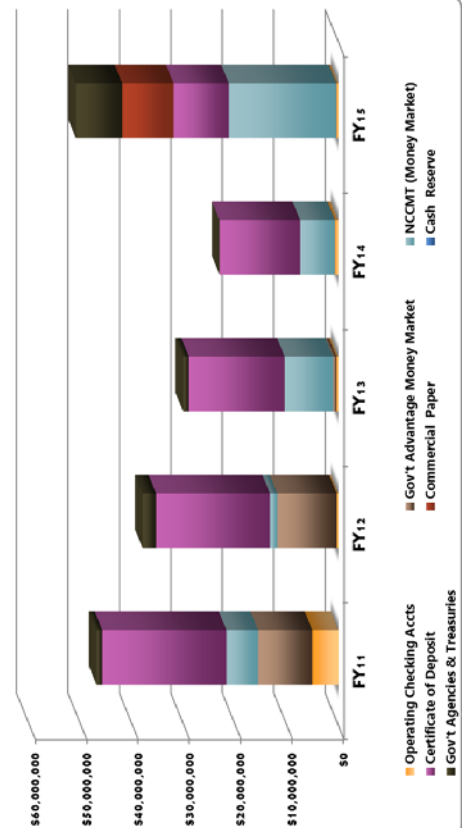
6 month T-Bill and NCCMT Cash Portfolio.

All funds invested in CD's, operating checking accounts, Gov't Advantage money market are fully collateralized with the State Treasurer.

**MSD of Buncombe County
Investment Portfolio - 12 Month Trend**



**MSD of Buncombe County
Investment Portfolio - As of August 31, 2014**



Board Meeting: October 15, 2014
Subject: Cash Commitment/Investment Report-Month Ended August 31, 2014
Page -3-

**METROPOLITAN SEWERAGE DISTRICT
INVESTMENT MANAGERS' REPORT
At August 31, 2014**

Summary of Asset Transactions

	Original Cost	Market	Interest Receivable
Beginning Balance	\$ 45,821,581	\$ 45,821,581	\$ 412,507
Capital Contributed (Withdrawn)	2,604,350	2,604,350	-
Realized Income	913	913	(14)
Unrealized/Accrued Income	-	-	17,440
Ending Balance	\$ 48,426,844	\$ 48,426,844	\$ 429,933

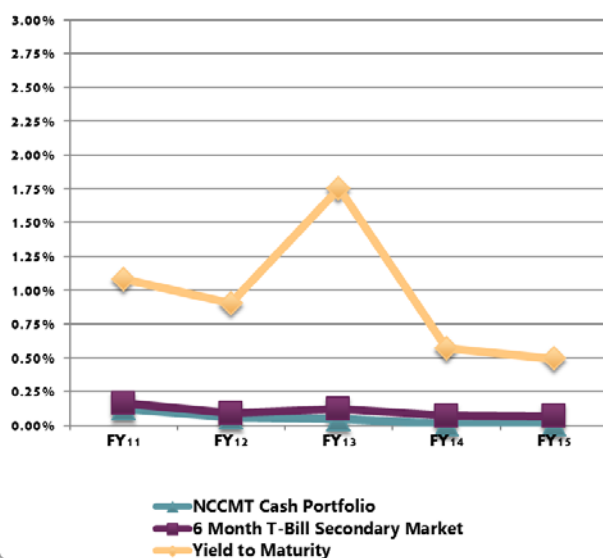
Value and Income by Maturity

	Original Cost	Income
Cash Equivalents <91 Days	\$ 24,695,445	\$ 9,352
Securities/CD's 91 to 365 Days	16,731,799	\$ 6,336
Securities/CD's > 1 Year	6,999,600	\$ 2,651
	<u>\$ 48,426,844</u>	<u>\$ 18,339</u>

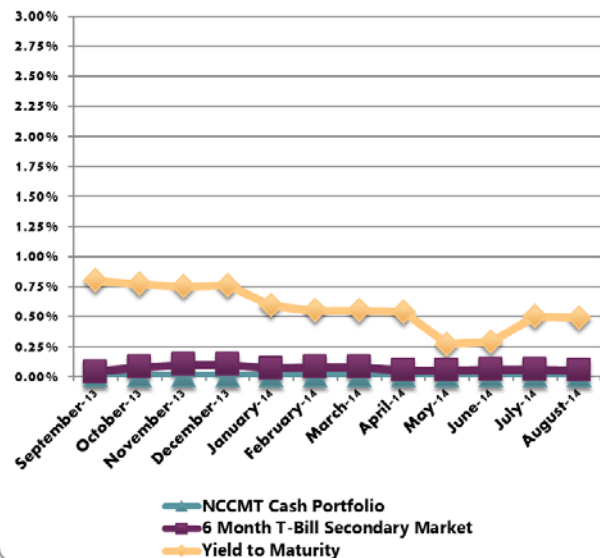
Month End Portfolio Information

Weighted Average Maturity	255
Yield to Maturity	0.49%
6 Month T-Bill Secondary Market	0.05%
NCCMT Cash Portfolio	0.01%

**Metropolitan Sewerage District
Annual Yield Comparison**



**Metropolitan Sewerage District
Yield Comparison - August 31, 2014**



Board Meeting:

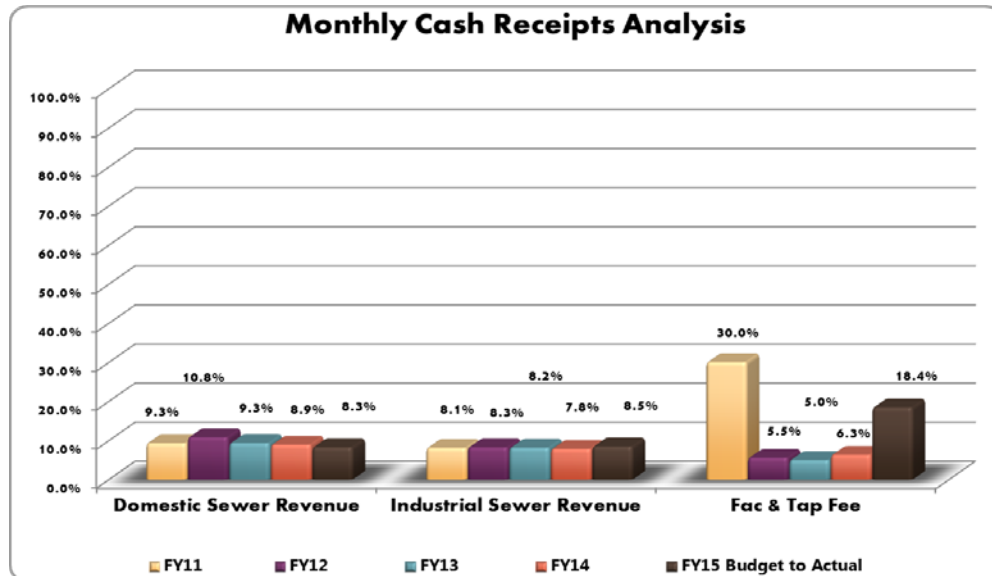
October 15, 2014

Subject:

Cash Commitment/Investment Report-Month Ended August 31, 2014

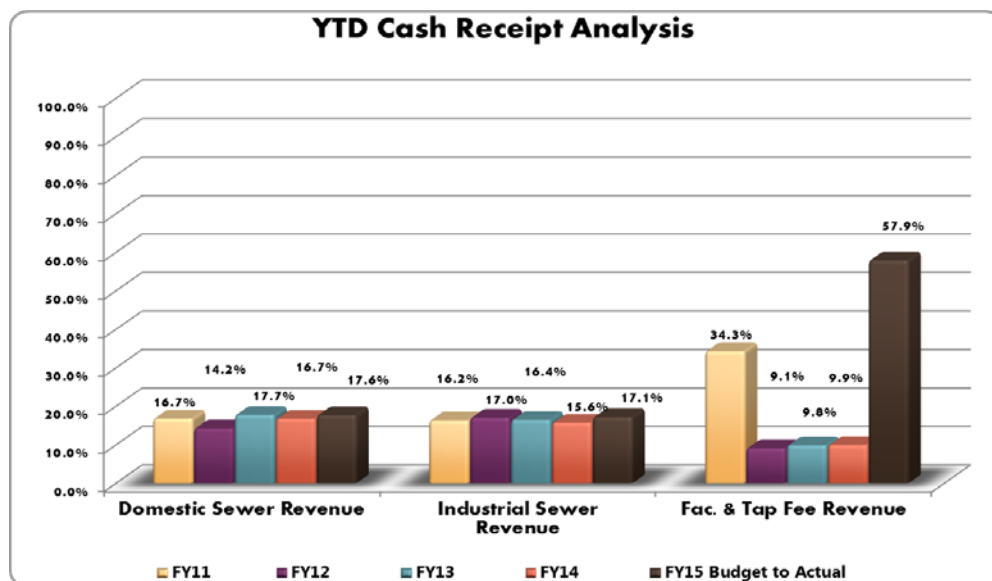
Page -4-

**METROPOLITAN SEWERAGE DISTRICT
ANALYSIS OF CASH RECEIPTS
As of August 31, 2014**



Monthly Cash Receipts Analysis:

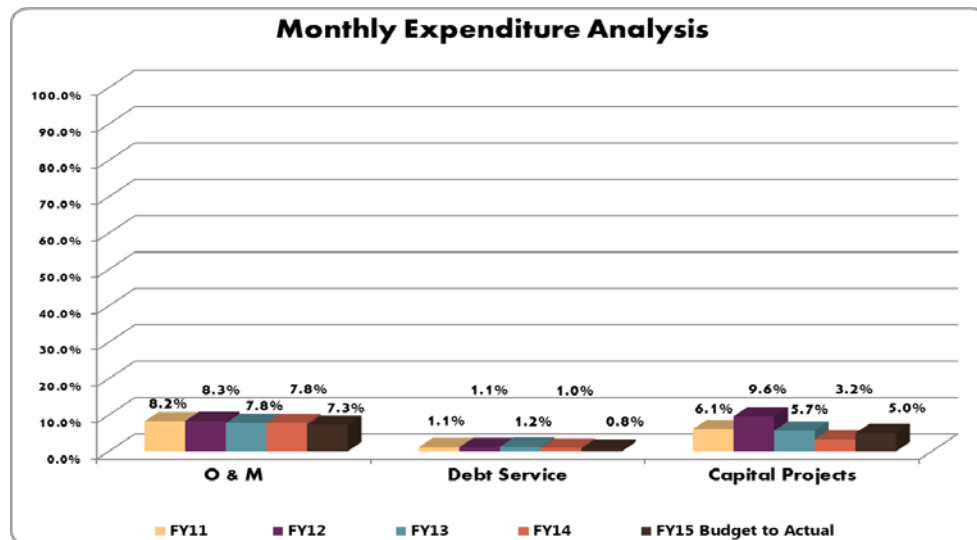
- Monthly domestic sewer revenue is considered reasonable based on timing of cash receipts in their respective fiscal periods.
- Monthly industrial sewer revenue is reasonable based on historical trends.
- Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap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



YTD Actual Revenue Analysis:

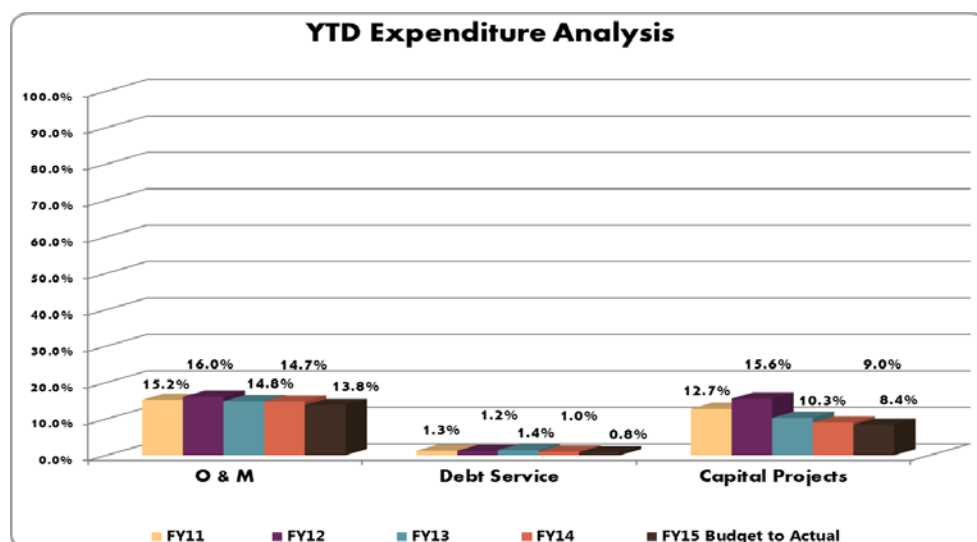
- YTD domestic sewer revenue is considered reasonable based on historical trends.
- YTD industrial sewer revenue is reasonable based on historical trends.
- Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap fee revenue reasonable.

**METROPOLITAN SEWERAGE DISTRICT
ANALYSIS OF EXPENDITURES
As of August 31, 2014**



Monthly Expenditure Analysis:

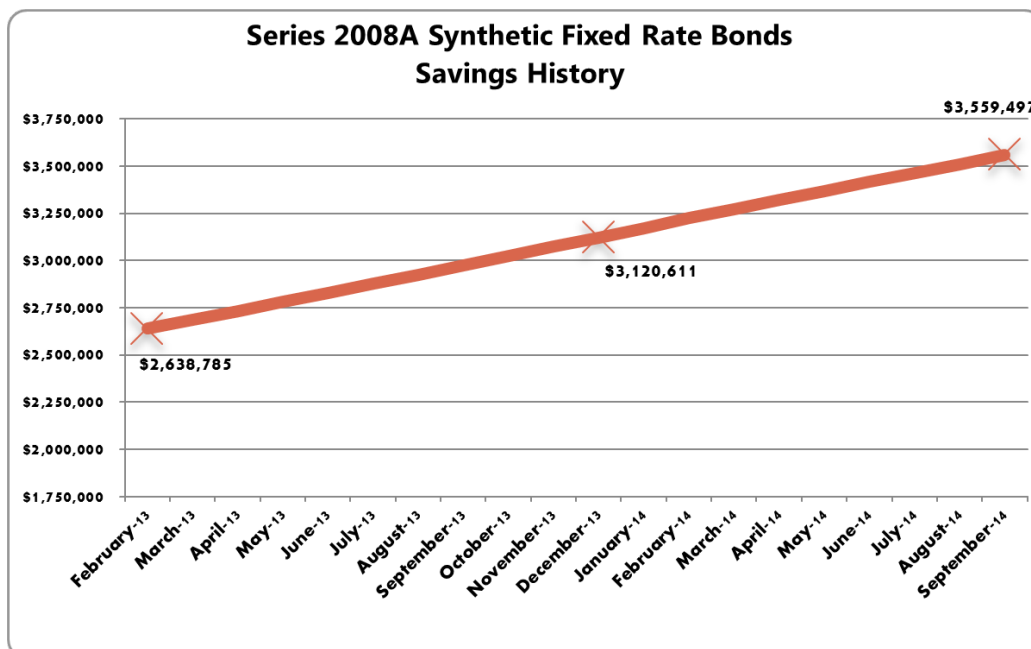
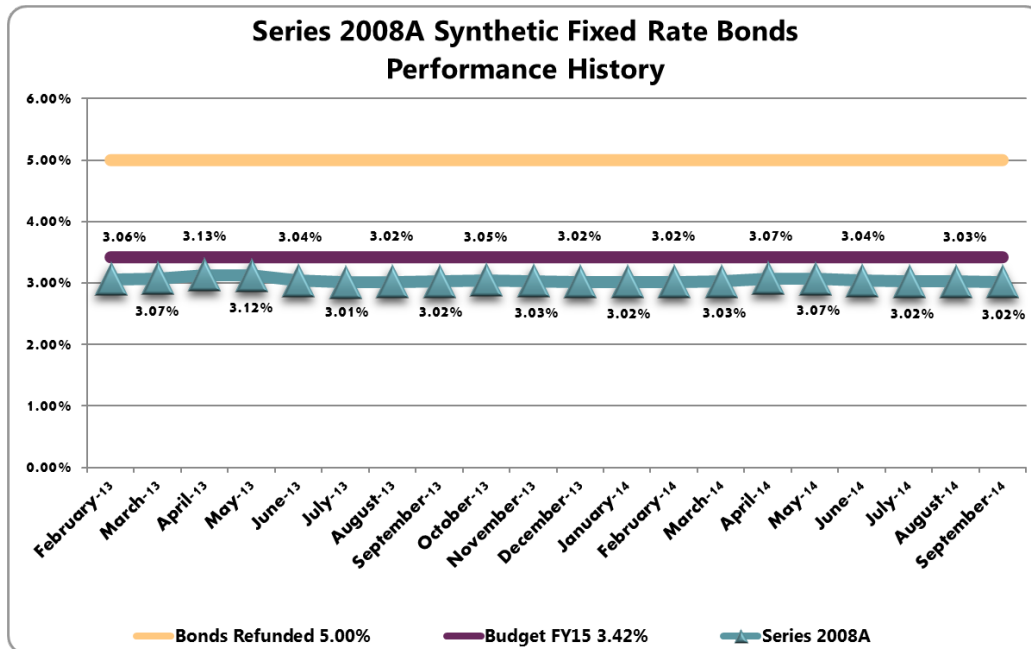
- ◆ Monthly O&M expenditures are considered reasonable based on historical trends and timing of expenditures in the current year.
- ◆ Due to the nature of the variable rate bond market, monthly expenditures can vary year to year. Based on current variable interest rates, monthly debt service expenditures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



YTD Expenditure Analysis:

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

**METROPOLITAN SEWERAGE DISTRICT
VARIABLE DEBT SERVICE REPORT
As of September 30, 2014**



Series 2008A:

- ▶ Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$3,559,497 as compared to 4/1 fixed rate of 4.85%.
- ▶ Assuming that the rate on the Series 2008A Bonds continues at the current all-in rate of 3.9475%, MSD will achieve cash savings of \$4,730,000 over the life of the bonds.
- ▶ MSD would pay \$4,589,000 to terminate the existing Bank of America Swap Agreement.

STATUS REPORTS

MSD SYSTEM SERVICES IN-HOUSE CONSTRUCTION FY 14-15 PIPELINE REHABILITATION PROJECTS							
PROJECT NAME	ESTIMATED FOOTAGE	ESTIMATED PROJECT DATES	WO#	CREW	COMPLETION DATE	ACTUAL FOOTAGE	Notes
Westwood Road Phase 2	400	6/25/14 - 7/4/14	215883	667	7/3/2014	400	complete
Penelope Street	400	7/14/14 - 8/15/14	470602	667	7/24/2014	415	complete
Shiloh Road (P/N 2012137)	350	7/15/14 - 7/31/14	456294	631	8/1/2014	354	complete
995 West Chapel Rd (P/N 2014131)	100	8/1/14 - 8/15/14	211782	631	8/7/2014	60	complete
Emory Road* (P/N 2009137)	300	7/25/14 - 8/15/14	456301	667	8/11/2014	290	complete
Haywood Street Pump Station and Force Main	225	8/18/14 - 9/5/14	216297	631	8/22/2014	305	complete
Springside Drive	522	8/16/14 - 9/10/14	205995	667	9/15/2014	631	complete
Woodbury Rd (91 Carter Cove)	239	9/11/14 - 9/29/14	470613	667	9/29/2014	220	complete
Hickory Court*	1633	9/8/14 - 10/17/14	448319	631			Construction is 90% complete
Terre Drive / Dunwood Road	308	9/30/14 - 10/31/14	410100	667			Construction started 9/30/14
N. Anne St.	550	10/23/14 - 11/23/14	44181	631			ready for construction
190 Tunnel Rd Sewer Replacement	255	11/3/14 - 11/5/14	218034	667			ready for construction, connected to a DOT project.
Biltmore Forest County Club Sewer Replacements	2000	11/3/14 - 12/15/14	218277	667			In Design, overall Golf Course to be upgraded in Fall of 2014, replacing old sewer as part of overall project.
165 Old County Home Road	1,100	10/18/14 - 12/1/14	433522	631			ready for construction
Sareva Place	957	TBA	410095	TBA			ready for construction
Rumbough Place	710	TBA	433539	TBA			ready for construction
Campus Drive	335	TBA	470606	TBA			ready for construction, Project 2010097
Robindale Ave	520	TBA	433537	TBA			ready for construction
18 Crestland Road	270	TBA	448974	TBA			ready for construction
Deanwood Circle	1292	TBA	400925	TBA			ready for construction - Project Number 2012030, CIP Transmittal 204
Starnes Avenue at Broadway Street	400	TBA	400927	TBA			ready for construction
350 Old Haw Creek Road	1333	TBA	400923	TBA			ready for construction
155 New Haw Creek Road	TBA	TBA	456318	TBA			ready for construction
Carjen Avenue	825	TBA	410096	TBA			ready for construction
East Grovestone Quarry	780	TBA	457386	TBA			ready for construction
Hunt Hill Place	786	TBA	400922	TBA			ready for construction
E Skyview Circle PSR	400	TBA	217301	TBA			In ROW
6 Hilderbrand Street	TBA	TBA	TBA	TBA			Preliminary Design
Upper Chestnut Ridge at lookout Road	800	TBA	470607	TBA			In Design
McCoy Cove Road Phase 2	TBA	TBA	433535	TBA			Preliminary Design - P/N 2012012
Montford Park	410	TBA	TEMP 137	TBA			Preliminary Design - CIP Transmittal 137
Old Farm School Road	TBA	TBA	456319	TBA			Preliminary Design - CIP Transmittal 231
11 Old West Chapel	TBA	TBA	TBA	TBA			Preliminary Design - CIP Transmittal 215
184 West Chesnut	320	TBA	433541	TBA			Preliminary Design - Transmittal 196
Winnfred Street	420	TBA	400928	TBA			Preliminary Design, Transmittal 218



CONSTRUCTION TOTALS BY DATE COMPLETED - Monthly

From 7/1/2014 to 8/31/2014

	Dig Ups	Emergency Dig Ups	Dig Up ML Ftg	Dig Up SL Ftg	Manhole Repairs	Taps Installed	ROW Ftg	IRS Rehab Ftg *	Const Rehab Ftg *	D-R Rehab Ftg *	Manhole Installs	Bursting Rehab Ftg *	Total Rehab Ftg *
July 2014	46	15	193	908	26	18	3,800	0	227	415	6	400	1042
August 2014	44	7	219	536	29	11	200	0	135	674	7	330	1139
Grand Totals	90	22	411	1,445	55	29	4,000	0	362	1089	13	730	2181

* Used to calculate Total Rehab Footage

09/30/2014



PIPELINE MAINTENANCE TOTALS BY DATE COMPLETED - Monthly

July 01, 2014 to August 31, 2014

	Main Line Wash Footage	Service Line Wash Footage	Rod Line Footage	Cleaned Footage	CCTV Footage	Smoke Footage	SL-RAT Footage
2014							
July	66,005	2,224	3,370	69,315	24,012	650	27,593
August	62,930	1,101	6,357	69,087	32,258	3,150	16,074
Grand Total:	128,935	3,325	9,727	138,402	56,270	3,800	43,667
Avg Per Month:	64,468	1,663	4,864	69,201	28,135	1,900	21,834



CUSTOMER SERVICE REQUESTS

Monthly - All Crews

CREW	MONTH	JOBS	AVERAGE RESPONSE TIME	AVERAGE TIME SPENT
DAY 1ST RESPONDER				
	July, 2014	108	33	42
	August, 2014	90	28	34
		198	31	39
NIGHT 1ST RESPONDER				
	July, 2014	29	20	18
	August, 2014	28	24	24
		57	22	21
ON-CALL CREW *				
	July, 2014	37	39	48
	August, 2014	33	55	40
		70	47	44
Grand Totals:		325	32	37

* On-Call Crew Hours: 10:30pm-7:30am Monday-Friday, Weekends, and Holidays

CAPITAL IMPROVEMENT PROGRAM

STATUS REPORT SUMMARY

October 8, 2014

PROJECT	CONTRACTOR	AWARD DATE	NOTICE TO PROCEED	ESTIMATED COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
BROADVIEW AVENUE	Buckeye Bridge	7/16/2014	9/8/2014	3/7/2015	\$1,111,015.90	0%	Work began last week on Raleigh Road.
CROCKETT AVENUE PRP	Terry Brothers	8/20/2014	TBD	TBD	\$676,842.00	0%	No work has begun yet.
EAST STATE STREET @ WEST STREET	Davis Grading, Inc.	6/11/2014	7/14/2014	10/12/2014	\$403,640.00	98%	All mainline pipe and service line installation is complete.
FAIRFAX AVENUE PRP	Terry Brothers	8/20/2014	TBD	TBD	\$558,802.00	0%	No work has begun yet. Contractor expects to begin in the next couple of weeks.
MACON AVENUE @ SUNSET PARKWAY	Terry Brothers	1/15/2014	3/1/2014	10/15/2014	\$757,688.00	98%	Paving is nearing completion. Then project is ready to punch out.
MERRIMON AVENUE @ STRATFORD ROAD	Terry Brothers	9/18/2013	12/16/2013	11/31/2014	\$885,849.00	80%	Hand mining operations @ Elkwood Bore continues. 22 feet of the bore under Elkwood Ave. has been corrected.
MOUNT VERNON PLACE, PHASE 2	Terry Brothers	6/11/2014	7/14/2014	11/11/2014	\$542,675.00	50%	Project is going well. Open dig portion of mainline complete. Trenchless portion in redesign due to proximity to very high pressure water main.
OLD HAYWOOD ROAD @ STARNES COVE RD	Terry Brothers	TBD	TBD	TBD	TBD	0%	Project was bid on September 25th. Terry Brothers is the apparent low bidder. Project will be presented at the October Board meeting.
ROBINWOOD AVENUE	Davis Grading, Inc.	9/17/2014	TBD	TBD	TBD	0%	Project was awarded to Davis Grading at the September Board meeting.
WRF - SLIDE GATE REPLACEMENT	NHM Constructors	9/18/2013	10/7/2013	12/15/2014	\$288,924.00	90%	29 of the proposed 31 gates are complete, tested, and in operation. The remaining two are being re-manufactured to accommodate site conditions which could not have been anticipated. Additional Gates in Basin One have been added to the Contractors scope. Proposal has been accepted. Remaining gates are expected to be delivered the end of October or first of November.

*Updated to reflect approved Change Orders and Time Extensions

Planning & Development Project Status Report

October 15, 2014

Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
Black Mtn. Annex- Blue Ridge Rd.	1992171	Black Mtn.	24	2,560	8/19/2010	Complete- waiting on conveyance
Black Mtn. Annex- McCoy Cove	1992174	Black Mtn.	24	2,067	8/19/2010	Complete- waiting on conveyance
Black Mtn. Annex- Avena Rd.	1999026	Black Mtn.	24	4,300	8/19/2010	Complete- waiting on conveyance
Momentum Health Adventure	2008097	Asheville	Comm.	184	8/19/2009	New ownership - project currently inactive
North Point Baptist Church	2008105	Weaverville	Comm.	723	5/20/2009	Complete - Waiting on final documents
AVL Technologies	2010018	Woodfin	Comm.	133	5/21/2010	Complete-Waiting on final documents
UNC-A New Residence Hall	2011047	Asheville	304	404	8/29/2011	Complete-Waiting on final documents
Cottonwood Townhomes	2009110	Black Mtn.	8	580	10/20/2009	Complete-Waiting on final documents
Goldmont St	2012087	Black Mtn.	6	91	1/11/2013	Complete-Waiting on final documents
Ramble at Parkway	2013100	Biltmore Forest	TBD	335	7/26/2013	Complete-Waiting on final documents
Carolina Truck and Body (Cooper)	2012075	Asheville	Comm.	298	10/30/2012	Complete-Waiting on final documents
Sardis Road (COA) Annexation	2009037	Asheville	N/A	6,981	4/2/2012	Complete-Waiting on revised ROW items
Ardmion Park	2011107	Asheville	5	208	4/16/2013	Complete-Waiting on final documents
Central Ave	2012065	Asheville	6	305	9/26/2013	Complete - Waiting on final documents
Westover Relocation	2013132	Asheville	1	87	11/20/2013	Complete - Waiting on final documents
Brookgreen Phase 1D-Kenai Dr.	2013076	Woodfin	3	370	3/14/2014	Complete - Waiting on final documents
Echo Hills Cottages	2013121	Asheville	11	532	4/30/2014	Complete - Waiting on final documents
Village at Bradley Branch - Ph. III	2008076	Asheville	44	783	8/8/2008	Complete - Waiting on final documents
Waynesville Ave (Pittman)	2013046	Asheville	15	332	5/23/2013	Complete-Waiting on final documents
Ramble Block "D"	2013074	Biltmore Forest	36	4,783	12/11/2013	Complete-Waiting on final documents
Reems Creek Cottages	2013066	Weaverville	17	483	11/15/2013	Complete-Waiting on final documents
Hyde Park	2013058	Arden	65	3,062	12/3/2013	Complete-Waiting on final documents
Eagle's Landing	2010015	Asheville	25	472	10/22/2013	Complete-Waiting on final documents

Planning & Development Project Status Report

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Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
Ingles	2007214	Black Mtn.	Comm.	594	3/4/2008	Ready for final inspection
Bartram's Walk	2007065	Asheville	100	10,077	7/28/2008	Punch list pending - in bankruptcy
Morgan Property	2008007	Candler	10	1,721	8/11/2008	Pre-con held, ready for construction
Canoe Landing	2007137	Woodfin	4	303	5/12/2008	Ready for construction
Central Valley	2006166	Black Mtn	12	472	8/8/2007	Punch list pending
Publix	2013134	Asheville	Comm.	612	10/5/2014	Pre-con held, ready for construction
Avalon	2013114	Asheville	192	1,343	6/2/2014	Pre-con held, ready for construction
Thoms Estate 3B & 4	2013052	Asheville	35	4,690	7/26/2013	Installing/Testing (75% Complete)
Carmel Ridge Apartments	2013018	Leicester	80	1,162	10/11/2013	Ready for final inspection
Palisades Apartments	2013024	Asheville	224	1,423	9/4/2013	Ready for testing
Crest Mountain Phase 3B	2013041	Woodfin	69	1,329	10/15/2013	Under Construction
Ingles - Smokey Park Highway	2013135	Asheville	Comm.	1,289	4/11/2014	Under Construction
The Aventine	2011015	Biltmore Forest	300	3,238	10/14/2013	Under constr./some air testing complete
New Belgium Relocation	2013143	Asheville	Comm.	380	8/12/2014	Pre-con held, ready for construction
Ansley at Roberts Lake	2013126	Buncombe Co.	296	2,534	6/2/2014	Under Construction
STF Precision	2013084	Buncombe Co.	Comm.	199	5/29/2014	Under Construction
Hunt Hill Apartments	2013111	Asheville	180	1,729	3/5/2014	Testing
Rosebriar	2007005	Black Mountain	180	1,729	3/5/2014	Pre-con held, ready for construction
Ventana	2014085	Woodfin	100	5,430	8/12/2014	Pre-con held, ready for construction
Upper Kentucky Improvements	2013085	Montreat	N/A	284	12/3/2013	Ready for final inspection
Isaac Dickson School Relocation	2013033	Asheville	School	504	1/13/2014	Under Construction - on hold
A.B. Tech Fernihurst Relocation	2014061	Asheville	School	697	4/8/2014	Under Construction - on hold
Locust Springs	2012107	Black Mountain	18	621	3/14/2014	Testing
Telco - Weaverville	2014046	Weaverville	Comm.	110	5/12/2014	Ready for final inspection
Haywood Village	2014064	Asheville	Mixed	276	6/19/2014	Under Construction
Quail Hollow Ph. 2	2013062	Arden	15	1,302	6/11/2014	Under Construction
Cottages at Glen Oak	2013142	Avery Creek	45	1,569	4/9/2014	Pre-con held, ready for construction
Boulden Subdivision	2013022	Asheville	3	295	9/16/2014	Pre-con held, ready for construction
Busbee Mountain	2007181	Asheville	9	580	9/29/2014	Pre-con held, ready for construction
Asheville Middle School	2013125	Asheville	School	214	9/30/2014	Pre-con held, ready for construction
Laurel Lane	2012121	Black Mountain	3	107	8/12/2014	Pre-con held, ready for construction
TOTAL			2,421	67,959		