

WASTEWATER AGREEMENT
BETWEEN
THE COUNTY OF GOOCHLAND, VIRGINIA
AND
THE COUNTY OF HENRICO, VIRGINIA

THIS AGREEMENT is made this 11th day of June, 2002, by and between THE COUNTY OF GOOCHLAND, VIRGINIA ("Goochland") and THE COUNTY OF HENRICO, VIRGINIA ("Henrico").

WHEREAS, Henrico owns and operates the Henrico regional wastewater treatment system, hereinafter referred to as the "Henrico sewerage system," consisting of wastewater pump stations, gravity and force mains, a wastewater treatment facility, and other structures and equipment; and

WHEREAS, Henrico has provided wastewater service to Goochland pursuant to service arrangements between the parties; and

WHEREAS, Goochland and Henrico desire to cancel their existing arrangements for wastewater transport and treatment which are set forth in the Wastewater Agreement dated December 14, 1994, the Amendment to December 14, 1994 Wastewater Agreement dated July 12, 1995, and the amendment to the December 14, 1994 Wastewater Agreement, as amended on July 12, 1995, dated September 6, 1995 and to replace them with this agreement; and

WHEREAS, Goochland and Henrico wish to continue the current provisions under which the Henrico sewerage system provides wastewater service for parts of Goochland; and

WHEREAS, Goochland anticipates that development within Goochland County will substantially increase its needs for wastewater treatment and has made arrangements with the City of Richmond ("City") for additional treatment upon delivery of wastewater to the City at the City's facilities located at Cary Street and Maple Avenue in the City ("the City Interconnection"); and

WHEREAS, in order to deliver the anticipated quantities of wastewater to the City, Goochland must construct a new pump station and construct a force main between the pump

station and the City Interconnection (collectively, the "Goochland Transmission System"). The force main is to be run through Henrico. The location of the force main shall be as shown on plans to be accepted by the Henrico Director of Public Utilities; and

WHEREAS, Henrico desires to obtain pumping and transmission capacity through the Goochland pumping station and force main so that it might transmit up to 13 million gallons per day ("MGD") to Henrico's sewerage system at Cary Street and Maple Avenue, and Goochland desires to cooperate with Henrico as further provided herein; and

WHEREAS, Goochland and Henrico desire to cooperate in the acquisition of interests in land necessary to construct the new facilities and to establish the conditions under which Henrico will share in the cost and use of the new facilities to be constructed by Goochland.

NOW, THEREFORE, for and in consideration of the promises and covenants contained herein, the parties mutually agree as follows:

Section 1. Termination of Earlier Agreements. This agreement cancels the Wastewater Agreement dated December 14, 1994, the Amendment to the December 14, 1994 Wastewater Agreement dated July 12, 1995, and the amendment to the December 14, 1994 Wastewater Agreement, as amended on July 12, 1995, dated September 6, 1995, all of which shall be of no further force and effect. Sections 1-22 of this Agreement shall apply only to the arrangement under which Henrico will take and treat up to .69 MGD (690,000 gallons per day) of wastewater, and such sections shall not apply to wastewater transmitted by Henrico into the Goochland Transmission System, other than as specifically provided in Sections 25 through 40.

Section 2. Continuation of Treatment. Upon execution of this agreement by Henrico and Goochland, Henrico will continue, at mutually agreed upon points, to take and convey wastewater originating in Goochland County into the "Henrico sewerage system" for treatment and disposal.

Section 3. Volume to be Treated. During the term of this agreement, Henrico agrees to treat an average daily flow per billing period not to exceed six hundred ninety

thousand gallons per day (.69 MGD). Average daily flow is defined as the total flow per billing period divided by the number of days in that billing period.

Section 4. Goochland Improvements. Goochland shall construct, maintain, repair and operate at its sole expense such wastewater system as is necessary to provide wastewater service in Goochland and to convey said wastewater to the "Henrico sewerage system." The plans and specifications and the materials used in the construction, maintenance, repair, and operation thereof shall meet all federal, state, and local requirements.

Section 5. Inspections. Upon prior notice to Goochland, Henrico shall have the right to inspect all work done in connection with construction, maintenance, repair, and operation of the wastewater facilities constructed or provided in Goochland and Henrico under the provisions of Section 4, and connected with the "Henrico sewerage system," to determine whether such work is done in accordance with the provisions of Section 4. Henrico shall be notified of and have the right to witness infiltration tests on all sewers connected to the "Henrico sewerage system." In no event shall the infiltration/inflow rate for the new construction exceed the rate specified in Henrico's specifications in effect at the time of construction.

Section 6. Title to Facilities. Goochland shall have title to wastewater facilities in Goochland County constructed or provided by Goochland. Henrico shall have title to wastewater facilities constructed in Henrico, except as to elements of the Goochland Transmission System, which shall be owned by Goochland, and connections to the Goochland Transmission System, as provided elsewhere in this agreement.

Section 7. Agreements for Service to Customers. With respect to wastewater treated by Henrico under this agreement, Henrico or Goochland may provide wastewater service directly to customers located within the other jurisdiction along the Henrico County-Goochland County boundary if mutually agreed to in writing by Henrico and Goochland.

Section 8. Meters. Goochland shall install and convey to Henrico, at no expense to Henrico, a wastewater meter at each point of delivery to the "Henrico sewerage system." The meter's type, size, location, and installation must be approved by the Henrico Director of Public Utilities. Metering will not be required where the County Manager of Henrico and the County Administrator of Goochland agree that such metering is not feasible and they agree upon an alternative means of determining volumes of wastewater delivered to the "Henrico sewerage system." Goochland shall calibrate the meters annually and submit a report to Henrico. On-line flow data from the meters shall be telemetered to Henrico's SCADA system.

Section 9. Interjurisdictional Pretreatment Agreement. Goochland shall allow the discharge of nonresidential wastewater into the wastewater facilities only in accordance with the Interjurisdictional Pretreatment Agreement dated December 4, 1990 and any revisions thereto.

Section 10. Strong Wastes. Subject to the constraints of applicable federal and state laws, regulations, and orders, local ordinances in Henrico, and the provisions of this agreement, Goochland shall have the right to discharge or permit the discharge of wastewater of unusual strength or character as defined in the Henrico County Code.

Section 11. Compliance Issues. Goochland shall provide any information Henrico needs for complying with the terms and conditions of the Virginia Pollutant Discharge Elimination System permit applicable to Henrico's wastewater treatment system as the same shall now or thereafter be in force. Where sewage discharges to the Henrico system exceed standard design peaking factors, Goochland shall develop and implement an inflow and infiltration analysis and removal program such that sewage discharges will comply with such standards.

Section 12. Reporting. With respect to wastewater treated by Henrico under this agreement, upon Henrico's request, Goochland shall report the total number of residential, commercial, industrial, and other units connected to Goochland's wastewater

system, the total gallons of water consumption for all residential, commercial, industrial, and other units connected to the Goochland wastewater system, and similar information which may be requested by the Henrico Director of Public Utilities.

Section 13. Annual Determination of Charges. Henrico's charges to Goochland for the taking, conveying, treating, and disposing of all wastewater originating on premises within Goochland and discharged into the "Henrico sewerage system" shall be determined annually on a fiscal year basis. Each fiscal year shall begin on July 1st and end the following June 30th.

Section 14. Capacity and Commodity Charges. The charges for taking, conveying, treating, and disposing of wastewater originating within Goochland shall be based on the actual cost to Henrico for the fiscal year in which the flows into the "Henrico sewerage system" were measured. The actual cost, for purposes of charges, shall be expressed in a two-part rate structure consisting of a Capacity Charge based on the contract capacity and a Commodity Charge per hundred cubic feet (CCF) based on metered flows. Because the actual cost of service for any fiscal year cannot be determined until the close of the accounting books for that period, Henrico shall bill estimated charges each month until a cost allocation study is completed and Henrico has determined the actual cost of service. The estimated monthly Capacity Charge to be billed shall be one twelfth (1/12) of the annual Capacity Charges for the immediately preceding year. The estimated Commodity Charge shall be the rate for the immediately preceding fiscal year, plus the average percentage increase in rates for service to Henrico County retail wastewater customers as authorized by the Henrico County Board of Supervisors for that year. Goochland shall pay all bills within thirty (30) days of the date of the bill. Henrico shall complete the cost allocation study within sixty (60) days of the completion of Henrico's annual audit by its external auditors and provide a copy to Goochland.

Section 15. Cost Allocation Formula. The methods, parameters, procedures, and principles used in the cost allocation formula for the fiscal year dated June 30, 2001 shall be used to determine the pro rata costs of serving Goochland in each of the enumerated cost categories and to allocate appropriate portions of such cost to Goochland for each fiscal year under this contract. A copy of the results of the application of this formula for fiscal year 2001 is attached as Exhibit A and made a part of this agreement. The methods, parameters, procedures, and principles used in the cost allocation formula shall be reviewed in detail by the parties upon the request of either party.

Section 16. Basis of Commodity Charge. The Commodity Charge per CCF shall include the following operating expenses: Administrative, Accounting, Construction Inspection, Engineering, Customer Service-Billing & Collection, Customer Service-Meter Reading, Operations Administration and General, Warehouse, TV Inspection, Infiltration and Inflow Analysis, Meter Repair, Wastewater Collection, Wastewater Pumping, Wastewater Treatment, Wastewater Treatment Facility, Monitoring & Compliance, and Laboratory Expense.

Section 17. Basis of Capacity Charge. The Capacity Charge to Goochland shall include Depreciation Expense, Payments in Lieu of Taxes, and Return on Investment on plant allocated to serve Goochland. Plant shall be allocated to Goochland based on the ratio of capacity allocated to Goochland by this agreement to the rated plant capacity, or the actual Goochland flows to the rated plant capacity, whichever is higher. "Rated plant capacity" shall mean the total actual rated capacity of the Henrico County Wastewater Treatment Plant. The rate used to determine the Return on Investment shall be Henrico's average cost of outstanding debt during the period of the cost allocation study plus two percent (2%), and the charge shall be based on the book value of plant allocated to serve Goochland at the end of the fiscal year. The rate used to determine the Payment in Lieu of Taxes shall be Henrico's real estate tax rate in effect during the period of the cost allocation study, and the charge shall be calculated on the book value

excluding grant funds of the plant allocated to serve Goochland at the end of the fiscal year.

Section 18. Capacity Purchase Option. Goochland shall have the right at any time to purchase the .69 MGD of capacity allocated to Goochland in the "Henrico sewerage system" by this agreement, in whole or in part. Goochland may only purchase capacity in the "Henrico sewerage system" and all rights and title to the assets and plant in the "Henrico sewerage system" shall remain with Henrico, and all operation and maintenance of the facilities shall remain the responsibility of Henrico. If Goochland elects to purchase allocated capacity, a one time capacity payment shall be made for such capacity, and the amount of this payment shall be determined by a reasonable allocation of the original cost of that part of the "Henrico sewerage system" used to provide service to Goochland less any depreciation included in capacity payments or other lump sum capacity payments made by Goochland from the inception of this agreement. Once Goochland has paid a one time capacity charge, monthly capacity charges will continue to be calculated according to Section 17 but will no longer include Depreciation and Return on Investment for the capacity covered by the one time capacity payment. If the average daily flow taken by Henrico from Goochland in any fiscal year exceeds the average daily flow capacity purchased, then a capacity charge on the difference between the actual average daily flow and the average daily flow capacity purchased will be billed to Goochland as part of the annual cost allocation study and will be calculated according to Section 17. The cost of major non-recurring repairs or upgrades to that portion of the "Henrico sewerage system" which serves Goochland may be added to plant investment in accordance with accepted accounting practices, and a reasonable allocation of these costs may be billed to Goochland based on the share of capacity Goochland has purchased in that portion of the "Henrico sewerage system."

Section 19. Adjustments. After the cost allocation formula has been prepared each year, the cost of service for the fiscal year shall be determined by multiplying the

total flows into the "Henrico sewerage system" from Goochland by the Commodity Charge per CCF determined in the cost allocation formula and adding that amount to the Capacity Charge. If the payments made by Goochland exceed the computed cost of service, then Goochland shall be reimbursed for the excess within thirty (30) days of the completion of the cost allocation formula. If the payments made by Goochland are less than the computed cost of service, then Goochland shall pay the difference within thirty (30) days of billing by Henrico.

Section 20. Limitation of Liability. Neither Henrico nor Goochland shall be liable in damages to the other for any act, omission, or circumstances occasioned by or in consequence of any acts of God, acts of the public enemy, wars, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, or any other cause, 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. Such causes or contingencies affecting the performance hereunder by either Henrico or Goochland shall not relieve it of liability in the event of its concurring negligence or in the event of its failure 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 affecting such performance relieve either party from its obligations to make payment of amounts then due hereunder in respect of wastewater theretofore delivered. Nothing contained in this section shall be construed as waiving any immunity that either county may possess.

Section 21. Term. The provisions of this agreement as to wastewater to be accepted and treated by Henrico at the Henrico Wastewater Treatment Facility under Section 3 shall be in full force and effect from the date of this agreement until June 30, 2032 and shall remain in full force thereafter until ten (10) years after either the County Manager of Henrico or the County Administrator of Goochland gives written notice of termination to the other. If the agreement is terminated by Henrico and not replaced by a

new agreement before the end of its term, Goochland shall gain the right to an additional .69 MGD (690,000 gallons per day) of wastewater capacity in the pump station and the Goochland Transmission System, as described later in this agreement, and Henrico shall lose the right to that same wastewater capacity. The term of the arrangement for wastewater to be transmitted through the Goochland Transmission System shall be as provided in Section 38.

Section 22. Pretreatment. Goochland shall be subject to Henrico's pretreatment program for its wastewater delivered to Henrico under this agreement. Henrico shall have the right to monitor and sample wastewater discharged from Goochland to Henrico, and Goochland shall pay all charges imposed by the Henrico County Code for "strong wastes" in Goochland's discharge within thirty (30) days of billing.

Section 23. Reserved.

Section 24. Reserved

Section 25. Ownership of Transmission Facilities; Henrico Capacity Rights. Goochland shall design, finance and construct the Goochland Transmission System through Henrico County to the City Interconnection, where it will also connect with Henrico facilities, in accordance with plans to be drawn by Goochland. The location of the force main shall be as shown on plans to be accepted by the Henrico Director of Public Utilities. These improvements shall be owned by Goochland, which shall be responsible for all aspects of design, financing, construction and ownership, including without limitation, operation and maintenance. Henrico shall have the right to send up to 13 MGD of wastewater through the Goochland Transmission System, from the pump station to the Henrico sewerage system at Cary Street and Maple Avenue. Henrico shall construct, maintain, repair and operate at its sole expense the connection to the Goochland Transmission System that delivers the Henrico wastewater to the Goochland Transmission System. The demarcation point between the Goochland Transmission System and the Henrico system at Cary Street and Maple Avenue shall be the Henrico

side of the modulating valve equipment installed by Goochland to facilitate transfer of wastewater from the Goochland Transmission System to Henrico's facilities. If this point is impractical, the demarcation point shall be established by agreement of the Goochland County Engineer and the Henrico Director of Public Utilities. Goochland shall commence installation of the equipment and facilities constituting the demarcation point when requested by Henrico, the cost of such installation and equipment to be borne by Henrico. Each party otherwise shall own and thereafter bear full responsibility for maintenance, operation, and replacement of its facilities on its respective side of the demarcation point. The plans and specifications and materials used in the construction, maintenance, and repair and operation of each system shall meet all federal, state, and local requirements.

Section 26. Design. Design of the Goochland Transmission System shall comply with applicable local, state and federal standards and regulations. Henrico shall have the right at its expense to perform a peer review and engineering analysis of these facilities and comment on the plans in a timely manner, not affecting Goochland's timeline for the project attached as Exhibit B. The plans shall be modified as agreed between the Goochland County Engineer and the Henrico Director of Public Utilities.

Section 27. Inspection: Testing. Upon prior notice to Henrico, Goochland shall have the right to inspect all work done in connection with the construction, maintenance, repair and operation of the facilities constructed by Henrico under the provisions of this agreement, and connected with the Goochland Transmission System, to determine whether such work is done in accordance with the provisions of this agreement. Goochland shall be notified of and have the right to witness infiltration tests on all sewers connected to the Goochland system. In no event shall the infiltration/inflow rate for the new construction by Henrico exceed the rate specified in Henrico's specifications in effect at the time of construction.

Section 28. Meter to be Provided. Henrico shall install and convey to Goochland, at no expense to Goochland, a wastewater meter at the point of delivery to the Goochland Transmission System, and Goochland shall meter flows at the demarcation point. The type, size, location and installation of the meters must be approved by the Goochland County Engineer. Metering will not be required if the Director of Public Utilities of Henrico and the County Engineer of Goochland agree that such metering is not feasible and they agree upon an alternative means of determining volumes of wastewater delivered to the Goochland system. Goochland shall meter output from its West Creek pump station.

Section 29. Quality of Wastewater. Henrico shall allow the discharge of nonresidential wastewater into the wastewater facilities only in accordance with the Interjurisdictional Pretreatment Agreement dated December 4, 1990, and any revisions thereto.

Section 30. Unusual Wastewater. Subject to the constraints of applicable federal and state laws, regulations, orders, local ordinances in Goochland and the provisions of this agreement, Henrico shall have the right to discharge or permit the discharge of wastewater of unusual strength as defined in the Henrico County Code; provided, however, that Henrico shall comply with any regulations of the City for the discharge of such wastewater..

Section 31. Units Connected. Upon Goochland's request, Henrico shall report the total number of residential, commercial, industrial and other units connected to Henrico's wastewater system which discharge into Goochland facilities, including but not limited to the total gallons of water consumption for all residential, commercial, industrial and other units connected to such system, and any similar information which may be requested by the Goochland County Engineer. Henrico also shall provide any information requested by Goochland for the purpose of assisting the City with compliance with the terms and conditions of Richmond's VPDES permit.

Section 32. Pumping and Transmission Only. Goochland shall have no obligation to treat or to provide for the treatment of wastewater from Henrico entering the Goochland Transmission System; rather, the sole duty of Goochland with respect to wastewater delivered by Henrico to the West Creek pump station under this Agreement is to transmit up to 13 MGD to the Henrico system at Cary Street and Maple Avenue in the City of Richmond.

Section 33. Charges for Wastewater Transmission. Goochland's charges to Henrico for taking and conveying wastewater shall be paid in two parts, consisting of Capacity Charges and Commodity Charges. Capacity Charges will cover capital costs incurred by Goochland in connection with the Goochland Transmission System, and Commodity Charges will recover Goochland's operating and maintenance costs for the Goochland Transmission System, as well as any other costs related to the system that are not properly classified as capital costs. Goochland will bill both types of charges to Henrico, which shall pay all bills within thirty (30) days of the date of the bill. Capacity Charges will be billed monthly as construction occurs and Commodity Charges will be billed for the previous month's metered usage. Henrico will pay the Capacity Charges incurred by Goochland during construction of the Goochland Transmission System on a monthly basis. Commodity Charges will commence on the date on which Henrico places wastewater into the Goochland Transmission System.

Section 34. Capacity Charges. Henrico shall pay the following Capacity Charges: (i) Force Main Capacity Charge; (ii) Pumping Station Capacity Charge; and (iii) Other Project Costs Capacity Charge as each is more particularly described below:

A. Force Main Capacity Charges shall be equal to the sum of \$2.8 million. This amount shall represent Henrico's share of the cost of the force main. Henrico shall pay its share of the costs as those costs are incurred and shall not exceed the Force Main Capacity Charge set forth in this section. The percentage of costs to be paid shall be equal to the Force Main Capacity Charge divided by the construction contract amount for

the force main. Upon payment in full of the sum determined in this subsection, Henrico shall have no further liability for capacity charges related to the force main, except as may be provided under subsection C, below.

B. Pump Station Capacity Charges shall be equal to 13/33 of the cost of the design, engineering, site acquisition and construction of the pump station, and its equipment and facilities, and 100% of the cost of pump station equipment installed at the request of Henrico to serve only Henrico. Goochland shall pay 100% of the cost of pumping station equipment installed by Goochland to serve only Goochland. Prior to advertising for bids for the sewage pumping station, Goochland and Henrico shall identify those parts of the facility to be shared cost and those to be paid at 100% by each county. Henrico shall pay its share within 30 days of invoice based on percentage of completion of design and construction. Goochland's invoices to Henrico shall be accompanied by a copy of the third-party invoice. Upon completion of construction and final payment for all materials and services associated with the project, any balance due by Henrico will be paid within 30 days of invoice, and any excess payment by Henrico will be refunded within 30 days following such completion.

C. Other Project Costs Capacity Charges shall include only capitalized maintenance or repair, as amortized or depreciated for the relevant period, and Henrico's share shall be the percentage derived by dividing 13 MGD by 33 MGD. Goochland shall make a final determination of these Other Project Costs Capacity Charges upon completion of construction of such maintenance and repair and final payment for all materials and services associated with any such project, and Henrico shall pay its share within 30 days of invoice. Henrico shall have the right to review such other projects and charges, and the parties will work together to address any reasonable concerns.

D. Upon termination of this agreement, without execution of a replacement agreement, Henrico shall pay to Goochland any unpaid capital costs of the Goochland Transmission System allocated to Henrico, if any. Henrico shall have the right to review

such unpaid capital costs, if any, and the parties will work together to address any reasonable concerns.

Section 35. Commodity Charges. Commodity Charges shall be based upon actual quantities of wastewater transmitted by each party into the Goochland Transmission System and assessed monthly on a pro rata basis. Operating costs, costs for routine maintenance and other costs that are treated as expenses, incurred in operating and maintaining the Goochland Transmission System, shall be estimated on an annual basis. On a monthly basis, such costs shall be billed to Henrico based upon the proportion of Henrico wastewater transmitted to the total volume of wastewater transmitted through the Goochland Transmission System. After the end of each year, actual operating costs shall be determined and adjustments made by crediting Henrico with any overpayments or by billing Henrico for any underpayments. Any formula used to calculate the commodity charges will be provided by Goochland to Henrico when prepared, and shall parallel, to the greatest extent possible, the commodity methodology as used by Henrico in Section 16. Henrico's reasonable comments will be considered in final preparation of the formula. Such formula may reviewed upon request, no more than once every five years, and revised as agreed to by the County Engineer and the Director of Public Utilities.

Section 36. Right of Way Acquisition. Goochland shall acquire all easements or interests in real property required for the project. Goochland shall pay all costs of such acquisitions. Should Goochland, following good faith negotiations with the landowner(s) and presentation of a final good faith written offer based upon appraisals obtained from a licensed general appraiser holding a designation with the Appraisal Institute, be unable to acquire the required easements or interests in real property, it shall diligently use its powers of eminent domain and quick take to acquire the required easements or interests in real property. Henrico agrees to fully cooperate with Goochland during the negotiation and condemnation process. Henrico agrees to convey temporary and permanent deeds of

easement authorizing Goochland to use land owned by Henrico for Goochland's surveying, testing, engineering, construction, reconstruction, maintenance, repair, replacement and use of the force main.

Where right of way located in Henrico must be condemned, Goochland may initiate such condemnation as agent for Henrico, and in the name, place and stead of Henrico, shall exercise all powers authorized to Henrico under law, including quick take, subject to approval of the Board of Supervisors of Henrico County, in order to ensure that Goochland meets its timeline, attached as Exhibit B. Henrico shall cooperate reasonably in this effort. Title to any right of way so acquired shall vest in Henrico upon order of the court in which the condemnation action is filed, or as otherwise provided by law. Henrico shall thereafter convey such temporary and permanent easements to Goochland as are necessary for the construction, reconstruction, maintenance, repair replacement and use of the force main by Goochland. The costs of such condemnation proceedings, including legal fees, and any damages paid to landowners shall be born by Goochland.

Section 37. Minimum/Maximum Wastewater Flow. Upon connection to the Goochland Transmission System, Henrico will place a minimum of 1 MGD of wastewater into the system when the system is available for use, estimated at approximately mid-2005, unless Goochland acknowledges in writing that it has sufficient flows to accept a lesser amount. Henrico may place a maximum of 13 MGD into the system.

Section 38. Interruption of Service. Goochland shall provide the same reliability of service for Henrico flows and Goochland flows through the pump station and force main. The pump station shall be a Class I facility in accordance with the VDH Sewage Collection and Treatment Rules. The pump station shall have a back-up power source and facilities sized such that the pump station shall remain in continuous operation to handle peak flows with the largest pumping unit out of service. Henrico flows may be temporarily diverted from the Goochland Transmission System for planned maintenance

activities during non-peak flow periods into the downstream Henrico system with the approval of the Henrico Director of Public Utilities. A sanitary sewer overflow is not allowable under local, state or federal regulations.

Section 39. Establishment of Service, Term. Henrico shall commence transporting wastewater to Goochland under this agreement upon substantial completion of the Goochland Transmission System but not sooner than referenced in Section 37. Goochland shall specify the type, size and manufacturer of the pumping and related equipment, including modulating valve equipment, to satisfy its requirements for pumping Henrico wastewater. The term of the agreement of the parties to provide wastewater transmission shall be from the date of this agreement until June 30, 2032, and shall remain in full force thereafter until ten (10) years after either the County Manager of Henrico or the County Administrator of Goochland gives written notice of termination to the other. If the agreement is terminated by Goochland and not replaced by a new agreement before the end of its term, Goochland shall pay Henrico an amount equal to the book value of the pump station directly allocated to Henrico and paid for by Henrico, and a share of the depreciated (amortized) cost of Henrico's \$2.8 million, as a percentage of the depreciated (amortized) cost of the Goochland Transmission System.

Section 40. Default. In the event of a default in payment by either party of any sums due the other under this Agreement, which extends for more than sixty (60) days, wastewater treatment by Henrico or transmission by Goochland may be suspended. In addition, either party may pursue judicial remedies for any such nonpayment, and may receive its reasonable costs, attorney's fees and prejudgment interest in any judgment rendered.

Section 41. Assignment. This agreement may be assigned by Goochland, in whole or in part, to any authority formed by Goochland or jointly by Goochland and any other political subdivision.

Section 42. Representations and Warranties. Henrico and Goochland each represents and warrants for itself as follows as of the date of this agreement:

(a) It has the power to enter into this agreement and the transactions contemplated hereunder and to perform the obligations hereunder according to the terms of this agreement.

(b) It has duly taken all actions and obtained all consents necessary to enable it to enter into this contract and to perform its obligations hereunder and to be bound hereby.

(c) The person or persons executing or attesting the execution of this agreement on behalf of each party has or have been duly authorized and empowered to so execute and attest.

(d) The execution of this agreement on behalf of the party will bind and obligate the party to the extent provided by the terms hereof, and each party represents and warrants that it has no legal basis to avoid any of its obligations hereunder nor will it seek to avoid any such obligations.

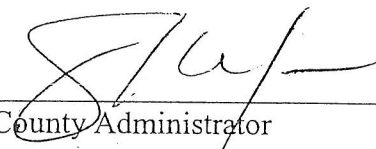
(e) Each party acknowledges that the representations and warranties it makes within this agreement are relied upon by the other party in entering into this agreement.

Section 43. No Full Faith and Credit. The charges payable under this agreement shall not be deemed to create or constitute an indebtedness or a pledge of the full faith and credit of the Commonwealth of Virginia or of any political subdivision thereof for purposes of any constitutional or statutory limitation. To the extent required by law, the parties' obligations to expend any funds beyond the current fiscal year shall be subject to appropriation by the parties' respective governing bodies.

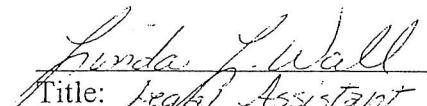
Section 44. Compliance with Regulatory Requirements. This contract is subject to all applicable state and federal laws and regulations applicable to the operation of sewerage treatment facilities and to the parties' obligations to comply with such

applicable laws and regulations, including orders issued by regulatory agencies. Each party shall have the sole authority to determine the proper means of compliance with any orders or requirements imposed upon it.

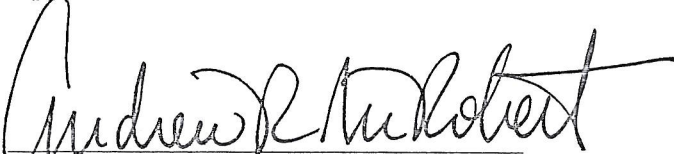
THE COUNTY OF GOOCHLAND,
VIRGINIA

By: 
Title: County Administrator

Attest:


Title: Legal Assistant

Approved as to form:


Goochland County Attorney

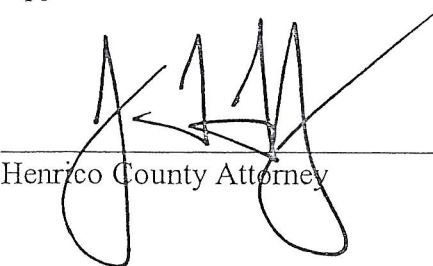
THE COUNTY OF HENRICO, VIRGINIA

By: 
Title: County Manager

Attest:


Title: Clerk to the Board

Approved as to form:


Henrico County Attorney

GOOCHLAND SEWER COST OF SERVICE
2000-01 SEWER RATE

VOLUME TREATED (CCF)		51,529
CAPACITY CHARGE	\$2.490	\$128,300
COMMODITY COSTS	\$0.657	\$33,951
ACTUAL COST	\$3.147	\$162,251
ACTUAL AMOUNT BILLED	\$3.252	\$167,590
AMOUNT (OVER) UNDER COST	(\$0.105)	(\$5,339)

GOOCHLAND SEWER COST OF SERVICE
2000-01 OPERATING EXPENSE ALLOCATION

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INDEX #	INDEX	1993 ACTUAL	% SEWER	1993 SEWER	GOOCHLAND SHARE (%)	GOOCHLAND SHARE (\$)	GOOCHLAND RATE/CCF
J10	ADMINISTRATIVE	2,016,601	39.7800%	802,204	0.2973%	2,385	\$0.046
J11	ACCOUNTING	325,511	39.7800%	129,488	0.2973%	385	\$0.007
J12	ENGINEERING	383,318	39.7800%	152,484	0.2973%	453	\$0.009
J13	TV INSPECTION	116,192	39.7800%	46,221	0.2973%	137	\$0.003
J14	CONSTRUCTION INSP	328,523	39.7800%	138,390	0.0000%	0	\$0.000
J15	CUST SERV-BILL/COLL	1,045,454	48.9300%	511,541	0.0023%	12	\$0.000
J16	CUST SERV-READING	471,836	48.9300%	230,869	0.0038%	9	\$0.000
J17	OPERATIONS A & G	540,039	39.7800%	214,828	0.2973%	639	\$0.012
J18	WAREHOUSE	133,226	39.7800%	52,997	0.2973%	158	\$0.003
J19	UTILITY SUPPORT SYSTEMS	948,146	39.7800%	377,172	0.2973%	1,121	\$0.022
J20	TRANSMISSION & DIST	2,047,879	0.0000%	0	0.0000%	0	\$0.000
J21	METER REPAIR	213,933	0.0000%	0	0.0038%	0	\$0.000
J30	COLLECTION	1,392,545	100.0000%	1,392,545	0.2973%	4,140	\$0.080
J40	WATER PUMPING	640,333	0.0000%	0	0.0000%	0	\$0.000
J45	WATER SOURCE OF SUPPLY (WELLS)	296,650	0.0000%	0	0.0000%	0	\$0.000
JXX	WATER TREATMENT PLANT	0	0.0000%	0	0.0000%	0	\$0.000
J50	WASTEWATER PUMPING	2,639,443	100.0000%	2,639,443	0.0000%	0	\$0.000
J51	TRI COUNTY REGIONAL JAIL FARM	0	0.0000%	0	0.2973%	7,847	\$0.152
J55	WASTEWATER TREATMENT	555,431	100.0000%	555,431	0.0000%	0	\$0.000
J70	WW TREATMENT FACILITY	3,681,711	100.0000%	3,681,711	0.0000%	0	\$0.000
J71	WW BIOSOLID DISPOSAL	0	100.0000%	0	0.2973%	10,946	\$0.212
J77	WWTP - MAINTENANCE	1,321,937	100.0000%	1,321,937	0.2973%	0	\$0.000
J78	MONITORING & COMPLIANCE	359,696	100.0000%	359,696	0.2973%	3,930	\$0.076
J79	LABORATORY	608,984	39.7800%	242,254	0.2973%	1,069	\$0.021
	WATER SOURCE OF SUPPLY (PURCH FR CITY)	11,666,998	0.0000%	0	0.2973%	720	\$0.014
					0.0000%	0	\$0.000
	TOTAL OPERATING COST	31,734,386		12,849,211		33,951	\$0.657
	PAYMENT IN LIEU OF TAXES	3,768,197		2,497,145			
	INTEREST EXPENSE	8,064,757					
	DEBT SERVICE	5,720,000		15,346,356			
	DEPRECIATION	15,611,885					
	TOTAL COST	64,899,225					
	SEWER TREATED (CCF)			17,332,420			
	GOOCHLAND METERED CONSUMPTION			51,529			

GOOCHLAND SEWER COST OF SERVICE
2000-01 ALLOCATION BASIS:

	GOOCHLAND	OTHER	SYSTEM TOTAL		
AVG CONSUMPTION (CCF)	51,529 0.2973%	17,280,891 99.7027%	17,332,420 100.0000%	(VOLUME TREATED)	
# OF METERS	3 0.0038%	77,973 99.9962%	77,976 100.0000%		
BILLS PRODUCED	12 0.0023%	519,162 99.9977%	519,174 100.0000%		
CAPACITY ALLOCATION (MGD)	0.690 1.5333%	44.310 98.4667%	45.000 100.0000%	AVG DAILY FLOW FROM GOOCHLAND (MGD)	0.106

2000-01 PLANT ALLOCATION:

		COST	GRANTS	COST NET OF GRANTS	ACCUM DEPR	NET BOOK VALUE	BOOK VALUE
JOINT PLANT		193,499,324	108,399,578	85,099,746	14,005,396	71,094,350	156,885,990
GOOCHLAND PORTION OF JOINT PLANT LUMP SUM CAPACITY PAYMENTS	1.533%	2,966,925	1,662,091	1,304,834 0	214,745	1,090,090	2,405,533
JOINT PLANT AFTER LUMP SUM PAYMENTS				1,304,834	214,745	1,090,090	
JOINT PLANT (DEPRECIATION BASE)		191,674,664					
JOINT DEPRECIATION		4,232,469					
COMPOSITE RATE		2.21%					
DEPRECIATION	2.21%	28,837					
RETURN	7.05%	76,851					
REAL ESTATE TAX	0.94%	22,612					
TOTAL CAPACITY CHARGE		128,300					

BASED ON COST NET OF GRANTS AFTER LUMP SUM PAYMENTS
BASED ON NET BOOK VALUE AFTER LUMP SUM PAYMENTS
BASED ON BOOK VALUE

GOOCHLAND COST OF SERVICE
2000-01 AVERAGE COST OF DEBT:

PAGE 7

INTEREST COST (J90-901)		8,064,757
AMORT-EXP (J90-902)		33,139
AMORT-DISC (J90-903)		215,057
INTEREST EXPENSE		<u>8,312,953</u>
BEGINNING YEAR DEBT (000)	6/30	165,805
	7/31	165,805
	8/31	165,805
	9/30	165,805
	10/31	165,315
	11/30	165,315
	12/31	165,315
	1/31	165,315
	2/28	165,315
	3/31	165,315
	4/30	165,315
ENDING YEAR DEBT (000)	5/31	159,915
AVERAGE DEBT	6/30	159,915
		<u>164,635</u>
AVERAGE DEBT COST		5.05%
COUNTY RETURN		2.00%
RETURN ON INVESTMENT		<u>7.05%</u>

GOCHLAND CALCULATION OF PLANT VALUE

CURRENT YEAR

2001

REQ	DESCRIPTION	GOCHLAND ALLOCATION	GRANTS	NET PLANT ALLOCATION	ACCUM DEPR	GOCHLAND NET PLANT	NET PLANT ALLOCATION	YEAR IN SERVICE	DEPR RATE	CURRENT YEAR DEPR	CURRENT ACCUM DEPR
A-1	REGIONAL PLANT	5,063,176	2,759,946	2,303,230	0	2,303,230	2,303,230	1990	0.00%	0	0
A-2	COMPUTER MONITORING TELEMETRY	47,596,477	35,821,207	11,775,270	2,590,559	9,184,711	11,775,270	1990	2.00%	235,505	2,590,559
A-3	IN-VEHICLE MONITORING FACILITIES	375,954	281,966	93,989	128,235	(35,246)	93,989	1990	12.50%	11,749	128,235
A-4	FORT LEE DOOR CONTROL STATION	25,235,085	19,707,640	5,527,445	663,293	4,864,151	5,527,445	1995	2.00%	110,549	663,293
A-5	OUTFALL TO JAMES RIVER	1,360,336	1,020,252	340,084	74,819	265,265	340,084	1990	2.00%	6,802	74,819
B	RIGHT OF WAY	5,599,532	4,142,457	1,457,075	320,557	1,136,519	1,457,075	1990	2.00%	29,142	320,557
B-1	TUCKAHOE FORCE MAIN	922,234	480,530	441,704	0	441,704	441,704	1990	0.00%	0	0
B-2	JAMES RIVER OUTFALL	460,485	345,364	115,121	25,327	89,795	115,121	1990	2.00%	2,302	25,327
B-3	KANAWHA OUTFALL	2,116,988	1,587,741	529,247	116,434	412,812	529,247	1990	2.00%	10,585	116,434
B-4	GABLES MILL FORCE MAIN	959,889	719,917	239,973	52,794	187,179	239,973	1990	2.00%	4,799	52,794
B-5	HORSEPEN CREEK TRUNK SEWER	1,203,115	902,336	300,779	66,771	234,008	300,779	1990	2.00%	6,016	66,771
B-6	HORSEPEN CREEK TRUNK SEWER	872,953	654,715	218,239	43,012	170,226	218,239	1990	2.00%	4,365	43,012
B-7	UPHAM BROOK TRUNK SEWER	725,085	543,814	181,271	35,880	145,391	181,271	1990	2.00%	3,625	35,880
B-8	UPHAM BROOK TRUNK SEWER	3,664,979	2,748,734	916,245	201,574	714,671	916,245	1990	2.00%	18,325	201,574
B-9	UPHAM BROOK TRUNK SEWER	2,659,959	1,994,969	664,990	146,298	518,692	664,990	1990	2.00%	13,300	146,298
B-10	TUCKAHOE CREEK P. S. RENOVATION	1,666,338	1,249,754	416,585	91,649	324,936	416,585	1990	2.00%	8,332	91,649
B-11	GABLES MILL P. S. RENOVATION	659,974	494,981	164,993	54,448	110,545	164,993	1990	3.00%	4,950	54,448
C	FORCE MAIN RIGHT OF WAY	3,643,605	2,732,705	910,901	300,597	610,304	910,901	1990	0.00%	27,327	300,597
C-1	STRABERRY HILL FORCE MAIN	879,699	504,334	375,365	0	375,365	375,365	1990	0.00%	0	0
C-2	STRABERRY HILL FORCE MAIN	3,190,178	2,392,834	797,345	175,460	621,885	797,345	1990	2.00%	15,951	175,460
C-3	STRABERRY HILL FORCE MAIN	2,914,045	2,185,045	728,512	160,273	568,239	728,512	1990	2.00%	14,570	160,273
C-4	CREIGHTON ROAD AIR RELIEF FACILITY	2,918,172	2,188,629	729,543	160,500	569,044	729,543	1990	2.00%	14,591	160,500
C-A	STRABERRY HILL LOW LIFT MOOF	50,133	37,600	12,533	4,136	8,397	12,533	1990	3.00%	376	4,133
C-B	STRABERRY HILL LOW LIFT MOOF	2,976,750	2,232,563	744,187	245,532	498,655	744,187	1990	3.00%	22,326	245,532
D	FOURMILE CREEK RIGHT OF WAY	8,213,659	6,132,630	2,080,829	686,673	1,394,155	2,080,829	1990	3.00%	62,425	686,673
D-1	FOURMILE CREEK INTERCEPTOR	447,463	329,054	118,409	0	118,409	118,409	1990	0.00%	0	0
D-2	FOURMILE CREEK INTERCEPTOR	4,545,809	3,409,357	1,136,452	250,019	886,433	1,136,452	1990	2.00%	22,729	250,019
P	LAWDALE FARMS TRUNK SEWER	4,199,830	3,133,825	1,066,006	234,521	831,484	1,066,006	1990	2.00%	21,320	234,521
201	FACILITIES PLANS/STATION DESIGN	637,730	90,620	547,110	120,364	426,746	547,110	1990	2.00%	10,942	120,364
202	GRANT ADMINISTRATION	2,582,049	1,911,961	670,088	147,419	522,669	670,088	1990	2.00%	13,402	147,419
TREATMENT PLANT		11,571,892	5,761,613	5,810,279	1,278,261	4,532,017	5,810,279	1990	2.72%	116,206	1,278,261
WWTP UPGRADE		43,585,747	0	43,585,747	5,620,541	37,965,206	43,585,747	VARIOUS	2.50%	1,185,532	5,620,541
		193,499,324	108,399,578	85,099,746	14,065,396	71,094,350	85,099,746			1,998,041	14,065,396
	ACCUMULATED DEPRECIATION						85,099,746				
	COST LESS ACCUMULATED DEPRECIATION										

PLANT VALUE

72.00% TREATMENT
28.00% TRANSPORT139,007,145
54,492,178
193,499,324115,597,077
41,288,913
156,885,99069,748,705
15,351,041
85,099,74659,323,211
11,771,138
71,094,35069,748,705
15,351,041
85,099,7461,672,596
325,446
1,998,04110,425,400
3,579,903
14,005,306

GOCHLAND SHARE

1.53% TREATMENT
1.53% TRANSPORT2,131,397
835,529
2,966,9251,772,450
633,083
2,405,5331,069,457
235,376
1,304,834909,603
180,487
1,090,0901,069,457
235,376
1,304,83425,646
4,950
30,636159,854
54,851
214,745

Goochland Pump Station and Force Main Time Line

1.) 33 MGD Pump Station

Acquire Necessary Real Estate	08/01/02	
Complete Design	08/05/02	
Advertise, Bid, Award	08/05/02	thru 10/05/02
Contractor Notice to Proceed	10/05/02	
Construction Substantial Completion	05/01/04	
Final Completion	07/01/04	

2.) Force Main

Easement Plats complete	09/01/02	
Acquire Necessary Real Estate	01/01/03	
Complete Design, Plans and Permitting	02/01/03	
Advertise Bid Award	02/01/03	thru 04/01/03
Notice to Proceed	04/01/03	
Construction Substantial Completion	05/01/04	
Final Completion	07/01/04	