

**CITY OF CHARLOTTESVILLE, VIRGINIA  
CITY COUNCIL AGENDA**



Agenda Date:	June 6, 2022
Action Required:	Approval of Resolution
Presenter:	Lauren Hildebrand, Director of Utilities
Staff Contacts:	Lauren Hildebrand, Director of Utilities Lisa Robertson, City Attorney
<b>Title:</b>	<b>Rivanna Water and Sewer Authority Northern Area Projects Allocation Agreement</b>

**Background:**

Rivanna Water and Sewer Authority's (RWSA) was formed in 1972 by a joint resolution of Albemarle County (County) and the City for the purpose of acquiring, financing, constructing, and maintaining facilities to supply drinking water to both communities under terms set out in the "Four Party Agreement" dated June 12, 1973 among the City, the County, Albemarle County Service Authority (ACSA), and RWSA. The Four Party Agreement provides RWSA shall also undertake the provision of such additional facilities as may be agreed upon from time to time by the City, ACSA, and RWSA.

**Discussion:**

A proposed agreement has been developed allocating the costs associated with current and future Northern Area Projects for the urban water system. The proposed agreement also confirms the cost allocation for the North Rivanna Water Treatment Plant Decommissioning Project previously allocated among the City and ACSA that was included in the "South Rivanna Water Treatment Plant Agreement" of 2003. The City's Director of Utilities, ACSA Executive Director, and RWSA Executive Director have collaborated and coordinated since early 2021 to establish the cost allocation agreement. Costs to the City and ACSA will be allocated annually in RWSA's debt service charges as part of RWSA's capital improvement projects.

The costs associated with four drinking water projects, as well as all future water infrastructure projects planned in the northern area of the County are as follows:

1. The Airport Road Water Pump Station and Piping Project, which will provide redundancy and reliability to the portion of the Urban Area Water System located north of Towncenter Drive within the County. RWSA shall allocate 100% of the debt service charges for this project to the ACSA.
2. The South Rivanna River Crossing Project, which will provide a water main under the South Fork Rivanna River as a second redundant pipe to connect the South Rivanna Water Treatment Plant to the portions of the Urban Area Water System located north of the South Fork Rivanna River in the northern area of the County. RWSA shall allocate 100% of the debt service charges

for this project to the ACSA.

3. The North Rivanna River Crossing Project, which will provide a water main under the North Fork Rivanna River as a second redundant pipe to connect the portions of the Urban Area Water System located north and south of the North Fork Rivanna River. RWSA shall allocate 100% of the debt service charges for this project to the ACSA.
4. The Water Storage Tank Project for the Airport Road Water Pump Station, which will provide an estimated one million gallons of finished water storage. This tank will be constructed when demand conditions require water storage to support the Airport area and the overall Urban Area Water System, including the City of Charlottesville. RWSA shall allocate 10% the debt service charges for this project to the City, and 90% to the ACSA.

The Agreement also specifies that RWSA shall allocate 100% of the debt service charges for all future capacity and non-capacity water facilities located north of the South Fork Rivanna River to the ACSA, and confirms that RWSA shall allocate 48% of the debt service charges to the City and 52% to ACSA for the North Rivanna Water Treatment Plant Decommissioning Project, originally constructed in 1974.

#### **Alignment with City Council's Vision and Strategic Plan:**

The project supports City Council's "Green City" vision. It contributes to Goal 3 of the Strategic Plan: Beautiful Environment, and Objective 3.2: Provide reliable and high quality infrastructure.

#### **Community Engagement:**

The agreement for the Northern Area Drinking Water Projects Agreement was discussed and approved at the RWSA Board meeting on April 26, 2022. It was also discussed at the ACSA Board meeting on April 21, 2022.

#### **Budgetary Impact:**

Costs to the City will be allocated annually in RWSA's debt service charges for the capital improvement projects. These costs are then incorporated in the City's utility rates that are approved by City Council.

#### **Recommendation:**

Staff recommends approval of the resolution authorizing the Interim City Manager to execute the Northern Area Drinking Water Projects Agreement between the City, ACSA and RWSA.

#### **Alternatives:**

Council could choose to modify or not execute the Northern Area Drinking Water Projects Agreement.

#### **Attachments:**

Resolution  
Proposed Agreement

## **RESOLUTION**

**BE IT RESOLVED** by the Council for the City of Charlottesville, Virginia, that the Interim City Manager is hereby authorized to sign the following document, attached hereto, in form approved by the City Attorney or her designee.

An agreement among the City of Charlottesville, the Albemarle County Service Authority, and the Rivanna Water and Sewer Authority regarding the Northern Area Drinking Water Projects for the urban water system.

Prepared by:  
Valerie W. Long, Esq., VSB # 42968  
Williams Mullen  
321 E. Main Street,  
Suite 400  
Charlottesville, VA 22902

## **NORTHERN AREA DRINKING WATER PROJECTS AGREEMENT**

**THIS NORTHERN AREA DRINKING WATER PROJECTS AGREEMENT** (this “Agreement”) is made as of \_\_\_\_\_, 2022, by and between the **CITY OF CHARLOTTESVILLE, VIRGINIA**, a municipal corporation (the “City”), the **ALBEMARLE COUNTY SERVICE AUTHORITY**, a public body politic and corporate (the “ACSA”), and the **RIVANNA WATER AND SEWER AUTHORITY**, a public body politic and corporate (the “RWSA”).

### **WITNESSETH:**

- A. RWSA was formed in 1972 by a joint resolution of Albemarle County (the “County”) and the City for the purpose of acquiring, financing, constructing, and maintaining facilities to supply drinking water to both communities under terms set out in the “Four Party Agreement” dated June 12, 1973 among the City, the County, ACSA, and RWSA (the “Four Party Agreement”).
- B. RWSA owns and/or operates facilities for the supply of raw water and treatment of potable water pursuant to the terms of the Four Party Agreement and several supplementary agreements thereto.
- C. Paragraph 7.2 of the Four Party Agreement directed RWSA to establish an urban area which shall include all of the City and designated portions of the County, and further provided that the boundaries of the urban area may be changed from time to time (the “Urban Area”). RWSA owns and operates three water treatment plants that

serve the Urban Area, which are the Observatory Water Treatment Plant, the South Rivanna Water Treatment Plant, and the North Rivanna Water Treatment Plant (collectively, the “Urban Area Water System Plants”) (sometimes referred to as the “Urban Water System Plants”). RWSA operates three reservoirs that serve the Urban Area, which are the South Rivanna Reservoir, the Ragged Mountain Reservoir, and the Sugar Hollow Reservoir (collectively, the “Urban Area Reservoirs,” and, collectively with the Urban Area Water System Plants and all dams, pipelines, pumping stations, storage tanks, and other equipment, facilities, and appurtenances related to each, the “Urban Area Water System”).

- D. The Urban Area currently consists of all of the City and designated portions of the County that are served by public water that has been treated at one of the three Urban Area Water System Plants. Other areas within the County that are served by public water that is not treated at one of the Urban Area Water System Plants (such as areas in Crozet, Red Hill, and Scottsville, each of which is served by a water treatment plant owned and operated by RWSA) are not part of the Urban Area as that term is referred to in Section 7.2 of the Four Party Agreement, and as that term is used in this Agreement.
- E. Pursuant to Article IV of the Four Party Agreement, which provides that RWSA shall also undertake the provision of such additional facilities as may be agreed upon from time to time by the City, ACSA, and RWSA (collectively, the “Parties”), the Parties have agreed upon an allocation of costs for construction of four new drinking water infrastructure projects, all planned within the northern area of the County, which four projects are identified and described as follows:

1. The Airport Road Water Pump Station and Piping Project, which will provide redundancy and reliability to the portion of the Urban Area Water System located north of Towncenter Drive within the County (the “Airport Road Water Pump Station and Piping Project”).

2. The South Rivanna River Crossing Project, which will provide a water main under the South Fork Rivanna River as a second redundant pipe to connect the South Rivanna Water Treatment Plant to the portion of the Urban Area Water System located north of the South Fork Rivanna River in the northern area of the County (the “South Rivanna River Crossing Project”).

3. The North Rivanna River Crossing Project, which will provide a water main under the North Fork Rivanna River as a second redundant pipe to connect the portions of the Urban Area Water System located north and south of the North Fork Rivanna River (the “North Rivanna River Crossing Project”).

4. The Water Storage Tank Project for the Airport Road Water Pump Station, which tank will provide an estimated one million gallons of finished water storage, and will be constructed when demand conditions require water storage to support the Airport area and the overall Urban Area Water System, including the City of Charlottesville (the “Airport Road Water Storage Tank”).

F. The four facilities listed in paragraph E herein, along with all future capacity and non-capacity water facilities located north of the South Fork Rivanna River (except as expressly provided to the contrary herein), are collectively referred to as the “Northern Area Drinking Water Projects.”

G. The City and the ACSA have reached an agreement concerning the sharing of costs for design and construction of, and for the acquisition of property and/or easements necessary for the Northern Area Drinking Water Projects, on the terms and conditions contained herein.

NOW, THEREFORE, for and in consideration of the premises, and other good and valuable consideration, the receipt of all which is hereby expressly acknowledged, the City, ACSA and RWSA hereby agree as follows:

**AGREEMENT**

1. Pursuant to Article IV of the Four Party Agreement, the City and ACSA agree to and hereby direct RWSA, and RWSA hereby agrees, to proceed with the design and construction of, and the acquisition of property and/or easements for, the Northern Area Drinking Water Projects.
2. RWSA shall allocate the debt service charges for the Airport Road Water Pump Station and Piping Project as follows: 100% to ACSA.
3. RWSA shall allocate the debt service charges for the South Rivanna River Crossing Project as follows: 100% to ACSA.
4. RWSA shall allocate the debt service charges for the North Rivanna River Crossing Project as follows: 100% to ACSA.
5. RWSA shall allocate the debt service charges for the Airport Road Water Storage Tank Project as follows: 10% to the City, and 90% to ACSA.

6. Except as expressly provided in paragraph 7 herein, RWSA shall allocate the debt service charges for all future capacity and non-capacity water facilities located north of the South Fork Rivanna River as follows: 100% to ACSA.
7. The costs for a project known as the North Rivanna Water Treatment Plant Decommissioning, which will demolish and remove the existing North Rivanna Water Treatment Plant constructed in 1974, and transfer service requirements thereof to the two other water treatment plants comprising the Urban Area Water System Plants (the South Rivanna and Observatory Water Treatment Plants) (the “North Rivanna Water Treatment Plant Decommissioning Project”) have previously been allocated among the City and ACSA pursuant to paragraph 4 of that certain untitled Agreement between the parties dated December 1, 2003, commonly referred to as the “South Rivanna Water Treatment Plant Agreement of 2003” (the “2003 Agreement”), which 2003 Agreement provides in paragraph 4 thereof that as a non-capacity related project of the Urban Area Water System, that RWSA shall allocate 48% of the debt service charges of the project to the City, and 52% to ACSA. Although the North Rivanna Water Treatment Plant Decommissioning Project has not yet commenced as of the date of this Agreement, the provisions of paragraph 6 of this Agreement shall not apply to that project. Instead, the terms of paragraph 4 of the 2003 Agreement shall continue to apply to the cost allocations for the North Rivanna Water Treatment Plant Decommissioning Project, such that RWSA shall allocate 48% of the debt service charges to the project to the City, and 52% to ACSA.



8. In the event any one or more of the terms or provisions contained in this Agreement should be held invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions will not in any way be affected or impaired. Any invalid or unenforceable term or provision will be deemed to be void and of no force and effect only to the minimum extent necessary to cause such term or provision to become valid and enforceable, and the balance of this Agreement will be fully enforceable.
9. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties and their respective successors and assigns.

IN WITNESS WHEREOF, the duly authorized officers of the City, the ACSA, and RWSA have executed this Agreement as of the date written above.

[SIGNATURE PAGES IMMEDIATELY FOLLOW]

[SIGNATURE PAGE 1 of 3 OF  
NORTHERN AREA WATER PROJECTS AGREEMENT]

**CITY OF CHARLOTTESVILLE, VIRGINIA**

By: \_\_\_\_\_  
Michael C. Rogers, Interim City Manager

COMMONWEALTH OF VIRGINIA  
CITY OF CHARLOTTESVILLE, to wit:

The foregoing instrument was acknowledged by me this \_\_\_\_\_ day of \_\_\_\_\_,  
2022, Michael C. Rogers, as Interim City Manager of the City of Charlottesville, Virginia.

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

Registration No.: \_\_\_\_\_

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

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Lisa Robertson, City Attorney

[SIGNATURE PAGE 2 OF 3 OF  
NORTHERN AREA WATER PROJECTS AGREEMENT]

**ALBEMARLE COUNTY SERVICE AUTHORITY**

By: \_\_\_\_\_  
Gary B. O'Connell, Executive Director

COMMONWEALTH OF VIRGINIA  
COUNTY OF ALBEMARLE, to wit:

The foregoing instrument was acknowledged by me this \_\_\_\_\_ day of \_\_\_\_\_,  
2022, by Gary B. O'Connell as Executive Director of the Albemarle County Service  
Authority.

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

Registration No.: \_\_\_\_\_

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

[SIGNATURE PAGE 3 OF 3 OF  
NORTHERN AREA WATER PROJECTS AGREEMENT]

**RIVANNA WATER AND SEWER AUTHORITY**

By: \_\_\_\_\_  
William I. Mawyer, Jr. P.E., Executive Director

COMMONWEALTH OF VIRGINIA  
CITY OF CHARLOTTESVILLE, to wit:

The foregoing instrument was acknowledged by me this \_\_\_\_\_ day of \_\_\_\_\_,  
2022, by William I. Mawyer, Jr. P.E. as Executive Director of the Rivanna Water and  
Sewer Authority.

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

Registration No.: \_\_\_\_\_

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