REPORT

ON THE

CITY OF EMPORIA—COUNTY OF GREENSVILLE

ANNEXATION AGREEMENT

COMMISSION ON LOCAL GOVERNMENT
COMMONWEALTH OF VIRGINIA

May 1983

REPORT

OF THE

COMMISSION ON LOCAL GOVERNMENT

CITY OF EMPORIA--COUNTY OF GREENSVILLE
ANNEXATION CASE

PROCEEDINGS OF THE COMMISSION

On December 11, 1981 the City of Emporia filed notice with the Commission on Local Government, pursuant to the provisions of Section 15.1-945.7(A) of the Code of Virginia, of its intention to petition for the annexation of approximately 6.7 square miles of territory in Greensville County. 1/ Consistent with the Commission's Rules of Procedure, the City's notice was accompanied by data and materials supportive of the proposed annexation. Further, in accordance with statutory requirements, the City concurrently gave notice of its annexation action to 17 other local governments with which it shared functions, revenues, or tax sources. 2/ Subsequently, on January 18, 1982 the City of Emporia notified the Commission of (a) its invocation of Section 15.1-945.7(E) of the Code of Virginia for the purpose of endeavoring to negotiate a

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1/ City of Emporia, Annexation Exhibits (hereinafter cited as Emporia Exhibits), December 1981.

2/ Sec. 15.1-945.7(A), Code of Virginia.

settlement of the annexation issue with Greensville County and (b) its desire for the Commission's appointment of an independent mediator to assist in the negotiations. 3/

Due to the County's pursuit of a temporary injunction to halt the City's annexation action, which was granted by the Circuit Court of Greensville County on February 2, 1982 but dissolved by the Supreme Court of Virginia on March 2, 1982, the Commission's initial meeting with the parties was delayed for several months. On March 5, 1982 the Commission met with representatives of the City and County and agreed to designate an independent mediator to assist the parties in their negotiations and established a schedule for its review of the proposed annexation. 5/ Due to progress in the ensuing interlocal negotiations, the City and County subsequently requested a postponement of the Commission's review

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3/ Carter Glass, IV, Special Counsel, City of Emporia, letter to staff of Commission on Local Government, January 18, 1982.

4/ The County's petition for an injunction halting the City's annexation action was based upon the fact that a citizen-initiated effort to consolidate the City and the County had been instituted under the provisions of Sec. 15.1-1132 of the Code of Virginia and that the consolidation issue should be resolved prior to the commencement of annexation proceedings. The City has challenged the constitutionality of Sec. 15.1-1132 under which the consolidation effort has been initiated and has opposed efforts to defer the annexation proceedings. The City's challenge to the constitutionality of Sec. 15.1-1132 is now before the Supreme Court of Virginia.

5/ On March 26, 1982 the Commission designated Dr. Roger Richman of Old Dominion University as independent mediator to assist the City and County in their negotiations.

to allow additional time for their discussions. 6/

Following further negotiations the City and the County signed an intergovernmental agreement on September 9, 1982 resolving the annexation issue. This agreement contained provisions which (a) grant the City an annexation of approximately 4.3 square miles of territory in Greensville County following resolution of the consolidation issue, (b) establish a moratorium on further City-initiated annexation for a period of 15 years subsequent to the effective date of the agreed annexation, (c) allow acquisition by the County of all City-owned water and sewerage lines extending beyond the boundaries of the enlarged City, and (d) provide for collaboration in the current provision and prospective extension of water and sewerage services to meet the needs of both jurisdictions. 7/ In October 1982 the City submitted to the Commission revised data and supplemental exhibits in support of the agreed-upon annexation. At the request of the Commission all materials

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6/ In addition to the postponement of the proceedings requested by the parties, the Commission sought and obtained agreement from the City and the County for an extension of the Commission's reporting deadline until May 12, 1983.

7/ The agreement provides that the proposed annexation will not be effected until the consolidation effort is concluded by decision of the Supreme Court invalidating Sec. 15.1-1132 of the Code of Virginia or by referendum on the issue. If the consolidation effort is successful, the agreement states that no annexation shall occur. See Appendix A for the complete text of the Intergovernmental Agreement.

submitted with respect to the proposed annexation and the intergovernmental agreement were made available to the public in the offices of the City Manager and the County Administrator.

On October 18, 1982 members of the Commission toured the area proposed for annexation and other relevant areas and facilities in the City and the County and received oral presentations from the parties in support of the intergovernmental agreement. In addition to its receipt and consideration of materials and testimony from the City of Emporia and Greensville County, the Commission solicited comment from other potentially affected local governments and from the public. Each locality qualifying for notice of the proposed annexation from the City under the provisions of Section 15.1-945.7(A) of the Code of Virginia was invited by the Commission to submit testimony on the proposed annexation for its consideration. Further, the Commission held a public hearing, which was advertised in accordance with the requirements of Section 15.1-945.7(B) of the Code of Virginia, on the evening of October 18, 1982 in Emporia. The public hearing was attended by approximately 25 persons and produced testimony from 3 individuals. In order to permit the receipt of additional public comment, the Commission agreed to keep open its record for written submissions from the public through November 19, 1982.

SCOPE OF REVIEW

The Commission on Local Government is directed by law to

review proposed annexations and various other local boundary change and governmental transition issues prior to their being presented to the courts for ultimate disposition. Upon receipt of notice of such a proposed action, the Commission is directed "to hold hearings, make investigations, analyze local needs" and to submit a report containing findings of fact and recommendations to the affected local governments. 8/ The Commission's report on each proposed action must be based upon "the criteria and standards established by law" for the determination of that issue. 9/

In this instance the Commission is presented with a proposed annexation which constitutes one part of a comprehensive intergovernmental agreement produced through negotiation. While the Commission is directed by law to review this proposed annexation, as all others, on the basis of statutorily prescribed criteria, it does so with recognition of the fact that the General Assembly encourages interlocal negotiation and settlement of boundary change issues. Indeed, one of the legislatively prescribed responsibilities of this Commission is the mediation of these interlocal issues and the promotion of their settlement. 10/ Accordingly, the Commission concludes that its review of such interlocal settlements should be guided

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8/ Sec. 15.1-945.7(A), Code of Virginia.

9/ Sec. 15.1-945.7(B), Code of Virginia.

10/ Secs. 15.1-945.3(G) and 15.1-945.7(A), (E), Code of Virginia.

by a presumption of their compatibility with the statutorily established standards and criteria. The Commission notes again, however, that the General Assembly has elected not to exclude these interlocal settlements from its review and holds, therefore, that such presumption should not be permitted to render the Commission inattentive to the interests of other parties, nor cause the Commission's review to be a pro forma endorsement of any action.

The analysis and recommendations which follow in this report are based upon this Commission's collective involvement and experience in local government administration and operations. We have endeavored to leave questions of law for appropriate resolution in other forums. The Commission trusts that this report will be of assistance to the local governments and citizens of the area and to the Commonwealth generally.

GENERAL CHARACTERISTICS OF THE CITY, THE COUNTY, AND THE AREA PROPOSED FOR ANNEXATION

CITY OF EMPORIA

The City of Emporia traces its founding to 1796 when a community known as Hick's Ford was established on the site of the present-day municipality. In 1887 the community was incorporated as the Town of Emporia, and this municipality was granted city status in 1967, eighty years later. 11/ The City of Emporia had

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11/ Emporia Exhibits, Exh. 5.

a 1980 population of 4,840 and an area of 2.4 square miles, giving the municipality a population density of 2,017 persons per square mile. 12/ Emporia, which has not expanded its boundaries since becoming a city in 1967, lost population during the previous decade, experiencing a population decline of approximately 8.7% between 1970 and 1980. 13/

The present-day City of Emporia is located at the intersection of Interstate 95 and U.S. Highway 58. In 1981 these two major thoroughfares carried on the average approximately 24,000 vehicles a day through the Emporia area. 14/ This road network and the location of public facilities (e.g., Greensville Memorial Hospital) and various State and federal offices in the City contribute to Emporia's role in the corporate life of the general area.

The data also indicate that the City of Emporia has been, and remains, the site of employment for a significant percentage of the area's work force. Between 1975 and 1980

12/ U.S. Department of Commerce, Bureau of the Census, 1980 Census of Population, Number of Inhabitants, Virginia, Number PC80-1-A48, Table 1; and City of Emporia, Annexation Exhibits, Revisions and Supplements (hereinafter cited as Emporia Exhibits, Revised), Exh. 7. See Appendix B for a statistical profile of the City, the County and the area proposed for annexation.

13/ Emporia's last major annexation occurred in 1947 when approximately 1.42 square miles were added to the municipality (Emporia Exhibits, Exh. 5).

14/ Virginia Department of Highways and Transportation, Summary of Accident Data, State Highway System, 1981.

nonagricultural wage and salary employment in the City increased from 2,820 to 3,393 positions. 15/ By the latter date the number of such employment positions in the City exceeded Emporia's civilian labor force (2,267) by 49.7%. 16/

In terms of current development within the City, land-use statistics disclose that 29.4% of Emporia's total area is devoted to residential usage, 7.8% to commercial enterprise, and 6.9% to industrial activity. The data indicate that the City still retains 545 acres, 35.6% of its total area, as vacant land. Exclusive of vacant land lying in the 100-year floodplain (155 acres), the City has approximately 390 acres, or 25.5% of its total area, vacant and free from environmental constraints on development. 17/ While such vacant land still constitutes a significant percentage of the City's total area, many of the vacant parcels in the City are restricted in their development potential by size, location, and appropriate land-use considerations.

In terms of fiscal condition, there are several indices which merit note in this report. First, between 1971 and 1980 the true value of real and public service corporation property

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15/ Virginia Employment Commission, Population and Labor Force Data, 1975 and 1980.

16/ Ibid. The Virginia Employment Commission defines "civilian labor force" as the sum of those persons presently employed plus those individuals registered for unemployment compensation (R. Gary Tate, Research Analyst, Office of Research and Analysis, Virginia Employment Commission, communication with staff of Commission on Local Government, November 18, 1982).

17/ Emporia Exhibits, Exh. 12.

within the City increased from $33.7 million to $89.1 million, or by 164.4%. This percentage increase in such true values was only slightly less than that experienced by the County (165.6%) during the same span of years. It is significant to note that in 1980 the per capita true value of real and public service corporation property in the City was $18,564, or 97.6% of the County's per capita value of $19,026. 18/ Thus, the data indicate that during the previous decade the City shared proportionately in the area's increase in this major tax source.

Second, the City of Emporia appears to continue to share in the growth of the area's retail sales activity. The total value of taxable retail sales in Emporia increased between 1970 and 1980 from $15.1 million to $34.8 million, or by 130.5%. During the same span of years, the total value of such sales in the County rose from $7.8 million to $19.9 million, or by 154.5%. The Commission notes that in terms of per capita taxable retail sales, the 1980 statistic for the City was $7,197, while that for the County was only $1,823. 19/

18/ Virginia Department of Taxation, Estimated True (Full) Value of Locally Taxed Property in Virginia, 1971, June 1973; and Assessment/Sales Ratio Study, 1980, March 1982. In 1971 the per capita value of such property in the City was $6,358 or 78% of the County's per capita value of $8,131.

19/ Virginia Department of Taxation, Taxable Sales, Annual Report, 1970 and 1980. Recent data indicate that between 1980 and 1982 total taxable retail sales in the City increased by over $8.7 million while those in the

Third, the evidence indicates that between 1970 and 1980 the City's net long-term indebtedness increased from $203,000 to $719,974, or by 355%. By the latter date, the City's per capita net long-term debt was $148.76, with only four of the Commonwealth's cities then having a lower per capita indebtedness. 20/

Finally, the Commission observes that as of 1980 the City's per capita personal income was $10,195, or 108.4% of that for the State as a whole ($9,406). 21/ These various indices collectively provide a measure of the City's current fiscal condition.

COUNTY OF GREENSVILLE

The County of Greensville was created in 1781 from territory formerly a part of Brunswick County. 22/ While Greensville County has experienced some development in recent years, it is clearly not one of Virginia's major growth centers. Between

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19 continued/ County have declined by nearly $2.7 million (Taxable Sales, Annual Report, 1982).

20/ Auditor of Public Accounts, Report of Auditor of Public Accounts of the Commonwealth of Virginia on Comparative Cost of City Government, for years ending June 30, 1970 and June 30, 1980, Exh. C.

21/ John L. Knapp, Personal Income Estimates for Virginia Counties and Cities, 1980 (Charlottesville: Tayloe Murphy Institute, University of Virginia, 1982), Table 1. In 1974 the City's per capita personal income was $4,936, or 92.5% of the comparable statistic for the State as a whole (John L. Knapp and David C. Hodge, Personal Income Estimates for Virginia Counties and Cities, 1974 to 1979, June 1981).

22/ Emporia Exhibits, Exh. 5.

1970 and 1980 the County's population increased from 9,604 to 10,903, or by 13.5% (somewhat less than the State's overall growth of 14.9% for the decade). The County's 1980 population and its land area of 301 square miles give it a population density of 36.3 persons per square mile. 23/

In terms of its economy, the data indicate that agriculture and forestal activity remain prominent in the County. As of 1978 there were 286 active farms in Greensville County cultivating collectively 79,594 acres of farmland, or more than 41% of the County's total land area. 24/ While the County's major agricultural products were peanuts, flue-cured tobacco, and soybeans, it produced more cotton in 1978 than any other county in the Commonwealth. In addition to its farming activity, 1977 data disclosed that the County possessd more than 138,000 acres of land (71.7% of the County's total land area) which was then producing, or capable of producing, wood for industrial usage. 25/ The continuing rural nature of Greensville County and the prominence of farming and forestal activity are revealed

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23/ Ibid., Exh. 11.

24/ U. S. Department of Comerce, Bureau of the Census, 1978 Census of Agriculture, County of Greensville, Number AC 78-A-46, May 1981, Table 1, p. 297; and Virginia Crop Reporting Service, Greensville County Farm Statistics, July 1982.

25/ Virginia Division of Forestry, Forestry Resource Data, Crater Planning District, 1977, Table 2. Land devoted to forestry is also included in the Bureau of the Census' definition of farmland.

by the fact that as late as 1979, approximately 98.1% of the land in Greensville County remained vacant, wooded, or devoted to agricultural production. 26/

Employment data for recent years, however, do indicate a growth in the County's commercial and industrial base. Statistics indicate that between 1975 and 1980 the number of nonagricultural wage and salary employement positions in the County increased from 1,879 to 2,517, or by approximately 34%. Most of this increase was in the nonmanufacturing sector of the economy. 27/

With respect to the County's current fiscal status, several indices should be noted. First, between 1971 and 1980 the true value of real estate and public service corporation property in the County increased from $78.1 million to $207.4 million, or by 165.6%. 28/ By the latter date the per capita true value of such property in the County was $19,026, or slightly in excess of the comparable data for the City of Emporia ($18,564). Thus, in terms of its primary revenue source, the County has experienced a growth commensurate with that in its adjoining municipality. Second, during the decade of the 1970's the County also experienced an increase in retail sales activity with the

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26/ County of Greensville, Comprehensive Plan, 1979, Exh. A-28.

27/ Population and Labor Force Data, 1975 and 1980.

28/ Estimated True (Full) Value of Locally Taxed Property in Virginia, 1971; and Assessment/Sales Ratio Study, 1980.

total value of its taxable retail sales rising from $7.8 million to $19.9 million, or by 154.5%. While this growth in total taxable retail sales over the decade exceeded that of the City, as of 1980 the per capita value of taxable retail sales in the County ($1,823) remained modest in relation to that of Emporia ($7,197). 29/ Third, during the decade between 1970 and 1980 the County's total net long-term debt increased from $852,200 to $865,200, or by 1.5%. 30/ As of the latter date, the County's per capita net long-term debt was $79.35, with only 17 of Virginia's 141 counties and cities having a lower per capita debt burden. Finally, it is significant to observe that as of 1980 the per capita personal income in Greensville County was $4,511, the lowest of any city or county in Virginia and only 47.9% of the per capita personal income of the State as a whole. 31/

AREA PROPOSED FOR ANNEXATION

The area proposed for annexation in the agreement between the City of Emporia and Greensville County contains 4.3 square miles, a population of 1,444 persons, and assessed

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29/ Taxable Sales, Annual Report, 1970 and 1980.

30/ Auditor of Public Accounts, Report of Auditor of Public Accounts of the Commonwealth of Virginia on Comparative Cost of County Government, for years ending June 30, 1970 and June 30, 1980, Exh. C.

31/ Personal Income Estimates of Virginia Counties and Cities, 1980, Table 2.

property values subject to local taxation of $20.6 million. 32/ Thus, the proposed annexation would bring into Emporia 1.4% of the County's total land area, 13% of its population, and 11.2% of the total assessed property values subject to local taxation. 33/

In terms of current development, the area proposed for annexation contains one major residential subdivision (Edgewood Acres) and part of another (Westover Hills), three major industrial facilities (operated by the Georgia-Pacific Company, the Miller Manufacturing Company, and the Emporia Foundry), and a number of commercial establishments including a truck stop presently under construction. Further, it is significant to note that the area also contains a number of City-owned facilities including the sewage and water treatment plants, the public works building, and a 180-acre industrial park. 34/ Land-use statistics indicate that 8% of the area proposed for annexation is currently devoted to residential development, 3.8% to industrial activity, 1.3% to commercial enterprise, with 75.6% of the area remaining vacant or engaged in agricultural production. 35/

32/ Emporia Exhibits, Revised, Exh. 7. The estimated assessed values include real estate, public service corporation, personal property, machinery and tools, farm machinery and mobile home values.

33/ Ibid.

34/ City of Emporia, "Tour Map," October 1982.

35/ Emporia Exhibits, Revised, Exh. 11. The remaining 11.3% of the area is devoted to public and semi-public uses and railroad, street or highway rights-of-way.

The gross vacant land in the area proposed for annexation constitutes 2,075 acres. Of this total approximately 390 acres, or 14.2% of the aggregate, lie in the 100-year floodplain. 36/ Thus, the net vacant land in the area suitable for development is approximatley 1,685 acres, or 2.63 square miles.

STANDARDS AND FACTORS FOR CONSIDERATION

In this report the Commission is required to review a proposed annexation which constitutes one part of an interlocal agreement approved by the governing bodies of the City of Emporia and Greensville County. The agreement, as we noted previously, is the product of a statutorily established mediation process and represents a reconciliation of the needs, interests, and legal prerogatives of the City and the County which has been accepted by the elected leadership of those localities. With these conditions in mind, the Commission has not endeavored to analyze critically the relative merits of the agreement for each locality, but, rather, it has focused its review on the general compatibility of the proposed annexation with statutory provisions and on the ramifications of the proposed boundary change for other parties and the State. In addition, the Commission is cognizant of the fact that the proposed annexation is but one element in a

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36/ Ibid.

multi-faceted interlocal agreement. In our judgment, the proposed annexation should not be reviewed in isolation, but must be considered in conjunction with other elements in the agreement which condition and qualify it.

INTERESTS OF THE PEOPLE OF THE CITY

Land for Development

While the data indicate that the City of Emporia presently has within its boundaries 390 acres of net developable vacant land (25.5% of its total area), much of this acreage is limited in its development potential by parcel size, location, and appropriate land-use considerations. In terms of land for industrial development, the evidence reveals that the City presently has approximately 71 acres of vacant land zoned for industrial activity. 37/ This land, however, is concentrated in five parcels located in the western section of the City, with none having direct access to the interstate or primary highways, and with only two having access to rail lines. 38/ Testimony has disclosed that no new industry has located within the corporate boundaries of Emporia since 1965. 39/ In order to encourage the location of industry in the general area, the City developed

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37/ City of Emporia, Annexation Exhibits, Maps, December 1981, Exh. M-17.

38/ Ibid.

39/ Testimony by Tedd E. Povar, City Manager, City of Emporia, Annexation Hearing Involving the City of Emporia and the County of Greensville (hereinafter cited as Hearings), October 18, 1982, p. 147.

in 1977 an industrial park in the area now sought for annexation. 40/ It is significant to note that the new U.S. Highway 58 by-pass now under construction north of the City is likely to have an adverse effect on both industrial and commercial activity in Emporia by enhancing the development potential of properties adjacent to that thoroughfare.

The proposed annexation, as indicated previously, will provide the City of Emporia with approximately 1,685 acres of vacant land suitable for development. Since the area proposed for annexation will entirely encompass the new U.S. Highway 58 by-pass, the development potential resulting from the new thoroughfare will redound to the direct benefit of the City. Further, the Commission notes that the proposed annexation will also bring into the City an Interstate 95 interchange, additional frontage along existing U.S. Highways 58 and 301, and portions of five sites (three in their entirety) which are presently listed with the State's Division of Industrial Development. 41/ In addition to its commercial and industrial development potential, the area proposed for annexation will bring within the corporate boundaries land which will increase the City's ability to

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40/ Ibid., p. 148. The City extended water and sewer lines to the site using federal grant monies.

41/ Annexation Exhibits, Maps, Exh. M-15. The listing of sites with the State's Division of Industrial Development indicates their immediate availability for development and the owner's judgment that the sites are sufficiently attractive to be so listed and advertised.

continue to offer diversified housing opportunities for its residents. Such capability is, in our judgment, an important element in a locality's efforts to maintain its general viability. In sum, there is evidence to indicate that the City of Emporia does need additional land for development and that the proposed annexation will meet that need.

Tax Resources

As indicated previously, during the decade of the 1970's the City of Emporia appears to have experienced generally a growth in its principal tax resources commensurate with that of its general area. In terms of its real property tax base, Emporia's principal source of tax revenue, the true value of real estate and public service corporation property in the City increased between 1971 and 1980 from $33.7 million to $89.1 million, or by 164.4%. This percentage increase in the true value of such property was only slightly less than that experienced by Greensville County (165.6%) during the same span of years. Indeed, on a per capita basis such true values in the City grew faster than those in the County (192% to 134%) during the period in question. While in 1980 such per capita values in the County ($19,026) exceeded those in the City ($18,564), the disparity was modest. 42/

In terms of the total value of taxable retail sales, the

42/ Assessment/Sales Ratio Study, 1980. The loss of population between 1970 and 1980 would serve to inflate the rate of per capita increase in such values in Emporia during the decade.

City of Emporia experienced an increase in such values between 1970 and 1980 from $15.1 million to $34.8 million, or by 130.5%. While this percentage increase was less than that in the County (154.5%) during the same period, as of 1980 the per capita value of such sales in the City ($7,197) still far surpassed that in the County ($1,823). 43/

While the data indicate that the City of Emporia has experienced both an increase in real property values and taxable retail sales in proportion to that occurring in the general area, the proposed annexation will strengthen the City's tax base and its capacity to continue to serve its residents and foster growth in the region. The addition of $20.6 million in assessed property values to the City's tax base, which would be effected by the proposed annexation, is clearly in the interest of the people of the City of Emporia. 44/

Other Considerations

In addition to the City's acquisition of additional land for development and the annexation of properties which immediately augment its tax base, the interlocal agreement carries with it other advantages to Emporia which merit comment in this report. The agreement commits the County

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43/ Taxable Sales Annual Report, 1980. The total value of taxable sales in the County decreased from 1980 to 1982 by nearly $2.7 million. During the same period, taxable sales in Emporia increased by $8.7 million (Taxable Sales Annual Report, 1982).

44/ Emporia Exhibits, Revised, Exh. 7.

and the City to significant collaboration in the use and future development of water and sewerage facilities to serve the area's residents. First, the agreement contains provisions which, while expressly protecting the County's option of subsequently developing alternative water sources, permit the County to purchase up to 0.75 MGD of treated water from the City and which protect Emporia from the County's precipitous discontinuance of that arrangement. Second, the agreement encourages the County to utilize and support the expansion of the City's sewage treatment facility in meeting the needs of Greensville County residents. Such cooperative commitments promote the economical use of capital facilities and clearly are of significant potential benefit to both jurisdictions. 45/

INTERESTS OF THE PEOPLE IN THE AREA PROPOSED FOR ANNEXATION

The 4.3 square miles of territory proposed for annexation by the City of Emporia are estimated to contain a population of 1,444, giving that area a population density of 336 persons per square mile. This population density of the area is far in excess of the County's overall density of 36 persons per square mile. While more than 75% of the area proposed for annexation is currently vacant or engaged in agricultural production, it does contain two major residential concentrations, three major industrial facilities, and pockets of commercial development. Further, the construction of the new U.S. Highway

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45/ Water and sewer service commitments are set forth in Exhibits C and D of the Intergovernmental Agreement between the City of Emporia and the County of Greensville.

58 by-pass as well as the Interstate 95 interchange located in the area can be expected to stimulate additional development and urbanization. Furthermore, the Commission notes that Greensville County's 1990 Land Development Plan, which was based upon a comprehensive analysis of the County's needs and growth prospects, calls for the continued development of that area. 46/ Thus, the evidence clearly indicates that the area proposed for annexation will experience continued development and will increasingly need and benefit from additional urban services.

Water

The City of Emporia uses as its raw water source a 200-acre impoundment on the Meherrin River. This impoundment holds approximately 400 million gallons (MG) and can be relied upon for a safe yield of 47 million gallons of water per day (MGD). 47/ The City's water treatment plant, which was constructed in 1953 and renovated in 1970, can, according to its rated capacity, receive and treat from the impoundment 4.0 MGD. Since the City's present water distribution system requires approximately 0.817 MGD, the system currently retains an unused reserve of 3.2 MGD, or nearly 80% of its rated capacity. In terms of its distribution and storage facilities, the City owns and operates approximately 31 miles of lines, both within and beyond its corporate

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46/ Comprehensive Plan, Exh. 12.

47/ Emporia Exhibits, Exh. 16.

boundaries, and has 3 storage tanks which collectively hold 1.14 MG of treated water. 48/

With respect to the significance of the City's water system to the area proposed for annexation, several points merit note. First, the City's system is the only central source of treated water available to serve the general area, and data indicate that the City is presently serving 129 residential and 11 commercial or industrial connections beyond its corporate boundaries. 49/ Second, studies of the area proposed for annexation have disclosed a need for the further extension of treated water in the area. A 1978 survey revealed that 82% of the dwelling units in the White City area, located east of Emporia along State Route 611, had unsatisfactory water systems and that an area north of the City of Emporia adjacent to U.S. Highway 301 and Halifax Street contained a residential concentration of 188 persons with half being served by water systems deemed by County officials to have been unsatisfactory. 50/ Further, it should be noted that the Westover Hills subdivision, one of the prime residential areas subject to the proposed annexation, is still dependent on individual wells for water, as are other segments of the area

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48/ Ibid.; and data provided by Carter Glass, IV, Special Counsel, City of Emporia, letter to staff of Commission on Local Government, January 10, 1983.

49/ R. Kenneth Weeks, Engineers, Facility Plan for Wastewater Management, City of Emporia and Environs (hereinafter cited as Facility Plan), July 1979, p. 17.

50/ Buchart-Horn, Incorporated, Feasibility Study for Water and Sewerage, Greensville County (hereinafter cited as Feasibility Study), September 1979, Table 3, p. III-5.

proposed for annexation. 51/ Thus, the evidence suggests that the City of Emporia is presently providing treated water to a significant number of connections beyond its boundaries and that there exists a need to extend service to additional communities in the area proposed for annexation. Again, with further development the need for centrally treated water in the area will become even more pronounced.

In recognition of the need to extend water service to additional sections of the area to be annexed, the City has proposed to install water lines and hydrants to half of the annexed portion of the Westover Hills subdivision during the first four years following annexation and to the remaining portion of that subdivision and to adjacent areas west of Emporia along U.S. Highway 58 during the three years thereafter. In total, the City of Emporia has proposed to commit itself to a total investment of $1.34 million for water facilities to serve the annexed area during the ten-year period following annexation. 52/ Further, the proposed annexation will have the effect of substantially reducing the cost of City water to residential, commercial, and

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51/ Ibid.; and Annexation Exhibits, Maps, Exh. M-9.

52/ Emporia Exhibits, Revised, Exh. 18. It should be noted that the White City community and the Area adjacent to U.S. Highway 301 and Halifax Street north of the City, where surveys have disclosed unsatisfactory water systems, are both amenable to service from existing City lines. The City proposes to apply its mandatory hookup policy to the area annexed (Testimony by Povar, Hearings, p. 87).

industrial users in the area. Since the cost of both connection fees and service to residential connections in the County is double that for similar connections in the City, the annexation will have the effect of reducing by 50% future costs for residential water service in the area annexed. 53/ Thus, with respect to both the extension and cost of water service, the proposed annexation will benefit the area proposed for annexation.

Sewage Treatment

The City's sewage treatment plant, which was constructed in 1965, has a rated capacity of 0.65 MGD. Since the plant currently treats an average daily flow of 0.602 MGD, its excess capacity is approximately 0.048 MGD. 54/ The City's present sewage collection system consists of 33 miles of line and 5 pumping stations which are located within and beyond Emporia's corporate boundaries. 55/

Currently the City serves approximately 75 residences as well as several commercial, industrial, and public facilities in the area proposed for annexation. The remainder of the area is served by individual septic tanks. 56/ The evidence reveals that there exists a need in the area for central sewerage treatment facilities and that such need will increase with the further development of the area. Survey data collected in 1978 indicated

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53/ Secs. 23-34 and 23-50, City of Emporia Code. Water rates for commercial and industrial service in the County are 50% above comparable rates in the City.

54/ Emporia Exhibits, Exh. 16.

55/ Facility Plan, Appendix, p. A-3.

56/ Emporia Exhibits, Exh. 16.

that 45% of the residential units in the White City area and 44% of the residents living in the area adjacent to U.S. Highway 301 and Halifax Street north of Emporia were served by sewage disposal systems deemed unsatisfactory by County officials. 57/ Further, the evidence indicates that the Westover Hills subdivision, half of which is in the area proposed for annexation, has had a history of problems with septic tanks and is constructed on land which is acknowledged to impose generally limitations on septic tank use. 58/

Subsequent to the annexation the City proposes to extend sewage service to residences in the area as need requires. The City's annexation plans do not commit Emporia to any specific extension of lines, but segments of the area proposed for annexation which have currently recognized sewerage needs are in proximity to existing City lines and should be amenable to service without major additional public expenditure. 59/ While the City contends that it has the current

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57/ Feasibility Study, p. III-5.

58/ Facility Plan, Attachment C; and testimony by Povar, Hearings, pp. 110-11. A 1978 survey of water and sewage conditions in the Westover Hills area revealed that 21% of the units in the subdivision had septic tanks that were malfunctioning or had impending problems (Feasibility Study, Table 3, p. III-5).

59/ Emporia Exhibits, Revised, Exh. 18; and Annexation Exhibits, Maps, Exh. M-10. The Commission notes that because the Emporia sewage treatment plant is nearing its permitted capacity and has difficulty in consistently meeting its required level of treatment, the Virginia Department of Health would have to review any new connections to the system on a case-by-case basis (Data provided by William J. Meyer, Jr., Engineer, Division of Water Programs, Virginia

capacity to meet the residential sewerage needs of the area proposed for annexation, it has completed the requisite preliminary studies to increase the capacity of its treatment plant. 60/ Based upon the priority assigned the project by the State Water Control Board, however, the City does not expect to receive grant assistance for the improvement of its plant until 1989 or thereafter. 61/

Although the City does not propose to commit itself to any specific extensions of its sewerage system to serve the area proposed for annexation, Emporia's system currently serves a significant portion of that area and is capable of extending service to other areas which are in need of such and which are adjacent to existing collection lines. Further, it should be observed that the City's system is the only source of central sewerage treatment currently available to serve the general area and that the proposed annexation would

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59 continued/ Department of Health, communication with staff of Commission on Local Government, April 6, 1983).

60/ Emporia Exhibits, Revised, Exh. 16; and testimony by Povar, Hearings, pp. 97-99.

61/ Testimony by Povar, Hearings, p. 94. The proposed improvements to the plant were estimated in 1979 to cost $1.7 million. The Commission notes that the funding authorization for federal participation in the construction of sewage treatment systems expires in September 1985, but officials anticipate a replacement program will continue federal funding beyond that date. The Commission further notes that after 1984 the current 75% federal funding level for the construction of most sewage treatment systems will be reduced to 55% (Data provided by Charles L. Massie, Grants Division, State Water Control Board, communication with staff of Commission on Local Government, April 6, 1983).

place upon the City a responsibility for meeting sewerage needs of the area as such emerged. Finally, the proposed annexation will result in a significant reduction in charges for City sewerage services in the area annexed. Since the charge for connection fees and service to residential customers in the County is twice that for residential users in the City, the proposed annexation will result in a 50% reduction in sewerage costs for residents in the area annexed. 62/ Thus, proposed annexation will be beneficial to the people of the area annexed in terms of the extension of sewerage services and their cost.

Solid Waste Collection and Disposal

The City of Emporia provides its residents with twice-weekly solid waste collections and extends to its commercial and industrial concerns a schedule of collections dependent upon their needs. The cost of this public service is borne by general tax receipts and not supported by user charges. 63/ Residents of the area proposed for annexation currently have available for their solid waste disposal purposes 16 "brown boxes" supplied by the County or private contractors who provide residential collections for $8 per month. 64/ Following the proposed annexation, the

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62/ Sec. 17-77, City of Emporia Code.

63/ Emporia Exhibits, Exh. 16. This service includes periodic leaf and large-item collection.

64/ Ibid.; and data provided by Barbara P. Holloway, Acting County Administrator, County of Greensville, letter

City will extend its solid waste collection services to the area annexed and proposes to add a new truck and a collection crew for purposes of serving the area. 65/ This public service which will be extended to the area's residences and business concerns should be of increasing benefit to the area as it experiences development.

With respect to solid waste disposal it should be noted that the City presently utilizes on a fee basis the County's landfill. 66/ This landfill is currently being closed, and the two jurisdictions are jointly undertaking the development of a new facility west of Emporia adjacent to U.S. Highway 58. The capital cost of this new facility will be borne on an equal basis by the City and the County, while operational costs will be shared based on the amount of refuse each locality deposits at the site. 67/

Public Works

The proposed annexation will result in changes in the policies and procedures by which various public works are provided in the area to be annexed. The new policies and procedures are, in our judgment, better designed to meet the needs of urbanizing areas than are those which have applied generally in Greensville

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64 continued/ to staff of Commission on Local Government, January 3, 1983.

65/ Testimony by Povar, Hearings, p. 117.

66/ Emporia Exhibits, Exh. 16.

67/ Testimony by Povar, Hearings, p. 117.

County. These changes governing the nature and extension of public works in the area proposed for annexation should be increasingly beneficial to that area as it develops.

Road Maintenance and Construction. All of the public thoroughfares in Greensville County are part of the Commonwealth's road network, with the State being ultimately responsible for the construction, maintenance, and operating condition of those roads. While Greensville County has a voice in the expenditure of State funds allocated to the area for road improvements, it is the State which bears ultimate responsibility for all road construction and maintenance work in the County. 68/ The proposed annexation will place responsibility for all public thoroughfares in the area annexed with the City of Emporia. While the City of Emporia, like other Virginia municipalities, receives State financial assistance for its roads, the City has expended a significant

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68/ Sec. 33.1-70.01, Code of Virginia. The Attorney General of the Commonwealth of Virginia has stated that if either the board of supervisors or the Virginia Department of Highways and Transportation (VDH&T) fails to adopt the six-year secondary road plan or the annual construction priority list, the State "...would be free legally to carry forward its own plans for the secondary system within that county without regard to the policy direction of the board. Likewise, to the extent that an officially adopted priority list does not require use of all available funds...the Department (VDH&T) is free to use those funds in its own unfettered discretion." Once the six-year plan and the annual priority list are adopted, however, they are binding on both the board of supervisors and VDH&T (Opinions of the Attorney General and Report to the Governor of Virginia, from July 1, 1978 to June 30, 1979, pp. 132-35).

amount of local funds to improve and maintain its public thoroughfares. The data indicate that between fiscal years 1976-77 and 1980-81 the City expended a total of $1.05 million in local funds for road improvements and maintenance. 69/

Responsibility for the City's road maintenance and improvement work is placed with the Community Services Department. This department has available a staff of more than 25 persons and appropriate equipment to enable the City to perform directly its own road work. 70/ The department also bears responsibility for the clearance of City thoroughfares during periods of snow and has available two plows, three spreaders, and one motor grader for snow removal purposes. In order to serve the area proposed for annexation the City proposes to purchase $80,000 worth of new equipment and to employ three additional personnel for road maintenance purposes. Further, the City proposes to commit itself to widening and improving segments of State Routes 614 and 654 and other thoroughfares providing access to the City's industrial park. These proposed road improvements, which are scheduled for completion within ten years following the annexation, are estimated to cost $200,000. 71/ In sum, the area to

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69/ Emporia Exhibits, Exh. 16.

70/ Ibid. The City's Community Service Department has nine major pieces of equipment for use in street maintenance and construction.

71/ Emporia Exhibits, Revised, Exhs. 17, 18.

be annexed should benefit from the local management and maintenance of public thoroughfares, and such benefit will grow in significance with the development of the area.

Curbs, Gutters, Sidewalks, and Storm Drains. The County's subdivision ordinance does not specifically require the installation of curbs, gutters, and sidewalks in new subdivisions. 72/ Further, a review of County budget documents indicates that Greensville County does not allocate any public funds for the installation of such facilities. In terms of the present existence of such facilities in the area proposed for annexation, the evidence indicates that sidewalks are virtually nonexistent and that curbs and gutters are limited to areas adjacent to certain commercial establishments. 73/ The Commission notes that the City's subdivision ordinance requires the installation of curbs, gutters, and sidewalks in all new residential and commercial developments. 74/ Moreover, the City also has a policy by which it will install curbs, gutters, and sidewalks in other sections of the City upon citizen request and agreement to bear two-thirds of the cost. 75/ While the City does not propose to install curbs, gutters, or

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72/ Appendix A, Subdivision Ordinance, Greensville County Code.

73/ Emporia Exhibits, Exh. 16.

74/ Secs. 19-36 and 19-63, Emporia City Code.

75/ Emporia Exhibits, Exh. 16. Approximately 50% of the City's residents are served by curbs and gutters.

sidewalks in any specific area following the annexation, its policies with respect to the future provision of such facilities will be applicable to the area annexed.

In terms of storm drainage facilities, the Commission fails to note any significant disparity in the requirements established for new developments by the subdivision ordinances of the two jurisdictions. 76/ Both require that attention be given to storm drainage concerns in the development of new subdivisions, and neither reveals more stringent requirements than the other. However, the City does have a policy, which is not presently applied in the County, by which it will install drainage pipe at City expense in developed areas upon citizen request and agreement to purchase the requisite pipe. 77/ With the further development of the area to be annexed and a concomitant increase in water runoff, the extension of this City policy to the annexed area should be beneficial to its residents.

Street Lighting. While the record discloses that Greensville County has installed a limited number of street lights in the area proposed for annexation, the City contends that these lights do not fully meet the needs of the area. Subsequent to the annexation the City proposes to install and operate at municipal expense 60 street lights, principally located along major thoroughfares and at intersections. 78/ In addition to

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76/ Article V-10, Appendix A. Greensville County Code; and Sec. 19-64, Emporia City Code.

77/ Testimony by Povar, Hearings, p. 135.

78/ Ibid., p. 137; and Emporia Exhibits, Revised, Exh. 18.

these lights, the installation of which will begin during the first year following annexation, the City will extend to the area its current policy of installing other needed lights upon citizen request and justification of need. 79/ It is our judgment that the additional street lights proposed for the annexed area and the City's policy of extending street light service upon citizen request will constitute a benefit to the area.

Crime Prevention and Detection

Crime prevention and detection services in Greensville County are presently provided through the County Sheriff's Department. 80/ To provide such services the Sheriff's Department has available 9 sworn law enforcement officers, 8 of whom are road deputies regularly assigned to patrol activity. This staffing level is sufficient to provide 1 sworn law enforcement officer for each 1,211 persons in the County. Since the County generally maintains 3 deputies on patrol at all times, such patrol activity results in a

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79/ The City presently has 373 street lights within its boundaries (Emporia Exhibits, Exh. 16).

80/ By virtue of State statutes in existence at the time of Emporia's incorporation as a City, the Greensville County Sheriff's Department serves both jurisdictions. However, due to Emporia's establishment and maintenance of a police department, virtually all law enforcement functions in the City are performed by that department. In Fiscal Year 1980-81, the City contributed $22,594 toward the support of the Sheriff's Department for court-related services (James E. Pfeiffer, Certified Public Accountant, Report on Examination for the Fiscal Year Ended June 30, 1981, November 1981, Schedule 2, p. 19).

geographic intensity of service of one officer per 100 square miles of County territory. 81/

The proposed annexation should extend to the area annexed an intensity of service considerably in excess of that provided by the County Sheriff's Department. The City's law enforcement services are provided by a Police Department headed by a staff of 19 sworn law enforcement officers which is sufficient to provide the City a staffing level of one sworn officer for each 255 residents of the City. Since the department endeavors to have four officers available for patrol responsibility at all times, such patrol activity affords the City a geographic intensity of service equal to one officer per 0.6 square mile of territory within Emporia's corporate limits. 82/ City officials have advised that the staffing levels of the City's Police Department have permitted that department to maintain an average response time of less than one minute for calls for service. 83/

In order to serve the area proposed for annexation, the City proposes to hire two additional patrol officers and to acquire an additional vehicle. 84/ This added investment

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81/ Data provided by Earl D. Sasser, Sheriff, County of Greensville, communication with staff of Commission on Local Government, February 24, 1983.

82/ Emporia Exhibits, Exh. 16; and testimony by Povar, Hearings, p. 127.

83/ Testimony by Povar, Hearings, p. 127.

84/ Ibid., pp. 129-30; and Emporia Exhibits, Revised, Exh. 17.

in law enforcement services by the City should enable it to extend service to the area annexed at a level of intensity comparable to that currently provided within the existing City. While the evidence indicates that the area proposed for annexation does not currently have a major crime problem, the prospective development of the area can be expected to increase the area's law enforcement needs. 85/ Since research has revealed a strong correlation between population density and the incidence of crime, the growth of the area can be expected to result in a need for intensified law enforcement services. 86/

General Considerations

The Commission recognizes that several major public services in the area proposed for annexation will not be appreciably affected by the incorporation of that area into the City of Emporia. In terms of fire prevention and protection, library services, and education, the annexation will have little or no immediate impact on the residents of the area to be annexed. Emporia and Greensville County jointly support the Emporia Volunteer Fire Department, which

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85/ Virginia State Police records disclose that during calendar year 1981 there were only 255 major crimes reported in all of Greensville County compared to 539 for the City of Emporia (Virginia Department of State Police, Crime in Virginia, 1981). Crimes covered by this report are murder/nonnegligent manslaughter, forcible rape, robbery, aggravated assault, burglary, larceny and motor vehicle theft.

86/ Kenneth D. Harries, The Geography of Crime and Justice (New York: McGraw-Hill Book Company, 1974), pp. 39-43.

serves the City and all of the area proposed for annexation; the City and the County jointly support a regional library system; and City students are educated in the Greensville County school system under contractual arrangements. While the annexation will assign to the City a continuing responsibility to meet these public service needs in the area annexed, the City does not propose any immediate modification of these services for the benefit of the residents of that area. 87/

Similarly, in terms of recreation services, the proposed annexation will have little immediate consequence for residents of the area annexed. While the City does own and operate the Meherrin River Park, a 43-acre passive recreational facility located adjacent to the City's Municipal Center, and maintains a boat landing at its water reservoir for boating and fishing purposes, the City does not propose the development of additional facilities in the area to be annexed. Within the City of Emporia there are facilities for active recreation operated by the Community Youth Center and the Greensville--Emporia Recreational Association. These private facilities, which are supported by funds from both the City and the County, are available to residents of both jurisdictions. 88/

87/ Annexation will result in increased City expenditures in support of the volunteer fire department, regional library, and the school system.

88/ Emporia Exhibits, Exh. 16.

While the proposed annexation will not have an immediate impact on the quality and nature of the above cited services in the area to be annexed, there are public service benefits which will be experienced by annexed residents. In terms of water, sewerage, solid waste collection, road improvement and maintenance, developmental policies, street lights, and law enforcement, the proposed annexation should be in the interest of the residents of the annexed area.

INTERESTS OF THE PEOPLE IN THE REMAINING PORTION OF THE COUNTY

While the proposed annexation will result in the transfer of 4.3 square miles of territory containing a total of $20.6 million in assessed property values subject to local taxation (11.2% of the County's total) to the City of Emporia, there are consequences of the proposed annexation which should mitigate its impact on Greensville County. 89/ First, it should be observed that the annexation would relieve the County of service responsibility for 1,444 persons (13.2% of the County's total population) and three residential areas which are acknowledged to have major water and sewerage needs. Second, the agreement commits the City to the assumption of 11.3% of the County's outstanding long-term debt, a percentage slightly greater than that of the property assessables annexed by the

89/ Emporia Exhibits, Revised, Exh. 7.

City. 90/ Third, the agreement contains provisions by which the City agrees not to initiate further annexation proceedings for a period of 15 years following the effective date of the proposed annexation, or 5 years longer than the interval imposed by State law. 91/ These aspects of the proposed annexation and the referenced provisions in the interlocal agreement clearly mitigate the effect of the annexation on Greensville County and can be cited as beneficial to the interests of the remaining residents of the County.

In addition to the provisions of the agreement dealing specifically with annexation, there are other elements in the interlocal settlement which are of considerable value to Greensville County. The agreement contains provisions which (1) authorize the County's acquisition by purchase of all City-owned water and sewerage lines remaining in the County subsequent to the annexation, and (2) permit the County to share in the development and use of City utility facilities. These provisions, in the aggregate, provide the County with a means for the extension of water and sewerage services by which it can promote and direct its own development. 92/

90/ Sec. III, Intergovernmental Agreement Between Greensville County and City of Emporia (hereinafter cited as Intergovernmental Agreement), September 9, 1983.

91/ Ibid., Sec. I(A, C). The Agreement also contains a provision that the City agrees neither to encourage nor assist third parties in annexations initiated within 15 years of the effective date of the agreement. The statutory provisions governing the interval between annexations are set forth in Sec. 15.1-1055, Code of Virginia.

92/ Ibid., Secs. I(A), VIII, IX, and X.

The terms of the agreement not only give the County the immediate ownership of lines serving connections beyond the enlarged City, but they also assure the County of access to the City's treatment plants and ancillary facilities as well as an opportunity to participate in the improvement and expansion of such facilities to accommodate the needs of Greensville County. In terms of water, the agreement commits the City to the provision of up to 0.75 MGD to the County for its present and prospective needs. 93/ Recognizing, however, that this amount of water may not be sufficient to enable the County to serve a "heavy industrial user," the City has committed itself to providing additional water from its uncommitted capacity, if such exists, to assist the County in serving such an industrial customer. 94/ In terms of sewage, the agreement calls for the City to continue to treat effluent from existing connections to the lines acquired by the County; but, due to the current limited capacity of the City's system, no additional connections would be permitted except for those residences which are adjacent to the existing lines and which experienced a health hazard. 95/ However, the agreement permits the County to undertake, in conjunction with the City or

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93/ Ibid., Exh. C.

94/ Heavy industrial users qualifying for additional water from the City are defined as industries using 0.25 MGD or more (Ibid.).

95/ Ibid., Exh. D.

unilaterally, an expansion of the City's treatment facilities for purposes of providing it with a treatment capacity requisite for its needs. In sum, the utility provisions in the interlocal agreement provide the County with a new and significant implement for the promotion and management of its growth. Further, collaboration with the City of Emporia in the development and use of these capital-intensive services offers an opportunity for significant economic savings which will redound to the benefit of the remaining residents of Greensville County.

INTERESTS OF THE STATE

The Commission notes that the agreement adopted by the governing bodies of the City of Emporia and Greensville County was the product of a mediation process specifically established by the General Assembly to promote the negotiated settlement of annexations and other related interlocal issues. The agreement constitutes a locally fashioned reconciliation of the needs and interests of the City and County effected through the utilization of that process statutorily created for such purpose. It is reasonable to conclude that the State's interest in promoting the local resolution of annexation issues is served by the agreement between the City of Emporia and Greensville County.

The Commission also observes that the agreement should substantially reduce the costs which are typically associated with the resolution of annexation issues. Because of the significance of these annexation issues to localities and the manner of their

resolution in Virginia, the cost of such proceedings has often been quite substantial. This agreement between the City of Emporia and Greensville County not only resolves the annexation per se but terminates other judicial proceedings related to that action. 96/ It appears to this Commission that the reduction of legal expenses and related costs in annexation proceedings is clearly in the interest of the Commonwealth.

Finally, the Commission notes the provisions in the interlocal agreement calling for the collaboration of the County and the City in the development and use of various water and sewerage facilities. This contractual opportunity for the joint development and utilization of capital-intensive utility facilities is, in our view, wise public policy and in the interest of the State. Recent years have seen the extension of local public responsibility to areas of concern previously unrecognized, have witnessed a burgeoning of the cost of public facilities and services, and have revealed a growing interdependence of local governments. These phenomena, coupled with the emerging constraints on the growth of public revenues, point to the need for cooperative efforts to address public concerns. The collaborative utility commitments included in the City of Emporia--Greensville County agreement are clearly in

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96/ Ibid., Sec. V.

the interest of the Commonwealth.

Finally, perhaps the paramount concern of the Commonwealth in the resolution of annexations and other interlocal issues is the maintenance of the viability of the local governments affected. While the Commission recognizes that the proposed annexation would transfer to the City 11.2% of the County's total assessed property values subject to local taxation, and while it cannot assert that the proposed annexation constitutes the optimum resolution of the area's public concerns, it does conclude that the interlocal agreement in toto can foster the cooperative development of the area and promote the viability of both jurisdictions.

ANNEXATION PROVISIONS

BASIS FOR ANNEXATION

Land and Tax Base

While previous sections of this report have indicated that the City of Emporia experienced a growth during the previous decade in real property assessables and in taxable retail sales closely paralleling that of the County, there is evidence which can be cited to support the City's need for increased land for future development and economic growth. Although the City still possesses within its boundaries 390 acres of net developable land (25.5% of its total area), much of this acreage is restricted in its development potential by parcel size, location, and appropriate zoning constraints. With respect to industrial properties,

the evidence indicates that the City possesses approximately 71 acres of vacant land zoned for industrial use and that this property is concentrated in 5 parcels located in the western section of the City without direct access to the interstate or primary road network. 97/ While Emporia did experience an increase in its manufacturing employment between 1975 and 1980, City officials have testified that no new industries have located in Emporia since 1965. 98/ Based upon a review of relevant data, it appears to the Commission that sites in the City are at a competitive disadvantage with those in the County in terms of their attractiveness for development.

It should also be noted that the construction of the U.S. Highway 58 by-pass, and the added accessibility it will provide to the property adjacent to it, is likely to have, without an expansion of the City's boundaries, an adverse effect on the City's potential for continued economic growth. Since a municipality in Virginia is permitted only one annexation initiative during a ten-year period, and by the terms of its agreement with the County the City will forego the exercise of that authority for a greater period of time, it would appear appropriate to consider such prospective

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97/ Annexation Exhibits, Maps, Exh. M-17. The largest of these parcels is accessible only through a residential area.

98/ Population and Labor Force Data, 1975 and 1980; and testimony by Povar, Hearings, p. 147.

conditions. 99/ Since the proposed annexation would bring into the City approximately 1,685 acres of vacant or agricultural land, it would provide the City with significant development potential. 100/

There are other data which can be cited in support of the proposed annexation. First, while the City has during the previous decade shared proportionately in the economic growth of its area, as of 1980 City residents have a local tax burden considerably in excess of that of residents of Greensville County. The data disclose that in 1980 the City's per capita local tax burden was $325.03, while the comparable figure in Greensville County was $135.62. 101/ If the total local tax collections for 1980 are expressed as a percentage of the locality's total personal income for that year, such calculations yield a percentage of 3.18% for the City of Emporia and 3.00% for Greensville County. 102/ Second, it should be observed that as of June 30, 1981, the City's net per capita

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99/ The interval imposed by law on a succeeding annexation action initiated by a municipality involving the same county is not affected by a court's constriction or total denial of the preceding annexation action (See Sec. 15.1-1055, Code of Virginia).

100/ Emporia Exhibits, Revised, Exh. 13.

101/ Report of Auditor of Public Accounts of the Commonwealth of Virginia on Comparative Cost of City Government, Year Ended June 30, 1983, Exh. A-1; and Report of Auditor of Public Accounts of the Commonwealth of Virginia on Comparative Costs of County Government, Year Ended June 30, 1980, Exhs. A-1, A-1-A. Included in the calculations are local receipts from all property taxes, other levies, licenses, permits, and privilege fees.

102/ Personal Income Estimates for Virginia Counties and Cities, 1980, Table 1.

debt was $180, while the per capita debt in the County was half that figure. 103/

Provision of Services

Since education, health, welfare, library, and fire protection services are currently jointly funded and provided by the City and the County, the proposed annexation will have no effect on the nature and quality of these services in the area to be annexed. As previous sections of this report have indicated, however, the proposed annexation should benefit that area in terms of water and sewerage services, solid waste collections, the local management and maintenance of roads, development controls and policies, street lights, and the intensity of law enforcement services. As the area proposed for annexation develops, its need for such services will increase accordingly. While there are City facilities, particularly those for wastewater treatment, which will require improvement or enlargement to meet the prospective needs of the area to be annexed, the evidence indicates that the City will properly address the area's needs.

Community of Interest

Another of the statutorily prescribed considerations in annexation issues is the strength of the community of interest which binds the City and the area proposed for

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103/ Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, Year Ended June 30, 1981, Exh. G.

annexation. In this case the evidence suggests that there are tangible and pervasive ties which create a significant community of interest between the City of Emporia and the area it proposes to annex.

First, the evidence reveals that the City of Emporia is the center of much of the community's public life, containing governmental offices and other public facilities serving the residents of the general area. The City contains such State facilities as the offices of the Virginia Employment Commission, the Division of Motor Vehicles, and the Division of Forestry, as well as an ABC store. Federal offices in the City include those of the Farmers Home Administration, the Soil Conservation Service, and the Agricultural Stabilization and Conservation Service. 104/ In addition, the City appears to be the center of the area's medical and dental services with the Greensville Memorial Hospital and the offices of 15 physicians and 8 dentists located within its boundaries. 105/

Second, the data disclose that Emporia is the major focal point of the area's economic life. Employment statistics indicate that as of 1980 nonagricultural wage and salary employment in the City exceeded its civilian work force by 49.7%, with

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104/ Emporia Exhibits, Exh. 14; and Annexation Exhibits, Maps, Exh. M-7.

105/ Planning Management Associates, Economic Study and Commercial Market Analysis for the City of Emporia and Greensville County, 1980, p. 35; and Continental Telephone of Virginia, Telephone Directory, Emporia, November 1982. Data available to the Commission indicate that there are no physicians or dentists maintaining offices in the County.

the result that the City was the site of employment of 1,126 nonresidents. Indeed, as of 1980 nonagricultural wage and salary employment in Emporia constituted 57.4% of that for the entire City-County area. 106/ Further, the City is the site of nine banks and savings and loan institutions, or 80% of all located within the two jurisdictions. 107/ Furthermore, the City is the center of the trade in the general area. The evidence indicates that as of 1980 there were 342 separate commercial and industrial establishments in the City and 28 in Greensville County as a whole. 108/ Data for 1977 reveal that as of that date the City contained 22 wholesale trade establishments, while 5 were located throughout Greensville County. 109/ These employment, financial, and trade statistics suggest

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106/ Population and Labor Force Data, 1980.

107/ Emporia Exhibits, Exh. 14; and Annexation Exhibits, Maps, Exh. M-7. The relative significance of the City financial institutions is revealed by the fact that in fiscal year 1981 bank stock tax receipts in the County were only 9.4% of those in the City of Emporia (Robinson, Farmer, Cox Associates, County of Greensville Financial Report, Year Ended June 30, 1981, October 1, 1982, Schedule 1; and City of Emporia, Report on Examination for the Fiscal Year Ended June 30, 1981, Schedule 1).

108/ U.S. Department of Commerce, Bureau of the Census, County Business Patterns, 1980, Virginia, Number CBP-80-48, August 1982, Table 2, pp. 53, 110-11. The Census Bureau defines an establishment as a single physical location where business is conducted or where services or industrial operations are performed. The Commission notes that 267 of the establishments surveyed by the Census Bureau in the City employed less than 10 people.

109/ U.S. Department of Commerce, Bureau of the Census, 1977 Census of Wholesale Trade, Virginia, Number WC-A-47, May 1980, Table 7, pp. 35-36.

strong economic ties between the City and its adjacent areas.

Finally, it should be noted that development in the area proposed for annexation has given that area a physical nature and service needs which are more similar to those of the City than those of Greensville County as a whole. The data indicate that the area proposed for annexation has a population density of approximately 336 persons per square mile, far surpassing the County's overall density of 36 persons per square mile. Moreover, prospective development will give the area service needs which will grow in similarity to those of the City of Emporia. Such needs in the area have already resulted in a significant extension of City utility services into the area proposed for annexation thereby increasing the community of interest between that area and Emporia.

The above referenced data suggest, in the aggregate, a broad and significant community of interest between the City and the area it seeks to annex. The strength of this community of interest can be cited to support the proposed annexation.

Compliance with State Policies

Another of the statutorily prescribed considerations in annexation issues is the extent to which the affected localities have made efforts to comply with State policies with respect to education, public planning, and other applicable services promulgated by the General Assembly. There are several State service policies which are applicable to the City of Emporia and Greensville County which merit comment in this report.

Education. The State of Virginia has declared by both constitutional provision and legislative enactment that public education is a fundamental concern of the Commonwealth. 110/ Since students from the City of Emporia are educated in the Greensville County school division by contractual agreement, the proposed annexation does not entail the shifting of students from one educational environment to another. 111/ It does appear appropriate, however, to address briefly in this report the efforts by the Greensville County school division to respond to the State's concern for public education.

The Greensville County school division, which had a total enrollment of 3,340 students in average daily membership (ADM) during the 1981-82 school year, is directed by a school board comprised of four representatives of Greensville County and two of the City of Emporia. 112/ Based upon data from the 1981-82 year, the proposed annexation will increase the number of City students in the jointly funded school division from 844 to 1,066 students in ADM,

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110/ Article VII, Section 1, Constitution of Virginia; and Chapter 578, Acts of the Assembly, 1982 Session.

111/ Following transition to city status in 1967, Emporia continued to educate its students in the County school system. The City considered the establishment of a separate school division in the early 1970's but was prevented from doing so by federal court order. The current school contract between the City and the County provides for the joint funding of the Greensville County school division and for the City's representation on the school board. (Statement by Robert C. Fitzgerald, Special Counsel, County of Greensville, Hearings, pp. 233-34).

112/ Emporia Exhibits, Revised, Exh. 7.

constituting nearly one-third of the division's total ADM. 113/ While statistics indicate that the Greensville County school division is significantly beneath statewide averages with respect to certain staffing levels and local educational expenditures, the division is considered to be, subject to one qualification, in compliance with the State's legally established "standards of quality" for local school divisions. 114/ Despite the fact that the Greensville County school division fell beneath statewide averages on a number of educational indices, it is significant to note that 59.4% of the system's 1981 graduates decided to continue their education (only marginally less than the statewide average of 60.5%) and that 95.4% of the system's remaining graduates were judged to have marketable skills (exceeding the statewide average of 87.9%). 115/ Thus, on these two prominent measures the Greensville County school division registered accomplishments comparable to those for the State as a whole.

Public Planning. The evidence indicates that, consistent

113/ Ibid.

114/ Pursuant to Article VIII, Section 2 of the Constitution of Virginia, the State Department of Education establishes "standards of quality" for local school divisions for each biennium. The standards for 1980-82 are set forth in Chapter 553, Acts of the Assembly, 1981 Session. During the 1981-82 school year the Greensville County school division was slightly above the 21:1 pupil/teacher ratio established by the State's standards of quality for grades K-6, but the Department of Education has granted a one-year waiver of that standard (S. Barry Morris, Director of Administrative Review Service, Department of Education communication with staff of Commission on Local Government, April 19, 1983).

115/ Virginia Department of Education, Facing-Up 16, Statistical Data on Virginia's Public Schools, March 1982.

with State requirements, both the City and the County have established planning commissions, have approved subdivision ordinances, and have formally adopted comprehensive plans. Moreover, both jurisdictions have established zoning ordinances to assist in the regulation of their development. Thus, the record discloses that both Emporia and Greensville County have adopted an array of planning instruments which should enable them to respond effectively to the State's concern for appropriate local public planning. 116/

Housing. The General Assembly has also declared that it is a policy of the Commonwealth to promote the provision of appropriate housing for residents of the State. 117/ The City of Emporia's establishment of a redevelopment and housing authority in 1976 was consistent with this State policy. This authority was instrumental in the construction of 72 units of multi-family assisted housing, some of which was specially constructed for the elderly and for the handicapped. 118/ While this 72-unit development is the only project to be undertaken by the authority to date, City officials have asserted that Emporia remains committed to addressing its residents' housing needs. 119/

116/ Emporia Exhibits, Exh. 16. The City also annually adopts a capital improvements plan which complements its planning process.

117/ Secs. 36-2 and 36-120, Code of Virginia.

118/ Emporia Exhibits, Exh. 16.

119/ Testimony by Povar, Hearings, pp. 168-69.

Arbitrary Refusal to Cooperate

The Code of Virginia requires the consideration in annexation proceedings of any "arbitrary prior refusal" by local governing bodies to cooperate in the provision of services for the joint benefit of their citizens. 120/ The Commission is aware of no evidence indicating either the termination or avoidance of joint activities for the mutual benefit of the area's residents due to any "arbitrary prior refusal" to cooperate. Indeed, the record discloses that the City of Emporia and Greensville County have elected to participate jointly in the provision of a number of public services and facilities, including those for fire prevention and protection, solid waste disposal, libraries, health, welfare, and emergency medical services. 121/ Further, since Emporia has remained a city of the second class since it obtained city status in 1967, it continues to share with Greensville County the constitutionally established offices of Commonwealth's attorney, clerk of the circuit court, and sheriff.

Capacity of the City to Finance the Annexation

Whatever the ultimate benefits of annexation to a city in Virginia, the years immediately following an annexation can be a period of fiscal difficulty. Under Virginia law a city is expected to reimburse the affected county for the loss of permanent public improvements owned and maintained by the county

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120/ Sec. 15.1-1041(b1)(v), Code of Virginia.

121/ The two localities also jointly support one school division in accordance with a federal court order.

at the time of the annexation, to assume a just proportion of the county's existing debt, and to compensate the county for its prospective loss of net tax revenue during the five-year period following the annexation. 122/ In addition, a city is expected to identify the service needs of the area to be annexed and to develop a plan to provide the facilities and services to meet the needs of that area. 123/ The aggregate impact of such fiscal requirements can be substantial.

In this case the City of Emporia does not propose to acquire any County-owned and maintained facilities which would require reimbursement. Further, under the terms of the interlocal agreement there will be no requirement that the City compensate the County for the prospective loss of net tax revenue. 124/ The interlocal agreement does require the City to assume 11.3% of the County's outstanding long-term debt based upon the amount of such debt at the time of the execution of the agreement. 125/ This provision of the agreement will, according to City

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122/ Sec. 15.1-1042, Code of Virginia. The annexation court has the authority to mandate the payments to the extent it determines such is required to "balance the equities in the case."

123/ Ibid.

124/ Intergovernmental Agreement, Sec. II. The City has calculated that, based upon Greensville County's budget for Fiscal Year 1981-82, the County's loss of net tax revenue during the first year following the annexation would be $23,785 (Emporia Exhibits, Revised, Exh. 23).

125/ Intergovernmental Agreement, Sec. III.

calculations, require Emporia to assume responsibility for the retirement of approximately $99,926 of the County's long-term debt. 126/ In terms of services and facilities to be provided for the benefit of the area to be annexed, the City has estimated that it will be required initially to expend approximately $670,600 annually for operations and maintenance in the area annexed. 127/ Moreover, the City proposes to expend $1.8 million for capital improvements and equipment during the ten-year period following the annexation to serve the area annexed. 128/

The data indicate that the proposed annexation should not place upon the City of Emporia an inordinate fiscal burden. The Commission notes that in 1982 the City of Emporia had a nominal real property tax rate of $.68 per hundred dollars of assessed value, with only three cities in Virginia then having a lower real property tax rate. 129/ Further, in terms of total local tax burden, the data reveal that as of 1980 the City's total local taxes constituted only 3.1% of its total personal income, while the comparable statistic for

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126/ Emporia Exhibits, Revised, Exh. 22.

127/ Ibid., Exh. 19.

128/ Ibid., Exh. 18. The bulk of these funds ($1.0 million) is earmarked for the construction of a 1.0 MGD water tank at the City's industrial park.

129/ Virginia Department of Taxation, Local Tax Rates, Tax Year--1982.

all of Virginia's counties and cities was 3.62%. 130/ Furthermore, it is significant to note that as of 1981 the City's net debt per capita was only $180, while the comparable statistic for all Virginia cities considered collectively was $647. 131/

It should also be observed that the proposed annexation is expected to generate initially approximately $648,547 annually in additional revenues. 132/ These additional resources will substantially assist the City in meeting the obligations imposed by the annexation. Moreover, following the annexation the City of Emporia will have a legal debt limit of $9.3 million, none of which is committed by prior long-term obligations. 133/ This legal debt margin provides the City with an opportunity for long-term financing of capital projects, if such is deemed desirable. Data support the conclusion

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130/ Percentages derived from revenue data reported in Report of Auditor of Public Accounts of the Commonwealth of Virginia on Comparative Cost of City Government, Year Ended June 30, 1980; Report of Auditor of Public Accounts of the Commonwealth of Virginia on Comparative Cost of County Government, Year Ended June 30, 1980; and personal income data reported in Personal Income Estimates for Virginia Counties and Cities, 1980.

131/ Comparative Report of Local Government Revenues and Expenditures, Year Ended June 30, 1981, Exh. G. Only 9 of Virginia's 41 cities had a lower per capita net debt than Emporia in 1981.

132/ Emporia Exhibits, Revised, Exh. 19.

133/ Ibid., Exh. 20. All of the City's outstanding long-term debt is the result of revenue bond issues which are not, subject to certain conditions, charged against a city's debt limit.

that the City of Emporia has the requisite fiscal resources to finance the proposed annexation.

RECOMMENDATIONS

Boundary Line

At the public hearing held by the Commission in Emporia on October 18, 1982 concern was expressed by one citizen that a segment of the western boundary of proposed annexation area should be moved eastward and coincide with the stream that runs from the Meherrin River northward to U.S. Highway 58 and to Watkins Pond. 134/ This citizen contended that the modification he proposed, which would have the effect of excluding his property from the proposed annexation area, was an appropriate adjustment in order that the new municipal line might follow a natural boundary. The Commission has noted that the proposed annexation line approved by the governing bodies of the two jurisdictions has generally followed property or right-of-way lines, as is the case with respect to the segment of proposed boundary in question, and that such a policy is reasonable and appropriate. The Commission observes that the modification of the proposed boundary line as suggested in this instance would have the effect of excluding an area presently served by City water and containing the City's water treatment plant. While the use of natural boundaries for jurisdictional lines has much to commend it, in this instance the natural boundary is

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134/ Testimony of J. M. Moseley, Jr., Hearings, pp. 9-15.

not so prominent as to overrule the use of other rational determinants for the location of the jurisdictional boundary. In sum, the Commission finds no basis sufficient to recommend any adaptation of the proposed annexation line as accepted by the City and the County in the interlocal agreement.

Extension of Services and Conditions of Annexation

In the development of its plans and policies for the administration of the area to be annexed, there are several significant concerns which, in our judgment, require further consideration by the City. Response to these concerns can add to the beneficial consequences and equity of the proposed annexation. Some of these concerns might be properly addressed in the annexation plan ultimately presented to the annexation court.

First, as previous sections of this report have indicated, the area proposed for annexation contains several communities which have immediate needs for central sewerage service. Specifically, previous County surveys have revealed a concentration of sewage problems in the White City area east of Emporia and in an area north of the City adjacent to U.S. Highway 301 and Halifax Street. 135/ Further, evidence indicates that other portions of both the current City and the area proposed for annexation have

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135/ Feasibility Study, Table III.

need for central sewerage service. 136/ While the Commission recognizes the limitations imposed by the current capacity of the City's sewage treatment plant, the cost associated with the installation of additional lines and pumping stations, and the implications of mandatory connection policies for low-income housing, the sewage concerns in the area are of significant and immediate importance and should be addressed in some detail by the City. While the Commission would encourage the City's continued acceptance of properly functioning septic tanks, sewerage systems determined to be health hazards should receive immediate attention.

Second, data available to the Commission suggest that the City and the area proposed for annexation would benefit from the adoption of a housing code for the improvement and maintenance of its housing stock. Data recently published by the U.S. Bureau of the Census reveal that there remains a substantial number of dwelling units in the City lacking complete plumbing and that the area proposed for annexation has an even more extensive problem. 137/ The Commission is fully

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136/ The Reese Street area in the City has recognized sewage problems (Larry D. Yates, Sanitarian, Greensville--Emporia Health Department, communication with staff of Commission on Local Government, April 18, 1983).

137/ In 1980, 8.4% of the occupied housing units in the City lacked complete plumbing for exclusive use of the residents, a figure exceeded only by one other of Virginia's 41 cities (U.S. Department of Commerce, Bureau of the Census, Summary Characteristics for Governmental Units and Standard Metropolitan Statistical Areas--Virginia, Number PHC80-3-48, October 1982, Table 2, p. 7).

aware of the difficulty and problems attendant to a rigid and precipitous application of a housing maintenance code, but the careful development and judicious application of such a measure can contribute to improved living conditions for an area's residents. While the Commission realizes that the City of Emporia has developed a housing assistance plan in conjunction with its previous Community Development Block Grant activity, we would encourage the City to undertake an even more vigorous and comprehensive program to address the area's substandard housing problems and utility needs. Such a comprehensive effort should endeavor to encompass both private and public components, including federal rental assistance and substantial rehabilitation programs.

Third, exhibits presented to the Commission indicate that a substantial amount of land in the area proposed for annexation is engaged in active agricultural production. 138/ Since such land will experience a significant increase in its real property tax rate as a result of the proposed annexation, the Commission would encourage the City to consider the adoption of a land-use assessment program to reduce the impact of incorporation of this land into the City. Alternatively, since these active agricultural lands may not require the level of services generally needed in

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138/ Annexation Exhibits, Maps, Exh. M-1.

the area annexed, the City should consider the use of reduced tax rates on such properties for a period of time as authorized by Section 15.1-1047.1 of the Code of Virginia.

CONCLUDING COMMENT

The Commission has noted the provisions in the City--County agreement which state that the proposed annexation is not to be effected until the current consolidation initiative is terminated by action of the Virginia Supreme Court or resolved by vote of the electorate. Thus, the political consolidation of the City of Emporia and Greensville County remains an alternative to the annexation set forth in the agreement and reviewed in this report.

With respect to future relations and alternative governmental arrangements in the Emporia--Greensville County area, the Commission wishes to observe, in conclusion, that the experience of recent decades points to the growing interdependence of local governments and the need for their increased cooperation and collaboration. Recent years have witnessed an increasing complexity of public concerns and a growing number of issues which transcend local boundaries and which defy effective treatment by localities acting in isolation. Further, local governments have experienced a burgeoning of the cost of public services, while concurrently experiencing constraints on the growth of their revenues. Such phenomena should prompt local governments to reexamine their relationships

and structural arrangements in an endeavor to promote a more effective provision of public services and optimum utilization of fiscal resources. While the need for the reexamination of interlocal relations applies to all local jursidictions, it is particularly applicable to the City of Emporia and Greensville County which have a combined population of only 16,000 persons. While the Commission acknowledges that each local jurisdiction must seek to fashion governmental arrangements consistent with its peculiar needs and political values, we would encourage the City and the County to explore fully all opportunities for increased cooperation and collaborative action. This recommendation is founded upon our recognition of the interdependence of the two jurisdictions and the public service needs of the general area.

Respectfully submitted,

William S. Hubard, Chairman

Wendell D. Hensley, Vice-Chairman

Harold S. Atkinson

Edward A. Beck

Benjamin L. Susman, III

APPENDIX A

INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF EMPORIA AND COUNTY OF GREENSVILLE

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INTERGOVERNMENTAL AGREEMENT

THIS AGREEMENT made and entered into this 9th day of September, 1982, and executed in triplicate originals (each executed copy constituting an original) by and between the CITY OF EMPORIA, a Virginia municipal corporation, hereinafter referred to as "City", and the COUNTY OF GREENSVILLE, a county of the Commonwealth of Virginia, hereinafter referred to as "County";

WHEREAS, City has instituted proceedings for annexation of a certain portion of Greensville County pursuant to Title 15.1 of the Code of Virginia, and

WHEREAS, City and County have reached this Agreement defining the City's annexation rights in the future, and have settled and agreed upon a reasonably contiguous body of land presently located within the County of Greensville for annexation to the City, and

WHEREAS, as part of the settlement, the parties have reached agreements wherein the City of Emporia shall provide and make available under certain terms and conditions various public utility services, namely, water service and services for disposal of sewage as defined herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties agree with each other as follows:

I.

EXTENT OF BOUNDARY LINE ADJUSTMENTS; EFFECTIVE DATE OF AGREEMENT; MORATORIUM ON FUTURE ANNEXATION

A. County agrees to the annexation by the City of a certain area of land detailed on a map attached hereto and marked "Exhibit A", which is made a part hereof and incorporated herein by reference, and detailed by the description as set forth in "Exhibit B" and incorporated herein by reference and made a part hereof, on the terms and conditions provided for in this Agreement.

B. The effective date of said annexation or boundary adjustment shall be as follows:

In the event that a certain case involving petitions for the consolidation of County and City which is presently pending in the Virginia Supreme Court is decided by said Court and its decision has the effect of terminating the pending consolidation effort, the effective date of annexation shall be the January 1 first following such decision.

If the Virginia Supreme Court decision instead has the effect of permitting the pending consolidation efforts to proceed, then it is understood that there shall be a referendum vote on the question of whether County and City should be consolidated. If the result of the referendum vote, as well as all necessary action, if any, by the Virginia legislature, is to effect a consolidation of County and City, then there shall be no annexation.

If the result of the referendum vote is against consolidation after having been submitted to the people or if instead such vote is for consolidation but nevertheless the Virginia legislature refuses to take such action, if any, as is necessary to effect a consolidation, then the effective date of annexation shall be January 1 first following the date on which the consolidation effort is so concluded.

It is further agreed between County and City that such referendum vote must occur within a reasonable period of time after a Virginia Supreme Court decision permitting the consolidation effort to proceed.

C. County and City mutually agree that for a period of fifteen (15) years following the effective date of annexation and this negotiated agreement, the best interest of each would be served by prohibiting City initiated annexations. Accordingly, City shall not commence any annexation proceeding against County, regardless of whether the first step to effect such commencement is by notification to the Commission on Local Government, or any other first step mandated by legislation hereinafter enacted.

The parties also agree that for a period of fifteen (15) years following the effective date of this Agreement, City will neither encourage nor assist (expressly including a covenant not to provide financing) any effort by any third parties to institute an annexation proceeding by petition. If, nevertheless, such a proceeding is instituted by petition, City shall file an answer thereto stating that it intends to maintain a position of neutrality throughout the proceedings. City shall have no duty to assist County in opposing said proceeding. Notwithstanding the foregoing, County acknowledges that City may be obligated to provide information to petitioners under the Freedom of Information Act, Rules of the Supreme Court of Virginia governing discovery in court proceedings, or other law, rules or regulations. Nothing herein shall preclude the City from opposing any annexation.

II.

LOSS OF TAX REVENUE

County and City agree that computation of the "loss of tax revenue" for the area being acquired by the City from County shall not be an issue in this annexation or boundary adjustment proceeding; accordingly, City shall not be made to compensate County for such loss, if any.

III.

PAYMENT BY CITY OF JUST PROPORTION OF COUNTY DEBT

City and County agree that City shall assume eleven and three-tenths percent (11.3%) of the County's outstanding long-term debt, and that such debt consists exclusively of school debt. It is further agreed that the amount of school debt to be assumed shall be 11.3% of school debt existing upon the date of execution hereof (i.e. - City shall not assume any portion of school debt incurred after execution hereof). Debt assumption shall be paid by City as it comes due.

IV.

EFFECT OF THIS AGREEMENT UPON CITY/COUNTY SCHOOL CONTRACT

County and City recognize that under the terms of the "County/City School Contract", dated December 11, 1980, neither party may request a modification thereof unless both of the following two conditions are met: first, there is a boundary change by annexation; AND second, the effect thereof is to impair either party's ability to perform its obligations to share in the costs of operating the school system under the terms of said contract. Therefore, County and City hereby acknowledge and agree that in the event annexation becomes effective as hereinbefore set forth, then the ability of either party to perform its obligations under said contract shall not be impaired, and both parties further covenant to waive their respective rights to claim such impairment as a basis for seeking modification of said contract.

V.

COUNTY'S SUIT FOR INJUNCTION

The parties acknowledge there is presently pending in the Circuit Court of Greensville County, Virginia, a suit for injunction which was previously brought by the County against the City's annexation proceedings. By its execution of this Agreement City acknowledges receipt of an order of nonsuit, duly executed by County, which order shall be entered in the aforesaid suit for injunction, and both parties agree that such suit will no longer be necessary or advisable as a result of this agreement.

VI.

COURT APPROVAL OF THIS AGREEMENT WITH RESPECT TO ANNEXATION

County and City recognize that a negotiated settlement of annexation can be submitted to the Commission on Local Government for its approval and thereafter submitted to an annexation court for approval. However, County and City also recognize that it may be possible to seek Court approval of a negotiated settlement under Chapter 24, Article 2, Section 15.1-1031, et. seq., of the Code of Virginia, and that such procedure could be substantially less costly than proceeding before the Commission on Local Government and the annexation court. Because each party wishes to keep its costs to a minimum, County and City covenant to seek Court approval in the least costly method available, provided that such method is determined by the parties to be as effective as proceeding before said Commission and annexation court.

Either party shall have the option of electing that the procedure to be followed shall be a proceeding before the Commission on Local Government and Annexation Court in which case the costs shall be borne as follows:

A. City Engineer and County Engineer shall work jointly on preparation of one joint exhibit book, with the work load to be shared by them as equally as possible.

B. Each party bears its own cost of the procedure outlined in A. above.

C. Up to and including the presentation to the Commission on Local Government, each party bears its own legal expenses, such presentation to be a joint venture.

D. Each party shall bear its own legal expenses incurred in connection with the in-court presentation to the Annexation Court.

E. As to legal expenses incurred between the end of the presentation to the Commission on Local Government and the day the Annexation Court convenes (i.e., legal expenses incurred between C. and D. above), the parties shall jointly and equally share the total of legal costs incurred by each.

VII.

EFFECT OF CHANGES IMPOSED BY A THIRD PARTY UPON THE ANNEXATION OR BOUNDARY LINE SETTLEMENT

County and City recognize that if a Court approval of a proposed annexation agreement must be obtained pursuant to statutes governing annexation and the Commission on Local Government, then it is possible that the Commission on Local Government will recommend changes to the proposed settlement. County and City covenant that in such event, each of them will oppose such changes before the annexation court. In the event that the three-judge annexation court nevertheless orders any modification, then at the option of either County or City this Agreement may be declared null and void.

In the event either County or City exercises its option to declare the modified annexation agreement null and void, then City covenants to decline to accept the annexation, as it is empowered to do by Section 15.1-1044, Code of Virginia. In such event, County covenants to waive its right to claim reimbursement under that Section for the costs of annexation incurred by it to that point, to the extent that such costs were incurred in connection with the effort to negotiate an annexation settlement. As to the costs incurred by County which were not incurred on account of the annexation negotiations, County covenants that it shall not make claim for reimbursement thereof at that time, but instead shall reserve its right to claim reimbursement for such expenses, plus additional expenses thereafter incurred, in the event City subsequently declines to accept an annexation pursuant to a contested annexation suit.

County recognizes that if City rejects and declines to accept a proposed annexation for the reason that the annexation court imposes changes upon the agreement negotiated between County and City, such rejection would impose upon

the City a moratorium to further annexation provided for in Virginia Code Section 15.1-1055, unless the governing bodies provide otherwise by mutual agreement. It is the intent of the parties that should City reject the negotiated annexation agreement because either County or City have exercised the right to declare null and void this Agreement on account of changes imposed by court, the City should be left in the same position it occupied prior to the pending annexation.

Accordingly, County and City mutually agree that should City reject the annexation agreement because of such changes, City shall not be bound by the prohibitions set forth in said section.

City recognizes that this waiver by County of the above prohibitions in Section 15.1-1055 is limited to a rejection based upon the reason set forth above. Accordingly, said waiver shall not apply if City rejects an award of the negotiated annexation for some other reason, and said waiver does not extend beyond the next annexation proceeding following such rejection of the pending annexation.

VIII.

WATER SERVICES

City agrees to make available to County for its customers potable water under the terms and conditions in an agreement, said Agreement marked "Exhibit C" and which Exhibit is attached hereto as a part of this Agreement and incorporated herein by reference.

IX.

SERVICES FOR DISPOSAL OF SEWAGE

City agrees to provide County with certain services for disposal of sewage as set forth in a separate agreement marked "Exhibit D", which Agreement is attached hereto and made a part of this Agreement and incorporated herein by reference.

X.

PAYMENT BY COUNTY TO CITY FOR WATER AND SEWER LINES IN COUNTY

The parties hereto agree that County shall purchase from City, and City shall sell to County, all water and sewer lines remaining in the County on the effective date of annexation or boundary adjustment as the case may be. Such sale and transfer shall be effected without delay after said effective date. Said lines are shown on drawings and sketches provided to County by City engineer and attached hereto and marked "Exhibit E" and incorporated herein by reference. County shall pay to City for said lines a value which has been set by agreement, subject to adjustments. The parties acknowledge the value of said lines as of June 30, 1982, was agreed to be One Hundred Fifty-Two Thousand Four Hundred Twenty-Five Dollars ($152,425.00) but that such value must be adjusted to day of conveyance of said lines to reflect any additions or retirements of lines and appurtenances, depreciation and changes in replacement costs. For the purpose of determining the amount of adjustment, the following principles and factors are hereby accepted:

A. Value is defined as Replacement cost less Depreciation as of the date of the valuation.

B. Replacement Cost as of June 30, 1982 was $193,545.00

C. Accumulated Depreciation as of June 30, 1982 was $41,120.00

D. Value as of June 30, 1982 was $152,425.00 (Item b minus Item c).

E. Replacement Cost as of the date of conveyance shall be based upon the June 30, 1982 Replacement Cost, adjusted in accordance with the Engineering News-Record Construction Cost Index as published by McGraw-Hill, Inc. The Index as of June 30, 1982 was 3845. The Index as of the date of conveyance shall be as reported at that time. Date of conveyance shall be considered the effective date of annexation.

F. Rate of Depreciation to be applied to Replacement Cost shall be two percent (2%) per year from June 30, 1982 to the date of conveyance.

G. Replacement Cost of additions and retirements of lines and appurtenances shall be based upon prevailing costs as of the date of conveyance.

XI.

PARTS OF THIS AGREEMENT NOT TO BE SEPARATED OR SEVERED

The parties hereto agree that all parts of this Agreement are essential to the entire Agreement and that no single portion or portions of this Agreement shall be severed without agreement of both parties and that if any one portion of this Agreement cannot take effect or is nullified in any way prior to the effective date of the entire Agreement then either party shall have the right to declare null and void this entire Agreement.

IN WITNESS WHEREOF, the City of Emporia has caused this Agreement to be executed in its official capacity by its Mayor and attested by its Clerk on behalf of said City, and the County of Greensville has caused this Agreement to be executed in its official capacity by its Board of Supervisors through its Chairman and attested by its Secretary on behalf of said County.

CITY OF EMPORIA

By William H. Ligon
Mayor

ATTEST:

Nell M. Mitchell
Clerk

COUNTY OF GREENSVILLE

By C. Charles A. Sabo
Chairman, Board of Supervisors

ATTEST:

C. Dean BeLer
Clerk, Board of Supervisors

COMMONWEALTH OF VIRGINIA, City of Emporia, to wit:

The foregoing instrument was acknowledged before me this 9th day of September, 1982, by William H. Ligon, Mayor, and Nell M. Mitchell, Clerk of the City of Emporia, on behalf of said City.

My commission expires the 15 day of March, 1985.

Notary Public

COMMONWEALTH OF VIRGINIA, County of Greensville, to wit:

The foregoing instrument was acknowledged before me this 9th day of September, 1982, by Charles A. Sabo, Chairman, Board of Supervisors, and C. Dean BeLer, Clerk, Board of Supervisors, on behalf of the County of Greensville.

My commission expires the 4th day of November, 1984.

Barbara P. Hollaway
Notary Public

EXHIBIT A

Lines and Boundaries

(See Appendix C to
Commission on Local Government's
Report on the City of Emporia--County of Greensville
Annexation Agreement)

EXHIBIT "B"
GENERAL DESCRIPTION

BEGINNING at a point on the existing corporate limits of the City of Emporia, Virginia and on the northern boundary of property owned by Virginia L. Baker, said point being S 8° 20' E 347.4 feet from an iron stake which is at the most westerly point in said existing corporate limits shown as Station Number 5 on map of Emporia, Virginia and recorded in the Clerk's Office of the Circuit Court of Greensville County in Plat Book 4, at page 154, said iron stake being located S 60° 41' W 35.2 feet from the corner of the most southwesterly manufacturing building located on property of Virginia Dyeing Corporation; thence leaving the said beginning point on the present corporate limits and running along the northern boundary of property owned by Virginia L Baker N 80° 47' W 42.3 feet to an iron stake at the southeast corner of property owned by Eva Jones; thence continuing along the northern boundary of the Virginia Baker property and the southern line of the Eva Jones property N 81° W 315.5 feet to an iron bar at or near the southwest corner of the Eva Jones lot; thence continuing along the northern boundary line of the Virginia Baker property and the southern boundary line of the property of Virginia Dyeing Corporation N 79° 10' W 66.4 feet to a corner stake; thence proceeding N 05° 58' E 231.0 feet along the boundary line of the same two parties to a stake at a branch; thence down said branch as it meanders N 57° 47' E 80.1 feet to a point; thence N 02° 51 E 189.3 feet to a stake set on the high-water mark on the south bank of the Meherrin River; thence on a line in a northwesterly direction to a point on the high-water mark at the southwest junction with the Meherrin River of the first tributary branch entering the Meherrin River westerly from the City Water Treatment Plant; thence following the westerly high-water mark of said tributary of the Meherrin River in a northwesterly direction to its intersection with the southeastern corner of property owned by Ernest B. and Loraine J. Ferguson, it being the southwestern corner of Lot 10 of the Edgewood Estates Subdivision, the plat of which is recorded in Plat Book 7, page 65; thence westerly along the southern boundary line of the said Ferguson property to the southeastern corner of property owned by Paul F. and Charlotte H. Wray; thence westerly along the southern boundary of the said Wray property to the southwestern corner of said Wray property; thence on a straight line to the southeastern corner of Lot 7 of the Walnut Heights Subdivision, the plat of which is recorded in Plat Book 7, page 146; thence along the east boundary of said Lot 7 to its intersection State Route 664; thence easterly along the south edge of the right-of-way of State Route 664 to a point opposite the southeastern corner of property owned by Clayton H. and Felizitas Walker; thence northerly crossing State Route 664 to southeastern corner of the said Walker property; thence following the eastern boundary of said Walker property and the eastern boundary of the property of the Boise Cascade Corporation in a northerly direction to its intersection with the southern right-of-way of the Norfolk, Franklin and Danville Railroad; thence crossing the right-of-way of the Norfolk, Franklin and Danville Railway in a northerly direction to a point on the north side of said railroad

opposite the northeast corner of said Boise-Cascade Corporation property; thence westwardly along the northern edge of the said railroad right-of-way to the southwest corner of the property of Barbara W. Little, it being the southeastern corner of the property of Rosa G. Taylor; thence in a northeasterly direction along the western bundary of the said property of Barbara W. Little to its intersection with the southern boundary of U. S. Route 58; thence in an easterly direction along the south side of U. S. Route 58 to a small ditch near the intersection of State Route 686; thence proceeding northerly across U. S. Route 58 and up the said ditch as it meanders in a northerly direction to its confluence with the southern bank of Watkins Pond; thence following the high-water mark of Watkins Pond along its eastern boundary to its intersection with the southern line of Lot 10A of the Willie Allen Subdivision, the plat of which is recorded in Deed Book 76, page 121, and in Deed Book 87, page 644; thence westerly along said south line of Lot 10A to the southwestern corner of Lot 10A; thence following the western boundary of said Willie Allen Subdivision in a northerly direction to its intersection with the southern right-of-way of State Route 644; thence crossing the right-of-way of State Route 644 in a northerly direction on a line intersecting with the southwest corner of the Property of Nancy Ann Field; thence following the western boundary of said property in a northerly direction to its northern boundary; thence S 70° ± E 218 feet, more or less, along the northern boundary of the said property owned by Nancy Ann Field to the southwestern corner of property owned by Heirs of Peyton W. Cain shown on a plat recorded in aforesaid Clerk's Office in Deed Book 82, at page 636; thence N 18° E 298.0 feet along the western boundary of the said Payton W. Cain Estate property to the northwestern corner of said property; thence S 72° 55' E 641.2 feet along the northern boundary of said Peyton W. Cain property to the northwestern corner of Lot A-2-B owned by WISCO, Inc. and shown on a plat recorded in aforesaid Clerk's Office in Deed Book 83, at page 653; thence S 72° 55' E 118.3 feet along the northern boundary of said WISCO, Inc. property to its northeastern corner on the western edge of the right-of-way (50 feet wide) of public road, State Route 619; thence S 07° 30' E 167.3 feet along the western edge of said right-of-way of State Route 619 to a point in the centerline of the reserved street shown on said plat recorded in aforesaid Clerk's Office in Deed Book 83, at page 653; thence crossing said State Route 619 at right angles northeasterly 50 feet to the southwestern corner of property owned by Frank B. Lifsey in the entrance of a driveway on or near the southern boundary line of the said Lifsey property shown on a plat recorded in. the aforesaid Clerk's Office in Plat Book 1, at page 184; thence along the southern boundary line of the said Lifsey property S 67° E 2645 feet, more or less, to a point in the western boundary line of the right-of-way of public road Interstate Route 95; thence crossing said Interstate 95 S 67° E 240 feet, more or less, to a point on the eastern boundary line of said Interstate 95 right-of-way to a point; thence in a northeasterly direction about 2,000 feet along the eastern boundary of Interstate 95 to the intersection of the northern boundary of a parcel of land owned by the Virginia Department of Highways and Transportation; thence following the northern and eastern boundary of said property to its intersection with the northern boundary of

the property of Sadye T. Ezell and Hyman W. Taylor, Jr.; thence following the northern boundary of said property in an easterly direction to the southwestern corner of the Langston Terrace Subdivision shown on a plat recorded in Plat Book 6, page 26; thence easterly along the southern boundary of said subdivision which boundary is along the south side of an alley 15 feet wide to the northwestern corner of the J. P. Taylor Estate Subdivision shown on a plat recorded in Plat Book 6, page 136; thence southerly and easterly along the western and the southern boundary lines of said subdivision to its intersection of State Route 610; thence following the western right-of-way of State Route 610 in a southerly direction to its intersection with the northwest corner of the property of Winfred White; thence following the western boundary of the properties of Winfred White, Dorothy W. Turner, and Vivian Spence, Trustee in a southerly direction to the southwestern corner of the property of Vivian Spence, Trustee; thence in an easterly direction along the southern boundary of the Vivian Spence, Trustee property to its intersection with the western right-of-way of U.S. Route 301; thence crossing U. S. Route 301 in an easterly direction to a point in the eastern right-of-way of U. S. Route 301, said point being the southwest corner of the J. P. Harding Plat, Plat Book 2, Page 227; thence following the southern boundary of said plat to the southeastern corner of said Harding Subdivision at the western edge of the right-of-way line of the abandoned Atlantic Coast Line Railroad line; thence crossing said abandoned railway right-of-way to the eastern edge of the right-of-way of said abandoned railway line; thence northerly along the eastern edge of said abandoned railway right-of-way line to the eastern edge of the right-of-way of State Route 663 which is located on the said abandoned railway bed; thence continuing northerly along the eastern edge of State Route 663 to a point on the road right-of-way line located at the intersection of a line extending N 79^{O}W from the southwestern corner of Lot 3 of the Alexander Cooper Subdivision shown on a plat recorded in Deed Book 101, page 196; thence along said extended line S 79^{O} E to said southwestern corner of Lot 3; thence S 79^{O} E 300 feet along the southern boundary lines of the 3 lots in said subdivision to the southeastern corner of Lot 1 in said subdivision; thence along a southeasterly line parallel to and 225 feet south of southern boundary of State Route 663 to its intersection with the western edge of State Route 614; thence easterly crossing State Route 614 to the western edge of the right-of-way of the Seaboard Coast Line Railway; thence following said right-of-way in a northeasterly direction to its intersection with Three Creek; thence following the centerline of Three Creek as it meanders in an easterly direction to its intersection with the northeast corner of the property of the City of Emporia; thence following the eastern boundary of the property of the City of Emporia in a southerly direction to a point on said eastern boundary of the property of the City of Emporia which is the northeastern corner of the Jefferson Park Subidivision shown on a plat recorded in Plat Book 8, page 10; thence continuing southerly along the eastern line of the said Jefferson Park Subdivision to its intersection with the northern right-of-way of State Route 654; thence following the northern right-of-way of State Route 654 in a westerly direction to a point north of the northwestern corner of the property of Dozene Louise

Mason; thence crossing State Route 654 in a southerly direction to said point; thence following the western boundary of the property of Dozene Louise Mason to its southwest corner; thence on a line in a southwesterly direction crossing the properties of Mamie M. Bryant and Charles A. Sabo to a point identified as the northeast corner of the property of Veatrice W. Webb; thence following the eastern boundary of said property in a southerly direction to its intersection with the northern boundary of the property of Charles Sabo it being a 39 acre tract; thence on a line in a southwesterly direction crossing the said 39 acre tract owned by Charles Sabo to a point identified as the northwest corner of the property of Charles Sabo (a 5 acre tract on the north side of N.F. & D.R.R.); thence following the western boundary of said property in a southerly direction to its intersection with the northern right-of-way of the N.F.&D. Railroad; thence along the northern right-of-way of said railroad in an easterly direction to a point opposite from the northwestern corner of the property owned by the Hattie Ridley Estate and others; thence crossing said Railroad southerly to the said northwestern corner of the Hattie Ridley Estate; thence along the western boundary of the said Hattie Ridley Estate to its southwest corner on the northern line of property owned by William J. Owen; thence along the northern boundary of the said Owen property to the northeast corner of property owned by G. M. Norwood Estate; thence southerly along the eastern boundary of the said Norwood Estate property to its southeast corner at the northwest corner of property owned by Melvin Moody Bryant; thence southeasterly along the northern boundary of the said Bryant property to the northeast corner of said Bryant property at the northwest corner of property owned by Frances L. Harrell; thence continuing southeasterly along the northern and northeastern boundary line to the northwest corner of the property owned by Southside Land Improvement Company, a plat of which is recorded in Plat Book 7, page 134; thence following the Western Boundary of said subdivision in a southerly direction to its intersection with the northern right-of-way of U. S. Route 58; thence on a line with a bearing equal to the western boundary of the subdivision platted by the Southside Land Improvement Company in a southerly direction crossing U. S. Route 58 to a point 650 feet south of the southern right-of-way of U. S. Route 58; thence in a westerly direction 650 feet parallel to the southern right-of-way of U. S. Route 58 to its intersection with the centerline of Metcalf Branch; thence down the centerline of the run of Metcalf Branch 3100 feet, more or less, as it meanders to its confluence with the centerline of the run of the Meherrin River; thence northwesterly 800 feet, more or less, up the centerline of said Meherrin River to its confluence with the stream of water known as Falling Run; thence southerly 900 feet, more or less, up the centerline of Falling Run as it meanders to the northeastern corner of property owned by the City of Emporia upon which property the City Sewage lagoon is situated, a plat of said tract being on record in the aforesaid Clerk's Office in Plat Book 7, at page 30; thence continuing southerly along the centerline up said Falling Run as it meanders along the eastern and southern sides of said city lagoon tract a distance of 5517 feet, as shown on said plat to the southwestern corner of said City lagoon tract; thence continuing up the centerline of the said Falling Run as it meanders in a

westerly and southwesterly direction 4780 feet, more or less, to the centerline of the bridge-culvert over said Falling Run on public road, State Route 730, also known as the Lowground Road, the centerline of said bridge-culvert being the approximate location of the southeastern corner of the present corporate limits of the City of Emporia and shown as Station 9 on map of Emporia, Virginia, noted heretofore as being recorded in the aforesaid Clerk's Office in Plat Book 4, at page 154; thence continuing up the centerline of said Falling Run as it meanders in a southwesterly and westerly direction 1600 feet, more or less, to the centerline of the Seaboard Coast Line Railroad right-of-way; thence continuing up the centerline of said Failling Run westerly 870 feet, more or less, passing under public road, State Route 689, to the western edge of the right-of-way of U. S. Route 301; thence continuing up the centerline of Falling Run as it meanders northwesterly 650 feet, more or less, to the centerline of public road, State Route 627, also known as the Brink Road; thence continuing up the centerline of said Falling Run as it meanders northwesterly 1100 feet, more or less, passing under public road, State Route 688, to a point in intersection of the centerline of said Falling Run with the eastern line of the right-of-way of public road, Interstate 95; thence proceeding northerly 4460 feet, more or less, along the said eastern line of the right-of-way of Interstate 95 to a point at the intersection of said eastern line of the right-of-way of Interstate 95 and the present corporate limits, said point called Point A on a "Plat of New Proposed Town Boundary Lines of Town of Emporia, Virginia" dated September 29, 1956 recorded in aforesaid Clerk's Office in File 260, Common Law Order Book 13, at page 325; thence proceeding across said Route I-95 N. 0^{o} 35' E. 252.3 feet to a point: thence N. 8^{o} 20' W 357.0 feet to Point B on the western line of the right-of-way of said Interstate 95; thence proceeding along the present corporate limits of the City of Emporia N. 8^{o} 20' W. 1920.4 feet to the point of beginning.

The territory proposed to be annexed includes all of the area within the boundary described hereinabove, less and except the area within the present corporate limits of the City of Emporia, which are described by the following instruments of record in the Office of the Clerk of the Circuit court of Greensville County:

1. 1947 Annexation Order recorded in Common Law Order Book 11 at page 330 and map entitled Map of Emporia, Virginia Showing Present and Proposed Boundary Limits dated October 31, 1946, recorded in Plat Book 4 at page 154;
2. 1962 Annexation Order recorded in File Number 472, Common Law Order Book 15 at page 184;
3. 1957 Order of Contraction of the Corporate Limits recorded in File Number 260, Common Law Order Book 13 at page 325; and
4. 1961 Order of Contraction of the Corporate Limits recorded in File Number 427, Common Law Order Book 14 at page 444. The areas stricken off by Contractions of the Corporate Limits of the City of Emporia in 1957 and 1961 are included in the territory proposed to be annexed.

The area contained in the territory proposed to be annexed by the City of Emporia as determined by planimeter measurement is as follows:

A.	Total Area Within Present City Boundaries and Boundary of Area Proposed to be Annexed	4278 ± Acres
B.	Less Area Within Present City Boundaries	(1531) ± Acres
C.	Area Withnin Boundary of Territory Proposed to be Annexed	2747 ± Acres

The area defined herein is a general description of the proposed annexation area. A legal metes and bounds description will be prepared by a certified land surveyor agreed upon by the County and City at a date to be determined by the City Council of the City of Emporia and Board of Supervisors of Greensville County.

William H. Ligon
Mayor of the City of Emporia

Sept. 30 1982
Date

C. Vaughan Ivey Jr.
Chairman of Greensville County
Board of Supervisors

Sept 30, 1982
Date

EXHIBIT C

WATER SERVICE AGREEMENT

BETWEEN

THE CITY OF EMPORIA

AND

THE COUNTY OF GREENSVILLE

TABLE OF CONTENTS

THIS AGREEMENT made and entered into triplicate originals this 7th day of September, Nineteen Hundred Eighty Two, by and between the CITY OF EMPORIA (hereinafter referred to as "City") and the COUNTY OF GREENSVILLE (hereinafter referred to as the "County").

WITNESSETH:

THEREFORE, FOR AND IN CONSIDERATION of the premises and of the covenants and obligations herein contained, the parties hereto covenant and agree, one with the other, as follows:

I. DEFINITIONS

The parties hereto agree that the following words, terms and abbreviations are as follows:

A. WATER SYSTEMS: All publicly owned and controlled facilities for the supply, treatment and distribution of water.

B. MGD: The average flow in millions of gallons per day as calculated by dividing the total monthly flow by the number of days in that month.

C. INTERCONNECTION: Connection of the COUNTY WATER SYSTEM with the CITY WATER SYSTEM.

D. MASTER METER: Any meter at the INTERCONNECTION of CITY and COUNTY WATER SYSTEMS.

E. COUNTY: The COUNTY of Greensville, Virginia.

F. CITY: The CITY of Emporia, Virginia.

II. GENERAL PROVISIONS

A. COUNTY'S GUARANTEED CAPACITY:

CITY agrees to allow COUNTY to draw up to 0.75 MGD (i.e. a monthly average of 750,000 gallons per day) of potable water from its system. Such water supply may be drawn through approved INTERCONNECTIONS located as near as is practical to the CITY'S corporate limits. The quantity which may be drawn through any such INTERCONNECTIONS shall be limited to the quantity available at that location. However, COUNTY may, at its sole expense, make physical improvements within CITY, to increase capacity to a given INTERCONNECTION, so long as such improvements are compatible with CITY'S system.

COUNTY and CITY agree that the aforesaid guaranteed capacity is adequate to satisfy for the foreseeable future COUNTY'S needs of all residential, commercial, and light industrial users. However, it is recognized that COUNTY'S ability to satisfy such needs could be impaired by the demand of one or more heavy industrial user. Such heavy industrial user (hereafter "HIU") is defined as being a user whose anticipated demand for water meets or exceeds 0.25 MGD. Because it has always been the position of CITY that any HIU will afford benefits to both CITY and COUNTY, even if such HIU is located in COUNTY, CITY has never, and does not foresee ever, denying a request for water by an HIU (if CITY at the time of such request has unused and uncommitted capacity sufficient to meet the needs of such HIU). Accordingly, COUNTY and CITY hereby covenant as follows:

1. The water needs of an HIU shall be met by COUNTY and CITY jointly in the manner set forth below, and subject to the restriction set forth below.

2. COUNTY and CITY shall provide water to such HIU in the proportions resulting from the following formula: The unused and uncommitted portion of COUNTY'S 0.75 MGD water supply shall be added to the unused and uncommitted portion of CITY'S treated water capacity of 3.2 MGD. The total shall become the denominator of a fraction to be computed for both CITY'S and COUNTY'S share. The numerator of COUNTY'S share shall be the unused and uncommitted portion of its 0.75 MGD water supply; the numerator of CITY'S share shall be the unused and uncommitted portion of its 3.2 MGD water capacity.

Example: A request for water is made by an HIU which proposes to locate in COUNTY and projects needs of 0.50 MGD. At that time COUNTY is using 0.15 MGD of its water supply, and has committed 0.10 MGD to a light industrial user. At that time CITY is using 1.1 MGD of its water capacity, has guaranteed 0.75 MGD thereof to COUNTY, and has committed 0.15 MGD thereof to a light industrial user. Therefore, COUNTY has an unrestricted 0.50 MGD, CITY has an unrestricted 1.2 MGD. The sum, or 1.7 MGD (0.50 + 1.2) is the denominator. The share of COUNTY and CITY is as follows:

COUNTY: $\frac{0.50}{1.70}$ = 29.4%; 29.4% of 0.50 MGD is 0.15 MGD

CITY: $\frac{1.20}{1.70}$ = 70.6%; 70.6% of 0.50 MGD is 0.35 MGD

3. If at the time of any request by an HIU the sum of CITY'S commitments of its rated water capacity and the amount proposed to be furnished to the requesting HIU meet or exceed 2.6 MGD, then CITY shall have no duty whatsoever to provide any portion of the needs of such HIU (Example: At the time of such request, CITY is using 1.3 MGD; has guaranteed COUNTY 0.75 MGD; has committed to several other industrial users a total of 0.55 MGD. CITY has no duty to provide any water to satisfy the new request of an HIU).

In such event, provision of water to the proposed HIU shall be by voluntary agreement of both CITY and COUNTY.

8. FACILITIES NEEDED FOR COUNTY SERVICE:

1. COUNTY shall provide and maintain, at no expense to CITY, all water facilities necessary to transport the water from each INTERCONNECTION and to distribute and meter the same to its customers. Except as otherwise provided herein, all water users in the COUNTY shall be customers of the COUNTY.

The CITY shall not extend its facilities into the COUNTY for the purpose of providing water service to consumers located in the COUNTY except that the CITY may enter into separate contracts or agreements with persons, firms, or corporations, private or governmental, for the purpose of providing water service, if the COUNTY agrees to permit such service and so signifies in writing to CITY. Nothing in this Agreement shall serve to prohibit the CITY from constructing, owning and maintaining facilities in the COUNTY to supply water to consumers located in the CITY, or to the COUNTY.

2. CITY shall have no duty to provide flow capacity and pressure at a given INTERCONNECTION in excess of that existing. If COUNTY desires to serve an area which necessitates constructing a new INTERCONNECTION, or an area which necessitates increasing flow capacity and pressure at an existing INTERCONNECTION, then COUNTY shall have the right to make all improvements within CITY to meet such needs. All such COUNTY improvements shall be designed and built so as to insure that CITY'S need for WATER SYSTEM pressures, flows and other general characteristics as existed prior to such improvements, unless otherwise agreed to by CITY, are met. In such case, COUNTY shall bear all costs necessitated by such improvements. COUNTY shall determine what plans and specifications, if any, are necessary for construction in COUNTY, and what "as-built" plans and specifications, if any, are necessary. However, COUNTY must provide to CITY a copy of all such plans and specifications which it acquires. Ownership of such improvements shall be as provided in paragraph "B.3" immediately following.

3. In the event COUNTY desires water at a point at or near CITY limits where no facilities exist to provide such water, then COUNTY shall be permitted to construct within CITY facilities necessary to so provide. The location, design, and construction of said facilities must be approved by CITY, but such approval may not be unreasonably withheld. All such COUNTY improvements shall be designed and built so as to insure that CITY'S need for WATER SYSTEM pressures, flows and other general characteristics as existed prior to such improvements, unless otherwise agreed to by CITY, are met.

If the new facilities shall serve COUNTY needs only, COUNTY shall bear all costs of construction thereof. If instead CITY has needs which it wishes be served by such new facilities, then the cost thereof shall be borne between the parties in appropriate proportions.

If at the time such facilities are constructed CITY chooses not to participate in costs of such construction, then as stated above, COUNTY shall bear all costs of construction thereof. In such event, COUNTY shall have benefit of the flow and pressure created at the INTERCONNECTION for such facilities. CITY may thereafter connect onto such facilities for so long as COUNTY'S current needs in the area served by the INTERCONNECTION are met. Should CITY'S connections cause flow and pressure to be inadequate for COUNTY'S needs, and if such needs do not exceed the original flow and pressure at the INTERCONNECTION, then CITY shall take all steps necessary to provide flow and pressure to meet COUNTY needs and CITY shall bear the cost thereof.

All facilities so constructed within CITY limits shall become property of CITY, unless the funding agent of COUNTY mandates that COUNTY own such lines. In the event of such mandate, COUNTY covenants that CITY shall be responsible for maintenance and operation thereof and shall have all rights and privileges associated therewith, including the right to use such lines in any manner not inconsistent with the foregoing terms. The CITY shall include the costs of operation and maintenance thereof in its operating budget.

It is the intent of both CITY and COUNTY that the standard of "appropriate share of costs" be based upon the respective need of each party for the facilities to be constructed.

C. COUNTY'S RIGHT TO CONSTRUCT SEPARATE SYSTEM:

Nothing in this Agreement shall be construed to prohibit COUNTY from establishing water production, treatment and storage facilities within the COUNTY, and from thereafter connecting to such facilities all or a portion of the COUNTY distribution system theretofore connected to CITY'S system.

However, COUNTY recognizes that any disconnection by it, in whole or in part, from CITY'S system, could impose upon CITY a financial hardship. If the COUNTY elects to reduce its demand for water due to use of an alternate water source, then COUNTY must notify CITY in writing at least three years prior to such reduction becoming effective, unless emergency conditions necessitate waiver of the three year notification period. Accordingly, COUNTY shall continue to pay CITY the portion, if any, of obligations, including debt and other fixed costs, for its WATER SYSTEM attributable to improvements or additions made to satisfy needs of COUNTY. In the event COUNTY and CITY cannot agree upon appropriate payment, if any, due from COUNTY to CITY, then the dispute shall be resolved under the arbitration clause of this Agreement.

D. SALE OF COUNTY WATER TO CITY:

In the event that water is furnished by the COUNTY to the CITY, such water shall be furnished on the same basis as provided herein for water furnished to the COUNTY by the CITY.

E. IMPROVEMENTS BY CITY TO ITS SYSTEM:

Nothing in this Agreement shall prevent the CITY from constructing improvements to its WATER SYSTEM, the cost of which shall be borne as hereinafter provided.

F. STANDARDS OF CONSTRUCTION AND OPERATION:

The parties agree that they will make every reasonable effort to make all additions and extensions to their WATER SYSTEMS meet or exceed the standards and regulations of the Commonwealth of Virginia and American Water Works Association, and further agree that they will make every reasonable effort to comply with, and cause compliance with, any and all applicable statutory provisions or lawful orders, limitations and directives of State and/or Federal agencies having jurisdictions in the matter of treating and distributing potable water. It is further agreed that the parties shall endeavor to make improvements to, and provide operation and maintenance of, the WATER SYSTEMS in a manner to achieve the lowest cost reasonably possible.

G. RIGHT OF INSPECTION:

Each party, acting through its authorized officers, employees and representatives, together with similar representatives of the other party, shall be accorded the privilege at all reasonable times of making engineering evaluations and inspections of any public water mains connected, directly or indirectly, to any facilities, and of determining the quality or quantity of water carried therein, and of inspecting and testing metering and other facilities installed in connection with said water mains. The parties agree to cooperate in any reasonable evaluations and inspections of public or private properties or premises connected to any public water mains for the purpose of assuring that no improper connections are made to said lines.

H. COMPLIANCE WITH GRANT REGULATIONS:

Each party agrees to cooperate with the other in complying with State and Federal regulations and requirements applicable to water grant programs.

I. EMERGENCY CONDITIONS:

CITY covenants that if conditions occur which prevent or limit the CITY'S ability to provide full water service to all of its customers, then CITY will impose water restrictions upon all of its retail and wholesale customers. In such event the COUNTY, upon request by the CITY, will enact and enforce similar restrictions in order that all of the customers of the COUNTY will be similarly affected.

J. NOTICE OF PROPOSED CAPITAL OUTLAYS:

The CITY shall provide to COUNTY notice of proposed capital outlay items costing more than 15% of the operating and maintenance budget. Such

program for capital outlays are to be provided to COUNTY by April 25 of each year. The first year said proposed capital outlays are to be made should commence on the July 1st following the April 25th submission. However, nothing herein shall prevent CITY from making any capital outlays, even though such may not be submitted to COUNTY as set forth in this paragraph.

K. ARBITRATION:

In the event of dispute between COUNTY and CITY, either party may notify the other, in writing, of its desire to have the dispute resolved by arbitration, and its willingness to be absolutely bound by the decision reached through the arbitration process. If the party so notified is not willing to resolve the dispute by arbitration, it must provide to the other party written notification of such unwillingness within thirty (30) days of receipt by it of the request for arbitration. It is the intent of both COUNTY and CITY that either party have an unrestricted right of refusal to submit any dispute to determination by arbitration. In the event either party rejects the arbitration process, then the parties shall be left to their remedies at law.

If the party receiving a written request for arbitration fails to provide written notification, within the 30 day period proscribed above, to the requesting party of a refusal to arbitrate, then the issue shall be determined by arbitration. From the date of determination that arbitration shall be employed (whether by agreement between the parties or by failure of either to provide timely written notification of its refusal to arbitrate), then the following procedure shall be followed:

1. Each party shall have fifteen (15) days to provide written notification to the other of the name of the arbiter appointed by it.

2. Any arbiter appointed under the terms hereof shall be a professional engineer registered in the Commonwealth of Virginia (except for the provisions of paragraph "8" hereof, re: appointment of member of the American Arbitration Association).

3. In the event each party duly and timely appoints its arbiter, the two so appointed shall, within ten (10) days, appoint the third arbiter.

4. In the event either party fails to appoint its arbiter and provide written notification thereof to the other within the 15 day period proscribed above, then the one duly appointed arbiter shall forthwith appoint a second, and the two of them shall forthwith appoint a third.

5. Each party shall bear the expense of the arbiter duly appointed by it, and both parties shall equally bear the expense of the other arbiter(s) (whether that be one or two).

6. The three duly appointed arbiters shall forthwith proceed to make due inquiry into matters relevant to the dispute, shall be entitled to (but not bound to) make inquiry of either or both parties or their agents, and shall render their decision in writing. A copy of such written decision shall be provided to both COUNTY and CITY.

7. Each party shall be bound by the arbiter's decision, and there shall be no application to Court for modification thereof unless the ground for such application is for fraud on the part of an arbiter (or two or more of the arbiters).

8. It is recognized by each party that certain disputes may involve such unusual or extraordinary circumstances, or involve sums of such magnitude, that there should be an exception to the mandates of paragraph "2" hereof. In such event either party may demand that the third arbiter be a member of, or designated by, the American Arbitration Association. Although there shall be no limitation upon either party's right to make such demand, each recognizes that such demand will involve substantial additional expense and each hopes that the other will be prudent in exercising such right.

Either party may exercise such right of demand by providing written notification thereof to the other at any time prior to appointment of all three arbiters as hereinabove provided for. It is intended that even if a party fails to appoint its arbiter within the proscribed thirty (30) day period, it may nevertheless exercise its right under this paragraph (8) up to the time of appointment of the third arbiter. Upon appointment of the third arbiter in the manner set forth in paragraphs "3" and "4" hereof, each party's right of appointment under this paragraph (8) shall lapse and thereafter be null and void.

It is further covenanted that in the event of exercise by either party of its right hereby created, the rules and regulations of the American Arbitration Association shall govern the arbitration process.

L. RIGHTS OF CONTRACT ASSIGNMENT:

This Agreement shall inure to the benefit of, and be binding upon, all successors in interest of each of the parties hereto, and each party shall have the right to assign its interests and obligations under this Agreement to

any local public authority or governmental agency which it may create in accordance with applicable State law. Such authority or agency shall be made a party to this Agreement by appropriate endorsement.

III. INTERCONNECTIONS AND MEASUREMENT OF FLOW

A. Except as otherwise provided in this Agreement, the COUNTY shall provide, own and maintain, at no expense to the CITY, facilities and equipment for connecting, sampling, controlling and metering water at each INTERCONNECTION. The location, design, and construction of such metering facilities shall be in accordance with sound engineering practices, be of adequate capacity, and meet the applicable requirements of the American Water Works Association and as mutually agreeable to the CITY and COUNTY. All INTERCONNECTIONS shall be designed to provide adequate prevention against backflow, and be acceptable to the CITY unless the requirement therefor is waived by the CITY.

B. At the discretion of the CITY the requirement for metering flow at an INTERCONNECTION may be waived or delayed. When master metering is not utilized, the quantity of water delivered by the CITY to the COUNTY through such INTERCONNECTION shall be equal to the the amount of water used by all consumers served by the INTERCONNECTION, as determined by individual water service meters at such connections and/or in such other manner as may be agreed upon by the parties hereto. All individual customer water connections in the CITY and COUNTY shall be metered.

C. On or about the first day of each month, the COUNTY shall read all meters used to determine the quantity of water delivered through each INTERCONNECTION and shall deliver to the CITY a tabulation indicating the meter readings and quantity through each such meter. Should weather or other circumstances reasonably preclude the regular reading of any meter, or should there be evidence of malfunctioning of any meter, the flow through such meter for the period in question shall be estimated on the basis of average daily flow for the immediately preceding three (3) consecutive months for which actual flows were recorded.

D. The parties hereto agree to maintain their respective metering equipment, including all other equipment associated with each INTERCONNECTION, so as to insure accurate control and measurement of flow. Each party shall have the right to inspect, read, and test the equipment of the other, and each shall cooperate fully in this regard. Each party shall promptly repair or adjust any metering equipment not conforming to the standards of accuracy for which it was designed. Water meters shall conform to the standards of accuracy set forth by the American Water Works Association.

E. In the event that any COUNTY-owned lines are used by the CITY, measurement of flow in such lines shall be made on the same basis as provided hereinbefore for the measurement of flows delivered to the COUNTY lines by the CITY.

IV. CHARGES FOR WATER

A. COUNTY shall pay to CITY for water received by COUNTY from CITY such sums as determined in the method set forth below. Such payments shall not constitute or create ownership or title by the COUNTY in the CITY'S WATER SYSTEM.

Payment by the COUNTY shall consist of a "Demand Charge" and a "Commodity Charge."

1. The "Demand Charge" shall be based upon the quantity of water guaranteed to the COUNTY as set forth in Article II.A. of this Agreement and the CITY'S water treatment capacity. As of the effective date of this Agreement, the quantity guaranteed to the COUNTY is 0.75 MGD and the ratio of such quantity to the agreed upon treatment plant capacity is to be 21 percent. The "Demand Charge" to be paid by the COUNTY each year shall be such ratio times the total CITY expenditures for WATER SYSTEM Debt Service and Capital Outlay for the same year, expressed by the following formula:

Demand Charge = 0.21 x (Debt Service + Capital Outlay)

The parties recognize that both the COUNTY'S guaranteed capacity and the CITY'S treatment capacity in the above "ratio" are subject to change in the future. A change in the COUNTY'S guaranteed capacity shall be made only by mutual agreement of the parties. The CITY'S treatment capacity shall be based upon 90% of the treatment capacity set forth in any future permits issued by regulatory agencies having jurisdiction over the CITY'S WATER SYSTEM; however, the total capacity used in the above ratio shall not be decreased without the COUNTY'S approval. At such time as either the COUNTY'S guaranteed capacity or the CITY'S treatment capacity are changed, the ratio shall be revised accordingly, and such new ratio shall then be used to calculate the "Demand Charge".

2. In addition to the "Demand Charge", the COUNTY shall pay a "Commodity Charge" determined by multiplying the total quantity of water received from the CITY by a rate calculated by the following formula: (See Exhibit 1 for example computation.)

$$\text{Rate per 1000 gallons} = \frac{\text{Operation \& Maintenance Cost Of The CITY WATER SYSTEM}}{\text{Total Water sold (expressed in one thousand gallon increments)}}$$

8. The phrase "TOTAL WATER SOLD" (as appears in the denominator of the fraction shown above) is intended to include all water delivered and sold by CITY to its customers, expressly including water sold to COUNTY.

It is intended that costs recovered by CITY from COUNTY in COUNTY'S charges shall not include repayments of advances and loans from other CITY Funds or allowances for depreciation, reserves for replacements, taxes (or payments in lieu of taxes) imposed by CITY or cost of CITY billing and collection from CITY water customers. It is further agreed that the costs included in the above formulas shall be "net cost" arrived at by deducting the amounts of all State and Federal grant funds and expenditure refunds for items included in the formulas received for the CITY'S WATER SYSTEM.

The cost items included in the foregoing formula shall have the following meanings:

1. DEBT SERVICE: Annual cost to the CITY for debt retirement and interest on existing and future debt for the WATER SYSTEM. The COUNTY shall be credited with interest revenue received from investments of unexpended bond funds by subtracting such interest revenue from the cost items contained in the formula. The CITY presently has an outstanding Farmers Home Administration loan for both water and sewer systems. Until retired, the annual debt service of $28,356.00 shall be prorated 75 percent (or $21,267.00) to the WATER SYSTEM.

WATER SYSTEM debt shall include loans from other CITY funds used to finance capital outlay for WATER SYSTEM.

2. CAPITAL OUTLAY: Expenditures in any fiscal year for capital outlay from funds other than those reflected in "Debt Service" above. The expenditures for "capital outlays" shall be reduced by the amount of any State and Federal Grant funds and expenditure refunds received for the CITY'S WATER SYSTEM.

In addition to the cost of construction and purchase of materials and equipment, "capital outlay" shall also include, but not be limited to, the cost of items such as studies, reports and investigations directly related to the CITY WATER SYSTEM. Contractual services and professional fees of a general or continuing nature shall not be considered items of "capital outlay". The COUNTY shall be credited with refunds received by the CITY under a water extension reimbursement agreement with a developer or individual for the construction of new water lines by subtracting the amount of such refunds from the cost items contained in the formulas.

The parties recognize that some "capital outlays" may be of such magnitude, that they would significantly increase the water rate to the COUNTY for the year in which the expenditure is made. Therefore, if the cost of any "capital outlay" exceeds fifty percent (50%) of the cost of Operation and Maintenance for the same year, the parties agree as follows:

a. The CITY shall notify the COUNTY of the estimated cost and anticipated timing for such "capital outlay" as early as possible; however, failure to give such notification shall not preclude the CITY from making the "capital outlay".

b. At the COUNTY'S option, the total cost of the "capital outlay" may be included in the "Demand Charge" for the year in which the expenditure is made or may be included as "debt service" over a period of more than one year. If the cost is reflected as "debt service", the amount of such "debt service" shall be computed by amortizing the total "capital outlay" cost at an interest rate determined in the method set forth in paragraph "c" below. COUNTY may select any amortization period which does not exceed 10 years, unless the CITY consents to an amortization period over a longer period.

c. The interest rate used shall be the weighted average discount rate charged member banks in the Fifth Federal Reserve District at the time COUNTY elects the "capital outlay" to become "debt service".

d. COUNTY shall have the right of prepaying the oustanding principal balance, plus accrued interest, of such "debt service" at any time.

3. OPERATION AND MAINTENANCE: Operation and maintenance shall consist of the following costs:

a. "Treatment costs" as appears in the CITY'S water treatment account.

b. "Distribution cost" as appears in the CITY'S water distribution account, but excluding the cost of meter reading and the fringe benefits associated with meter reading.

c. By agreement there shall be added fifteen percent of the sum of "a" and "b" above, which is hereby deemed to be a fair figure to cover CITY'S expenditures for administrative and general costs associated with the WATER SYSTEM.

It is the intent of both COUNTY and CITY that charges to COUNTY reflect only those items identified in paragraphs "1", "2", "3a", "3b" and "3c" above.

Recognizing that in the future CITY'S accounting system may be modified, the parties agree that the budget to be consulted for clarification of any or all of the words or phrases used in said paragraphs shall be the CITY'S "Utility Department Budget, Divisions of Administration and Engineering, Water Distribution, and Water Treatment" for fiscal year 1981-1982.

C. Prior to the beginning of each fiscal year the CITY shall prepare an estimate of the COUNTY'S charges based upon its adopted budget estimates and estimates of total annual flow for the coming year. It may adjust the estimate quarterly to reflect actual experience. The total amount paid by the COUNTY shall be adjusted at the end of each fiscal year to reflect actual audited costs and actual water sold.

D. All costs of service shall be subject to independent audit by the COUNTY. The CITY shall keep accurate records of all meter readings, flow charts, and cost components used in developing the applicable charges, all of which shall be available for inspection by the COUNTY or its authorized agents during normal business hours.

E. The CITY will render the COUNTY each month a bill for the proper amount owed by the COUNTY to the CITY for the CITY'S rendering of water services, which bill the COUNTY shall pay within thirty (30) days from the receipt thereof. One twelfth of the annual "Demand Charge" shall be included in each monthly bill.

F. In the event COUNTY fails to pay to CITY, in full when due any amounts accruing hereunder, then the unpaid portion of such payment shall bear interest at the rate of eighteen percent (18%) per annum for the period of delinquency. For the purposes of computing interest, a 360-day year shall be employed, meaning that the unpaid portion of any amount delinquent from COUNTY to CITY shall bear interest at the rate of .05 percent (.0005) for each day of such delinquency. In addition, if such delinquency continues for a period in excess of thirty days, then on the thirty-first day of such delinquency there shall also be imposed a penalty of five percent (5%) of the amount unpaid, which shall be imposed in addition to the daily interest, which shall continue to accrue. Such a five percent penalty shall be imposed thereafter for each

additional thirty days of delinquency (e.g., a five percent penalty shall be imposed on the unpaid balance on the thirty-first day of delinquency; sixty-first day of delinquency; ninety-first day of delinquency; one hundred twenty-first day of delinquency, etc.)

G. Should the CITY utilize any water facility owned, operated, and maintained by the COUNTY for the transmission of water to areas of the CITY, or for rendering water service to any party other than the COUNTY, the provisions of this section relating to water transmission and treatment costs shall apply in determining charges due the COUNTY from the CITY.

H. Neither party shall levy any tax or fee upon the other as a result of the other's ownership or operation of a WATER SYSTEM or as a result of its being a party to this Agreement.

I. The CITY budget and audit shall be prepared to clearly identify all expenses and incomes related to the WATER SYSTEM operations. It is the intent that all cost items are auditable and can be determined from the budget or audit without the expense of a special audit.

V. DURATION

COUNTY and CITY each recognize that the terms and conditions of this Agreement should not continue in force indefinitely, since future events now unforeseen by the parties could render inappropriate significant aspects hereof. COUNTY acknowledges that such unforeseen future events could impose hardship upon CITY if the terms and conditions hereof could not be modified to address such events. CITY acknowledges that an absolute termination date could impose substantial hardship upon water customers of COUNTY.

Having considered the concerns of each party, COUNTY and CITY agree that the terms and conditions hereof should be renegotiated at stated intervals, and that if COUNTY will not agree to reasonable changes in terms and conditions as proposed by CITY, CITY should have the right to terminate this Agreement.

Accordingly, COUNTY and CITY hereby covenant as follows.

A. Initial Term:

This Agreement shall continue in full force and effect for an initial term of forty years (40), unless COUNTY issues bonds within the first twenty years (20) hereof, in which case this Agreement shall continue in full force and effect for a term of fifty years (50) from the original date this Agreement becomes effective.

B. Termination:

1. CITY may terminate this Agreement on any date which occurs after the "Initial Term" described above, but such termination date is subject to each of the following conditions being met:

a. CITY must give to COUNTY at least ten years (10) written notice of its proposed termination date.

b. CITY must propose to COUNTY terms of a new Agreement which is to commence upon the termination date hereof.

c. COUNTY must accept CITY'S terms if same are reasonable in light of conditions existing at the time of said notice.

d. COUNTY and CITY shall negotiate any terms which COUNTY believes to be unreasonable, but CITY is under no duty to change said terms.

e. If the Parties are unable to resolve all disputes, then COUNTY may seek resolution by arbitration or in court or as provided elsewhere in this contract. In such event, COUNTY shall have the burden of proof that CITY'S terms are unreasonable and should COUNTY fail to carry such burden this Agreement shall be terminated on date so notified by CITY.

WITNESS the following signatures and seals:

CITY OF EMPORIA

By William H. Ligon
Mayor

ATTEST:

Nell M. Mitchell
Clerk

COUNTY OF GREENSVILLE

By Charles A. Sabo
Chairman, Board of Supervisors

ATTEST:

C. Dean BeLer
Clerk, Board of Supervisors

COMMONWEALTH OF VIRGINIA, CITY OF EMPORIA, to wit:

The foregoing instrument was acknowledged before me this 9th day of September, 1982, by William H. Ligon, Mayor, and Nell M. Mitchell, Clerk of the City of Emporia, on behalf of said City.

My commission expires the 15 day of March, 1985.

Notary Public

COMMONWEALTH OF VIRGINIA, County of Greensville, to wit:

The foregoing instrument was acknowledged before me this 9th day of September, 1982, by Charles A. Sabo, Chairman, Board of Supervisors, and C. Dean BeLer, Clerk, Board of Supervisors, on behalf of the County of Greensville.

My commission expires the 4th day of November, 1982.

Barbara P. Holloway
Notary Public

EXHIBIT 1

WATER SERVICE BASE RATE COMPUTATION

(1) Example based upon City's actual 1981/1982 Budget

City Budget - Fiscal Year 1981/1982

CAPITAL AND DEBT:		
FmHA Debt Service, $28,356 x .75		$ 21,267
Capital Improvements		-0-
		$ 21,267
OPERATION AND MAINTENANCE:		
Treatment Cost		99,115
Water Distribution:		
Total Budget	$89,901	
Less: Meter Reader	(9,277)	
Less: Meter Reader Fringes 6946/33,780 = 0.206 x 9277	(1,908)	
		78,716
Administrative and General Cost ($99,115 + 78,716) x .15		26,675
		$204,506

Estimate of Water Demand 81/82 = 200,000,000 gallons

DEMAND CHARGE - 0.21 x ($21,267 + 0) = $4,466/year

COMMODITY CHARGE - $\frac{\$204,506}{200,000}$ = $1.02 per 1,000 gallons

County Monthly Consumption = 100,000 Gallons

County Payment to City:

DEMAND CHARGE - $4,466/12	=	$372/month
COMMODITY CHARGE - 100 x $1.02	=	102
TOTAL MONTHLY CHARGE		$474/month

(2) Example based upon hypothetical figures for City's 1981/1982 Audited Cost.

City's Year End Audited Cost - 1981/1982

CAPITAL AND DEBT:	
FmHA Debt Service	$ 21,267
Capital Improvements	12,000
Less: Expenditure Refunds	(5,000)
	$ 28,267
OPERATION AND MAINTENANCE:	
Treatment Cost	110,000
Distribution Cost	90,000
Administrative and General Cost, (110,000 + 90,000) x .15	30,000
	$230,000

Total Water Sold 81/82 = 205,000,000 gallons

Actual Audited DEMAND CHARGE - 0.21 x (28,267) = $5936/year

Actual Auditd COMMODITY RATE - $\frac{\$230,000}{205,000}$ = $1.12 per 1000 gallons

Total Annual County Consumption
= 12 months x 100,000 gallons = 1,200,000 galllons

Total Annual Demand Cost	$ 5,936
Total Annual Commodity Cost - 1,200 x $1.12/1,000 gallons =	1,344
	$ 7,280

Total Paid to City by County - $474/month x 12	=	$ 5,688*
Adjustment Due City	=	$ 1,592

*Based upon consistent County consumption of 100,000 gallons per month

EXHIBIT D

SEWERAGE AGREEMENT

BETWEEN

THE CITY OF EMPORIA

AND

THE COUNTY OF GREENSVILLE

TABLE OF CONTENTS

THIS AGREEMENT, made and entered into triplicate originals this the 9th day of September, Nineteen Hundred Eighty Two, by and between the CITY OF EMPORIA, (hereinafter referred to as "City") and the COUNTY OF GREENSVILLE (and hereinafter referred to as "County").

I. STATEMENT OF INTENT

Both COUNTY and CITY acknowledge that the current capacity of CITY'S sewage treatment PLANT is needed for the CITY'S current and projected needs. Accordingly, CITY intends that from the effective date hereof COUNTY shall have separate rights of participation in CITY'S sewage treatment PLANT and COLLECTOR facilities: one, a very limited right of participation in CITY'S current treatment capacity; and the right to use treatment capacity created by expansion or improvement of CITY'S PLANT (so long as COUNTY shares, in whole or in part, in the expense of such expansion or improvement). Attendant to such use of treatment capacity by COUNTY will be the use of facilities for the collection and transportation of waste.

The parties recognize that the separate rights of use by COUNTY present entirely separate issues. It is therefore intended that this Agreement address such issues separately: first, by setting forth the terms and conditions of COUNTY'S right of limited current use and; by setting forth the terms and conditions of COUNTY'S right of use of capacity hereafter created.

II. DEFINITIONS

The parties hereto agree that the following words, terms, and abbreviations are defined as follows:

A. City: The CITY of Emporia, Virginia.

B. County: The COUNTY of Greensville, Virginia.

C. Normal Wastewater, Wastes or Sewage: Sanitary sewage and waterborne wastes which contain less than 300 ppm of BOD or 300 ppm of suspended solids and which do not have other characteristics in concentrations which exceed those normally found in sanitary sewage.

D. Strong Wastewater: Any wastewater containing more than 300 ppm of BOD or more than 300 ppm of suspended solids, or having other characteristics in concentrations which exceed those found in NORMAL WASTEWATER.

E. Sewerage Systems: All facilities used for collecting, pumping, treating, and disposing of wastewater. The term "wastewater" does not include storm water, surface water or ground water.

F. BOD or BOD Content: The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five days at 20°C., expressed in parts per million by weight.

G. ppm: Parts per million.

H. MGD: The average flow in million gallons per day as calculated by dividing the total monthly flow by the number of days in that month.

I. pH: The logarithm of the reciprocal of the weight of hydrogen ions in grams per liter of solution. A stabilized pH will be considered as one which does not change beyond the specific limits when the waste is subject to aeration.

J. Suspended Solids: Solids that either float on the surface, or in suspension in water, wastewater, or other liquids, and which may be removed by laboratory filtration.

K. Residential Equivalents or Single Family Residential Equivalents: A basis of wastewater discharge to which all other classes of users are to be compared. A residential eqivalent is considered to have an average wastewater discharge of 300 gallons per day.

L. Substantial Completion: The time at which constructed improvements or modifications to SEWERAGE SYSTEMS are operational and capable of being used for the purposes intended.

M. Plant: CITY'S sewage treatment PLANT.

N. Collectors: All sewerage facilities other than CITY'S sewage treatment PLANT (e.g. - all facilities needed for utilization of treatment PLANT, whether they be lines for transporting waste, meters, interceptor lines, pump station, or otherwise).

O. Joint Use Facility: The PLANT, plus any COLLECTORS in which capacity is allocated to, or used by, both parties under the terms hereof.

P. Net Local Cost: Total project cost less any Federal and/or State grant funds and less any contribution from other third party sources received jointly and/or intended for the joint use of both parties for the project. Grant funds or third party contributions received by either party specifically for that party shall not be shared jointly but shall benefit that specific party only. Project cost shall include but not be limited to the costs of construction; legal, accounting and insurance services; engineering studies, investigations and design services; inspection and testing services; administration and management; and miscellaneous expenses directly related to the project.

Q. Joint Use Improvement - Capital Expenditure (JUICE): Any new facility constructed after the effective date of this Agreement or any existing facility whose design capacity is increased (including the CITY'S sewage treatment PLANT) for the joint use of both the CITY and COUNTY. It is intended that such improvements involve cost of such magnitude that they must be financed from funds other than operating revenues, and will be paid for and used by both parties.

III. GENERAL PROVISIONS

A. Ownership of Facilities: The CITY shall be sole owner of the following: existing PLANT; expanded PLANT; existing COLLECTORS within expanded boundaries of CITY; COLLECTORS hereafter constructed within CITY as unilateral projects of CITY; COLLECTORS extended in the COUNTY by CITY as permitted in paragraph "III F" below.

COUNTY shall be sole owner of the following: COLLECTORS constructed within CITY as unilateral projects of COUNTY; all COLLECTORS in COUNTY except those owned by CITY and permitted by paragraph "III F" below.

Joint use COLLECTORS hereafter constructed shall be owned by the party within whose boundaries they are located, unless otherwise agreed.

B. Transfer of Facilities: CITY shall execute and deliver any and all documents necessary to transfer to COUNTY ownership of COLLECTORS located within COUNTY boundaries, and COUNTY shall thereupon pay to CITY the purchase price therefor (determined in the manner set forth in "The Intergovernmental Agreement" by which COUNTY and CITY settled their annexation dispute).

C. Treatment of Waste: CITY shall have sole responsibility for treatment of waste at PLANT, and in doing so shall have complete authority to take action necessary to assure such treatment. Because COUNTY shall have no control over CITY'S operation of PLANT, CITY covenants that such operation shall be conducted in a manner to assure COUNTY'S use of its guaranteed capacity, if any.

D. Maintenance of COLLECTORS: Each party shall be solely responsible for maintenance of its SEWERAGE SYSTEMS.

E. Payment for Maintenance and Treatment: CITY shall be paid by COUNTY, as COUNTY'S fair share of the costs generated by JOINT USE FACILITIES owned by CITY, such sums as are determined in the methods set forth in Article IX below. COUNTY shall be paid by CITY as CITY'S fair share of costs generated by JOINT USE FACILITIES owned by COUNTY (if any) such sums as are determined in the methods set forth in Article IX below. Each party shall solely bear the costs of COLLECTORS in which the other party neither uses nor has allocated to it, any capacity.

F. Service to Customers: Neither COUNTY nor CITY shall provide sewer service to customers residing within the boundaries of the other party unless written permission to do so is given by the party whose residents are to be

served. However, either COUNTY or CITY may construct and maintain COLLECTORS within the boundaries of the other for the purpose of providing sewer service to customers residing within its own boundaries.

G. This Agreement shall inure to the benefit of, and be binding upon all successors in interest of each of the parties hereto, and each party shall have the right to assign its interests and obligations under this Agreement to any local public authority or governmental agency which it may create in accordance with applicable State law. Such authority or agency shall be made a party to this Agreement by appropriate endorsement.

H. Neither party shall levy any tax or fee upon the other as a result of other's ownership or operation of a SEWERAGE SYSTEM or as a result of its being a party to this Agreement.

I. Each party shall construct, operate and maintain its SEWERAGE SYSTEM in accordance with generally accepted standards. Recognizing that portions of their SEWERAGE SYSTEM may be located within the other's boundaries, each party agrees to make reasonable effort to avoid and/or remedy any nuisance caused by such facilities.

J. It is agreed between the parties that if either party causes damages to the other's property or facilities, or causes damages because of disruption to the other's operations, the party being damaged shall be compensated for such damages by the party causing such damage.

IV. COUNTY'S USE OF EXISTING SEWER CAPACITY

After the negotiated annexation becomes effective COUNTY shall become owner of the existing sewer collection lines which lie outside the expanded CITY limits. One of said lines extends in a northerly direction and leads to the Greensville COUNTY Junior High School. The other of said lines extends in a westerly direction and leads to the facilities of Kingsberry Homes. The number of connections to those portions of said lines lying outside the expanded CITY boundaries is approximately fifteen (15). It is intended that after the effective date hereof each of the customers then served by said connections shall continue to have benefit of sewer service. It is also intended that owners of existing residential dwellings situate upon land adjacent to said lines shall have the privilege of connecting thereto, if the connection would remedy a health hazard. In order to effect the aforesaid mutual intent, COUNTY and CITY hereby covenant and agree as follows:

A. Sewer customers served by either of the aforesaid lines shall continue to receive sewer service after the effective date hereof.

B. Said sewer customers shall, from the effective date hereof, become customers of COUNTY, which shall have complete control of the rates to be charged to them, the method of billing, connection charges to be levied, etc.

C. Even though COUNTY shall have purchased from CITY the lines serving such customers, CITY shall receive the same total payment which CITY would have received had said customers remained individual CITY customers.

D. COUNTY shall be responsible for maintenance of the sewerage facilities owned by it, and shall insure accurate meter readings.

E. CITY shall have the right to verify COUNTY's reports of meter readings by conducting, at CITY'S expense, meter readings of COUNTY customers.

F. COUNTY shall provide written notification to CITY before making additional connections to the aforesaid lines and shall submit evidence of the health hazard for which remedy is sought.

V. CREATION OF NEW CAPACITY IN PLANT OR COLLECTORS;

After the negotiated annexation becomes effective it is jointly intended as follows:

That CITY and COUNTY may jointly determine when they wish to create new capacity for treatment or transportation of waste;

That either CITY or COUNTY alone may determine when it wishes to create such new capacity;

That if either unilaterally decides to create such new capacity, the other shall have the option of participating in the proposed expansion (but must share in the cost thereof);

That if either unilaterally finances the creation of such new capacity, such party shall have unilateral benefit of the capacity so created;

That if the parties jointly finance the creation of such new capacity, they shall share in the benefit of capacity so created;

That in the event of joint financing of the cost of creating new capacity, either party's portion of the total NET LOCAL COST shall be equal to that party's portion of allocation of the newly created capacity.

For the purpose of facilitating future implementation of the parties' aforesaid mutual intent, the following matters are set forth and agreed upon:

A. Definitions of Phases: The parties agree that there are three distinct phases of any project, and that the rights and duties of the parties will differ from phase to phase. Said phases are defined as follows:

1. Notice Phase (hereafter "Phase I"): The period commencing upon written notice from one party to the other of an intent to expand PLANT or COLLECTOR capacity; and concluding upon whichever of the following dates last occurs:

a. The eleventh day after delivery by the proceeding party to the other of a copy of written authorization to the proceeding party's engineers, directing said engineers to proceed with either design of improvements or initiation of studies required by regulatory agencies; or

b. The one hundred twenty-first day after the initial notice is delivered by the proceeding party to the other party.

2. Design and Construction Phase (hereafter "Phase II"): The period commencing upon conclusion of Phase I, and continuing thereafter until the proposed improvements are at SUBSTANTIAL COMPLETION and capable of being used for the purposes intended.

3. Use Phase (hereafter "Phase III"): The period commencing upon conclusion of Phase II and continuing thereafter for the functional life of the facilities.

B. Phase I

1. Either party may unilaterally decide to expand CITY'S treatment capacity by expansion or improvement of CITY'S sewage treatment PLANT (hereafter "PLANT"), and may decide to construct such facilities as are necessary for the collection and delivery of waste from intended service areas to PLANT.

2. Upon making such unilateral decision the deciding party must give to the other written notice thereof. Said written notice must set forth all pertinent information then available to the deciding party, and the deciding party must thereafter provide all additional relevant information as and when same becomes available. In order to assist the party receiving such notice in its decision as to whether to participate, such party is entitled to make relevant inquiry of the deciding party, and the deciding party must respond to such inquiry, either by providing the information requested or advising that such information is not then available.

3. At any time during Phase I the party receiving notice shall have the option of participating in the proposed project. If the option to participate is exercised, the party so exercising must give written notice thereof to the other. Such written notice must set forth pertinent general information.

C. Phase II (Unilateral Project): The parties acknowledge that if either had the option of electing to participate in a proposed project which had proceeded through Phase I as a unilateral project, then substantial hardship would be imposed upon the party which had so proceeded. The parties also acknowledge that because Phase II includes the Construction Phase, it would be difficult (if not impossible) to formulate a remedy which would fairly and completely relieve the hardship so imposed.

Accordingly, the parties covenant that once a party has unilaterally proceeded through Phase I (i.e., Phase II has commenced), then such party shall have the absolute right to complete such project as planned, to bear all attendant costs, and to realize all resulting benefits (subject to provisions of Phase III).

Nothing herein is intended to preclude a party from permitting the other to join in a project which has proceeded into Phase II. Instead, the intent hereof is to confer upon the proceeding party an absolute right of refusal to convert such project to a joint one, or in the alternative, to impose any terms and conditions upon such party's consent to such conversion.

D. Phase II (Joint Project): If upon commencement of a project it has been determined that such project is to be constructed for joint use, then the NET LOCAL COST of the project shall be shared by the parties as follows:

1. The parties shall determine the total new capacity to be created and the respective share thereof for each party.

2. Although this paragraph "D" addresses joint projects, the parties recognize that some facilities may be of use to one party alone. Accordingly, the parties shall identify which facilities shall be JUICES, and those which shall be used by either of the parties alone.

3. The cost of facilities to be used by either party alone shall be borne by that party alone.

4. The parties shall share in the NET LOCAL COST of each JUICE in the same proportion as they intend to share the newly created capacity (eg: the parties agree that there shall be created new treatment capacity of 100,000 gallons/day, that CITY shall have an allocation of 60,000 gallons/day, and COUNTY shall have an allocation of 40,000 gallons/day. CITY shall pay 60 percent of said NET LOCAL COSTS and COUNTY shall pay 40 percent of said NET LOCAL COST.

E. Phase III (Unilateral Project): The parties recognize that once a unilateral project has entered Phase III, the proceeding party will commence realization of the benefits of such project. It is further recognized as likely that such party may not immediately, or even shortly, utilize all the capacity created by such projects (whether that be treatment capacity or collection and delivery capacity). Finally, it is also recognized that the party having use of the facilities constituting such project would benefit from substantial utilization thereof. Accordingly, the parties covenant that

during Phase III of a unilateral project the following terms and conditions shall apply:

1. Said proceeding party shall be allocated all of the capacity created by the unilateral project, whether same is treatment capacity or collection and transportation capacity. Nevertheless, the other party may acquire temporary use of any "unutilized" portion of such allocation.

2. To determine what, if any, portion of such allocation is "unutilized", there shall be added the following three figures: portion of capacity currently utilized; any amounts contractually commited to third parties but currently unused; ten percent (10%) of total design capacity of such facility. To the extent design capacity exceeds the sum of these three, such excess shall be deemed "unutilized" and the party in need of temporarily using such excess may acquire same (eg: COUNTY has unilaterally built a line with transportation capacity of 100,000 gallons/day, and thus COUNTY is allocated 100% of such capacity. COUNTY is currently using 40,000 gallons/day. Industry "X" has been committed by COUNTY 10,000 gallons/day, of which none is currently being used. COUNTY's current use of 40,000 plus Industry "X" current unused allocation of 10,000 plus 10% of design capacity totals 60,000. Accordingly, COUNTY's "unutilized" capacity is 40,000 gallons/day, and the CITY may acquire temporary use of all or a portion of such amount.)

3. It is the parties' mutual intent that the party controlling such alloction have a reasonable reserve of capacity (the 10% figure), but that beyond such reserve the other party should be entitled to acquire temporary use of capacity which is unused and unallocated. Such intent reflects an understanding that both parties will benefit from substantial utlization of the entire SEWERAGE SYSTEM.

4. In the event a party acquires such temporary use of allocation, then such party shall pay to the other party an amount determined by the following computation:

$$\frac{\text{Usage by party obtaining temporary use}}{\text{Total use by both parties}} \times \text{annual cost of O \& M plus actual debt service*}$$

*In the absence of actual debt service, the NET LOCAL COST of the affected facility as if said NET LOCAL COST had been amortized over twenty (20) years. The interest rate used shall be the weighted average discount rate charged member banks in the Fifth Federal Reserve District at the time such temporary use is acquired.

5. If subsequent conditions necessitate that the owning party re-acquire all or a portion of the allocation being temporarily used by the other, then written notice of such reacquisition must be given eighteen months prior to the effective date thereof. During said eighteen-month period the party facing loss of temporary usage shall have the duty to formulate and implement a plan to relieve any potential hardship which could be occasioned by such loss.

6. The party which funded the unilateral project shall have the right to sell to the other party a portion of the capacity realized therefrom (whether treatment capacity or collection and transportation capacity). However, there shall not be a duty to so sell. If such sale is agreed to, the selling party may dictate the terms and conditions thereof.

F. Phase III (Joint Project): If a project has proceeded through Phase II as a joint project, then the parties will begin to jointly realize the benefits of such project upon commencement of Phase III. Each party's respective share of the newly created treatment capacity at the PLANT and in jointly used COLLECTORS shall be that share determined in Phase II. Each party shall have the right to acquire temporary use of any "unutilized" portion of the other's allocation on the same basis as provided in paragraph E above for Unilateral Projects.

G. Rights of Review (Joint or Unilateral Project): It is each party's intent that through a review process every project be made as compatible as reasonably possible with the long range plans of both parties. The review procedure set forth below is intended to reduce incompatibility between the long range plans of each party. Said procedure is not intended for use in delaying or obstructing the progress of either party's projects. To this end both parties agree to cooperate and be reasonable in their review, approval and exchange of information and shall further make every effort to avoid unnecessary expense.

It is intended that the following items of exchange and review will satisfy the rights and concerns addressed above. If written disapproval has not been delivered within the time frame indicated below, such failure to deliver timely written disapproval shall operate as a waiver of the right to later dissapprove. The time limits listed below shall only be modified by mutual agreement.

1. Both Parties shall continuously exchange information on their long range sewerage planning, and may conduct such planning jointly if such joint planning is deemed mutually beneficial.

2. During Phase I of a given project information shall be exchanged in the manner proscribed in paragraph "B" of this article.

3. At such time as the proceeding Party has completed Feasibility Reports, Preliminary Engineering Reports, Environmental Studies, Treatment Process Selection Studies or any other reports required by the regulatory agencies for said projects, said reports shall be submitted to the other party not later than the time of submission to the regulatory agencies. From receipt of above documents reviewing party shall have 45 days to review them and indicate its approval or disapproval.

4. In the case of treatment plants, pump stations and other above ground improvements, the proceeding party (designing party) shall submit a site plan indicating the physical layout of all major components and, in the case of sewer lines, the proposed routing shall be submitted to the reviewing party. From receipt of above documentation, reviewing party shall have 20 days to review them and indicate its approval or disapproval.

5. Final plans and specifications shall be submitted to the other party not later than the time of submission to the regulatory agencies. Reviewing party shall also receive all correspondence, revisions and addendums initiated during the regulatory review stage. From receipt of said documents reviewing party shall have 60 days to review them and indicate its approval or disapproval.

6. All addendums during the advertisement stage and change orders during the construction stage that result in (1) a substantial change in project scope, or (2) a change in hydraulic capacity, or (3) a change in treatment process or treatment capability shall be submitted to the reviewing party. From receipt of such documentation reviewing party shall have 10 days to act on said changes.

7. At the completion of said projects the proceeding party shall transmit to the other party a set of "As-Built" drawings. Should the proceeding party not be the owning party, then proceeding party shall transmit as soon as available reproducible "As-Built" plans, all shop drawings and all operation and maintenance manuals and instructions required for the project.

8. Should the reviewing party properly exercise its right of disapproval at any of the stages set forth above, then the parties shall attempt to resolve the issues which precipitated such disapproval. Because resolution may prove impossible, the disapproving party shall have the right to invoke the arbitration clause of this Agreement upon whichever the following day first occurs: The thirty-first (31) day following such disapproval; or, the day on which the disapproving party receives written notice from the other of a refusal to negotiate further. (Since a party receiving notice of disapproval will be the party undertaking the work, it is intended that such party have the privilege of shortening the thirty (30) day negotiation period if further negotiation appears ineffective.) From the date a disapproving party is first entitled to invoke the arbitration clause hereof, there shall commence a period of fifteen (15) days within which such demand may be executed; thereafter, the right to invoke the arbitration clause shall lapse, and the lapsing of such arbitration privilege shall operate as a withdrawal of the disapproval previously noted.

Upon consideration of the issues at hand, the arbiter(s) shall be bound by the following:

a. The disapproving party shall have the burden of proving that the project inflicts unreasonable hardship upon it.

b. The disapproving party shall have the burden of proving the hardship so inflicted renders unfeasible some "adopted" objective of the disapproving party. The term "adopted" shall be construed to require previously existing documentation of the objective, but shall otherwise be liberally construed (eg: a pre-existing Comprehensive Plan shall meet the test; a previously adopted resolution authorizing a study to consider a specific problem shall meet the test; a bare assertion of alleged hardship, without any pre-existing documentation of such proof that such hardship has previously been perceived, shall not meet the test).

H. Each party shall make available its share of capital costs in cash in accordance with the actual schedule of payments for any project, unless other mutually agreeable arrangements are made between the parties. Failure of either party to contribute its share of cost of any project shall not preclude either party from proceeding with construction of the project. Each party shall be responsible for payment of any interest expenses incurred by the other on account of failure to make its cash contribution when due.

Accordingly, each party shall be duly credited with the interest earned on the investment of any portion of its cash contribution. Final determination of each party's share of capital costs shall be based upon total actual project costs as determined by audit upon completion of the project.

VI. GUARANTEE OF AND PAYMENT FOR CAPACITY IN EXISTING FACILITIES

A. Guarantee of Capacity

At such time as the rated capacity of the PLANT has been increased, and as a result COUNTY can then utilize the increased PLANT capacity, then COUNTY shall have the right to use capacity in certain of CITY'S existing PLANT and COLLECTOR facilities. The sewer lines, pumping stations and related facilities as now anticipated to be used by the COUNTY are as described below and shown on the map entitled City of Emporia, Virginia, Existing Sewerage System, dated June 1, 1978 attached hereto as Exhibit II and made a part of this Agreement. The CITY agrees to allow the COUNTY to use other CITY owned COLLECTOR facilities not described herein, to the extent that CITY determines that capacity in excess of the CITY'S projected needs is available in such facilities. In making such determination CITY shall be reasonable and shall give due consideration to COUNTY'S need for connections which do not operate to detriment of CITY.

Subject to the limitations and conditions set forth in this Article the CITY agrees to guarantee the following capacities in aforesaid facilities for the use of the COUNTY when needed; such capacities, measured as average daily flow in MGD, and the CITY facilities to which they apply are as described herein:

1. In the CITY sewer facilities beginning at the junction of CITY and COUNTY sewer mains at the east property line of Kingsberry Homes Corporation; thence along the right-of-way of the N.F.&D/A & D Railroad east to Gay Street; thence along Gay Street and West End Boulevard; thence leaving West End Boulevard and along the north bank of the Meherrin River downstream to the CITY'S Pumping Station No. 2 a capacity of 0.10 MGD shall be guaranteed.

2. In the CITY sewer facilities beginning at the junction of CITY and COUNTY sewer mains on the west side of U. S. Route 301 immediately south of Route 633; thence south along U. S. Route 301 to the vicinity of Route 661; thence leaving U. S. Route 301 and along Route 610 (Halifax Street) south to Metcalf Branch; thence east along Metcalf Branch to a pumping station on Reese Street (Pumping Station No. 3); thence south along Reese Street to an alley immediately north of and parallel to Park Avenue; thence east along said alley; thence leaving the alley in a southerly direction and crossing Park Avenue to the north bank of the Meherrin River; thence west along the north bank of the River to the CITY'S Pumping Station No. 2 a capacity of 0.12 MGD shall be guaranteed.

3. In the CITY sewer facilities beginning at and including the CITY'S Pumping Station No. 2; thence crossing the Meherrin River and along the south bank of the River to the CITY'S Pumping Station No. 1 a capacity of 0.22 MGD shall be guaranteed.

4. The CITY'S Pumping Station No. 1 and the force main extending from Pumping Station No. 1 to the CITY'S sewage treatment PLANT are considered as an integral component of the PLANT and capacity in this facility shall be handled accordingly.

5. As of the effective date of this Agreement the excess and available capacities of certain segments of the above described pipe lines and pumping stations are less than the guaranteed capacities set forth in this paragraph "A". Therefore, the total guaranteed capacities cannot be utilized by the COUNTY until the capacities of these restricting facilities are enlarged. These facilities and requirements for their expansion are as follows:

a. Pumping Station No. 1 and force main as described in paragraph "A.4" above have no excess capacity and shall be enlarged not later than the time that enlargement of the PLANT is accomplished. Until such enlargements are accomplished, no capacity will be available for the COUNTY'S use and the COUNTY shall be responsible for enlarging the pumping station to meet its needs except as otherwise provided herein.

b. Pumping Station No. 2 and force main as described in paragraph "A.3" above have no excess capacity; however, the CITY agrees to allow limited use of this facility by the COUNTY, provided that at such time that the CITY determines that enlargement of the facility is required, the COUNTY shall participate with the CITY in a joint project to provide additional capacity needed by both parties. This enlargement shall be considered a JUICE, and the NET LOCAL COST of the same shall be shared on the basis of the additional capacities created. The COUNTY shall also have the right to initiate this enlargement in advance of the CITY'S determination.

c. Pumping Station No. 3 (Metcalf Branch) and force main as described in paragraph "A.2", have excess capacity of 0.03 MGD. Until such time as enlargement of this facility is accomplished the COUNTY'S use of the facilities described in paragraph "A.2" above shall be limited to 0.03 MGD. Enlargement of the pumping facility shall be the sole responsibility of the COUNTY except as otherwise provided herein.

d. A segment of 8-inch diameter gravity sewer between the alley (north of and parallel to Park Avenue) and Park Avenue as described in paragraph "A.2" above has excess capacity of 0.08 MGD. Until such time as this segment of the pipe line and pumping station No. 3 have been enlarged the COUNTY'S use of the facilities described in paragraph "A.2" above shall be limited to 0.08 MGD. Enlargement of the pipe line capacity shall be the sole responsibility of the COUNTY except as otherwise provided herein.

6. The CITY shall have the right to participate in any of the enlargements described in paragraph "A.5" above for the purpose of providing additional capacity for the CITY'S use. In such case the project shall be a JUICE and the cost of such enlargements shall be shared on the basis of the additional capacity created.

7. The parties recognize that repairs and improvements to the facilities described in paragraph "A.5" may be undertaken by the CITY prior to the time that the COUNTY is allowed to utilize its guaranteed capacity set forth above and that it may be advantageous to accomplish this enlargement of the facility at that time. In the event that the CITY, in its opinion, decides that such enlargement would be practical, it shall so notify the COUNTY. The COUNTY shall then have the right to participate in the project for the purpose of providing the capacity required by the COUNTY, provided that it pays the "incremental" costs of such capacity at the time the project is constructed. The "incremental" cost shall be the additional cost required to provide the COUNTY'S capacity.

B. Payment for Requested Guaranteed Capacity

In consideration for the guarantee of requested capacities in the existing CITY sewer facilities the COUNTY shall pay to the CITY a "percentage" of the "present value" of the facilities to be used. "Present value" shall be current replacement cost at the time capacity becomes available to the COUNTY, less depreciation at the rate of two percent per year beginning at the date that construction of the facility was completed. The "percentage" shall be the ratio of the COUNTY'S requested guaranteed capacity in each facility, to the average daily design capacity of the facility.

For facilities consisting of pipelines, facility capacity shall be the weighted average capacity of the total length of the pipeline, determined by multiplying the capacity of each segment by its length and dividing the sum of such products by the total length of the pipeline. Segments shall be delineated by the points at which significant changes in pipeline capacity occur. (See Exhibit III for example identifying present value, weighted line capacity, percentage and COUNTY payment.)

In determining capacity of any facilities not identified in paragraph "A" of this Article, whether such facilities exist on the date hereof or are thereafter constructed, capacity shall be based upon generally accepted engineering principles taking into account the design requirements of the State Health Department, pipe sizes, pipe slopes, peak flow factors and other factors normally considered in designing SEWERAGE SYSTEMS.

1. The following formula shall be utilized in determining the amount of payment to the CITY by the COUNTY for the COUNTY'S requested guaranteed capacity (See Exhibit III):

$$\frac{\text{COUNTY'S Requested Guaranteed Capacity}}{\text{Facilities Average Design Capacity}} \times \text{Present Value} = \text{Payment}$$

2. The parties recognize that in the event of PLANT expansion, it is probable that not all existing PLANT components will be integrated into such PLANT expansion (and it is possible that no existing PLANT components will be so integrated). Accordingly, COUNTY shall purchase guaranteed capacity in only those components so integrated, and in determining COUNTY'S payment for guaranteed capacity in the components so integrated, the value and capacity thereof shall be determined at the time construction of the enlargement begins.

3. For other CITY facilities not described herein the percentages applied, the present values and the amounts to be paid by the COUNTY for its requested guaranteed capacity shall be determined in the same manner as above described.

4. Except as otherwise provided in this Article, if CITY expands capacity of any facility in which COUNTY has already purchased a guarantee of capacity, then COUNTY shall not be obligated to share the cost thereof, unless the COUNTY requests and receives an increase in its guaranteed capacity. In the event of such request by COUNTY, then the COUNTY'S share of the cost shall be computed in accordance with the terms of Article V above.

5. Whenever COUNTY desires to purchase and use any or all of the capacities guaranteed to it, COUNTY must purchase all such capacities. The payment for all capacities guaranteed to COUNTY shall be computed in the method set forth in paragraph "B" and the payment so computed shall be paid in full to CITY prior to use by COUNTY of such capacities (unless CITY consents to some other method of payment by COUNTY), subject to the following conditions:

a. Payment for capacity in the existing facilities described in paragraph "A.5" above shall not be due until the time these facilities are enlarged; however, calculation of the amount of payment for capacity in the remainder of the facilities shall be based upon total guaranteed capacities as if the capacity limitations set forth in paragraph "A.5" did not exist.

b. In the event that any of the facilities described in paragraph "A.5" are enlarged by the CITY prior to the COUNTY being required to pay for total guaranteed capacities, such enlarged facilities shall be valued and paid for on the same basis as the other existing facilities, taking into account the value of improvements and enlargements and the COUNTY'S participation in same.

c. Payment for capacity in any of the facilities described in paragraph "A.5" above, which are enlarged after the COUNTY is allowed to begin utilizing its guaranteed capacities, shall be made at the time construction of the enlargement begins, and the value of existing components shall be considered on the same basis as set forth in paragraph "B.2" above for the Sewage Treatment PLANT.

VII. MEASUREMENT OF FLOW

A. Except as otherwise provided in this Agreement, the COUNTY shall provide and maintain, at no expense to the CITY, facilities and equipment for metering and sampling wastes at each point of delivery of wastes from the COUNTY to the CITY'S sewer system. The location, design, and construction of such metering and sampling facilities shall be in accordance with sound engineering principles and shall be subject to the approval of the CITY. The CITY shall be under no obligation to receive wastes through any such facilities not approved by the CITY. However, the CITY shall not unreasonably withhold such approval.

B. It is recognized that in order to meter sewage flow, there must be sufficient quantity consistently in the line for the metering device to register accurately. If the service area of any line is of such characteristics that the functioning of sewage metering equipment would be impractical due to lack of flow, the quantity of flow entering the CITY'S system from such line shall be determined from the actual amount of water used by all residential, commercial and industrial buildings connected to the line as determined by water service meters at such buildings or in such other manner as may be agreed upon by the parties hereto, an allowance being made for infiltration or other factors known or reasonably expected to exist.

It is understood that the quantity of sewage contributed by 100 dwelling units or their equivalent renders a single sewage metering facility practical and that the allowance for infiltration shall be 15 percent of the quantity of water measured by individual customer meters. The COUNTY agrees to make reasonable effort to construct and maintain its facilities so that infiltration and other unmetered flow does not exceed the 15 percent allowance.

For dwelling units contributing flow to the sewage system but not having water service meters, the quantity of sewage flow from each such unit shall be taken to be 300 gallons per day including the allowance for infiltration. Similarly, unmetered commercial, industrial and other non-residential units shall be measured as multiples of SINGLE FAMILY RESIDENTIAL EQUIVALENTS.

The CITY shall have the right at any time to measure the flow being delivered to the CITY from such service areas, and if such measurements

indicate that the total flow is exceeding 15 percent of the quantity of water measured by individual customer meters, the CITY may direct the COUNTY to construct a single metering facility and the COUNTY shall promptly do so. In lieu of such direction, the CITY may direct the COUNTY to correct the cause of such excess flow or may agree to an infiltration allowance greater than 15 percent.

At such time as the quantity of sewage flow required for a single metering facility is reached, the CITY may direct the COUNTY to construct such facility and the COUNTY shall proceed promptly to do so.

C. On or about the first day of each month, the COUNTY shall read all meters used to determine the quantity of flow from COUNTY sewer lines into CITY sewer lines, and shall deliver to the CITY a tabulation of all meter readings and the quantity through each meter. Sewer users not having water meters shall be listed. Should weather or other circumstances reasonably preclude the regular reading of any meter or should there be evidence of malfunctioning of any meter, the flow through such meter for the period in question shall be estimated on the basis of average daily flow for the immediately preceding three (3) consecutive months for which actual flows were recorded.

D. The parties hereto agree to construct and maintain their respective metering equipment in such a manner as to insure accurate measurements of flow. Each party shall have the right to inspect, read and test the metering equipment of the other and each shall cooperate fully in this regard. Each party shall promptly repair or adjust any metering equipment not conforming to the standards of accuracy for which it was designed. Water meters used as a basis for determining sewage flows shall conform to the standards of accuracy set forth by the American Water Works Association.

E. In the event that the CITY delivers wastes to any COUNTY owned sewerage facilities paragraphs A through C shall apply mutatis mutandis.

VIII. CHARACTER OF WASTES

A. Except as may otherwise be specifically provided, the COUNTY shall not knowingly discharge or cause or allow to be discharged into the CITY'S sewer system any of the following described waters or wastes.

1. Liquid or vapor having a temperature higher than 180°F.

2. Water or waste which contains more than 100 milligrams per liter of fat, oil or grease.

3. Gasoline, benzene, naphtha, fuel oil, motor oil or other flammable or explosive liquids, solids, or gases.

4. Rain, storm or surface water.

5. Garbage, ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, paunch manure, or any other solid or viscous substance to the extent that it may cause obstruction to the flow in sewers, or any other interference with the proper operation of the sewer system.

6. Water or waste having a pH lower than 5.5 or higher than 9.5, or having any other corrosive property to the extent that it may cause damage, interference with proper operation, or constitute a hazard to structures, equipment or personnel.

7. Water or waste containing a toxic or poisonous substance to the extent that it may injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, or create any hazard in water receiving the effluent of the treatment PLANT.

8. Noxious or malodourus gas or substance to the extent that it may create a public nuisance.

9. Sewage septic tank contents, provided that the CITY may allow the discharge of such waste at its wastewater treatment PLANT in accordance with any requirements which the CITY may impose, including specific charges for the handling and treatment of such wastes.

Should it become evident that the COUNTY is delivering any such materials to the CITY'S sewer system, the CITY shall so notify the COUNTY in writing, and, upon being so notified, the COUNTY shall forthwith eliminate delivery of such objectionable materials. Should the COUNTY not promptly eliminate delivery of such objectionable materials, the CITY shall have the right to forthwith take such action as necessary to secure compliance with

this agreement. The COUNTY shall be liable to the CITY for any damage resulting to the CITY'S sewer lines, treatment PLANT or treatment process caused by the COUNTY'S delivery of any such excluded or objectionable material. The CITY agrees that such restrictions as herein prescribed shall be applicable to wastes collected by the CITY with its sewage system and delivered to the treatment PLANT. The CITY shall bear the sole financial responsibility for the prompt repair of any damage to jointly used facilities resulting from the introduction of such excluded or objectionable material into said facilities, except for damage caused by excluded or objectionable material delivered from the COUNTY.

B. Except as specifically provided hereinafter for STRONG WASTEWATER, the strength of wastes delivered by each party for treatment by the CITY shall at no time and at no point of delivery to any jointly used facilities have a B.O.D. that exceeds 300 ppm or a suspended solids content that exceeds 300 ppm, and the parties agree to take whatever measures are necessary to keep the strength of their respective wastes below these limits. The parties hereto expressly agree that the limitations may be altered should the CITY, as the owner and operator of the sewage treatment PLANT, be required to upgrade the sewage treatment process or be otherwise required by State or Federal regulations to improve the quality of effluent discharged by its treatment PLANT.

C. The CITY may agree, but shall not be required, to accept at any point for transmission and treatment at its sewage treatment PLANT, certain STRONG WASTEWATER, other than those objectionable materials described above. The party delivering such wastes shall pay an amount sufficient to cover the additional expense of handling and treatment as hereinafter provided, but no such payment shall constitute reason for continuation of delivery of wastes contrary to this agreement.

1. The COUNTY shall adopt, maintain and enforce within the COUNTY compulsory rules and regulations, no less restrictive than regulations effective within the CITY, limiting or prohibiting the introduction of excluded or objectionable substances into the sewer system.

2. Each party shall have the right to sample and/or measure at any time the quantity and quality of wastes delivered to any jointly used sewer facilities including the sampling and/or measuring of wastes delivered by any specific individual, firm or corporation. The parties agree to

cooperate with each other in taking such samples or measures and to immediately take such actions as necessary to assure that wastes delivered to any jointly used sewerage facilities are in conformance with this agreement.

IX. CHARGES FOR SEWAGE SERVICE

A. CHARGES FOR COUNT'Y USE OF EXISTING SEWER CAPACITY

The parties recognize that until such time as the CITY'S expanded sewage treatment PLANT and all related appurtenances are at SUBSTANTIAL COMPLETION and operational the COUNTY's allocated capacities in the JOINT USE FACILITIES cannot be utilized. Therefore, the flow of waste from the COUNTY to the CITY'S sewer system shall be limited to the contributions from those COUNTY users described in Article IV above. As long as such limitations apply, the method for computing the amount to be paid by the COUNTY to the CITY for the flows from the COUNTY shall be as follows:

1. Rates for sewer service applicable to customers of the CITY who reside outside the corporate limits, as established in the CITY Code Section 17-78, as in effect at the date of this Agreement shall be used. Such rates shall not exceed 100 percent increase over the rate for residential customers within the CITY and shall not exceed 50 percent increase over the rates for commercial and industrial customers within the CITY. It is understood that Kingsberry Homes, Inc., and the COUNTY's Junior High School are considered commercial customers and the 50 percent higher rate shall apply.

2. Recognizing CITY'S rates may change annually, the rates to be applied shall be the rates in effect at the time volumes of discharge are determined.

3. The rates for sewage service supplied by the CITY shall be applied to the volume of discharge of each customer. It shall be assumed that the volume of discharge of each customer is equal to the volume of water consumption for that customer. The amount of payment to the CITY shall be the sum of the individual amounts so determined.

4. Every two months the CITY will render the COUNTY a bill for the proper amount owed by the COUNTY to the CITY for the CITY'S rendering of sewage services, which bill the COUNTY shall pay within thirty (30) days from the receipt thereof. Such bill shall be based upon water meter readings furnished to the CITY by the COUNTY.

B. FUTURE CHARGES

At such time as the COUNTY is entitled to purchase quaranteed capacities in the CITY'S PLANT and COLLECTORS and the COUNTY'S payments for those capacities have been made, the amount of charges for sewage service shall be determined as follows:

1. In addition to all other payments provided by this Agreement, the COUNTY shall pay the CITY its proportionate share of the cost of operating and maintaining JOINT USE FACILITIES owned by the CITY. Such payments shall not constitute or create ownership or title by COUNTY in the CITY'S SEWERAGE SYSTEM. The amount of such payments shall be based upon Total Cost, wastewater treatment capacity and wastewater flow in the JOINT USE FACILITIES only. The term "Total Cost" is defined as the actual cost of operation and maintenance of the PLANT and joint use pumping facilities, interceptor lines and other sewer facilities in which the COUNTY is guaranteed capacity, including but not restricted to the following items of general expense: personnel, personal and contractual services, stationary and office supplies, postage, telephone and telegraph, insurance and bond premiums, automotive, travel, supplies, fuel, electricity, water, repairs, workmen's compensation insurance costs, management, engineering, legal, treasury, employee's retirement, hospitalization and social security as paid by the CITY and miscellaneous expenses. The sum of the foregoing shall be reduced by the sum of credits to which COUNTY is entitled, including but not limited to, revenues received by the CITY during the year from the sale of waste products of said treatment PLANT; surcharges received due to extra strength sewage; charges made for accepting septic tank wastes; and any expenditure refunds. "Total Cost" shall not include allowances for debt service, repayment of advances from other CITY Funds, depreciation, reserves for replacements, taxes or payments in lieu of taxes imposed by any party to this Agreement, costs of CITY billing and collection from CITY sewer customers or costs of repairs, improvements and replacements shared in accordance with paragraph "E" of this section.

It is the intent of both COUNTY and CITY that charges for sewage service include only those costs related to operation and maintenance of JOINT USE FACILITIES.

Recognizing that in the future CITY'S accounting system may be modified, the parties agree that the budget to be consulted for clarification of any or all of the words or phrases used herein shall be the CITY'S "Utility Department Budget, Divisions of Administration and Engineering, Sewage Collection, and Sewage Treatment" for fiscal year 1981-1982. The major cost items are as follows:

a. "Treatment costs" as appears in the CITY'S sewage treatment account.

b. "Collection cost" as it relates to the CITY'S normal operation and maintenance of JOINT USE FACILITIES only.

c. By agreement there shall be added fifteen percent of the sum of "a" and "b" above, which is hereby deemed to be a fair amount to cover CITY'S expenditures for administrative and general costs associated with the JOINT USE FACILITIES.

The parties acknowledge that certain costs of operating and maintaining JOINT USE FACILITIES will not vary in proportion to wastewater flow. Accordingly, "Total Cost" will be shared on the basis of both wastewater treatment capacity and wastewater flow, and for the purpose of this Agreement, "Total Cost" is considered to be divided equally between capacity and flow. The term "Total Capacity" is defined as the total design capacity of the CITY'S expanded wastewater treatment PLANT, of which each party is allocated or guaranteed a share. The term "Total Flow" is defined as the total annual quantity of wastewater treated by the CITY'S PLANT as measured by influent metering devices and includes the combined quantities of wastewater delivered by the CITY and COUNTY. The term "County Flow" is defined as the total annual quantity of wastewater delivered by the COUNTY to JOINT USE FACILITIES. The amount to be paid by the COUNTY to the CITY each year for operation and maintenance of JOINT USE FACILITIES shall be the sum of the "Capacity Payment" and "Flow Payment" as determined by the following two formulas:

$$\text{Capacity Payment} = \text{PLANT Capacity Allocated to COUNTY} \times \frac{0.5\ (\text{Total Cost})}{\text{Total Capacity}}$$

$$\text{Flow Payment} = \text{County Flow} \times \frac{0.5\ (\text{Total Cost})}{\text{Total Flow}}$$

The Payments determined by the above formula are applicable to NORMAL WASTEWATER.

2. Should the strength of wastes of either party exceed a B.O.D. of 300 p.p.m. or SUSPENDED SOLIDS of 300 p.p.m., as determined through metering and sampling, the party delivering such waste shall be responsible for all excess costs of operation resulting from such discharge, until the wastes are determined by sampling to have been reduced to within the limits of normal wastes. Such excess charge shall be applied as a surcharge, in addition to the payments hereinbefore provided for normal wastes. The rate of surcharge for such excessive strength shall be computed on the basis of weight (in pounds) of B.O.D. and SUSPENDED SOLIDS and shall be based upon the total cost of the wastewater treatment PLANT and the estimated total weight of B.O.D. and SUSPENDED SOLIDS delivered to the treatment PLANT during the fiscal year in question. For the purpose of computing the rate of charge for B.O.D. and SUSPENDED SOLIDS, it shall be assumed that these parameters comprise forty-five percent (45%) and twenty-five (25%) respectively of Total Costs of operating and maintaining the wastewater treatment PLANT.

3. Prior to the beginning of each fiscal year the CITY shall prepare an estimate of COUNTY'S cost based upon its adopted budget estimates, current allocations of capacity and estimates of total annual flow for the coming year. (See Exhibit I for example.) It may adjust the estimate quarterly to reflect actual experience. The total amount paid by the COUNTY shall be adjusted at the end of each fiscal year to reflect actual audited costs and actual sewage treated. The CITY audit shall be prepared to clearly identify all expenses and incomes related to the SEWERAGE SYSTEM operations. It is the intent that all cost items are auditable and can be determined from the budget or audit without the expense of a special audit.

4. All costs of service shall be subject to independent audit by the COUNTY. The CITY shall keep accurate records of all meter readings, flow charts, and cost components used in developing the applicable charges, all of which shall be available for inspection by the COUNTY or its authorized agents during normal business hours. The CITY will render the COUNTY each month a bill for the proper amount owed by the COUNTY to the CITY for the CITY'S rendering of sewer services, which bill the COUNTY shall pay within thirty (30) days from the receipt thereof.

C. In the event COUNTY fails to pay to CITY, in full when due any amounts accruing hereunder, then the unpaid portion of such payment shall bear

interest at the rate of eighteen percent (18%) per annum for the period of delinquency. For the purposes of computing interest, a 360-day year shall be employed, meaning that the unpaid portion of any amount delinquent from CITY to COUNTY shall bear interest at the rate of .05 percent (.0005) for each day of such delinquency. In addition, if such delinquency continues for a period in excess of thirty days, then on the thirty-first day of such delinquency there shall also be imposed a penalty of five percent (5%) of the amount unpaid, which shall be imposed in addition to the daily interest, which shall continue to accrue. Such a five percent penalty shall be imposed thereafter for each additional thirty days of delinquency (i.e., a five percent penalty shall be imposed on the unpaid balance on the thirty-first day of delinquency; sixty-first day of deliquency; ninety-first day of delinquency; one hundred twenty-first day of delinquency; etc.)

D. Should the CITY utilize any sewerage facilities owned, operated, and maintained by the COUNTY for the collection of waste from areas of the CITY, or for rendering sewer service to any party other than the COUNTY, the provisions of this section relating to sewage collection and/or treatment costs shall apply in determining charges due the COUNTY from the CITY.

E. Repairs, Improvements and Replacements.

1. The parties recognize that the owner of any JOINT USE FACILITY, whether existing or future, has the responsibility for the proper functioning of the facility until such time as the facility is mutually declared by the parties to be of no further use. In keeping with this responsibility the owning party shall have the right to repair, replace, upgrade, alter or otherwise improve such facilities or any part thereof, when in the opinion of the owning party, such work is necessary. The owning party agrees to be reasonable in exercising such right and to advise the other party as early as practicable as to the scope of the work and the anticipated cost. Such work is understood to be in addition to routine operation and maintenance and capital expenditures which result in increased capacities, the costs of which shall be shared as otherwise provided in this Agreement. The owning party shall segregate the costs of such work from other SEWERAGE SYSTEM expenses, except that the owning party may, at his discretion, include relatively minor items in the category of "Operation and Maintenance" costs, to be shared in accordance with the provisions of "Article IX, paragraph "B.1." of this Agreement.

2. Examples of work categorized as repairs, improvements and replacements include but are not limited to:

a. Replacement of pumps, motors and other PLANT or COLLECTOR equipment.

b. Repairs or replacement of pipelines, manholes and other appurtenances.

c. Repairs, alterations or replacement of buildings and structures.

d. New equipment or structures.

e. New and replacement automotive, grounds maintenance and portable tools and equipment used for operation and maintenance of a JOINT USE FACILITY.

f. Studies, reports, designs, contract documents and other related costs included herein in the definition of NET LOCAL COST.

3. The parties shall share the NET LOCAL COST of repairs, improvements and replacements of JOINT USE FACILITIES in the same proportion that they are allocated or guaranteed capacity in the facility at the time the work is performed or the cost is incurred. In the event that either party requests and receives additional capacity as the result of such work, the cost shall be shared in accordance with "Article V" of this Agreement. In undertaking such work the owning party shall have the right to create additional capacity; however, the other party shall have no obligation to share in costs attributable to providing such additional capacity, unless additional capacity is requested and received.

4. If at the time such repairs, improvements and replacements are undertaken a party is utilizing more than its guaranteed capacity as provided in "Article V, E" then the cost of such work shall be shared in proportion to actual flows contributed by each party as provided in "Article V,E."

X. ARBITRATION

In the event of dispute between COUNTY and CITY, either party may notify the other, in writing, of its desire to have the dispute resolved by arbitration, and its willingness to be absolutely bound by the decision reached through the arbitration process. If the party so notified is not willing to resolve the dispute by arbitration, it must provide to the other party written notification of such unwillingness within thirty (30) days of receipt by it of the request for arbitration. It is the intent of both COUNTY and CITY that either party have an unrestricted right of refusal to submit any dispute to determination by arbitration. In the event either party rejects the arbitration process, then the parties shall be left to their remedies at law.

If the party receiving a written request for arbitration fails to provide written notification within the 30 day period proscribed above, to the requesting party of a refusal to arbitrate, then the issue shall be determined by arbitration. From the date of determination that arbitration shall be employed (whether by agreement between the parties or by failure of either to provide timely written notification of its refusal to arbitrate), then the following procedure shall be followed:

A. Each party shall have fifteen (15) days to provide written notification to the other of the name of the arbiter appointed by it.

B. Any arbiter appointed under the terms hereof shall be a professional engineer registered in the Commonwealth of Virginia (except for the provisions of paragraph "H" hereof, re: appointment of member of American Arbitration Association).

C. In the event each party duly and timely appoints its arbiter, the two so appointed shall, within ten (10) days, appoint the third arbiter.

D. In the event either party fails to appoint its arbiter and provide written notification thereof to the other within the 15 day period proscribed above, then the one duly appointed arbiter shall forthwith appoint a second, and the two of them shall forthwith appoint a third.

E. Each party shall bear the expense of the arbiter duly appointed by it, and both parties shall equally bear the expense of the other arbiter(s) (whether that be one or two).

F. The three duly appointed arbiters shall forthwith proceed to make inquiry into matters relevant to the dispute, shall be entitled to (but not bound to) make inquiry of either or both parties or their agents, and shall render their decision in writing. A copy of such written decision shall be provided to both COUNTY and CITY.

G. Each party shall be bound by the arbiters' decision, and there shall be no application to Court for modification thereof unless the ground for such application is for fraud on the part of an arbiter (or two or more of the arbiters).

H. It is recognized by each party that certain disputes may involve such unusual or extraordinary circumstances, or involve sums of such magnitude, that there should be a limited exception to the mandates of paragraph "B" hereof. In such event either party may demand that the third arbiter be a member of, or designated by, the American Arbitration Association. Although there shall be no limitation upon either parties rights to make such demand, each recognizes that such demand will involve substantial additional expense and each hopes that the other will be prudent in exercising such right.

Either party may exercise such right of demand by providing written notification thereof to the other at any time prior to appointment of all three arbiters as hereinabove provided for. It is intended that even if a party fails to appoint its arbiter within the proscribed thirty (30) day period, it may nevertheless exercise its right under this paragraph "H" up to the time of appointment of the third arbiter. Upon appointment of the third arbiter in the manner set forth in paragraphs "C" and "D" hereof, each party's right of appointment under this paragraph "H" shall lapse and thereafter be null and void.

It is further covenanted that in the event of exercise by either party of its right hereby created, the rules and regulations of the American Arbitration Association shall govern the arbitration process.

XI. DURATION

A. This Agreement shall be in force for an initial term of twenty (20) years from its effective date.

B. This Agreement may be terminated by either party subject to compliance with the following:

1. At least five (5) years notice of such termination must be given.

2. Such notice cannot be given prior to the fifteenth (15th) anniversary of the effective date hereof.

C. If notice to terminate is properly given by one party, then upon the effective date thereof the terminating party must convey to the other all interest, both legal and equitable, of the terminating party in all facilities which are jointly used, and there shall be no payment to the terminating party as consideration for such conveyance.

D. Although the terminating party must surrender its interest in "jointly used" facilities, it must thereafter continue to bear its share of debt service existing at the effective date of termination.

E. As used in "D" above, the phrase "facilities which are jointly used" shall include both facilities in joint use, and facilities to be constructed under a project which has entered Phase II, (as of the effective date of the termination).

WITNESS the following signatures and seals:

CITY OF EMPORIA

By William H. Ligon
Mayor

ATTEST:

Nell M. Mitchell
Clerk

COUNTY OF GREENSVILLE

By Charles A. Sabo
Chairman, Board of Supervisors

ATTEST:

C. Dean BeLer
Clerk, Board of Supervisors

COMMONWEALTH OF VIRGINIA, City of Emporia, to wit:

The foregoing instrument was acknowledged before me this 9th day of September, 1982, by William H. Ligon, Mayor, and Nell M. Mitchell, Clerk of the City of Emporia, on behalf of said City.

My commission expires the 15th day of March, 1985.

Judith E. Powell
Notary Public

COMMONWEALTH OF VIRGINIA, County of Greensville, to wit:

The foregoing instrument was acknowledged before me this 9th day of September, 1982, by Charles A. Sabo, Chairman, Board of Supervisors, and C. Dean BeLer, Clerk, Board of Supervisors, on behalf of the County of Greensville.

My commission expires the 4th day of November, 1984.

Barbara P. Halloway
Notary Public

FUTURE SEWER SERVICE BASE RATE COMPUTATION

(1) Example based upon hypothetical City budget for expenditures on joint use facilities.

City Budget - Fiscal Year 1981/1982

Treatment Cost	$ 38,000
Collection Cost	20,000
Administrative and General Cost ($38,000 + $20,000) x 15%	8,700
TOTAL BUDGETED COST	$ 66,700

Plant Capacity Allocated to County - 0.350 MGD
Total Plant Capacity - 1.50 MGD
Estimated Annual County Flow - 36,500,000 gallons
Estimated Total Annual Plant Flow - 200,000,000 gallons

$$\text{Capacity Payment} = 0.350 \text{ MGD} \times \frac{0.5 \times \$66,700}{1.50 \text{ MGD}} = \$7,782$$

$$\text{Flow Payment} = \frac{0.5 \times \$66,700}{200,000,000 \text{ gallons}} = \$0.17 \text{ per } 1,000 \text{ gallons}$$

County Monthly Discharge - 3,041,666 gallons

County Flow Payment to City - 3,041.7 x $0.17	=	$ 516.97/month
County Capacity Payment to City - $7,782/12 mo.	=	648.50/month
Total County Monthly Payment to City	=	$1,165.47/month

(2) Example based upon hypothetical figures for City's 1981/1982 Audited Cost for joint use facilities.

City's Year End Audited Cost

Treatment Cost	$ 40,000
Collection Cost	30,000
Administrative and General Cost (40,000 + 30,000) X .15	10,500
Less: Surcharges for Extra Strength Sewage	(5,000)
TOTAL COST (Audited)	$ 75,500

Total Sewage Treated = 205,000,000 gallons

Total Actual Annual County Flow = 40,000,000 gallons
Total Annual County Flow Payment:

$$\frac{0.5 \times \$75,500}{205,000,000 \text{ gallons}} = \$0.18 \text{ per thousand gallons}$$

$0.18/1,000 gallons X 40,000 = $ 7,200

Total Annual County Capacity Payment:

$$0.350 \text{ MGD} \times \frac{0.5 \times \$75,500}{1.50 \text{ MGD}} = \$ 8,808$$

Total Annual County Cost =	$16,008
*Total Paid to City by County =	14,582
Adjustment due City	1,426

*Based on:
Capacity Payment of $648.50/mo.
Flow Payment of 40,000 x 0.17/1000 gallons

(3) Example of hypothetical payment for JUICE

City would pay monthly to County its share of a JUICE as follows:

- Facility Capacity - 1,000 gallons per minute
- City's requested capacity - 250 gallons per minute
- County financed entire facility with FmHA debt
- Annual debt service - $12,000
- City pays to County - $\frac{\$12,000/\text{year}}{12 \text{ months/yr.}} \times \frac{250 \text{ gpm}}{1000 \text{ gpm}} = \$250$ per month

- Payment is in addition to monthly operation and maintenance cost of JUICE which is paid for as proscribed in (1) and (2) of this Exhibit.

(4) Example of hypothetical payment of repair and replacement cost of a JOINT USE FACILITY

- Facility Capacity - 1,000 gallons per minute
- County's requested capacity - 250 gallons per minute
- Repair and replacement cost - $7,000
- County pays to City $\frac{250 \text{ gpm}}{1,000 \text{ gpm}} \times \$7,000 = \$1,750$

- County payment can be made at the completion of the repair and replacement or at the year end adjustment.

EXISTING JOINT USE FACILITIES - CITY OF EMPORIA

I. ASSUMPTIONS AND PROVISIONS

- Facilities and capacities described by this exhibit are those determined by and believed, to the best of both parties' knowledge, to exist as of August 30, 1982.
- Age of facilities was determined from interviews with City personnel. Should more accurate data be produced before execution of this section such data shall be used.
- Length, size and slopes of sewer lines were derived from the map entitled "City of Emporia, Virginia Existing Sewerage System", dated June 1, 1978. Should actual field conditions vary from this data such "as-built" data will be used.
- Where the system's map failed to indicate slopes or indicated slopes below those to achieve velocities of 2.0 feet per second, minimum slopes as required by the State Water Control Board were assumed.
- Design capacities were determined based upon the following formulas:

(1) $V = \frac{1.49}{n} R^{2/3} S^{1/2}$

(2) $Q = VA$

(3) $n = 0.013$

(4) Peak Factor = 2.5

(5) $Q_{avg.} = \frac{Q\ max}{2.5}$

- Where pipe sizes were omitted, sound engineering judgement was used to estimate line size. Field conditions may differ.
- Depreciation based upon 50 year life or 2 percent per year.
- The following replacement costs were utilized at the time of this writing. Current replacement cost will be used when this section is effected.

8" SS	= $	14.00 per lineal foot
10" SS	= $	18.00 per lineal foot
12" SS	= $	21.00 per lineal foot
15" SS	= $	25.00 per lineal foot
21" SS	= $	28.00 per lineal foot
Manholes	= $	900.00 each
4" Force Main	= $	8.00 per lineal foot
8" Force Main	= $	12.00 per lineal foot
12" Force Main	= $	15.00 per lineal foot
Pump Stations	= $40,000.00	each

- Force main capacity will equal lift station pumping capacity.

II. EXAMPLE

The following calculations are to demonstrate the method for determining the sewerage facilities average daily capacities, County's percentage, present value and payment to the City by the County for use of the facilities. These results are in no fashion to be understood as the actual County payment to the City.

A. CAPACITY

1. Kingsberry sewer line to Pumping Station #2 as described in Article VI paragraph "A.1":

Size (in.)	(L) Length (Ft.)	Slope	Maximum Capacity (MGD)	(C) Average Capacity (MGD)	LXC (MGD-Ft.)
12	5,965	0.0022	1.08	0.432	2,577
8	380	0.0176	1.04	0.414	157
10	880	0.0034	0.82	0.328	289
10	650	0.0368	2.70	1.081	703
12	160	0.0331	1.28	0.513	82
12	630	0.0022	1.08	0.432	273
12	350	0.0021 (0.0022)	(1.08)	(0.432)	151
12	310	0.0023	1.11	0.443	137
15	250	0.0016	1.67	0.669	167
15	810	0.0015	1.62	0.648	525
Totals	10,385				5,061

$$\text{Weighted Average Capacity} = \frac{5{,}061 \text{ MGD-Ft}}{10{,}385 \text{ Ft.}} = 0.487 \text{ MGD}$$

2. Sewer line from Pumping Station #2 to Pumping Station #1 as described in Article VI, paragraph "A.3.":

Size (in.)	(L) Length (Ft.)	Slope	(C) Maximum Capacity (MGD)	Average Capacity (MGD)	LXC (MGD-Ft.)
21	380	0.0010	3.230	1.292	491
21	220	0.0011	3.387	1.355	298
21	650	0.0010	3.230	1.292	840
Totals	1,250				1,629

$$\text{Weighted Average Capacity} = \frac{1{,}629 \text{ MGD-Ft}}{1{,}250 \text{ Ft}} = 1.303 \text{ MGD}$$

3. Pump Station #2 and Force Main:

Based on R. Kenneth Week's letter of 8/16/82 with one pump running through 210 feet of 8-inch force main.

$$\text{Maximum Station Capacity} = \frac{640 \text{ GPM}}{695 \text{ GPM/MGD}} = 0.921 \text{ MGD}$$

$$\text{Avarage Capacity} = \frac{0.921 \text{ MGD}}{2.5 \text{ Peak}} = 0.368 \text{ MGD}$$

8. PRESENT VALUE

1. Kingsberry Line:

Location	Type and Quantity	Year Built	Total Replacement Cost	Depreciation Factor	Present Value
NFD RR	5,965' of 12" SS	1962	$125,265	.60	$ 75,159
(MH #1 to MH #8)	7 EA MH	1962	6,300	.60	3,780
Gay St. to	380' of 8" SS	1957	5,320	.50	2,660
Meherrin River	1,530' of 10" SS	1957	27,540	.50	13,770
(MH #8 to MH #14)	2 EA MH	1957	1,800	.50	900
	4 EA MH	1957	3,600	.50	1,800
River Interceptor	1,450' of 12" SS	1964	30,450	.64	19,488
(MH #14 - MH #19)	5 EA MH	1964	4,500	.64	2,880
River Interceptor	1,060' of 15" SS	1964	26,500	.64	16,960
(MH #19 - PS #2)	5 EA MH	1964	4,500	.64	2,880
TOTAL Kingsberry Line			$235,775		$140,277

2. Sewer Line Between Pump Station #2 and Pump Station #1:

Location	Type and Quantity	Year Built	Total Replacement Cost	Depreciation Factor	Present Value
PS #2 to PS #1	1,250' of 21" SS	1964	$ 35,000	.64	$ 22,400
(MH #62 to MH #67)	6 EA MH	1964	5,400	.64	3,456
TOTAL PS #2 to PS #1			$ 40,400		$ 25,856

3. Pump Station #2 and Force Main:

Location	Type and Quantity	Year Built	Total Replacement Cost	Depreciation Factor	Present Value
Meherrin River	1 EA PS	1964	$ 40,000	.64	$ 25,600
	210' of 8" FM	1964	2,520	.64	1,613
TOTAL PS #2			$ 42,520		$ 27,213

C. PERCENTAGES

1. Kingsberry Line:

County Requested Capacity = 0.10 MGD

$$\text{Percentage} = \frac{0.100 \text{ MGD}}{0.487 \text{ MGD}} \times 100 = 20.5\%$$

2. Line Between PS #2 and PS #1:

County Requested Capacity = .10 MGD

$$\text{Percentage} = \frac{0.100 \text{ MGD}}{1.303 \text{ MGD}} \times 100 = 7.7\%$$

3. Pump Station #2:

County Requested Capacity = .10 MGD

Percentage - $\frac{0.100 \text{ MGD}}{0.368 \text{ MGD}} \times 100 = 27.1\%$

D. PAYMENTS (Percentage X Present Value)

1. Kingsberry Line:

Payment - 20.5% X $140,277 = $28,757

2. Line Between PS #2 and PS #1:

Payment - 7.7% X $ 25,856 = $ 1,991

3. Pump Station #2:

Payment - 27.1% X $ 27,213 = $ 7,375

TOTAL PAYMENT $38,123

III. JUNIOR HIGH SCHOOL LINE

Both parties recognize that the County may utilize some segments (or the entire line) of the Junior High Line as described in Article VI paragraph "A.2" However it is also understood that both parties recognize that certain weaknesses in the Junior High Line exist. Also future events both in the City and County may dictate what segments of this line can be utilized by the County. Therefore, in order to preserve the pertinent data obtained for this line and set forth an example determining the weighted capacity of this line the entire line is described as follows:

A. CAPACITY

Size (in.)	(L) Length (Ft.)	Slope	Maximum Capacity (MGD)	(C) Average Capacity (MGD)	LXC (MGD-Ft.)
8	330	0.0030 (0.004)	(0.495)	(0.198)	65
8	330	0.0033 (0.004)	(0.495)	(0.198)	65
8	340	0.0029 (0.004)	(0.495)	(0.198)	67
8	330	0.0139	0.922	0.369	122
8	260	0.0134	0.905	0.362	94
8	180	0.0045	0.525	0.210	38
8	230	0.0109	0.816	0.327	75
8	260	0.0077	0.686	0.274	71
8	300	0.0167	1.011	0.404	121
8	300	0.0277	1.302	0.521	156
8	300	0.0288	1.327	0.531	159
8	260	0.0252	1.241	0.497	129
10	275	0.0049	0.986	0.395	109
10	1,120	0.0029	0.759	0.304	341
10	70	0.0027 (0.0028)	(0.746)	(0.298)	21
10	100	0.0028	0.746	0.298	30
10	300	0.0048	0.976	0.390	117
10	2,330	0.0028	0.746	0.298	694
10	400	0.0032	0.797	0.319	128
10	330	0.0039	0.880	0.352	116
10	90	0.0028	0.746	0.298	27
10	310	0.0184	1.911	0.764	237
10	230	0.0028	0.746	0.298	69
8	220	0.0040	0.495	0.198	44
12	220	0.0442	4.850	1.940	427
12	160	0.0091	2.201	0.880	141
12	240	0.0095	2.249	0.900	216
12	300	0.0100	2.307	0.923	277
15	310	0.0015	1.620	0.648	201
Totals	10,425				4,357

$$\text{Weighted Average Capacity} = \frac{4,357 \text{ MGD-Ft.}}{10,425 \text{ Ft}} = \underline{0.418 \text{ MGD}}$$

Pump Station #3 (Metcalf Branch) and Force Main:

Based on R. Kenneth Week's letter of 8/16/82 the pump station has a capacity of 200 GPM with one pump running.

$$\text{Maximum Station Capacity} = \frac{200 \text{ GPM}}{695 \text{ GPM/MGD}} = 0.288 \text{ MGD}$$

$$\text{Average Capacity} = \frac{0.288 \text{ MGD}}{2.5 \text{ Peak}} = \underline{0.115 \text{ MGD}}$$

B. PRESENT VALUES

Location	Type and Quantity	Year Built	Total Replacement Cost	Depreciation Factor	Present Value
Jr. High to Metcalf Branch (MH #24 - MH #41)	3,420' of 8" SS	1972	$ 47,880	.80	$ 38,304
	1,565' of 10" SS	1972	28,170	.80	22,536
	12 EA MH	1972	10,800	.80	8,640
	5 EA MH	1972	4,500	.80	3,600
Casin St. to RR (MH #41 - MH #47)	2,230' of 10" SS	1948	40,140	.32	12,845
	6 EA MH	1948	5,400	.32	1,728
RR to Park Ave. (MH #47 - MH #55)	1,760' of 10" SS	1935	31,680	.06	1,901
	220' of 8" SS	1935	3,080	.06	185
	8 EA MH	1935	7,200	.06	432
Park Ave. to River (MH #55 - PS #2)	920' of 12" SS	1964	19,320	.64	12,365
	310' of 15" SS	1964	7,750	.64	4,960
	5 EA MH	1964	4,500	.64	2,880
	2 EA MH	1964	1,880	.64	1,152
TOTAL Junior High Line			$212,220		$111,528

Pump Station #3 and Force Main:

Location	Type and Quantity	Year Built	Total Replacement Cost	Depreciation Factor	Present Value
Metcalf Branch	1 EA PS	1972	$ 40,000	.80	$ 32,000
	650' of 4" FM	1972	5,200	.80	4,160
TOTAL PS #3			$ 45,200		$ 36,160

C. PERCENTAGES AND PAYMENT

Percentages and payment will be determined as set forth above in this Exhibit and shall apply only to those segments of the line County should utilize.

APPENDIX B

Statistical Profile of the City of Emporia, County of Greensville, and the Area Proposed for Annexation

	City of Emporia	County of Greensville	Area Proposed[1] for Annexation
Population (1980)	4,840	10,903	1,444
Land Area (Square Miles)	2.4	300.0	4.3
School-age Population (1980)	1,018	2,997	325
School Average Daily Membership (1981)	844	2,496	222
Total Taxable Values (1981)	$92,627,992	$183,829,871	$20,568,794
Real Estate Values (1981)	$76,633,990	$150,066,258	$15,912,610
Public Service Corporation Values (1981)	$8,853,042	$9,918,060	$1,250,000
Personal Property Values (1981)	$4,763,992	$11,352,615	$2,026,714
Machinery and Tools Values (1981)	$2,258,432	$2,753,120	$1,244,240
Mobile Home Values (1981)	$118,536	$4,177,060	$120,100
Farm Machinery Values (1981)[2]	N/A	$2,753,120	$15,130
Taxable Sales (1981)	$38,858,494	$19,294,116	N/A
Existing Land Use (Acres)[3]			
Residential	450	2,252	220
Commercial	120	156	35
Industrial	105	380	105
Public and Semi-public	110	861	130
Streets and Rights-of-way	200	N/A	180
Agricultural, Wooded or Vacant	545	188,991	2,075

NOTES

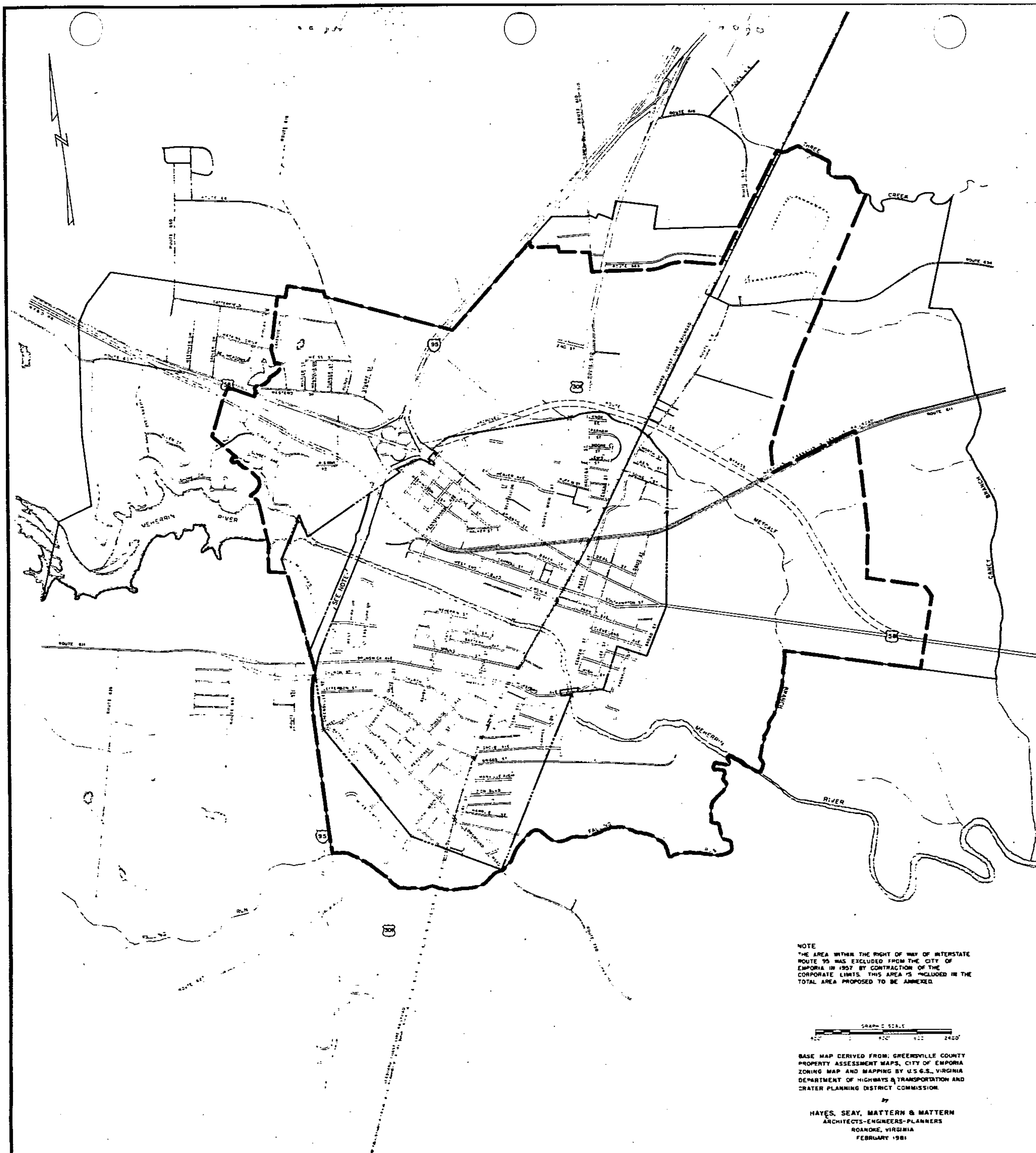
N/A = Not Available
1 - Estimated
2 - The City of Emporia does not levy taxes on farm machinery.
3 - Land use estimates for the City were calculated in 1981, for the County in 1977, and for the area proposed for annexation in 1982.

SOURCES

City of Emporia, Annexation Exhibits, Statistical Data and Descriptions, December 1981; and Annexation Exhibits, Statistical Data and Descriptions, Revisions and Supplements, September 1982.

County of Greensville, Comprehensive Plan, Greensville County, Virginia, March 1979.

Virginia Department of Taxation, Taxable Sales Annual Report, 1981.



LEGEND

- EXISTING CORPORATE LIMITS
- PROPOSED CORPORATE LIMITS (DEC. 1981)
- PROPOSED CORPORATE LIMITS (PER AGREEMENT SEPT. 1982)

REVISED ANNEXATION AREA BOUNDARY

APPENDIX C