INTRODUCED: December 11, 2017

#### AN ORDINANCE No. 2017-253

To provide for the granting by the City of Richmond to the person, firm or corporation to be ascertained in the manner prescribed by law, of the lease, franchise, right and privilege to use and maintain certain property located at 8850 West Huguenot Road for the construction, operation, and maintenance of a water pump station and ground storage tank in accordance with a certain Deed of Ground Lease.

Patron – Mayor Stoney

Approved as to form and legality by the City Attorney

PUBLIC HEARING: JAN 22 2018 AT 6 P.M.

WHEREAS, following the introduction of this ordinance, the City Clerk has caused to be advertised, once a week for two successive weeks in a newspaper of general circulation published in the city of Richmond, a descriptive notice of the Deed of Ground Lease attached to this ordinance, which notice:

- 1. included a statement that a copy of the full text of the ordinance is on file in the office of the City Clerk;
- 2. invited bids for the franchise, privilege, lease or right offered to be granted in and by this ordinance, which bids were to be:

AYES:	8	NOES:	0	ABSTAIN:	1
_					
ADOPTED:	FEB 5 2018	REJECTED:		STRICKEN:	

- a. delivered in writing to the presiding officer of the Council of the City of Richmond at its regular meeting to be held on <u>January 22</u>, 2018, at 6:00 p.m., in open session;
- b. presented by the presiding officer to the Council; and
- c. then dealt with and acted upon in the mode prescribed by law;
- 3. required that all bids for the franchise, rights and privileges hereby offered to be granted shall be submitted in writing as required by law; and
- 4. reserved the Council's right to reject any and all bids; and

WHEREAS, the deadline for the receipt of bids has passed, all bids have been received, and the Council is prepared to act in accordance with sections 15.2-2102 or 15.2-2103, or both, of the Code of Virginia (1950), as amended;

NOW, THEREFORE,

#### THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That, notwithstanding section 8-2(c) or any other provision of the Code of the City of Richmond (2015), as amended, to the contrary, there shall be granted in the manner prescribed Article VII, Section 9 of the Constitution of Virginia and Title 15.2, Chapter 21, Article 1, §§ 15.2-2100—15.2-2108.1:1 of the Code of Virginia (1950), as amended, a lease for certain property located at 8850 West Huguenot Road for the construction, operation, and maintenance of a water pump station and ground storage tank on that property as described and under the conditions set forth in the Deed of Ground Lease, a copy of which is attached to and incorporated into this ordinance, to the following tenant:

#### County of Chesterfield.

- § 2. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute the Deed of Ground Lease between the City of Richmond as landlord and the tenant identified in section 1 of this ordinance to lease certain real property located at 8850 West Huguenot Road for the construction, operation, and maintenance of a water pump station and ground storage tank by such tenant, provided that:
- (a) The Deed of Ground Lease has first been approved as to form by the City Attorney and is substantially in the form of the document attached to this ordinance;
- (b) The tenant identified in section 1 of this ordinance has first executed a bond, with good and sufficient security, in favor of the City of Richmond, Virginia, in the amount of \$50.00 and conditioned upon the construction, operation and maintenance of the water pump station and ground storage tank as provided for in the granted lease, franchise, right and privilege, with such bond in a form acceptable to the Chief Administrative Officer and approved as to form by the City Attorney; and
- (c) The tenant identified in section 1 of this ordinance has first paid all costs incurred in connection with the advertisement of this ordinance, in accordance with section 15.2-2101 of the Code of Virginia (1950), as amended.
  - § 3. This ordinance shall be in force and effect upon adoption.



O & R REQUEST

Office of the Chief Administrative Officer

#### O&R REQUEST

DATE:

November 13, 2017

**EDITION:** 

1

TO:

The Honorable Members of City Council

THROUGH:

The Honorable Levar M. Stoney, Mayor

THROUGH: Selena Cuffee-Glenn, Chief Administrative Officer

THROUGH: Peter L. Downey, Deputy Chief Administrative Officer for Economic Development and

Planning

THROUGH: Debbie Jackson, Interim Deputy Chief Administrative Officer, Human Services

THROUGH: Christopher E. Frelke, Director Parks, Recreation and Community Facilities

THROUGH: Lenora Reid, Deputy Chief Administrative Officer, Finance and Administration

THROUGH: John B. Wack, Director Finance

THROUGH:

Robert C. Steidel, Deputy Chief Administrative Officer, Operations

FROM:

Rosemary H. Green, Interim Director of Public Utilities

RE:

Authorization for City's Chief Administrative Officer to sign a forty-year ground lease for construction, operations and maintenance of a water pump station and a two million gallon ground storage tank on city land.

ORD. OR RES. No.

PURPOSE: To authorize the City's Chief Administrative Officer to sign a forty-year ground lease to allow for the construction, operations and maintenance of a water pump station and ground storage tank by Chesterfield County on city land.

REASON: The City wishes to sell Chesterfield County an additional five million gallons per day of potable water. The designated delivery point for these additional water sales is near the City's existing Huguenot Road water pump station and ground storage tank. Chesterfield County will construct, operate and maintain a finished water pumping station and ground storage tank on this leased property.

RECOMMENDATION: Richmond City Council authorize the Chief Administrative Officer to sign a ground lease for the purpose of constructing a water pump station and ground storage tank on city land.

**BACKGROUND:** The proposed Chesterfield pumping station and two million gallon ground storage tank will disturb approximately 1.16 acres of Larus Park land. This land was determined to be the optimum location for construction of these facilities for the following reasons:

- 1. The hydraulic grade line at this location for pumping water from the City's water treatment plant to a Chesterfield delivery point was most optimum at this location.
- 2. The proposed 24-inch water main in Huguenot Road between Chippenham Parkway and the proposed pumping station will parallel an existing City 16-inch water main and provide a redundant connection to the City's pump station and water tank thereby improving the City's water distribution systems overall reliability and connection on the discharge side of the proposed County station.
- 3. The proposed connection between the proposed County tank and existing City tank will allow for reduced operating costs when the City tank needs to be taken out of service for maintenance. It will also maintain a consistent level of service for City residents.
- 4. The proposed project will include a new 8-inch water line along Huguenot Road that will changes in Distribution Pressure Zones. These changes will improve pressure and increase fire flow capacity to City residents. The project will also provide fire flow capacity to City residents who currently do not have this protection.
- 5. The proposed project will reduce City costs by providing increased revenue from the wholesale of water to fund capital improvement projects, perform system maintenance, repairs, and system upgrades. This will help stabilize rates to all City residents.

FISCAL IMPACT / COST: Additional water sales of up to 5 million gallons per day from Chesterfield County and a one-time payment of \$91,136 for trees removed for the project which will be used to help fund the purchase of an additional 18.164 acres of land adjacent to Larus Park. This additional land will be managed by the Department of Parks, Recreation and Community Facilities as an extension of Larus Park.

FISCAL IMPLICATIONS: Increased customer base to the water utility budget spreading the cost burden across more customers per unit volume of water sold and better utilizing fix asset costs in the water treatment, storage and distribution system.

**BUDGET AMENDMENT NECESSARY: No** 

REVENUE TO CITY: Rent to be determined based on bid pursuant to Va. Code §15.2-2100 thru 2104.

**DESIRED EFFECTIVE DATE:** Upon adoption.

REQUESTED INTRODUCTION DATE: December 11, 2017

CITY COUNCIL PUBLIC HEARING DATE: January 8, 2018

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Land Use, Housing and Transportation December 19, 2017

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: Budget and Finance

**AFFECTED AGENCIES:** Department of Public Utilities, Department of Parks, Recreation & Community Facilities

**RELATIONSHIP TO EXISTING ORD. OR RES.:** City of Richmond Ordinance 94-242-225; Papers introduced November 13, 2017 (Acquisition - 8778 Rear Huguenot; Amended Chesterfield Water Contract; Budget - \$91,136 - Land for Larus Park); and companion paper to be introduced December 11, 2017 for construction easement.

## REQUIRED CHANGES TO WORK PROGRAM(S): None

#### ATTACHMENT:

- Deed of Ground Lease

STAFF:

Rosemary H. Green, Interim DPU Director

Robert C. Steidel, Deputy Chief Administrative Officer

#### **DEED OF GROUND LEASE**

THIS DEED OF GROUND LEASE ("Lease") is made the 1 <sup>st</sup> day of, 2018, by and between the CITY OF RICHMOND, VIRGINIA ("Landlord"), a municipal corporation of the Commonwealth of Virginia, and the ("Tenant"), a political subdivision of the Commonwealth of Virginia, (each a "Party" and collectively the "Parties").				
RECITALS				
A. Landlord is the record owner of certain real property located in the City of Richmond, Commonwealth of Virginia, located at 8850 W Huguenot Road (Tax Map Parcel No. C0010891016) ("Property").				
B. The Parties entered into an Amended Water Contract October 24, 1994 and a First Amendment to the Amended Water Contract collectively the "Water Contract" marked as Attachment A, attached hereto and incorporated herein, for the purpose of effecting the purchase by the Tenant and sale by the Landlord of a portion of the Landlord's water capacity.				
C. Tenant desires to lease from the Landlord a portion of the Property, the "Premises", being roughly 1.16 acres and the location of which is more particularly shown on the Plat marked as Attachment B, attached hereto and incorporated herein. Tenant further desires to design, construct, own, and operate a new water pumping station and new ground storage tank (the "Facilities") on the Premises for the distribution of water pursuant to the Water Contract. The term Facilities as used herein shall mean the Facilities with any additions or alterations thereto, if there are additions or alterations.				
NOW, THEREFORE, the Landlord and Tenant, agree as follows:				
1. <u>RECITALS</u> . The recitals set forth above are fully incorporated herein by reference. The Water Contract is incorporated subject to Section 25.				
2. PREMISES.				
2.1 <b>Grant.</b> Landlord hereby grants and demises to Tenant, and Tenant hereby leases and rents from Landlord, the Premises, totaling 1.16 acres of land, more or less, located in the City of Richmond, Virginia, upon and subject to the terms and conditions of this Lease. Landlord grants				

City-owned property or public road.

and demises the Premises subject to any building restrictions, regulations, and zoning ordinances of the City of Richmond; any easements; and any other matters of title which a search of the public records would disclose and any state of fact that an accurate survey would show. The City hereby reserves any and all rights necessary to comply with the terms of the Water Contract, including but not limited to the right of access for maintenance and meter reading as required by the Water Contract, and the right of ingress and egress to and from the Premises for access to any adjoining

- 2.2 <u>Condition of the Premises</u>. Landlord leases the Premises to the Tenant "as is" with all faults, without warranty or representation by Landlord as to condition or usefulness of the Premises for any purpose. Tenant covenants that it has inspected and is fully familiar with the Premises and accepts the Premises in "as is" condition. Landlord avers that there are no faults or conditions on the Premises of which Landlord is aware that would prevent the Facilities from being constructed on the Premises.
- 2.3 <u>Delivery and Possession</u>. Landlord covenants to deliver quiet possession of the Premises to the Tenant on the Effective Date, subject to the terms of this Lease and provided Tenant is not in default hereunder.
- 3. <u>TERM.</u> The term of this Lease is forty (40) years, beginning the first day of the month following the latter of (i) approval of the Lease by or (ii) approval of the Lease by the City Council of the City of Richmond, at 12:01 a.m. Eastern Standard Time (the "Effective Date"), and ending at 11:59 p.m. Eastern Standard Time on the day preceding the fortieth (40<sup>th</sup>) anniversary of the Effective Date. The parties will confirm the Effective Date in the Memorandum of Lease.

#### 4. **RENT**.

- 4.1 Rent. Tenant covenants and agrees to pay Landlord rent for the Premises in the amount of \_\_\_\_\_\_ per year, for the initial term and any and all renewal terms, which Tenant has paid to Landlord in full as one payment of \_\_\_\_\_\_ as of the date hereof, the receipt of which is hereby acknowledged by Landlord.
- 4.2 <u>Net Rent</u>. Tenant acknowledges and agrees that Rent is net to Landlord, and that all costs, expenses, and obligations of every kind whatsoever directly relating to the Premises, including, but not limited to, utilities, taxes, insurance, and maintenance will be the responsibility of the Tenant. Tenant shall pay the Rent and any other payments required under this Lease free and clear of all deductions, diminutions, defenses, claims, or set-off of any kind whatsoever.
- 5. <u>USE</u>. Tenant is entitled to exclusive use and control of the Premises for the design, construction, and operation of the Facilities and related and ancillary uses, all subject to the terms of the Lease.
- 5.1 <u>Compliance With Laws</u>. Tenant shall comply with and abide by all current and future federal, state, and other non-municipal governmental statutes, ordinances, laws, and regulations affecting the Premises, the Facilities and other improvements thereon or any activity or condition on or in the Premises. Tenant shall also comply with all current municipal statutes, ordinances, laws, and regulations affecting the premises. The final judgment of any court of competent jurisdiction, after all appeal opportunities have been exhausted, or the sworn admission of the Tenant's authorized representative in any action against the Tenant, whether the Landlord is a party thereto or not, that the Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between the Landlord and the Tenant. The Tenant shall not use or allow the Premises to be used for any improper, immoral, or unlawful purpose; nor shall the Tenant cause, maintain or permit any nuisance in, on or about the

Premises. The Tenant shall not commit or allow to be committed any waste in or upon the Premises.

- 5.2 <u>Water Contract Duties and Obligations</u>. The Tenant shall comply with Section 4b of the Water Contract. The final judgment of any court of competent jurisdiction, after all appeal opportunities have been exhausted, or the sworn admission of the Tenant's authorized representative in any action against the Tenant, whether the Landlord is a party thereto or not, that the Tenant has acted or omitted to act in breach of Section 4b of the Water Contract, shall be conclusive of that fact as between the Landlord and the Tenant.
- 6. TAXES AND UTILITY EXPENSES. In addition to and separate from Tenant's obligations calculated under Section 5a of the Water Contract, to the extent as may be applicable to Tenant, Tenant shall pay or have paid and shall discharge punctually, as and when the same shall become due and payable, all taxes; special and general assessments, payments in lieu of taxation; stormwater fees; water rents, rates and charges; sewer rents and other governmental impositions and charges of every kind and nature whatsoever affecting the Premises. Tenant shall pay or ensure payment of and shall discharge punctually, as and when the same shall become due and payable, all charges for water, steam, heat, gas, electricity, telephone, sanitary sewer, coaxial or fiber optic cable, satellite, internet access and other services and utilities whether public or private, furnished to the Premises for the benefit of the Tenant or any other entity using the premises with the permission or acquiescence of the Tenant.
- 7. NO SERVICES BY LANDLORD. Beyond Landlord's obligations to Tenant pursuant to the Water Contract, Landlord shall not be required to furnish any service or facility to the Premises, including but not limited to heat, water, light and power; provided, that Tenant shall be entitled to connect to public utility systems available to the Premises, at Tenant's sole cost, and subject to Tenant complying with the applicable City of Richmond Code requirements respecting same. Landlord shall not be required to make any repairs or alterations in or to the Premises other than those required by Section 4b of the Water Contract (for the avoidance of doubt, the foregoing language regarding Landlord's obligations under Section 4b of the Water Contract shall require Landlord to maintain the access road up to the boundary of the Premises, but the language shall not require Landlord to maintain the road or any areas constructed for vehicle parking or turning on the Premises).
- 8. <u>COVENANT AGAINST LIENS</u>. If, because of any act or omission of Tenant or any subtenant or occupant of the Premises or any part thereof, any mechanic's lien or other lien, charge or order for the payment of money shall be filed against Landlord or Landlord's interests in the Premises, Tenant shall, at its own cost and expense, cause the same to be discharged of record or bonded within thirty (30) days after written notice of the filing of such lien, charge or order.

#### 9. ACCESS TO PREMISES.

9.1 Landlord and Landlord's agents and designees shall have the right, but not the obligation, to enter upon the Premises or any part thereof with 24 hours prior notice to Tenant, without unreasonably interfering with the conduct of Tenant's operations or construction activities

thereon to inspect and examine the same and to enforce any of Landlord's rights set out herein or under the Water Contract. Notwithstanding the foregoing, Tenant shall ensure for the term of this Lease that the Parties have means of dual entry to the Premises, and Landlord shall have the right to access the Premises without notice to the Tenant for non-routine or emergency repairs of Landlord's improvements but shall, contemporaneously with or as promptly as practicable after such access, notify Tenant of Landlord's access and the nature of the non-routine or emergency repairs.

9.2 Tenant and Tenant's agents and designees shall have the right of ingress and egress to and from the Premises across Landlord's adjoining property using the same route as Landlord and as shown on the Site Plan. Any permanent or temporary alteration of the route from that shown on the Site Plan must be approved in writing by Landlord, which approval will not be unreasonably withheld, conditioned, or delayed.

#### 10. **INSURANCE**.

- (a) Tenant shall provide and maintain throughout the Term insurance in the kinds and amounts specified in this section with a private insurer or insurers licensed to transact insurance business in the Commonwealth of Virginia, such insurance to be issued only by companies with A. M. Best's Key Rating of at least A-:VI. Each insurance policy, endorsement and certificate of insurance shall be signed by duly authorized representatives of such insurers and, where required, shall be countersigned by duly authorized local agents of such insurers.
- (b) Tenant shall pay all premiums, deductibles and other costs of the insurance required by this section, and Landlord shall have no responsibility or liability for the payment of such costs. All insurance contracts and policies shall provide, or be endorsed to provide, as follows:
  - (1) Subrogation against Landlord shall be waived.
- (2) Coverage will not be canceled, non-renewed or materially modified in a way adverse to Landlord without 30 days' (or ten days' for non-payment of premium) prior written notice to Landlord.
- (3) The insolvency or bankruptcy of any of the insured shall not release the insurer from its obligation to satisfy claims otherwise within the coverage of such policies.
- (4) The insurance obtained by or on behalf of Tenant to comply with this section shall be primary as to any coverage maintained by Landlord.
- (c) For all policies required by this section, Tenant shall furnish Landlord with the following evidence of coverage:
- (1) A copy of one or more certificates of insurance evidencing the coverage required by this section, indicating that the policy provides or has been endorsed to provide that coverage will not be canceled, non-renewed or materially modified in a way adverse to Landlord without thirty (30) days' (or ten (10) days' for non-payment of premium) prior written notice to

Landlord. Tenant shall furnish Landlord with a new certificate of insurance annually before the expiration date of the policies described on the last delivered certificate of insurance.

- (2) Only if requested by Landlord, a copy of all or any part of any insurance contract or policy required by this section and a copy of any other endorsements required by this section.
- (d) Tenant shall provide and maintain the following types of coverage in accordance with the requirements of this section:
- (1) Commercial general liability insurance for the Premises and any abutting sidewalks and street pavements for which the Landlord and Tenant are responsible pursuant to the City Code sections governing encroachments into the City of Richmond's right of way in a single limit of at least One Million Dollars (\$1,000,000) with respect to bodily injury and real and personal property damage in a form acceptable to the Landlord in its sole discretion.
- (2) Umbrella or excess liability insurance for liabilities in excess of the limits of the liability insurance required by this section with a limit of not less than Two Million Dollars (\$2,000,000) in the aggregate.
- (3) Automobile liability insurance with a combined limit of not less than One Million Dollars (\$1,000,000) covering all vehicles owned or leased by Tenant for use in the maintenance or operation of the Premises.
  - (4) Statutory Workers' Compensation and Employers' Liability Insurance-
- (5) Property insurance for the Premises in coverage amounts up to the replacement value thereof and which shall keep all buildings and improvements hereinafter constructed on the Premises insured against loss or damage by fire and customary extended coverage in an amount not less than the full replacement value thereof.
- (6) During any period during which Tenant is conducting any construction activity whatsoever at the Premises, including, but not limited to, construction of improvements and repairs, replacements, alterations, modifications, additions and demolition thereof, to cover the potential liability of its contractors and subcontractors, Tenant shall require its contractors and subcontractors to keep in full force and effect or shall itself acquire and maintain the following:
- a. A policy of builder's risk insurance covering loss or damage to such improvements for the full replacement value thereof, other than respecting repairs or alterations for which the insurance set forth in subsection (d)(5) of this section remains in force. Such policy or policies shall name Landlord and Tenant, as insureds thereunder, as their respective interests may appear.
- b. Commercial General Liability Insurance (including, at a minimum, Premises / Operations Liability, Products and Completed Operations Coverage, and Personal Injury Liability) with a combined limit of not less than \$1,000,000 per occurrence.

- c. Automobile Liability Insurance with a combined limit of not less than \$1,000,000 per occurrence.
- d. Statutory Workers' Compensation and Employers' Liability Insurance with the Alternate Employer Endorsement WC 000301.
- e. Umbrella or Excess Liability Insurance with a combined limit of not less than \$10,000,000 per occurrence.
- f. Professional Liability Insurance, for design work, with a combined limit of not less than \$1,000,000 per claim.
- g. If any blasting is to be done, blasting insurance in forms, types and amounts required by Landlord.
- (e) Self-Insurance. Tenant may satisfy any or all of the insurance requirements of this Lease through any self-insurance program in which it participates, provided such self-insurance program provides Landlord evidence acceptable to Landlord that the coverage meets the requirements of this Lease.

#### 11. ENVIRONMENTAL CONDITIONS AND LIABILITY.

- 11.1 As stated herein, Tenant is leasing the Premises "AS IS" without warranty or guaranty, including without limitation any warranty or guarantee regarding the environmental condition of the Premises and any Hazardous Material which may be present thereon. As used in this Lease, the term "Hazardous Material" means those substances, materials, and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or classified by the Environmental Protection Agency as hazardous substances (40 CFR Part 302), or such substances, materials and wastes which are or become regulated under any applicable local, state or federal law, including, without limitation, any material, waste or substance which is (1) petroleum, (2) asbestos, (3) polychlorinated biphenyls, (4) designated as a hazardous substance pursuant to the federal "Clean Water Act", the federal "Resource Conservation and Recovery Act", or the federal "Comprehensive Environmental Response, Compensation and Liability Act", (5) excreta or other animal waste, or (6) lead.
- Tenant or its employees, contractors, subcontractors, subtenants, agents, invitees or licensees shall be used, kept, stored and disposed of in a manner that complies with all federal, state and local laws, rules, regulations, directives, decrees, ordinances, codes, orders, approvals of governmental authorities, licenses or standards, including, without limitation, the federal "Comprehensive Environmental Response, Compensation and Liability Act", the federal "Resource Conservation and Recovery Act" and any state and local law, regulation, or ordinance relating to pollution or protection of human safety, health or the environment. In addition, to the extent any environmental permits are required to be obtained by Tenant or its employees, contractors, subcontractors, subtenants, agents, invitees or licensees in connection with Tenant's use, Tenant shall be responsible, at its sole cost and expense, for obtaining such permits and for immediately providing copies of all applications for such permits and copies of all issued permits to Landlord.

- 11.3 Neither Tenant nor its employees, contractors, subcontractors, subtenants, agents, invitees or licensees shall discharge, leak or emit, or permit to be discharged, leaked or emitted, any material into the atmosphere, ground, sewer system or any body of water, if such material (as reasonably determined by Landlord or any government authority) does or may, pollute or contaminate the same, or may adversely affect (a) the health, welfare or safety or persons, whether located on the Premises or elsewhere, or (b) the condition, use or enjoyment of any other real or personal property.
- applicable regulations and containment practices. Any releases, spills, discharges, emissions, etc. occurring on the Premises, and any preexisting materials or substances found by the Tenant on the Premises, equal to or in excess of the reportable quantity shall be documented by Tenant and reported to Landlord and the appropriate authority under applicable law within the regulatory time reporting requirement. Immediate steps shall be taken by Tenant in the event of an uncontained release to minimize the duration, amount and extent of any discharge to the environment. Tenant shall require all contractors and subcontractors operating on the Premises to maintain, at the Premises and available to interested parties on request, safety data sheets required by law and pertaining to materials or substances brought upon, stored, used or consumed in any construction at the Premises.
- 11.5 If any Hazardous Materials are released into the environment as a result of the actions (or inactions) of Tenant or its employees, contractors, subcontractors, subtenants, agents, invitees or licensees, Tenant shall be responsible, at its sole cost and expense, for completing any and all remediation activities that may be required to be undertaken in compliance with any applicable laws or any directive from any governmental entity having jurisdiction over the Premises. Any required remediation activities shall be completed by Tenant in accordance with all applicable laws, and Landlord shall be apprised by Tenant before any remediation activities commence and shall be given an opportunity to cooperate in the planning and performance thereof. Tenant's obligations under this subsection 11.5 shall survive the expiration or earlier termination of this Lease.
- 12. IMPROVEMENTS, REPAIRS, ADDITIONS, REPLACEMENTS. Tenant shall have the right and the obligation, at its own cost and expense, to construct the Facilities and Tenant's other improvements as enumerated in Section 4b of the Water Contract and to construct the security fence and paved areas as detailed on the "Site Plan" marked as Attachment C, attached hereto and incorporated herein, and may at any time and from time to time, at its own cost and expense, make any additions and alterations to the existing Facilities and improvements that are necessary to the purpose of the Water Contract, provided that (1) the Facilities and improvements are in compliance with all building codes and ordinances, (2) the Facilities and improvements are compatible with the permitted use of the Premises, (3) the Facilities and improvements have been approved in writing by the Landlord following submission of such plans as Landlord may require, which approval will not be unreasonably withheld, conditioned, or delayed, and (4) the Tenant is in compliance with all provisions of this Lease. The initial design and construction of the Facilities shall conform, or substantially conform to the Site Plan. Any deviation from the Site Plan must be approved in writing by Landlord, which approval will not be unreasonably withheld, conditioned, or delayed. Tenant shall have the right, at Tenant's sole expense, from time to time

to submit, in its own name, applications for such building permits, rezoning, conditional use permits and all such other permits and approvals as shall be related to the use of the Premises and the construction and operation of the Facilities thereon. In the event any condition is imposed by any governmental authority with respect to the granting or approval of grading permits, building permits, and any and all other permits or approvals which require improvements to be made on or off the Premises, the Tenant, at its own cost and expense, shall comply with such conditions. Notwithstanding the foregoing, the Tenant shall not make any improvements upon the Premises not enumerated in Section 4b of the Water Contract or in this section without the express written approval by Landlord of the purpose and design of the improvement.

- 13. SURRENDER OF PREMISES AND VALUATION OF IMPROVEMENTS. Upon the expiration or earlier termination of this Lease, Tenant shall vacate the Premises and surrender same. Upon vacation of the Premises by Tenant, all personalty, furniture, trade fixtures, and movable equipment in or on the Premises, which Tenant provided to the Premises, will remain the property of the Tenant. The Facilities will remain part of the Premises and as such the property of the Landlord. Pursuant to Section 4b(a)(ii) of the Water Contract, the Landlord shall pay, credit, or otherwise remunerate by agreement the Tenant for the fair market value of the Facilities.
- 14. **REPAIRS AND MAINTENANCE.** Throughout the Term of this Lease, unless otherwise enumerated as a specific responsibility of the Landlord in the Water Contract, the Tenant covenants to keep, repair, and maintain the Premises and the Facilities, at no cost to Landlord, so as to conform to and comply with any applicable present or future laws, ordinances, codes, rules, regulations or requirements of any federal, or state government, department, commission, board or officers having jurisdiction, and any applicable present ordinances, codes, rules, regulations or requirements of any municipal government, including but not limited to those necessary to guarantee the safe storage and delivery of drinking water, foreseen or unforeseen, ordinary as well as extraordinary, whether or not such laws, ordinances, codes, rules, regulations, or requirements shall necessitate structural changes or improvements or interfere with the use and enjoyment of the Premises or the Facilities or alterations, and to take any and all actions necessary to avoid or eliminate any violation. Tenant shall, at its own cost and expense, comply with all regulations, rules, and other conditions regarding the management of stormwater runoff as may be applicable to the Premises. Tenant shall, within thirty (30) days of receipt of written request, provide Landlord with the most recent verification(s) of Tenant's satisfaction of water quality standards for the Facilities.
- 15. <u>DESTRUCTION AND DAMAGE</u>. Damage to or destruction in whole or in part of the Facilities by fire or any other casualty will not work as termination of this Lease, or authorize Tenant to quit or surrender the possession of the Premises or any part thereof, and will not release Tenant in any way from its liability to pay Landlord the rent herein provided for or from any of the agreements, covenants, or conditions of this Lease. Tenant covenants and agrees to repair any such damage or reconstruct the Facilities destroyed as promptly as practicable. The value and usefulness of the Facilities repaired or reconstructed must be equal to the value and usefulness of those Facilities damaged or destroyed on the date immediately prior to such damage or destruction.

- 16. **CONDEMNATION.** If the whole of the Premises, or any material part thereof, or all means of access to the Premises, shall be condemned, or sold under threat of condemnation, this Lease will terminate and the Tenant will have no claim against Landlord, or to any portion of the award in condemnation for the value of the unexpired term of the Lease. This subsection 16.1 will not limit the Tenant's right to compensation from the condemning authority for the value of any property taken other than Tenant's leasehold interest.
- 17. <u>SUBORDINATION</u>. Tenant shall not encumber Landlord's interests in the Premises with a mortgage, deed of trust or other kind of lien without the prior written consent of Landlord, which shall be given only after submission of all documents related to such mortgage, deed of trust or other kind of lien by Tenant to Landlord for Landlord's review and consent.
- 18. **DEFAULT.** In the event of a default of any covenants or agreements herein contained on the part of Tenant, Landlord, after first giving written notice to Tenant of the alleged default or breach (specifying the default or breach and demanding that it be remedied) and, after the failure of Tenant to remedy the specified default or breach within (30) days or any longer period reasonably necessary to remedy any other specified default or breach after receipt of said notice, shall have the right to reenter the Premises to cure any default at the cost of the Tenant, or Landlord may, at Landlord's option, immediately terminate this Lease. In the event that Landlord shall cure any default or terminate this Lease, or take any action under the foregoing provisions, such action on the part of Landlord will not deprive Landlord of any other action or remedy provided by law against Tenant for possession or for damages.
- 19. <u>MEMORANDUM OF LEASE</u>. Upon execution of this Lease, Landlord and Tenant shall execute a Memorandum of Lease. Either party, at its own cost and expense, may record such Memorandum of Lease in the land records of the Circuit Court of the City of Richmond, Virginia.
- 20. <u>WAIVER</u>. No failure of Landlord or Tenant to complain of any act or omission on the part of the other no matter how long the same shall continue shall be deemed to be a waiver by Landlord or Tenant of any of its rights under this Lease. No waiver by Landlord or Tenant, at any time, express or implied, of any breach of any of the agreements or provisions contained in this Lease shall be construed to be a waiver of any subsequent breach of the same or of any other provisions in this Lease. No acceptance by Landlord of any partial payment shall constitute an accord or satisfaction but shall only be deemed a partial payment on account.
- 21. <u>NOTICES</u>. Every notice, approval, consent or other communication authorized or required by this Lease shall not be effective unless same shall be in writing and (i) delivered in person, (ii) sent postage prepaid by United States registered or certified mail, return receipt requested or (iii) sent by Federal Express (or such other express delivery service promising next day delivery) directed to Landlord at Department of Public Utilities, 730 East Broad Street, Richmond, VA 23219, attention: Director of Public Utilities, with a copy to City Attorney, 900 East Broad Street, City Hall, Suite 400, Richmond, VA 23219 and to Tenant at

or such other address as either party may designate by notice given from time to time in accordance with this section. All such notices shall be deemed to be given upon receipt when delivered in person or upon deposit in the United States mail as hereinabove provided.

- 22. <u>AMENDMENT TO LEASE</u>. This Lease may be amended, modified and supplemented only by the written consent of Landlord and Tenant preceded by all formalities required as prerequisites to the signature by each party of this Lease.
- 23. GOVERNING LAW. All issues and questions concerning the construction, enforcement, interpretation and validity of this Lease, or the rights and obligations of Landlord and Tenant in connection with this Lease, shall be governed and regulated by, and interpreted and construed in accordance with the laws of the Commonwealth of Virginia without giving effect to any choice of law or conflict of laws rules or provisions, whether of the Commonwealth of Virginia or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than those of the Commonwealth of Virginia. Any and all disputes, claims and causes of action arising out of or in connection with this Lease, or any performances made hereunder, shall be brought, and any judicial proceeding shall take place, only in the Circuit Court of the jurisdiction which is the defendant in the lawsuit. Tenant accepts the personal jurisdiction of any court in which an action is brought pursuant to this section for purposes of that action and waives all jurisdictionand venue-related defenses to the maintenance of such action.
- 24. PARTIAL INVALIDITY. If any term, covenant, condition or provision of this Lease or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, condition and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.
- 25. <u>INTERPRETATION</u>. Wherever herein the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context shall require. The section headings used herein are for reference and convenience only, and shall not enter into the interpretation hereof. This Lease may be executed in several counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument. The terms "Landlord" and "Tenant" whenever used herein shall mean only the owner at the time of Landlord's or Tenant's interest herein, and upon any sale or assignment of the interest of either Landlord or Tenant herein, their respective successors in interest and assigns shall, during the term of their ownership of their respective estates herein, be deemed to be Landlord or Tenant, as the case may be. If any portion of this Lease conflicts with any portion of the Water Contract, this Lease shall control for the purposes of this Lease.
- 26. ENTIRE AGREEMENT. No oral statement or prior written matter shall have any force or effect. Tenant agrees that it is not relying on any representations or agreements other than those contained in this Lease. This Lease shall not be modified or canceled except by writing subscribed by all parties.

- 27. PARTIES; NO THIRD-PARTY BENEFICIARIES. The covenants, conditions and agreements contained in this Lease shall only bind and inure to the benefit of Landlord and Tenant and their respective successors and assigns. Notwithstanding any other provision of this Lease, Landlord and Tenant hereby agree that: (i) no individual or entity shall be considered, deemed or otherwise recognized to be a third-party beneficiary of this Lease; (ii) the provisions of this Lease are not intended to be for the benefit of any individual or entity other than Landlord or Tenant; (iii) no individual or entity shall obtain any right to make any claim against Landlord or Tenant under the provisions of this Lease; and (iv) no provision of this Lease shall be construed or interpreted to confer third-party beneficiary status on any individual or entity. For purposes of this section, the phrase "individual or entity" means any individual or entity, including, but not limited to, individuals, tenants, subtenants, contractors, subcontractors, vendors, sub-vendors, assignees, licensors and sub-licensors, regardless of whether such individual or entity is named in this Lease.
- 28. <u>NO JOINT VENTURE</u>. Neither the terms, provisions or conditions of the foregoing clauses, nor any terms, provisions or conditions of the Lease of which they are a part, shall be construed as creating or constituting Landlord as co-partner or joint venturer with Tenant, nor shall same be construed in any manner as making Landlord liable for the debts, defaults, obligations or lawsuits of Tenant, or its subtenants and assigns.
- 29. <u>ASSIGNMENT OR SUBLEASING.</u> Tenant shall not assign or sublease its interest in the Premises or any part thereof without the prior written consent of Landlord, which shall not be unreasonably conditioned, withheld or delayed but which shall be given only after submission of all documents related to such assignment or sublease by Tenant to Landlord for Landlord's review and consent. Tenant acknowledges and agrees that Landlord cannot consent to assignment or subleasing to a for-profit entity.
- 30. <u>MUTUAL COOPERATION</u>. The Parties shall continue to cooperate with each other as reasonably necessary, and in accordance with applicable laws to accomplish the purpose of the Water Contract and purposes of this Lease.
- 31. <u>AUTHORIZATION TO ACT</u>. The Chief Administrative Officer of the City of Richmond, Virginia or a designee thereof is authorized to act on behalf of the Landlord under this Agreement.
- 32. <u>COUNTERPARTS</u>. This Lease may be executed in one or more counterparts, each of which shall be deemed an original of such instrument, but all of which together shall constitute one and the same instrument, and facsimile signatures shall have the same binding effect as manual signatures.
- 33. PARTIES REPRESENTATIONS, WARRANTIES, AND COVENANTS. The Parties represent, warrant, and covenant to each other, but not on behalf of the other, as of the date hereof and as of the Effective Date, as to each of the following statements:
- 33.1 <u>Organization</u>. Each Party is duly organized and validly exists under the laws of the Commonwealth of Virginia.

- 33.2 <u>Authorization</u>. Each party has full power and authority and its governing body has taken all required action necessary to permit it to execute and deliver this Lease and to carry out its terms.
- 33.3 <u>No Conflicts: Consents</u>. The execution and delivery of this Lease does not violate, conflict with, result in a breach of, result in or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under any of the terms, conditions or provisions of (i) the laws of the Commonwealth or the Party's local laws; (ii) to Party's knowledge, any material contract, or (iii) to Party's knowledge, any order, writ, judgment, injunction, or decree applicable to the Party or the Premises.
- 33.4 <u>Disclosure</u>. No provision of this Lease or other information furnished by either Party to the other in connection with the execution, delivery and performance of this Lease contains or will contain any knowingly untrue statements of a material fact or knowingly omits or will omit to state a material fact required to be stated to make the statement in light of the circumstances in which it is made, not misleading.
- either Party under this Lease are subject to annual appropriations by the Parties' respective governing bodies. It is understood and agreed between the parties that the Parties will be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this Lease. Under no circumstances shall either Party's total liability under this Lease exceed the total amount of funds appropriated by that Party's respective governing body for the payments hereunder for the performance of this Lease.
- 35. BROKERAGE. Tenant hereby represents and warrants to Landlord that Tenant has engaged no broker or agent who is or may be entitled to be paid a commission in connection with this Lease. Landlord hereby represents and warrants to Tenant that Landlord has engaged no broker or agent who is or may be entitled to be paid a commission in connection with this Lease.
  - 36. <u>ATTORNEYS' FEES</u> In any action to enforce any covenants, agreements, conditions, or provisions of this Lease, each party shall bear its own costs and attorney's fees.

LANDLORD:	CITY OF RICHMOND, VIRGINIA		
	Ву:	(SEAL)	
	Selena Cuffee-Glen	n, Chief Administrative Officer	
Authorized by Ord. No.	, adopted	·	
COMMONWEALTH OF VIRO CITY OF RICHMOND, to-wit:			
, 2018, by presented identification of a sta	, who te issued driver's license, ond, a municipal corpor	cknowledged before me this day of o is either personally known to me or has in her capacity as Chief Administrative ration and political subdivision of the corporation.	
Notary Public: Registration Number: My commission expires:			
APPROVED AS TO FORM:  Assistant City Attorney			

TENANT:	-	
	Ву:	(SEAL)
	lts:	
Authorized by	- Mark sign	, adopted on
COMMONWEALTH OF VIR		
CITY OF RICHMOND, to-wi	t:	
The foregoing Deed of Groun, 2018, by	d Lease was voluntarily ack	nowledged before me this day of is either personally known to me or has
presented identification of a st of on behalf of said political subc	ate issued driver's license, in , a political subdivision.	is either personally known to me or has his/her capacity asion of the Commonwealth of Virginia,
Notary Public:		
Registration Number: My commission expires:		
APPROVED AS TO FORM:		
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### Attachment A

#### AMENDED WATER CONTRACT

THIS AMENDED CONTRACT, made this 24th day of October 1994, by and between the CITY OF RICHMOND, a municipal corporation of the Commonwealth of Virginia hereinafter referred to as "City", and the COUNTY OF CHESTERFIELD, a political subdivision of the Commonwealth of Virginia hereinafter referred to as "County";

WHEREAS, the City and County entered into a contract dated December 1, 1989 whereby, <u>inter alia</u>, the City would sell water to the County for resale;

WHEREAS, the City and County desire to amend the contract to extend and modify the aforementioned contract for their mutual benefit;

#### WITNESSETH:

NOW, for and in consideration of the mutual benefits to be derived by the parties herein, the City and the County covenant and agree, each with the other that the contract of December 1, 1989 be amended and read as follows:

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1. As used in this contract, the following terms shall have the following meanings:

- a) Book Value Capital Costs minus accumulated depreciation
- b) Ccf hundred cubic feet
- c) Capital Costs All expenditures for assets with an expected life of more than one year, as recorded in the property records of the City's Water Utility ("Water Utility").

  This includes Plant In Service, Construction Completed But Not Classified and Construction Work in Progress.
- d) Capitalized Interest The amount of interest that is charged to the capital accounts as a cost of construction. The amount shall be accrued at the Water Utility's average cost of long term debt.
- e) Construction Completed But Not Classified The portion of Capital Costs that have not been classified into the final Water Utility property accounts which include, but are not limited to, the water purification plant, pumping stations, and transmission and distribution system.
- f) Construction Work In Progress The portion of Capital Costs as recorded in the Water Utility's property records as under construction. Construction Work In Progress is the amount actually expended on construction projects that are not yet in service.
- g) Direct County Capital Costs Capital Costs for facilities constructed or in place that only or predominantly serve the County.
  - h) Joint Capital Costs Capital Costs that serve both the City and the County.
  - i) MGD million gallons per day.

- j) Operating Expenses All expenditures including, but not limited to, personnel, contractors, electricity, chemicals, and all other costs needed for the operation and maintenance of the Water Utility that are not Capital Costs. Operating Expenses are divided, in the City's Water Utility accounting records, into the following categories:
  - Water Purification, Power and Pumping
  - Operations Support
  - Distribution
  - Technical Services
  - Customer Service
  - Executive and Administration
  - Social Security taxes
  - Payments in lieu of taxes
  - Depreciation
- k) Plant In Service The portion of Water Utility Plant recorded in the City's Water Utility property records as in use including, but not limited to, the water purification plant, pumping stations, and transmission and distribution system.
- l) Water Plant Sendout The total water, expressed in gallons per hour or per day, delivered from the water purification plant.
- 2. The City shall provide water from the City's water distribution system to the County for resale by the County.

- 3. Payments for providing water to the County shall be of three types:

  payments for Joint Capital Costs, payments for Direct County Capital Costs, and payments for Operating Expenses. All payments shall be based on actual cost to the City as set forth in Sections 4, 5 and 7 of this contract. The payments for Joint Capital Costs shall be calculated as provided for in Section 4 herein. The payments for Operating Expenses shall be calculated as provided for in Section 5 herein. The payments for Direct County Capital Costs shall be calculated as provided for in Section 7 herein.
  - 4. This Section sets forth the procedures for calculating Joint Capital Costs.
- 4a. Within thirty days of executing this contract, the City shall invoice the County for a percentage of Water Utility capacity. The foregoing capacity billing shall be based on the Book Value of Plant In Service, Construction Completed But Not Classified, and Construction Work In Progress as of June 30, 1989 as agreed to by the Directors of Public Utilities of the City and County by letter dated October 6, 1989 which is included as an attachment to this contract. Immediately upon receipt of the City's invoice, the County shall proceed to make the necessary capital budget changes, bonding processes and any other steps needed to finance the payment of the City's invoice. The County will pay the invoice as promptly as possible, but in no event later than July 31, 1990.
- 4b. The percentage of Water Utility capacity to be purchased by the County for the term of this contract shall be 20.5 percent. For purposes of making the percentage calculations for payment of Joint Capital Costs in other parts of this Section, the peak day

volumes desired by the County shall be the numerator and the Water Utility plant rated capacity shall be the denominator.

- 4c. The City shall bill the County annually by October 1 for any additional Joint Capital Costs incurred during the previous July 1 to June 30 fiscal year. These costs shall include, but are not limited to, the County's share of Capitalized Interest recorded in the Water Utility's construction work orders based on an accrual at the Water Utility's average cost of debt. These annual billings shall be the product of the most recent percentage calculated pursuant to Section 4b herein and the Book Value for any such additional Joint Capital Costs. The County shall pay invoices within sixty days of receipt by the County.
- 4d. At any time, the County may make payments in excess of those required under Sections 4a and 4c herein to pay for future Joint Capital Costs. Any such excess payments shall be held by the City and applied toward subsequent year's billings, until depleted. The City shall credit the County for interest earned each month on these excess payments at the weighted average interest rate earned on the Water Utility's investments, less one percent.
- 4e. If the Water Utility's plant capacity increases, the County's peak day capacity rights automatically shall increase based on the most recent percentage of total Water Utility plant capacity calculated pursuant to this Section 4, unless such increases in total system capacity are a result of construction undertaken exclusively to increase capacity, which the County has chosen not to participate in under Sections 4f or 4h herein. In that case, the additional capacity shall belong exclusively to the City or to whatever other entity

or entities purchases the capacity and the County's percentage, pursuant to Section 4b herein will be reduced accordingly. The new percentage shall be calculated using the County's peak day MGD capacity rights as of the date the City notified the County in accordance with Section 4h herein as the numerator and the new projected water plant capacity as the denominator.

- 4f. If the County desires additional peak day volumes during the term of this contract it shall inform the City of the date by which it needs the volumes, but in no case less than sixty months in advance. Subject to the limitations set forth in Section 4i, no later than October 1 following the date of such notice or by such other date as is mutually agreed to in writing by the Directors of Public Utilities of the City and County the City shall bill the County for the difference between (a) the total amounts actually paid to the City for Joint Capital Costs as of the date of such billing and (b) the County's share of Joint Capital Costs as the most recently completed fiscal year end as calculated at the new percentage rate. Subsequent annual billings under Section 4c herein shall then be at the new higher percentage.
- 4g. The County shall implement all reasonable measures necessary to ensure that it does not take water on any day in excess of the County's then available peak day capacity under this contract. The City may implement measures, including but not limited to, flow restriction devices, to enforce this provision. However, the City in its sole discretion may sell water to the County on any day in excess of the County's then available

peak day capacity under this contract. The City in its sole discretion may restrict the flow of water to the County on any day to the peak day capacity then available to the County under this contract, even if the City previously has sold water to the County in volumes greater than the County's then available peak day capacity.

If at any time the County takes peak day volumes in excess of one hundred five percent of the volumes it has previously purchased, the County shall update its projected peak day needs for the remainder of the contract by June 30 of the same year or within thirty days, whichever is later. No later than the October 1 following the County's updated projection of peak day needs if such volumes are higher than the County's percentage of water plant capacity would yield and subject to the limitations set forth in Section 4i, the City shall invoice the County for the County's additional Water Utility capacity based on the new volumes and percentage in the same manner as set forth in Section 4f herein.

Subsequent annual billings under Section 4c herein shall be at the new higher percentage.

4h. If the City desires to contract with a third party to provide Water Utility plant capacity in excess of that needed by the City or previously contracted for by the County during the term of this contract, the City shall notify the County before offering any excess capacity to any such third party. The County then has one year to notify the City of its intent to contract for any excess capacity under the same terms that it is offered to the other party or under the same terms offered to the County under this contract at the option of the County before it is offered for sale by the City to any other party.

4i. The County has the right to take up to, but no more than its allocated percentage of the City's water plant capacity. The City shall make available to the County on any calendar day water to meet the County's demands in accordance with the projections and construction required in Section 7. Notwithstanding the foregoing, at any given time the City has no obligation to supply water to the County on any day in excess of the peak day capacity previously projected and constructed by the County and the City in accordance with Section 7 herein or in excess of the County's capacity determined in accordance with Section 4.

If the County desires additional capacity pursuant to Sections 4f or 4g, the City shall make such capacity available to the County if such capacity is not needed by the City or previously contracted for by another party pursuant to Section 4h.

- 4j. The City shall include a reference to this contract, and that the County has existing contractual rights hereunder, in any contract the City enters into with any other jurisdiction or water supply entity for water services.
- 5. This Section sets forth the procedures for calculating the monthly payment for Operating Expenses and for preparing the annual cost study and settlement to adjust the County's monthly payments, based on estimated costs, to actual cost incurred by the City to serve the County for the preceding fiscal year.
- 5a. The County shall pay the City for the following Operating Expenses based on the County's average day usage as a percentage of total Water Utility average day usage:
  - 100 percent of all Water Purification, Power and Pumping expenses.

- 100 percent of all Operations Support expenses.
- 50 percent of all Distribution expenses.
- 0 percent of Technical Services expenses.
- 0 percent of Customer Service expenses.
- 50 percent of all Executive and Administration expenses.
- 80 percent of all Social Security taxes expenses.
- A percentage of payments in lieu of any real estate and personal property taxes,
   to be calculated annually. The percentage shall be the sum of total Joint Capital
   Costs and Direct County Capital Costs as a percent of total Capital Costs.
- 0 percent of Depreciation expenses.

Total Water Utility average day usage shall be based on total water plant Sendout divided by the number of days during the fiscal year.

If the City changes the classification of Water Utility Operating Expenses in the City's accounting records, the Directors of Public Utilities of the City and the County shall agree in writing, on the new percentages of operating expenses to be paid by the County. The new percentages shall be developed on a basis that is similar to the above percentages.

5b. Since actual costs cannot be determined until after the close of the City's fiscal year and completion of the City's annual audit, a preliminary cost study shall be completed by October 1 each year following the close of the City's fiscal year, with a final study completed within a month of completion of the City's annual audit. If the total

monthly payments for the preceding fiscal year exceed what the County should have paid as determined by the cost studies, the County shall be reimbursed for such excess payments within thirty days after completion of the cost studies or receive credit for such excess payments on the next invoice, whichever is earlier. If the County paid less than what it should have for all water purchased, the County shall pay the difference within thirty days of presentation of an invoice for such difference.

- 5c. Upon completion of the preliminary cost study by October 1 each year, the billing rate per Ccf should be adjusted to the actual cost for the just completed fiscal year per Ccf plus five percent. This shall be the billing rate for all volumes taken by the County until the next year's adjustment. Since the first cost study shall not be performed until the Fall of 1990, the billing rate per Ccf for all volumes taken by the County from December 1, 1989 until completion of the preliminary study for 1989-90 by October 1, 1990, will be \$.32 per Ccf.
- 5d. The City shall maintain separate continuous property and general accounting records of the costs directly assigned to the County and such other records as are necessary to perform the annual cost study and bill the County for its share of Water Utility plant capacity in accordance with this contract. Such records shall be available for review and audit by the County.
- 5e. If any study for billing is not found to be mutually acceptable, a review of the study or billing and procedures shall be conducted by the County and City, with all reasonable steps taken to address the noted deficiencies or concerns.

- 5f. The Directors of Public Utilities for the City and County may, by mutual written agreement, modify the methodology, percentages, or any other elements of the study herein, if such a change is found to be more accurate for determining cost of service.
- The City shall read all meters monthly which serve the County. The County 5g. shall have the right to read such meters simultaneously with the City for the purpose of verifying the accuracy of the readings made by the City. The County at its own option and expense shall have the right to test and verify the accuracy of such meters at reasonable intervals and in the presence of the City's appropriate representatives. If the accuracy is not within reasonable American Water Works Association ("AWWA") standards the City shall reimburse the County for the reasonable costs of such testing. The City shall provide and install a demand meter at each point of delivery of water to the County under this contract, and the quantity of all water delivered to the County at each point shall be measured through the meters. The City shall maintain all meters which serve the County in accordance with its normal meter testing schedules and practices and any reasonable AWWA recommended practices. The capital costs associated with such metering facilities shall be included in the appropriate parts of the annual billing for Direct County Capital Costs. At the County's request the City shall install equipment to allow the County to monitor meter readings in accordance with mutually agreed upon specifications. Any such work shall be invoiced to the County in accordance with the procedures in Section 7 herein.

- 5h. The City shall render to the County each month as soon as practicable a bill for water delivered to the County through all meters after each monthly reading thereof.

  Such bill shall itemize the readings for each such meter. The County shall pay the amount of the bill to the City within thirty days after its receipt.
- 6. If any of the City's charges to the Water Utility for services provided by the City exceed the reasonable cost of providing those services or are in excess of the City's normal tax rates, the County shall not be charged for any amounts in excess of the reasonable cost or the normal tax rates.

To the extent permitted by law, the City shall operate the Water Utility as a separate enterprise, accounting for all costs of operation and all revenues received from customers separate from all other City operations. All costs and only those costs required to operate the Water Utility shall be recorded in the Water Utility accounts of the City's accounting system.

Any proposed changes in the City's Charter that have any financial or operating impact on the Water Utility shall be submitted by the City to the County before they are submitted to the General Assembly. The City shall reasonably attempt to address all concerns expressed by the County in the Charter changes submitted to the General Assembly.

7. This Section sets forth the procedures for calculating Direct County Capital Costs. The cost allocations shall be proportioned by maximum day flow through the facilities to the County.

No later than July 1 each year, the County shall notify the City in writing of its projected peak day water needs by metering point and total water needs for the following ten fiscal years and its construction program to take water in the desired quantities and at the desired times. If the County does not notify the City, the most recent notification, shall be used as the County's water requirements. No later than October 1 each year, the City shall notify the County of the estimated Direct County Capital Costs and time frames necessary to meet the County's projected water needs for the following ten fiscal years. This may include new cost estimates for the same water requirements, if the costs have changed since the most recent notification by the City. No later than January 1 each year, the County shall notify the City if it wants the City to proceed with the capital requirements to meet the projected water requirements for the following ten fiscal years.

The County shall pay for any Direct County Capital Costs in the same manner as the annual payment for Joint Capital Costs detailed in Section 4c herein.

The City shall let the contracts for these improvements if the County has notified the City to proceed with the improvements as set forth above. The County shall review and approve the City's plans prior to the City advertising for bids. The County shall review and approve the bids prior to award by the City. Contract change orders shall be reviewed and approved by the County before authorization by the City. Such approvals shall not be unreasonably withheld. Title to these water mains shall vest and remain vested in the City in fee simple.

- 8. The method for determining payments to the City for future Joint Capital Costs and Direct County Capital Costs may be changed from that specified in Sections 4 and 7 herein if all elements of any such change or changes are agreed to in writing by the Directors of Public Utilities of the City and County. Such change or changes shall include, but are not limited to, a recovery of any financing related costs associated with such Capital Costs and a reasonable return on the City's investment in such Capital Costs.
- 9. The City shall submit its proposed Water Utility capital budget to the County each year no later than September 1 for the following fiscal year. If requested by the County, the City shall answer any of the County's reasonable questions about the capital budget and provide any other reasonable explanations and information needed by the County to evaluate the appropriateness of the proposed joint use capital improvements. The County shall respond to the City in writing with its comments, if any, about the capital budget, no later than October 1. The City shall respond to the County's comments, if any, in writing no later than November 1. To the maximum extend possible, the City shall address the County's comments in the capital budget presented to City Council.
- 10. The quality of water delivered to the County under this contract shall be the equivalent of that furnished City customers in the area from the main or mains from which the water is taken by the County at the metering point or points and at the time of delivery, and at a minimum shall comply with the requirements of the Commonwealth of Virginia Water Works Regulations for public water supplies.

- in the County such water pumping stations, reservoirs and or mains and connections thereto as are necessary to provide water service in the County under this contract. The plans and specifications therefore and the materials used in the construction, maintenance, repair and operation thereof at a minimum shall comply with the requirements of the Commonwealth of Virginia Water Works Regulations. Any construction in the County with interconnections to the City's system or any other changes by the County that could impact the City's Water Utility operations shall be submitted to the City for review prior to their construction or implementation. In no event shall the County construct, maintain, or repair its facilities to potentially or actually adversely affect, damage or impede the City's facilities or the maintenance or operation thereof.
- 12. Title to water facilities in the County constructed or provided by the County or caused to be constructed or provided the County under the provisions of Section 11 herein shall vest and remain vested in the County in fee simple.
- 13. The City and County shall not sell water to customers in each other's jurisdiction without the approval of the respective jurisdiction; however, the City and County shall be permitted to continue service to existing customers in the other jurisdiction until such time as the respective jurisdiction elects to provide service under the provisions of Section 14 below.
- 14. Whenever the City or County desires to sell or distribute water within its jurisdictions to any customer being supplied with water by the other jurisdiction, the

jurisdiction desiring to provide service shall have the right to do so with the approval of the jurisdiction providing service on the condition that the jurisdiction desiring to provide service shall thereafter sell or distribute water to such customer and the contract in force between the jurisdiction providing service and such customer shall be terminated by such jurisdiction as soon as possible.

- 15. The County may sell water to customers outside the City and County that are south of the James River. The County may sell water to customers north of the James River with the permission of the City. The City may sell water to any customers outside the County.
- any act, omission, or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests, sabotage and restraints of rules and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or otherwise, 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 the City or the County, however, 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 water theretofore delivered.

- 17. Nothing in the contract shall be construed to convey to the County any ownership of property rights in the City's water utility system, including, without limitations, the City's water purification plant, pumping stations, and transmission and distribution system. The County shall have no responsibilities or obligations for actual operations of the City's water utility system, nor shall the County be responsible for any damages that may arise out of such operations except to the extent that such damages result from the County's own acts.
- 18. The rights granted under this contract may be exercised by any successor or successors, assignee or assignees of either party when approved by the governing body of that jurisdiction, but such transfer shall not operate to relieve such governing body of any of its obligations under this contract. If the City's Water Utility operations are sold or control transferred to any other entity, the County shall retain all rights granted under this contract. If either party intends to transfer its rights under this contract, it shall give the other party written notice of its intent to transfer at least 90 days in advance of the transfer.

Notification shall be given by the Director of Public Utilities of the transferring party to the Director of Public Utilities of the other party.

19. The City and County covenant and agree each with the other that this contract shall be in full force and effect until July 1, 2045, unless modified as agreed to by both parties, and shall continue in force thereafter until terminated by either the County Administrator giving to the City Manager five years written notice of termination or the City Manager giving the County Administrator ten years written notice of termination, unless a shorter notice for time is mutually agreed to in writing by the City Manager and County Administrator. The earliest date the County Administrator may give termination notice to the City Manager is July 1, 2040; the earliest date the City Manager may give termination notice to the County Administrator is July 1, 2035.

If the County terminates the contract before the County's share of Joint Capital Costs and Direct County Capital Costs are fully depreciated, the City shall reimburse the County for such costs up to the Book Value of such Joint Capital Costs and Direct County Capital Costs as of the termination date, but only after the City sells or otherwise directly uses the capacity purchased by the County under this contract within twenty years after the termination date. The percentage of Book Value to be reimbursed to the County shall be the percentage of capacity sold or directly used by the City to the percentage of capacity previously purchased by the County under this contract. Reimbursement shall be made no later than the second succeeding October 1 following the date the capacity is sold or directly used.

If the City terminates the contract before the County's share of Joint Capital Costs and Direct County Capital Costs are fully depreciated, the City shall reimburse the County for such costs at their Book Value as of the termination date. Reimbursement shall be made no later than the termination date of the contract.

If the City terminates the contract and desires to sell Water Utility plant capacity in excess of that needed by the City, the City shall notify the County before selling any such excess capacity to other parties. The County has six months or until the termination date of the contract, whichever is shorter, to notify the City of its intent to purchase any excess capacity under the same terms that it is offered to the other party or parties before it is offered for sale to any other party.

- 20. This contract shall not be construed to prohibit the parties from creating, either between themselves or jointly with other jurisdictions, a water authority under the laws of the State of Virginia.
- 21. In the event either party fails to comply with a deadline set forth hereunder or otherwise is in default hereunder, the party that has failed to comply with such deadline or that otherwise is in default shall cure such default within thirty days of receiving written notice of such default from the party not in default, or any such longer period to which the parties may agree in writing.
- 22. Unless otherwise specified herein, all notices required or given pursuant to this contract shall be provided in writing to and from the Directors of Public Utilities of the City and County.

IN WITNESS WHEREOF, the City has caused its name to be hereunto signed by the City Manager, attested by its Clerk, said action being authorized by Ordinance No. 94-242-225 adopted by the Council of the City of Richmond on the 24th day of October 1994, and the County has caused its name to be hereunto signed by its County Administrator, and attested by its Clerk, that said action being authorized by a resolution adopted at a duly called meeting of the Board of Supervisors on the \_\_\_\_\_\_ day of October 1994. WITNESS the following signatures:

CITY OF RICHMOND; VIRGINIA

By Klicky Bell
City Manager

ATTEST:

Edna Seys-Chavis

APPROVED AS TO FORM:

Acting City Attorney

COUNTY OF CHESTERFIELD, VIRGINIA

County Administrator

ATTEST:

Theroun M. Pitts

APPROVED AS TO FORM:

County Attorney

# FIRST AMENDMENT TO AMENDED WATER CONTRACT

THIS FIRST AMENDMENT, dated the \_\_\_\_\_\_ day of \_\_\_\_\_\_\_, 2017 to the AMENDED WATER CONTRACT of October 24, 1994 (the "Amended Water Contract") by and between the CITY OF RICHMOND, a municipal corporation of the Commonwealth of Virginia (hereinafter "City") and the COUNTY OF CHESTERFIELD, a political subdivision of the Commonwealth of Virginia (hereinafter "County") provides as follows:

RECITAL ONE: WHEREAS, by Contract dated December 1, 1989, the City and the County entered into an agreement whereby the City would, under the terms and conditions set forth therein, sell water to the County for resale by the County to its customers; and

RECITAL TWO: WHEREAS, by the Amended Water Contract dated October 24, 1994 (the "Amended Water Contract"), the City and the County entered into a new, amended agreement whereby the City would, under the terms and conditions set forth in the Amended Water Contract, sell water to the County for resale by the County to its customers; and

RECITAL THREE: WHEREAS, the Amended Water Contract currently provides, in Section 4b for the County to purchase 20.5 percent of the City's water utility plant rated capacity of 132 million gallons per day (MGD), which is equivalent to 27 MGD of water from the City; and

RECITAL FOUR: WHEREAS, the County has notified the City that the County wishes to increase its purchase of water from the City from the current 27 MGD peak day volume to a new peak day volume of 32 MGD; and

RECITAL FIVE: WHEREAS, the City is willing to sell additional water to the County, and the County is willing to purchase additional water from the City in accordance with the County's notification, as set forth in Recital Four above, under the following terms and conditions.

NOW, THEREFORE, for and in consideration of the mutual benefits to be derived by the parties herein, the City and County covenant and agree, each with the other, that the Amended Water Contract is hereby amended as follows:

- 1. Section 4b of the Amended Water Contract is deleted in its entirety and replaced with the following:
  - 4b. For the purposes of making the percentage calculations for payment of Joint Capital Costs in other parts of this Section 4, the peak day volumes desired by the County shall be the numerator and the Water Utility plant rated capacity shall be the denominator. The percentage of Water Utility capacity to be purchased by the County shall be 20.5 percent until increased to 24.2 percent (the "New Water Capacity") pursuant to the following requirements:
    - a. In order to provide the infrastructure necessary to allow for the delivery of additional water to the County by the City, the County shall design, construct,

own, and operate a new water pumping station and new ground storage tank (the "New Water Capacity Facilities") in the City of Richmond.

- The New Water Capacity Facilities shall be built at a mutually agreeable location on property owned by the City of Richmond which property is adjacent to the City's existing Huguenot Road pumping station and the City's Huguenot Road Fire Station.
- ii. The City shall lease to the County the land for the New Water Capacity Facilities for the rental fee of \$1 per year. The lease of the land necessary for construction and operation of the New Water Capacity Facilities shall be subject to the provisions of Virginia Code Section 15.2-2100. If the lease is not renewed pursuant to Section 15.2-2100, then either the City shall pay the County a one-time lump sum payment equivalent to the then fair market value of the New Water Capacity Facilities, subject to appropriation; or the City shall credit the County the same value towards the County's share of future Joint and Direct Capital Costs. In the alternative, the parties may agree within the initial lease and any lease extensions to a mutually acceptable and equitable alternative mechanism for addressing the County's capital investments in the New Water Capacity Facilities at the end of the lease term.
- iii. The property on which the New Water Capacity Facilities are to be constructed shall at all times be owned by the City.
- b. The County shall design, construct, own, operate, and maintain an additional approximately 4.4 miles of transmission water main, to be located on the discharge side of the new water pumping station.
- c. The City shall design, construct, own, operate, and maintain approximately 4,000 feet of new water transmission main to supply the new ground storage tank.
- d. After completion of the construction of the new ground storage tank, the County shall provide and install a flow meter for billing purposes, in a location mutually deemed most practical by the City and the County. The County will dedicate the flow meter to the City for purposes of operation and maintenance.
- e. The County shall design and construct a new access road to the New Water Capacity Facilities. The City shall own and maintain the new access road.
- f. The City and the County, by mutual agreement, shall establish appropriate controls in order to regulate instantaneous flow from the City's system in connection with the construction of the New Water Capacity Facilities. The County shall implement all reasonable measures necessary to ensure that it does not take a peak day water volume in excess of 105% of the County's

then available peak day capacity at this location under this Agreement. The City may implement measures, including but not limited to flow restrictions devices, to enforce this provision.

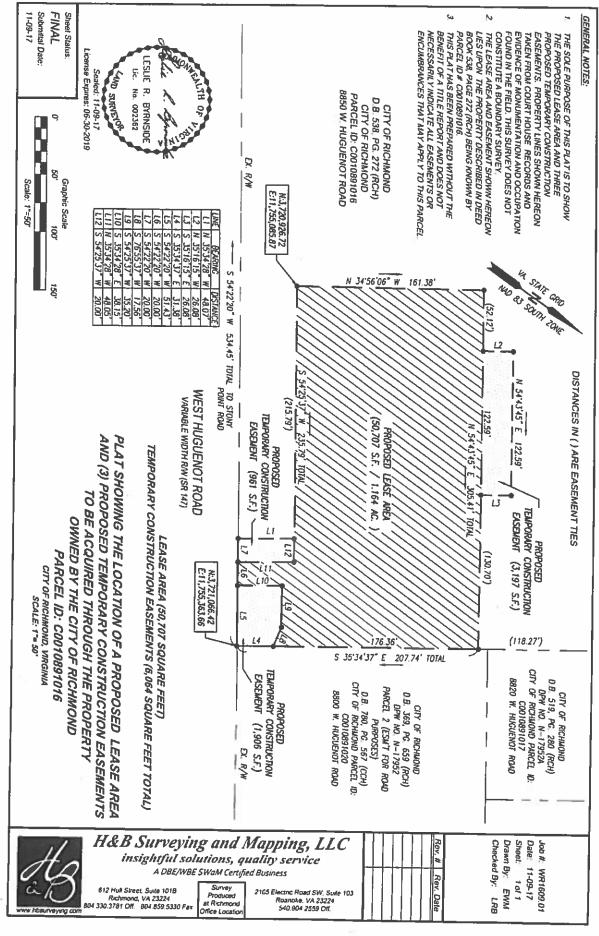
- g. The cost for facilities designed, constructed, owned, and maintained by the County shall be borne by the County. The cost for facilities designed, constructed, owned, and maintained by the City shall be allocated in accordance with the terms and conditions of the Amended Contract and attachments. The information contained in the attachments is the current good faith estimate of the parties and is subject to change.
- h. The County began design of the New Water Capacity Facilities, the additional transmission water mains, and the new access road during the 2016 Fiscal Year. The City began design of the new supply line feeding the new ground storage tank in the 2017 Fiscal Year and shall be complete by Fiscal Year 2021. It is anticipated that all facilities shall be complete by the 2021 Fiscal Year. The City shall begin billing and the County shall make payment for Joint and Direct County Capital Costs in the Fiscal Year of Substantial Completion of the New Water Capacity Facilities, or for Fiscal Year 2021, whichever comes first, for the new 32 MGD peak day volume.
- i. Upon completion of the New Water Capacity Facilities, the additional transmission water mains, the new supply line, and the new access road, the County shall have rights to 24.2% of the City's water capacity and shall be entitled to purchase 32 MGD of water from the City. For purposes of this section, "completion" shall mean the designation of "substantial completion" pursuant to contracts for construction of such facilities, by the designing engineer(s) for such facilities.
- j. The County shall contribute \$91,136.00 to the City for mitigation of the New Water Capacity Facilities project disturbance, namely tree removal, to be used at the City's discretion.
- k. The City may elect, at the option of the Director of the Department of Public Utilities of the City ("Director"), to have the County design and construct ten (10) parking spaces for public parking in locations mutually agreed upon by the City and the County. The Director shall notify the County by December 31, 2018 if it elects to exercise this option. If the Director exercises this option, the Director shall approve the design of the parking spaces which shall be owned and maintained by the City after completion of construction.
- 2. The City and the County shall assist and cooperate with each other in the development, construction, and operation of all facilities contemplated to be built in order to effectuate this agreement. Such cooperation shall include each party providing to the other access to all property under that party's control, as necessary to design, construct, maintain, and operate the facilities and shall also include cooperating on joint visits and

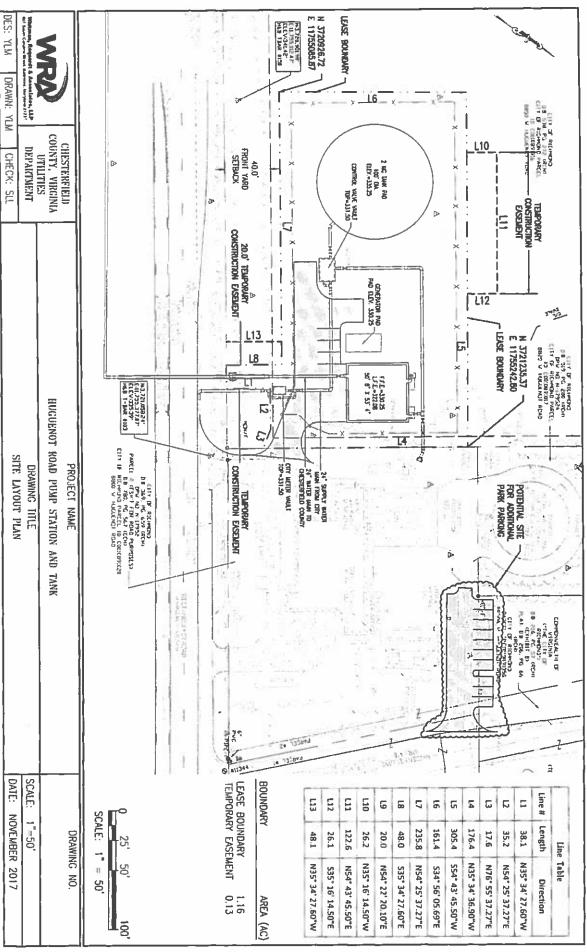
inspections, joint maintenance, exchange of engineering plans and details, sharing of operational data, and cooperation in the review of plans.

3. Except as set forth herein, all other terms and conditions of the Amended Water Contract shall remain in full force and effect.

IN WITNESS WHEREOF, and intending to be legally bound thereby, the City and the county have hereunto signed and sealed this agreement this day of

ity have hereunto signed and sealed this	agreement this day of, 20
CITY OF RICHMOND	
Ву:	<del></del>
Title:	·····
Date:	
COUNTY OF CHESTERFIELD	Approved as to Form:  Senior Assistant City Atthroney
Ву:	
Title:	23
Date:	
	Approved as to Form:





Attachment C