

O. RESERVED CAPACITY FOR WATER AND SEWER SYSTEMS

1.0 General

As of December 11, 2007, the effective date of this policy, the reservation of capacity in water and wastewater facilities of the Rockbridge County Public Service Authority (herein called the "Authority") will be based on payment of the appropriate prevailing Availability Fee for that service.

2.0 Residential Projects of More than One Lot/Condominium Unit

Prior to receipt by the Planning Department of the subdivision plat or site plan, the owner (herein called "Developer") of the proposed subdivision or condominium project (herein referred to as "Project") will obtain a memo from the Planning Department addressed to the Authority confirming that the Planning Department has received a complete application for the proposed Project that complies with the requirements for such an application, as set forth in the Code of Rockbridge County, Virginia. The Developer shall then have the following options for payment of the requisite Availability Fee: (1) payment in full of the Availability Fee current at the time of application for each lot/unit in the proposed Project, as shown on the plat, or (2) partial payment in an amount equal to twenty-five (25) percent of the Availability Fee current at the time of application for each lot/unit in the proposed Project, as shown on the plat. This partial payment will be credited to the full Availability Fee. If the Developer exercises the option to pay partially the Availability Fee pursuant to clause (2) above, the Developer will also deposit with the Authority a surety bond or letter of credit in the amount of 125% of the unpaid balance of the Availability Fee. The surety bond or letter of credit shall be in a form and issued by an issuer acceptable to the Authority. The surety bond or letter of credit shall remain effective until the connection of all lots/units in the Project to the Authority utility system or three years from the date of the partial payment, whichever is first to occur.

Upon payment in full or partial payment coupled with the deposit of an acceptable surety bond or letter of credit, the Authority will issue a letter to the Developer that states that capacity exists for each lot/unit in the proposed Project (subject to a determination by the Authority that such capacity is in fact available, as determined in accordance with this policy). The Authority will enter into an Agreement with the Developer (herein called the "Agreement"), specifying the number of connections to be provided and any conditions that apply to those connections in the discretion of the Authority. A Memorandum of Agreement will be executed by the Developer and recorded in the Office of the Clerk of the Circuit Court of Rockbridge County as a notice to prospective purchasers of lots/units within the proposed Project that the balance of the Availability Fee (and other Fees imposed pursuant to this policy) remains due if not paid in full on the date of full execution of the Agreement.

If the Availability Fee is partially paid for a lot/unit, at the time of application for service, but no later than three years from the date of the partial payment, the balance of the Availability Fee will be due from the Developer; provided, however, upon transfer of title to any lot/unit in the Project, the balance of the Availability Fee will be due from the Developer. The balance due will be computed on the basis of the rate current at the time of application for service, less the credit available for the partial payment. If, on the date that is three years from the date of full execution of the Agreement (or on such earlier date the balance of the Availability

Fee is otherwise due pursuant to this policy), the balance of the Availability Fee is not paid, the Authority may draw on the surety bond or letter of credit to satisfy the balance due. (The Developer shall remain responsible for any deficiency).

Upon the earlier to occur of (1) payment in full of the Availability Fee, (2) transfer of title to a lot/unit in the Project, or (3) three years from the date of full execution of the Agreement, and provided the lot has not been connected to the utility system, the owner of the lot will be required to commence and continue payment of a bimonthly fixed charge. This charge will be the same fixed charge billed to active customers and will be billed bimonthly to the Developer, or if the Authority is provided with appropriate evidence of transfer of ownership and contact information, then to the subsequent owner of the lot/unit, until there is an application for service. This charge will maintain the continued reservation of capacity for that lot/unit.

The obligation to pay the balance of the Availability Fee, the appropriate Hookup Fee, and the bimonthly fixed charge must be satisfied in full before a water meter will be set or a sewer tap made (as applicable) for that lot/unit. In a case where the bimonthly fixed charge has not been paid as and when due to maintain a reservation of capacity, no connection to the utility system shall be made until receipt of payment of all delinquent bimonthly fixed charges and applicable penalties and interest imposed pursuant to Authority policy, if any, and the then-current Availability Fee, less the credit available for any partial payment. Connection shall be further subject to verification by the Authority of current capacity.

2.1 Final Plats Approved After December 11, 2002

Final plats approved after December 11, 2002 but prior to the effective date of this policy, will be considered to have capacity reserved for the number of connections on the approved plat. Upon the fifth anniversary of the date of approval of the final plat, those connections still unused will no longer be considered as reserved. After this five year period, unused connections can be reserved upon payment of the then-current Availability Fee.

The owner of a lot/unit that has not been connected to the utility system will be required to begin payment of a bimonthly fixed charge following a period of three years from the date of initial payment. This charge will apply only if the main utility lines serving the Project have been accepted for service by the Authority. This charge will be the same fixed charge billed to active customers and will be billed bimonthly to the property owner of record. This charge will maintain the continued reservation of capacity for that lot.

The obligation to pay the balance of the Availability Fee, the appropriate Hookup Fee, and the bimonthly fixed charge must be satisfied in full before a water meter will be set for that lot/unit. In a case where the bimonthly fixed charge has not been paid as and when due to maintain a reservation of capacity, no connection to the utility system shall be made until receipt of payment of all delinquent bimonthly fixed charges and applicable penalties and interest imposed pursuant to this policy, if any, and the then-current Availability Fee, less the credit available for any partial payment. Connection shall be further subject to verification by the Authority of current capacity.

Upon disapproval of an application submitted to the Planning Department, or failure of the Developer to obtain approval of such an application within one year of the date of this submission, the Authority, in its discretion, may terminate any Agreement and the

reservation of capacity contained therein, provided in such an event the Authority shall refund to the then-current owner of the lot/unit that is the subject of such Agreement any Availability Fee or bimonthly fixed charges, or portions thereof, paid previously.

2.2 Final Plats Approved Before December 11, 2002

Final plats approved before December 11, 2002, will not have any capacity reserved for unused connections without payment of the Availability Fee current at the time of application.

2.3 Special Agreements

Projects that are the subject of separate written Agreements, if any, with the Authority will continue to be governed by those Agreements.

2.4 Projects with Approved Construction Plans but No Final Plat Approval

Projects that are the subject of construction plans approved prior to December 11, 2007, but have not received final plat approval, will be allowed until June 15, 2008, to file a completed application for final plat approval to be provided with capacity for the connections on that plat. After June 15, 2008, capacity for connections will only be reserved after payment of the then-current Availability Fee in accordance with this policy.

3.0 Residential subdivisions of one lot

Subdivisions of one lot must meet the same criteria for determining and reserving capacity as larger subdivisions as described in Section 2.0; however, single residential lots or parcels may be evaluated by the Authority, in its discretion, on the basis of the remaining capacity in the general reserve and may be approved for reserved capacity subject to such conditions as may be imposed by the Authority, in its discretion, which may include a requirement that the owner of the lot or parcel pay the then-current Availability Fee.

4.0 Multifamily, Commercial or Industrial Properties with One Ultimate Owner

This Section is relevant to Projects that are not intended to be divided or sold by lot, building, space or other method. One owner will maintain ownership of the entire Project after completion, and capacity is allocated to the Project as a whole. Capacity can be reassigned to different locations in the Project as requested by the Owner, provided the total amount of capacity purchased and used is not exceeded.

Prior to approval by the Planning Department of a site plan, the owner of the proposed Project (herein called the "Developer") will obtain a letter from the Planning Department addressed to the Authority confirming that the Planning Department has received a complete application for the Project that complies with the requirement for such an application, as set forth in the Code of Rockbridge County, Virginia. The Developer shall then pay in full the requisite Availability Fee current at the time of application for the Project, as shown on the site plan.

Upon payment in full, the Authority will issue a letter to the Developer that states that capacity exists for the Project (subject to a determination by the Authority that such capacity is in fact available, as determined in accordance with this policy), the Authority will enter into an Agreement with the Developer, specifying the number of connections to be provided, or units to be served, and any conditions that apply to those connections in the discretion of the

Authority. A Memorandum of Agreement will be executed by the Developer and recorded in the Office of the Clerk of the Circuit Court of Rockbridge County as a notice to prospective purchasers of the Project that the balance of the Availability Fee (and other Fees imposed pursuant to this policy) that remain(s) due if not paid in full on the date of full execution of the Agreement.

Three years from the date of full execution of the Agreement, and provided that the Project has not been connected to the utility system, the owner of the Project, or any subdivision thereof, will be required to commence and continue payment of a bimonthly fixed charge. This charge will be the same fixed charge billed to active customers and will be billed bimonthly to the Developer, or if the Authority is provided with appropriate evidence of transfer of ownership and contact information, then to the subsequent owner of the Project or any subdivision thereof, until there is an application for service. This charge will maintain the continued reservation of capacity for the Project.

The obligation to pay the balance of the Availability Fee, the appropriate hookup Fee, and the bimonthly fixed charge must be satisfied in full before water meters will be set. In a case where the bimonthly fixed charge has not been paid as in when due to maintain a reservation of capacity, no connection to the utility system shall be made until receipt of payment of all delinquent bimonthly fixed charges and applicable penalties and interest imposed pursuant to Authority policy, if any, and the then-current Availability Fee, plus the credit available for any partial payment. Connection shall be further subject to verification by the authority of current capacity.

Upon disapproval of an application submitted to the Planning Department, or failure of the Developer to obtain approval of such an application within one year of the date of this submission, the Authority, in its discretion, may terminate any Agreement and the reservation of capacity contained therein, provided in such an event the Authority shall refund to the then-current owner of the lot which is the subject of such Agreement any Availability Fee or bimonthly fixed charges, or portions thereof, paid previously.

5.0 Commercial or Industrial Property with more than One Ultimate Owner

This Section is relevant to projects that are developed with the intent to sell spaces, buildings, lots or other portions. These Projects are analogous to residential subdivisions. Capacity is allocated to individual portions (connections). Capacity cannot be reallocated between connections or locations.

Prior to approval by the Planning Department of a site plan, the owner of the proposed Project (herein called the "Developer") will obtain a letter from the Planning Department addressed to the Authority confirming that the Planning Department has received a complete application for the Project that complies with the requirement for such an application, as set forth in the Code of Rockbridge County, Virginia. The Developer shall then have the following options for payment of the requisite Availability Fee: (1) payment in full of the Availability Fee current at the time of application for the Project, as shown on the site plan, or (2) partial payment in an amount equal to 25% of the Availability Fee current at the time of application for the Project, as shown on the site plan. This partial payment will be credited to the full Availability Fee. If the Developer exercises the option to pay partially for the Availability Fee pursuant to clause (2) above, the Developer will also deposit with the Authority a surety

bond or letter of credit in the amount of 125% of the unpaid balance of the Availability Fee. The surety bond or letter of credit shall be in a form and issued by an issuer acceptable to the Authority. The surety bond or letter of credit shall remain effective until the connection of the Project to the Authority's utility system or three years from the date of the partial payment, whichever is first to occur.

Upon payment in full or partial payment coupled with a deposit of an acceptable surety bond or letter of credit, the Authority will issue a letter to the Developer that states that capacity exists for the Project (subject to a determination by the Authority that such capacity is in fact available, as determined in accordance with this policy), the Authority will enter into an Agreement with the Developer, specifying the number of connections to be provided, or units to be served, and any conditions that apply to those connections in the discretion of the Authority. A Memorandum of Agreement will be executed by the Developer and recorded in the Office of the Clerk of the Circuit Court of Rockbridge County as a notice to prospective purchasers of the Project that the balance of the Availability Fee (and other Fees imposed pursuant to this policy) that remain(s) due if not paid in full on the date of full execution of the Agreement.

If the Availability Fee is partially paid for a Project, at the time of application for service, but no later than three years from the date of the partial payment, the balance of the Availability Fee will be due from the Developer; provided, however, upon transfer of title to the Project or any subdivision thereof, the balance of the Availability Fee will be due from the Developer. The balance due will be computed on the basis of the fee current at the time of application for service, less the credit available for the partial payment. If, on the date that is three years from the date of full execution of the Agreement (or on such earlier date the balance of the Availability Fee is otherwise due pursuant to this policy), the balance of the Availability Fee is not paid, the Authority may draw on the surety bond or letter of credit to satisfy the balance due. (The Developer shall remain responsible for any deficiency).

Upon the earlier to occur of (1) payment in full of the Availability Fee, (2) transfer of title to the Project or any subdivision thereof, or (3) three years from the date of full execution of the Agreement, and provided that the Project has not been connected to the utility system, the owner of the Project, or any subdivision thereof, will be required to commence and continue payment of a bimonthly fixed charge. This charge will be the same fixed charge billed to active customers and will be billed bimonthly to the Developer, or if the Authority is provided with appropriate evidence of transfer of ownership and contact information, then to the subsequent owner of the Project or any subdivision thereof, until there is an application for service. This charge will maintain the continued reservation of capacity for the Project.

The obligation to pay the balance of the Availability Fee, the appropriate hookup Fee, and the bimonthly fixed charge must be satisfied in full before water meters will be set. In a case where the bimonthly fixed charge has not been paid as in when due to maintain a reservation of capacity, no connection to the utility system shall be made until receipt of payment of all delinquent bimonthly fixed charges and applicable penalties and interest imposed pursuant to Authority policy, if any, and the then-current Availability Fee, plus the credit available for any partial payment. Connection shall be further subject to verification by the authority of current capacity.

Upon disapproval of an application submitted to the Planning Department, or failure of the Developer to obtain approval of such an application within one year of the date of this submission, the Authority, in its discretion, may terminate any Agreement and the reservation of capacity contained therein, provided in such an event the Authority shall refund to the then-current owner of the lot which is the subject of such Agreement any Availability Fee or bimonthly fixed charges, or portions thereof, paid previously.

6.0 Capacity Reservation for All Other Properties

Payment of bimonthly charges must be paid to continue to reserve capacity. Owners of properties for which capacity was purchased and for which base charges have not been paid to reserve capacity, shall begin paying bimonthly charges upon Board adoption of this section.

Discontinued (turned-off) services for which bimonthly charges have not been paid shall not be re-established (turned on) until all delinquent bimonthly charges and applicable penalties have been paid in full.

7.0 Determination of Remaining Available Capacity

The Authority will make the sole determination of the available number of connections remaining to be allocated for each facility. The Authority will make a determination from time to time, at its sole discretion, of the capacity at each facility that is to be reserved for engineering and managerial purposes, such as allowance for peak flow usage. This determination will be reviewed ongoing and the number of available connections will be updated to reflect current conditions. When no new allocations are determined to be available, no new subdivisions or projects will be approved with reserved capacity. In the event of changes in governmental laws or regulations applicable to the Authority utility system that effectively reduce system capacity, the Authority, in its discretion, may terminate any such Agreement and the reservation of capacity contained therein, provided in such an event the Authority shall refund to the then-current owner of the Project that is subject of such Agreement any Availability Fee or bimonthly fixed charges, or portions thereof, paid previously.

8.0 Capacity Reserves for Unspecified Industrial Prospects

The Authority may reserve treatment capacity for unspecified industrial prospects to complement Rockbridge County's economic development activities. Capacity will be reserved on a basis of the payment of availability fees for the number of Equivalent Domestic Units equal to the capacity desired. A maximum reserved capacity of [to be determined] gallons per day will be provided at no additional cost to the County and will be available system-wide, provided sufficient capacity exists in a particular service area.