

File ~~LOGS~~ *RWS*

5/10/73

May 10

Revised 5/16/73

*date
final
signature*
June

THIS AGREEMENT, made as of the 12th day of ~~May~~, 1973,

by and between the CITY OF CHARLOTTESVILLE, a municipal corporation (the City), ALBEMARLE COUNTY SERVICE AUTHORITY, a public body politic and corporate duly created pursuant to the Virginia Water and Sewer Authorities Act (the Service Authority), the BOARD OF COUNTY SUPERVISORS OF ALBEMARLE COUNTY, acting for and on behalf of Albemarle County (the County), and RIVANNA WATER AND SEWER AUTHORITY, a public body politic and corporate duly created pursuant to the Virginia Water and Sewer Authorities Act (Rivanna), provides that:

*city council
approved
6/4/73*

WHEREAS, the City owns and operates water supply and wastewater treatment facilities which furnish water and provide wastewater treatment for all of the City and certain outlying areas in the County, and the County, acting through the Service Authority, owns and operates water supply and wastewater treatment facilities which furnish water and provide wastewater treatment for certain areas in the County; and

WHEREAS, in the interest of efficient water quality management for the upper Rivanna River Basin, the City and the County caused Rivanna to be formed on June 7, 1972, for the purpose of acquiring, financing, constructing and maintaining facilities for developing a supply of potable water for the City and the County and for the abatement of pollution resulting from sewage in the upper Rivanna River Basin; and

WHEREAS, the parties desire to enter into this Agreement to provide for the acquisition of certain existing facilities, the construction of new facilities and the financing, operation

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and maintenance of all such facilities and recognize that this Agreement will be used to facilitate the obtaining of interim financing and the issuance of revenue bonds by Rivanna to finance a portion of the cost of such acquisition and construction;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

Definitions and Warranties

Section 1.1. Definitions. The following words as used in this Agreement shall have the following meanings:

"Act" shall mean the Virginia Water and Sewer Authorities Act (Chapter 28, Title 15.1, Code of Virginia of 1950, as amended).

"Bonds" shall mean the revenue bonds issued by Rivanna to obtain funds, together with other available funds, to pay the cost of the Project and shall include any notes or other obligations issued for such purpose.

"City" shall mean the City of Charlottesville, a municipal corporation of the Commonwealth of Virginia.

"Cost", when used with respect to the Project, shall have the meaning specified in Sections 15.1-1240(m) and (n) of the Act.

"County" shall mean Albemarle County, a county of the Commonwealth of Virginia, and shall include the Board of County Supervisors as its governing body.

"Points of Delivery" shall mean such points as Rivanna may establish from time to time for delivery of treated water to or receipt of wastewater from the City and the Service Authority.

"Political Subdivisions" shall mean the City, the Service Authority and the County.

"Project" shall mean the facilities to be acquired by Rivanna pursuant to Article III, whether by purchase, lease or otherwise, and the facilities to be provided by Rivanna pursuant to Article IV, as the same may from time to time exist.

"Rivanna" shall mean Rivanna Water and Sewer Authority, a public body politic and corporate duly created pursuant to the Act.

"Service Authority" shall mean Albemarle County Public Service Authority, a public body politic and corporate duly created pursuant to the Act.

"Trustee" shall mean the trustee under the resolution or indenture authorizing or securing the Bonds.

Section 1.2. Representations and Warranties. Each of the parties represents and warrants that it has full power and authority to enter into and perform this Agreement.

ARTICLE II

Term of Agreement

Section 2.1. Initial Term. This Agreement shall be in full force and effect from the date of its execution until June 30, 2012; provided, however, that if on such date the Bonds have not been paid or provision made for their payment the term

of this Agreement shall continue until the Bonds shall have been paid or provision made for their payment.

Section 2.2. Continuation of Agreement. This Agreement shall continue in effect beyond June 30, 2012 (or such later date as provided above), until terminated by the City, the Service Authority, the County or Rivanna. No such termination shall become effective until two years after written notice thereof shall have been given to each of the other parties hereto.

ARTICLE III

Acquisition of Existing Facilities

Section 3.1. Agreement to Acquire. Rivanna agrees to acquire and the Political Subdivisions agree to sell, lease or otherwise make available to Rivanna the water impoundment, production, transmission and storage facilities and the wastewater interception and treatment facilities set forth herein upon the terms and conditions set forth herein.

Section 3.2. City Facilities - Water. (a) The City will sell and Rivanna will purchase the water production, transmission and storage facilities described on Exhibit 1 attached hereto. Pending the consummation of such sale and purchase, the City will lease such facilities to Rivanna.

(b) The City will assign and Rivanna will accept the City's rights under a ground lease between the City and the University of Virginia dated April 18, 1922, whereby the University of Virginia leases to the City the site on which is located the City's Observatory Mountain Filtration Plant; provided, however, that the City will continue to furnish water to the

University of Virginia pursuant to such ground lease as may be in effect from time to time. The City will sell and Rivanna will purchase the facilities other than land constituting the Observatory Mountain Filtration Plant located on such site. Pending the consummation of such sale and purchase, the City will lease such facilities to Rivanna.

(c) The City will lease to Rivanna for the term of this Agreement all water rights in and to the Sugar Hollow Reservoir, the two Ragged Mountain Reservoirs and the South Rivanna Reservoir, which rights shall be the right to maintain and operate all impoundment and pumping facilities, and the right to withdraw all water that may be available. Rivanna will undertake to maintain all dams and other facilities at such reservoirs for the production of water but will not be required to maintain areas at such reservoirs used for municipal purposes.

Section 3.3. City Facilities - Wastewater. (a) The City will sell and Rivanna will purchase the wastewater interception and treatment facilities described on Exhibit 2 attached hereto. Pending the consummation of such sale and purchase, the City will lease such facilities to Rivanna.

(b) The City will lease to Rivanna the Riverside Pump Station and the Meadow Creek Wastewater Treatment Plant until Rivanna has placed its proposed advanced wastewater treatment plant into operation.

Section 3.4. Service Authority Facilities - Water.
(a) The Service Authority will sell and Rivanna will purchase the water production, transmission and storage facilities

described on Exhibit 3 attached hereto. Pending the consummation of such sale and purchase, the Service Authority will lease such facilities to Rivanna.

(b) The Service Authority will assign and Rivanna will accept the Service Authority's rights under agreement with the County to use the wells, pumps and other facilities at Mint Springs.

(c) The Service Authority will lease to Rivanna the wells, pumps and other facilities at Flordon, Jefferson Village, Colthurst and West Leigh for so long as any of them may be needed by Rivanna.

(d) The Service Authority will assign and Rivanna will accept the Service Authority's rights under leases between the County and the Service Authority or such other rights as the Service Authority may have to the Beaver Creek Reservoir and the Totier Creek Reservoir.

(e) The County will join in each such sale or lease to the extent of its interest, if any, in any of such facilities.

Section 3.5. Service Authority Facilities - Wastewater.

(a) The Service Authority will sell and Rivanna will purchase the wastewater interception and treatment facilities described on Exhibit 4 attached hereto. Pending the consummation of such sale and purchase, the Service Authority will lease such facilities to Rivanna.

(b) The Service Authority will lease to Rivanna the Brownsville School, Berkeley and Woodbrook wastewater treatment facilities for so long as any of them may be needed by Rivanna.

Section 3.6. Consummation of Sales and Purchases. The sale and purchase of each of the facilities enumerated in Sections 3.2 through 3.5, inclusive, shall be consummated ten years from the date of this Agreement or at such later time as the debts, if any, of the City or the Service Authority, as the case may be, attributable to any of such facilities shall have been paid or provision made for their payment. It is intended that the purchase and sale of each facility shall be closed promptly upon the satisfaction of the conditions hereinabove stated. At each closing Rivanna shall pay the purchase price as determined pursuant to Section 3.7 and the City, the Service Authority or the County, as the case may be, shall deliver:

(a) a good and sufficient deed or deeds in form reasonably satisfactory to Rivanna conveying to Rivanna, with special warranty, fee simple title to all real estate constituting a part of such facilities;

(b) an assignment or assignments in form reasonably satisfactory to Rivanna assigning to Rivanna all other interests in real estate constituting a part of such facilities;

(c) a bill or bills of sale in form reasonably satisfactory to Rivanna conveying to Rivanna all tangible personal property constituting a part of such facilities;

(d) all engineering data and other records relating to such facilities; and

(e) such other documents transferring title of any part of such facilities from the City, the Service Authority or the County, as the case may be, to Rivanna which Rivanna may reasonably determine to be necessary or desirable.

Section 3.7. Purchase Price. The sale and purchase price of the facilities shall be their fair value as of the date of this Agreement as determined by Paul B. Krebs and Associates and McNair and Associates, consulting engineers, less such amounts as may be paid to the City or the Service Authority, as the case may be, pursuant to Section 3.8 on account of debt retirement. If such consulting engineers are unable to agree on the fair value of any of such facilities within one year from the date of this Agreement, the two consulting engineers shall select a third consulting engineer, and the decision of two of the three consulting engineers shall be binding. All expenses of determining such fair values shall be divided equally between the City, the Service Authority and Rivanna. The parties recognize that payment of such purchase price by Rivanna will be made either from excess operating revenues or from borrowed funds and that the use of funds from either source may be limited by the resolution or indenture authorizing and securing the Bonds. If payment for any facilities is not made when the same is due and payable, the unpaid purchase price shall bear interest from such due date at the rate of 6% per year until paid.

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Section 3.8. Lease of Facilities. As consideration for the lease of the facilities enumerated in Sections 3.2 through 3.5, inclusive, Rivanna shall pay to the City or the Service Authority, as the case may be, an annual rental of \$1.00 plus an amount sufficient to pay the debt service, if any, attributable to such facilities and coming due within the next succeeding twelve months. Each such lease shall require Rivanna to maintain

What's the reason behind this

such facilities in good working order. In the event the City or the Service Authority determines that it is prohibited from entering into leases of any such facilities, it shall make every reasonable effort to eliminate such prohibition and, if it is unable to do so, it shall enter into use agreements or make similar arrangements under which Rivanna may operate such facilities as a part of its regional facilities for water impoundment, production, transmission and storage and wastewater interception and treatment. The County shall join in any such lease, use agreement or similar arrangement to the extent of its interest, if any, in any such facilities.

ARTICLE IV

Construction of New Facilities

Section 4.1. New Facilities. Rivanna will provide (a) the additional water facilities described on Exhibit 5 attached hereto and (b) the additional wastewater facilities described on Exhibit 6 attached hereto, as the same may be modified to meet requirements of appropriate regulatory bodies. Rivanna shall also undertake the provision of such additional facilities as may be agreed upon from time to time by the City, the Service Authority and Rivanna.

Section 4.2. Payment for New Facilities. The obligation of Rivanna to provide the facilities described in Section 4.1 is limited to the funds available to it from time to time for such purpose. Rivanna shall be under no obligation to provide funds for such purpose except in accordance with Section 5.1.

Section 4.3. Additional Facilities. In the event that the City or the Service Authority determines the need for additional water impoundment, production, transmission and distribution facilities or wastewater interception and treatment facilities, Rivanna shall provide the requested facilities at the sole cost of the City or the Service Authority, as the case may be.

ARTICLE V

Obligations of Authority

Section 5.1. Sale of Bonds. Rivanna shall, as soon as may be practicable and with all reasonable dispatch, issue and sell the Bonds pursuant to the Act in an amount, together with other available funds, which will be sufficient to pay the cost of constructing and placing the Project in operation; provided, however, that nothing contained in this Agreement shall require Rivanna to issue the Bonds except upon terms deemed reasonable by it.

Section 5.2. Acquisition and Construction of Project. Rivanna shall, as soon as may be practicable and with all reasonable dispatch after the necessary funds are made available to it, acquire, construct and place the Project in operation.

Section 5.3. Production and Delivery of Water. Rivanna shall produce and deliver potable water to the City and the Service Authority at Points of Delivery in accordance with their needs and within the limitations of available supply. Rivanna shall provide water to the City and the Service Authority in quantities and at pressures at least equal to the quantities and pressures available on the date hereof.

Section 5.4. Acceptance and Treatment of Wastewater.

Rivanna shall accept and treat all sewage delivered by the City and the Service Authority at Points of Delivery up to their respective allocated plant capacities in accordance with rules and regulations adopted by Rivanna from time to time. Rivanna shall be under no obligation to treat wastewater delivered by the City or the Service Authority in excess of their allocated daily plant capacities.

Section 5.5. Operation of Project. Rivanna shall

operate and maintain the Project in an efficient and economical manner, making all necessary and proper repairs, replacements and renewals, consistent with good business and operating practices for comparable facilities and in accordance with applicable standards of regulatory bodies. Production of water and treatment of wastewater shall meet or exceed all applicable standards of regulatory bodies.

Section 5.6. Adoption and Enforcement of Rules and

Regulations. Rivanna shall adopt and enforce such reasonable rules and regulations as may be necessary or desirable to insure the efficient operation and maintenance of its facilities and the compliance with applicable regulations and orders of regulatory bodies.

ARTICLE VI

Obligations of the Political Subdivisions

Section 6.1. Rivanna to Produce All Water. The Political Subdivisions will not produce or sell potable water from any source other than Rivanna.

Section 5.4. Acceptance and Treatment of Wastewater.

Rivanna shall accept and treat all sewage delivered by the City and the Service Authority at Points of Delivery up to their respective allocated plant capacities in accordance with rules and regulations adopted by Rivanna from time to time. Rivanna shall be under no obligation to treat wastewater delivered by the City or the Service Authority in excess of their allocated daily plant capacities.

Section 5.5. Operation of Project. Rivanna shall

operate and maintain the Project in an efficient and economical manner, making all necessary and proper repairs, replacements and renewals, consistent with good business and operating practices for comparable facilities and in accordance with applicable standards of regulatory bodies. Production of water and treatment of wastewater shall meet or exceed all applicable standards of regulatory bodies.

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ARTICLE VI

Obligations of the Political Subdivisions

Section 6.1. Rivanna to Produce All Water. The Political Subdivisions will not produce or sell potable water from any source other than Rivanna.

Section 6.2. Rivanna to Treat All Wastewater. All publicly owned wastewater treatment facilities in the Political Subdivisions, except (a) facilities of the Albemarle County School Board and the Commonwealth of Virginia and (b) septic tank tile field systems, shall be operated by Rivanna under this Agreement. The City and the Service Authority shall deliver to Rivanna at Points of Delivery all wastewater collected by them and shall not permit or provide for the treatment of wastewater collected by them in any other manner.

Section 6.3. Limitation on Plant Capacity. The Political Subdivisions recognize that the capacity of Rivanna's proposed advanced wastewater treatment plant will be regulated by the State Water Control Board and that allocations of plant capacity may have to be made in order to avoid overloading. The City and the Service Authority each covenants and agrees not to exceed its plant capacity as allocated from time to time. The City and the Service Authority have the primary responsibility for the necessary actions to insure that their wastewater flows remain within their allocations. At such time as the City or the County and the Service Authority are advised by Rivanna that the average flow of the City or the Service Authority, as the case may be, for any three consecutive months has reached 95% of its allocated daily plant capacity, the City or the County, as the case may be, shall suspend the issuance of permits which allow start of construction on projects in the affected area until capacity is increased by reason of reallocation or it is advised by Rivanna that additional wastewater may be delivered to Rivanna.

*As this only
speaking
to the new
(future) plant
or to old ones
post-recertification*

for the past 3 months "this" is incorrect (under new limits)

Section 6.4. Payment of Charges. The City and the Service Authority each covenants and agrees to pay promptly when due the charges of Rivanna as determined pursuant to Article VII and billed to it from time to time; provided, however, that the City and the Service Authority shall not be obligated to pay such charges except from revenues received by the City and the Service Authority, respectively, from the charges to be paid by the users of its water and sewerage systems and available to them for such purposes, including availability, connection, consumption and service charges or fees and any other revenues of such systems. The City and the Service Authority each covenants and agrees to fix and collect from the users of its water and sewerage systems charges sufficient to make the payments required of it under this Agreement. Rivanna shall provide the City and the Service Authority with information as to the minimum charges necessary for their respective required payments.

Section 6.5. Observance of Regulations. The Political Subdivisions each covenant and agree to observe all reasonable rules and regulations respecting the use of and services furnished by the Project in accordance with Section 5.6 or legally required by any other authorized regulatory body.

ARTICLE VII

Rates and Charges

Section 7.1. Rates in General. Rivanna shall fix and determine from time to time rates for water furnished to and wastewater delivered by the City and the Service Authority. Such rates shall be established by Rivanna at such levels as may be

necessary to provide funds, together with other funds that may be available, sufficient at all times to pay (a) the cost of operation and maintenance of the Project, including debt service attributable to facilities to be acquired by Rivanna, and reserves for such purposes and for replacements and improvements and (b) the principal of, premium, if any, and interest on the Bonds, as the same become due, and reserves therefor.

Section 7.2. Rates for Urban Area. Rivanna shall establish an urban area which shall include all of the City and designated portions of the County. The boundaries of this area may be changed from time to time. Rivanna shall establish rates for furnishing water to and treating wastewater from the urban area as follows:

(a) Water rates shall be uniform throughout the urban area, except as provided in subsection (c) below. Rivanna shall compute the cost per 1000 gallons for the operation and maintenance of facilities for the impoundment, production, treatment and transmission of water. Rivanna shall compute the cost per 1000 gallons for debt service on the existing facilities to be acquired pursuant to Sections 3.2 and 3.4 and the cost of new facilities to be constructed pursuant to Section 4.1. The water rate per 1000 gallons shall be determined on the basis of the sum of the operational costs and debt service figures.

(b) Wastewater treatment rates for the urban area shall not be uniform. Rivanna shall compute the cost per 1000 gallons for the operation and maintenance of facilities for the interception and treatment of wastewater, which rate shall be the same for the City and the Service Authority. Rivanna shall compute the cost per 1000 gallons for debt service on the existing facilities to be acquired pursuant to Sections 3.3 and 3.5 and the cost of new facilities to be constructed pursuant to Section 4.1 on a basis

whereby the City pays one-half as much per 1000 gallons as the Service Authority. The wastewater treatment rate per 1000 gallons shall be determined on the basis of the sum of the operational costs and debt service figures.

(c) In the case of (1) the Powell's Creek Interceptor and (2) additional water impoundment, production, transmission or distribution facilities or wastewater interception or treatment facilities provided by Rivanna at the request of the City or the Service Authority pursuant to Section 4.3, the full amount of debt service thereon shall be added to the water or wastewater treatment rates determined in accordance with subsections (a) or (b).

Section 7.3. Rates in Other Areas. Rivanna shall establish separate rates for water now being furnished and wastewater now being treated at Brownsville, Crozet, Scottsville and at such other areas in the County outside of the urban area to which Rivanna may in the future provide water or from which it may treat wastewater.

Section 7.4. Uniformity in Debt Service Charges. The parties recognize that there will be substantial variations from year to year in the cost per 1000 gallons for both water and wastewater treatment for debt service on both existing facilities to be acquired and new facilities to be constructed. In an effort to maintain reasonable uniformity of rates from year to year, the parties agree that Rivanna will, to the best of its ability, compute such debt service charges at a uniform rate throughout ten year periods from the date of this Agreement. The parties understand and agree that this procedure will result in excess

collections for debt service in certain periods but in other periods the amount collected for debt service will be less than actually required. Rivanna agrees to apply the excess collections to make up deficiencies during periods where debt service costs exceed debt service revenues.

Section 7.5. Determination of Charges. Water and wastewater treatment charges shall be determined by applying the rates determined pursuant to Sections 7.2 and 7.3 to the total amount of water delivered to the City and the Service Authority as obtained by their respective customer meter readings.

Section 7.6. Payment of Charges. Rivanna may present charges based on budget estimates, subject to adjustment on the basis of an independent audit at the end of each fiscal year. All charges of Rivanna shall be payable upon presentation. In the event the City or the Service Authority shall fail to make payment in full within 30 days after presentation, interest on such unpaid amounts shall accrue at the highest rate of interest payable by Rivanna on any of the Bonds then outstanding. Rivanna shall bill the City and the Service Authority, and no one else, for water furnished and wastewater treated.

ARTICLE VIII

Miscellaneous

Section 8.1. Amendments. It is recognized by the parties hereto that this Agreement will constitute an essential part of the Rivanna's financing plan and that, after the Bonds have been sold, this Agreement cannot be amended, modified, or otherwise altered in any manner that will impair or adversely

affect the security afforded hereby for the payment of the principal of, premium, if any, and interest on the Bonds, but that this Agreement can be modified or amended only with the consent of the Political Subdivisions, Rivanna and the Trustee given in accordance with the resolution or indenture under which it has been designated.

Section 8.2. Books and Records. Rivanna shall keep proper books and records in accordance with accepted accounting practices which shall be available for inspection at all reasonable times by the Political Subdivisions through their duly authorized agents. Rivanna shall cause an annual audit of its books and records to be made by an independent certified public accountant at the end of each fiscal year and a certified copy thereof to be filed promptly with the governing bodies of the Political Subdivisions.

Section 8.3. Transfer of Customers. To the extent permitted by existing bond resolutions and other contractual obligations, the City will offer to the Service Authority all existing customers of the City located in the County and, upon any enlargement of the City's boundaries, the Service Authority will offer to the City all existing customers of the Service Authority located in the City. As a part of any such offer the City or the Service Authority will offer to sell to the other party all of its facilities which provide service with respect to any customers to be transferred. The purchase price of any such facilities shall be their fair market value as part of a going business which shall be determined by appraisal in the manner prescribed in Section 3.7.

The City or the Service Authority, as the case may be, will have six months after the date of any such offer, which shall state the purchase price, to accept and pay for or reject. Rejection of any such offer shall be final. In the event the Service Authority rejects the offer of the City, the City shall be entitled to serve exclusively those areas so delineated on a map entitled "Service Areas," and on a map entitled "Service Area Boundary Line," attached hereto as Exhibits 7 and 7b respectively, and as further described in Exhibit 7c attached hereto.

Section 8.4. Successors and Assigns. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

Section 8.5. Severability. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not affect any other provision hereof.

Section 8.6. Counterparts. This Agreement shall be executed in several counterparts, any of which shall be regarded for all purposes as one original.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and their

seals to be affixed and attested by their duly authorized officers, all as of the date first above written.

CITY OF CHARLOTTESVILLE

(SEAL)

By Francis H. Fife
Mayor

ATTEST:

S. Rush
City Clerk

ALBEMARLE COUNTY PUBLIC SERVICE AUTHORITY

(SEAL)

By Wm. S. Germani
Chairman

ATTEST:

[Signature]
Secretary

BOARD OF COUNTY SUPERVISORS OF ALBEMARLE COUNTY

(SEAL)

By Emma Wheeler
Chairman

ATTEST:

Lettie E. Parker
Clerk

RIVANNA WATER AND SEWER AUTHORITY

(SEAL)

By Gov. Palmer II
Chairman

ATTEST:

[Signature]
Secretary

WATER PRODUCTION, STORAGE AND TRANSMISSION FACILITIES TO BE

ACQUIRED BY RIVANNA FROM CITY

- 1 - Mechum's River Raw Water Pump Station *Fee simple*
- 2 - One 18-inch transmission line from Sugar Hollow and Mechum's River to the Ragged Mountain Reservoirs ✓
- 3 - One 18-inch raw water transmission line from Ragged Mountain to the Observatory Mountain Filtration Plant ✓
- 4 - One 18-inch raw water transmission line from Ragged Mountain to Observatory Avenue and Southern Railroad and the 16-inch line from that point to the Observatory Mountain Filtration Plant ✓
- 5 - The Royal and Stadium Pump Stations *Assign leasehold and easement*
- 6 - South Rivanna Water Filtration Plant and Storage Tanks *Fee simple*
- 7 - One 16-inch finished water transmission line from Observatory Mountain Filtration Plant to Lambeth Field Pump Station, but not including the Lambeth Field Pump Station ✓
- 8 - One 24-inch finished water transmission line from the South Rivanna Plant generally paralleling U.S. 29 to Rio Road ✓
- 9 - One 18-inch finished water transmission line from Rio Road and U.S. 29 to Melbourne Road ✓
- 10 - One 18-inch finished water transmission line from Rio Road and U.S. 29 to Hydraulic Road ✓

EXISTING WASTEWATER TREATMENT AND INTERCEPTION FACILITIES TO BE

ACQUIRED BY RIVANNA FROM CITY

- 1 - Moores Creek Wastewater Treatment Plant and its necessary appurtenances
- 2 - One 30-inch interceptor sewer (Moores Creek) extending from the existing Moores Creek Treatment Plant to the site of the old Moores Creek Treatment Plant ✓
- 3 - One interceptor sewer (Meadow Creek) varying in size from 21 inches to 36 inches extending from Emmet Street to the Meadow Creek Wastewater Treatment Plant ✓
- 4.- One intercepting sewer (Schenks Branch) varying in size from 18 inches to 21 inches, and extending from McIntire Road and Preston Avenue to the Meadow Creek Interceptor ✓

Exhibit 2

WATER PRODUCTION, STORAGE AND TRANSMISSION FACILITIES TO BE
ACQUIRED BY RIVANNA FROM ALBEMARLE COUNTY SERVICE AUTHORITY

- 1 - North Rivanna Water Production facilities including the diversion dam, Filtration Plant and the storage tank at the Filtration Plant
- 2 - One 12-inch finished water transmission line running from the North Rivanna Plant to U.S. 29
- 3 - One 12-inch finished water transmission line running from U.S. 29 North to Piney Mountain
- 4 - The 700,000 gallon storage tank on Piney Mountain
- 5 - One 12-inch transmission line running South along U.S. 29 and West to Stillhouse Mountain and the 700,000 gallon storage tank on Stillhouse Mountain
- 6 - Beaver Creek Pumping Station
- 7 - One 12-inch raw water transmission line from the Beaver Creek Pumping Station to the Crozet Filtration Plant
- 8 - Crozet Filtration Plant including the 500,000 gallon storage facility including the right to use the wells at Mint Springs
- 9 - One 12-inch finished water line from the Crozet Filtration Plant to its terminal point
- 10 - One 10-inch raw water line from the Scottsville Reservoir to the Scottsville Filtration Plant
- 11 - The Scottsville raw water pump station
- 12 - Scottsville Water Filtration Plant and its necessary appurtenances
- 13 - One 10-inch finished water transmission line from the Scottsville Filtration Plant to the 250,000 gallon standpipe
- 14 - The 250,000 gallon Scottsville standpipe

EXISTING WASTEWATER TREATMENT AND TRANSMISSION FACILITIES TO BE
ACQUIRED BY RIVANNA FROM SERVICE AUTHORITY

- 1 - Central Scottsville Pump Station (located in vicinity of Lagoon) with its respective force main
- 2 - Scottsville Lagoon and its appurtenances
- 3 - Wastewater Treatment Plant at Camelot

Exhibit 4

Future Water Impoundment, Production and Transmission Facilities to be Constructed by Rivanna

1. Construction of a finished water transmission main connecting the existing South Fork System in the vicinity of Hydraulic Road and Route 29 North to the existing Observatory System in the vicinity of Lambeth Field.
2. Construction of a finished water transmission main from an existing transmission main in the vicinity of Penn Park Road along Rivanna River terminating on Pantops Mountain and including a finished water storage tank on Pantops Mountain.
3. Construction of a 12-inch finished water line from the existing Stillhouse Mountain finished water storage tank to serve the West Leigh-Flordon area; line terminating in the vicinity of the crossing of West Leigh Drive and Little Ivy Creek.
4. Construction of an additional finished water storage tank at Crozet in the vicinity of Buck Mountain Road and Railroad Avenue as well as the construction of approximately 8,500 feet of finished water transmission main from the existing 12-inch main in State Route 240 to the proposed water storage tank.

- of the existing septic tank-sand filter system presently serving the Albemarle High School and Jack Jouett Jr. High School.
6. Construction of an intercepting sewer from the existing Woodbrook Lagoon to the confluence of Powell Creek and Rivanna River to enable the eventual abandonment of Woodbrook Lagoon upon completion of the Rivanna Interceptor and the Regional AWT Plant.
 7. Construction of a 20 MGD AWT Plant (first stage 15 MGD) at or near the confluence of Moores Creek and the Rivanna River to provide the Region with a single treatment facility to treat wastewater from the upper Rivanna River Basin. The design of this plant may incorporate the present Moores Creek Plant.
 8. Construction of the Rivanna Interceptor from the proposed Regional AWT Plant parallel to the Rivanna River and extending along the South Fork Rivanna River to U.S. Route 29 eliminating the need for the existing Meadow Creek and Berkeley Wastewater Treatment Plants and the proposed Powell Creek pumping station.
 9. Construction of an interceptor on Morey Creek connecting the Moores Creek Interceptor at Sunset Avenue and extending to U.S. 250 West to carry the discharges from the area south and west of the City including the Ednam Forest area, and will carry the discharges from the Crozet area to the Regional AWT Plant via Moores Creek Interceptor.
 10. Construction of an interceptor, pumping stations and force mains from the Morey Creek Interceptor to the Crozet-Brownsville community to carry the discharges from the Crozet area to the Regional AWT Plant via the Morey and Moores Creek Interceptors.

11. Construction of an interceptor along Powell Creek from its confluence with the Rivanna River to the Northside School to carry the discharges from the school to the proposed Powell Creek pumping station until such time as the Rivanna Interceptor and the Regional AWT Plant are operational, at which time, this interceptor will carry the discharges from the Northside School to the Regional AWT Plant via the Rivanna Interceptor.

DESCRIPTION OF BOUNDARY LINE OF SERVICE AREAS

AS SHOWN ON EXHIBIT 7B

Beginning at a point, the intersection of the Northern boundary line of lot #1, section 61 Albemarle County Tax Map, of the Chapel Hill Sub-Division, with the centerline of State Route 631; thence along center line of State Route 631 in a Southerly direction to its intersection with the Western boundary of parcel 144, section 61; thence with the Western boundary of parcel 144, section 61, in a Northeasterly direction to a corner, and continuing with the Eastern boundary of said parcel in a Southerly direction to its corner with parcel 146D, section 61; thence with said parcel 146D, section 61, in a Northeasterly direction along its Northern boundary to a corner in the Western margin of the R.O.W. of the Southern R.R.; thence with the said margin of the Southern R.R. in a Southerly direction to a corner common to parcels 150 and 151A, section 61; thence crossing the said Southern R.R. in an Easterly direction to a corner common to parcels 154 and 155, section 61, in the Eastern margin of the R.O.W. of the Southern R.R.; thence with the Northern boundary of parcels 155, and 154D, 154B, 154A, and 164, section 61 to a corner common to parcel 164 and 164A, section 61, in the line of parcel 16, section 62; thence crossing parcel 16, section 62, in a Southerly direction to a corner common to parcel 16, section 62, and parcel 165, section 61; thence with the Easterly margin of parcels 165 and 166, section 61 to a corner common to parcel 166, section 61, and parcel 16, section 62; thence crossing parcels 16 and 17, section 62 in a Southeasterly direction to a corner common to parcels 17 and 17C, section 62; thence with the boundary of parcel 17, section 62, in a

EXHIBIT 7C

Page 1 of 6

Southeasterly direction to a corner common to parcels 17 and 17C, section 62; thence in a Northeasterly direction along the Southeastern boundary of parcel 17, section 62, to the West bank of Rivanna River; thence Southernly along the West bank of Rivanna River to the Western boundary of parcel 29, section 78; thence in a Southwesterly direction along the Western boundary line of parcel 29, section 78 to a corner common to parcels 29 and 22, section 78; thence, crossing parcel 22, section 78, in a Southwesterly direction to a corner common to parcels 22 and 23, section 78, in the margin of State Route 53 and continuing the same course to the center of State Route 53; thence in Westerly direction along center line of State Route 53 to its intersection with the Charlottesville-Scottsville district line at or near the entrance to Monticello; thence in a Southerly direction along Charlottesville-Scottsville District line (crest of mountain) to a point where South boundary line of parcel 25, section 77 and parcel 30, section 91, extended Eastward intersects the Charlottesville-Scottsville District line; thence in a Westerly direction to the South East Corner of parcel 30, section 91, and continuing along the Southern boundary of said parcels 30 and 25 to a point 700 feet East of State Route 20; thence in a Southerly direction crossing parcels 29 and 7, section 91, to the North East corner of lot 36, section 91; thence Southerly along the East property line to the Southeast corner of lot 36, section 91; thence in a Southwesterly direction, crossing parcel 7, section 91, and State Route 20 to the Southeast corner of parcels 2 and 8, section 91; thence in a North Westerly direction along South boundary line of parcel 2, section 91; to a corner with parcel 1A in the line of parcel 2, section 91;

thence Southwesterly along the Southeastern boundary of parcels 1A, 1E, 1F, and 1B to a corner common to parcels 1B and 1, section 91; thence continuing Westerly crossing parcels 1, 1D, and 13, section 91 to a corner common to parcel 13, section 91, and parcel 35I, section 90; thence with the Northeast boundary of parcel 35I, section 90 in a Northwesterly direction to the center of State Route 742 and with same to a point opposite the entrance to Lake Renovia; thence with the entrance road to Lake Renovia, parcel 36, section 90, in a Westerly direction, crossing a saddle to a ridge and along the crest of the ridge in a Northerly direction, crossing parcel 36, section 90 and parcel 57, section 76 to the Southern R.O.W. of Highway I-64; thence Westerly along Southern R.O.W. of Highway I-64 to a corner common to parcels 54 and 55D, section 76; thence along the Southern boundary of parcel 54, section 76, to the corner of parcels 54, 46A, and 46H, section 76; thence in a Westerly direction along the Northern boundary and in a Southerly direction along the Western boundary of parcel 46H, section 76, to the center line of State Route 631; thence in a Westerly direction along center line of State Route 631, to the intersection of State Route 781; thence Westerly from the intersection of State Routes 631 and 781 crossing parcel 49B to the South East corner of parcel 23, section 76; thence Westerly along the Southern boundary of parcel 23, section 76, to a corner common to parcels 23 and 49, section 76, and Sherwood Farms, as shown on section 76N; thence with the said Sherwood Farms in a clockwise direction along the Southern and Western boundary of Sherwood Farms, section 76N, to its corner common to parcel 44, section 75, thence with parcel 44, section 75 Westerly along its Southern boundary to a corner common to parcels 43 and 44, section 75; thence Northerly with the Western boundary of parcel 44, section 75 and

continuing the same course, crossing the Southern Railroad and Hy. 29 to a point 300' north of the center line of Hy. 29 in parcel 45, section 75; thence in a Northeasterly direction by a line paralleled to and 300' from the center line of Hy. 29, crossing parcels 45 and 48, section 75, to a point in the boundary line common to parcels 48 and 53, section 75; thence in a Northwesterly direction along the Western boundary line of parcel 53, section 75, to its intersection with the South R.O.W. of Hy. I-64; thence Westerly along South R.O.W. of I-64 to its intersection with Eastern boundary of parcel I (City Reservoir) section 75; thence along Eastern boundary parcel I, section 75, to its intersection with the Western corner of parcel 81, section 59D; thence along Western boundary of parcel 81, section 59D to a point approximately 300' South of the Southern R.O.W. of U.S. 250; thence parallel to and 300' from the Southern R.O.W. of U.S. 250 in a Western direction to a point opposite the Eastern boundary of parcel 23E, section 59; thence Northerly 300' to U.S. 250 R.O.W., and continuing along same line to the Southeast corner of parcel 23E, section 59; thence along Eastern boundary of parcel 23E, section 59, to its intersection with the C & O, R.O.W. and the same course continued crossing the C & O R.R. to its boundary with Farmington; thence along the Western boundary of Farmington in a clockwise direction to the intersection of State Routes 601 and 654 at the bridge over Ivy Creek; thence Southeasterly approximately 200' along center line of State Route 654 to the Western boundary of parcel 3, section 60; thence in a Southerly direction along the Western boundary of parcel 3, section 60, to a corner common to parcel 3, section 60, and "Colthurst Farm" section 60C; thence with "Colthurst Farm," section 60C, along its Western and Southern boundary to a corner common to "Colthurst Farm"

and parcel 66, section 60; thence in a counter clockwise direction along the Western, Southern and Eastern boundaries of parcel 66, section 60, to the center of State Route 654; thence in a Northerly direction along the Western boundaries of parcels 27 and 27A, to the Northwestern corner of parcel 27A, section 60A and continuing with the said parcel 27A Eastward along its Northern boundary and Northward along its Western boundary to a corner common to parcel 27E, section 60A; thence in a Northerly direction with the Westerly boundary of parcel 27E to a corner common to parcels 27E, and 10A, ("Hessian Hills") section 60A; thence in a counter clockwise direction along the boundary of "Hessian Hills" to a corner in the West side of State Route 656; thence in an Easterly direction to the center line of State Route 656; thence in a Northeasterly direction along center line of State Route 656 to the South corner of Georgetown Green; thence in a clockwise direction around the boundary line of Georgetown Green Sub-Division to the center line of State Route 743; thence in a Northerly direction along State Route 743, to the Northwestern corner of parcel 27A, section 61; thence Easterly along the Northern boundary of parcel 27A, section 61 and continuing along Southern boundary of parcel 29, section 61, to a corner common with parcels 29, section 61, "Westfield," section 61W, and the Berkeley Community, section 61M; thence with the Southwestern boundary of Berkeley, section 61M and parcel 119, section 61 to the center line U.S. 29; thence Northward along the center line of Hy. 29 to a point, the intersection of the center line of Hy. 29 with the Southern boundary extended, of parcel 135A, section 61; thence with the Southern boundaries of parcels 135A and 135B, and 135 in a Southeasterly direction to a corner common to 135B and 136, section 61; thence along South boundary of 135B, section 61, in an Easterly direction to a corner common to lot 135B and

lot 14 of Chapel Hill Sub-Division; thence in a clock-wise direction around Chapel Hill Sub-Division to the center line of State Route 631 (Rio Road), the point of beginning.

1/16/83

JOINT RESOLUTION

WHEREAS, the South Fork Rivanna Reservoir was built in 1966 by the City of Charlottesville to provide public water for residents of the urban area; and

WHEREAS, the Rivanna Water and Sewer Authority was formed in 1972 by a joint resolution of Albemarle County and the City of Charlottesville for the purpose of maintaining facilities to supply drinking water to both communities under terms set out in the "Four Party Agreement" of 1973 among the City, the County, the County Service Authority, and Rivanna; and

WHEREAS, the South Fork Rivanna Reservoir developed sedimentation and eutrophication problems at least partially caused by runoff from developed land in the watershed; and

WHEREAS, Albemarle County enacted the Runoff Control Ordinance to reduce the detrimental effects of development in the watershed which ordinance requires the construction of certain devices for the protection of public drinking waters and the long-term effectiveness of these devices is dependent on the uniform maintenance and replacement of said devices; and

WHEREAS, in January, 1980, the County and the City jointly created the position of Watershed Management Official to coordinate, integrate and review watershed management activities in the County relative to protection of public drinking water impoundments and signed a contract sharing the costs of this operation on a fifty-fifty basis; and

WHEREAS, the Rivanna Water and Sewer Authority undertook, at the instance of the Board of Supervisors of Albemarle County and the Council of the City of Charlottesville, to study alternative water supply sources and in June, 1982 presented a report recommending that Buck Mountain Creek be selected as a future raw water supply source and that a dam be built at the appropriate time at Site C as identified in a study by Camp, Dresser and McKee dated June, 1982, entitled "Buck Mountain Feasibility Study Phase III Final Report, Subsurface Investigation Site C";

NOW, THEREFORE, BE IT JOINTLY RESOLVED BY THE COUNTY, THE CITY, THE ALBEMARLE COUNTY SERVICE AUTHORITY, AND RIVANNA, as follows:

1. The periodic inspection and maintenance of the devices required by the County's Runoff Control Ordinance will be performed by the Rivanna Water and Sewer Authority as the agent of Albemarle County, and the cost of same shall be borne by the Rivanna Water and Sewer Authority through its water rates. The cost of inspection and maintenance, if not obtainable from the private owner or developer pursuant to County ordinances, shall be charged to the water rates of the water system directly served by the drainage area in which the device is located.

The County Engineer's Office shall send all plans for aforesaid runoff control devices to the Rivanna Water and Sewer Authority staff for review and comment. The Rivanna Board may refuse to accept for inspection and maintenance any devices which it believes to be inadequate or improperly designed.

2. The cost of the Watershed Management Official's Office shall be paid by the Rivanna Water and Sewer Authority through its water rates, but the Watershed Management Official shall remain administratively within the County management structure at this time. The cost of the Watershed Management Official's Office shall be prorated over the various Rivanna water rates of the water systems directly serving the drainage areas in which the Official spends his time.

3. The City Attorney will be authorized to work with the County Attorney, if requested, in defending lawsuits directly related to the protection of the water supplies of the Charlottesville-Albemarle urban area, with authorization of City Council for this purpose being made on a case-by-case basis.

4. Pursuant to Section 4.3 of the Four Party Agreement, the Charlottesville City Council and the Albemarle County Service Authority do hereby request jointly the purchase of the property for the proposed Buck Mountain Reservoir with the cost of that purchase to be borne by the Rivanna Water and Sewer Authority. The Rivanna Water and Sewer Authority shall finance the project as follows:

A. Rivanna Water and Sewer Authority will finance the land acquisition through the best long-term debt financing available.

B. All of the yearly debt service on the aforementioned financing will be paid through the Rivanna Water and Sewer Authority's urban water rate with the exception of the revenue to be derived by the surcharges outlined below.

C. The City of Charlottesville and the Albemarle County Service Authority will, beginning July 1, 1983, collect a surcharge for each new water service connection in the City and in the urban water area of the County, respectively, according to the following table and remit said surcharges to the Rivanna Water and Sewer Authority which will use all of said surcharges to pay a portion of the aforementioned debt service.

These surcharges will be in addition to any other charges made for a new water service by the City or by the Authority.

<u>METER SIZE</u>	<u>CAPACITY GAL/MIN</u>	<u>FACTOR</u>	<u>SURCHARGE</u>
5/8"	20	1	\$ 200
1"	50	2.5	500
1½"	100	5	1,000
2"	160	8	1,600
3"	350	12.5	2,500
4"	600	30	6,000
6"	1250	62.6	12,000
8"	1800	90	18,000
10"	2900	145	29,000
12"	4300	215	43,000

All Buck Mountain surcharge collections will be transferred to the Rivanna Water and Sewer Authority semi-annually by the 15th of September and March, respectively. A report itemizing the number of connections of each size made will be submitted to Rivanna by the 15th of the month for the previous month. All such funds will be used to pay a portion of the aforementioned debt service in the following manner: surcharges collected and transferred in any fiscal year will be applied to the budgeted debt service for the following fiscal year before rates are calculated.

D. The surcharge described in Sub-paragraph C shall not be required for any new water service connection which the Albemarle County Service Authority, or the City, is required to provide at a fixed cost, or free of cost, by virtue of any contract pre-dating this agreement or by virtue of any court order.

E. The Albemarle County Service Authority and the City reserve the right in their sole discretion to adjust, readjust and apportion their rate schedules, including connection surcharges, provided that they shall remit to Rivanna the amounts applicable under Sub-paragraph C, for all new urban area water service connections.

F. In those instances where a larger meter is needed to serve an existing service, then the surcharge shall be the difference between the surcharge on the existing meter size and the surcharge on the new one.

G. The obligation of the City and the Albemarle County Service Authority to collect the surcharge shall terminate upon the retirement of the long-term debt financing for the land acquisition.

(4)

ATTEST:

ADOPTED BY THE BOARD OF SUPERVISORS
OF THE COUNTY OF ALBEMARLE

January 5, 1983

Lillian E. Fisher
Clerk

Ferrall E. Fisher
Chairman

ATTEST:

ADOPTED BY THE COUNCIL OF THE
CITY OF CHARLOTTESVILLE
January 18

, 1983

Alma Evans Brown
Clerk

[Signature]
Mayor

ATTEST:

ADOPTED BY THE ALBEMARLE COUNTY
SERVICE AUTHORITY

, 1983

Secretary

Chairman

ATTEST:

ADOPTED BY THE RIVANNA WATER AND
SEWER AUTHORITY

January 10, 1983

Jerry B. Agnew, Jr.
Secretary

[Signature]
Vice-Chairman

THIS AGREEMENT, made this 26th day of October, 1987, by and among the RIVANNA WATER AND SEWER AUTHORITY ("Rivanna"), the ALBEMARLE COUNTY SERVICE AUTHORITY ("ACSA"), and the CITY OF CHARLOTTESVILLE, VIRGINIA ("City"), all independent political subdivisions of the Commonwealth of Virginia;

WITNESSETH:

I. Background and Intent.

Under previous agreements Rivanna owns and/or operates facilities for the impoundment, production, storage and treatment and transmission of a public water supply for the Charlottesville-Albemarle region, selling finished, potable water to ACSA and City for distribution and resale to retail customers within ACSA's and City's respective service areas. Rivanna, ACSA, and City (collectively the "Parties") have now agreed upon a project, not contemplated by their previous agreements, for the extension of Rivanna's water storage transmission system around the southern side of the City (the "Southern Loop Project"). The purpose of this agreement is to set forth the terms under which the various elements of the Southern Loop Project will be constructed, and the basis on which the debt service costs associated with each element of the project will be allocated by Rivanna between the respective water rates charged by Rivanna to ACSA and City.

II. Project Phasing and Cost Allocation.

The total Southern Loop Project shall consist of the

following phases and elements:

(A) Interim Improvements Phase.

(1) Planning for certain interim improvements associated with the Southern Loop Project has already been undertaken by ACSA. These include: a two-million gallon water storage tank to be located on property now being acquired by ACSA through eminent domain proceedings; a 12-inch line connecting the main transmission line of the Southern Loop to the existing 12-inch water line in Avon Street Extended; a portion of the 20-inch Southern Loop transmission line; and a 24-inch line connecting the main line of the Southern Loop to the two-million gallon storage tank..

(2) The Parties agree that ACSA will proceed at once to complete design of, and will contract for, construction of all elements of the Interim Improvements Phase, and will assume full responsibility for their completion. Upon Rivanna's sale of bonds for the Southern Loop Project, ACSA will convey the interim improvements to Rivanna, and Rivanna will reimburse ACSA for its fully documented engineering design and construction costs incurred in the completion of the interim improvements. The Parties acknowledge that the 12-inch water line referred to in paragraph (1) above will be funded solely by ACSA and will not be conveyed to Rivanna. The Parties also acknowledge that ACSA shall be reimbursed by Rivanna one hundred percent (100%) of land costs for the two-million gallon water storage tank and

one hundred percent (100%) of land costs for a future two-million gallon storage tank if ACSA does not acquire the entire tract of land which is now the subject of eminent domain proceedings.

(3) If ACSA acquires all the property which is now the subject of eminent domain proceedings and all the property is not needed for the two two-million gallon storage tanks, ACSA hereby agrees to lease to Rivanna for a total of ninety-nine (99) years at a rental of \$1.00 per year, a portion of the land acquired by ACSA from Mary Virginia Doggett for location of two two-million gallon storage tanks, a plat of which is attached to and incorporated in this agreement as Exhibit A. If, however, ACSA acquires only the land necessary for the two two-million gallon storage tanks, ACSA hereby agrees to convey such land to Rivanna and ACSA shall be reimbursed one hundred percent (100%) of its cost of acquisition of the land by Rivanna, with twenty-five percent (25%) of such land costs being allocated to the City's wholesale rate and seventy-five (75%) to ACSA's wholesale rate.

(4) Rivanna shall allocate to ACSA's wholesale water rate all debt service costs associated with the interim improvements phase except that twenty-five percent (25%) of the debt service costs associated with the first two-million gallon storage tank, exclusive of land cost, shall be allocated to the City's wholesale water rate in the event that ACSA acquires more

land from Mary Virginia Doggett then is needed for the two two-billion gallon storage tanks.

(B) Western Branch Phase.

(1) The Western Branch of the project shall consist of a 20-inch or 24-inch water transmission line extending from the existing storage tank on Observatory Mountain to Avon Street Extended (Station 191+95), and connections from that 20-inch or 24-inch line to existing City or ACSA lines at Stribling Avenue, Old Lynchburg Road, and Fifth Street Southwest, if the Fifth Street connection is determined to be needed for the operation of the Southern Loop project or necessary to maintain the current level of operation of the City system by an engineer or engineers acceptable to all parties hereto.

(2) Rivanna shall be responsible for all aspects of the design, right of way acquisition, and construction of each element of the Western Branch phase. Solicitation of proposals for the design work shall begin immediately upon execution of this agreement with construction estimated to begin by July 1988 and to be completed by September 1989.

(3) Rivanna shall allocate one hundred percent (100%) of the debt service costs associated with the 20-inch or 24-inch transmission line from Observatory Mountain to the City of Charlottesville boundary line in Stribling Avenue to the City. Rivanna shall allocate one hundred percent (100%) of the debt service costs associated with the 20-inch transmission line from

the City boundary line in Stribling Avenue to the tank on Avon Street Extended to ACSA. Rivanna shall allocate one hundred percent (100%) of the debt service costs associated with the two connections to existing water lines or three connections to existing water lines if the Fifth Street connection is constructed to ACSA's wholesale water rate.

(C) Eastern Branch Phase.

(1) The Eastern Branch of the Project shall consist of an 18-inch water transmission line running from Avon Street Extended (Station 191+95) to the intersection of East High Street and Long Street (Station 0+00 Eastern Branch), a 12-inch connection to ACSA's distribution system in Willow Lake Subdivision, and an additional two-million gallon storage tank to be located immediately adjacent to the first two-million gallon storage tank located on property leased to Rivanna by ACSA or owned by Rivanna under paragraph II(A)(3).

(2) Rivanna shall allocate one hundred percent (100%) of the debt service costs associated with the 18-inch transmission line between Avon Street Extended and the southern corporate limits of Charlottesville, and seventy-five percent (75%) of the debt service costs associated with the additional two-million gallon storage tank, and one hundred percent (100%) of the debt service costs of the 12-inch connection to ACSA's distribution system in Willow Lake Subdivision to ACSA's wholesale water rate.

(3) Rivanna shall allocate one hundred percent (100%) of the debt service costs associated with the 18-inch transmission line between the intersection of East High Street and Long Street and the southern corporate limits of Charlottesville and twenty-five percent (25%) of the debt service costs associated with the additional two million gallon storage tank to City's wholesale water rate.

(4) Rivanna shall not proceed with design and construction of the Eastern Branch Phase until requested by the City Manager or Public Works Director and authorized to do so by majority vote of all members appointed to Rivanna's Board of Directors.

III. Amortization of Rivanna's Costs.

Rivanna shall issue bonds and/or bond anticipation notes as needed to cover the costs of the Southern Loop project and shall include the costs of such debt issuance in the costs to be allocated to City and ACSA, as described above. Such debt costs shall be allocated in the same ratios as the other costs for each phase of the Project. The total cost for each phase shall be amortized over thirty (30) years, with ACSA's and City's proportionate annual shares of such amortization being included as a component of Rivanna's cost of service used to calculate their respective annual wholesale water rates. The debt service charges will be incorporated into the wholesale water rates as detailed in the example attached as Exhibit B.

The costs noted in IIA, IIB, and IIC above shall be included as a separate item in the urban water wholesale rate structure.

IV. Plan References.

Station numbers, approximate locations, and line sizes of the facilities comprising the Southern Loop Project shall be as shown on the topographic map and plan labelled Rivanna Water and Sewer Authority, Southern Extension of Water Transmission System, Figure 1, prepared by Paul B. Krebs and Associates, dated April, 1986, attached to and incorporated by reference in this agreement as Exhibit C, or such revised version of that map and plan as the Board of Directors of Rivanna may hereafter approve.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their presiding officers and their seals affixed and attested as of the date above first written.

Attest:

RIVANNA WATER AND SEWER AUTHORITY

Guy B. Agnet, Jr.
Guy B. Agnet, Jr.
Secretary

By Francis H. Fife (SEAL)
Francis H. Fife, Chairman

Attest:

ALBEMARLE COUNTY SERVICE AUTHORITY

J. W. Brent
J. W. Brent
Secretary

By Robert R. Humphris (SEAL)
Robert R. Humphris, Chairman

Attest:

CITY OF CHARLOTTESVILLE, VIRGINIA

Jeanne Cox
Jeanne Cox
Clerk of Council

By E. G. Hall (SEAL)
Dr. E. G. Hall, Vice-Mayor

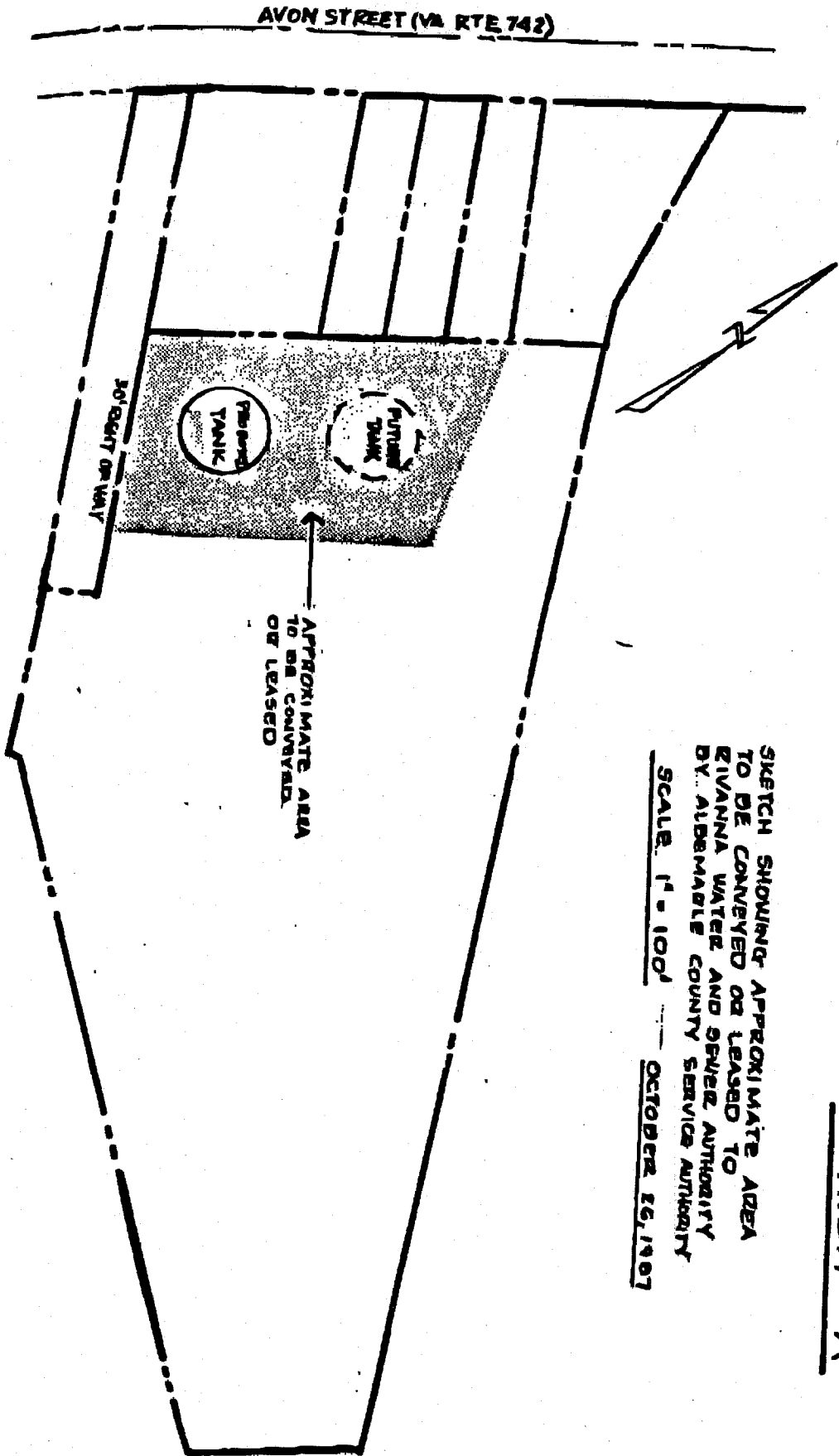


EXHIBIT A

SKETCH SHOWING APPROXIMATE AREA TO BE COVERED OR LEASED TO RIVANNA WATER AND SEWER AUTHORITY BY ALBEMARLE COUNTY SERVICE AUTHORITY

SCALE 1" = 100'

OCTOBER 26, 1997

EXAMPLE 1: Flows are equal to Budget.

Budgeted flow = 305,000,000 gal/month. Southern Loop rate = \$.077/TG. ACSA share = 56%, City share = 44%.

To: R.J. Kister
ACSA Accounting Manager

From: William Sessions
Administrative Supervisor

Monthly Service Charges for Water Supplied and Wastewater Treated

FOR: (Month Year)

DATE:

WATER

Urban

Oper:	33.8% x 305,000,000 Gal	x \$.346/TG =	\$35,669
Debt:	33.8% x 305,000,000 Gal	x \$.293/TG =	\$30,205
Liab:	33.8% x 305,000,000 Gal	x \$.012/TG =	\$1,237
SLoop:	56.000% x 305,000,000 Gal	x \$.077/TG =	\$13,152
		Subtotal	\$80,263

Crozet

Oper:	\$14,372		
Debt:	\$7,376		
Liab:	\$334		
	-----	Subtotal	\$22,082

Scottsville

Oper:	\$6,736		
Debt:	\$1,031		
Liab:	\$84		
	-----	Subtotal	\$7,871

Total Water \$110,216
=====

WASTEWATER

Urban

Oper:	27.43% x 285,129,990 Gal	x \$.393/TG =	\$30,737
Debt:	27.43% x 285,129,990 Gal	x \$.440/TG =	\$34,413
Liab:	27.43% x 285,129,990 Gal	x \$.015/TG =	\$1,173
		Subtotal	\$66,323

Scottsville

Oper:	\$1,562		
Debt:	\$818		
Rsvr:	\$125		
Liab:	\$42		
	-----	Subtotal	\$2,547

Total Wastewater \$68,870
=====

TOTAL DUE \$179,086
#####

EXAMPLE 1: Flows are equal to Budget.

Budgeted flow = 305,000,000 gal/month. Southern Loop rate = \$.077/TG. ACSA share = 56%, City share = 44%.

TO: Judith M. Mueller
 Charlottesville Director of Public Works

FROM: William Sessoms
 Administrative Supervisor

Monthly Service Charges for Water Supplied and Wastewater Treated

FOR: (Month Year)

DATE:

WATER

Oper:	66.2%	x	305,000,000	Gal	x	\$.346/TG	=	\$69,861
Debt:	66.2%	x	305,000,000	Gal	x	\$.293/TG	=	\$59,160
Liab:	66.2%	x	305,000,000	Gal	x	\$.012/TG	=	\$2,423
Sloop:	44.000%	x	305,000,000	Gal	x	\$.077/TG	=	\$10,333

Subtotal \$141,777

WASTEWATER

Oper:	72.57%	x	285,129,990	Gal	x	\$.393/TG	=	\$81,319
Debt:	72.57%	x	285,129,990	Gal	x	\$.220/TG	=	\$45,522
Liab:	72.57%	x	285,129,990	Gal	x	\$.015/TG	=	\$3,104

Subtotal \$129,945

TOTAL DUE \$271,722

By Myrie Sandridge

EXAMPLE 2: Flows are less than Budget.

Budgeted flow = 305,000,000 gal/month. Southern Loop rate = \$.077/TG. ACSA share = 56%, City share = 44%.

To: R.J. Kister
ACSA Accounting Manager

From: William Sessoms
Administrative Supervisor

Monthly Service Charges for Water Supplied and Wastewater Treated

FOR: (Month Year)

DATE:

WATER

Urban

Oper:	33.8% x 290,000,000 Gal	x \$.346/TG =	\$33,915
Debt:	33.8% x 290,000,000 Gal	x \$.293/TG =	\$28,720
Liab:	33.8% x 290,000,000 Gal	x \$.012/TG =	\$1,176
SLoop:	58.877% x 290,000,000 Gal	x \$.077/TG =	\$13,152

Subtotal \$76,963

Crozet

Oper:	\$14,372
Debt:	\$7,376
Liab:	\$334

Subtotal \$22,082

Scottsville

Oper:	\$6,756
Debt:	\$1,031
Liab:	\$84

Subtotal \$7,871

Total Water \$106,916

WASTEWATER

Urban

Oper:	27.43% x 285,129,990 Gal	x \$.393/TG =	\$30,737
Debt:	27.43% x 285,129,990 Gal	x \$.440/TG =	\$34,413
Liab:	27.43% x 285,129,990 Gal	x \$.015/TG =	\$1,173

Subtotal \$66,323

Scottsville

Oper:	\$1,562
Debt:	\$818
Rsvs:	\$125
Liab:	\$42

Subtotal \$2,547

Total Wastewater \$68,870

TOTAL DUE \$175,786

#####

EXAMPLE 2: Flows are less than Budget.

Budgeted flow = 305,000,000 gal/month. Southern Loop rate = \$.077/TG. ACSA share = 56%, City share = 44%.

TO: Judith M. Mueller
 Charlottesville Director of Public Works

FROM: William Sessoms
 Administrative Supervisor

Monthly Service Charges for Water Supplied and Wastewater Treated

FDR: (Month Year)

DATE:

WATER

Oper:	66.2% x 290,000,000 Gal	x \$.346/TG =	\$66,425
Debt:	66.2% x 290,000,000 Gal	x \$.293/TG =	\$56,250
Liab:	66.2% x 290,000,000 Gal	x \$.012/TG =	\$2,304
SLoop:	46.276% x 290,000,000 Gal	x \$.077/TG =	\$10,333

Subtotal \$135,312

WASTEWATER

Oper:	72.57% x 285,129,990 Gal	x \$.393/TG =	\$81,319
Debt:	72.57% x 285,129,990 Gal	x \$.220/TG =	\$45,522
Liab:	72.57% x 285,129,990 Gal	x \$.015/TG =	\$3,104

Subtotal \$129,945

TOTAL DUE \$265,257

cc: Myrle Sandridge

EXAMPLE 3: Flows are greater than Budget.

Budgeted flow = 305,000,000 gal/month. Southern Loop rate = \$.077/TG. ACSA share = 56%, City share = 44%.

To: R.J. Kister
ACSA Accounting Manager

From: William Sessions
Administrative Supervisor

Monthly Service Charges for Water Supplied and Wastewater Treated

FOR: (Month Year)

DATE:

WATER

Urban

Oper:	33.8% x 320,000,000 Gal	x \$.346/TG =	\$37,423
Debt:	33.8% x 320,000,000 Gal	x \$.293/TG =	\$31,691
Liab:	33.8% x 320,000,000 Gal	x \$.012/TG =	\$1,298
SLoop:	53.375% x 320,000,000 Gal	x \$.077/TG =	\$13,152
		Subtotal	\$83,564

Crozet

Oper:			
Debt:		\$14,372	
Liab:		\$7,376	
		\$334	

Subtotal \$22,082

Scottsville

Oper:			
Debt:		\$6,756	
Liab:		\$1,031	
		\$84	

Subtotal \$7,871

Total Water \$113,517

WASTEWATER

Urban

Oper:	27.43% x 285,129,990 Gal	x \$.393/TG =	\$30,737
Debt:	27.43% x 285,129,990 Gal	x \$.440/TG =	\$34,413
Liab:	27.43% x 285,129,990 Gal	x \$.015/TG =	\$1,173
		Subtotal	\$66,323

Scottsville

Oper:			
Debt:		\$1,562	
Rsv:		\$818	
Liab:		\$125	
		\$42	

Subtotal \$2,547

Total Wastewater \$68,870

TOTAL DUE \$182,387

#####

EXAMPLE 3: Flows are greater than Budget.

Budgeted flow = 305,000,000 gal/month. Southern Loop rate = \$.077/TG. ACSA share = 56%, City share = 44%.

TO: Judith M. Mueller
Charlottesville Director of Public Works

FROM: William Sessoms
Administrative Supervisor

Monthly Service Charges for Water Supplied and Wastewater Treated

FOR: (Month Year)

DATE:

WATER

Oper:	46.2% x 320,000,000 Gal x \$.346/TG =	\$73,297
Debt:	66.2% x 320,000,000 Gal x \$.293/TG =	\$62,069
Liab:	66.2% x 320,000,000 Gal x \$.012/TG =	\$2,542
SLoop:	41.938% x 320,000,000 Gal x \$.077/TG =	\$10,334

Subtotal \$148,242

WASTEWATER

Oper:	72.57% x 285,129,990 Gal x \$.393/TG =	\$81,319
Debt:	72.57% x 285,129,990 Gal x \$.220/TG =	\$45,522
Liab:	72.57% x 285,129,990 Gal x \$.015/TG =	\$3,104

Subtotal \$129,945

TOTAL DUE \$278,187

cc: Myrle Sandridge

This Agreement made for purposes of identification this 1st day of December, 2003, by and between the CITY OF CHARLOTTESVILLE, Virginia, a municipal corporation (the "City"), the ALBEMARLE COUNTY SERVICE AUTHORITY, a public body politic and corporate (the "ACSA") and the RIVANNA WATER and SEWER AUTHORITY, a public body politic and corporate (the "RWSA").

WITNESSETH:

Background and Intent.

A. RWSA owns and/or operates facilities for the receipt and treatment of potable water pursuant to the terms of a Four Party Agreement dated June 12, 1973, among the City, the RWSA, the ACSA, and the Board of Supervisors of Albemarle County (the "Four Party Agreement") and several supplementary agreements.

B. Pursuant to Section 4.3 of the Four Party Agreement, the City and the ACSA have agreed upon a project, not contemplated by their previous agreements, for the expansion of the South Rivanna Reservoir to increase safe yield of RWSA's urban water system (the "Urban Water System"). The Urban Water System consists of all water related facilities within or serving the City of Charlottesville and the urban growth area of Albemarle County surrounding the City of Charlottesville, including water plants and all reservoirs, pipelines, pumping stations, storage tanks and other appurtenances connected to water plants and operated by RWSA.

C. The ACSA and the City also have reached an agreement concerning the allocation of existing water plant capacity and sharing of costs thereof for the existing Observatory Water Treatment Plant, South Rivanna Water Treatment Plant, and North Rivanna Water Treatment Plant (the "Urban Water System Plants"), including the 1999 expansion of the South Rivanna Water Treatment Plant, and future improvements of these water plants.

D. These agreements are based on the terms of a Comprehensive Review of Costs Allocation Methodology Re: Water System Facilities – Final Report August 18, 2003 – Vincent J. Bryne, Utility Consultant, a copy of which is attached hereto as Exhibit A.

NOW THEREFORE, for and in consideration of the premises and other good and valuable consideration, the receipt of all of which is hereby acknowledged, the City, ACSA and RWSA agree as follows:

Urban Water System Plants' Capacity Allocation.

1. Prior to 1999, RWSA's Urban Water System Plants had a capacity of 17.7 million gallons per day ("mgd") of potable water. In 1999, RWSA, at the request of the City and the ACSA, increased capacity at the South Rivanna Water Treatment Plant by 4.0 mgd, increasing total plant capacity in the Urban Water System Plants to 21.7 mgd.

2. At that time, RWSA used the then existing cost sharing provisions of the Four Party Agreement to collect the cost of the 4.0 mgd expansion from the City and the ACSA. Based on current projections, the City can meet its maximum day

demand through the year 2020 without acquiring any of the 4.0 mgd capacity added to the South Rivanna plant. ACSA and the City have therefore agreed that the additional 4.0 mgd capacity is required by ACSA, and that the entire cost for that expansion of capacity should be allocated to ACSA.

3. ACSA agrees to pay all of the 1999 4.0 mgd South Rivanna Water Treatment Plant expansion cost. As a result, the ACSA will be entitled to all of the 4.0 mgd plant capacity expansion. Concurrently with the expansion of the treatment capacity at the South Rivanna Water Treatment Plant, RWSA made operational improvements and changes to this plant. The total cost of the plant capacity expansion and operational improvements and changes was \$7,869,251.00. RWSA, ACSA, and the City agree that \$2,718,660.00 of this cost was for capacity expansion and \$5,150,591.00 was for operational improvements and changes. ACSA and the City have been paying the annual debt service on the bonds sold by RWSA to fund this project through RWSA's urban water rate. ACSA agrees to reimburse the City for debt service the City has paid on the capacity expansion component of the total debt service. This amount will be calculated by RWSA as of December 31, 2003 and will be paid by January 31, 2004. From January 1, 2004 forward ACSA will pay 100% of the debt service on the capacity expansion component for the 1999 4.0 mgd plant capacity expansion of the South Rivanna Water Treatment Plant.

4. ACSA and the City agree that RWSA's current Urban Water System Plants' capacity of 21.7 mgd will be allocated 48% to the City (10.4 mgd) and

52% to ACSA (11.3 mgd); and each shall pay these respective percentages of all non-capacity expansion related charges imposed by RWSA, including future non-capacity related projects for the Urban Water System.

5. If any improvements increase capacity in the Urban Water System Plants, the City and ACSA will negotiate a new cost sharing and capacity allocation agreement as a result of the increased capacity. If the current 21.7 mgd capacity in the Urban Water System Plants decreases, the ACSA and the City shall continue to own plant capacity proportionally according to the 48/52% allocation set forth herein.

Safe Yield Allocation and South Rivanna Reservoir Safe Yield Expansion.

6. Based on the amount contributed by the City and ACSA for total facilities in RWSA's Urban Water System over the twenty-year period 1983-2002, the City has contributed 65% of the total costs and the ACSA has contributed 35% of the total costs of the Urban Water System. Applying the above methodology, the City is allocated 7.80 mgd and the ACSA is allocated 4.20 mgd of the existing 12.0 mgd of safe yield supply in RWSA's Urban Water System.

7. The City, ACSA, and RWSA have agreed to increase the safe yield provided by RWSA's Urban Water System supply reservoirs by raising the elevation of the South Rivanna Reservoir. The parties propose to increase elevation at the South Rivanna Reservoir to raise the Urban Water System's safe yield at least 7.0 mgd to 19.0 mgd. This 19.0 mgd shall be allocated as follows:

(a). Based on current projections, both the City and ACSA will require a portion of the 7.0 mgd increase in safe yield to ensure an adequate potable water supply to meet future needs. ACSA and the City hereby agree that of the additional 7.0 mgd safe yield achieved from the proposed South Rivanna Reservoir expansion, the City will acquire and be entitled to 1.89 mgd, and the ACSA will acquire and be entitled to 5.11 mgd.

(b). After the expansion of the South Rivanna Reservoir, RWSA's Urban Water System should have a safe yield of 19.0 mgd. Of this safe yield, the City will own 9.69 mgd. ACSA will own 9.31 mgd.

(c). If the work undertaken to raise the elevation of the South Rivanna Reservoir provides an expansion of the safe yield of the South Rivanna Reservoir less than 7.0 mgd, the City's and the ACSA's share of the safe yield of RWSA's urban water system will decrease proportionally. If the safe yield increases the City and ACSA will negotiate the allocation of the increased amount and cost.

8. The cost of the expansion of the South Rivanna Reservoir, including engineering, legal, permitting, and construction costs, shall be allocated to and paid by the City and the ACSA as follows: 27% to the City and 73% to ACSA.

Other Matters.

9. RWSA shall be responsible for all aspects of the design, right-of-way acquisition and construction of the South Rivanna Reservoir expansion.

10. The City and ACSA will continue to pay for routine labor, chemicals, supplies, power, and other operational costs associated with water production in

the Urban Water System on the basis of their respective percentage volume use as set out in the Four Party Agreement, as supplemented by (i) Joint Resolution adopted in January 1983 (as such resolution was clarified by Resolution of the Albemarle County Service Authority dated March 17, 1983, and by Resolution of the Charlottesville City Council dated May 2, 1983, and modified by Joint Resolution adopted in December, 1983), (ii) Working Agreement on Urban Area Wholesale Flow Allocations and Billing Methodology dated January 24, 1983; and (iii) Agreement dated October 26, 1987, relating to the operation of the RWSA's Urban Water System and the division of RWSA's operational costs between the City and the ACSA.

Witness the following duly authorized signatures and seals:

CITY OF CHARLOTTESVILLE

By: 

Mayor

ALBEMARLE COUNTY SERVICE
AUTHORITY

By: 

Chairman

RIVANNA WATER AND SEWER
AUTHORITY

By: 

Chairman

STATE OF VIRGINIA
CITY/COUNTY OF Charlottesville

The foregoing instrument was acknowledged before me this 10th day of December, 2003, by Maurice D. Cox, Mayor.

Barbara K. Ronan
Notary Public

My commission expires: 4-30-06

STATE OF VIRGINIA
CITY/COUNTY OF Albemarle

The foregoing instrument was acknowledged before me this 10th day of December, 2003, by J. Randolph Parker.

Susan L. Rohm-Biggs
Notary Public

My commission expires: 083106

STATE OF VIRGINIA
CITY/COUNTY OF ALBEMARLE

The foregoing instrument was acknowledged before me this 15 day of DECEMBER, 2003, by MICHAEL GAFFNEY.

Mary J. Knowles
Notary Public

My commission expires: 7-31-06

acsa.city.agree(rv#56)

