

Acquisition of Founders Bridge Utility Company

APPENDIX L

County of Powhatan

Evaluation Founders Bridge Utility Company



June 2019



TABLE OF CONTENTS

1.0	INTRODUCTION.....	1-1
1.1	Background Information	1-1
1.2	Water Purchases and Wastewater Treatment Demands - FBUC.....	1-1
1.3	Unbilled Water	1-2
1.4	FBUC Customer Base	1-4
1.5	Existing Rate Tariff	1-4
1.6	Existing Revenue.....	1-6
2.0	PROJECTED REVENUE – USING POWHATAN COUNTY RATES AND FEES	2-1
2.1	Projected Water Revenue	2-1
2.2	Projected Sewer Revenue	2-2
2.3	Impact on User Charges for Founders Bridge Residents and Businesses	2-2
2.4	Summary	2-4
3.0	PROJECTED EXPENSES – FOUNDERS BRIDGE SYSTEM	3-1
3.1	Founders Bridge as a Cost Center	3-1
3.2	Annual Expenses.....	3-1
3.3	Operation and Maintenance Expenses	3-2
3.4	Contract with Chesterfield County	3-2
3.5	Sewer Pump Station.....	3-3
3.6	Proposed Apartments in Founders Bridge	3-4
3.7	Summary and “Pro Forma”	3-5
4.0	PROJECTED EXPENSES – RT. 60 SERVICE AREA.....	4-1
5.0	OVERALL IMPACT OF FOUNDERS BRIDGE.....	5-1

TABLES

Table 1-1:	Water Purchases – April 2018 – April 2019.....	1-1
Table 1-2:	Wastewater Treatment -- April 2018 – April 2019.....	1-2
Table 1-3:	Water Purchased and Water Billed	1-3
Table 1-4:	Water and Wastewater Customer Counts	1-4
Table 1-5:	Water Rates – Basic Operation Costs and Capacity Charge	1-5
Table 1-6:	Metered Water Rates.....	1-5
Table 1-7:	Wastewater Rates – Basic Operation Costs and Capacity Charge.....	1-5

Table 1-8: Wastewater Rates – Based on Water Meter Readings.....1-6

Table 1-9: FBUC - Revenues and Expenses, 2016 - 2018.....1-6

Table 2-1: Projected Water Revenue.....2-1

Table 2-2: Projected Sewer Revenue.....2-2

Table 2-3: Residential Water and Sewer Rates2-3

Table 2-4: Water and Sewer Rates / 1-inch Meter2-4

Table 3-1: FBUC Revenue and Expenses – 2014 - 20183-1

Table 3-2: Detailed Operating Costs and Repair Costs3-2

Table 3-3: Current vs. Projected Cost of Water and Wastewater – Founders Bridge.....3-3

Table 3-4: Water Demands and Annual Cost – 200 Apartments3-4

Table 3-5: Wastewater and Annual Cost – 200 Apartments3-4

Table 3-6: Projected Water and Sewer Revenue – 200 Apartments.....3-5

Table 3-7: Projected Revenue and Expenses – 200 Apartments.....3-5

Table 3-8: Projected Revenue and Expenses3-6

Table 4-1: Current Cost vs. Projected Cost of Water – Route 604-1

1.0 INTRODUCTION

Powhatan County is evaluating an opportunity to acquire the water and wastewater facilities owned by Gray Land and Development Company, LLC, and leased to the Founders Bridge Utility Company, Inc. (FBUC). The purpose of this report is to provide a third-party evaluation of the projected revenues, expenses and probable maintenance related to the system, assuming Powhatan County acquires the systems.

1.1 Background Information

The Founders Bridge Utility Company operates the water and wastewater systems that serve the Founders Bridge development in Powhatan County. Water is purchased from Chesterfield County via a contract dated September 7, 2000 and wastewater treatment is provided by Chesterfield County through the same contract.

1.2 Water Purchases and Wastewater Treatment Demands - FBUC

The following tables summarize the gallons of water purchased during the 12-month period from April 17, 2018 through April 18, 2019 and the volume of wastewater treatment for which FBUC was billed. Chesterfield County calculates the volume of wastewater by reviewing the customer water bills and any water usage that is associated with an irrigation meter is deducted to determine the wastewater flows.

Table 1-1: Water Purchases – April 2018 – April 2019

Billing Period		Gallons	CCF ¹
2/27/2019	4/18/2019	2,393,639	3,200
12/20/2018	2/27/2019	3,134,839	4,191
10/10/2018	12/20/2018	2,823,384	3,774
8/15/2018	10/10/2018	4,773,557	6,381
6/18/2018	8/15/2018	5,784,483	7,733
4/17/2018	6/18/2018	<u>4,794,814</u>	<u>6,410</u>
Total		23,704,716	31,689

¹ CCF – Hundred Cubic Feet, approximately 748 gallons.

Table 1-2: Wastewater Treatment -- April 2018 – April 2019

Billing Period		Gallons	CCF
2/27/2019	4/18/2019	1,712,900	2,290
12/20/2018	2/27/2019	2,515,900	3,363
10/10/2018	12/20/2018	2,294,700	3,068
8/15/2018	10/10/2018	2,466,700	3,298
6/18/2018	8/15/2018	2,969,500	3,970
4/17/2018	6/18/2018	<u>2,794,900</u>	<u>3,736</u>
Total		14,754,600	19,725

1.3 Unbilled Water

All water systems have water that is produced or purchased, but that is not sold to customers. The un-billed water (sometimes called non-revenue water or “lost” water) can be “lost” as a result of billing errors, meter errors, waterline leaks, water used for fire-fighting, water used for system flushing, or theft. The following table shows a desk-top comparison of water purchased and water billed over a 5-year period for Founders Bridge. Table does not take into account any unbilled water that was used for flushing of the system – therefore the “losses” are *over stated*.

Sydnor-Hydro operates the systems and, in a phone conversation, agreed that the calculations shown below exaggerate the actual losses due to leaks and waterline breaks. Sydnor Hydro noted that the actual losses were closer to 5% to 10% “under normal conditions”.

Water loss of 5% - 10% would generally be considered an acceptable rate of loss for water systems in the United States.

Table 1-3: Water Purchased and Water Billed

	2014	2015	2016	2017	2018
Water Purchased for Resale					
February	2,111,000	1,657,000	1,769,000	2,151,000	2,447,000
April	2,066,000	2,141,000	2,290,000	2,874,000	2,473,000
June	4,910,000	4,695,000	5,877,000	5,360,000	4,794,000
August	8,151,000	6,160,000	6,250,000	6,011,000	5,784,000
October	6,643,000	6,146,000	6,722,000	7,741,000	4,773,000
December	<u>3,346,000</u>	<u>2,358,000</u>	<u>6,367,000</u>	<u>4,103,000</u>	<u>3,323,000</u>
Total	27,227,000	23,157,000	29,275,000	28,240,000	23,594,000
Water Sold to Customers					
February	1,192,000	1,190,000	1,182,000	1,344,000	1,596,000
April	1,618,000	1,843,000	1,953,000	1,898,000	2,036,000
June	3,634,000	3,841,000	3,895,000	3,792,000	3,898,000
August	7,229,000	5,433,000	5,623,000	6,737,000	5,353,000
October	6,602,000	5,847,000	5,844,000	5,319,000	4,186,000
December	<u>3,406,000</u>	<u>2,879,000</u>	<u>4,151,000</u>	<u>4,679,000</u>	<u>3,763,000</u>
Total	23,681,000	21,033,000	22,648,000	23,769,000	20,832,000
Unbilled	3,546,000	2,124,000	6,627,000	4,471,000	2,762,000
Percentage Unbilled Water	13.0%	9.2%	22.6%	15.8%	11.7%

1.4 FBUC Customer Base

The following table provides customer counts as of December 31 for the past five years.

Table 1-4: Water and Wastewater Customer Counts

	2014	2015	2016	2017	2018
Water Customers:					
5/8 X 3/4	266	273	294	297	320
1	14	14	14	14	14
1 1/2	6	6	6	6	6
2	2	2	2	2	2
2 1/2	-	-	-	-	-
3	-	-	-	-	-
Other:	-	-	-	-	-
5/8 X 3/4 Irrigation	<u>71</u>	<u>72</u>	<u>72</u>	<u>72</u>	<u>73</u>
Total	359	367	388	391	415
Wastewater Customers:					
5/8 X 3/4	265	272	293	296	319
1	10	10	10	10	10
1 1/2	1	1	1	1	1
2	2	2	2	2	2
2 1/2	-	-	-	-	-
3	-	-	-	-	-
Total	278	285	306	309	332

1.5 Existing Rate Tariff

FBUC's customers are billed on a bi-monthly basis as per the FBUC existing rate tariff² outlined below:

WATER RATES

1. Service Connections:

- (a) 5/8 X 3/4-inch meter service connection \$5,000.00
- (b) Service connection over 5/8 X 3/4-inch meter size will be based on the actual cost to the Company plus any capacity charges from Chesterfield County plus a gross-up for taxes and applicable charges but in no event less than that for 5/8 X 3/4-inch connection

2. Water Charge:

There shall be a bi-monthly minimum service charge for water service plus the commodity charge. No bill shall be rendered for less than the minimum charge. The minimum bi-monthly service charge shall become effective when the water service is connected to the lot. The minimum bi-monthly service charge shall be composed of the Basic Operation Costs plus the Capacity Charges as assessed by Chesterfield County.

² Dated June 1, 2014.

Table 1-5: Water Rates – Basic Operation Costs and Capacity Charge

2a	Basic Operation Cost	\$ 27.86
2b	Capacity Charge	
	Meter Size	Rate
	5/8 or ¾ inch	\$ 12.64
	1 inch	\$ 31.60
	1-1/2 inch	\$ 63.20
	2 inch	\$ 101.12
	3 inch	\$ 202.24
	4 inch	\$ 316.00
	6 inch	\$ 632.00
	8 inch	\$ 1,011.20

3. Metered Rates for Water Service:

Table 1-6: Metered Water Rates

Gallons Bi-Monthly	Rate Per 1,000 Gallons
For the First 15,000 gallons	\$2.81
15,001 gallons to 60,000 gallons	\$4.74
More than 60,000 gallons	\$7.75

SEWERAGE RATES

1. Service Connections:

- (a) Single family dwelling \$4,500.00
- (b) Multi-family dwelling no charge

Commercial or recreational facility connection fees will be based on the actual cost to Company, plus any capacity charges from Chesterfield County, plus gross-up for taxes and applicable charges.

2. Wastewater Charge:

There shall be a bi-monthly minimum service charge for sewerage service plus a capacity charge based on Chesterfield County charges.

Table 1-7: Wastewater Rates – Basic Operation Costs and Capacity Charge

2a	Capacity Charge	
	Meter Size	Rate
	5/8 or ¾ inch	\$ 23.04
	1 inch	\$ 57.60
	1-1/2 inch	\$ 115.20
	2 inch	\$ 184.32
	3 inch	\$ 368.64
	4 inch	\$ 576.00
	6 inch	\$ 1,152.00
	8 inch	\$ 1,843.20

3. Metered Rates for Sewerage Service based on water meter readings:

Table 1-8: Wastewater Rates – Based on Water Meter Readings

Gallons	Rate Per 1,000 Gallons
For All Usage	\$2.85

1.6 Existing Revenue

The following table summarizes the annual revenues and expenses of the utility for 2016 – 2018, as reported in the Annual Report of the Founders Bridge Utility Company, Inc.

Table 1-9: FBUC - Revenues and Expenses, 2016 - 2018

	Dec. 31 2016	Dec. 31 2017	Dec. 31 2018
Water Revenue:			
Residential	\$125,669	\$134,377	\$128,041
Commercial	\$36,839	\$37,863	\$32,823
Income from Connection Fees	\$ -	\$ -	\$47,500
Sewer Revenue:			
Residential	\$67,462	\$71,499	\$73,465
Commercial	\$18,305	\$18,552	\$18,106
Total Gross Revenue	\$ 248,275	\$ 262,291	\$ 299,935
Expenses			
Operation Expenses	\$239,221	\$331,841	\$240,058
Taxes	\$5,223	\$6,065	\$6,565
Total Operating Expenses	\$ 244,444	\$ 337,906	\$ 246,623
Net Income (Loss)	\$3,831	\$ (75,615)	\$ 53,312

As shown above, the water system generates approximately \$161,000 to \$172,000 per year from water sales. The revenue from sewer sales totals \$86,000 - \$92,000 per year. The following sections of this report provide the estimated revenue that this customer base would generate with the Powhatan County water and sewer rates applied to typical usage.

-- End of Section --

2.0 PROJECTED REVENUE – USING POWHATAN COUNTY RATES AND FEES

In order to project the revenue that the FBUC customers would provide to the Powhatan County Utility Fund, twelve months of recent usage data³ was reviewed and the Powhatan County rates and fees were applied as shown below.

2.1 Projected Water Revenue

The Powhatan County water rates and fees would yield approximately \$196,000 per year - or, \$30,000 more than the FBUC water rates.

Table 2-1: Projected Water Revenue

FBUC Customers and Usage				Powhatan County Rates and Fees				
Rate Code	Description	Number of Bills	Total Gallons Billed	Powhatan Bi-Monthly Capacity Charge	Annual Revenue from Capacity Charges	Powhatan Commodity Charge (\$ per 1,000 gallons)	Annual Revenue from Commodity Charges	Annual Projected Revenue - Powhatan County
1	5/8X3/4 WATER & SEWER	1,891	11,904,900	\$21.63	\$40,902.33	\$ 6.73	\$ 80,120	\$ 121,022
3	5/8X3/4 IRRIGATION ONLY	432	5,222,300	\$21.63	\$9,344.16	\$ 6.73	\$ 35,146	\$ 44,490
17	5/8X3/4 WATER ONLY	6	46,800	\$21.63	\$ 129.78	\$ 6.73	\$ 315	\$ 445
18	1" WATER ONLY	6	-	\$54.08	\$ 324.48	\$ 6.73	\$ -	\$ 324
19	1 1/2" WATER ONLY	6	333,200	\$94.64	\$ 567.84	\$ 6.73	\$ 2,242	\$ 2,810
28	1" WATER & SEWER	60	2,395,900	\$54.08	\$3,244.80	\$ 6.73	\$ 16,124	\$ 19,369
29	1 1/2" WATER & SEWER	6	-	\$94.64	\$ 567.84	\$ 6.73	\$ -	\$ 568
30	2" WATER & SEWER	12	831,200	\$173.04	\$2,076.48	\$ 6.73	\$ 5,594	\$ 7,670
		2,419	20,734,300		\$ 57,157.71		\$139,542	\$196,700

The FBUC tariff includes higher fixed charges than the Powhatan Rates and Fees. FBUC's Basic Operation Cost and the Capacity Charge total \$40.50 per bi-monthly billing period for the customers with 5/8 inch meters whereas the fixed charge related to the Powhatan customers with a 5/8 inch meter is only \$21.63 per bi-monthly period.

However, Powhatan's commodity charge of \$6.73 per 1,000 gallons is higher than the rates charged by FBUC for all usage that is less than 60,000 gallons. Approximately 71% of the FBUC water usage is billed at \$2.81 per 1,000 gallons; and 22% is billed at \$4.74. As a result, the higher commodity charges in Powhatan result in additional revenue.

³ 12 months ending April 2019.

2.2 Projected Sewer Revenue

The projected sewer revenue, using Powhatan County's sewer rates and fees, is shown below.

Table 2-2: Projected Sewer Revenue

FBUC Customers and Usage				Powhatan County				
Rate Code	Description	Number of Bills	Total Gallons Billed	Powhatan Bi-Monthly Capacity Charge	Annual Revenue from Capacity Charges	Powhatan Commodity Charge (\$ per 1,000 gallons)	Annual Revenue from Commodity Charges	Annual Projected Revenue - Powhatan County
1	5/8X3/4 WATER & SEWER	1,891	11,904,900	\$27.26	\$51,548.66	\$ 6.61	\$ 78,691	\$ 130,240
28	1" WATER & SEWER	60	2,395,900	\$68.13	\$4,087.80	\$ 6.61	\$ 15,837	\$ 19,925
29	1 1/2" WATER & SEWER	6	-	\$119.24	\$ 715.44	\$ 6.61	\$ -	\$ 715
30	2" WATER & SEWER	12	831,200	\$218.03	\$2,616.36	\$ 6.61	\$ 5,494	\$ 8,111
		1,969	15,132,000		\$ 58,968.26		\$ 100,022	\$ 158,991

The Powhatan sewer rates result in revenues that exceed current sewer revenues by approximately \$60,000 per year.

The bi-monthly capacity charges in Powhatan are slightly more than the FBUC charges (\$27.26 for a 5/8 inch meter vs, \$23.04), but, the commodity charges for sewer are more than two times (2X) the FBUC charges (\$6.61 per 1,000 gallons vs. \$2.85 per 1,000 gallons). As a result, the Powhatan sewer rates and fees generate more revenue than the FBUC rates.

2.3 Impact on User Charges for Founders Bridge Residents and Businesses

The following table illustrates the bi-monthly water and sewer bills for a range of water usage using both the Founders Bridge Tariff and the Powhatan Rates and Fees. Table 2-3 compares residential rates (5/8 x3/4 inch meter). The table includes usage up to 15,000 gallons per billing cycle. Review of twelve months of recent usage (six billing cycles) indicated average usage of 6,300 gallons per two-month period and slightly higher usage averaging 7,200 – 7,400 gallons during the summer months. For the average usage, the combined water and sewer bill would increase by approximately \$31 to \$39 per billing cycle, if the Powhatan County rates and fees are applied.

Table 2-3: Residential Water and Sewer Rates

Water and Sewer Usage ⁴	Founders Bridge Tariff			Powhatan County Rates and Fees		
	Water	Sewer	Total	Water	Sewer	Total
-	\$26.57	\$36.97	\$63.54	\$ 21.63	\$ 27.26	\$ 48.89
1,000	\$29.38	\$39.82	\$69.20	\$ 28.36	\$ 33.87	\$ 62.23
2,000	\$32.19	\$42.67	\$74.86	\$ 35.09	\$ 40.48	\$ 75.57
3,000	\$35.00	\$45.52	\$80.52	\$ 41.82	\$ 47.09	\$ 88.91
4,000	\$37.81	\$48.37	\$86.18	\$ 48.55	\$ 53.70	\$ 102.25
5,000	\$40.62	\$51.22	\$91.84	\$ 55.28	\$ 60.31	\$ 115.59
6,000	\$43.43	\$54.07	\$97.50	\$ 62.01	\$ 66.92	\$ 128.93
7,000	\$46.24	\$56.92	\$103.16	\$ 68.74	\$ 73.53	\$ 142.27
8,000	\$49.05	\$59.77	\$108.82	\$ 75.47	\$ 80.14	\$ 155.61
9,000	\$51.86	\$62.62	\$114.48	\$ 82.20	\$ 86.75	\$ 168.95
10,000	\$54.67	\$65.47	\$120.14	\$ 88.93	\$ 93.36	\$ 182.29
11,000	\$57.48	\$68.32	\$125.80	\$ 95.66	\$ 99.97	\$ 195.63
12,000	\$60.29	\$71.17	\$131.46	\$ 102.39	\$ 106.58	\$ 208.97
13,000	\$63.10	\$74.02	\$137.12	\$ 109.12	\$ 113.19	\$ 222.31
14,000	\$65.91	\$76.87	\$142.78	\$ 115.85	\$ 119.80	\$ 235.65
15,000	\$68.72	\$79.72	\$148.44	\$ 122.58	\$ 126.41	\$ 248.99

Table 2-4 provides a comparison of water and sewer charges for a non-residential customer using a 1-inch meter. There are ten Founders Bridge customers using a 1-inch water meter and the bi-monthly water consumption ranges from less than 1,000 gallons to 132,000 gallons per month. The average water usage is approximately 40,000 gallons per month. For the customer using 40,000 gallons per month, the combined water and sewer bill would increase by approximately \$264 per billing cycle, if the Powhatan County rates and fees are applied.

⁴ 2-Month Billing Period, in Gallons

Table 2-4: Water and Sewer Rates / 1-inch Meter

Water and Sewer Usage (2-month billing period)/ in gallons	Founders Bridge Tariff			Powhatan County Rates and Fees		
	Water	Sewer	Total	Water	Sewer	Total
-	\$45.53	\$71.53	\$117.06	\$ 54.08	\$ 68.13	\$ 122.21
10,000	\$73.63	\$100.03	\$173.66	\$ 121.38	\$ 134.23	\$ 255.61
20,000	\$111.38	\$128.53	\$239.91	\$ 188.68	\$ 200.33	\$ 389.01
30,000	\$158.78	\$157.03	\$315.81	\$ 255.98	\$ 266.43	\$ 522.41
40,000	\$206.18	\$185.53	\$391.71	\$ 323.28	\$ 332.53	\$ 655.81
50,000	\$253.58	\$214.03	\$467.61	\$ 390.58	\$ 398.63	\$ 789.21
60,000	\$300.98	\$242.53	\$543.51	\$ 457.88	\$ 464.73	\$ 922.61
70,000	\$378.48	\$271.03	\$649.51	\$ 525.18	\$ 530.83	\$ 1,056.01
80,000	\$455.98	\$299.53	\$755.51	\$ 592.48	\$ 596.93	\$ 1,189.41
90,000	\$533.48	\$328.03	\$861.51	\$ 659.78	\$ 663.03	\$ 1,322.81
100,000	\$610.98	\$356.53	\$967.51	\$ 727.08	\$ 729.13	\$ 1,456.21
110,000	\$688.48	\$385.03	\$ 1,073.51	\$ 794.38	\$ 795.23	\$ 1,589.61
120,000	\$765.98	\$413.53	\$ 1,179.51	\$ 861.68	\$ 861.33	\$ 1,723.01
130,000	\$843.48	\$442.03	\$ 1,285.51	\$ 928.98	\$ 927.43	\$ 1,856.41
140,000	\$920.98	\$470.53	\$ 1,391.51	\$ 996.28	\$ 993.53	\$ 1,989.81
150,000	\$998.48	\$499.03	\$ 1,497.51	\$ 1,063.58	\$ 1,059.63	\$ 2,123.21

2.4 Summary

Over the past three years, the FBUC revenues (from rates and fees) have totaled approximately \$250,000 - \$300,000 per year. The projected revenue using the Powhatan rates and fees results in approximately \$355,000 – or an increase of approximately \$50,000 - \$100,000 per year. As noted in Tables 2-3 and 2-4, water and sewer rate payers will see higher bills as a result using the Powhatan rates and fees as opposed to the FBUC Tariff. .

-- End of Section --

3.0 PROJECTED EXPENSES – FOUNDERS BRIDGE SYSTEM

3.1 Founders Bridge as a Cost Center

The following section of this report examines projected revenues and expenses of the Founders Bridge water and wastewater system assuming that Powhatan County acquires the systems and the contract with Chesterfield County is modified as currently proposed. Further, it is assumed that Powhatan County operates the Founders Bridge utilities as a separate cost center – the revenues of the Founders Bridge system are used to pay the expenses of the systems and any excess funds are reserved for future expenses of the system.

3.2 Annual Expenses

As shown in Table 3-1, annual expenses for FBUC have totaled approximately \$240,000 each year over the past 5 years. The exception is FY2017 where the total operating expenses were reported as \$337,906 – the increase in 2017 was related to waterline repairs.

Table 3-1: FBUC Revenue and Expenses – 2014 - 2018⁵

	2014	2015	2016	2017	2018
Water Revenue:					
Residential	\$111,353	\$117,484	\$125,669	\$134,377	\$128,041
Commercial	\$46,563	\$37,130	\$36,839	\$37,863	\$32,823
Income from Connection Fees	\$ -	\$ -	\$ -	\$ -	\$47,500
Sewer Revenue:					
Residential	\$45,794	\$61,480	\$67,462	\$71,499	\$73,465
Commercial	\$18,928	\$19,387	\$18,305	\$18,552	\$18,106
Other	\$3,845	\$ -	\$ -	\$ -	\$ -
Total Gross Revenue	\$ 226,483	\$ 235,481	\$ 248,275	\$ 262,291	\$ 299,935
Expenses					
Operation Expenses	\$239,949	\$241,943	\$239,221	\$331,841	\$240,058
Taxes	\$1,359	\$4,984	\$5,223	\$6,065	\$6,565
Total Operating Expenses	\$ 241,308	\$ 246,927	\$ 244,444	\$ 337,906	\$ 246,623
Net Income (Loss)	\$ (14,825)	\$ (11,446)	\$3,831	\$ (75,615)	\$ 53,312

⁵ Source: Annual Reports of the FBUC.

3.3 Operation and Maintenance Expenses

Table 3-2 provides a breakdown of the expenses incurred each year by FBUC – including purchase of water, purchase of sewer treatment, routine operation and maintenance expenses, repairs and miscellaneous expenses.⁶

Table 3-2: Detailed Operating Costs and Repair Costs

	2014	2015	2016	2017	2018
Expenses:					
Purchased Water and Sewer Treatment	\$148,453	\$155,135	\$164,318	\$203,296	\$185,944
Insurance, Taxes, Administrative Charges, Legal	\$4,950	\$5,162	\$2,798	\$9,656	\$6,219
Engineering	\$ -	\$19,149	\$16,230	\$15,083	\$ -
Routine O&M	\$37,970	\$24,900	\$27,040	\$16,400	\$28,687
Additional Maintenance and Repairs	\$38,627	\$27,355	\$41,989	\$70,901	\$1,216
Testing/VDH Requirements	\$4,130	\$ 2,034	\$ 1,400	\$ 1,463	\$ 3,607
Total	\$234,130	\$233,735	\$253,775	\$316,800	\$225,674

Nearly all of the “Additional Maintenance and Repair Expenses” are identified as waterline breaks, emergency waterline repairs, leaks or pavement repair related to waterline repairs.

While the scope of work for this report did not include any field investigation or review of plans, it appears that the waterlines are primarily installed under pavement, the ongoing water line repairs will be somewhat costly, because pavement repair is involved in all or most waterline repairs.

Further, based on review of FBUC’s summarized records of annual expenses, there is no cost related to sewer line repair or replacement. As the system ages, the owner (whether FBUC or Powhatan County) will likely need to begin budgeting for sewer line repairs as well.

3.4 Contract with Chesterfield County

Both FBUC and Powhatan County currently have contracts with Chesterfield County. Powhatan’s contract is for water only and FBUC’s contract is for the purchase of water as well as treatment of wastewater. The details of a future contract between Powhatan County and Chesterfield County related to water and sewer services in the Founders Bridge Service area and the Route 60 Service Area are not finalized but the following tables show the projected annual billings from Chesterfield for FBUC service area based on the assumptions outlined below.

⁶ The information in Table 3-2 is from unaudited records of the annual expenses – but it closely matches the annual reports.

Table 3-3: Current vs. Projected Cost of Water and Wastewater – Founders Bridge

Billing Period	WATER		SEWER	
	April 2018 - April 2019	FY20 (Projected)	April 2018 - April 2019	FY20 (Projected)
Total Gallons Purchased from Chesterfield	23,704,716	23,704,716	14,754,600	14,754,600
Total CCF Purchased from Chesterfield	31,689	31,689	19,724	19,724
Max Day (Gallons per Day)	148,100	148,100	135,000	135,000
Commodity Charge (\$/CCF)	\$ 2.07	\$ 2.15	\$ 2.24	\$ 2.25
\$ per ERU	\$15.28	\$15.28	\$28.30	\$28.30
Bi-Monthly Capacity Charge	varies based on Max day - \$4,828 - \$5,080	\$6,548.00, based on Max Day of 148,000 and 300 gallons per day per ERU	Based on 316-333 Structures and 300 gallons per day per EDU	135,000 gallons max day / 300 = 450
Charges Paid to Chesterfield County				
Commodity Charges	\$65,595	\$68,131	\$44,182	\$44,379
Capacity Charges	<u>\$29,750</u>	<u>\$39,294</u>	<u>\$54,619</u>	<u>\$76,410</u>
Total	\$95,346	\$107,425	\$98,801	\$120,789
% Increase		13%		22%
\$ increase		\$12,079		\$21,988

As shown above, the cost to purchase water and sewer to provide service to the Founders Bridge Service Area will increase by approximately \$34,000, assuming similar usage patterns. Water charges will increase by 13% and the sewer charges, by 22%.

3.5 Sewer Pump Station

There is a new sewer pump station that serves 22 golf villas in Founders Bridge. The pump station has been in operation for a few months. At the time this report was written, Eagle Properties, the developer of the homes and the pump station was operating the station. Eagle reports that the electrical costs for the pump station for the past two month were as follows:

- Invoice dated 5/3/19 was \$51.36
- Invoice dated 6/4/19 was \$36.91

Currently, several of the homes are not yet occupied, so it is reasonable to expect that the electrical costs for this pump station will be at least \$600 per year, plus any routine maintenance and staff time to monitor the pump station. This cost will be added to the costs associated with operating the Founders Bridge sewer system.

3.6 Proposed Apartments in Founders Bridge

A proposed 200-unit apartment building in the Founders Bridge service area has the potential to increase water and sewer revenues. The following assumptions were used to project water and sewer revenues:

- Average water demands per unit – 4,722 gallons per bi-monthly billing cycle (75% of the average residential usage in Founders Bridge)
- Assume the complex is irrigated, add 45% to the annual water demands for irrigation.

The following tables show the estimated cost to purchase water and wastewater treatment and the revenue the 200 apartments would generate assuming demands listed above

Table 3-4: Water Demands and Annual Cost – 200 Apartments

# of Apartments	200
Gallons per Unit per Billing Cycle	4,722
Total Gallons per Billing Cycle	<u>944,400</u>
Total Gallons per Year	5,666,400
Add 45% for irrigation	8,216,280
Cost to Purchase Water	
Convert to CCF	10,984
Cost per CCF	<u>\$2.15</u>
Annual Cost	\$23,616

Table 3-5: Wastewater and Annual Cost – 200 Apartments

# of Apartments	200
Gallons per Unit per Billing Cycle	4,722
Total per Billing Cycle	<u>944,400</u>
Total Gallons per Year	5,666,400
Cost to Purchase Treatment	
Convert to CCF	7,574.87
Cost per CCF	<u>\$2.25</u>
Annual Cost	\$17,043

Table 3-6: Projected Water and Sewer Revenue – 200 Apartments

	Water Revenue	Wastewater Revenue
Capacity Charge (Five 1.5-inch meters and two 1-inch meters)	\$581	\$702
Commodity Charge (\$6.73/\$6.61))	\$ 9,216	\$ 6,242
Bi-Monthly Revenue	\$ 9,797	\$ 6,945
Annual Revenue	\$ 58,784	\$ 41,670
Total Projected Revenue	\$100,453	

As shown above, a 200 unit apartment building, has the potential to generate revenues that exceed the cost of purchasing water and wastewater treatment to serve the development. However, under the proposed contract with Chesterfield, since the Founders Bridge water capacity charges are based on the peak day demand for the previous year, adding 200 residential units is likely to increase the peak day demand and will therefore increase the bi-monthly charges for the purchase of water – this increase may not be seen in FY2020, but would increase the charges the following year. In 2020 the projected bi-monthly capacity charges are \$6,549, based on a max day of 148,000. Adding the apartments may increase the capacity charge to \$8,731 (assuming a max day of 150,001 to 200,000 gallons).

A simple comparison of the projected revenues and expenses of this development indicate that the revenues generated *may exceed the expenses directed associated with purchasing water and wastewater treatment for the development.*

Table 3-7: Projected Revenue and Expenses – 200 Apartments

Water Revenue	\$ 58,784
Sewer Revenue	\$ 41,670
Total Projected Revenue	\$ 100,454
Purchase Water	\$ 23,616
Purchase Sewer	\$ 17,043
Increased Capacity Charges	\$ 13,092
Total Projected Expenses	\$ 53,751
Potential Net Income	\$ 46,702

3.7 Summary and “Pro Forma”

Based on the current usage patterns in the Founders Bridge service area, and using Powhatan County’s existing schedule of rates and fees for water and sewer, the revenues generated by the water system would be approximately \$190,000 per year and the sewer revenues, \$158,000 per year.

The Powhatan rate structure is projected to generate \$50,000 more in annual revenue than the existing rate tariff.

However, the increased costs of water and sewer – as per the draft contract with Chesterfield County – increases the projected expenses by at least \$35,000 and Powhatan County will need to budget for annual maintenance projects (recent history indicates \$40,000 - \$50,000 per year). As shown below, the projected net revenue for the Founders Bridge system would likely be \$26,000, or less per year.

Table 3-8: Projected Revenue and Expenses

	Founders Bridge - 2018	Founders Bridge - Projected 2020
Water Revenue:		
Residential	\$128,041	\$196,700
Commercial	\$32,823	
Income from Connection Fees	\$47,500	\$-
Sewer Revenue:		
Residential	\$73,465	\$158,991
Commercial	\$18,106	
Other	\$-	\$-
Total Gross Revenue	\$299,935	\$355,691
Expenses		
Purchase of Water		\$107,425
Purchase of Sewer Treatment	\$185,944	\$120,789
Taxes, Insurance., Legal	\$ 6,219	\$ 6,300
Engineering	\$-	\$10,000
O&M	\$28,687	\$30,000
Sewer Pump Station	\$-	\$600
Additional Maintenance and Repair	\$ 1,216	\$50,000
Testing/VDH Requirements	<u>\$ 3,607</u>	<u>\$ 4,000</u>
Total Expenses	\$225,673	\$329,114
Net Income (Loss)	\$ 74,262	\$ 26,577

-- End of Section --

4.0 PROJECTED EXPENSES – RT. 60 SERVICE AREA

The proposed revisions to the contract between Chesterfield County and Powhatan County will impact the annual operating expenses for the Route 60 water system.

Based on the draft revised contract with Chesterfield County and assuming that water usage patterns in Powhatan remain similar to today’s demands, the cost to purchase water will increase from approximately \$270,255 to approximately \$302,370 – an increase of approximately \$32,100 per year, or 11.9%.

Table 4-1: Current Cost vs. Projected Cost of Water – Route 60

Billing Period	WATER	
	April 2018 - April 2019	FY20 (Projected)
Total Gallons Purchased from Chesterfield	73,284,000	73,284,000
Total CCF Purchased from Chesterfield	97,967	97,967
Max Day (Gallons per Day)	300,001 - 350,000 gpd	300,001 - 350,000 gpd
Commodity Charge (\$/CCF)	\$2.07	\$2.15
\$ per ERU	\$15.28	\$15.28
Bi-Monthly Capacity Charge	\$9,550 - \$13,370	\$15,280
Charges Paid to Chesterfield County		
Total \$ Commodity Charges	\$199,525	\$210,629
Total \$ Capacity Charges	\$70,670	\$91,680
Total	\$270,195	\$302,309
% Increase		12%
\$ increase		\$32,114

-- End of Section --

5.0 OVERALL IMPACT OF FOUNDERS BRIDGE

While the Founders Bridge water and sewer systems may provide some net revenue to the Powhatan Utility Department, the net revenue will be offset by additional expenses related to the increase in water purchases for the Route 60 Service Area – a result of the proposed revised contract with Chesterfield County.

Further, it is important to note that projections that were made at the time the Route 60 water and wastewater systems were developed indicated that those systems would be financially self-sufficient when the customer base reached approximately 500 connections. However, that projection was based on the assumption that the connections would be in the Route 60 corridor and would benefit from the investment made in infrastructure built to serve the Route 60 Service Area and would contribute revenue to support that system.

While the acquisition of the Founder Bridge system will significantly increase the number of water and wastewater connections, the Founders Bridge system brings with it, additional infrastructure and costs and will not provide the revenue needed to make the Rt. 60 infrastructure financially self-sufficient.

-- End of Section --

WATER AND WASTEWATER CONTRACT

THIS CONTRACT, made this _____ day _____ of, 2019, by and between the COUNTY OF CHESTERFIELD, a political subdivision of the Commonwealth of Virginia ("Chesterfield"); and FOUNDERS BRIDGE UTILITY COMPANY, INC. ("Founders"), and the COUNTY OF POWHATAN, a political subdivision of the Commonwealth of Virginia ("Powhatan");

WHEREAS, Chesterfield operates a public water and wastewater utility which provides potable water and wastewater service to its customers; and

WHEREAS, on March 6, 1997, Chesterfield and Powhatan entered into a Water Contract; and on August 24, 2006, Chesterfield and Powhatan entered into the First Amendment to Water Contract (the "Powhatan Contract"); and

WHEREAS on September 7, 2000, Chesterfield, Founders, and Powhatan entered into a Water and Wastewater Contract; and on October 13, 2003, Chesterfield, Founders, and Powhatan entered into a First Amendment to Water and Wastewater Contract; and on May 18, 2004, Chesterfield, Founders, and Powhatan entered into a Second Amendment to Water and Wastewater Contract (the "Founders Contract"); and

WHEREAS, Powhatan purchased from Chesterfield, 0.572 million gallons per day of the peak day water capacity of the 27.0 million gallons per day which Chesterfield has reserved in the Richmond Water Contract; and

WHEREAS, Chesterfield has increased their peak day water capacity from Richmond to 32.0 million gallons per day to be effective July 2020, or once the water capacity facilities from Richmond are substantially complete, with no additional water capacity to be assigned to Powhatan; and

WHEREAS, if Chesterfield increases their peak day water capacity from Richmond

to more than 32.0 million gallons per day in the future, no additional water capacity will be assigned to Powhatan; and

WHEREAS, Founders desires to assign the Founders Contract and its 180,000 gallons per day of peak day water capacity and 135,000 gallons per day of peak day wastewater capacity in their entirety to Powhatan and Powhatan desires to accept such assignment and to assume all rights, duties, obligations, and liabilities that Founders has or may have under the Founders Contract; and

WHEREAS, Founders desires to continue to develop the area shown on Exhibit A of its First Amendment to Water and Wastewater Contract dated October 13, 2003, and needs additional peak day water capacity to accommodate said additional development which is specifically known as Winterfield Place Phase II as shown on the attached Exhibit I, dated January 15, 2016; and

WHEREAS, in consideration of the mutual benefits to be derived by Chesterfield, Founders, and Powhatan, Chesterfield, Founders, and Powhatan now wish to enter into an entirely new Water and Wastewater Contract for the purchase of water and wastewater service as provided herein.

WITNESSETH:

NOW, for and in consideration of the mutual benefits to be derived by Chesterfield, Founders, and Powhatan (collectively, the "Parties"), the Parties covenant and agree with each other, as follows:

ARTICLE I – TERMINATION OF EXISTING CONTRACTS

Upon execution of this Contract, the Powhatan Contract and the Founders Contract shall both terminate and all future provision of water and wastewater service previously governed by

those contracts shall henceforth be governed by this Contract.

ARTICLE II – WATER SERVICE

1. Water Capacity to be Provided to Powhatan. Chesterfield shall provide up to 0.752 million gallons per day of peak day water from its water distribution system to Powhatan for resale by Powhatan under the terms and conditions set forth in this Contract.

2. a. Terms of Purchase of Water Capacity by Powhatan. In consideration of Chesterfield providing water to Powhatan pursuant to paragraph one, Powhatan will pay to Chesterfield a pro rata share of the cost to be incurred by Chesterfield presently, and in the future, in order for Chesterfield to reserve the current 27.0 million gallons per day and any additional future purchased water capacity from the City of Richmond pursuant to the Richmond Water Contract. The pro rata share to be paid by Powhatan shall be calculated by dividing 0.752 million gallons per day by Chesterfield's actual water capacity in millions of gallons per day from Richmond. The current percentage is agreed to be 2.79 percent with a planned reduction to 2.35 percent when Chesterfield's capacity from Richmond formally increases to 32 million gallons per day in, or about, July 2020.

b. Payments for Costs to be Incurred by Chesterfield in the Future. Powhatan shall pay its pro rata share of the cost to be incurred by Chesterfield in the future for reserving Chesterfield's peak day water capacity under the Richmond Water Contract within 30 days after Chesterfield bills Powhatan for such future costs. Chesterfield shall not bill Powhatan for such future costs until Chesterfield has actually paid those costs to the City of Richmond. At the time that Chesterfield submits its bill to Powhatan for such future costs, Chesterfield shall submit a copy of its bill from the City of Richmond which evidences the total amount paid by Chesterfield from which the pro ration was made.

c. Amount of Costs to be Incurred by Chesterfield in the Future. Powhatan acknowledges that under the Richmond Water Contract, Chesterfield is obligated to make future annual payments to Richmond for reserving its peak day water capacity pursuant to a formula which does not permit Chesterfield to know, at this time, the exact amount that Chesterfield will be billed by the City of Richmond in any particular year. Powhatan further acknowledges that under the Richmond Water Contract, Chesterfield is obligated to make future annual payments to Richmond for reserving its peak day water capacity throughout the entire term of the Richmond Water Contract, which remains in full force and effect until at least July 1, 2045. Powhatan agrees that it will pay its percentage, as set forth in this contract, of the cost associated with reserving its total peak day water capacity that Chesterfield reserves for Powhatan from the City of Richmond in each and every year hereafter, pursuant to the terms of this Contract, as long as the terms of this Contract remain in effect.

d. Estimates of Costs to be Incurred by Chesterfield in the Future. Chesterfield acknowledges that under the Richmond Water Contract, the City of Richmond is obligated to provide to Chesterfield certain estimates of the future costs to be incurred by Chesterfield for reserving its peak day water capacity under the Richmond Water Contract. Pursuant to those estimates, the estimated amount of Powhatan's annual payments to Chesterfield for costs to be incurred by Chesterfield in the future can be prepared. These estimates will be provided to Powhatan within 30 days of receipt from Richmond and do not represent the actual amount of any annual payment. They represent the estimated amount of payments based on the information provided to Chesterfield by the City of Richmond pursuant to the Richmond Water Contract. The amount of Powhatan's pro rata share of costs to be incurred by Chesterfield in the future may be higher, because the actual amount that Chesterfield must pay to Richmond may be

higher. Additionally, Powhatan is required to make annual payments for its pro rata share of future costs to be incurred by Chesterfield for reserving its peak day water capacity under the Richmond Water Contract for the entire term of this Contract.

e. Copy of Richmond Water Contract. A copy of the Richmond Water Contract, as amended on March 21, 2018, along with all previous amendments, and the original contract, were attached to the Powhatan Contract. Powhatan acknowledges that it has read the Richmond Water Contract, as amended; that it understands Chesterfield's obligations to the City of Richmond pursuant to the Richmond Water Contract for payments to continue to reserve its peak day water capacity; and that it is obligated to pay to Chesterfield the 2.79 percent of the Chesterfield Capacity purchased from the City of Richmond pursuant to the Richmond Water Contract until July 2020 when Chesterfield's peak day water capacity is planned to increase and Powhatan's percentage adjusted to 2.35 percent in accordance with the terms of this Contract.

3. Receipt of Water by Powhatan from Chesterfield. Powhatan shall have reserved water capacity from Chesterfield pursuant to the terms of this Contract as soon as this agreement is executed by all Parties.

4. Locations Where Powhatan is to Receive Water. All water received by Powhatan pursuant to this Contract shall be delivered by Chesterfield via three points of entry. The first entry point is the meter located near the Chesterfield-Powhatan County boundary line where it intersects United States Route 60, commonly referred to as Midlothian Turnpike, ("Route 60 Meter"). The second entry point is the meter located on Founders Bridge Road near the Chesterfield-Powhatan County boundary line ("Founders Bridge Meter"), and the third point is the meter located on Derby Ridge Way near the Chesterfield-Powhatan County boundary

line (“Winterfield Meter”). Powhatan shall be permitted to utilize a maximum of 235,000 gallons of peak day water capacity at the combination of the Founders Bridge and Winterfield Meters, whose service area is limited by the area shown in Exhibit 2, and 517,000 gallons peak day water capacity at the Route 60 Meter. Any desire to reallocate the volumes of peak day water capacities at the locations designated by this Contract in the future shall require an amendment to this Contract. Powhatan acknowledges that Chesterfield is currently the sole source of water to the areas served by the Rt. 60, Founders Bridge, and Winterfield Meters, and it is not anticipated that Chesterfield will have additional water capacity beyond this Contract to meet the growing water demands of Powhatan. Therefore, Powhatan shall continue to plan for alternative water supplies and infrastructure to meet their growing water demands and improve water service reliability and water system redundancy to their customers.

5. Service Area and Uses to Receive Water. Powhatan may continue to utilize the Route 60 Meter and its 517,000 gallons per day of peak water capacity to serve their current and future customers within the terms of this Contract. Powhatan may utilize the newly established 235,000 gallons a day of peak day water capacity at the Founders Bridge and Winterfield Meters to service the existing Founders water customers. In addition, Chesterfield agrees that the proposed Winterfield Place Phase II development may also be served with the peak day water capacity purchased from Chesterfield. The development of Winterfield Place Phase II shall be in substantial accordance with the attached Exhibit 1 and includes approximately 22 single family detached dwellings, 200 apartments, and 75,000 square feet of office/retail uses. Until such time as Powhatan secures an alternate water source or Chesterfield determines that additional capacity is available, and this Contract is amended,

the Founders and Winterfield Meters' service area shall be defined as the boundary shown in Exhibit 2. Any approvals by Powhatan of additional development in this service area, both residential and non-residential, that require water and/or wastewater service shall render this agreement null and void. Powhatan shall then be responsible solely for providing water service from an alternative source to all Powhatan customers in this service area and the 235,000 gallons a day of peak water capacity shall return to Chesterfield.

6. Construction of Water Lines to Effectuate Contract. Powhatan and Chesterfield acknowledge that, at this time, all water lines to interconnect Powhatan and Chesterfield have been constructed to the point where the Chesterfield County meters are located and that the pressure and flow are adequate for the current and future planned needs of Powhatan. If upgrades are required in order to provide additional pressure or flow, Powhatan, or its agent, shall construct said upgrades and be responsible for the cost. Chesterfield is under no obligation to provide any additional pressure or flow other than what is currently available and may restrict flow or require certain additional water system facilities to be constructed in order to prevent impacts to its system caused by Powhatan's additional demands or improvements.

7. Water Lines and Water Facilities in Powhatan. Powhatan shall be responsible for constructing, operating, and maintaining, at Powhatan's expense, all water facilities that are necessary for Powhatan to distribute water to its customers. Chesterfield shall not be responsible in any way for transmitting water to any point inside of Powhatan, unless otherwise agreed upon by the Counties, in writing, by amendment to this Contract.

8. Quality of Water Distribution Facilities. All water facilities that are constructed to effectuate the terms of this Contract shall be constructed in accordance with the standards of the

Commonwealth of Virginia Water Works Regulations and the Chesterfield County Department of Utilities, irrespective of whether those facilities are constructed in Chesterfield or in Powhatan. Powhatan shall not construct any water facilities that are interconnected to Chesterfield's water system or that could affect Chesterfield's water system until plans for such facilities have been submitted to and approved by the Chesterfield County Department of Utilities. After submission by Powhatan, Chesterfield shall promptly review the development plans for operational impacts to its water system and Powhatan will perform a detailed technical review. Powhatan shall not operate any water facilities that are interconnected to Chesterfield's water system or that could affect Chesterfield's water system until the construction of such facilities has been approved by the Chesterfield County Department of Utilities. Chesterfield's construction review will generally involve the verification of the appropriate pressure and bacteriological testing of the water system. However, Chesterfield shall maintain the right to inspect the installation of the water system in Powhatan County to verify conformance to this Contract and is under no obligation to perform actual construction inspection services. Powhatan, or a professional inspection services consultant, shall inspect and coordinate all construction activity located within Powhatan County.

9. Title to Water Facilities. Legal title to all water facilities constructed in Chesterfield County shall remain with Chesterfield and legal title to all water facilities constructed in Powhatan County shall remain with Powhatan, unless otherwise agreed upon. Specifically, excluded from this normal ownership title section shall be water facilities constructed by either Chesterfield, Powhatan, or other jurisdictional authorities to allow the regional interconnection of the associated jurisdictions' water systems. In such situations, ownership of the water facilities shall be with the jurisdiction which constructed them. The sale, purchase, or emergency transfer of water that these water facilities will allow shall be consistent with the terms of this Contract and all other inter-

jurisdictional contracts in effect at the time they are utilized. Neither Chesterfield nor Powhatan shall unreasonably withhold their approval of the construction of these facilities as long as they are consistent with this Contract and all other inter-jurisdictional contracts. Each jurisdiction shall have the right to extend its water system in the public rights of way and easements within the other jurisdiction to connect sections or parts of its water system to accommodate the interconnection of the various jurisdictions water systems. Unless otherwise agreed upon in writing, the ownership of the aforementioned water facilities to provide interconnection between jurisdictions shall be with the jurisdiction which constructed them. Before constructing any such water facilities, the jurisdiction proposing the water facilities shall submit plans to the jurisdiction where the facilities will be located for approval and shall obtain a permit for construction from that jurisdiction.

10. Powhatan's Obligation not to Exceed Water Capacity. Powhatan shall implement all reasonable measures to ensure that it does not take water on any day in excess of Powhatan's then available peak day water capacity under this Contract. This peak day water capacity is limited to 517,000 gallons per day at the Route 60 Meter and 235,000 gallons per day for the sum of the Founders Bridge and Winterfield Meters. Chesterfield may implement measures, including but not limited to, flow restriction devices, to enforce this provision. Chesterfield will give Powhatan written notice, along with the appropriate meter readings and total usage, if the volume of water use exceeds the peak day capacity as described above. Powhatan shall implement measures to reduce water use to within the limits of this Contract and pay Chesterfield \$300 for each day that Powhatan uses more water than the peak day capacity it has purchased pursuant to this Contract at either the Route 60 Meter or the combined sum of the Founders Bridge and Winterfield Meters. However, Chesterfield may, in its sole discretion, sell water to Powhatan on any day in excess of Powhatan's then available capacity under this Contract, and Chesterfield shall not be deemed to

have waived its rights pursuant to this Contract if it chooses to sell water to Powhatan on any day or for any other period of time in excess of Powhatan's then available capacity.

11. Restrictions on Use of Public Water. If Chesterfield should, for any reason, institute any restrictions on the usage of public water by its customers in Chesterfield County, whether such restrictions are voluntary, mandatory, or emergency, Powhatan shall institute identical restrictions to those instituted by Chesterfield to Powhatan's customers serviced by Chesterfield water.

12. Water Meters. Chesterfield shall maintain the Route 60, Founders Bridge, and Winterfield Meters and monitoring equipment, at Powhatan's expense, in accordance with American Water Works Association practices and standards. Powhatan shall pay all maintenance costs within 30 days after Chesterfield bills Powhatan for maintenance.

13. Cost for Water Received by Powhatan. Powhatan shall pay for water received from Chesterfield at water rates established by Chesterfield for Powhatan's use of Chesterfield water. Cost for water shall include a Customer Cost Charge, a Commodity Cost Charge, and a Capacity Cost Charge. Powhatan County shall be billed separately for the Route 60 Meter and the combined Founders Bridge and Winterfield Meters as detailed in Exhibits 3 and 4. Powhatan is responsible for paying for all water that flows through the meters regardless of its end use.

14. Quality of Water. Chesterfield will furnish water of an equivalent quality to the water that Chesterfield customers receive and that complies with State Standards only up to the customer in Chesterfield closest to the meters that serve Powhatan. Powhatan shall be responsible for flushing water lines beyond their meters to ensure that the water quality received by Powhatan's customers complies with State Standards after the water enters Powhatan. All flushing shall take place in Powhatan. Powhatan shall pay Chesterfield for all water that is used to flush the water lines in order to comply with this paragraph and in accordance with Exhibits 3 and 4 of this Contract. Water that Powhatan uses to flush the water lines shall be considered a portion of

Powhatan's peak day water use for purposes of determining the amount of reserved peak day water capacity used by Powhatan.

15. Water Service to Customers in Each Other's Jurisdiction and Other Jurisdictions. Chesterfield and Powhatan shall not sell water to customers in each other's jurisdiction without the approval of the governing bodies of both jurisdictions, provided however, that Chesterfield shall be permitted to continue providing water service to existing Chesterfield customers in Powhatan County until Powhatan provides water service to such customers through an alternate source. Powhatan agrees to not sell water purchased from Chesterfield to other jurisdictions without the written permission from Chesterfield. Chesterfield's permission may contain conditions, which Powhatan shall adhere to.

ARTICLE III – WASTEWATER SERVICE

1. Wastewater Capacity to be Provided to Powhatan. Chesterfield shall provide up to 135,000 gallons per day of peak day wastewater capacity to Powhatan as assigned by Founders and only in the service area shown in Exhibit 2 and under the terms set forth in this Contract.

2. Receipt of Wastewater Capacity by Powhatan from Founders. Powhatan shall have reserved wastewater capacity as assigned to Powhatan from Founders by this Contract. Chesterfield acknowledges the assignment of Founders' entire peak day wastewater capacity of 135,000 gallons to Powhatan leaving Founders with no wastewater capacity. Powhatan acknowledges that there is limited wastewater capacity in Chesterfield's system and that additional wastewater capacity will need to be secured from an alternative source and that Chesterfield currently does not have, and is under no obligation to provide, additional wastewater capacity.

3. Locations Where Powhatan is to Receive Wastewater Service. All wastewater received by Chesterfield from Powhatan pursuant to this Contract shall be discharged at points

along the Powhatan-Chesterfield County Line County. There are three wastewater entry points north of the intersection of Founders Bridge Boulevard and Mabry Mill Drive and one entry point adjacent to Chesterfield's Michaux Creek Wastewater Pump Station. Powhatan acknowledges that Chesterfield is currently utilizing portions of Founders' wastewater collection system for conveyance of wastewater generated in Chesterfield County to the Michaux Creek Wastewater Pumping Station. Powhatan agrees to allow Chesterfield to continue use of its wastewater collection system for conveyance of Chesterfield wastewater to the Michaux Creek Wastewater Pumping Station at no charge. Any new points of entry for wastewater discharge in to or out of either Chesterfield or Powhatan Counties shall be approved by the Chesterfield's Director of the Department of Utilities and the Powhatan's Director of Public Works.

4. Service Area and Uses to Receive Wastewater Service. Powhatan may utilize the 135,000 gallons per day of peak wastewater capacity to serve the existing Founders wastewater customers. In addition, Chesterfield agrees that the proposed Winterfield Place Phase II development may also be served with the peak day wastewater capacity purchased from Chesterfield. The development of Winterfield Place Phase II shall be in substantial accordance with the attached Exhibit 1 and includes approximately 22 single family detached dwellings, 200 apartments, and 75,000 square feet of office/retail uses. Until such time as Powhatan secures an alternate wastewater source, or Chesterfield determines that additional capacity is available, and this Contract is amended, the Founders and Winterfield Meters' service area shall be defined as the boundary shown in Exhibit 2. Any approvals by Powhatan of additional development in this service area, both residential and non-residential, that require water and/or wastewater service shall render this agreement null and void. Powhatan

shall then be responsible solely for providing wastewater service from an alternative source to all Powhatan customers in this service area and the 135,000 gallons a day of peak wastewater capacity shall return to Chesterfield.

5. Construction of Wastewater Facilities to Effectuate Contract. Powhatan and Chesterfield acknowledge that, at this time, all wastewater lines to interconnect Powhatan and Chesterfield have been constructed and that the collections systems, wastewater pumping stations, and downstream receiving sewers are adequate for the current and future planned needs of Powhatan, formerly Founders, wastewater service area as defined by the boundary shown in Exhibit 2. If upgrades are required to provide additional flow capacity, Powhatan, or its agent, shall construct said upgrades and be responsible for the cost. Chesterfield is under no obligation to provide any additional flow capacity than what is currently available and may require systems modifications, improvements, or repairs to reduce flow to prevent impacts to its system caused by Powhatan's exceedance of their flow capacity.

6. Wastewater Facilities in Powhatan. Powhatan shall be responsible for constructing, operating, and maintaining, at Powhatan's expense, all wastewater facilities that are necessary for Powhatan to collect and convey wastewater from its customers in Powhatan County, and Chesterfield shall not be responsible in any way for the collection or conveyance of wastewater at any point inside of Powhatan County, except as follows. Chesterfield shall only be responsible for the operation and maintenance of the existing wastewater facilities currently located in Powhatan County and described as follows: 27-inch gravity wastewater line located north of the intersection of Founders Bridge Boulevard and Mabry Mill Drive and running parallel to the Powhatan-Chesterfield County line including the wastewater lines connecting to this line that extend into Chesterfield County; the 20-inch force main leaving the Michaux

Creek Wastewater Pumping Station and parallel to the Powhatan-Chesterfield County line; a segment of eight-inch gravity wastewater line near the terminus of Mulberry Row Road and running parallel to the Powhatan-Chesterfield County line; and a segment of eight-inch gravity wastewater line located behind 16112 Swallowtail Place and running parallel to the Powhatan-Chesterfield County line.

7. Quality of Wastewater Facilities. All wastewater facilities that are constructed to effectuate the terms of this Contract shall be constructed in with the Virginia Department of Environmental Quality's Sewage Collection and Treatment Regulations ("SCAT") and the Chesterfield County Department of Utilities, irrespective of whether those facilities are constructed in Chesterfield or in Powhatan. Powhatan shall not construct any wastewater facilities that are interconnected to Chesterfield's wastewater system or that could affect Chesterfield's wastewater system until plans for such facilities have been submitted to and approved by the Chesterfield County Department of Utilities. Chesterfield will review the development plans for operational impacts to its wastewater system and Powhatan will perform a detailed technical review. Powhatan shall not operate any wastewater facilities that are interconnected to Chesterfield's wastewater system or that could affect Chesterfield's wastewater system until the construction of such facilities has been approved by the Chesterfield County Department of Utilities. Chesterfield's construction review will involve verification of the appropriate testing of the wastewater system for prevention of inflow and infiltration of water other than wastewater. However, Chesterfield shall maintain the right to inspect the installation of the wastewater system in Powhatan County to verify conformance to this Contract and is under no obligation to perform actual construction inspection services. Powhatan, or a professional inspection services consultant, shall inspect and coordinate all construction activity located within Powhatan County.

8. Title to Wastewater Facilities. Legal title to all wastewater facilities constructed in Chesterfield County shall remain with Chesterfield and legal title to all wastewater facilities constructed in Powhatan County shall remain with Powhatan, except as noted in this Contract or otherwise agreed upon.

9. Powhatan's Obligation not to Exceed Wastewater Capacity. Powhatan shall implement all reasonable measures to ensure that it does not discharge wastewater on any day in excess of Powhatan's then available peak day wastewater capacity under this Contract. This peak day wastewater capacity is limited to 135,000 gallons per day. Chesterfield may implement measures, including but not limited to, flow restriction devices, to enforce this provision. Chesterfield will give Powhatan written notice, along with the appropriate meter readings and total usage, if the volume of wastewater discharge exceeds the peak day capacity as described above. Powhatan shall implement measures to reduce wastewater use to within the limits of this Contract and pay Chesterfield \$300 for each day that Powhatan discharges more wastewater than the peak day capacity it has purchased pursuant to this Contract. However, Chesterfield may, in its sole discretion, sell wastewater service to Powhatan on any day in excess of Powhatan's then available capacity under this Contract, and Chesterfield shall not be deemed to have waived its rights pursuant to this Contract if it chooses to sell wastewater service to Powhatan on any day or for any other period of time in excess of Powhatan's then available capacity.

10. Wastewater Meters. At its sole discretion, Chesterfield may monitor Powhatan's wastewater flows by use of portable meters to evaluate infiltration and inflow into Powhatan's wastewater system. If monitoring indicates infiltration and inflow exceeds the contract amount of 135,000 gallons per day, Powhatan shall, upon written notice from Chesterfield, take prompt action to reduce infiltration and inflow quantities to within the limits

of this Contract. When the wastewater monitoring indicates that Powhatan is exceeding their wastewater peak day capacity, Powhatan shall be responsible for all costs associated with the monitoring performed by Chesterfield and the costs of the additional wastewater volume discharged to Chesterfield as determined by the portable flow meters used by Chesterfield to perform the wastewater flow monitoring. Should Powhatan not mitigate the infiltration and inflow within 60 days of the date of the written notice from Chesterfield, Chesterfield shall have the right to repair the wastewater facilities within Powhatan when Chesterfield deems it appropriate in order to maintain a properly operating wastewater system in both Powhatan and Chesterfield. Powhatan shall pay all costs associated with such repairs. Chesterfield shall give Powhatan written notice of its intent to make repairs at least 10 days before such repairs are made, except in cases of emergency, as determined by Chesterfield at its sole discretion.

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11. Cost for Wastewater Service Received by Powhatan. Powhatan shall pay for wastewater service received from Chesterfield at wastewater rates established by Chesterfield for Powhatan consistent with the terms of this Contract. Cost for wastewater shall include a Customer Cost Charge, a Commodity Cost Charge, and a Capacity Cost Charge. Powhatan County shall be billed for wastewater service for the service area identified in **Exhibit 2** and as detailed in **Exhibit 4**.

12. Quality of Wastewater and Prohibited Discharges. Powhatan, nor its utility users, shall not discharge into their wastewater facilities any water, waste, or effluent harmful to the system as determined by Chesterfield, nor shall they discharge into the wastewater facilities any storm water, surface or subsurface water, grease, oil or any other waste or effluent prohibited by Chesterfield. Chesterfield shall be entitled to take any and all action necessary to ensure that no prohibited substances are discharged into the wastewater facilities. As a condition of this Contract, Powhatan agrees to conform to Article IV. Industrial Waste

Discharge of Chapter 18 - Water and Sewers of the Chesterfield County Code, as amended. A copy of Article IV has been received by Powhatan and Powhatan acknowledges it has read it and understands its contents and their obligation.

13. Copy of Richmond Wastewater Contract. A copy of the Richmond Wastewater Contract, dated November 7, 2000, has been received by Powhatan. Powhatan acknowledges that it has read the Richmond Wastewater Contract, that it understands Chesterfield's obligations to the City of Richmond pursuant to the Richmond Wastewater Contract and the characteristics of the permissible wastewater to be discharged. Specifically, Powhatan acknowledges that they will adhere to the terms of Article II – Sec. 1 and Article IV – Sec. 1 through 4.

14. Service to Customers in Each Other's Jurisdiction and Other Jurisdictions. Chesterfield and Powhatan shall not sell wastewater service to customers in each other's jurisdiction without the approval of both jurisdictions, provided however, that Chesterfield shall be permitted to continue providing wastewater service to existing Chesterfield customers in Powhatan County until Powhatan provides wastewater service to such customers through an alternate source. Powhatan agrees to not sell wastewater service purchased from Chesterfield to other jurisdictions without the written permission from Chesterfield and the City of Richmond. Chesterfield's permission may contain conditions, which Powhatan shall adhere to.

ARTICLE IV – GENERAL OBLIGATIONS AND CONDITIONS

1. No Liability for Unforeseeable Circumstances. Neither Chesterfield nor Powhatan shall be liable in damages to the other for any act, omission or circumstance occasioned by or in consequence of any acts of God, strikes, lockouts, acts of a public enemy,

wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests, sabotage, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the binding order of any Court or governmental authority that has been resisted in good faith by all reasonable legal means, or any other cause, whether of the kind herein enumerated or otherwise, that is not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the party claiming suspension. Such causes or contingencies affecting the performance hereunder by either of the Counties, however, shall not relieve that County of liability if it is concurrently negligent or fails to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies relieve either County from its obligations to make payment of amounts then due under the Contract.

2. Ownership of Property. Nothing in this Contract shall be construed to convey to Powhatan ownership of property rights in Chesterfield's water or wastewater system or in any water or wastewater facility located in Chesterfield.

3. Service Fee Collection. Chesterfield shall not be responsible for collecting user fees from Powhatan's customers. Unless existing, otherwise approved, or consistent with the terms of this Contract, all inhabited structures located within Powhatan County shall be Powhatan customers and all inhabited structures located within Chesterfield County shall be Chesterfield's customers. Powhatan shall make all payments due Chesterfield for water and/or wastewater services within 25 days after the date of a bill for such payment. If Powhatan fails to make any payment to Chesterfield that is required by this Contract on the

date that it is due, Powhatan shall be delinquent in payment to Chesterfield and in addition to any rights and remedies available to Chesterfield under this Contract, Chesterfield shall also have all rights and remedies against Powhatan that are available to it against delinquent customers pursuant to the Chesterfield County Code and the Code of Virginia. Powhatan does further agree to pay penalties, interest, and/or other delinquent charges in accordance with the Chesterfield County Code. A bill is considered paid when payment is received by the Chesterfield County Treasurer.

4. Beneficiaries and Assignment. Powhatan's customers are not third-party beneficiaries to this Contract, nor are there any other third-party beneficiaries to this Contract. This Contract shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors, and assigns. Neither Powhatan nor Chesterfield shall assign this Contract without the other's prior written approval, which shall not be reasonably withheld.

5. Assignment of Capacity from Founders to Powhatan. Founders does hereby assign all of its current peak day water capacity of 180,000 gallons and peak day wastewater service capacity of 135,000 gallons to Powhatan. Powhatan does acknowledge that this water and wastewater service capacity, in its entirety, shall remain in the service area as show in Exhibit 2 unless this Contract is amended.

6. Default. If either party to this Contract fails to comply with a deadline set forth in the Contract or otherwise breaches any obligation under the Contract, that party shall comply with the deadline or cure the breach within 30 days after it receives written notice to comply or cure from the other party, or within such longer period of time as is stipulated in the notice. Failure of the non-complying party to comply or cure shall be grounds for the other party to declare a default under the Contract.

7. Legal Proceedings. Any legal proceeding brought by Powhatan, or its successors or assigns, as a result of the alleged enforcement, non-enforcement, or breach of this Contract shall be brought in the Circuit Court of Chesterfield County, if against Chesterfield. Any legal proceeding brought by Chesterfield, or its successors or assigns, as a result of the alleged enforcement, non-enforcement, or breach of this Contract shall be brought in the Circuit Court of Powhatan County, if against Powhatan.

8. Notices. Except as set forth otherwise in this Contract, all notices required to be given under this Contract shall be provided in writing to and from the Director of Chesterfield County Department of Utilities and the Director of Public Works for Powhatan.

9. Term of Agreement. This Contract shall remain in full force and effect for as long as the Richmond Water Contract remains in full force and effect, except that the County Administrator of either County may terminate the Contract after July 1, 2045 by giving five years written notice of termination to the County Administrator of the other County and, the Counties may, by mutual agreement, terminate the Contract at an earlier date or extend it to a later date. This Contract shall automatically terminate when the Richmond Water Contract terminates.

IN WITNESS WHEREOF, Chesterfield and Powhatan's County Administrators have signed this Contract, in accordance with authority granted to them by their Boards of Supervisors, this _____ day of _____, 2019

COUNTY OF CHESTERFIELD

By: _____
County Administrator

Attest:

Approved as to form

Clerk

County Attorney

COUNTY OF POWHATAN

By: _____
County Administrator

Attest:

Approved as to form

Clerk

County Attorney

FOUNDERS BRIDGE UTILITY COMPANY, INC.

By: _____

Name: _____

Title: _____

Witness

Name: _____

EXHIBIT 3

**ROUTE 60 METER BILLING
(WATER SERVICE ONLY)**

The billing methodology contained in Exhibit 3 shall become effective beginning the date of June 1 that follows the date that this Contract becomes effective. Chesterfield shall bill Powhatan for water use at the Route 60 Meter separately and with a different methodology from the combined Founders Bridge and Winterfield Meters.

ANNUAL CAPITAL IMPROVEMENT BILLING

Powhatan's portion of the City of Richmond's capital improvements shall be billed annually and based on the calculated percentage as noted in Article II – Section 2.a. of this Contract.

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COST OF WATER

Unless otherwise noted, the frequency and rates for billing will follow that established by the current Chesterfield County Code, which is reviewed and updated as part of Chesterfield's annual budget process. The cost of water includes the customer, capacity and commodity charges as noted in Article II – Section 13 of this Contract.

CUSTOMER COST CHARGE

Powhatan shall pay a Customer Cost Charge for the Route 60 Meter consistent with the current rates established by Chesterfield County Code.

CAPACITY COST CHARGE

This charge will be based on the calculated number of equivalent residential units (ERUs) methodology where one Water ERU equals 350 gallons per day.

Prior to the first billing in the new fiscal year, the peak day demand during the previous fiscal year will be determined. The higher number of either the previously billed number of peak Water ERUs or newly determined peak Water ERUs will be utilized for the capacity cost charge for the new fiscal year billing beginning July 1. For the Route 60 meter the maximum Water ERUs cannot exceed 1,477 (517,000/350).

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In accordance with the terms of this Contract, if the Route 60 Meter exceeds 517,000 gallons per day use, Powhatan will be charged \$300 per day that the peak day capacity is exceeded. In the event of an emergency or circumstance beyond the control of Powhatan, and with proper written notice and explanation from Powhatan of such event, Chesterfield may exclude certain peak day water usage during that event from the peak ERU review and calculation and/or the application of a penalty due to exceedance of contractual peak day water usage at the Route 60 Meter. Such events may be related to public safety, natural disasters, and/or mechanical or pipeline failures. Operational and drought related high usage will generally not qualify for exclusion.

COMMODITY COST CHARGE

All commodity charges for the consumption of variable quantities of water per billing cycle will be consistent with the current rates established by Chesterfield County Code.

FEES AND INTEREST CHARGES FOR LATE PAYMENT OF BILLS

Consistent with the terms of this Contract, Chesterfield will assess, and Powhatan does agree to pay penalties, interest, and/or other delinquent charges in accordance with the Chesterfield County Code. A bill is considered paid when payment is received by the Chesterfield County Treasurer.

EXHIBIT 4

FOUNDERS BRIDGE AND WINTERFIELD METERS BILLING (WATER AND WASTEWATER SERVICE)

The billing methodology contained in Exhibit 4 shall become effective beginning the date of June 1 that follows the date that this Contract becomes effective. Chesterfield shall bill Powhatan for water and wastewater use at the combined Founders Bridge and Winterfield Meters separately and with a different methodology than the Route 60 Meter.

ANNUAL CAPITAL IMPROVEMENT BILLING

Powhatan's portion of the City of Richmond's capital improvements shall be billed annually and based on the calculated percentage as noted in Article II – Section 2.a. of this Contract.

COST OF WATER AND WASTEWATER SERVICE

Unless otherwise noted, the frequency and rates for billing will follow that established by the current Chesterfield County Code, which is reviewed and updated as part of Chesterfield's annual budget process. The cost of water service includes the customer, capacity, and commodity cost charges as noted in Article II – Section 13 of this Contract and the cost of wastewater service includes the customer, capacity, and commodity cost charges as noted in Article III – Section 11 of this Contract.

CUSTOMER COST CHARGE

Powhatan shall pay one Customer Cost Charge for the combined readings of the Founders and Winterfield Meters consistent with the current rates established by Chesterfield County Code.

CAPACITY COST CHARGES

The capacity cost charge for water will be based on the calculated number of equivalent residential units (ERUs) methodology where one Water ERU equals 350 gallons per day.

Prior to the first billing in the new fiscal year, the peak day demand during the previous fiscal year will be determined. The higher number of either the previously billed number of peak Water ERUs or newly determined peak Water ERUs will be utilized for the capacity cost charge for the new fiscal year billing beginning July 1. For the combined Founders Bridge and Winterfield Meters the maximum Water ERUs cannot exceed 671 (235,000/350).

The capacity cost charge for wastewater will be based on the calculated number of equivalent residential units (ERUs) methodology where one Wastewater ERU equals 300 gallons per day. For the combined Founders Bridge and Winterfield Meters the maximum Wastewater ERUs cannot exceed 450 (135,000/300). 450 Wastewater ERUs will be the basis for the wastewater capacity cost charges beginning with the first effective billing period after the execution of this Contract.

In accordance with the terms of the Contract, should the Founders Bridge and Winterfield Meters exceed 235,000 gallons per day (combined on same day) water use, or it is determined that the wastewater service area shown in Exhibit 2 is generating more than 135,000 gallons per day of wastewater, Powhatan will be charged \$300 per day that each peak day capacity is exceeded. In the event of an emergency or circumstance beyond the control of Powhatan County, and with proper written notice and explanation from Powhatan County of such event, Chesterfield may exclude certain peak day water usage during that event from the peak ERU review and calculation and/or the application of a penalty due to exceedance of contractual peak day usage for the Founders and Winterfield Meters. Such events may be related to public safety, natural disasters, and/or mechanical or pipeline failures. Operational and drought related high usage will generally

not qualify for exclusion.

COMMODITY COST CHARGES

All commodity cost charges for the consumption of variable quantities of water and wastewater per billing cycle will be consistent with the current rates established by Chesterfield County Code.

Powhatan will provide Chesterfield with the readings of all water meters served by the Founders Bridge and Winterfield Meters. The wastewater commodity cost charges will be calculated based on the usage on those water meters, excluding meters identified as irrigation meters. Meter readings shall be in a form consistent with current practices and acceptable to Chesterfield for ease of calculation and conversion into Chesterfield's billing system. Water commodity cost charges shall be calculated from the combined consumption of the Founders Bridge and Winterfield Meters.

FEES AND INTEREST CHARGES FOR LATE PAYMENT OF BILLS

Consistent with the terms of this Contract, Chesterfield will assess, and Powhatan does agree to pay penalties, interest, and/or other delinquent charges in accordance with the Chesterfield County Code. A bill is considered paid when payment is received by the Chesterfield County Treasurer.

Acquisition of Founders Bridge Utility Company

APPENDIX M



Draper Aden Associates

Engineering • Surveying • Environmental Services

Memorandum

To: Chris Rapp
From: Sheryl Stephens
Date: August 20, 2008
Project Name: Founders Bridge / Powhatan
Project Number: R02561-01
Subject: Meeting with John Farrell and David Dempsey
cc: Jeff Kapinos, Sherry Swinson, Brad Allen, Scott Schiller, Ed Cahill, Fred Pribble, Ed Cahill, Carolyn Cios, John Rick

On Monday, August 18, Jeff Kapinos and I met with John Farrell (General Sales Manager for GrayCo Realty) and David Dempsey (SouthCoast Properties, LLC). The following briefly summarizes our meeting.

Agreement with Chesterfield:

Water and Wastewater Agreement, dated September 2000, between County of Chesterfield, Gray Land and Development Company LLC and County of Powhatan, allows for:

Capacity:

- 180,000 gpd peak day water capacity; and
- 135,000 gpd of wastewater capacity.

Water:

- Water facilities in Powhatan were constructed in accordance with VDH Regulations and Chesterfield Water and Sewer Specifications and Procedures.
- Gray is responsible for owning and operating the facilities in Powhatan. (Founders Bridge Utility Company contracts with Sydnor for operation).
- Gray shall pay Chesterfield bi-monthly customer, capacity and commodity charges for water use at the rate established in Chesterfield's Ordinance (this is as per the May 2004 amendment).
- The capacity charge is computed based on one ERU (Equivalent Residential Unit) for each structure in Powhatan connected to the water system.
- Gray paid Chesterfield \$1,001,690 for the water capacity.
- There is one master meter through which water from Chesterfield is delivered.
- Chesterfield guarantees the water quality only to the point where Chesterfield's customer closest to the Powhatan boundary receives water. Gray is responsible for water quality

beyond that point and any water that Gray uses to flush the lines takes place in Powhatan and the water is included in the peak day water use and is paid for by Gray.

- Gray shall implement all measures necessary to insure that the development does not use water on any day that is in excess of the purchased capacity.

Wastewater:

- Wastewater facilities in Powhatan were constructed in accordance with Chesterfield Water and Sewer Specifications. (The facilities consist of a gravity sewer system; there are no pumping stations. John Farrell said there have been no significant operating expenses related to the wastewater system and no maintenance problems).
- Gray is responsible for owning, operating and maintaining the facilities in Powhatan. (Again, FBUC contracts with Sydnor for operation and maintenance).
- Gray shall pay Chesterfield bi-monthly customer, capacity and commodity charges for water use at the rate established in Chesterfield's Ordinance (this is as per the May 2004 amendment).
- The customer and capacity charges shall be the same as in the Ordinance. The commodity charge is the higher of either (i) the same commodity charge that Richmond charges Chesterfield or (ii) the commodity charge rate in the Ordinance. The volume used to calculate Gray's bi-monthly commodity charge is the sum of the volume registered on the individual water meters in Powhatan (this is as per the May 2004 Amendment).
- Gray paid Chesterfield \$565,490 for the wastewater capacity; and \$400,000 in consideration of savings to Gray related to not being required to build the trunk sewer line to replace the Michaux Creek Wastewater Pumping Station.

General Conditions:

- Chesterfield is not responsible for constructing or maintaining any of the facilities that are outside of Chesterfield County.
- The customers are customers of Gray; Gray collects all fees.

Other Information:

- All customers are metered.
- Sydnor operates the system, reads the meters, bills the customers.
- Customers are billed bi-monthly.
- Most homes have exclusion meters for irrigation.
- Since last year, the homes have been on an odd/even irrigation schedule – this has helped reduce the peak demands quite a bit.
- Irrigation is one of the “bones of contention.”
- Another issue is that the homeowners in Founders Bridge feel like they don't “get anything from Powhatan” in exchange for the taxes they pay – there are almost no children in the neighborhood, fire, police and rescue generally comes from Chesterfield.
- Founders Bridge has about 160 homes now – a mix of single-family and Golf Villas. Ultimately, there will be about 204 homes in Founders Bridge.
- In addition, Buddy Sowers' Belle Crest development, which is “entitled to” 50,000 gpd (of the 180,000 gpd), thru the Gray-Chesterfield contract will include 100 – 110 homes and some commercial development.

- Sowers has drilled 3 wells for irrigation purposes. He will probably always use his wells for irrigation of his common areas as well as to provide irrigation water for the homes in Belle Crest.
- In Founders Bridge, a few homes are on 1-acre lots, 11 are ¾ of an acre and the balance are on ¼ of an acre, or less.
- There is “quite a bit” of common area that is irrigated in Founders Bridge– open space, landscaping, circles in the cul-de-sacs, etc. The pool and club house areas are also irrigated with Chesterfield water. (Though this may change and these areas may switch to the ponds for irrigation).
- Some of the golf villas (approximately 104 villas) are now watered with water from the Golf Course’s irrigation ponds. However, when the golf course irrigation ponds get low, the Golf Course stops letting the homeowners use the water for irrigation. Now those homeowners want to be able to “switch back” to public water for irrigation whenever the ponds are low on water.
- Founders Bridge pays Chesterfield \$300 per day when the capacity is exceeded. A few years ago, they exceeded the limit 79 times. This year they have exceeded the contractual limit only a few times.
- Founders Bridge is trying to stay within the 180,000 gpd.
- “It is not feasible” to buy more capacity from Chesterfield due to the cost involved. It appears that Chesterfield County might be willing to sell more capacity to Founders Bridge, but it is not feasible for the developer to recover the cost from the future homes.
- The current and proposed water and sewer rates are listed below. The utility is requesting the SCC approve the proposed rates. The proposed rates will bring the combined water and sewer rates in line with many nearby utilities. However, current rates (especially water) are fairly high.

Residential Water and Sewer Rates		
(Bi-Monthly)		
	Current Rates	Proposed Rates
Water – Basic Operation Cost	\$44.16	\$33.38
Capacity Charge – Based on Meter Size	\$3.76	\$8.80
\$ per 1,000 gallons, up to 15,000 gallons	\$1.75	\$1.75
Over 15,000 gallons	\$4.08	\$1.75
Sewer – Capacity Charge	\$13.04	\$19.00
\$ per 1,000 gallons	\$1.89	\$1.89

- I believe the lack of capacity is more of an issue than the rates.

This summarizes the key items we discussed with John Farrell and David Dempsey earlier this week.

Attachments – Map and Rate Comparisons

Acquisition of Founders Bridge Utility Company

APPENDIX N



March 21, 2018

Ramona Carter, P.E., MPA
Director of Public Works
Powhatan County Public Works
3834 Old Buckingham Road
Suite A
Powhatan, VA 23139

Riverton Associates, LLC/Founders Bridge Utility Company

Dear Ramona:

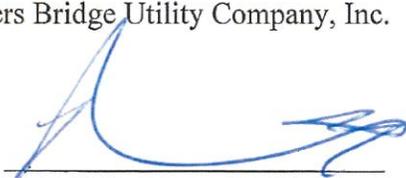
You have requested confirmation of the availability of an alternative source of potable water capacity to serve the properties to be developed by Riverton in the service district of FBUC in the event Powhatan County does not take ownership of the Founders Bridge Utility Company water and sewer system.

As you know, the Virginia Health Department has approved the Preliminary Engineering Report (PER) dated February 21, 2017 identifying an alternative source of additional potable water capacity. It is the intention of Founders Bridge Utility Company (FBUC) that in the event Powhatan County no longer desires to acquire the system and terminates contract negotiations with FBUC, necessitating that well water must be utilized to supplement the potable water capacity needs of the FBUC system, FBUC will proceed with the construction and placement into service of a Treated Ground Water Supply System. Based on the PER, this system is projected to provide over 50,000 gpd of additional capacity to the FBUC potable water distribution system. To address concerns of several residents of Founders Bridge living in Powhatan County, Riverton has agreed to have PER modified at Riverton's expense to provide that the treated well water supply will be delivered by separate line directly into the Winterfield II low pressure system, rather than into the Founders Bridge High Pressure System, and to pay for the design, engineering and construction costs of transporting the water to the Winterfield II System, any additional cost for the treatment facility arising from the delivery the treated well water supply into the Winterfield II low pressure system, and any necessary storage facilities.

Please call me with any questions.

Founders Bridge Utility Company, Inc.

By:


Russell T. Aaronson, III

cc: Casey Sowers
Jesse Royall