

AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 27TH DAY OF MAY, NINETEEN HUNDRED NINETY-SEVEN, AT 8:42 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

A. ROLL CALL

Stewart U. Taylor, Chairman
Perry M. DePue, Vice Chairman
Robert A. Magoon, Jr.
Jack D. Edwards
David L. Sisk

Sanford B. Wanner, Secretary
Robert H. Smith, Treasurer
Frank M. Morton, III, County Attorney
Larry M. Foster, General Manager

B. MINUTES - April 22, 1997

Mr. Taylor asked if there were corrections or additions to the minutes.

Mr. Magoon made a motion to approve the minutes.

The motion passed by unanimous voice vote.

C. PUBLIC HEARINGS

1. Regulations Governing Utility Service

Mr. Larry M. Foster, General Manager, stated that the proposed changes would clarify some of the regulations.

Staff recommended approval of the resolution with changes as listed.

Mr. Taylor opened the public hearing, and as no one wished to speak, he closed the public hearing.

Mr. Magoon made a motion to approve the resolution.

The motion passed by unanimous voice vote.

RESOLUTION

UTILITY POLICY CHANGES

WHEREAS, the Board of Directors of James City Service Authority has held a public hearing on certain proposed changes to the Regulations Governing Utility Service.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of James City Service Authority, James City County, Virginia, hereby adopts the attached changes to be effective July 1, 1997.

1. Clarify that an existing structure shall be required to connect to public water main if public water is available and the existing well fails.
2. Affirms that once connected, a structure must continue to be connected to JCSA water system.
3. Require payment of system connection fees for independent water system constructed by developers to serve individual developments.
4. Add a minimum system facility charge of \$2,500 for nonresidential sewer connection.
5. Add a minimum system facility charge of \$2,500 for nonresidential water connection.
6. Delete billing service charge of \$2.07 for fire hydrant rentals from Newport News Waterworks (to be effective September 1, 1997).

2. Fire Protection Services Fee - Newport News Waterworks

Mr. Foster stated that authorization to allow Newport News Waterworks to implement direct billing for Fire Protection Service Fee was requested.

Staff recommended approval of the resolution with fee structure as listed.

Mr. Taylor opened the public hearing.

1. Mr. Ed Oyer, 139 Indian Circle, stated that his statement showed the fee would be \$5.

Mr. Taylor closed the public hearing.

Mr. Magoon made a motion to approve the resolution.

The motion passed by unanimous voice vote.

RESOLUTION

FIRE PROTECTION SERVICE FEE

WHEREAS, the Board of Directors of James City Service Authority has held a public hearing on Fire Protection Service Fee.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of James City Service Authority, James City County, Virginia, hereby authorizes Newport News Waterworks to implement effective September 1, 1997, direct billing for Fire Protection Service Fee in accordance with the following schedule:

<u>Meter Size (In Inches)</u>	<u>Annual Charge</u>	<u>Monthly FPS Fee</u>	<u>Bimonthly FPS Fee</u>
5/8"	\$18.00	\$1.50	\$3.00
3/4"	18.00	1.50	3.00
1"	27.00	2.25	4.50
1 1/2"	36.00	3.00	6.00
2"	54.00	4.50	9.00
3"	72.00	6.00	12.00
4"	72.00	6.00	12.00
6"	90.00	7.50	15.00
8"	90.00	7.50	15.00
10"	90.00	7.50	15.00

D. BOARD CONSIDERATIONS

1. Bid Award - James Terrace Water System Rehabilitation

Mr. Foster stated that the water system serving the James Terrace area was scheduled for replacement. Bids were received and the lowest, responsive bidder was C. Lewis Waltrip, II, Inc., with a bid of \$336,982.

Staff recommended approval of the resolution.

Mr. Edwards made a motion to approve the resolution.

The motion passed by unanimous voice vote.

RESOLUTION

BID AWARD: JAMES TERRACE WATER MAIN (BID NO. 97-3-0043)

WHEREAS, the Plans and Specifications for the first phase of the water system improvements serving James Terrace have been advertised and competitively bid; and

WHEREAS, C. Lewis Waltrip II, Inc., submitted the low bid of \$336,902 and has been determined capable of performing the job requirements.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of James City Service Authority, James City County, Virginia, awards the contract for Phase 1 and 2 of the James Terrace Water System Improvements to C. Lewis Waltrip II, Inc., for a bid price of \$336,982.

2. Bid Award - Industrial Boulevard Water Main

Mr. Foster stated that the bids have been received for improvement to the hydraulics of the water system in the Toano area. He further stated that the lowest, responsive bidder was J. Godsey and Sons, Inc., with the bid of \$81,052.

Staff recommended approval of the resolution.

Mr. DePue made a motion to approve the resolution.

The motion passed by unanimous voice vote.

RESOLUTION

BID AWARD: INDUSTRIAL BOULEVARD 16-INCH WATER MAIN

WHEREAS, the Plans and Specifications for the installation of a 16-inch water main in Industrial Boulevard have been advertised, competitively bid, and publicly opened; and

WHEREAS, the low bid of \$81,052 submitted by C. Godsey and Sons, Inc., was within the engineer's estimate and the CIP budget allocation.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of James City Service Authority, James City County, Virginia, hereby awards the bid for the Industrial Boulevard water main project to C. Godsey and Sons, Inc., for a bid of \$81,052.

3. **Water Extension Agreement, Manorhouse Retirement Center, Newport News Waterworks**

Mr. Foster stated that a water extension agreement for Manorhouse Retirement Center waterline consisting of 774 feet of 3-inch and 6-inch water pipeline, associated appurtenances, and two fire hydrants had been submitted.

Staff recommended approval of the agreement resolution.

Mr. DePue made a motion to approve the resolution.

The motion passed by unanimous voice vote.

RESOLUTION

WATER EXTENSION AGREEMENT - NEWPORT NEWS WATERWORKS

MANORHOUSE RETIREMENT CENTER

WHEREAS, Manorhouse Retirement Center, Inc., has petitioned Newport News Waterworks to extend water service to serve a planned facility on McLaws Circle; and

WHEREAS, an agreement authorizing the extension of the water system to serve the new Retirement Center is required.

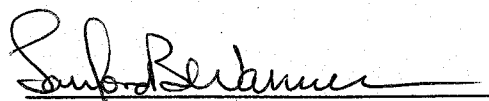
NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of James City Service Authority, James City County, Virginia, authorizes the Chairman to sign the Agreement providing the terms for the extension on behalf of the Board of Directors.

E. **BOARD REQUESTS AND DIRECTIVES - None**

Mr. DePue made a motion to adjourn.

The motion passed by unanimous voice vote.

The Board adjourned at 9:05 p.m.

A handwritten signature in cursive script, appearing to read "Sanford B. Wanner", written over a horizontal line.

Sanford B. Wanner
Secretary to the Board

052797bd.min

Amended July 1, 1997

SECTION 2. CONNECTION REQUIRED

The following regulations shall be observed to determine who shall be required to connect to the facilities of the Authority.

A. Service to existing structures. An owner or tenant of property adjacent to a right-of-way or easement within which there is located a public water main or public wastewater line or both shall connect each existing structure or manufactured home situated thereon to the facilities of the Authority or (at the option of the Authority) to HRSD; provided, however, an owner or tenant of property shall not be required to connect an existing structure or manufactured home situated thereon to a public water main or to a public wastewater line when the following conditions apply:

1. Comprehensive Plan: The existing structure or manufactured home is prohibited from connection to a water or sewer line by zoning, special use permit, or proffer conditions and is served by a domestic supply or source of potable water and/or a private septic or domestic sewage system which meets the standards established by the Virginia Department of Health.
2. Water: the existing structure or manufactured home is used principally for residential or commercial purposes and is served by an existing functional domestic supply or source of potable water which meets the standards established by the Virginia Department of Health. Once connected to the JCSA water system, reversion to an alternate water supply is prohibited.
3. Sewer: the existing structure or manufactured home is used principally for residential or commercial purposes and is served by a private septic system or domestic sewage system which:
 - (a) has absorption trenches that are functioning properly. The Virginia Department of Health shall determine whether absorption trenches are functioning properly, or
 - (b) can be made to function properly by replacing or repairing one of the following: building sewer; septic tank or any of its parts; pump or pump chamber; conveyance lines; distribution box. Additionally, a one time remedial repair may be made to correct a failing drainfield that would not require excavation or replacement of any portion of the drainfield such as a chemical treatment, flushing, or root removal. Minor excavations to access the drainfield lines will be allowed, or
 - (c) has zoning, special use permit, or proffer conditions that do not permit a connection to a sewer line, private septic systems or domestic sewage systems

may be repaired or replaced subject to Virginia Department of Health approval and appropriate County department approval.

- B. Time to connect. The owner or tenant of an existing structure shall comply with this connection regulation within one (1) year after receiving from the Authority written notice that utility service is available.
- C. Plumbing facilities. An existing structure required by these Regulations to connect to a utility service of the Authority but equipped with plumbing facilities required by the Virginia Uniform Statewide Building Code shall be so equipped and connected to the available utility service.
- D. Service to future structure, new development. An owner of property shall be required to connect to the facilities of the Authority when each development or each future structure not part of a development when such development or future structure shall be situated on property adjacent to a right-of-way or easement within which there is located a public water main or wastewater line; provided however, that connection to said facilities shall not be required nor permitted if connection is not permitted by zoning, special use permit or proffer conditions. A replacement structure that is required due to a natural disaster or fire is not considered a future structure or new development.

The Board of Directors of the James City Service Authority may grant a waiver for a period not to exceed three years for commercial/industrial properties to the requirement to connect to public sewer under the following terms and conditions:

1. The applicant submits in writing a substantial justification for such a waiver; and
2. The applicant has Department of Health approval for alternative sewage system; and
3. The applicant enters into an agreement with the Authority with a letter of credit in favor of the Authority in an amount that will cover the cost of such service connection, the amount to be set by the Authority and to be based on the cost of such connection at the expiration of the waiver period; and
4. The applicant agrees to pay 33% of the connection fee for the period of the waiver prior to the approval of the waiver by the Authority; and
5. The applicant agrees that the balance of the connection fee due at the end of the waiver period shall be calculated on the then existing rate; and
6. The applicant agrees to pay the balance due and any other applicable service charges prior to service being provided.

Amended July 1, 1997

- E. Access. The connection of development or an existing or future structure to a utility service of the Authority shall not be required when access to the affected property requires the crossing of property of another owner, provided Authority property and property of the Virginia Department of Transportation shall be excepted.
- F. Application required. The owner or tenant, when required by these Regulations to connect to a utility service, shall make "Application for Service and Contract" in accordance with Section 3 below.
- G. If connection is required for existing structures, the Authority shall provide a domestic water and/or sewer connection to the property line upon payment of all applicable fees and charges. On request of a residential customer who desires to replace a well or septic system by connecting to the JCSA water or sewer system, the Authority may finance up to 75% of the connection costs. Prior to the Authority extending credit, the residential customer must: 1) pay 25% of the connection costs to the Authority; 2) execute a note for the remaining principal balance with interest thereon at the rate of 8% and equal monthly payments for a term not exceeding 48 months; 3) execute a deed of trust on the subject property and all other closing documents; and 4) pay all closing costs including attorney's fees. The Authority shall provide the appropriate connection(s) after all financing documents are signed. Financial assistance under this paragraph is in addition to Section 4, Low Income Payment Plan.
- H. If development in Section 2 (D) above consists of office and/or retail facilities the lot or parcel shall be given a one-time exemption, as it was identified as of December 31, 1984, from Authority connection requirements if the following conditions apply:
1. The lot or parcel is located more than 500 feet from Utility facilities and said property was not subdivided after December 31, 1984; or,
 2. The total floor area does not exceed 2,500 feet.
- I. Service Termination. The owner or tenant of an existing structure who has connected to public water and/or sewer facilities in accordance with Section 2 (A) through (H) above may not revert to a private water and/or sewer system unless approved, in writing, by the General Manager or his designee.

SECTION 29. EXTENSION AND EXPANSION OF AUTHORITY FACILITIES

The policies reflected below govern the extension and expansion of Authority facilities.

- A. Service to new developments. The developer of any new subdivision intended for residential, commercial or industrial use or any combination thereof, or the developer of any commercial or industrial site shall construct all Authority facilities as herein required. The Authority reserves the right at any and all times to make, connect or permit new connections, extensions, or improvements or to otherwise use the facilities in the best interests of the Authority.

1. Primary service area.

- (a) Local facilities. The developer shall construct and install at his expense all local facilities within his subdivision or development; provided, however, local sewer facilities are not required within a reservoir protection area identified in the comprehensive plan and the zoning ordinance. The developer and successor property owner(s) are exempt from payment of local facilities charges when local facilities are constructed and installed at the expense of the developer. Investments by a developer in local facilities to serve his development, such as distribution mains, service connections and meters, fire hydrants, sewer laterals, manholes and other local appurtenances, shall neither be refunded by nor become an obligation of the Authority as such investments are considered a benefit accruing to the property which is recovered through an increase in the value of the property.
- (b) System facilities. The Authority is responsible for the construction and installation of all system facilities when consistent with the policies of the Comprehensive Plan and Master Water and Sewer Plan, economically feasible, and system capacity is available, except when the extension or lift station expansion is for new development. When new development requires an off-site line extension or lift station expansion, the costs shall be the responsibility of the developer and provisions of Section 29-D shall be observed.

When a developer provides for the extension or expansion of a facility over that needed by the project in order to operate as a system facility, the JCSEA may reimburse the developer directly or enter into a rebate agreement for its share of the cost of providing the additional capacity.

2. Outside the PSA. The County's Comprehensive Plan generally does not support development densities and intensities of an urban and suburban nature outside the Primary Service Area. Development of this nature is not consistent with the intent of both the Comprehensive Plan and the Primary Service Area policy and in most cases will require the approval of the Board of Supervisors. The Comprehensive Plan generally does not

support the formation of new, private, central utility systems outside the Primary Service Area. Where approved, the following shall apply:

- (a) Local facilities. All conditions in Section 29 (A)(1)(a) above apply.
- (b) System facilities. The Authority has no responsibility for the construction and installation of system facilities which serve developments outside the PSA. However, the Authority, under written contract, may permit the construction and installation of such facilities at the expense of the developer.

Provided further, the developer shall be required to pay a System Replacement Fee to cover the cost of increasing the incremental capacity in the existing system facilities, should the Authority allow the developer to connect the facilities which serve the development outside the PSA, to the system facilities inside the PSA, at some future date. The terms and amount of this fee shall be determined by the provisions of the written contract which shall be set forth before beginning construction of the system facilities outside the PSA.

3. Application and Contract Required. A developer who desires water or wastewater service or both such services for a certain specified area, shall make application to the Authority before starting construction of any water or wastewater facilities. Each application shall be approved by the James City County Zoning Administrator for that area to be served and has been officially zoned for the particular type, or types, of land use described in the application. Instructions as to the form and content of applications for water and wastewater services are set forth in the "Standards."

Upon approval of the application, the developer shall enter into a written contract with the Authority in accordance with Section 29(E) below. The contract shall describe in detail all fees, rebates, refunds, or exemptions that may occur as a result of the proposed project.

4. Dedication of facilities. Immediately upon completion and acceptance of the utility facilities, such facilities shall be dedicated to the Authority on a form prescribed by the Authority. The facilities to be dedicated shall include all local and system facilities, land and rights, structures and other necessary components of the utility system. The developer, shall transfer such facilities free of debts, liens or other legal encumbrances. In addition, the developer shall submit simultaneously to the Authority a certificate of mechanic's lien waiver on all facilities dedicated by him.
5. Maintenance of facilities. The developer shall be responsible for any maintenance as a result of construction or defects of said facilities for one year from the date of initial operation or acceptance, whichever is later. To ensure compliance with this requirement, the developer shall post with the a certified check, bond, or irrevocable letter of credit in

a sum equal to ten percent of project cost or shall provide an alternative guarantee in a form acceptable to the General Manager.

6. Owner responsibility. Building sewer pipes and water distributing pipes shall be installed at the expense of and maintained by the property owner.
7. Authority standards, specifications. The design of and the equipment, materials, workmanship and procedures used in the construction and installation of local and system facilities shall be in accordance with the "Standards" established, approved and adopted by the Authority.
8. Plan review. The Authority shall review and approve, or revise if necessary to conform with the "Standards," prepared plans for all projects for the construction and installation of all local and system facilities prior to any construction of any such project(s).
9. Site inspections. During progress of construction work, the authorized representatives of the Authority and others who are directly concerned with the construction work shall have access to the locations of construction for the purpose of establishing to their satisfaction that the project(s) is being constructed to the requirements of the Authority and in accordance with the approved plans and standards and specifications.
10. As-built drawings. As-built drawings, in the form prescribed by the "Standards," shall be submitted to the Authority before the final inspection of construction is performed.
11. Final inspection of construction. After completion of the construction and installation of the Authority facilities, and upon written request of the developer or owner responsible for the construction, the Authority shall make a final comprehensive inspection of the completed project(s) and shall be satisfied as to conformance with the plans and standards and specifications before accepting the utility facilities as a part of the utility system.
12. Non-transferability. Credits for construction and installation of system facilities are non-transferable from development to development.

B. Service To Existing Development.

1. Primary service area.
 - (a) System facility capacity. Capacity to serve existing developments inside the PSA is available in existing system facilities.
 - (b) Local Facilities. The property owners of any existing subdivision or any residential, commercial, or industrial site in existence on July 1, 1984, or the owners of any combination thereof, may request the Authority to construct and install local facilities. Upon receipt of such request the Authority will determine if the request is in the best interest of the Authority, economically feasible, and

system capacity is available. Upon approval of the request and upon completion of an Application for Service and Contract and the payment of applicable charges, the Authority shall construct and install such local facilities as herein required to serve each applicant reflected on the petition. The applicants shall remit in advance to the Authority a sum of money equal to:

- (1) the amount which equal to the sum of local facilities fees for each property to be served by the proposed construction of local facilities plus
- (2) the amount required to pay for the connection of the proposed local facilities to the Authority's existing system facilities.

Funds appropriated by the Authority, grant monies, donations, and County funds contributed in aid of construction, or any combination thereof, shall be deducted from the monies required to be remitted in advance by the applicants.

- (c) System facilities fees. Upon completion of the construction and installation of such local facilities, but before physical connection, the applicants shall remit to the Authority, the then prevailing system facilities fee. These fees may be paid in advance and accompany the Application for Service and Contract.
- (d) Refund to nonowners. If the local and/or system facilities fees or construction costs have been advanced to the Authority by a party other than an owner of property to be served by the new facilities, these fees shall be considered a loan to the Authority. Such charges shall be refunded to the nonowners from the local and system facilities fees that are remitted by the owners of the property, which is serviced by the new facilities, as the Authority receives such remittance. The sum of the monies refunded shall not exceed the sum of the loan; no refund shall be made after a period of ten years from the date of such advance.

2. Outside the PSA. All terms and conditions in section 29(B)(1) above apply. The County's Comprehensive Plan generally does not support extension of facilities outside the Primary Service Area and in most cases such extensions will require the approval of the Board of Supervisors. A request for the Authority to construct and install local and system facilities will also be reviewed by the Board of Directors for consistency with the Comprehensive Plan. In addition, should the Authority elect to construct and install system facilities to serve an existing development outside the PSA, which development is independent of the system facilities within the PSA, the property owners shall remit in advance to the Authority a sum of money equal to the total estimated construction and installation costs of such system facilities. Grant monies, donations and County monies contributed in aid of construction shall be deducted from the monies required to be remitted in advance by the applicants. The property owners shall then be exempt from the payment of system facilities fees until such time that the independent system is connected to the system facilities within the PSA. Each property owner will then be liable for the system facilities fee then prevailing.

- C. Service initiated by the Authority. The Authority, upon approval of the Board of Directors, may construct and install local facilities and system facilities anywhere in its service area whenever it determines that circumstances warrant utility service, for example, to implement the land use element of the comprehensive plan, or to protect the health of its citizens or to promote economic development of the community. The financial performance standards of the Authority shall be observed when such construction work is undertaken.

If such service is initiated by the Authority, the funding procedures contained in Sections 29 (A) and (B) above, which are based on the cost of service philosophy, shall be observed to the maximum extent possible.

The Authority may enter into contracts with any person, firm, or corporation, or municipality, or sanitary district, or other political subdivision or public body for the rendering of any unusual or extraordinary water or wastewater service or both such services; provided, the rates or charges to be paid thereunder shall be an amount which is fair and equitable, taking into account the cost to the Authority of providing such service.

Upon request by the appropriate governing body of an adjacent political jurisdiction, the General Manager may approve connections requiring less than 30,000 gallons per day sewer service and 5,000 gallons per day of water service to the JCSA water and sewer system.

- D. Off-site extensions. Extensions to areas outside the Primary Service Area are not generally supported by the County's Comprehensive Plan and in most cases such extensions will require the approval of the Board of Supervisors.

1. Extensions to new developments.

- (a) Cost of Extension. The construction and installation of an extension of a water or sewer line from existing local or system facilities to the property boundary of the developer shall be the responsibility of the developer and undertaken at his expense.

If, at the request of the Authority, the developer includes capacity beyond that needed for his development, the Authority shall refund to the developer the construction costs involved in including such extra capacity. The Authority shall make requests for extra capacity in accordance with recommendations for improvements found in the County's Master Water and Sewer Plan. The terms of the reimbursement shall be determined by the contract between the developer and the Authority.

- (b) Local facilities. The terms and conditions of Section 29(A)(1)(a) shall be observed.

- (c) System Facilities. The terms and conditions of Section 29(A)(1)(b) shall be observed.

- (d) General. The terms and conditions of Section 29(A)(3) through 29(A)(12) shall be observed.

2. Extensions to existing developments

- (a) Cost of extension. The construction and installation of an extension of a water or sewer line, from existing local or system facilities to the property boundary of the applicants, shall be the responsibility of the applicant and undertaken at his expense.
- (b) Local Facilities. The terms and conditions of Section 29(B)(1) shall apply.
- (c) System Facilities. If system facilities to serve an existing development are necessary and are installed at the expense of the property owners, the reimbursement schedule, if applicable, shall be set forth in the contract between the applicants and the Authority.

E. Conditions for Authority participation. The Authority shall participate in the construction and installation costs of local and system facilities and off-site extensions to serve new development when the developer observes all of the terms and conditions set forth below; provided, the Authority reserves the right to decline to participate in a utility project with a developer if the project is either detrimental to the utility system, the project is economically unfeasible, or the project is inconsistent with the policies of the Comprehensive Plan. If the Authority selects to participate, the following conditions shall apply:

1. Pipe size. The size of pipe of water distribution mains and branch and lateral sewers shall be not less than eight inches in diameter; provided in residential districts a six (6) inch water line may be used in blocks six hundred (600) feet or less in length if such water main completes a good gridiron.
2. Developer responsibility. The developer accepts in writing sole responsibility for all matters relating to the construction and installation of all facilities required in the project, including the acquisition of all necessary permits from regulatory agencies. The developer shall acquire at his expense all easements required to install utility service to his development.
3. Prior approvals required. All required federal, state and local government approvals of both the developer's building project and utility project shall be obtained by the developer and delivered in writing to the Authority before the Utility agrees to participate in the utility project.

4. Bidding required. The intent of the provisions of the County Purchasing Manual shall be observed by the developer in the award of a contract for the construction and installation of a utility project. The project shall be awarded by the developer to the lowest responsible bidder. Authority approval of the lowest responsible bidder shall be required prior to the award of the contract.
5. Performance guarantee. Prior to the award of the contract, the developer shall furnish to the Authority either a certified check or a letter of credit in the amount of the contract award.
6. Payments to contractor; change orders. During progress of the construction work, the Authority shall approve: (1) all project partial payments prior to payment to the contract; and (2) all change orders.
7. Eligible costs. In calculating the costs of facilities which are considered developer loans to the Authority, only labor and materials costs incurred by the developer in the construction of the project are considered eligible for refund. Costs of administration, engineering and legal representation are not eligible.
8. Developer option to bid. The developer may elect not to publicly bid the utility project in which case the Authority shall not participate with the developer in the cost of the project as provided for in Sections 29 (A) and 29 (D) above.
9. Payments to developer; applicants. Payments on loans shall be remitted directly to the developer, his assignee or successor, or to the party or parties representing the applicants in the manner stipulated in the contract. Payments shall be made annually on the anniversary date stipulated in Section 29 (E)(10) below out of revenues collected from remittances made by applicants for service for connections made directly to the facilities and by affected non-users. No more than ten (10) such annual payments may be made. Such remittances shall be deposited in an interest-bearing escrow account and investment earnings shall be distributed to the developer.

No payments shall be made to the developer or to the applicant by the Authority until the facilities constructed and installed are formally approved by the Board of Directors and accepted into the utility system.

10. Interest on loans. The unpaid balance of developer and applicant loans shall bear interest at the rate of six (6) percent per annum, compounded on the anniversary dates as follows:
 - (a) Developer loans: date of acceptance of the facilities by the Authority.
 - (b) Applicant loans: date facilities are placed in operation by the Authority.

This interest will be paid on the anniversary date and will reduce the balance owed to the developer and/or applicant.

Amended July 1, 1997

11. Acceptance of new facilities.
- (a) Conditions of acceptance. The General Manager shall accept newly constructed and installed water and wastewater facilities described in Sections 29 (A) and 29 (D) when satisfied that the following conditions have been observed:
 - (1) Full compliance with all provisions of the contract between the developer or owner and the Authority.
 - (2) Full compliance with all requirements of the "Standards."
 - (3) Payment by the developer or owner of all applicable fees and charges prescribed in the Section 32.
 - (4) The developer or owner understands fully that he shall be responsible for and obligated to correct all deficiencies in construction and installation of the project for a period of one year from the date of acceptance of the facilities by the Authority. (This condition shall be secured as defined in Section 29 (A)(5).)
 - (b) Acceptance in writing. Acceptance of the newly constructed and installed facilities, when approved by the Authority, shall be made in writing to the developer or owner responsible for the construction by the General Manager of the project.
 - (c) Agreement irrevocable. The issuance of the written form of acceptance of all such facilities shall constitute an irrevocable agreement between the developer or owner responsible for construction and the Authority; and the officers, agents, servants and employees of the Authority shall be saved harmless by the developer or owner from liability and responsibility of any nature and kind for costs of, or payments on, labor, equipment, or material used in construction of the accepted facilities or on account of any patented or unpatented inventions, process, article or appliance manufactured for or used in construction of, or for the intended operation of, the accepted facilities.
12. Written contract. All the provisions of this Section, and all other pertinent provisions considered peculiar to the project but not inconsistent with these provisions, shall be incorporated into a contract and executed by the developer and the authorized representative(s) of the Authority prior to advertisement for bid.
13. Prepaid facilities charge. Prepaid facilities charges shall not be permitted unless extreme circumstances apply and the following conditions are strictly observed:

- (a) The dedication of capacity expires within five years from estimated project beginning date as stated in the developer's agreement with the Authority, with no refund of prepaid charges which are outstanding at the end of the dedication period.
 - (b) A current letter of credit is maintained which covers the anticipated service charges over the term of the agreement which provides for the prepaid charges; the letter of credit is drawn upon to make periodic service charge payments when due, according to a schedule in the developer's agreement with the Utility; in the event the letter of credit is not renewed at any time, a draft is presented to the issuer for payment of the full face value of the letter of credit, less draws thereon, and the prepaid charges outstanding are forfeited to the Utility at the expiration of the letter of credit.
 - (c) Prepaid facilities charges shall not obligate the Authority to provide service outside the Primary Service Area.
14. Use of dedicated facilities unfettered. The Authority shall have the right at any and all times to make, connect or permit new connections, extensions, or improvements or to otherwise use the dedicated public utilities in the best interests of the Authority.
15. Economic feasibility. The General Manager shall determine the economic feasibility of a proposed extension or expansion. In making such a decision, the following factors shall be considered:
- (a) Sufficient revenues to amortize all project costs on the accrual basis.
 - (b) Sufficient revenues to pay all operation, maintenance and administration costs.
 - (c) The time frame for the recovery of all expenses on the accrual basis shall not exceed twenty (20) years.
 - (d) The availability of funds in the form of contributions in aid of construction, facilities charges, donations or grants.
- F. Acquisition of privately owned systems. The Authority shall consider the acquisition of privately owned water or wastewater systems when the following questions are answered in the affirmative:
- 1. Is the privately owned system within the Primary Service Area?
 - 2. Will a negotiated sales price (excluding non-Utility funds) provide economic value to the Utility in terms of physical property and other rights or in an evaluation of the projected revenue stream?

3. Does the Authority have capacity to serve the customers of the private system?
4. Will the acquisition improve the customer's public health, public safety, quality or quantity of service, or the reliability of service?
5. Does the Authority have the ability to finance the acquisition through either internally generated funds or debt?

If the answer to any of the questions above is negative, then the Authority may either seek to define mitigating factors or may choose not to acquire the system.

- G. The Authority may, at its option, permit the direct connection of any new development to facilities owned by HRSD.

0287H.wpf

SECTION 32. GENERAL RATE POLICY AND RATE SCHEDULE

- A. General rate policy. The determination of rates for the Authority is based upon three interrelated elements:

1. Revenue requirements. Revenue requirements to ensure proper operation and maintenance, development and perpetuation of the system, legal requirements imposed by the Code of Virginia and by debt agreements, and maintenance of the Authority financial integrity.

Revenue requirements are generally defined under either a cash basis or a utility basis. EPA mandates a utility basis for a system constructed with grant funds and the major regulatory agencies endorse the utility basis for defining revenue requirements.

A brief visual comparison is shown below:

<u>Revenue requirements defined</u>	<u>Cash basis</u>	<u>Utility basis</u>
Operations and maintenance	X	X
Debt service - interest expense	X	X
Debt service - payment of principal and reserves	X	
Annual requirements for improvements	X	
Return on investment		X
Depreciation		X

The Authority endorses and uses the cash basis to define revenue requirements with improvements financed from commodity service charges and connection fees.

2. Allocation of costs to services provided. Water and wastewater systems are designed and built with several objectives and the associated costs should be allocated to these cost components, as follows:

Water

Base costs for service
Demand costs
Customer costs
Direct fire protection
Future capacity

Wastewater

Base costs for collection
Base costs for treatment
Demand costs
Customer costs
Future capacity

Amended July 1, 1997

Water and wastewater systems must have the capacity, and therefore generate costs, to provide basic services for average consumption. They must also be designed to meet customer demands for peak usage - seasonal, maximum day and maximum hour. There are certain costs that are also associated with customers, such as meter reading and billing, that are not associated with usage. Water systems also provide capacity (and incur costs) for fire protection.

If a system can be developed to isolate these costs and assess them based upon the parties benefited, then the "cost of service" assignment of costs philosophy is best met. This procedure is identified as the Base-Extra Capacity Method. The Authority has adopted a goal of fully implementing the base-extra capacity method to associate charges with service.

This rate policy is a major step in pursuit of that goal and generally has included the following basic tenets:

- (a) Base costs will be assigned to the overall customer base and a separate charge will be assessed for customer costs. The base costs will be billed, whenever possible, on the basis of demand or usage, using water consumption as measured by a meter.
- (b) Costs of excess capacity shall be assessed against the entire customer base until a satisfactory method can be developed to assess these costs to specific beneficiaries.
- (c) The costs of future capacity for both water and wastewater, as well as the specific costs for fire protection have been financed in the past by contributions from the County. A specific identification of the costs and benefits associated with future capacity and fire service should better define and clarify the County's role in utility financing.

3. Distribution of costs to customer classes. In the past the Authority has allocated costs to various customer classes based upon an estimate of equivalent residential units with average service requirements. The rate revisions proposed attempt to eliminate estimates of usage and substitute actual usage for customer classes based upon metered consumption. These rates clearly attempt to establish service charges most directly in relationship to the cost of service. Customer classes are defined by meter size. This meter size determines the capacity for service and therefore reflects the customer's proportional estimated use. Actual use will be the basis for billing unless actual use cannot be measured. In that case, estimated use based upon equivalent residential units will be assessed.

Costs relating to unique uses of the system, such as separate fire connections and grinder pumps, are proposed to be assessed separately to those customer classes who benefit.

The following are the rates and fees:

B. Wastewater charges.

1. System facilities charge. A system facility charge for wastewater collection service to be furnished through each new separate service connection which is to be made to a public sewer, regardless of who may have paid for the installation of the public sewer to which the connection is to be made, shall be paid by each applicant for service prior to the installation of service, as follows:

(a) Metered water service

Commercial, industrial, institutional, multifamily residential, and single-family residential:

<u>Meter size</u> <u>(inches)</u>	<u>Charge</u>	<u>Meter size</u> <u>(inches)</u>	<u>Charge</u>
5/8 Residential	\$ 300	per Bathroom Fixture 3	\$24,000
5/8 Nonresidential	2,500	4	37,500
3/4	3,500	6	75,000
1	4,000		
1-1/2	7,500		
2	12,000		

(b) Non-metered water service.

Where water is provided by an unmetered source, the following estimated charges shall be assessed:

<u>Activity. Use</u>	<u>Unit</u>	<u>Charge</u>
Single-family residences	Each	\$300 per Bathroom fixture
Single-family manufactured homes	Each	1,000
Manufactured homes in parks	Each lot	1,000
Two family, apartments and townhouses	Each	300 per Bathroom fixture
Schools (with showers)	Student	80
Schools (without showers)	Student	50
Motels and hotels	Room	650
Minimum		2,500
Manufacturing	Msf	300
Minimum		1,200
Warehouses	Msf	100
Minimum		1,200
Service stations	Each	1,200

Camping facilities	Each space	500
Minimum		1,200
Restaurants	Seat	20
Minimum		1,200
Commercial	Msf	N/A
Minimum		1,500
First	30,000 sq. ft.	500
Next	10,000 sq. ft.	450
Next	10,000 sq. ft.	400
Over	50,000 sq. ft.	350

The purpose of this charge is to defray in part the cost of providing force mains, pump stations, transmission mains, booster pumps, and other system facilities. The charge shall be paid prior to the issuance of a plumbing permit from Code Compliance.

2. Local facilities charge. A local facilities charge of \$1,050 for each separate connection to public sewer shall be paid by each applicant who desires to secure wastewater service therefrom, which charge shall be paid prior to the approval of the application for service; provided, however, in any instance where satisfactory evidence shows that an applicant has paid the cost of installation of the local facility to which the connection is to be made, either by installing the local facility at his expense and then conveying the same to the Authority (or its predecessors) or by reimbursing the Authority (or its predecessors) for the cost of such local facilities, the local facilities charge shall be waived. Additionally, when the Authority did not install or have a rebate agreement, the local facilities charge shall also be waived.

In situations where a new wastewater system has been installed by the Authority and whereas any applicant adjacent to this new system that has an existing septic system desires to secure wastewater service therefrom, the local facilities charge shall be waived for a period of 12 months from the completion date of the new wastewater system installation.

The purpose of this charge is to defray in part the cost of installing collection mains which are necessary to provide wastewater collection service to abutting properties and which have been provided at the expense of the Authority or persons, firms or corporations other than the applicant. The charge shall be paid prior to the issuance of a plumbing permit from Code Compliance.

3. Grinder Pump Installation and Maintenance Charge.

- (a) Any applicant for a sewer connection requiring a residential grinder pump may purchase the grinder pump (that meets Authority Standards and Specifications) plus ancillary parts from the Authority at cost if the grinder pump is necessary to replace an existing septic system. In addition, if the connection to the public sewer system is replacing a septic system, the applicant is eligible for the deferred payment plan discussed in Paragraph G, Section 2.
- (b) The Authority may, at the applicant request, install the residential grinder pump for the cost of materials as stated above plus labor and equipment costs. These costs are in addition to the normal Sewer System Facilities Charge if required. Grinder pumps will normally be installed within the existing right-of-way where the force main is located. If the topography dictates that the grinder pump be located within the applicants property then the Authority will prepare the necessary plat and easement for the applicant to execute to permit installation of the grinder pump on the applicants property.
- (c) A annual grinder pump maintenance charge of \$124.20 shall be paid for each separate connection to a grinder pump when the operation and maintenance of said residential grinder pump is the responsibility of the Authority. The payment for this charge will be prorated in equal amounts in the customers utility service charge billing. The Authority shall not maintain nonresidential grinder pumps or other commercial pump stations unless such utility maintenance is deemed by the Authority to be in the interest of the public health or is necessary to protect the integrity of the system, or such facility is located within a designated Reservoir Protection Zone.

4. Service connection charge. A service connection charge shall be paid by each applicant for each new service connection prior to the approval of the application therefor, as follows:

Service installed by:

Charge

Developer, applicant

\$10 per connection inspection fee

Authority

Actual cost times 1.25, including overhead

The purpose of this charge is to defray the cost of installation or inspection of a service connection from the public sewer main in the street to the curb or property line.

The service connection charge shall be waived provided the applicant has paid a local facilities charge and the sewer service line is not greater than 6 inches in diameter for a gravity main or 2 inches in diameter for a force main. In the event that the service connection charge is not waived, the local facilities charge will be applied against the service connection charge.

5. Retail service rates. The wastewater service charge shall be based on usage from a metered water source where available. For wastewater service on an unmetered water source a meter size equivalent shall be used, based upon an estimated charge.

(a) Metered water source.

Charge for all collection and treatment of wastewater

<u>Volume</u>	<u>Collection</u>
Per 1,000 gallons of water consumed	\$2.30
Per 100 cubic feet of water consumed	\$1.72

Metered water usage shall be reduced by a metered reading from a landscaping meter or similar device if the landscaping meter or device is approved and utilized under operating regulations adopted by HRSD.

A copy of the deduction meter reading must be received by the Authority 20 days prior to the end of each billing period. Regardless of the length of time, sub-meter reading adjustments will only be allowed up to the consumption in the current billing period.

(b) Unmetered water source.

Where no meter exists or where meter readings are not made available by the water supplier to the Authority, then the following estimated charges shall be assessed:

<u>Activity, use</u>	<u>Unit</u>	<u>Collection</u>
Single-family residences	Each	\$ 42.00
Single-family mobile homes	Each	42.00
Mobile homes in parks	Each lot	37.25
Duplex, apartments and townhouses	Each	37.25
Schools (with showers)	Student	4.25
Schools (without showers)	Student	2.65

Amended July 1, 1997

Motels and hotels	Room	18.55
Minimum		186.70
Manufacturing	Msf	11.10
Minimum		55.85
Warehouses	Msf	7.45
Minimum		46.50
Service stations	Each	49.95
Camping facilities	Each space	16.25
Minimum		64.25
Restaurants	Seat	4.95
Minimum		55.85
Commercial	Msf	18.55
Minimum	1,000 Sq. Ft.	55.85
Churches	Each	40.65
Swimming pools	Sfe	40.65
Laundromats	Sfe	40.65

Others to be established when needed.

The purpose of the retail service charge is to defray all other costs of providing wastewater collection for domestic, commercial and industrial uses including replacement, renewals, extensions; and repayment of money borrowed to acquire or construct the wastewater collection and transmission system.

C. Water charges.

1. System facilities charge. A system facilities charge for water service to be furnished through each new separate service connection which is to be made to a public water main, regardless of who may have paid for the installation of the public water main to which the connection is to be made, shall be paid by each applicant for service prior to the installation of the water service connection, as follows:

Commercial, industrial, institutional, multifamily residential and single-family residential:

<u>Meter size</u> <u>(inches)</u>	<u>Charge</u>	<u>Meter size</u> <u>(inches)</u>	<u>Charge</u>
5/8 Residential	\$ 300	per Bathroom fixture	3
5/8 Nonresidential	2,500		4
3/4	3,500		6
1	4,000		
1-1/2	7,500		
2	12,000		

Amended July 1, 1997

The purpose of this charge is to defray in part the cost of providing major supply, transmission main, booster pumping and distribution storage facilities. The charge shall be paid prior to the issuance of a plumbing permit from Code Compliance.

2. Local facilities charge. A local facilities charge of \$1,300.00 for each separate connection to an existing water main shall be paid by each applicant who desires to secure water service therefrom, which charge shall be paid prior to the approval of the application for service; provided, however, in any instance where satisfactory evidence shows that an applicant for a connection has paid the cost of installation of the local facility to which the connection is to be made, either by installing the local facility at his expense and then conveying the same to the Authority (or its predecessors) or by reimbursing the Authority (or its predecessors) for the cost of such local facility, the local facilities charge shall be waived. Additionally, where the Authority did not install or have a rebate agreement, the local facilities charge shall also be waived.

The purpose of this charge is to defray in part the cost of installing mains, valves and fire hydrants which are necessary to provide water service to abutting properties and which have been provided at the expense of the Authority or persons, firms or corporations other than the applicant. The charge shall be paid prior to the issuance of a plumbing permit from Code Compliance.

3. Service connection charge. A service connection charge shall be paid by each applicant for each new service connection and meter installation prior to the approval of the application, as follows:

<u>Installation of connection by</u>	<u>Charge</u>
Developer, applicant	\$10 per meter inspection fee
Authority	Actual cost times 1.25, including overhead

The purpose of this charge is to defray the cost of installation or inspection of a service connection from the water main in the street to the curb or property line and the installation of a meter either at the curb or property line or within the premises.

The service connection charge shall be waived provided the applicant has paid a local facilities charge and the water service line is not greater than 2 inches in diameter. In the event that the service connection charge is not waived, the local facilities charge will be applied against the service connection charge.

4. Retail service charge. Water service shall be based upon a commodity charge for all consumption, as follows:

Amended July 1, 1997

<u>Residential:</u>	<u>Volume</u>	<u>Charge</u>
First Block	Less than 15,000 gallons per Quarter	\$2.50 per 1,000 gallons (\$1.875 per 100 cubic feet)
Second Block	More than 15,000 gallons but less than 25,000 gallons per Quarter	\$2.60 per 1,000 gallons (\$1.945 per 100 cubic feet)
Third Block	More than 25,000 gallons per Quarter	\$3.60 per 1,000 gallons (\$2.69 per 100 cubic feet)
<u>Nonresidential:</u>	<u>Volume</u>	<u>Charge</u>
	Per 1,000 gallons	\$2.60
	Per 100 cubic feet	\$1.94

The purpose of the retail service charge is to defray all costs of providing water service for domestic, commercial and industrial uses and for firefighting purposes, including repayment of moneys borrowed to acquire or construct the water system; operation and maintenance; and renewals, replacements and extensions.

D. Exceptions to local system facilities charges. The provisions of Section 29 above shall be observed when there is a conflict between Section 29 and the provisions of Sections 32 (B) and 32 (C) above.

E. Billing and account charges. The following charges shall be assessed for any customer billed by the Authority.

1. Account charge. An account charge of \$10.00 (\$20.00 if the meter is read) shall be paid by each applicant for continuing service, whether for a new account or for a transfer of account, for water and/or wastewater service.

The purpose of this charge is to defray the cost incurred in clerical and bookkeeping activities, the turning on of services and/or meter reading required for each new account or transfer of account.

2. Transaction charge for late payment. A transaction charge for late payment of 10% of the current bill balance due, shall be added to a bill in the event that the bill is not paid within thirty (30) days following the date thereof.

The purpose of this charge is to defray the cost associated with the rebilling of accounts not paid on a prompt basis.

Amended July 1, 1997

3. Interest charge for late payments with a lien. An interest charge for late payment of 8 percent simple interest on the principal (delinquent amount) due, shall be added to any account when a lien has been placed upon real estate. Such lien on any real estate may be discharged by the payment to the Authority of the total lien amount, penalty, and the interest which has accrued to the date of the payment.
4. Restoration of service charge. Where service has been terminated on account of the nonpayment of any bill, a restoration of service charge of \$30.00 (\$100.00 for a single service wastewater customer not on metered water service) shall be paid before service is restored, except as defined in Section 17 (A)(2).

The purpose of this charge is to defray the expenses of terminating and restoring service, including clerical and bookkeeping activities.

5. Meter test deposit. A test of a water meter shall be done at the request of a water customer upon payment of a meter test deposit as defined in Section 11. If the meter is found to be 3 percent or more fast then the deposit shall be refunded. If inoperable or 25 percent or more slow, the deposit shall be credited against a revised billing. The deposit shall be determined by meter size, as follows:

<u>Meter size</u>	<u>Deposit</u>
5/8" - 3/4"	\$15
1" and over	\$65

6. Fire hydrant charge. For customer-requested hydrants installed under the provisions of Section 21, there shall be an installation cost of actual cost plus an allowance of 25 percent for overhead. The applicant shall deposit with the Authority an estimated fee prepared by the Authority, subsequently adjusted at the completion of the installation with costs exceeding the estimate billed or, in case the estimate exceeds the cost, refunded to the applicant.

The purpose of this charge is to assess to the user the cost of installing fire hydrants for the benefit of the applicant.

7. Temporary water service charge. Under the provisions of Section 22, an applicant for temporary service shall pay, upon application, for the estimated costs of installing, replacing and removing the facilities which are required to furnish such services plus an allowance of 25 percent for overhead. The applicant shall receive a refund if the estimate exceeds the actual. The applicant shall also pay service charges and all charges caused by a late payment or nonpayment. The applicant may also be required to post a deposit as described in Section 6.
8. Fire connection detector check meter charge. Fire connection detector check meters shall be read and billed at least annually or on a more frequent basis, as determined by the Authority. Rates governing normal water usage shall be assessed.

Fire connection detector check meters monitor non-fire flow usage from a fire connection and there should be little or no water activity.

- F. Multiple charges bills. All charges and fees above are in addition to charges and fees assessed and owed to Newport News Waterworks, the Hampton Roads Sanitation District, or any other private or municipal utility.
- G. No free service. There shall be no utility service provided to any customer without the assessment of service charges.
- H. Plan Review Fee. The following charges shall be assessed for the appropriate plan. The purpose of this charge is to defray cost incurred for time used to provide engineer technical review.

<u>Document</u>	<u>Collection</u>
-----------------	-------------------

REZONINGS

10 acres or less	\$ 50
Greater than 10, but less than 50 acres	\$100
Greater than 50 acres	\$150

SPECIAL USE PERMITS

Mobile Home	N/A
Other	\$ 50

SITE PLANS

Residential Structures (Multi-Family)	\$ 50
Business or Shopping Center	\$ 50
Amendment to an approved plan	\$ 25

MASTER PLAN REVIEW

Initial Review	\$ 75
Revision of plan	N/A

SUBDIVISION PLAN REVIEW

Plat Review	\$25 per plat plus \$1 per lot over 15 lots.
Facility Review	\$100 per wastewater pumping station or well facility.