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# CITY OF GALAX

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Office of the City Manager

TELEPHONE 276-236-5773  
FAX 276-236-2889

June 30, 2020

Cellell Dalton, Interim County Administrator  
Carroll County  
605-1 Pine St.  
Hillsville, VA 24348

Re: Sewer Service Agreement and Debt Service

Dear Cellell,

This letter is sent as a follow-up to my email to you on April 7, 2020. The City of Galax is close to completing our work at the Galax Waste Water Treatment Plant (WWTP), and the associated pump stations and force mains. Per the 2007 Agreement and the 2015 Addendum, Carroll County and the CCPSA are responsible for a portion of the annual debt service based on overall capacity at the WWTP and by flow at facilities leading to the WWTP. The facilities leading to the WWTP would include the BC Vaughan Pump Station (BCVPS) for this project.

Attached are two exhibits (Exhibit A and Exhibit B) for your review, as well as the original 2007 agreement and the 2015 addendum.

The project was broken into three contracts; Contract 1 was for the WWTP, Contract 2 was for pump station work, and Contract 3 was for the force main work. Edwin Ward, City Engineer, reviewed the project costs for each separate contract in order to arrive at the costs shown on Exhibit A and Exhibit B.

The WWTP Contract 1 portion of the project is \$8,066,584 and is within 1% of the actual final project expenses. The Contract 2 portion of expenses related to the BCVPS is \$755,722. Project expenses associated with Contract 3 and with Contract 2 improvements at the Ballard's Branch Pump Station and Fries Road Pump Station were excluded from the CCPSA debt service calculations.

Exhibit A takes into account the flow capacity of 260,000 gpd to the WWTP as agreed upon with the 2007 Agreement. You will note that per this agreement, the CCPSA is allocated 8.7% of the total capacity at the WWTP. When reviewing the flow through the BCVPS, the CCPSA has an average flow over the past 6 months that equates to 26.4% of the total flow. You will see from the Exhibit A that the total debt service allocated to the CCPSA is \$898,424 based on these

111 EAST GRAYSON STREET – GALAX, VIRGINIA 24333

calculations with semi-annual payments of \$22,461 (\$44,922 annually) based on the 20-year, 0% loan we received from the VRA.


Exhibit B takes into account the flow capacity of 450,000 gpd to the WWTP as agreed upon with the 2015 Addendum Agreement. You will note that per this agreement, the CCPSA is allocated 15% of the total capacity at the WWTP. When reviewing the flow through the BCVPS, the CCPSA has an average flow over the past 6 months that equates to 26.4% of the total flow. You will see from the Exhibit B that the total debt service allocated to the CCPSA is \$1,409,308 based on these calculations with semi-annual payments of \$35,233 (\$70,466 annually) based on the 20-year, 0% loan we received from the VRA.

Neither of the above calculations take into account reserve flow capacity from Wildwood, which hasn't materialized yet.

In reviewing this with Edwin and discussing the actual flow Carroll is sending each day, I am offering to use the Exhibit A document to set the debt payment for now. When the Carroll flow begins to increase and we see a worthwhile change in the flow volume over the 6-month period, we can revisit the debt service then. I do not think charging a fee for reserve capacity on the Wildwood project is something to consider at this time unless the situation changes regarding reserve capacity with the CCPSA and Wildwood.

If there are any questions, please feel free to contact me at 276-236-5773.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Barker", with a stylized flourish at the end.

Keith Barker  
City Manager

cc: Edwin Ward, City Engineer  
Judy Taylor-Gallimore, Finance Director  
G.W. Shaw, Utilities Superintendent

## EXHIBIT A - 2007 Agreement Capacity

### CCPSA Debt Service Calculation for Galax Wastewater Systems Improvement (GWSI) Project Contract 1 and BCVPS Portion of Contract 2

Maximum Flow Capacity and Actual Flow Proportion Descriptions	Gallons per Day
Galax Wastewater Treatment Facility (GWTF) VPDES Permit Maximum Flow Capacity =	3,000,000
CCPSA Daily Maximum Flow Capacity Allocation Under June 19, 2007 Agreement =	260,000
BCVPS Daily Operating Report Six Month Average Daily Flow From Sept 2019 through February 2020 =	532,319
CCPSA Gladeville Pump Station Six Month Average Daily Flow From Sept 2019 through February 2020 =	140,389
City of Galax proportion of BCVPS Six Month Average Daily Flow From Sept 2019 through February 2020 =	391,930
Flow Capacity Allocation and Actual Flow Proportion	Ratio %
GWTF VPDES Permit Maximum Flow Capacity Allocation =	91.3%
CCPSA Flow Capacity Allocation to GWTF VPDES Permit Flow =	8.7%
City of Galax Six Month Actual Flow Proportion to BCVPS =	73.6%
CCPSA Six Month Actual Flow Proportion to BCVPS =	26.4%
Debt Service Funding Contribution Description	Amount
GWSI Project Contract 1 Total Cost =	\$ 8,066,584
CCPSA Debt Service Funding Proportion of 8.7% for GWTF Contract 1 =	\$ 699,104
GWSI Project Contract 2 BCVPS Total Cost =	\$ 755,772
CCPSA Debt Service Funding Proportion of 26.4% for BCVPS Contract 2 =	\$ 199,320
CCPSA Total Debt Service for GWTF & BCVPS portions of the GWSI Project =	\$ 898,424
Semi-Annual Payments =	\$ 22,461
Total Annual Payment =	\$ 44,921
CCPSA Debt Service Percentage of Total Applicable GWSI Project Costs =	10.2%

GWTF = Galax Wastewater Treatment Facility

VPDES = VA Pollution Discharge Elimination System Permit

GWSI = Galax Wastewater System Improvements Project

BCVPS = BC Vaughan Pump Station

## EXHIBIT B - 2015 Addendum Capacity

### CCPSA Debt Service Calculation for Galax Wastewater Systems Improvement (GWSI) Project Contract 1 and BCVPS Portion of Contract 2

Maximum Flow Capacity and Actual Flow Proportion Descriptions	Gallons per Day
Galax Wastewater Treatment Facility (GWTF) VPDES Permit Maximum Flow Capacity =	3,000,000
CCPSA Daily Maximum Flow Capacity Allocation Under June 19, 2007 Agreement =	450,000
BCVPS Daily Operating Report Six Month Average Daily Flow From Sept 2019 through February 2020 =	532,319
CCPSA Gladeville Pump Station Six Month Average Daily Flow From Sept 2019 through February 2020 =	140,389
City of Galax proportion of BCVPS Six Month Average Daily Flow From Sept 2019 through February 2020 =	391,930
Flow Capacity Allocation and Actual Flow Proportion	Ratio %
GWTF VPDES Permit Maximum Flow Capacity Allocation =	85.0%
CCPSA Flow Capacity Allocation to GWTF VPDES Permit Flow =	15.0%
City of Galax Six Month Actual Flow Proportion to BCVPS =	73.6%
CCPSA Six Month Actual Flow Proportion to BCVPS =	26.4%
Debt Service Funding Contribution Description	Amount
GWSI Project Contract 1 Total Cost =	\$ 8,066,584
CCPSA Debt Service Funding Proportion of 15% for GWTF Contract 1 =	\$ 1,209,988
GWSI Project Contract 2 BCVPS Total Cost =	\$ 755,772
CCPSA Debt Service Funding Proportion of 26.4% for BCVPS Contract 2 =	\$ 199,320
CCPSA Total Debt Service for GWTF & BCVPS portions of the GWSI Project =	\$ 1,409,308
Semi-Annual Payments =	\$ 35,233
Total Annual Payment =	\$ 70,465
CCPSA Debt Service Percentage of Total Applicable GWSI Project Costs =	16.0%

GWTF = Galax Wastewater Treatment Facility  
 VPDES = VA Pollution Discharge Elimination System Permit  
 GWSI = Galax Wastewater System Improvements Project  
 BCVPS = BC Vaughan Pump Station

FILE COPY

**AGREEMENT FOR WASTEWATER TREATMENT SERVICE**

THIS AGREEMENT ("this Agreement"), made and entered into this 19<sup>th</sup> day of June, 2007, by and between the City of Galax, a political subdivision of the Commonwealth of Virginia ("City"), the Carroll County Public Service Authority, a political subdivision in the Commonwealth of Virginia ("PSA") and the County of Carroll, Virginia, a political subdivision of the Commonwealth of Virginia ("County"):

**WITNESSETH**

**WHEREAS**, the City operates a 3 million gallon per day (MGD) sewage treatment facility for the benefit of its residents; and,

**WHEREAS**, the County provides wastewater treatment facilities for portions of the County through the PSA and in doing so provides a public sewer collection system in the Gladeville-Cranberry area of the County operated by the PSA (the existing system) which wastewater is discharged at a connection point and pump station at 3121 Glendale Road, Galax, Virginia (the "connection point" or "pump station") to the City pursuant to a contract for Sewage Treatment between the City and the County dated March 28, 1994; and,

**WHEREAS**, the PSA is in the process of construction of additions to its public sewer collection system in the County, particularly the Woodlawn area of the County; and,

**WHEREAS**, the PSA desires to connect portions of its collection system to the existing system owned by the County which is operated by the PSA so that such wastewater is sent through the existing system to the City for treatment; and,

**WHEREAS**, the City has excess capacity in its wastewater treatment plant after servicing its customers and is agreeable to acceptance of additional wastewater from the County and the PSA; and

**NOW THEREFORE**, in consideration of the benefits to be mutually derived from the sale and purchase by the parties hereto for the treatment by the City of wastewater provided by the County and the PSA, and in order to promote and protect the public health, safety and welfare, the City, PSA and County mutually agree as follows:

(1) The PSA will construct and operate additions to its existing wastewater collection system in Carroll County, especially in the Woodlawn section of the County, and connect those additions to the existing system, all in accordance with all applicable state and federal laws and regulations.

(2) Upon connection by the PSA of the additional collection systems to the existing system the wastewater will flow through the existing system to be discharged into the City's collection system at its present connection point between the City's wastewater collection and the existing system. The City will provide treatment for such discharge at its wastewater treatment facility in accordance with all applicable state and federal laws and regulations and this Agreement.

(3) All construction and connection costs, metering and maintenance expenses associated with the construction and operation of the collection system owned or operated by the PSA, including any addition thereto, shall be the sole responsibility of the PSA.

(4) That presently the City is treating on the average of 65,000 gallons of wastewater per day, based on a monthly average, from the existing system and such flow is monitored at the pump station at the connection point. Upon connection by the PSA of its additional collection systems to the existing system the City will accept an additional amount of 195,000 gallons of wastewater per day at the connection point from the existing system and any addition thereto from the County and the PSA for treatment for a total not to exceed an average of 260,000 gallons of wastewater per day, based on a monthly average. The volume shall be measured at the current meter at the connection point. The PSA owns the meter and agrees to keep and maintain that meter in proper operating condition and the City shall have the right to inspect and test the meter for accuracy upon request. Should the meter be found to be defective the PSA will immediately replace or repair the meter and the parties will determine in good faith if additional funds are due to or a credit is due from the City because of any improper meter readings. The City shall continue to have access to this meter, pump station and the records of the PSA concerning flow through the meter and will read the meter monthly to determine the amounts due for service pursuant to this Agreement.

(5) The County and the PSA shall be responsible for any upgrades or improvements to the City's system including lines, pump stations and wastewater treatment facilities which are necessary because of such increase in wastewater flow or which may hereinafter become necessary because of passage of time or changes in state or federal regulatory requirements, provided however, that any such obligation to contribute to the City for such upgrade or improvement of the City system shall be calculated upon, and not exceed, an amount based upon the percentage of flow contributed to the City by the County and/or the PSA as compared to the flow from the City at the location such upgrade, or improvement is required, and based upon a monthly average of such flow over the preceding six (6) months, or, if such work is required because of the projected increase in flow, then based upon a good faith estimate of the projected flow. The PSA shall pay for their share of the costs of any improvements or upgrades at the Galax Wastewater Treatment Plant and this shall be calculated by dividing the PSA allocated flow of 260,000 gallons per day by the permitted capacity of the Wastewater Treatment Plant of 3.0 million gallons per day.

(6) Commencing on the first day of July, 2007, the PSA will pay to the City the amount of three dollars (\$3.00) per thousand gallons for all wastewater discharged to the City as measured as aforesaid at the connection point between the City and the existing system as the cost of transportation and treatment. The City shall be entitled to increase this rate at any time during the term of this Agreement upon notification to the PSA at least ninety (90) days prior to the effective date of the increase provided, however, that any such increase shall only be implemented as part of an overall rate increase and any rate increase to the PSA shall not be greater in proportion as such rate increase is to other applicable users of the City wastewater system. In addition to such charge, the City shall be entitled, but not required, to impose a surcharge of 20% of the current rate on each thousand gallons of wastewater discharged to the City over the 260,000 gallons per day limit permitted hereunder if such overage, based on a monthly average, exists for more than two months in any twelve month period. The City shall also be entitled to impose a treatment surcharge as further provided in paragraph 9 herein based upon the nature of the wastewater. The City shall determine quarterly, the amount due by the PSA for wastewater treatment and shall submit to the PSA within thirty (30) days from the end of each quarter a statement for services which shall be

1001  
2.79 per  
1000

paid by the PSA within thirty (30) days of receipt. Should the PSA contest any amount due it shall pay the contested amount and request reconsideration of the charge which, if granted by the City, shall be applied as a credit to the PSA against future billings. Failure of the PSA to pay the amount billed within thirty (30) days of receipt of the statement will result in a penalty of ten percent (10%) per annum.

(7) In the event of an emergency during which the volume of wastewater treatment is diminished for an extended period of time, the treatment for wastewater to the County and/or PSA shall be reduced or diminished at the same ratio or proportion as the treatment for City customers is reduced or diminished. If the City is required to enforce restrictions the County and PSA must also enforce the same restrictions on use.

(8) Neither the PSA or the County shall discharge to the City as part of their wastewater, pollutants not designed for removal by treatment works or which may exhibit toxicity or other forms of interference to the treatment works or the treatment plant's process, effluent, the receiving stream or sludge. Neither the PSA nor the County may contribute, or cause to be contributed, directly or indirectly, any pollutant or wastewater which causes pass-through interference with the operation of the City wastewater collection system or treatment facility. Neither the County or the PSA shall discharge to the City any wastewater which may injure or interfere with wastewater treatment processes or the City facilities, constitute a hazard to humans or animals, create a hazard to the receiving water of the City's treatment discharge, or violate any pretreatment standards as promulgated by the United States Environmental Protection Agency ("EPA"), the Virginia Department of Health ("VDH") or the Virginia Department of Environmental Quality ("DEQ") or any other applicable state or federal agency. Specifically, neither the County or the PSA may discharge to the City any wastewater which contains: 1) any toxic substances in amounts exceeding standards promulgated by EPA pursuant to Section 307(a) of PL 92-500 or amendments thereto, and/or limits established by the PSA or the City in their pretreatment model, whichever is more stringent; 2) chemical elements or compounds, phenols or other taste or odor producing substances which are not susceptible to treatment or which may interfere with the biological or physical/chemical unit processes or efficiency of the City treatment facility; 3) pollutants which create a fire or explosion hazard; 4) discharges which will cause corrosive structural damage to the City's collection or treatment facility; 5) solid or viscous pollutants (including garbage, grease or oil) in amounts which cause or will cause obstruction in the flow in the City's treatment system; 6) discharges which cause excessive foaming in the City treatment facility or portions of the City collection system; 7) trucked or hauled wastewater, sludge, septic tank pumpout or pollutants; 8) any other incompatible wastewater which is not amenable to treatment or reduction by the City treatment facility, is amenable to treatment only to such degree that the City's treatment facility's effluent cannot meet the requirement of other agencies (state or federal) having jurisdiction over discharge from the facility to the receiving water, and any other wastewater, pollutant, chemical or substance which damages the City's collection system or wastewater treatment facility or which causes the City's collection system or treatment facility to violate any applicable state or federal rule or regulation.

(9) The PSA presently has pre-treatment requirements and regulations involving industrial waste. The PSA shall provide a copy of those requirements and regulations to the City upon execution of this Agreement. The PSA will strictly enforce those requirements and will ensure that the quality of the wastewater, industrial or other, sent to the City will meet or exceed all state or federal regulations and the terms and conditions of this Agreement, whichever is stricter. Should the quality of the wastewater discharged to the City violate such

requirements, including, specifically, the requirements imposed in paragraph (8) of this Agreement, the City shall charge to the PSA, and the PSA will pay to the City all expenses, costs, costs of repair or other damage, penalties or fines incurred by the City, including attorney fees, as a result of the violation of such standards or this Agreement. Additionally, should the quality of the wastewater discharged to the City not be prohibited but cause the treatment costs of the City to increase, the City may also surcharge the PSA for such increased costs of treatment. The PSA will cooperate with the City to protect the City's waste collection and treatment facility. The City shall be entitled to sample the wastewater at any available point within the existing system or any system connected thereto to ensure that such wastewater meets the standards imposed herein. The PSA will cooperate with the City in allowing those samples to be taken at the City's request. If requested by the City, the PSA will consider such modifications of its Rules and Regulations, including pre-treatment requirements, as the City may deem necessary to protect the City wastewater collection system or treatment facility.

(10) The PSA presently has a program to control and reduce excessive I&I (Inflow & Infiltration) from groundwater into the County and PSA system. The City shall be entitled to review and consult with the PSA on its I&I reduction program. The PSA will take appropriate action to control and limit I&I from its existing system and all additions or connections hereafter constructed by the PSA to be connected to the existing system for discharge to the City shall be designed and constructed in such fashion as to prevent and control I&I to then existing, acceptable engineering standards.

(11) The County, the PSA and the City covenant that they each have the authority to enter into this Agreement and that, should this Agreement be challenged in any court proceeding by any third party not a party to this Agreement that each will defend the same and that the County and/or the PSA will pay all costs and expenses, including attorney fees, incurred by the City as a result of such challenge by such third party. This Agreement replaces and supersedes all agreements, written or oral, between the parties relating to wastewater treatment, including the present Agreement entitled "Contract for Sewage Treatment" dated March 28, 1994 (the "1994 Contract") except that the 1994 Contract shall remain effective as to rates charged for wastewater treatment until July 1, 2007 when the new rates become effective.

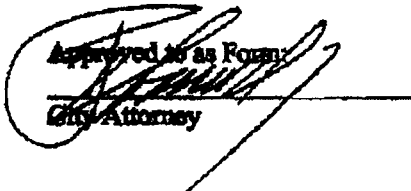
(12) This Agreement is binding upon the County, PSA and the City, and their respective successors and assigns and shall be effective for a period of forty five (45) years from the date of execution by all parties, provided, however, that either party may terminate this Agreement, with or without cause, upon sixty (60) months written notice.

(13) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together constitutes a single agreement. In interpreting any provision of this Agreement, no weight shall be given to nor shall any construction or interpretation be influenced by the fact that counsel for one of the parties drafted this Agreement, each party recognizing that it and its counsel have had an opportunity to review this Agreement and have contributed to the final form of the Agreement.

**IN WITNESS WHEREOF**, the parties hereto, acting under authority of their respective governing bodies, have caused this agreement to be duly executed in duplicate, each of which constitutes an original.



The above Agreement dated the 19th day of June, 2007, was approved by the Carroll County Board of Supervisors at a duly called meeting on the 19th day of June, 2007, by the City Council of the City of Galax at a duly called meeting on the 11th day of June, 2007, and by the Carroll County Public Service Authority at a duly called meeting on the 12th day of June, 2007.

Approved to as Form:  
  
City Attorney

  
Mayor, City of Galax

  
Chairman, Carroll County  
Board of Supervisors

Approved to as Form:  
  
County Attorney

  
Chairman, Carroll County  
Public Service Authority

Approved to as Form:  
  
Attorney for Public Service Authority

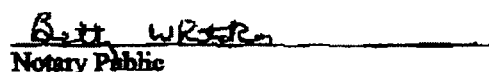
**STATE OF VIRGINIA**

**COUNTY OF CARROLL, to-wit:**

I, Betty Whiteker, a Notary Public in and for this County of Carroll, State of Virginia, do hereby certify that CM Mitchell, whose name is signed to the foregoing instrument dated June 19, 2007, as Mayor of the City of Galax, has this day acknowledged the same before me in Carroll County, State of Virginia.

My Commission expires: 8/31/10

Given under my hand this the 18 day of June, 2007.

  
Notary Public

**COUNTY OF CARROLL, to-wit:**

My Commission expires July 31 2007

Given under my hand this the 19 day of June, 2007.

Dave M. Phillips  
Notary Public

COUNTY OF <sup>Grayson</sup> GARRETT, to-wit:

My Commission expires: 2/28/08

Given under my hand this the 18<sup>th</sup> day of June, 2007.

Christina R. Bednar  
Notary Public

**ADDENDUM TO AGREEMENT FOR  
WASTEWATER TREATMENT SERVICE**

This ADDENDUM, made the 9th day of February, 2015, amends the written agreement dated June 19, 2007, (the "Agreement") between the City of Galax (the "City") the County of Carroll (the "County") and the Carroll County Public Service Authority (the "PSA"), political subdivisions of the Commonwealth of Virginia (collectively, the "Parties").

WHEREAS, as set forth in the Agreement, the parties established certain terms and conditions for connection by the PSA of portions of its wastewater collection system to the City's wastewater collection and treatment system, and for treatment by the City of certain quantities of wastewater collected from the PSA's collection system; and,

WHEREAS, the City, the County, and the County of Grayson formed the Carroll Grayson Galax Regional Industrial Facility Authority, operating as Blue Ridge Crossroads Economic Development Authority (BRCEDA), to promote regional economic development. One of the major projects of BRCEDA is the development of the Wildwood Commerce Park, (Wildwood) into which project the three localities have invested funds and from which, upon development the localities will share revenue. In order to provide adequate wastewater treatment capacity for development of Wildwood, additional capacity for wastewater treatment is needed to be reserved in the City wastewater collection and treatment system for the Wildwood project and, in addition, the County and the PSA need to reserve additional capacity in the City wastewater collection and treatment system for the PSA and County growth; and,

WHEREAS, the City has sufficient additional capacity and is willing to reserve to the County and the PSA a portion of such capacity for the Wildwood project and, generally, to the County and the PSA for economic development and therefore, the parties now wish to amend the Agreement to enable the PSA and the County to send increased flows of wastewater to the City for treatment, to reserve capacity in the City system for Wildwood and to provide for supplemental terms for termination of the Agreement.

THEREFORE, in consideration of the foregoing premises and the mutual covenants contained therein, the parties agree as follows:

I. Increased Permitted Flows for Treatment by City

The City currently accepts wastewater from the PSA and the Agreement provides that the City will accept from the PSA an average of up to 260,000 gallons of wastewater per day for treatment, calculated on a monthly average. In order to provide additional capacity for the PSA and to promote economic development to the County, beginning on the 1st day of February, 2015, the City will accept from the PSA for treatment an amount not to exceed 450,000 gallons of wastewater per day, calculated on a monthly average under the same terms and conditions of the Agreement. Attachment A to this Addendum contains wastewater flowrate benchmarks requiring that evaluation, planning, design and/or construction activities be initiated to properly manage peak flows and normal daily wastewater flow increases. The volume shall be measured at the current meter at the connection point, as further described in the Agreement.

## II. Reservation of Capacity for Wildwood Commerce Park

The parties understand that the Wildwood project will need increased treatment capacity over and above the capacity reserved for the PSA and the County. The City therefore does hereby reserve to the County and the PSA additional treatment capacity in the City wastewater collection and treatment system for the Wildwood Commerce Park project in the additional maximum peak flow amount of 550,000 gallons of wastewater per day for treatment. This treatment capacity is reserved for flows from the Wildwood Commerce Park only and is in addition to the above treatment capacity reserved for the PSA and the County for current operation and growth and economic development. This additional treatment capacity is reserved effective upon the execution of this Addendum and shall be available at any time during the term of the Agreement, as extended by this Addendum, upon notice from the County or the PSA of the need for such capacity to serve the Wildwood project. Attachment A to this Addendum contains wastewater flowrate benchmarks requiring that evaluation, planning, design and/or construction activities be initiated to properly manage peak flows and normal daily wastewater flow increases. The PSA and the County are empowered to assign this additional capacity to the Carroll Grayson Galax Regional Industrial Facilities Authority for the use of the Wildwood Commerce Park.

## III. Fees for Treatment

The initial fees for treatment shall be at the rate currently charged to the PSA by the City, subject to the right of the City to increase this rate in accordance with paragraph 6 of the Agreement. The City shall be entitled, but not required, to impose a surcharge of 20% of the then-current rate on each thousand gallons of wastewater discharged to the City over the limitations permitted under this Addendum, if such overage, based on a monthly average in Section I or maximum peak flow in Section II, exists for more than two months in any twelve month period. The City shall also be entitled to impose a treatment surcharge as further provided in paragraph 9 of the Agreement. Billing and payment procedures shall be as set forth in the Agreement.

## IV. Term and Termination; Liquidated Damages

The term of the Agreement is amended to remain effective for a period of forty five (45) years from the date of execution of this Addendum by all parties, provided however that either party may terminate the Agreement, with or without cause, upon sixty (60) months' written notice. The parties recognize that the County and the PSA will suffer significant losses as a result of any early termination of the Agreement by the City, and will have to undertake construction of its own treatment facility or construct facilities for conveyance to third parties for treatment, and further recognize that the City will suffer significant losses as a result of any early termination of the Agreement by the PSA which will result in decreased treatment plant efficiency and higher operating expenses at the City's treatment facility. The parties therefore agree that in the event of termination by either the PSA, the County or the City without cause, the terminating party will pay to the other party the sum of \$100,000 per year for each year of the notice period in order to defray the non-terminating party's capital and other expenses resulting from the termination. In the event of such termination by the PSA the County will, if needed,

fund such payment to the City. The parties agree that this payment constitutes liquidated damages and not a penalty, and are reasonable and closely approximate either party's anticipated actual damages.

V. Effect on Remaining Provisions of Agreement

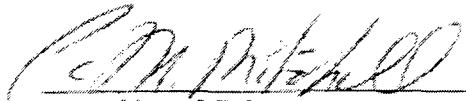
Each and every provision of the Agreement not specifically amended by this Addendum, or necessarily superseded by application of the terms of this Addendum, shall remain in full force and effect. In the event of a conflict between the provisions of this Addendum and the Agreement, the provisions of this Addendum shall prevail.


**IN WITNESS WHEREOF**, the parties hereto, acting under authority of their respective governing bodies, have caused this agreement to be duly executed in duplicate, each of which constitutes an original.

The above Agreement dated the 1<sup>st</sup> day of February, 2015, was approved by the Carroll County Board of Supervisors at a duly called meeting on the 4<sup>th</sup> day of February, 2015, by the City Council of the City of Galax at a duly called meeting on the 26<sup>th</sup> day of January, 2015, and by the Carroll County Public Service Authority at a duly called meeting on the 6<sup>th</sup> day of February, 2015.

Approved to as Form:

City Attorney

  
Mayor, City of Galax

  
Chairman, Carroll County  
Board of Supervisors

Approved to as Form:

County Attorney

  
Chairman, Carroll County  
Public Service Authority

Approved to as Form:

  
Attorney for Public Service Authority

STATE OF VIRGINIA

COUNTY OF CARROLL, to-wit:

I, Dana P. Woodel, a Notary Public in and for this County of Carroll, State of Virginia, do hereby certify that C M McDull, whose name is signed to the foregoing instrument dated February 10, 2015, as Mayor of the City of Galax, has this day acknowledged the same before me in Carroll County, State of Virginia.

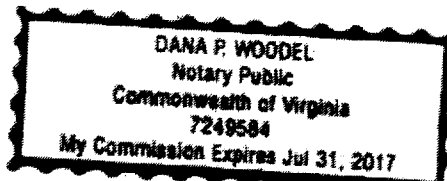
My Commission expires: 7-31-15

Given under my hand this the 10th day of February, 2015.

Dana P. Woodel  
Notary Public

STATE OF VIRGINIA

COUNTY OF CARROLL, to-wit:

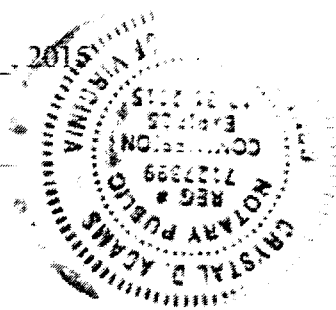


I, Crystal D. Adams, a Notary Public in and for this County of Carroll, State of Virginia, do hereby certify that Phil D. McGraw, whose name is signed to the foregoing instrument dated Feb. 9th, 2015, as Chairman, Carroll County Board of Supervisors of the County of Carroll, has this day acknowledged the same before me in Carroll County, State of Virginia.

My Commission expires: 12-31-15

Given under my hand this the 9th day of February, 2015.

Crystal D. Adams  
Notary Public



STATE OF VIRGINIA

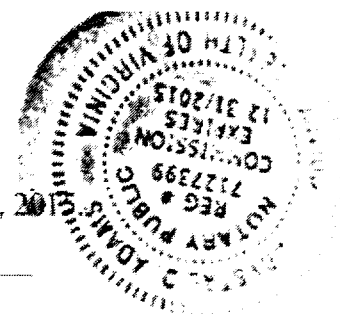
COUNTY OF CARROLL, to-wit:

I, Crystal D. Adams, a Notary Public in and for this County of Carroll, State of Virginia, do hereby certify that W.S. "Sam" Dickson, whose name is signed to the foregoing instrument dated Feb. 9, 2015, as Chairman, Carroll County Public Service Authority, has this day acknowledged the same before me in Carroll County, State of Virginia.

My Commission expires: 12-31-15

Given under my hand this the 9<sup>th</sup> day of February, 2015

Joseph D. Adams  
Notary Public



**ADDENDUM TO AGREEMENT FOR WASTEWATER TREATMENT SERVICE**

**Attachment A**

**WASTEWATER FLOW INCREASE NOTIFICATIONS,  
PEAK HOUR FLOW RATE BENCHMARKS  
AND  
FUTURE PSA COLLECTION SYSTEM EXPANSIONS**

The City sewer collection system and wastewater treatment facility has capacity to handle its current and anticipated future normal daily wastewater demands. The City sewer collection system has the capacity to handle wastewater from Carroll County communities in the amount of 450,000 gallons per day based on normal daily flow averages. Additionally, the City sewer collection system has the wastewater handling capacity in the amount of 550,000 gallons per day based on a maximum peak flow for industrial wastewater from the Wildwood Commerce Park.

Rainfall Derived Infiltration and Inflow (RDII) within the City and Carroll County Public Service Authority (PSA) sewer collection systems significantly increases flow above normal daily flow rates. The City sewer collection system has the capacity to handle the peak flows currently being discharged from the Gladeville Cranberry Pump Station. In order to properly manage RDII issues and other normal daily cyclic peak flows within the sanitary sewer collection systems, it is necessary to establish Peak Hour Flow rate benchmarks. Evaluation, planning and/or construction activities shall be initiated at these established benchmarks in order to eliminate or minimize sanitary sewer system overflows from future PSA sewer collection system expansions.

The Peak Hour Flow rate is defined as the largest volume of flow occurring within a 1-hour period. Current meter records for the Gladeville Cranberry Pump Station indicates that the Peak Hour Flow rate is 560 gallons per minute. Increases in the Gladeville Cranberry Pump Station flow capacity or the addition of a new wastewater discharge point to the Galax sanitary sewer collection system will increase the Peak Hour Flow rate established in the Agreement Addendum.

The City reserves the right to reconsider and modify Peak Hour Flow benchmarks and to establish other events or parameters for the purpose of initiating evaluation, planning, or construction activities to address the variation of normal daily flow cycles and RDII related capacity issues. Requirements in this Attachment are supplemental and shall not alter or supersede conditions in the Addendum.

#### **Wastewater Flow Increase Notifications**

Carroll County and/or the Carroll County Public Service Authority shall notify the City of any proposed improvements to the Gladeville Cranberry pump station at least two year prior to increasing pump station maximum discharge flow rate.

Carroll County and/or the Carroll County Public Service Authority shall notify the City of any proposed collection system expansions and additional wastewater inputs to the Galax sanitary sewer collection system at least two year prior to the commencement of the new discharge.

#### **Peak Hour Flow Rate Benchmarks**

PSA pump station upgrades or additional wastewater input that raises the Peak Hour Flow rate by more than 150 gpm will require the City to initiate evaluation and design of an improvement project for the Mill Creek Interceptor.

PSA pump station upgrades or additional wastewater input that raises the Peak Hour Flow rate by more than 225 gpm will require the City to initiate evaluation and design of an improvement project or projects for the BC Vaughan Pump Station, its conveying force main, and the City's Wastewater Treatment Facility as necessary to meet proposed upgrades or wastewater flow increases.

#### **Future PSA Collection System Expansions**

Design of proposed PSA collection system expansions shall provide facilities capable of controlling the peak flow rate for diurnal variations and RDII as necessary to restrain the wastewater flow to less than the collection system capacity and within the limits of this Addendum.

The reservation of sewer collection system capacity to the Carroll Grayson Galax Regional Industrial Facilities Authority for the sole use of the Wildwood Commerce Park is conditioned upon the limitation of 550,000 gallons per day as the maximum allowable peak flow. Proposed



1997年12月1日



# CITY OF GALAX

Office of the City Manager

TELEPHONE 276-236-5773

FAX 276-236-2889

June 30, 2020

Cellell Dalton, Interim County Administrator  
Carroll County  
605-1 Pine St.  
Hillsville, VA 24348

Re: Sewer Service Agreement and Debt Service

Dear Cellell,

This letter is sent as a follow-up to my email to you on April 7, 2020. The City of Galax is close to completing our work at the Galax Waste Water Treatment Plant (WWTP), and the associated pump stations and force mains. Per the 2007 Agreement and the 2015 Addendum, Carroll County and the CCPSA are responsible for a portion of the annual debt service based on overall capacity at the WWTP and by flow at facilities leading to the WWTP. The facilities leading to the WWTP would include the BC Vaughan Pump Station (BCVPS) for this project.

Attached are two exhibits (Exhibit A and Exhibit B) for your review, as well as the original 2007 agreement and the 2015 addendum.

The project was broken into three contracts; Contract 1 was for the WWTP, Contract 2 was for pump station work, and Contract 3 was for the force main work. Edwin Ward, City Engineer, reviewed the project costs for each separate contract in order to arrive at the costs shown on Exhibit A and Exhibit B.

The WWTP Contract 1 portion of the project is \$8,066,584 and is within 1% of the actual final project expenses. The Contract 2 portion of expenses related to the BCVPS is \$755,722. Project expenses associated with Contract 3 and with Contract 2 improvements at the Ballard's Branch Pump Station and Fries Road Pump Station were excluded from the CCPSA debt service calculations.

Exhibit A takes into account the flow capacity of 260,000 gpd to the WWTP as agreed upon with the 2007 Agreement. You will note that per this agreement, the CCPSA is allocated 8.7% of the total capacity at the WWTP. When reviewing the flow through the BCVPS, the CCPSA has an average flow over the past 6 months that equates to 26.4% of the total flow. You will see from the Exhibit A that the total debt service allocated to the CCPSA is \$898,424 based on these

111 EAST GRAYSON STREET – GALAX, VIRGINIA 24333

*what is current flow & how does it relate to agreement*

calculations with semi-annual payments of \$22,461 (\$44,922 annually) based on the 20-year, 0% loan we received from the VRA.

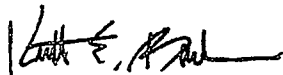
Exhibit B takes into account the flow capacity of 450,000 gpd to the WWTP as agreed upon with the 2015 Addendum Agreement. You will note that per this agreement, the CCPSA is allocated 15% of the total capacity at the WWTP. When reviewing the flow through the BCVPS, the CCPSA has an average flow over the past 6 months that equates to 26.4% of the total flow. You will see from the Exhibit B that the total debt service allocated to the CCPSA is \$1,409,308 based on these calculations with semi-annual payments of \$35,233 (\$70,466 annually) based on the 20-year, 0% loan we received from the VRA.

Neither of the above calculations take into account reserve flow capacity from Wildwood, which hasn't materialized yet.

In reviewing this with Edwin and discussing the actual flow Carroll is sending each day, I am offering to use the Exhibit A document to set the debt payment for now. When the Carroll flow begins to increase and we see a worthwhile change in the flow volume over the 6-month period, we can revisit the debt service then. I do not think charging a fee for reserve capacity on the Wildwood project is something to consider at this time unless the situation changes regarding reserve capacity with the CCPSA and Wildwood.

If there are any questions, please feel free to contact me at 276-236-5773.

Sincerely,



Keith Barker  
City Manager

cc: Edwin Ward, City Engineer  
Judy Taylor-Gallimore, Finance Director  
G.W. Shaw, Utilities Superintendent

Total Cap WWTP  
3,000,000

2007	2015
02 Cap	261 Cap
240,000 gpd	450,000 gpd
8.1%	15%

Current Flow  
26.4% what does this mean?

**FILE COPY**

**AGREEMENT FOR WASTEWATER TREATMENT SERVICE**

**THIS AGREEMENT ("this Agreement"), made and entered into this 19<sup>th</sup> day of June, 2007, by and between the City of Galax, a political subdivision of the Commonwealth of Virginia ("City"), the Carroll County Public Service Authority, a political subdivision in the Commonwealth of Virginia ("PSA") and the County of Carroll, Virginia, a political subdivision of the Commonwealth of Virginia ("County"):**

**WITNESSETH**

**WHEREAS, the City operates a 3 million gallon per day (MGD) sewage treatment facility for the benefit of its residents; and,**

**WHEREAS, the County provides wastewater treatment facilities for portions of the County through the PSA and in doing so provides a public sewer collection system in the Gladeville-Cranberry area of the County operated by the PSA (the existing system) which wastewater is discharged at a connection point and pump station at 3121 Glendale Road, Galax, Virginia (the "connection point" or "pump station") to the City pursuant to a contract for Sewage Treatment between the City and the County dated March 28, 1994; and,**

**WHEREAS, the PSA is in the process of construction of additions to its public sewer collection system in the County, particularly the Woodlawn area of the County; and,**

**WHEREAS, the PSA desires to connect portions of its collection system to the existing system owned by the County which is operated by the PSA so that such wastewater is sent through the existing system to the City for treatment; and,**

**WHEREAS, the City has excess capacity in its wastewater treatment plant after servicing its customers and is agreeable to acceptance of additional wastewater from the County and the PSA; and**

**NOW THEREFORE, in consideration of the benefits to be mutually derived from the sale and purchase by the parties hereto for the treatment by the City of wastewater provided by the County and the PSA, and in order to promote and protect the public health, safety and welfare, the City, PSA and County mutually agree as follows:**

**(1) The PSA will construct and operate additions to its existing wastewater collection system in Carroll County, especially in the Woodlawn section of the County, and connect those additions to the existing system, all in accordance with all applicable state and federal laws and regulations.**

**(2) Upon connection by the PSA of the additional collection systems to the existing system the wastewater will flow through the existing system to be discharged into the City's collection system at its present connection point between the City's wastewater collection and the existing system. The City will provide treatment for such discharge at its wastewater treatment facility in accordance with all applicable state and federal laws and regulations and this Agreement.**

(3) All construction and connection costs, metering and maintenance expenses associated with the construction and operation of the collection system owned or operated by the PSA, including any addition thereto, shall be the sole responsibility of the PSA.

(4) That presently the City is treating on the average of 65,000 gallons of wastewater per day, based on a monthly average, from the existing system and such flow is monitored at the pump station at the connection point. Upon connection by the PSA of its additional collection systems to the existing system the City will accept an additional amount of 195,000 gallons of wastewater per day at the connection point from the existing system and any addition thereto from the County and the PSA for treatment for a total not to exceed an average of 260,000 gallons of wastewater per day, based on a monthly average. The volume shall be measured at the current meter at the connection point. The PSA owns the meter and agrees to keep and maintain that meter in proper operating condition and the City shall have the right to inspect and test the meter for accuracy upon request. Should the meter be found to be defective the PSA will immediately replace or repair the meter and the parties will determine in good faith if additional funds are due to or a credit is due from the City because of any improper meter readings. The City shall continue to have access to this meter, pump station and the records of the PSA concerning flow through the meter and will read the meter monthly to determine the amounts due for service pursuant to this Agreement.

(5) The County and the PSA shall be responsible for any upgrades or improvements to the City's system including lines, pump stations and wastewater treatment facilities which are necessary because of such increase in wastewater flow or which may hereinafter become necessary because of passage of time or changes in state or federal regulatory requirements, provided however, that any such obligation to contribute to the City for such upgrade or improvement of the City system shall be calculated upon, and not exceed, an amount based upon the percentage of flow contributed to the City by the County and/or the PSA as compared to the flow from the City at the location such upgrade, or improvement is required, and based upon a monthly average of such flow over the preceding six (6) months, or, if such work is required because of the projected increase in flow, then based upon a good faith estimate of the projected flow. The PSA shall pay for their share of the costs of any improvements or upgrades at the Galax Wastewater Treatment Plant and this shall be calculated by dividing the PSA allocated flow of 260,000 gallons per day by the permitted capacity of the Wastewater Treatment Plant of 3.0 million gallons per day ~~✱~~

(6) Commencing on the first day of July, 2007, the PSA will pay to the City the amount of three dollars (\$3.00) per thousand gallons for all wastewater discharged to the City as measured as aforesaid at the connection point between the City and the existing system as the cost of transportation and treatment. The City shall be entitled to increase this rate at any time during the term of this Agreement upon notification to the PSA at least ninety (90) days prior to the effective date of the increase provided, however, that any such increase shall only be implemented as part of an overall rate increase and any rate increase to the PSA shall not be greater in proportion as such rate increase is to other applicable users of the City wastewater system. In addition to such charge, the City shall be entitled, but not required, to impose a surcharge of 20% of the current rate on each thousand gallons of wastewater discharged to the City over the 260,000 gallons per day limit permitted hereunder if such overage, based on a monthly average, exists for more than two months in any twelve month period. The City shall also be entitled to impose a treatment surcharge as further provided in paragraph 9 herein based upon the nature of the wastewater. The City shall determine quarterly, the amount due by the PSA for wastewater treatment and shall submit to the PSA within thirty (30) days from the end of each quarter a statement for services which shall be

2.79 per 1000

(7) In the event of an emergency during which the volume of wastewater treatment is diminished for an extended period of time, the treatment for wastewater to the County and/or PSA shall be reduced or diminished at the same ratio or proportion as the treatment for City customers is reduced or diminished. If the City is required to enforce restrictions the County and PSA must also enforce the same restrictions on use.

(9) The PSA presently has pre-treatment requirements and regulations involving industrial waste. The PSA shall provide a copy of those requirements and regulations to the City upon execution of this Agreement. The PSA will strictly enforce those requirements and will ensure that the quality of the wastewater, industrial or other, sent to the City will meet or exceed all state or federal regulations and the terms and conditions of this Agreement, whichever is stricter. Should the quality of the wastewater discharged to the City violate such

requirements, including, specifically, the requirements imposed in paragraph (8) of this Agreement, the City shall charge to the PSA, and the PSA will pay to the City all expenses, costs, costs of repair or other damage, penalties or fines incurred by the City, including attorney fees, as a result of the violation of such standards or this Agreement. Additionally, should the quality of the wastewater discharged to the City not be prohibited but cause the treatment costs of the City to increase, the City may also surcharge the PSA for such increased costs of treatment. The PSA will cooperate with the City to protect the City's waste collection and treatment facility. The City shall be entitled to sample the wastewater at any available point within the existing system or any system connected thereto to ensure that such wastewater meets the standards imposed herein. The PSA will cooperate with the City in allowing those samples to be taken at the City's request. If requested by the City, the PSA will consider such modifications of its Rules and Regulations, including pre-treatment requirements, as the City may deem necessary to protect the City wastewater collection system or treatment facility.

(10) The PSA presently has a program to control and reduce excessive I&I (Inflow & Infiltration) from groundwater into the County and PSA system. The City shall be entitled to review and consult with the PSA on its I&I reduction program. The PSA will take appropriate action to control and limit I&I from its existing system and all additions or connections hereafter constructed by the PSA to be connected to the existing system for discharge to the City shall be designed and constructed in such fashion as to prevent and control I&I to then existing, acceptable engineering standards.

(11) The County, the PSA and the City covenant that they each have the authority to enter into this Agreement and that, should this Agreement be challenged in any court proceeding by any third party not a party to this Agreement that each will defend the same and that the County and/or the PSA will pay all costs and expenses, including attorney fees, incurred by the City as a result of such challenge by such third party. This Agreement replaces and supersedes all agreements, written or oral, between the parties relating to wastewater treatment, including the present Agreement entitled "Contract for Sewage Treatment" dated March 28, 1994 (the "1994 Contract") except that the 1994 Contract shall remain effective as to rates charged for wastewater treatment until July 1, 2007 when the new rates become effective.

(12) This Agreement is binding upon the County, PSA and the City, and their respective successors and assigns and shall be effective for a period of forty five (45) years from the date of execution by all parties, provided, however, that either party may terminate this Agreement, with or without cause, upon sixty (60) months written notice.

(13) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together constitutes a single agreement. In interpreting any provision of this Agreement, no weight shall be given to nor shall any construction or interpretation be influenced by the fact that counsel for one of the parties drafted this Agreement, each party recognizing that it and its counsel have had an opportunity to review this Agreement and have contributed to the final form of the Agreement.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this agreement to be duly executed in duplicate, each of which constitutes an original.

The above Agreement dated the 19th day of June, 2007, was approved by the Carroll County Board of Supervisors at a duly called meeting on the 19th day of June, 2007, by the City Council of the City of Galax at a duly called meeting on the 11th day of June, 2007, and by the Carroll County Public Service Authority at a duly called meeting on the 12th day of June, 2007.

Approved to as Form:

City Attorney

Mayor, City of Galax

Chairman, Carroll County  
Board of Supervisors

Approved to as Form:

County Attorney

Chairman, Carroll County  
Public Service Authority

Approved to as Form:

Attorney for Public Service Authority

## STATE OF VIRGINIA

### COUNTY OF CARROLL, to-wit:

I, Betty Whitaker, a Notary Public in and for this County of Carroll, State of Virginia, do hereby certify that C M Mitchell, whose name is signed to the foregoing instrument dated June 18, 2007, as Mayor of the City of Galax, has this day acknowledged the same before me in Carroll County, State of Virginia.

My Commission expires: 8/31/10

Given under my hand this the 18 day of June, 2007.

Betty Whitaker  
Notary Public



STATE OF VIRGINIA

COUNTY OF CARROLL, to-wit:

I, Dana Phillips, a Notary Public in and for this County of Carroll, State of Virginia, do hereby certify that David Hutchins, whose name is signed to the foregoing instrument dated June 19, 2007, as Chairman, Carroll County Board of Supervisors of the County of Carroll, has this day acknowledged the same before me in Carroll County, State of Virginia.

My Commission expires July 31 2007

Given under my hand this the 19 day of June, 2007.

Dana M. Phillips  
Notary Public

STATE OF VIRGINIA

COUNTY OF <sup>Grayson</sup> ~~CARROLL~~, to-wit:

I, Christina Bedard, a Notary Public in and for this County of Carroll, State of Virginia, do hereby certify that Shawn Nichols, whose name is signed to the foregoing instrument dated 6/18, 2007, as Chairman, Carroll County Public Service Authority, has this day acknowledged the same before me in Carroll County, State of Virginia.

My Commission expires: 2/28/08

Given under my hand this the 18th day of June, 2007.

Christina S. Bedard  
Notary Public

## ADDENDUM TO AGREEMENT FOR WASTEWATER TREATMENT SERVICE

This ADDENDUM, made the 9th day of February, 2015, amends the written agreement dated June 19, 2007, (the "Agreement") between the City of Galax (the "City"), the County of Carroll (the "County") and the Carroll County Public Service Authority (the "PSA"), political subdivisions of the Commonwealth of Virginia (collectively, the "Parties").

WHEREAS, as set forth in the Agreement, the parties established certain terms and conditions for connection by the PSA of portions of its wastewater collection system to the City's wastewater collection and treatment system, and for treatment by the City of certain quantities of wastewater collected from the PSA's collection system; and,

WHEREAS, the City, the County, and the County of Grayson formed the Carroll Grayson Galax Regional Industrial Facility Authority, operating as Blue Ridge Crossroads Economic Development Authority (BRCEDA), to promote regional economic development. One of the major projects of BRCEDA is the development of the Wildwood Commerce Park, (Wildwood) into which project the three localities have invested funds and from which, upon development the localities will share revenue. In order to provide adequate wastewater treatment capacity for development of Wildwood, additional capacity for wastewater treatment is needed to be reserved in the City wastewater collection and treatment system for the Wildwood project and, in addition, the County and the PSA need to reserve additional capacity in the City wastewater collection and treatment system for the PSA and County growth; and,

WHEREAS, the City has sufficient additional capacity and is willing to reserve to the County and the PSA a portion of such capacity for the Wildwood project and, generally, to the County and the PSA for economic development and therefore, the parties now wish to amend the Agreement to enable the PSA and the County to send increased flows of wastewater to the City for treatment, to reserve capacity in the City system for Wildwood and to provide for supplemental terms for termination of the Agreement.

THEREFORE, in consideration of the foregoing premises and the mutual covenants contained therein, the parties agree as follows:

### I. Increased Permitted Flows for Treatment by City

The City currently accepts wastewater from the PSA and the Agreement provides that the City will accept from the PSA an average of up to 200,000 gallons of wastewater per day for treatment, calculated on a monthly average. In order to provide additional capacity for the PSA and to promote economic development to the County, beginning on the 1st day of February, 2015, the City will accept from the PSA for treatment an amount not to exceed 450,000 gallons of wastewater per day, calculated on a monthly average under the same terms and conditions of the Agreement. Attachment A to this Addendum contains wastewater flowrate benchmarks requiring that evaluation, planning, design and/or construction activities be initiated to properly manage peak flows and normal daily wastewater flow increases. The volume shall be measured at the current meter at the connection point, as further described in the Agreement.

## II. Reservation of Capacity for Wildwood Commerce Park

The parties understand that the Wildwood project will need increased treatment capacity over and above the capacity reserved for the PSA and the County. The City therefore does hereby reserve to the County and the PSA additional treatment capacity in the City wastewater collection and treatment system for the Wildwood Commerce Park project in the additional maximum peak flow amount of 550,000 gallons of wastewater per day for treatment. This treatment capacity is reserved for flows from the Wildwood Commerce Park only and is in addition to the above treatment capacity reserved for the PSA and the County for current operation and growth and economic development. This additional treatment capacity is reserved effective upon the execution of this Addendum and shall be available at any time during the term of the Agreement, as extended by this Addendum, upon notice from the County or the PSA of the need for such capacity to serve the Wildwood project. Attachment A to this Addendum contains wastewater flowrate benchmarks requiring that evaluation, planning, design and/or construction activities be initiated to properly manage peak flows and normal daily wastewater flow increases. The PSA and the County are empowered to assign this additional capacity to the Carroll Grayson Galax Regional Industrial Facilities Authority for the use of the Wildwood Commerce Park.

## III. Fees for Treatment

The initial fees for treatment shall be at the rate currently charged to the PSA by the City, subject to the right of the City to increase this rate in accordance with paragraph 6 of the Agreement. The City shall be entitled, but not required, to impose a surcharge of 20% of the then-current rate on each thousand gallons of wastewater discharged to the City over the limitations permitted under this Addendum, if such overage, based on a monthly average in Section I or maximum peak flow in Section II, exists for more than two months in any twelve month period. The City shall also be entitled to impose a treatment surcharge as further provided in paragraph 9 of the Agreement. Billing and payment procedures shall be as set forth in the Agreement.

## IV. Term and Termination; Liquidated Damages

The term of the Agreement is amended to remain effective for a period of forty five (45) years from the date of execution of this Addendum by all parties, provided however that either party may terminate the Agreement, with or without cause, upon sixty (60) months' written notice. The parties recognize that the County and the PSA will suffer significant losses as a result of any early termination of the Agreement by the City, and will have to undertake construction of its own treatment facility or construct facilities for conveyance to third parties for treatment, and further recognize that the City will suffer significant losses as a result of any early termination of the Agreement by the PSA which will result in decreased treatment plant efficiency and higher operating expenses at the City's treatment facility. The parties therefore agree that in the event of termination by either the PSA, the County or the City without cause, the terminating party will pay to the other party the sum of \$100,000 per year for each year of the notice period in order to defray the non-terminating party's capital and other expenses resulting from the termination. In the event of such termination by the PSA the County will, if needed,

fund such payment to the City. The parties agree that this payment constitutes liquidated damages and not a penalty, and are reasonable and closely approximate either party's anticipated actual damages.

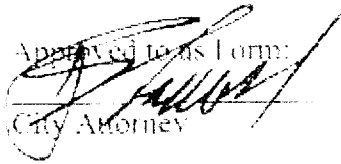
V. Effect on Remaining Provisions of Agreement


Each and every provision of the Agreement not specifically amended by this Addendum, or necessarily superseded by application of the terms of this Addendum, shall remain in full force and effect. In the event of a conflict between the provisions of this Addendum and the Agreement, the provisions of this Addendum shall prevail.


**IN WITNESS WHEREOF**, the parties hereto, acting under authority of their respective governing bodies, have caused this agreement to be duly executed in duplicate, each of which constitutes an original.

The above Agreement dated the 17 day of June, 2015, was approved by the Carroll County Board of Supervisors at a duly called meeting on the 17 day of June, 2015, by the City Council of the City of Galax at a duly called meeting on the 17 day of June, 2015, and by the Carroll County Public Service Authority at a duly called meeting on the 17 day of June, 2015.

Approved to us Form:

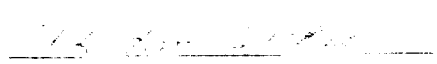
  
City Attorney

  
Mayor, City of Galax

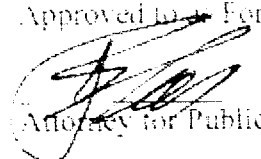
  
Chairman, Carroll County  
Board of Supervisors

Approved to us Form:

  
County Attorney

  
Chairman, Carroll County  
Public Service Authority

Approved to us Form:

  
Attorney for Public Service Authority

STATE OF VIRGINIA

COUNTY OF CARROLL, to-wit:

I, Dana R. Woodel, a Notary Public in and for this County of Carroll, State of Virginia, do hereby certify that \_\_\_\_\_ whose name is signed to the foregoing instrument dated \_\_\_\_\_, 2015, as Mayor of the City of Galax, has this day acknowledged the same before me in Carroll County, State of Virginia.

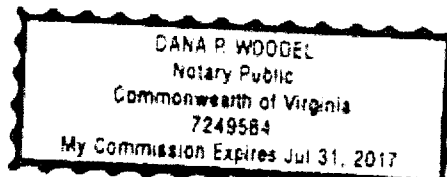
My Commission expires: \_\_\_\_\_

Given under my hand this the \_\_\_\_\_ day of \_\_\_\_\_, 2015

Dana R. Woodel  
Notary Public

STATE OF VIRGINIA

COUNTY OF CARROLL, to-wit:

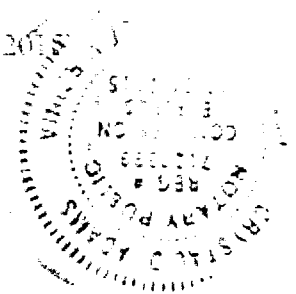


I, Dana R. Woodel, a Notary Public in and for this County of Carroll, State of Virginia, do hereby certify that \_\_\_\_\_ whose name is signed to the foregoing instrument dated \_\_\_\_\_, 2015, as Chairman, Carroll County Board of Supervisors of the County of Carroll, has this day acknowledged the same before me in Carroll County, State of Virginia.

My Commission expires: \_\_\_\_\_

Given under my hand this the \_\_\_\_\_ day of \_\_\_\_\_, 2015

Dana R. Woodel  
Notary Public



STATE OF VIRGINIA

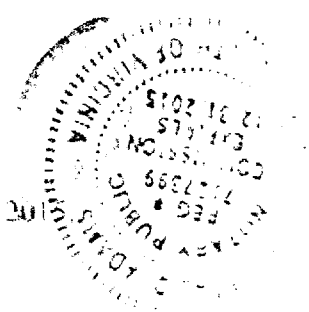
COUNTY OF CARROLL, to-wit:

I, Dana R. Woodel, a Notary Public in and for this County of Carroll, State of Virginia, do hereby certify that \_\_\_\_\_ whose name is signed to the foregoing instrument dated \_\_\_\_\_, 2015, as Chairman, Carroll County Public Service Authority, has this day acknowledged the same before me in Carroll County, State of Virginia.

My Commission expires: \_\_\_\_\_

Given under my hand this the 7 day of February, 2018.

\_\_\_\_\_  
Notary Public



**ADDENDUM TO AGREEMENT FOR WASTEWATER TREATMENT SERVICE**

**Attachment A**

**WASTEWATER FLOW INCREASE NOTIFICATIONS,  
PEAK HOUR FLOW RATE BENCHMARKS  
AND  
FUTURE PSA COLLECTION SYSTEM EXPANSIONS**

The City sewer collection system and wastewater treatment facility has capacity to handle its current and anticipated future normal daily wastewater demands. The City sewer collection system has the capacity to handle wastewater from Carroll County communities in the amount of 450,000 gallons per day based on normal daily flow averages. Additionally, the City sewer collection system has the wastewater handling capacity in the amount of 550,000 gallons per day based on a maximum peak flow for industrial wastewater from the Wildwood Commerce Park.

Rainfall Derived Infiltration and Inflow (RDII) within the City and Carroll County Public Service Authority (PSA) sewer collection systems significantly increases flow above normal daily flow rates. The City sewer collection system has the capacity to handle the peak flows currently being discharged from the Gladeville Cranberry Pump Station. In order to properly manage RDII issues and other normal daily cyclic peak flows within the sanitary sewer collection systems, it is necessary to establish Peak Hour Flow rate benchmarks. Evaluation, planning and/or construction activities shall be initiated at these established benchmarks in order to eliminate or minimize sanitary sewer system overflows from future PSA sewer collection system expansions.

The Peak Hour Flow rate is defined as the largest volume of flow occurring within a 1-hour period. Current meter records for the Gladeville Cranberry Pump Station indicates that the Peak Hour Flow rate is 560 gallons per minute. Increases in the Gladeville Cranberry Pump Station flow capacity or the addition of a new wastewater discharge point to the Galax sanitary sewer collection system will increase the Peak Hour Flow rate established in the Agreement Addendum.

The City reserves the right to reconsider and modify Peak Hour Flow benchmarks and to establish other events or parameters for the purpose of initiating evaluation, planning, or construction activities to address the variation of normal daily flow cycles and RDII related capacity issues. Requirements in this Attachment are supplemental and shall not alter or supersede conditions in the Addendum.

### **Wastewater Flow Increase Notifications**

Carroll County and/or the Carroll County Public Service Authority shall notify the City of any proposed improvements to the Gladeville Cranberry pump station at least two year prior to increasing pump station maximum discharge flow rate.

Carroll County and/or the Carroll County Public Service Authority shall notify the City of any proposed collector system expansions and additional wastewater inputs to the Galax sanitary sewer collection system at least two year prior to the commencement of the new discharge.

### **Peak Hour Flow Rate Benchmarks**

PSA pump station upgrades or additional wastewater input that raises the Peak Hour Flow rate by more than 150 gpm will require the City to initiate evaluation and design of an improvement project for the Mill Creek Interceptor.

PSA pump station upgrades or additional wastewater input that raises the Peak Hour Flow rate by more than 225 gpm will require the City to initiate evaluation and design of an improvement project or projects for the BC Vaughan Pump Station, its conveying force main, and the City's Wastewater Treatment Facility as necessary to meet proposed upgrades or wastewater flow increases.

### **Future PSA Collection System Expansions**

Design of proposed PSA collection system expansions shall provide facilities capable of controlling the peak flow rate for diurnal variations and RDII as necessary to restrain the wastewater flow to less than the collection system capacity and within the limits of this Addendum.

The reservation of sewer collection system capacity to the Carroll Grayson Galax Regional Industrial Facilities Authority for the sole use of the Wildwood Commerce Park is conditioned upon the limitation of 550,000 gallons per day as the maximum allowable peak flow. Proposed

sewer collection facilities discharging wastewater from the Wildwood Commerce Park shall be constructed to control diurnal variations and RDII peak flow rates to below the maximum limit.



## EXHIBIT A - 2007 Agreement Capacity

### CCPSA Debt Service Calculation for Galax Wastewater Systems Improvement (GWSI) Project Contract 1 and BCVPS Portion of Contract 2

Maximum Flow Capacity and Actual Flow Proportion Descriptions	Gallons per Day
Galax Wastewater Treatment Facility (GWTF) VPDES Permit Maximum Flow Capacity =	3,000,000
CCPSA Daily Maximum Flow Capacity Allocation Under June 19, 2007 Agreement =	260,000
BCVPS Daily Operating Report Six Month Average Daily Flow From Sept 2019 through February 2020 =	532,319
CCPSA Gladeville Pump Station Six Month Average Daily Flow From Sept 2019 through February 2020 =	140,389
City of Galax proportion of BCVPS Six Month Average Daily Flow From Sept 2019 through February 2020 =	391,930

Flow Capacity Allocation and Actual Flow Proportion	Ratio %
GWTF VPDES Permit Maximum Flow Capacity Allocation =	91.3%
CCPSA Flow Capacity Allocation to GWTF VPDES Permit Flow =	8.7%
City of Galax Six Month Actual Flow Proportion to BCVPS =	73.6%
CCPSA Six Month Actual Flow Proportion to BCVPS =	26.4%

Debt Service Funding Contribution Description	Amount
GWWSI Project Contract 1 Total Cost =	\$ 8,066,584
CCPSA Debt Service Funding Proportion of 8.7% for GWTF Contract 1 =	\$ 699,104
GWWSI Project Contract 2 BCVPS Total Cost =	\$ 755,772
CCPSA Debt Service Funding Proportion of 26.4% for BCVPS Contract 2 =	\$ 199,320
CCPSA Total Debt Service for GWTF & BCVPS portions of the GWWSI Project =	\$ 898,424
Semi-Annual Payments =	\$ 22,461
Total Annual Payment =	\$ 44,921
CCPSA Debt Service Percentage of Total Applicable GWWSI Project Costs =	10.2%

GWTF = Galax Wastewater Treatment Facility  
VPDES = VA Pollution Discharge Elimination System Permit  
GWWSI = Galax Wastewater System Improvements Project  
BCVPS = BC Vaughan Pump Station

## EXHIBIT B - 2015 Addendum Capacity

### CCPSA Debt Service Calculation for Galax Wastewater Systems Improvement (GWSI) Project Contract 1 and BCVPS Portion of Contract 2

Maximum Flow Capacity and Actual Flow Proportion Descriptions	Gallons per Day
Galax Wastewater Treatment Facility (GWTF) VPDES Permit Maximum Flow Capacity =	3,000,000
CCPSA Daily Maximum Flow Capacity Allocation Under June 19, 2007 Agreement =	450,000
BCVPS Daily Operating Report Six Month Average Daily Flow From Sept 2019 through February 2020 =	532,319
CCPSA Gladeville Pump Station Six Month Average Daily Flow From Sept 2019 through February 2020 =	140,389
City of Galax proportion of BCVPS Six Month Average Daily Flow From Sept 2019 through February 2020 =	391,930

Flow Capacity Allocation and Actual Flow Proportion	Ratio %
GWTF VPDES Permit Maximum Flow Capacity Allocation =	85.0%
CCPSA Flow Capacity Allocation to GWTF VPDES Permit Flow =	15.0%
City of Galax Six Month Actual Flow Proportion to BCVPS =	73.6%
CCPSA Six Month Actual Flow Proportion to BCVPS =	26.4%

Debt Service Funding Contribution Description	Amount
GWWSI Project Contract 1 Total Cost =	\$ 8,066,584
CCPSA Debt Service Funding Proportion of 15% for GWTF Contract 1 =	\$ 1,209,988
GWWSI Project Contract 2 BCVPS Total Cost =	\$ 755,772
CCPSA Debt Service Funding Proportion of 26.4% for BCVPS Contract 2 =	\$ 199,320
CCPSA Total Debt Service for GWTF & BCVPS portions of the GWWSI Project =	\$ 1,409,308
Semi-Annual Payments =	\$ 35,233
Total Annual Payment =	\$ 70,465
CCPSA Debt Service Percentage of Total Applicable GWWSI Project Costs =	16.0%

GWTF = Galax Wastewater Treatment Facility  
VPDES = VA Pollution Discharge Elimination System Permit  
GWSI = Galax Wastewater System Improvements Project  
BCVPS = BC Vaughan Pump Station