

Appendix A: Town of Fuquay-Varina Interlocal Agreements (Water and Wastewater)

Interlocal Agreement
Between Town of Fuquay-Varina and Johnston
County (1999)

NORTH CAROLINA)
)
JOHNSTON COUNTY)

BULK WATER
PURCHASE AGREEMENT for the
TOWN OF FUQUAY-VARINA

THIS AGREEMENT, dated May 17th 1999, between JOHNSTON COUNTY, hereinafter referred to as the "County", and the TOWN OF FUQUAY-VARINA, hereinafter referred to as the "Town".

W I T N E S S E T H :

WHEREAS, the Town desires to purchase bulk potable water from the County, and the County desires to sell bulk potable water to the Town; and

WHEREAS, the Town desires to supply potable water purchased from the County to its current and future water customers.

NOW, THEREFORE, for and in consideration of the premises and rights, powers and duties hereinafter set forth to be performed by each, the sufficiency of which are acknowledged by the parties, the County and the Town mutually do agree as follows:

I. THE COUNTY AGREES AS FOLLOWS:

1. The County agrees to supply water to the Town in an allocation amount of up to 1,000,000 gpd. The point of delivery will be the end of the existing 16" Cleveland Water District main on NC 42 at the intersection of Rock Service Station Road (SR 2736). The peak rate of delivery shall not exceed 1.5 times the allocation, which does not include short term emergency supply. For a 1,000,000 gpd allocation, the peak rate of delivery will be 1,050 gpm.

The average daily usage is defined as the total water used over a monthly period divided by the number of days in the month. Emergency supply is defined as water required for fire fighting, to supplement supply when another of the Town's supply sources is interrupted, and high demand resulting from a main break or other system failure.

2. Upon written request by the Town, the County agrees to provide additional bulk water supply to the Town up to 1,000,000 gpd, in addition to the original 1,000,000 gpd allocation under this agreement, provided such request is made in writing within five years of the date of this agreement.

3. The County will provide water to the Town meeting the requirements of the State of North Carolina Division of Environmental Health and the U.S. Environmental Protection Agency, and will sustain delivery without interruption. However, neither the delivery rate, continuity of supply nor water quality can be guaranteed due to circumstances which can be beyond the control of the County, including but not limited to force majeure, emergencies, mechanical breakdowns, power outages, etc. The County assumes no liability for interruptions in service or short term excursions in quality. The County shall maintain water quality meeting the criteria outlined in **Attachment A**.

4. The County will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Town with quantities of water required by the Town, except as provided in paragraphs 1. and 3. above. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the County is otherwise diminished over an extended period of time, the supply of water to the Town shall be reduced or diminished in the

same ratio or proportion as the supply to other County bulk customers is reduced or diminished.

5. The County agrees to pay the Town for all bulk water supplied by the Town to the County on an emergency basis a commodity charge equal to the commodity charge for water supplied by the County to the Town.

6. The County agrees to construct a 16" water main from the intersection of NC 50 and NC 42 to the intersection of NC 42 and the entrance to Sun Ridge Farm Subdivision, and agrees to contribute up to \$300,000 for construction of a 16" water main from this point to the intersection of NC 42 and Rock Service Station Road (SR 2736).

II. THE TOWN AGREES AS FOLLOWS:

1. The Town agrees to pay a one time capacity charge in the amount of \$2.00 per gpd of water allocation. Payment of the initial capacity charge shall be due on or before the Town makes connection to the County water main. The capacity charge of \$2.00 per gpd shall apply to any additional water supply allocation requested in writing, up to a total of 2,000,000 gpd, within 5 years of the date of this agreement.

2. The Town shall construct a 16" water main from the end of the County's 16" water main on NC 42 to the Town's existing main(s) on NC 42 and a booster pumping station. The booster station shall be located approximately 2,000 l.f. west of Middle Creek. The booster pumping station shall include a bypass line to allow supply from the Town to the County on an emergency basis. The bypass line shall be 12" or larger in diameter.

3. The Town agrees to install master meters at its booster pump station in accordance with the County's specifications and design standards, and shall maintain the master meters and calibrate the meters annually. One meter shall be installed in the pumped flow main and one in

the station bypass main. The bypass main meter shall be 8" and shall be capable of measuring a flow range of at least 30 to 2,000 gpm. The County shall have access to the meters for making its own readings on a daily basis.

4. The Town shall pay a monthly commodity charge to the County within fifteen (15) days from the date of invoice for water supplied by the County. It is understood that the commodity charge is subject to adjustment annually by the County with ninety (90) days written notice. As of the date of this Agreement, the commodity charge is \$1.55 per 1,000 gallons. The commodity charge applicable to water purchased by the Town from the County shall be the same as the commodity charge for all other bulk water sales by the County.

5. The Town agrees to purchase an average daily volume of water in the minimum amount of 200,000 gpd. In the event an average amount of 200,000 gpd is not purchased in any month, the commodity charge for that month shall be based on the 200,000 gpd minimum average.

6. The Town shall pay a fixed monthly charge to County. The charge will be in proportion to fixed monthly charges applicable to other County bulk purchasers on the basis of average water usage and amount of water allocation. As of the date of this Agreement, the fixed monthly charge is \$200.00.

7. In the event the Town withdraws water at a rate of over 1.5 times the allocation for any 24 hour period, a commodity surcharge of \$0.25 per 1,000 gallons shall be due and payable. However, the provision of this surcharge shall not apply to daily instances involving emergency circumstances as defined herein which are documented in writing by the Town.

III. ADDITIONAL COVENANTS AND AGREEMENTS:

1. Water Supply Guarantee. It is understood that a supply allocation in the amount of 1.0 mgd under this agreement is assured by the County to the Town.
2. Terms. Terms of this Agreement shall be ten (10) years, with four (4) automatic renewals for ten (10) years each, unless a one (1) year written notification for cause (cause being a material breach of this Agreement, as determined by a court of competent jurisdiction, which remains uncured after notice by the other party) is provided by either party to the other.
3. Service Area. The County shall have service rights and obligations on its main which lies between the Wake County/Johnston County line, and the intersection of NC 42 and Rock Service Station Road, (SR 2736).
4. In the event a major water customer or major group of water customers require service on the Town's 16" transmission main between the end of the County's main and the booster pump station, the Town shall, at its own cost, install, maintain, and annually calibrate a master meter meeting the County design standards and specifications. A major water customer or major group of water customers shall be one or more customers whose aggregate average daily water usage exceeds 20,000 gpd, or more than 50 customers with ¾" or larger meters.
5. Conditions Applicable to Resale of Bulk Water. For any water supplied by the County and resold by the Town to another utility, the County makes no assurances concerning water quality.

6. Notices. Any notices required to be given by this Agreement shall be deemed to have been sufficiently given if mailed by certified mail (return receipt requested), postage prepaid, and addressed as follows:

Johnston County
Attention: County Manager
Johnston County Courthouse
212 Market Street
P.O. Box 1049
Smithfield, N.C. 27577

Town of Fuquay-Varina
Attention: Town Manager
1300 East Academy Street
Fuquay-Varina, N.C. 27526

7. Entire Agreement. This writing embodies the entire agreement and understanding between the County and the Town, and there are no other agreements or understandings, oral or written, with reference to the subject matter hereof that are not merged herein and superseded hereby.

8. Binding Upon Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the County and the Town and the successors and assigns of each.

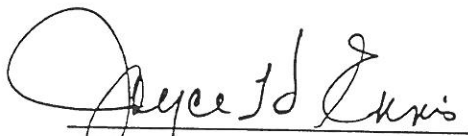
9. Amendment. This Agreement shall not be modified, amended or changed in any respect except in writing, duly signed by the parties hereto, and each party hereby waives any right to amend this Agreement in any other way.

IN WITNESS WHEREOF, Johnston County has caused this Agreement to be executed by its Manager and Clerk, acting under authority of the Board Commissioners of Johnston County, and the Town of Fuquay-Varina has caused this Agreement to be executed by its Manager and Clerk, acting under authority of the Board of Commissioners of the Town of Fuquay-Varina.

Entered into this day and year first above written.

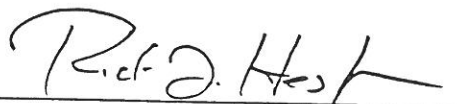
Attest:

JOHNSTON COUNTY



JOYCE H. ENNIS
Clerk to the Board
(Seal)

By:



RICK J. HESTER
Interim County Manager

Attest:

TOWN OF FUQUAY-VARINA



Town Clerk
(Seal)

By:



LARRY BENNETT
Town Manager

Bulk Water Purchase Agreement for the Town of Fuquay-Varina

Attachment A

This attachment shall include a schedule of minimum water quality criteria parameters which shall be established by the managers and utility staffs of the County and Town.

Interlocal Agreement
Between Town of Fuquay-Varina and Raleigh
Water (2004)

STATE OF NORTH CAROLINA

INTERLOCAL AGREEMENT

COUNTY OF WAKE

This AGREEMENT, made and entered into this 23rd day of June, 2004 by and between the City of Raleigh, a North Carolina municipal corporation, hereinafter referred to as Raleigh and the Town of Fuquay-Varina, a North Carolina municipal corporation, hereinafter referred to as FUQUAY-VARINA.

* * * WITNESSETH * * *

THAT WHEREAS, FUQUAY-VARINA and the Town of Garner entered into an agreement in 1995 regarding municipal utility services, more particularly described as Resolution No. (1995) 1486, entitled "Resolution to Establish Interlocal Agreement Between the Town of Garner and the Town of Fuquay-Varina Regarding Municipal Utility Services;" and

WHEREAS, the Town of Garner recently merged its water and sewer system with RALEIGH's water and sewer system in March, 2001; and

WHEREAS, RALEIGH assumed certain rights and responsibilities as a result of the merger such rights and responsibilities are incorporated herein by reference; and

WHEREAS, RALEIGH and FUQUAY-VARINA desire to continue many of the terms set out in Resolution (1995) 1486 and to modify other of those terms; and

WHEREAS, each jurisdiction desires to provide appropriate planning for the logical and orderly extension of municipal utility services for their respective communities and to avoid conflicts and unnecessary duplication of water and sanitary sewer services;

NOW, THEREFORE, for and in consideration of the respective rights, powers, duties and obligations herein set forth to be performed by RALEIGH and FUQUAY-VARINA, the parties mutually agree as follows:

1. RALEIGH and FUQUAY-VARINA hereby mutually agree to an established water and sanitary sewer service area boundary line that clearly delineates the municipal service areas and future limits of each jurisdiction, described as follows:

Beginning at the point of intersection of the centerline of US 401 and S.R. 1010; thence from said point of beginning moving in an easterly direction along centerline of S.R. 1010 to a point being the intersection of the centerline of S. R. 1010 and Fanny Brown Road; cornering; thence from said point moving in a southerly direction along the centerline of Fanny Brown Road to a point being the intersection of the

centerline of Fanny Brown Road and the centerline of Old Stage Road; cornering; thence from said point moving in a southerly direction along the centerline of Old Stage Road to a point of intersection with the centerline of N.C. 42, cornering thence from said point moving in an easterly direction along the centerline of N.C. 42 to a point being the intersection of N.C. 42 and Mount Pleasant Road; cornering thence from said point in a southeasterly direction along the centerline of Mount Pleasant Road to the Wake County Line; where the water and sewer service area boundary line terminates.

2. The geographical location of the utility service area boundary line is further depicted on the Garner/Fuquay-Varina Utility Service Area Boundary Map which is hereby made a part of this agreement.

3. It is understood and agreed by both jurisdictions through this agreement that FUQUAY-VARINA's service area is located south of S. R. 1010 and west of Fanny Brown and Old Stage Roads and that RALEIGH's service area is located north of S. R. 1010 and east of Fanny Brown and Old Stage Roads. It is further understood that each jurisdiction agrees to extend and maintain water and sanitary sewer service lines only within their respective service areas as designated by this new resolution unless otherwise provided for herein. Connection to sanitary sewer and / or water service lines for a property located in one parties service area to a water or sewer line located in the other parties service area may be allowed only if the controlling party has no service line available, and if both parties agree to a temporary connection until such time as set forth in this agreement. If the service involves only a minor amount of water or sewer capacity (1,000 gallons per day or less), and if the connection is approved by the City and Town Manager of each party, then no action is required by the governing board of each jurisdiction. Otherwise, all such requests shall require approval by each jurisdiction's governing board prior to connection.

4. It is agreed by both parties that the boundaries of this water and sanitary service area shall be mutually reexamined by each governing board upon the completion of the Southern Wake Outer Loop road construction project unless both governing boards agree to waive this review.

5. It is agreed by both parties that FUQUAY-VARINA will provide a maximum of twenty-five thousand (25,000) gallons per day of sanitary sewer capacity for certain parcels located within the town limits of Garner on the northeast corner of the intersection of U.S. 401 and S. R. 1010 being further identified as the "Buffaloe Property" depicted on the aforementioned utility boundary map and incorporated as part of this agreement. It is further understood and agreed that the aforementioned tracts are currently connected to FUQUAY-VARINA's municipal sanitary sewerage system and will be connected to the RALEIGH sanitary sewer system no later than April 1, 2005. FUQUAY-VARINA shall be notified in writing by RALEIGH a minimum of thirty (30) days in advance of the completion of the construction project to connect the customers at the "Buffaloe Property" to RALEIGH sewer.

6. It is also agreed by both parties that RALEIGH will provide a maximum of twenty-five thousand (25,000) gallons per day of sanitary sewer capacity and 30,000 gallons per day of water capacity for certain parcels located within urban service area of FUQUAY-VARINA on the southeast corner of the intersection of U.S. 401 and S. R. 1010 being further identified as the "JDH

Development Property" depicted on the aforementioned utility boundary map and incorporated as part of this agreement. It is further understood and agreed that the aforementioned tracts will connect to FUQUAY-VARINA's municipal sanitary sewerage system and / or water system no later than ten (10) years from the date of the execution of this agreement. RALEIGH shall be notified in writing by FUQUAY-VARINA a minimum of thirty (30) days in advance of the connection to the FUQUAY-VARINA sanitary sewer system and /or water system for the "JDH Development Property".

7. FUQUAY-VARINA shall retain 100% of all the applicable sanitary sewer connection fees it has collected for the parcel(s) described under Section 5 above prior to the date of this sewer agreement with RALEIGH. RALEIGH shall retain 100% of the sanitary sewer connection fees collected for the parcel(s) previously described under Section 5 after the date of this agreement.

8. RALEIGH shall retain 100% of all the applicable sanitary sewer and / or water connection fees it has collected for the parcel(s) described under Section 6 above prior to the date that FUQUAY-VARINA connects said property. FUQUAY-VARINA shall retain 100% of the sanitary sewer and water connection fees collected for the parcel(s) previously described under Section 6 after the date of the connection(s) to the FUQUAY-VARINA sanitary sewer and / or water system.

9. The party providing sanitary sewer and / or water shall receive sanitary sewer and / or usage charges billed to customers at the "Buffaloe Property" who are using FUQUAY-VARINA's sewerage system. The party providing sanitary sewer and / or water shall receive sanitary sewer and / or usage charges billed to customers at the "JDH Development Property" who are using RALEIGH's sanitary sewer and / or water systems. FUQUAY-VARINA's right to receive sewer usage charges terminates for a particular customer when that customer is connected to RALEIGH's sewerage system; and RALEIGH'S right to receive sanitary sewer and / or water usage charges terminates for a particular customer when that customer is connected to FUQUAY-VARINA's sanitary sewer and / or water systems. It is further agreed that RALEIGH will be responsible for billing and collecting sewer usage charges to customers at the "Buffaloe Property," who are connected to FUQUAY-VARINA's sewerage system. FUQUAY-VARINA will receive a credit equal to the amount of the sewer usage charges billed to these customers. The sewer usage charges to be credited to FUQUAY-VARINA will be based on the current Garner sewer service area rates. Per the Merger Agreement between RALEIGH and Garner, the Garner sewer service rates cannot change before April 1, 2005. FUQUAY-VARINA will be responsible for billing and collecting sanitary sewer and / or water usage charges to customers at the "JDH Development Property," who are connected to RALEIGH's sanitary sewer and / or water system. If any discrepancies or issues arise by either party regarding usage charges, both parties will reconcile the issues as they occur. FUQUAY-VARINA will submit collected charges to RALEIGH on a monthly basis.

10. FUQUAY-VARINA shall be responsible for review and approval of sanitary sewer and / or water construction plans for the "JDH Development Property." RALEIGH will be provided with plans to review the sanitary sewer and / or water construction plans and will

coordinate with FUQUAY-VARINA to meet RALEIGH standards to receive sanitary sewer and / or water service

11. All terms and conditions specified within this agreement may be altered or terminated only upon the approval of the governing boards of both RALEIGH and FUQUAY-VARINA.

12. The terms and conditions contained herein above shall become effective upon the approval of the agreement by the governing boards of RALEIGH and FUQUAY-VARINA.

13. Maintenance and repair of the sanitary sewer collection system serving the "Buffaloe Property", including the 8-inch diameter gravity pipeline, the sanitary sewer pump station and the sanitary sewer pump station force main, is the responsibility of RALEIGH. FUQUAY-VARINA shall be notified by RALEIGH once it is aware of any damage to the sanitary sewer system that may result in additional sewer flow to FUQUAY-VARINA. Maintenance and repair of the sanitary sewer collection system serving the "JDH Development Property", including the gravity sanitary sewer pipelines, the sanitary sewer pump station and the sanitary sewer pump station force main all of which are confined within the boundary of said property is the responsibility of "JDH Development Property." FUQUAY-VARINA shall enter into a "developer agreement" with "JDH Development Property" which will include specific procedures for "JDH Development property" and FUQUAY-VARINA to notify RALEIGH once any damage is known by "JDH Development Property" and / or FUQUAY-VARINA to the sanitary sewer system and / or water system that may result in additional sanitary sewer and /or water flows provided by RALEIGH.

14. RALEIGH and FUQUAY VARINA agree that they will not discriminate in any manner on the basis of race, sex, gender, sexual orientation, creed or national origin with reference to this contract, no matter how remote.

15. This agreement shall bind the parties hereto and their respective successors and permitted assigns and transferees, but nothing herein shall be constructed as an authorization to assign rights or obligations hereunder.

16. The invalidity or unenforceability of any particular provision of this agreement shall not affect the other provisions herein and the agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

17. This agreement contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and all prior agreements or understandings of the parties hereto are hereby revoked. There are no agreements, restrictions, promises, warranties, covenants or other undertakings other than those expressly set forth herein.

18. This agreement shall be construed and enforced in accordance with the laws of the State of North Carolina. In the event a dispute arises out of this agreement, the parties agree to the proper place of venue as the General Court of Justice, Superior Court Division located in Wake County for the State of North Carolina.

IN TESTIMONY WHEREOF, RALEIGH and FUQUAY-VARINA have caused this agreement to be executed by their respective representatives their corporate seals to be affixed and attested by their respective Clerks, all by authority of the respective Councils, the day and year first above written.

ATTEST:

Deil Smith
CITY CLERK
(Attach Municipal Seal)



CITY OF RALEIGH

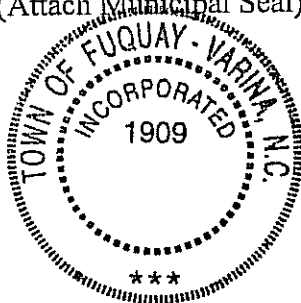
Russell Allen
CITY MANAGER

APPROVED AS TO FORM:

[Signature]
CITY ATTORNEY

ATTEST:

Rose H. John
TOWN CLERK
(Attach Municipal Seal)



TOWN OF FUQUAY VARINA

Paul W. Byrnes
MAYOR

APPROVED AS TO FORM:

[Signature]
TOWN ATTORNEY

PROVISIONS FOR THE PAYMENT OF THE MONEYS TO FALL DUE UNDER THIS AGREEMENT HAS BEEN MADE BY AN APPROPRIATION DULY MADE, OR BY BONDS OR NOTES DULY AUTHORIZED, AS REQUIRED BY THE LOCAL GOVERNMENT ACT.

Reeta Nayak 6/8/04
CITY ACCOUNTANT DATE

CODE no expenditure \$ 0/1
incurred

Interlocal Agreement
Between Town of Fuquay-Varina and Raleigh
Water (2021)

STATE OF NORTH CAROLINA

COUNTY OF WAKE

WATER SUPPLY AGREEMENT

THIS AGREEMENT, made and entered into the 24 day of June, 2021, by and between the CITY OF RALEIGH, hereinafter referred to as the "City" and the TOWN OF FUQUAY VARINA hereinafter referred to as the "Town" is for a time-limited supply of water from the City to the Town, as described hereinafter ("the Agreement"). The City or the Town may be referred to hereinafter as a "Party" and collectively, the "Parties".

WITNESSETH

WHEREAS, the Town is the owner and operator of a public water supply system serving customers in Fuquay Varina;

WHEREAS, the City is the owner and operator of a public water supply system in and around Wake County that services customers in the Raleigh, Garner, Knightdale, Rolesville, Wake Forest, and Zebulon service areas (the "City's Water System");

WHEREAS, the City and the Town entered into a Water Agreement on April 17, 2001 which expires on June 30, 2021;

WHEREAS, the Town is expanding its public water supply system and requires additional capacity;

WHEREAS, the City is expanding its public water supply system and has capacity that it will not need in the near term;

WHEREAS, the Town is desirous of maintaining water supply provided by contract from the City and increasing the amount of water supply provided;

WHEREAS, the City is willing to provide water service to the Town for a fifteen (15) year period pursuant to the terms of this Agreement but does not desire the City's Water System to be a part of the Town's water supply plan;

WHEREAS, the Town is seeking a new long-term supply to replace the water provided by this Agreement with water from the Cape Fear Basin;

WHEREAS, this Agreement is intended to provide a short-term supply of water until the Town has access to another source of water to meet its long-term supply needs;

WHEREAS, the Town is willing to make improvements to the existing pumping system and related lines to accept additional flow from the City up to 1.75 million gallons per day;

WHEREAS, the City and the Town have agreed upon the terms and conditions upon which water service will be provided to the Town after the effective date of this Agreement;

WHEREAS, the Town has agreed to buy and the City has agreed to sell water to the Town for no more than fifteen (15) years under the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the respective rights, powers, conditions, duties and obligations hereinafter set forth, the Parties mutually agree as follows:

1. City will provide water to the Town in an amount up a maximum daily flow of 1.75 MGD (million gallons per day) and a rate not to exceed 1300 gallons per minute through the existing connection between the two water systems in the 12-main located along the eastern edge of the right-of-way of US Highway 401. The waterline and connections shall be referred to hereinafter as the "Pipeline."
2. Ownership and responsibility for the operation and maintenance of the Pipeline shall be divided between the City and the Town at two locations along US 401. The Town owns and shall be responsible for the operation and maintenance of the entire water booster station located on the east side of US 401, immediately south of Swift Creek. The City shall be responsible for the operation and maintenance of the Pipeline, south of the water booster station and for the portion of the Pipeline between the pump station and the meter station, located immediately south of Ten Ten Road. The City shall be responsible for maintaining the water meter station. The Town shall be responsible for maintaining the Pipeline south of the meter station.
3. The water meters installed and located at the Ten Ten Road Meter Station will be the normal means to measure water volume sold from the City to the Town. The meters shall be routinely maintained by the City without added cost to the Town beyond the consumptive contract water rate. Except as otherwise provided in this Agreement, the City will also provide replacement of the current meters at no cost to the Town. However, under any subsequent meter replacement, the Town shall be responsible for costs of purchasing the replacement meter, if necessary. The Town will not be responsible for any meter replacement cost, if the meter replacement is necessary to transmit more water to any other City customer, other than the Town. If replacement of a meter is determined to be necessary by the City, no action will be taken until the Town is consulted on the requirement for a meter replacement. The City and the Town shall have access at all times to such meters for the purpose of taking readings therefrom for checking the same for accuracy, performing maintenance, or any other lawful purpose whatsoever. The replacement meters now and in the future shall be designed to measure the volume of water in cubic feet. In the event that said meters

are found inoperable or malfunctioning, so as to render inaccurate readings, by the Public Utilities Department of the City for any reason, the consumption shall be estimated. Estimated readings will be based on historical consumption computed as the average of the three previous months of the same month in the prior year, whichever is greater.

4. Maintenance of the Pipeline between the City and the Town shall be divided as described in paragraph # 2 of this Agreement. The City reserves the right to make emergency repairs on the Town portion of the Pipeline in order to conserve water and return the Pipeline to service in a timely manner, if the Town fails to do so and to charge the Town for its direct cost for such repair. The Town will be notified in advance of the City proceeding with emergency repairs.
5. The Town shall own and be responsible for the operation and maintenance of all its distribution systems facilities located in the Town. The City shall own and be responsible for the operation and maintenance of all distribution systems facilities owned by it, which shall include the meters and meter box.
6. The Town shall purchase water from the City in the amount stated in Paragraph 1 and shall pay all contract water service rates and charges established by the City, which are reviewed and adjusted annually at the beginning of each fiscal year as part of the water and sanitary sewer enterprise fund budget adoption process. As of the date of this Agreement, those rates and charges include a monthly operation and maintenance charge and a monthly capital charge. These rates and charges may be adjusted, and new rates and charges may be added at the City's sole discretion, which shall become incorporated into this Agreement upon approval by the Raleigh City Council. In the event that the Town's use of the City's water supply at the Pipeline exceeds 1.75 MGD during any monthly billing cycle, the Town shall pay 1.5 times the amount of the rates and charges in effect during such month.
7. The Town shall charge each customer connecting to its water system a system development fee pursuant to North Carolina General Statutes Section 162A, Article 8, as the same may be amended from time to time by the Town.
8. The City shall bill the Town monthly, pursuant to this Agreement, starting on the date the City authorizes water to flow from the City's water system to the Town's which will be prorated for the first billing cycle. If the Town fails to pay the City thirty (30) days after receipt of the billing statement, the City shall have the right to immediately terminate water service at the Site and may institute an action, legal or otherwise, to enforce payment of amounts due.
9. The Town shall upgrade the existing booster pump station on US 401 as required to deliver the required flow rate to the Town's water system. The upgrade shall also include a new check valve that will allow flow south of the booster pump station when the pumps are not in service. The Town shall also pay up to \$2,000,000 for the construction of a 12" water main along Rand Road and Ten Ten Road that is needed

to support the contract water supply flow rate. The City shall manage the construction of the new 12" water main and it shall be fully owned and operated by the City when completed. The Town shall reimburse the City for the cost of the construction within thirty (30) days after receipt of the billing statement for the cost of the construction.

10. The Town acknowledges that the City's water system will normally be using chloramines as their residual disinfectant and the Town will be responsible for water quality, including removal of the chloramines (if necessary), once City has delivered water to Town.
11. The City reserves the right to deny temporary water service at the Site for failure to comply with the conditions of this Agreement. The City further reserves the right to deny water service in the event that water cannot be practicably furnished without negatively impacting the operation of the City's Water System, as determined in the reasonable opinion of the City's Designated Representative. Such circumstances include but are not limited to periods of water shortage, periods when insufficient water exists to meet the requests of customers of the City's Water System, damage to infrastructure that impedes water delivery, implementation of any water restrictions by the City, or any other periods when depletion of the City's water reserves could endanger the City's ability to provide for the needs of customers of the City's Water System.
12. No later than seven (7) days following any City Council action to implement water conservation measures, the Town shall implement water conservation measures at least as restrictive as the City's for the County's retail customers supplied with water from the City's Water System.
13. The term of the Agreement is for fifteen (15) years following the date of execution by the City (the "Term"). The Parties do not anticipate extending the Term of this Agreement. While the Parties do not anticipate extending the Term, the Agreement may be extended for three successive one (1) year terms (a "Renewal Term") by a written amendment to this Agreement signed by the Parties, executed prior to the expiration of the Term or any Renewal Term as follows:
 - a. First Renewal Term: The Town shall pay 1.5 times the Contract Rates and Charges.
 - b. Second Renewal Term: The Town shall pay 2.0 times the Contract Rates and Charges.
 - c. Third Renewal Term: The Town shall pay 3.0 times the Contract Rates and Charges.
14. This Agreement may be extended or modified only by a written amendment to this Agreement.
15. Substantial breach of the terms of this Agreement that is not cured by the breaching Party, after notice, billing disputes, equipment problems, or failure to resolve other

issues necessary for the continued effective function of the water systems of each Party are grounds for termination by either Party upon thirty days' written notice. The City may immediately terminate the transfer of water to the Town when the transfer of the water is in violation of State law, rules, or permits issued to the City or any breach of this Agreement by the Town causes the City to be in violation of any permit the City holds.

16. The City and the Town agree that no future water service will be provided to any property along the Pipeline not within the jurisdiction of the Town or the City water service area unless a declared emergency exists, as mutually agreed.
17. The Town agrees to transport water from the City to the Town of Holly Springs and/or other City water customers, via existing water system interconnections, within the capacity of those interconnections now or as improved in the future, should the City declare such an emergency. In addition, the Town agrees to transport from the Town of Holly Springs to the City, via existing water system interconnections, within the capacity of those interconnections now or as improved in the future, should the City declare such an emergency. In such a declared emergency, the City would credit the Town on their next monthly bill, a water transportation charge through the Town's system of \$0.12 per CCF.
18. The Water Agreement entered between the City and the Town on April 17, 2001 is scheduled to expire on June 30, 2021. Pursuant to paragraph 17. of the Water Agreement, it can only be permanently terminated by mutual consent with 12 months prior written notice. The City and the Town mutually consent and agree to waive any notice required by the Water Agreement and the Water Agreement shall expire upon the effective date of this Agreement.
19. The Town shall not include the City's Water System or the Neuse River above North Carolina Highway 42 in the Town's Water Supply Plan. The Town shall submit a copy of the Town's Water Supply Plan that is currently under development upon receipt of the final Water Supply Plan from the Town's consultant who is preparing the plan.
20. All matters relating to this Agreement shall be governed by the laws of the State of North Carolina, without regard to its choice of law provisions, and venue for any action relating to this agreement shall be Wake County Civil Superior Court or the United States District Court for the Eastern District of North Carolina, Western Division.
21. The City shall not be liable to the Town, to any person, firm, corporation, municipality, or other water consumer for failure to supply a sufficient quantity or quality of water under this Agreement or from failure to comply with any State or Federal standards relating to drinking water; however, if the Town notifies the City that the water quality at the Site between the back flow prevention and the master meter is not in compliance with State or Federal drinking water standards, the City

agrees to undertake reasonable measures to achieve such compliance as soon as is practicable. Notwithstanding the references to third Parties in this agreement, the City shall not be liable to those Parties for any obligations within this Agreement and shall not be obligated to enforce any requirements imposed by this Agreement or by any independent agreement with third Parties. To the extent not prohibited by law, the Town shall indemnify the City and its officials, agents, and employees from and against all claims, judgments, costs, damages, fines, penalties, interest, and expenses (including but not limited to attorney's fees) imposed against the City that arise from or are in connection with the Town's receipt or nonreceipt of water pursuant to this Agreement.

22. The City shall not be responsible in any manner for loss or damage to the portion of the Pipeline at the booster pump station or south of the Ten Ten Road meter station for any cause whatsoever and the Town shall and does hereby assume, and agrees to indemnify and hold harmless the City, its successors and assigns, from and against all loss, costs, expenses including attorney's fees, damage to property caused by or in any way connected with the maintenance, use or presence of said Pipeline and appurtenances, howsoever cause, including damages resulting from insufficient quantity or quality of water, or from noncompliance with Federal or State standards applying to drinking water systems.
23. To the extent permitted by North Carolina law, the Parties hereto for themselves, their agents, officials, employees and servants agree not to discriminate in any manner on the basis of race, color, creed, national origin, sex, age, handicap, or sexual orientation with reference to the subject matter of this Agreement. The Parties further agree, to the extent permitted by law, to conform with the provisions and intent of City Ordinance 1969-889, as amended. This provision is hereby incorporated into this Agreement for the benefit of the City and its residents, and may be enforced by action for specific performance, injunctive relief, or other remedy as provided by law. This provision shall be binding on the successors and assigns of the Parties with reference to the subject matter of this Agreement.
24. No Party may transfer or assign its rights under this Agreement without prior written approval from the other Party.
25. This Agreement constitutes the entire agreement of the Parties on the matter of water supply and supersedes the prior
26. Notwithstanding any other provisions of this Agreement, this Agreement and all materials submitted to the City by the Town are subject to the public records laws of the State of North Carolina and it is the responsibility of the Town to properly designate materials that may be protected from disclosure under North Carolina law as such and in the form required by law prior to the submission of such materials to the City. The Town understands and agrees that the City may take any and all actions necessary to comply with federal, state, and local laws and/or judicial orders and such actions will not constitute a breach of the terms of this Agreement. To the extent that

any other provisions of this Agreement conflict with this paragraph, the provisions of this section shall control.

27. The Town shall comply with E-Verify, the federal E-Verify program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law and as in accordance with N.C.G.S. §64-25 et seq. In addition, to the best of the Town's knowledge, any subcontractor employed by the Town as a part of this Agreement shall be in compliance with the requirements of E-Verify and N.C.G.S. § 64-25 et seq.
28. The Town certifies that, as of the date listed below, it is not on the Final Divestment List as created by the State Treasurer pursuant to N.C.G.S. § 147-86.55, *et seq.* In compliance with the requirements of the Iran Divestment Act and N.C.G.S. § 147-86.59, the Town shall not utilize in the performance of this Agreement any subcontractor that is identified on the Final Divestment List.
29. The Town certifies that it has not been designated by the North Carolina State Treasurer as an entity engaged in the boycott of Israel pursuant to N.C.G.S. § 147-86.81.
30. This Agreement contains the entire agreement and understanding of the Parties hereto with respect to the subject matter contained herein and all prior agreements or understandings of the Parties hereto are hereby revoked. There are no agreements, restrictions, promises, warranties, covenants or other undertakings other than those expressly set forth herein.

IN WITNESS WHEREOF, the parties hereto have executed this Contract by digital signature, under seal, on the respective dates below, and this Contract shall be effective upon the date of the City's signature.

Town of Fuquay-Varina

By:

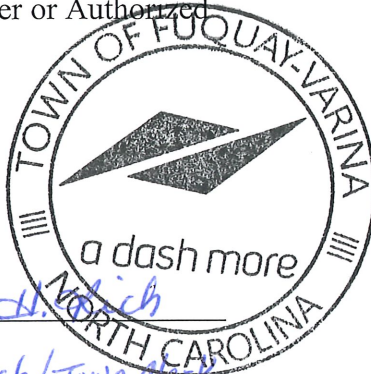


Town Manager or Authorized
Designee

ATTEST:

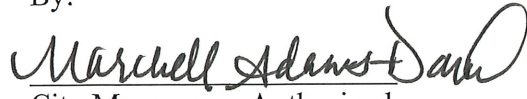
By: Rose H. Rich

Rose H. Rich / Town Clerk
Printed Name/Title



City of Raleigh

By:



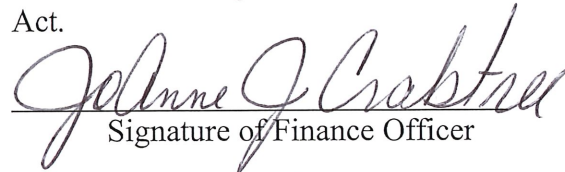
City Manager or Authorized
Designee

ATTEST:

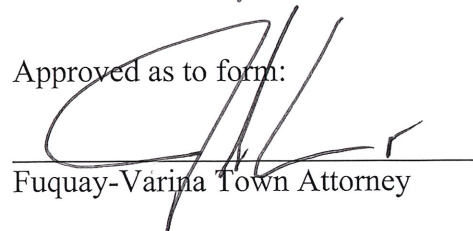
By: [Signature]
(Deputy) Clerk-Treasurer



This instrument has been preaudited
in the manner required by the Local
Government Budget and Fiscal Control
Act.


Signature of Finance Officer

Approved as to form:


Fuquay-Varina Town Attorney

Approved as to form:

 6/24/2021
Senior Associate City Attorney

Amendment to Interlocal Agreement
Between Town of Fuquay-Varina and Harnett
County (2023)

**Board Meeting
Agenda Item**

Approved by the Harnett
County Board of Commissioners
Date 12/4/23

M. Capps, Clerk to the Bd.

MEETING DATE: December 4, 2023

TO: HARNETT COUNTY BOARD OF COMMISSIONERS

SUBJECT: **Approval of Amendment for Additional Wastewater Capacity Purchase for the Town of Fuquay-Varina**

REQUESTED BY: **Steve Ward, HRW Director**

REQUEST:

This a formal request for the Board to approve an amendment between Harnett Regional Water and the Towns of Fuquay-Varina. The Town's Board has approved this amendment which formalizes the purchase of additional wastewater capacity in the planned expansion of the North Harnett Wastewater Treatment Plant. The executed agreement is enclosed for your review. Please place this item on the agenda at the next available meeting.

FINANCE OFFICER'S RECOMMENDATION:

COUNTY MANAGER'S RECOMMENDATION:

NORTH CAROLINA

COUNTY OF HARNETT

SECOND AMENDMENT
TO UTILITY AGREEMENT

THIS SECOND AMENDMENT ("Second Amendment") is made and entered into with an effective date of 4 December November 2023 by and between the COUNTY OF HARNETT, a body politic, organized and existing under the laws of the State of North Carolina, (hereinafter referred to as "COUNTY") and the TOWN OF FUQUAY-VARINA, a municipal corporation, organized and existing under the laws of the State of North Carolina (hereinafter referred to as "FUQUAY-VARINA").

WHEREAS, COUNTY AND FUQUAY-VARINA entered into an Agreement dated November 9, 2000 (hereinafter referred to as "Agreement") to extend the COUNTY's regional wastewater treatment system and provide wastewater treatment services to TOWN; and

WHEREAS, FUQUAY-VARINA was initially allocated 2 million gallons per day (MGD) of wastewater treatment plant capacity by COUNTY; and

WHEREAS, In the First Amendment to the Agreement, entered into on August 6, 2007, FUQUAY-VARINA was subsequently allocated an additional 600,000 gallons per day of wastewater treatment plant capacity by COUNTY, for a total of 2.6 MGD of treatment capacity in the wastewater treatment plant; and

WHEREAS, COUNTY plans to expand the Regional Wastewater Treatment Plant by 9 million gallons per day of treatment capacity at an estimated total cost of one hundred eleven million, three hundred seventy-six thousand dollars (\$111,376,000.00), with the cost subject to change pending finalization of plans and acceptance of construction bids.

WHEREAS, FUQUAY-VARINA desires an additional 3.4 million gallons per day treatment capacity in the Regional Wastewater Treatment Plant over and above the 2.6 MGD of wastewater treatment plant capacity currently guaranteed for a total of 6 million gallons per day treatment capacity in the Regional Wastewater Treatment Plant;

WHEREAS in the event of an expansion of the Regional Wastewater Treatment Plant, FUQUAY-VARINA shall be responsible for its pro-rata portion of the expansion to the Regional Wastewater Treatment Plant capacity; and

NOW, THEREFORE, in consideration of the mutual benefits, representations, and agreements contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The TOWN's allocation of treatment capacity shall increase by 3.4 MGD gallons per day to a total allocation of 6 MGD of wastewater treatment plant capacity.

2. The TOWN shall pay its pro rata share of thirty-seven and eight tenths percent (37.8%) of the total cost of the expansion in the Regional Wastewater Treatment Plant, pursuant to Section 9, "Allocation of Additional Capacity and Method of Payment" of the Agreement.
3. In the event of change orders or delays that result in cost overruns, the TOWN will be responsible for paying its pro rata share of thirty-seven and eight tenths percent (37.8%) of any cost overruns incurred. Payment for cost overruns will be made within twenty (20) days after an invoice is presented to the TOWN for payment.
4. All other terms of the Agreement not expressly amended by this Second Amendment shall remain unchanged and in effect.

IN WITNESS WHEREOF, the parties hereto, through their duly authorized representatives or officers have executed this Amendment #2 as to the date and year first above written.



TOWN OF FUQUAY-VARINA:

By: J. Blake Massengill

J. Blake Massengill, Mayor

Date: 11/21/23

Attest:

Rose H. Rich
Rose Rich, Town Clerk

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

By: JoAnne Crabtree

Name: JoAnne Crabtree

Title: Town Finance Director

COUNTY OF HARNETT:

By: Brent Trout

Brent Trout, County Manager

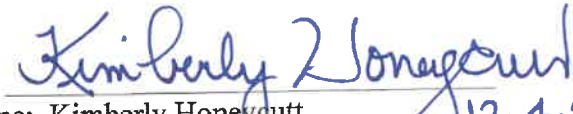
Date: December 4, 2023

Attest:


Melissa Capps, Clerk to the Board



This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

By: 
Name: Kimberly Honeycutt
Title: County Finance Officer
12.4.2023

Interlocal Agreement
Between Town of Fuquay-Varina and Harnett
County (1989)

NORTH CAROLINA

HARNETT COUNTY

WATER PURCHASE CONTRACT

THIS CONTRACT for the sale and purchase of water is entered into as of the 23 day of February, 1989, between the NORTHEAST METROPOLITAN WATER DISTRICT OF HARNETT COUNTY (hereinafter "Northeast Metro"), and the COUNTY OF HARNETT (hereinafter "County"), said Northeast Metro and County shall be collectively referred to herein as "Sellers" and the TOWN OF FUQUAY-VARINA, (hereinafter referred to as "Purchaser" or "Town")

W I T N E S S E T H:

THAT WHEREAS, the Purchaser is a municipal corporation duly organized and existing under the laws of the State of North Carolina, and is located within Wake County, North Carolina; and

WHEREAS, Northeast Metro is a metropolitan water district organized and existing under the laws of the State of North Carolina; and

WHEREAS, County is a body politic organized and existing under the laws of the State of North Carolina; and

WHEREAS, the Purchaser, among its other functions, operates a water supply and distribution system serving water users within its corporate boundaries, and is in need of an additional supply of treated water therefor; and

WHEREAS, Northeast Metro owns a water production system and a water supply distribution system, and County, through its Department of Public Utilities is operator thereof pursuant to that certain Lease dated May 30, 1980, entered into between Northeast Metro and County; and

WHEREAS, Sellers desire to sell to Purchaser, and Purchaser desires to buy from Sellers a supply of potable water as set forth herein; and

WHEREAS, in order to transport said supply of potable water to Purchaser, it is necessary that Sellers transport the same through pipelines to be constructed and owned by the Northwest Water and Sewer District of Harnett County; and

WHEREAS, pursuant to a contract with the Northwest Water and Sewer District of Harnett County, Sellers have the right and privilege to transport water through pipelines to be constructed by said District; and

WHEREAS, pursuant to a contract entered into contemporaneously herewith, Town has made certain commitments to the Northwest Water and

Sewer District of Harnett County relative to the construction of the said District's system; and

WHEREAS, Sellers and Purchaser have agreed upon certain terms regarding the sale of water as mentioned above, and now desire to set forth the terms of their agreement; and

WHEREAS, by Resolution adopted by the District Board of the Northeast Metropolitan Water District of Harnett County at its meeting on February 27, 1989 the sale of said water to the Purchaser as provided herein was approved, and the execution of this contract by Northeast Metro was duly authorized; and

WHEREAS, by Resolution adopted by the Harnett County Board of Commissioners at its meeting on March 6, 1989, the sale of said water to the Purchaser as provided herein was approved, and the execution of this contract by County was duly authorized; and

WHEREAS, by Resolution adopted by the Board of Commissioners of the Town of Fuquay-Varina at its meeting on Feb. 21, 1989 the purchase of said water from the Sellers as provided herein was approved, and the execution of this contract by Purchaser was duly authorized;

NOW THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. THE SELLERS AGREE:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Division of Health Services, Department of Human Resources of the State of North Carolina, in such quantity as may be required by the Purchaser not to exceed one million (1,000,000) gallons per day, BUT SUBJECT ALWAYS, to the provisions of Section C hereof.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonable constant pressure calculated at approximately eighty-four (84) pounds per square inch from a main supply line to be installed by the Northwest Water and Sewer District of Harnett County (pursuant to that contract between Purchaser and said District) located on the Harnett County side of the Harnett County-Wake County line within or adjacent to the right of way of United States Highway 401. If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be

borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Sellers from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To operate at its own expense, the metering equipment described in paragraph B(2) hereof, and upon expiration of the one year warranty period described in said paragraph B(2) to maintain the same, and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the three (3) months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on the first day of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser not later than the fifth (5) day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. THE PURCHASER AGREES:

1. (Rates and Payment Date) To pay the Sellers, not later than the fifteenth (15) day of each month, for water delivered in accordance with that schedule of rates, as adopted from time to time by Sellers, for bulk municipal customers located in Harnett County with the minimum rate to be that charge as calculated under said schedule of rates for the amount of one hundred thousand (100,000) gallons per day. The minimum rate shall first become payable to Sellers from Purchaser, upon billing, no later than one hundred eighty (180) days after the date that water is available at the point of delivery specified above, regardless of whether or not Purchaser is actually being delivered water at such time.

2. (Metering Equipment) To furnish, construct and install at its own expense at the point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser (and to measure any quantity of water supplied to Sellers by Purchaser under the provisions of paragraph D(4) hereof regarding emergency services). Such facilities shall be furnished, constructed and installed upon the following terms and conditions:

- a. Purchaser shall furnish, construct and install the same in accordance with plans and specifications provided therefor by Sellers.
- b. Purchasers shall obtain and acquire continuous and adequate lands or rights in land necessary to construct and install, and thereafter use, operate, inspect, repair, maintain, replace, remove, change the size of or protect said facilities.
- c. The Purchaser shall cause the same to be furnished, constructed and installed in accordance with standard engineering and contracting practices and procedures, by a qualified contractor.
- d. Purchaser shall obtain approval for the installation and construction of the same from the necessary federal, state, and/or local government and agencies, prior to and/or at the time of completion.
- e. Purchaser shall provide Sellers with three (3) entire sets of drawings of the completed facilities as constructed and as is conveyed to Sellers as hereinafter provided.
- f. Purchaser shall permit representatives of Sellers to inspect the construction and installation of the said facilities to verify that the same is being or has been constructed and installed as herein provided.
- g. In the event that the construction and installation of the facilities is not completed as set forth herein, then Sellers shall notify Purchaser of such fact and in what ways the construction does not meet the terms hereof, and it shall be the duty of Purchaser to

thereafter correct such items or things as do not meet the terms hereof.

It is agreed that upon completion of the construction and installation of the above described facilities, and inspection, approval and acceptance thereof by Sellers, the same shall be conveyed by good and sufficient deed and/or other document of conveyance to Sellers, together with the land or rights in land required therefor and appurtenant thereto.

Purchaser hereby warrants and guarantees for a period of one (1) year from the date of the conveyance of the facilities to the Sellers that the same will be free from all defects due to faulty material or workmanship. Any corrections as may be necessary by reason of such defects shall be made or caused to be made by Sellers and all costs in so doing including materials and labor costs shall be borne by Purchaser.

3. (Construction and Maintenance of Certain Lines) To construct and maintain all water distribution pipelines located between the meter facility (described in paragraph B(2) above) and the boundary of Harnett County and Wake County.

C. The Sellers and Purchaser Agree with Respect to Expansion of Sellers' Water Production Facilities as follows:

1. (General) It is specifically understood that County, (through its Department of Public Utilities, and as lessee of the facilities of Northeast Metro), and Northeast Metro find that their foremost obligation is to provide water services to the citizens and residents of Harnett County. To that end, Sellers have heretofore entered into agreements with several water and sewer districts in Harnett County providing for the sale of water to such districts and intend to enter into similar agreements with proposed water service districts in the County. It is further understood that Sellers' water production facilities are currently capable of producing water in quantities in excess of the current needs within Harnett County, and that for such period as Harnett County does not require such excess capacity, the same or a portion thereof, may be sold to Purchaser as provided herein. It is the desire of the parties to provide procedures whereby the Purchaser may expand or participate in expansions of Sellers' water production facility so as to insure its right to purchase quantities of water hereunder. It is specifically acknowledged by the parties hereto that it is the intent and purpose of Section (C) of this Water Purchase Contract to make provisions for the following matters

relative to the use of the capacity of the water production facility of the Sellers:

(a) The currently existing production capacity of the Sellers' water production facility, and any additional production capacity paid for by the Sellers, shall first be allocated to the citizens and residents of Harnett County, and only such excess thereof as will not be necessary to meet the needs of the citizens and residents of Harnett County may be sold to Purchaser.

(b) Production capacity which is paid for by the Purchaser pursuant to the terms hereof, shall, for the term of this Water Purchase Contract, be the property of Purchaser and shall be allocated to the Purchaser as provided, without regard to the needs of the citizens and residents of Harnett County.

2. (Procedure Relating to Expansion) The procedure to be applied in expanding the said facility under any of the circumstances set out in this contract (unless specifically provided otherwise), shall be as follows:

(a) Sellers shall employ consulting engineers to design the necessary alterations to expand the said water production facilities. Such alterations may include, but are not limited to, the upgrading, expansion, enlargement and/or addition of filters, basins, pumping facilities and such other items as will be necessary to accomplish the desired expansion.

(b) Upon completion of the design of said alterations, pursuant to law, Sellers shall obtain the necessary permits from the applicable federal, state or local governments and/or agencies to proceed with the construction of the expansion. Thereafter, Sellers shall submit the expansion project for bids and shall award the contract(s) and proceed to construct the project. It is understood that Sellers have the right to rebid the project or take such other actions relative to the awarding of contract(s) as Sellers deem necessary and as provided by law.

(c) The pro rata cost of that portion of the expanded water production facility capacity which is to be allocated exclusively to Purchaser shall be paid by Purchaser. Such costs shall include administrative costs of the Sellers, costs of engineering and design, and attorneys fees. Such amount of the cost to be paid by Purchaser shall be due and payable to Sellers as follows:

One-third (1/3) thereof shall be due and payable within ten (10) days after the construction contract or contracts are awarded.

One-third (1/3) thereof shall be due and payable within ten (10) days after notification to Purchaser by Sellers that one-half (1/2) of the expansions are completed.

One third (1/3) thereof shall be due and payable within ten (10) days after notification to Purchaser by Sellers that the expansions are substantially completed.

3. (Incremental Expansions) It is the understanding of the Sellers and the Purchaser that because of the design of the existing water production facilities of Sellers, expansions of that water production facility must be made in increments resulting in a capacity enlargement of one million six hundred seventy thousand (1,670,000) gallons per day.

It is contemplated by the parties that expansions to the said water production facilities as provided herein will be made in such increments, and that circumstances will be such that the Sellers and Purchaser will obtain the capacity desired by each at the time of the addition of such increment. However, should the situation arise, under the various contingencies described herein, where Sellers desire to expand Sellers' production facility by an entire increment, and in order for Purchaser to make expansions to the said facility for allocation to itself, another increment must be added, then Purchaser agrees to pay for the entire cost of such additional increment. Likewise, should the situation arise where Sellers desire not to make an expansion, or desire not to make expansions to the extent necessary to complete an entire such increment (above the capacity desired by Purchaser), and in order for Purchaser to make expansions for allocation to itself, such full incremental expansion is required, then Purchaser agrees to pay for the entire cost of such increment. It is understood that should these events occur, all such water production facility expansion paid for by Purchaser shall be allocated to Purchaser.

4. (Required Expansion by Purchaser) In the event that the water consumption requirements of Harnett County reach a level where such requirements, when coupled with the needs of Purchaser, exceed 2,200,000 gallons per day, then and in that event, in order for Town to continue to purchase or begin to purchase water (whichever the case may be) from Sellers hereunder in any amount, (without a diminution of the same equal to

the needs within Harnett County), Purchaser shall be obligated to pay for such water production facility expansion as is required to increase Sellers' production capabilities to meet the maximum requirements of Purchaser hereunder, to wit: one million (1,000,000) gallons per day; that is to say, at such time as stated, Purchaser shall pay for that portion of Sellers' water production facility capacity as is required to meet the maximum requirements of Purchaser hereunder. The procedures relative to the expansion of such facilities as the same relate to Purchaser, shall be as follows:

(a) At such time as the currently existing water production facilities of Sellers, now owned by Northeast Metro, and operated by County (whether at such time owned as stated or otherwise) reach a use where the average daily water flow, together with the needs of Purchaser, exceed 2,200,000 gallons per day County and/or Northeast Metro shall initiate studies to determine the required expansion of such facilities to meet the needs of Purchaser hereunder.

(b) County or Northeast Metro shall notify Purchaser in writing that the use capacity of Sellers' water production system has exceeded 2,200,000 gallons per day and that the expansions provided for hereunder are needed. Purchaser shall, within thirty (30) days after the date of such notice, provide Sellers with a Letter of Intent as to its decision regarding participation in expansion of Sellers' water production facilities. Within One hundred sixty (160) days after the date of Sellers' notice to Purchaser, Purchaser shall provide to Sellers in writing a final binding statement as to its decision. In the event Purchaser does not elect to participate in the expansion, the rights of Purchaser hereunder shall be determined as set forth in subparagraph C(5)(a).

(c) Upon receipt of notification of Purchaser's agreement to participate in the expansions as provided, the Sellers and Purchaser shall proceed as provided in paragraph C(2) above.

5. (Procedure in the Event of Certain Contingencies) In the event that circumstances are such that the expansion of Sellers' water production facilities are not accomplished as contemplated in paragraph C(4) hereof, then where applicable, the following procedures shall be employed:

(a) In the event Purchaser does not elect to participate in the expansion as provided in paragraph C(4) and advises the Sellers of such decision [as provided in subparagraph C(4)(b)] or fails to advise Sellers of its decision, then Sellers' shall have no obligation to sell water to Purchaser, except as to any excess capacity (not necessary to meet the needs of the citizens and residents of Harnett County). In the event Purchaser should thereafter wish to expand the production facilities of Sellers so as to obtain water production facility capacity for allocation to itself, Purchaser shall notify Sellers of such fact in writing; thereafter, the procedures set forth in paragraph C(2) shall be applied except that the entire cost of the expansion shall be paid by Purchaser; and said costs shall be due and payable over the course of the construction period within ten (10) days after the submission of periodic pay estimates (as issued by the contractor(s) and/or engineer) by Sellers to Purchaser. It is understood that should this series of events occur, all such water production facility expansion paid for by Purchaser shall be allocated to Purchaser.

(b) In the event Sellers do not elect to participate in the expansion as provided in paragraph C(4), then if Purchaser desires to expand the plant, Purchaser agrees to proceed therewith and agrees to pay the entire cost of the expansion. It is understood that should this series of events occur, all such water production facility expansion paid for by Purchaser shall be allocated to Purchaser. The procedures described in paragraph C(2) shall be utilized in constructing the expansions, except as to the amount of cost, which cost shall be borne solely by Purchaser, and shall be due and payable over the course of the construction period within ten (10) days after the submission of periodic pay estimates (as issued by the contractor(s) and/or engineer) by Sellers to Purchaser.

(c) In the event Sellers should elect to expand their water production facilities prior to the time stated in paragraph C(4) or prior to the time Purchaser begins to purchase water from Sellers, Purchaser shall have the option to participate in such expansions at that time and thereby fulfill all, or a portion of, its obligations hereunder as to expansion of the Sellers' water production facilities. It is understood that this provision in no way limits Sellers rights to expand the water production facilities in any size increments Sellers desire. In the event Sellers elect to construct such expansion, Sellers shall advise Purchaser

in writing thereof, and Purchaser shall, within thirty (30) days after the date of such notice, advise Sellers in writing as to whether or not Purchaser desires to participate in the expansion and, if applicable, the size of the expansion desired by Purchaser. Should the desired expansion require the Sellers water production facilities to be expanded into an additional increment [as explained in paragraph C(3)], then the entire cost thereof shall be borne by Purchaser. The procedures relative to construction of the expansions and the payments for the same shall be as provided in paragraph C(2).

In the event Purchaser shall elect not to participate in such expansions as described in this subparagraph C(5)(c) or shall have elected to participate in the same, but not have met its obligation to provide the one million (1,000,000) gallon per day production capacity, and Sellers expand Sellers' water production facilities, it is understood that such additional capacity as is thereby created which is paid for by Sellers shall be used for the benefit of the citizens and residents of Harnett County, and only such portion thereof as is not required to meet the needs of Harnett County shall or may be sold to Purchaser. Moreover, such additional capacity in no way shall be deemed to lessen the obligations of Purchaser hereunder nor obligate Sellers to sell any portion thereof to Purchaser.

Further, should Purchaser thereafter wish to expand the production facilities of Sellers so as to obtain water production facility capacity for allocation to itself, Purchaser shall notify Sellers of such fact in writing; thereafter the procedures set forth in paragraph C(2) shall be applied except that the entire cost of the expansion shall be paid by Purchaser and said costs shall be due and payable over the course of the construction period within ten (10) days after the submission of periodic pay estimates (as issued by the contractor(s) and/or engineer) by Sellers to Purchaser. It is understood that should this series of events occur, all such water production facility expansion paid for by Purchaser shall be allocated and sold to Purchaser.

6. (Ownership of Facilities) It is understood that such upgraded, expanded, enlarged or additional facilities as are made or constructed hereunder shall be and remain the property of County and/or Northeast Metro, and Purchaser shall have no right, title or interest in or

to the same, except as to the rights of Purchaser hereunder relative to the production capacity allocations paid for by Purchaser.

7. (Additional Expansions by Sellers) In the event Sellers find that it is necessary or deem that it is advisable to make further water production facilities expansions, (beyond those described in the situations provided in this section), it is understood that such other expansions may be made at any time or the same time as any of those described. The cost of the further expansions shall be paid by Sellers.

8. (Future Expansions by Purchasers) In the event Purchaser shall desire to purchase quantities of water in excess of the amounts provided for herein, it is agreed that Purchaser may make additional expansions to the Sellers water production facilities, provided that:

- (a) Sellers shall be given the option to participate in the expansion(s);
- (b) Sellers shall not be required to participate in the expansion(s);
- (c) Sellers shall have, without need for enlargement or expansion of any kind, sufficient water transportation facilities to deliver the quantities of water to Purchaser;
- (d) Purchaser shall pay for its share of water production facility capacity which will be allocated to it; and
- (e) The procedures relative to expansions as provided in paragraphs C(2) and C(3) shall be utilized in the expansion project(s); except that where the expansion project is paid for solely by Purchaser, payments for such expansion shall be made over the course of construction within ten (10) days after the submission of periodic pay estimates (as issued by the contractor(s) and/or engineer) by Sellers to Purchaser.

D. It is further mutually agreed between the Sellers and the Purchaser as follows:

1. (Relationship of County and Northeast Metro) As recited hereinabove, the system of Northeast Metro has been leased to County, and pursuant to the terms of said lease, County has the option to purchase the system of Northeast Metro. In the event that County should exercise its

option, and purchase the said system, it is understood that the rights and obligations of Northeast Metro hereunder shall be and hereby are transferred, assigned and conveyed to County. Likewise, in the event that County should not exercise its option, it is understood that the rights and obligations of County hereunder shall be and hereby are transferred, assigned and conveyed to Northeast Metro.

2. (Use of term "Sellers") As used herein, the term "Sellers" shall refer to County and/or Northeast Metro.

3. (Term of Contract) That this contract shall extend for a term of forty (40) years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

4. (Emergency Services) That Sellers and Purchaser shall endeavor to provide such quantities of water each to the other as may be needed in the case of emergency water needs, such as water source contamination, production facility failure, natural disaster, or other catastrophe. The cost of such water shall be in an amount mutually agreed upon by the parties.

5. (Delivery of Water) That thirty (30) days prior to the estimated date of completion of construction of Purchaser's water main which shall connect to the meter facility (described in paragraph A(3) above), the Purchaser will notify the Sellers in writing of the date for the initial delivery of water. It is understood that no water shall be delivered until such time as the water distribution system of the Northwest Water and Sewer District of Harnett County is operational.

6. (Failure to Deliver) That the Sellers will, at all times, operate and maintain their system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser, except as provided in paragraph C. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Sellers is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

7. (Modification of Contract) That the provisions of this contract may be modified or altered by mutual agreement.

8. (Breach by Purchaser) In the event Purchaser shall breach its agreements hereunder or fail to take such actions as specified, Sellers shall have no further obligation to sell water to Purchaser hereunder. This provision in no way diminishes or prejudices any other rights or remedies of Sellers regarding any breach of this Contract.

9. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Sellers and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

10. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

11. (Notices) Any notice required to be given hereunder by Sellers to Purchaser shall be made by Sellers in writing and mailed by first class mail to the Town of Fuquay-Varina at the following address:

~~Post Office Box 323~~
1300 E. Academy St.
Fuquay-Varina, NC 27526

Any notices required to be given hereunder by Purchaser to Sellers shall be made by Purchaser in writing and mailed by first class mail to the County Manager, Harnett County, at the following address:

Post Office Box 759, Lillington, N. C. 27546.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in triple counterparts, each of which shall constitute an original.

Executed by Northeast Metro, this 6th day of March, 1989.

NORTHEAST METROPOLITAN WATER
DISTRICT OF HARNETT COUNTY

By:

Timothy McKinnie
Timothy McKinnie
Chairman of the District Board

Attest:

Vanessa W. Young
Vanessa W. Young, Clerk

(SEAL)

Executed by County, this 6th day of March, 1989.

COUNTY OF HARNETT

By: Lloyd G. Stewart
Lloyd G. Stewart, Chairman
Harnett County Board of Commissioners

Attest:

Vanessa W. Young
Vanessa W. Young, Clerk

(SEAL)

Executed by Town, this 23rd day of February, 1989.

TOWN OF FUQUAY-VARINA

By: Leo L. Matthews
Leo L. Matthews, Mayor Pro Tem

Attest:

Rachel B. Turner
Rachel B. Turner, Clerk

(SEAL)

NORTH CAROLINA

HARNETT COUNTY

Personally appeared before me, the undersigned Notary Public, Vanessa W. Young, who, being by me duly sworn, says that she knows the common seal of the Northeast Metropolitan Water District of Harnett County, and is acquainted with Timothy McKinnie who is the Chairman of the governing Board of Northeast Metropolitan Water District of Harnett County and that she, the said Vanessa W. Young, is the Clerk to said Board and saw the the said Timothy McKinnie sign the foregoing instrument in the name of Northeast Metropolitan Water District of Harnett County and that she, the said Vanessa W. Young, Clerk as aforesaid, affixed said seal of said District hereto and signed her name in attestation of said instrument in the presence of the said Timothy McKinnie, Chairman of said Board, all as authorized by the governing body of said District.

WITNESS my hand and Notarial Seal, this the 6th day of March, 1989.



My Commission Expires: July 22, 1992

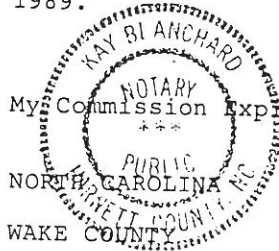
Kay Blanchard
Notary Public

NORTH CAROLINA

HARNETT COUNTY

I, Kay Blanchard, a Notary Public of the County and State aforesaid, certify that Lloyd G. Stewart, who, being by me duly sworn, says that he is Chairman of the Board of Commissioners of Harnett County, and that Vanessa W. Young is Clerk of said Board, that the seal affixed to the foregoing and attested instrument is the seal of Harnett County, North Carolina, and that said instrument was signed by him as Chairman of the Board of Commissioners of said County and by the Clerk of said Board, who affixed the official seal of Harnett County to said instrument; and that the said Lloyd G. Stewart, Chairman of the Board of Commissioners, acknowledged said instrument to be the act and deed of Harnett County North Carolina.

WITNESS my hand and Notarial Seal, this the 6th day of March, 1989.



My Commission Expires: July 22, 1992

Kay Blanchard
Notary Public

I, Kathy T. Vaughan, a Notary Public of the County and State aforesaid, certify that Leo. L. Matthews, who, being by me duly sworn, says that he is Mayor of the Town of Fuquay-Varina, and that Rachel B. Turner, is ^{Pro Tem} Clerk of said Town, that the seal affixed to the foregoing and attested instrument is the seal of said Town, and that said instrument was signed by him as Mayor in the above capacity and by the Clerk of said Town, who affixed the official seal of said Town to said instrument; and that the said Leo. L. Matthews (Mayor) in the above capacity acknowledged said instrument to be the act and deed of the Town of Fuquay-Varina.

WITNESS my hand and Notarial Seal, this the 24 day of February, 1989.

My Commission Expires: 5-7-90

Kathy T. Vaughan
Notary Public

Interlocal Agreement
Between Town of Fuquay-Varina and Harnett
County (1999)

2nd 1 mgd

NORTH CAROLINA,

HARNETT COUNTY

AGREEMENT

THIS AGREEMENT is made and entered into this the 3rd day of August, 1999, by and between the County of Harnett, a body politic, organized and existing under the laws of the State of North Carolina (hereinafter referred to as "County"); the Town of Fuquay-Varina, a municipal corporation organized and existing under the laws of the State of North Carolina (hereinafter referred to as "Fuquay-Varina"); and the Town of Holly Springs, a municipal corporation organized and existing under the laws of the State of North Carolina (hereinafter referred to as "Holly Springs").

WITNESSETH:

THAT WHEREAS, the parties desire to provide for the construction of a 36-inch waterline for the delivery of water to the Harnett County/Wake County line at a point to be determined, together with additional high-service pumping facilities to be located at the Harnett County Regional Water Treatment Facility in Lillington, North Carolina, a regional booster station and storage facilities, and related appurtenances necessary for the transmission of the water through said waterlines (hereinafter referred to as "The Project"); and

WHEREAS, the purpose of The Project is to provide an independent waterline capable of ultimately delivering twenty-three million gallons of water per day (23 mgd) to the Wake County line; and

WHEREAS, it has been estimated that the total cost of this project will be approximately \$10,555,000 (ten million five hundred fifty-five thousand dollars); and

23,000,000 gal / day
1 day / 1440 min
1 min / 60 sec
1 cfs / 7.48 gal
35.58 cfs
5 ft/s
36-in line area = 7.07 sf

WHEREAS, the Regional Water Treatment Facility owned by the County has a current capacity of twelve million gallons per day (12 mgd), of which Fuquay-Varina and Holly Springs each own one million gallons per day (1 mgd) of said capacity; and

WHEREAS, the County is conducting a pilot study pursuant to guidelines of the North Carolina Department of Environment, Health and Natural Resources for the purpose of obtaining approval to "high rate" the County's existing water treatment facility in order to expand the treatment capacity of the facility to eighteen million gallons per day (18 mgd); and

WHEREAS, Fuquay-Varina and Holly Springs have each requested an additional one million gallons per day (1 mgd) of the facility's capacity to be allocated out of the additional six million gallon per day (6 mgd) of the treatment capacity; and

WHEREAS, Harnett County has made application for a permit to increase its withdrawal allocation out of the Cape Fear River and Jordan Lake to twenty-four million gallons per day (24 mgd); and

WHEREAS, it is anticipated that The Project will require at least thirty (30) months to complete to include the design, approval by the State, and the bidding and awarding of construction; and

WHEREAS, the parties desire to begin the design of The Project and to take other necessary steps in order to advance the completion of said project; and

WHEREAS, pursuant to the provisions of Chapter 160A, Article 20, Part I of the North Carolina General Statutes, the parties now desire to enter into this agreement to provide for the payment of preliminary costs to include legal, engineering and land acquisition costs in connection with the implementation of The Project; and to set forth certain other understandings regarding this project;

NOW, THEREFORE, the parties agree, each with the other, as follows:

1. Purpose. The purpose of this agreement is to set forth the understandings and agreements of the parties regarding the payment of preliminary costs of The Project to include legal, engineering and land acquisition costs in connection with The Project and other related matters including the allocation of capacity in the waterline to be constructed and in the pumping facilities of the Project.
2. County is to Design and Construct The Project. The County shall design and construct The Project, and it shall be the lead agency for the funding of The Project.
3. Allocation of Capacity in the Thirty-Six Inch (36") Waterline. The capacity in the thirty-six inch (36") waterline to be constructed by the County as part of The Project from Lillington, North Carolina, to a point to be designated at the Harnett County/Wake County line shall be allocated as follows:
 - a. Harnett County shall have 8.42 million gallons per day (8.42 mgd) capacity in said line.
 - b. Fuquay-Varina shall have 5 million gallons per day (5 mgd) capacity in said line.
 - c. Holly Springs shall have 9.58 million gallons per day (9.58 mgd) capacity in said line.
4. Payment of Preliminary Costs. The parties agree to pay the costs for preliminary work on The Project to include legal, engineering and land acquisition costs in the following manner:
 - a. Harnett County shall pay 8.42/23 of the preliminary costs.
 - b. Fuquay-Varina shall pay 5/23 of the preliminary costs.

c. Holly Springs shall pay 9.58/23 of the preliminary costs.

Fuquay-Varina agrees to pay to the County One Hundred Forty Thousand Eight Hundred Dollars (\$140,800) within thirty (30) days of executing this Agreement toward the preliminary costs of this Project. Holly Springs agrees to pay to the County Two Hundred Sixty-Nine Thousand Seven Hundred Dollars (\$269,700) within thirty (30) days of executing this Agreement toward the preliminary costs of this Project. Thereafter, the engineer for the County shall prepare a schedule of estimated monthly costs, not to exceed the actual cost over the design phase, to meet the cash flow requirements of The Project. The County shall bill the parties monthly for the estimated monthly costs, and the parties shall pay said costs within ninety (90) days of the date of said bill.

5. Payment Upon Withdrawal from The Project. Should any party decide to withdraw from The Project prior to its completion, the party shall pay Harnett County the prorated share of costs incurred and/or billed as of the date of the notice of withdrawal, plus up to a maximum of fifteen per cent (15%) of the estimated total preliminary costs, depending upon the time of the withdrawal relative to the stage of design, in order to cover the costs of scaling down The Project and other costs associated with the withdrawal of the party from The Project. Upon payment of the amount required, this Agreement shall be terminated as to the withdrawing party.

6. Certification of Availability for Funding. The parties agree that at the time plans for The Project are submitted to the North Carolina Department of Environment, Health and Natural Resources, Water Supply Branch, each party shall certify to the County that funds are available for the payment of the completion of The Project.

7. Upgrading of Distribution Capacity. The current project is designed to pump 12 mgd through the thirty-six inch (36") waterline. The capacity of the initial pumping facilities of The Project shall be allocated as follows:

- a. Harnett County shall have 4.393-mgd capacity in the pumping facilities.
- b. Fuquay-Varina shall have 2.609 mgd capacity in the pumping facilities.
- c. Holly Springs shall have 4.998 mgd capacity in the pumping facilities.

At such time as the County determines that the pumping facilities of The Project have reached ninety percent (90%) of its pumping capacity, the County shall notify the parties. Each party shall have an opportunity to participate in the expansion of additional capacity in the pumping facilities and may obtain an allocation of the expanded capacity. Those parties desiring to participate in the expansion of the pumping facilities shall share in the costs of expansion based upon the percentage of the additional pumping capacity desired by the party. If a party desires not to increase its capacity in the pumping facilities at the time notified by the County, it shall bear no costs in the expansion. For example, if Party 1 and Party 2 desire to increase its capacity in the pumping facilities by 1 mgd each, and Party 3 does not desire to participate, then Party 1 and Party 2 would each pay 50% of the costs of upgrade, and Party 3 would pay nothing.

The pumping facilities may be expanded at other times after the pumping facilities have reached ninety percent (90%) of capacity at the request of any party, and the costs will be allocated based on the percentage of participation in the expansion by the parties. For example, if only one party desired to expand the pumping facility, then that party would bear all the costs for such expansion. The County would retain control of the design and construction of any expansion to the pumping facilities.

A party's capacity in the pumping facilities shall not exceed its allocation of capacity in the thirty-six inch (36") waterline as set forth in Paragraph 3 of this agreement. Therefore, Harnett County's capacity in the pumping facilities shall not exceed 8.42 mgd; Fuquay-Varina's capacity in the pumping facilities shall not exceed 5 mgd; and Holly Spring's capacity in the pumping facilities shall not exceed 9.58 mgd.

8. Conveyance of Waterline Capacity. A party may convey any part of its allocation of capacity in the thirty-six inch (36") waterline provided that such conveyance does not result in any negative financial impact to any parties to this Agreement, any negative hydraulic impact to any of the parties, or any technical problems in the operation of the pumping and distribution facilities of The Project.

9. Real Property. The County of Harnett shall own any real property in connection with The Project, and the County of Harnett, the Town of Fuquay-Varina and the Town of Holly Springs shall own capacity in the waterlines and pumping facilities as set forth in this Agreement.

10. Amendments and Termination. This Agreement may be amended by the mutual consent of all parties, and the Agreement may be terminated by the mutual consent of all parties.

11. Term of Agreement. This Agreement shall extend for a term of forty (40) years from the date of the Agreement as set forth herein.

12. Notices. Any notice or billing given pursuant to the terms of this agreement shall be made in writing and mailed by first class mail to the following addresses:

County of Harnett
Post Office Box 759
Lillington, NC 27546

Town of Fuquay-Varina
1300 East Academy Street
Fuquay-Varina, NC 27526

Town of Holly Springs
Post Office Box 8
128 South Main Street
Holly Springs, NC 27540

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this agreement to be duly executed in three (3) counterparts, each of which shall constitute an original.

Executed by Harnett County, this the 21st day of June, 1999.

COUNTY OF HARNETT

By: Dan B. Andrews
Dan B. Andrews, Chairman
Harnett County Board of Commissioners

Attest:

Kay S. Blanchard
Kay S. Blanchard, Clerk to the Board

Executed by the Town of Fuquay-Varina, this 20th day of July, 1999.

TOWN OF FUQUAY-VARINA

By: Bob Barker
Bob Barker, Mayor

Attest:

Rachel B. Turner
RACHEL B. TURNER, Clerk

Executed by Town of Holly Springs, this 3rd day of August, 1999.



TOWN OF HOLLY SPRINGS

By: Gerald W. Holleman
Gerald W. Holleman, Mayor

Joni Smith Powell
Joni Smith Powell, Town Clerk

This instrument has been pre-audited in the manner
prescribed by the Local Government Budget and Fiscal
Control Act.

John W. Egan
Finance Officer, Town of Holly Springs

NORTH CAROLINA

HARNETT COUNTY

I, Deanna Fitzgerald, a Notary Public of the County and State aforesaid, certify that Dan B. Andrews, who being by me duly sworn, says that he is Chairman of the Board of Commissioners of Harnett County, and that Kay S. Blanchard is Clerk of said Board, that the seal affixed to the foregoing and attested instrument is the seal of Harnett County, North Carolina, and that said instrument was signed by him as Chairman of the Board of Commissioners of said County and by the Clerk of said Board, who affixed the official seal of Harnett County to said instrument; and that the said Dan B. Andrews, Chairman of the Board of Commissioners, acknowledged said instrument to be the act and deed of Harnett County North Carolina.

WITNESS my hand and Notarial Seal, this the 21st day of June, 1999.

Deanna Fitzgerald
Notary Public

My Commission Expires: 11-14-2001

_____, Clerk

NORTH CAROLINA

WAKE COUNTY

I, Rose H. John, a Notary Public of the County and State aforesaid, certify that Bob Barker, who being by me duly sworn, says that he is Mayor of the Town of Fuquay-Varina, and that Rachel B. Turner, is the Clerk of said Town, that the seal affixed to the foregoing and attested instrument is the seal of said Town, and that said instrument was signed by him as Mayor in the above capacity and by the Clerk of said Town, who affixed the official seal of said Town to said instrument; and that the said Bob Barker (Mayor) in the above capacity acknowledged said instrument to be the act and deed of the Town of Fuquay-Varina.

WITNESS my hand and Notarial Seal, this the 20th day of July, 1999.

Rose H. John
Notary Public

My Commission Expires: 08/27/2002

Interlocal Agreement
Between Town of Fuquay-Varina and Harnett
County (2022)

NORTH CAROLINA
HARNETT COUNTY

BULK WATER SUPPLY AGREEMENT

THIS AGREEMENT is made and entered into this 18th day of April, 2022, by and between the County of Harnett, a body politic, organized and existing under the laws of the State of North Carolina (hereinafter referred to as "County"), and the Town of Fuquay-Varina, a municipal corporation, organized and existing under the laws of the State of North Carolina (hereinafter "Town").

WITNESSETH

WHEREAS, County operates and manages water treatment facilities and water distribution systems located within its boundaries, and has established Harnett Regional Water for the purpose of operating and managing the facilities and systems; and

WHEREAS, Town operates and manages a water distribution system located within its boundaries, and has established a Department of Public Utilities for the purpose of operating and managing the facilities and systems; and

WHEREAS, County and Town recognize that a regional approach to water supply and treatment benefits both the County and the Town by increasing their capacity to serve their citizens and that there exists a limited and finite capacity to supply, treat and distribute potable water; and

WHEREAS, County and Town entered into a Water Purchase Contract on February 23, 1989 to purchase 1 million gallons per day ("MGD") of water capacity in the Harnett Regional Water Treatment Plant; and

WHEREAS, County and Town entered into an Agreement on August 3, 1999 to purchase an additional 1 MGD of water capacity in the Harnett Regional Water Treatment Plant for a total

of 2 MGD of water capacity in the Harnett Regional Water Treatment Plant and 5 MGD capacity in the Harnett County/Wake County thirty-six inch waterline; and

WHEREAS, County and Town desire for County to provide an additional 2 MGD bulk supply of potable water to the Town for a period of 10 years and the parties desire to set forth the terms and conditions of this Agreement; and

NOW, THEREFORE, in consideration of the mutual benefits, representations, and agreements contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledge, the parties agree, each with the other, as follows:

I. Purpose. The purpose of this Agreement is to set forth the understandings and agreements of the parties regarding the sale of an additional 2 MGD bulk supply of potable water from the County to the Town. This sale of 2 MGD bulk supply of potable water along with the existing 2 MGD of water capacity that the Town owns in the Harnett Regional Water Plant brings the total amount of water supplied from County to Town to a maximum of 4 MGD subject to the term of this Agreement.

II. Definitions. In addition to the foregoing, the following definitions and/or explanation of terms shall be used for the purpose of this Agreement.

A. “County Water Distribution Systems” shall mean the County’s network of water distribution lines and other related appurtenances and/or facilities necessary for the delivery of potable water to town connection points.

B. “Metering Points” shall mean those points County shall measure where potable water flows into the Town’s distribution system.

III. County agrees as follows:

- A. Quality and Quantity. To furnish the Town at a single designated point of delivery located at the existing meter on Fleming Road in Wake County during the term of this Agreement or any renewal and/or extension thereof, potable treated water meeting the applicable purity standards of the North Carolina Department of Environmental Quality in such quantity that shall not exceed the demand limitations as further defined in Section IV., subsection C. of this Agreement.
- B. Point of Delivery and Pressure. Notwithstanding Section, V., subsection I., the County shall provide water purchased through this Agreement, the February 23, 1989 Agreement, the August 3, 1999 Agreement, and any other prior agreements still in effect to the connection point located on Fleming Road in Wake County. The water will be furnished at a reasonable constant pressure to the overflow elevation of the Town's existing and future elevated water storage structures. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the County from this provision for such reasonable period of time as may be necessary to restore service.
- C. Metering Equipment. To furnish, install, operate and maintain at its own expense at points of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Town and to calibrate such metering equipment as may be agreed upon by County and Town. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the

three months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless the County and Town agree upon a different amount. The metering equipment shall be read by the last day of each calendar month. An appropriate official of the Town shall at all reasonable times have access to the meter for the purpose of verifying its readings.

- D. Billing Procedure. To furnish the Town at the designated address not later than the 5th day of each month, with an itemized statement of the amount of water furnished the Town during the preceding month.

IV. Town agrees as follows:

- A. Rates and Payment Date. To pay the County, not later than the 20th day of each month, for the additional 2 MGD of water delivered under this Agreement in accordance with the following schedule of rates:

\$2.60/1,000 gallons of water

\$0.25/1000 gallons pumping charge

Town shall pay the above rate charge and pumping charge for the bulk water purchased under this Agreement for a total of \$2.85 per 1000 gallons of water used. Said rate charge and pumping charge are subject to change at any time by the Harnett County Board of Commissioners.

B. Connection Fee. That for any future mutually agreed to connections by the Town to the County's distribution system, to pay as a connection fee a sum of money sufficient to cover any and all costs of the County for furnishing and installation of said connection to include all necessary labor, appurtenances, and metering equipment.

C. Demand Limitations. Notwithstanding, Section V., subsection I., demand limitation for the provision of all water provided under this Agreement, the February 23, 1989 Agreement, the August 3, 1999 Agreement, and any other agreements in effect is hereby amended to take into account the increase in the total supply of water provided by the County to the Town. The Town shall limit its demand in any 24-hour period to that which can be supplied by a constant 2,776 gallons per minute (gpm) flow rate supplied by the County.

V. General Provisions. It is further mutually understood and agreed by the parties that:

A. Term of Contract. That this contract shall extend for a term of ten (10) years from the date of the Agreement and, thereafter, may be renewed or extended for such term, or terms, as may be agreed upon by both parties. This ten (10) year term is specific to the additional 2 MGD bulk water supply and does not modify or alter the duration of the February 23, 1989 Agreement, August 3, 1999 Agreement, or any other agreements in effect. County and Town, in addition to all other legal remedies may terminate this Agreement for any material default or breach of this Agreement. County and Town agree that a minimum of 1-year notification must be provided prior to any termination.

- B. Failure to Deliver. That County will, at all times, use reasonable diligence to provide uninterrupted water supply to Town. County shall not be liable to Town or any consumer purchasing water from Town for damage(s) for failure in, temporary interruption or temporary suspension of water supply, so long as such failure, interruption or suspension is not caused by the willful conduct of County. County reserves the right to suspend the supply, without liability on its part, at such time, for such period, and in such manner as it may deem necessary for the purpose of making adjustments to, changes in, or repairs to the infrastructure and facilities for which suspension of supply and shall provide written notice to Town of any planned suspension no less than ten (10) days in advance of suspension. In the event of an emergency that impairs the supply of potable water to Town, County shall contact Town as soon as reasonably possible.
- C. Waiver and Indemnity. To the fullest extent allowed by law, County assumes responsibility for and shall hold harmless, defend and indemnify Town against all liability, claims, judgments, losses, costs, and expenses (including reasonable attorneys' fees), for any injury, loss, or damage to persons or property including fines by any Federal or State agency and also including personal injury or property damage on account of, or in any way arising out of, the maintenance and operation of water utility infrastructure owned by County. County explicitly disclaims and excludes any warranties under the Uniform Commercial Code, or any other law, including, but not limited to, an implied warranty of fitness for a particular purpose or an implied warranty of merchantability.

To the fullest extent allowed by law, Town assumes responsibility for and shall hold harmless, defend and indemnify County against all liability, claims, judgments, losses, costs, and expenses (including reasonable attorneys fees) for any and all injury, loss, or damage to persons or property, including fines by any Federal or State agency, and also including personal injury or property damage to County, its employees, customers, tenants, and citizens on account of, or in any way arising out of the maintenance and operation of water utility infrastructure owned by Town.

Neither party shall be responsible to indemnify the other against bodily injury or property damage to the extent that such damages are caused by the negligence of the other. Each party shall notify the other in writing of any claim for indemnification hereunder, and shall describe in such notice the nature and cause of the claim. The party against whom the claim is asserted shall be allowed a reasonable time and opportunity to cure, mitigate, defend and otherwise address the claim.

- C. Modification of Contract. That the provisions of this Contract pertaining to the schedule of rates to be paid by the Town for water delivered are subject to and governed by the Ordinances adopted by County for Harnett Regional Water and subject to change at any time by the Harnett County Board of Commissioners.

Other provisions of this contract may be modified or altered by mutual agreement.

- D. Regulatory Agencies. That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the County and Town will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

- E. Franchise. The Town agrees that the County shall have a franchise to furnish water to the master meter of the Town. The County agrees that the Town shall maintain the rights to at any such time during the term of the agreement secure alternate back-up water supply from sources as may be identified by the Town.
- F. Transfer or Assignment. The covenants and agreements contained in this Agreement are specifically binding on the parties hereto, and the covenants and agreements contained in this Agreement and the commitment by the County to provide services to Town is limited to the Town of Fuquay-Varina and may not be transferred or assigned to any other party or parties without the express written consent of County, which consent shall not be unreasonably withheld Furthermore, the covenants and agreements contained in this Agreement and the commitment by the County to provide services to Town is limited to County and may not be transferred or assigned to any other party or parties without the express written consent of the Town, which consent shall not be unreasonably withheld.
- G. Mediation. Any claim, dispute or other matter in question arising out of or related to this Agreement shall be subject to mediation as a condition precedent to the institution of legal or equitable proceedings by either party. The Parties agree that the mediation will be conducted and governed by the North Carolina Rules Implementing Statewide Mediated Settlement Conferences in Superior Court Civil Actions, and N.G.G.S. Sect. 7A-38.1(c) except as specifically provided otherwise herein. The parties shall share the mediator's fee and any filing fees equally. The mediation shall be held in Harnett County, unless another location is mutually

agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

- H. Governing Law. This Agreement shall be governed by the laws of the State of North Carolina. The place of the Agreement, its situs and forum, shall be Harnett County, North Carolina, where all matters, whether sounding in Contract or in tort, relating to its validity, construction, interpretation and enforcement shall be determined. County and Town agree and submit, solely for matters relating to the Agreement, to the jurisdiction of the courts of the State of North Carolina, and stipulates that Harnett County shall be the proper venue for all matters.
- I. Entire Agreement. This Agreement represents the entire and integrated agreement between County and Town and supersedes all prior negotiations, representations or agreements, either written or oral, except that it does not modify, supersede, or alter the terms of the February 23, 1989 Agreement or the August 3, 1999 Agreement, except as specifically set forth in this Agreement . This Agreement may only be amended by written instrument signed by County and Town.
- J. No Third-Party Beneficiaries. Nothing contained in this Agreement shall create a contractual relationship with or cause of action in favor of a third party against Town or County.
- K. Severance Clause. In the event any provision of this Agreement is adjudged to be not enforceable or found invalid, such provision shall be stricken and the remaining provisions shall be valid and enforceable.
- L. Notices. All notices or other communications which shall be made pursuant hereto shall be in writing and shall be deemed to be given and received (a) when hand

delivered to the address stated below, (b) three (3) days after being mailed to the address stated below, postage prepaid by certified or registered mail of the United States, return receipt requested to the address set forth below:

TO: Town of Fuquay-Varina:
134 N. Main Street
Fuquay-Varina, North Carolina 27526
Attn: Town Manager

TO: County of Harnett:
c/o Harnett Regional Water
700 McKinney Pkwy
Lillington, North Carolina 27546
Attn: Director of Harnett Regional Water

With copy to:

County of Harnett
Post Office Box 238
Lillington, North Carolina 27546
Attn: Senior Staff Attorney

Town of Fuquay-Varina
134 N Main Street
Fuquay-Varina, North Carolina 27526
Attn: Public Utilities Director

Either party to this Agreement may change its designated person or designated address at any time and from time to time by giving notice of such change to the other party in the manner set forth above.

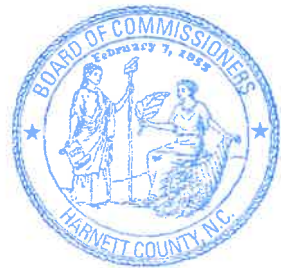
IN WITNESS WHEREOF, the parties hereto, through their duly authorized representatives or officers have executed this Agreement as to the date and year first above written.

COUNTY OF HARNETT

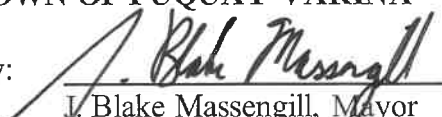
BY: 
Lewis W. Weatherspoon, Board of Commissioners Chairman

ATTEST:


Melissa Capps, Clerk



TOWN OF FUQUAY-VARINA

By: 
J. Blake Massengill, Mayor

ATTEST:


Rose Rich, Clerk



Interlocal Agreement
Between Town of Fuquay-Varina and Harnett
County (2000)

NORTH CAROLINA,

HARNETT COUNTY

AGREEMENT

THIS AGREEMENT is made and entered into this the 9th day of ^{Nov.}~~April~~, 2000,

by and between the **COUNTY OF HARNETT**, a body politic, organized and existing under the laws of the State of North Carolina (hereinafter referred to as "County"), and the **TOWN OF FUQUAY-VARINA**, a municipal corporation organized and existing under the laws of the State of North Carolina (hereinafter referred to as "Fuquay-Varina").

W I T N E S S E T H:

THAT WHEREAS, the parties desire for the construction of a wastewater interceptor line for the delivery of wastewater from Fuquay-Varina's current wastewater treatment facility to a regional wastewater treatment facility to be located at the Harnett County Regional Wastewater Treatment Facility at Lillington; and

WHEREAS, Fuquay-Varina also desires to initially obtain an allocation of two million gallons per day (2 mgd) of treatment capacity in the regional wastewater facility with the ability to obtain an additional four million gallons per day (4 mgd) in the future; and

WHEREAS, the County desires to provide such capacity in the regional wastewater facility to Fuquay-Varina; and

WHEREAS, the parties desire to begin the design of the wastewater interceptor line and the regional wastewater treatment facility (the "Project") and to take other steps necessary in order to advance the completion of the Project; and

WHEREAS, pursuant to the provisions of Chapter 160A, Article 20, Part I of the North Carolina General Statutes, the parties now desire to enter into this Agreement to provide for the payment of preliminary costs to include the preparation of a 201 Facilities Plan, obtaining environmental assessments, and the design of the Project; and to set forth certain other understandings regarding this project;

NOW, THEREFORE, in consideration of the mutual representations and agreements contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree, each with the other, as follows:

1. Purpose. The purpose of this Agreement is to set forth the understandings and agreements of the parties regarding environmental work and the design and construction of the wastewater interceptor line from the Fuquay-Varina wastewater treatment facility at Kennis Creek

to the Harnett County Regional Wastewater Treatment Facility at Lillington to be constructed on the present site of the Town of Lillington's treatment facility (the design and construction of the interceptor line shall be sometimes referred to hereafter as "the Project"); to set forth provisions for the payment of costs in connection with the Project, and to set forth other related matters including the allocation of capacity in the interceptor line and capacity in the regional wastewater treatment facility.

2. Responsibility for Design and Construction of the Interceptor Line. Fuquay-Varina shall design and construct the portion of the wastewater interceptor line from the Fuquay-Varina wastewater treatment facility to a metering point to be located at approximately the Wake County-Harnett County line. The exact location of the metering point shall be determined by the engineers for Fuquay-Varina and the County. The County shall design and construct the wastewater interceptor line from the metering point to the regional wastewater facility located at Lillington.

The County as the lead applicant of the 201 Facility Planning shall be responsible for the 201 Facility Planning Study and the Environmental Assessment.

3. Payment of Preliminary Costs of the Interceptor Line. The parties agree to pay the costs for preliminary work on the interceptor line, to include a 201 Facility Plan, environmental assessments and design of the interceptor line, in the following manner:

a. 201 Facility Plan: Fuquay-Varina and the County shall each pay one-half (1/2) of the costs of the 201 Facilities Plan.

b. Environmental Assessment: Fuquay-Varina shall pay for the cost of the initial environmental assessment from the Fuquay-Varina treatment facility to the metering point. Fuquay-Varina and the County shall each pay one-half (1/2) of the cost for the initial environmental assessment from the metering point to the regional wastewater treatment facility at Lillington.

Any environmental work done beyond the initial assessment, including any work relating to mitigation, shall be paid according to the location of the portion of the interceptor line which necessitates the additional work. That is, if the additional work is required due to conditions along the interceptor line from the Fuquay-Varina treatment plant to the metering point, Fuquay-Varina shall pay the costs for the additional work. If the additional work is due to conditions between the metering point and the regional facility in Lillington, the costs for the work shall be paid one-half (1/2) by Fuquay-Varina and one-half (1/2) by the County.

c. Design: Fuqua-Varina shall pay for the design of the interceptor line from the Fuquay-Varina treatment plant to the metering point. Fuquay-Varina and the County shall each pay one-half (1/2) of the costs of design from the metering point to the regional wastewater facility at Lillington.

Fuquay-Varina agrees to pay to the County ten percent (10%) of the estimated preliminary costs of the interceptor line within thirty (30) days of executing this Agreement. Thereafter, the engineer for the County shall prepare a schedule of estimated monthly costs, not to exceed the actual cost through the design phase, to meet the cash flow requirements of the preliminary costs of the interceptor line. The engineer for the County shall keep the engineer for Fuquay-Varina informed during the process of preparing the schedule of estimated monthly costs. The County shall bill Fuquay-Varina monthly for the estimated monthly costs, and Fuquay-Varina shall pay said bill within twenty (20) days of the date of said bill.

4. Allocation of Capacity in the Interceptor Line. The capacity in the interceptor line, which is to be constructed from Fuquay-Varina's treatment facility to the regional wastewater treatment facility at Lillington, shall be allocated as follows:

a. Fuquay-Varina shall have six million gallons per day (6 mgd) average daily flow of capacity in said line.

b. Harnett County shall have two million gallons per day (2 mgd) average daily flow of capacity in said line.

The design of the interceptor line and the determination of capacity is based upon a peaking factor of 2.0. Any excess capacity above eight million gallons per day (8 mgd) average daily flow (based on a peaking factor of 2.0) shall be shared by the parties on a 3 to 1 ratio; with Fuquay-Varina having 3/4 of the excess average daily capacity and the County having 1/4 of the excess average daily capacity.

5. Payment for Construction of Interceptor Line. Fuquay-Varina shall pay for all land and easement acquisition costs, including attorneys' fees and other associated costs, in connection with the construction of the interceptor line from the Fuquay-Varina Treatment Facility to the metering point. The County and Fuquay-Varina shall each pay one-half (1/2) of all land acquisition costs, including attorneys' fees and other associated costs, in connection with the construction of the interceptor line from the metering point to the regional wastewater facility in Lillington. The land shall be procured based upon applicable State and Federal guidelines and

6.6

2.7 2.6

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Nailman

shall be based upon fair market value. The land acquisition costs will be due and payable by Fuquay-Varina to the County of Harnett within twenty (20) days of billing by the County. Fuquay-Varina shall pay all costs of the construction of the interceptor line from the Fuquay-Varina Treatment Plant to the metering point. The County and Fuquay-Varina shall each pay one-half (1/2) of the costs of construction from the metering point to the regional wastewater facility.

The construction costs for the portion of the interceptor line from the metering point to the regional facility shall be due and payable due to the County as follows:

a. Fuquay-Varina shall pay ten percent (10%) of its share of the construction costs within twenty (20) days after the award of the contract or contracts for construction.

b. Thereafter, Fuquay-Varina shall pay its proportionate share of each invoice within twenty (20) days after the date the County sends notice of the invoice to Fuquay-Varina until such time as Fuquay-Varina has paid its total proportionate share of the construction costs.

6. Ownership and Maintenance of Interceptor Line. Fuquay-Varina shall own, operate and maintain that portion of the interceptor line from the Fuquay-Varina Treatment Plant to the metering point. The County shall own, operate and maintain that portion of the interceptor line from the metering point to the regional wastewater facility in Lillington.

7. Initial Allocation of Capacity in the Regional Wastewater Treatment Facility. Fuquay-Varina shall be initially allocated two million gallons per day (2 mgd) of treatment capacity in the expansion of the Regional Wastewater Facility at Lillington.

8. Payment for Initial Allocation of Capacity. The pro-rata costs of the portion of the expansion of the current Regional Wastewater Treatment Facility which is to be allocated exclusively to Fuquay-Varina shall be paid by it as set forth herein. Such costs shall include administrative costs of the County, costs of engineering and design, and attorneys' fees. Such amount of the costs of the expansion to be paid by Fuquay-Varina shall be due and payable to the County as follows:

a. Ten percent (10%) thereof shall be due and payable within twenty (20) days after the award for the contract or contracts for construction.

b. Thereafter, Fuquay-Varina shall pay its proportionate share of each invoice within twenty (20) days after the date the County sends notice of the invoice to Fuquay-Varina, until such time as Fuquay-Varina has paid its total proportionate share of the costs of expansion.

9. Allocation of Additional Capacity and Method of Payment. Fuquay-Varina shall be entitled to purchase an additional four million gallons per day (4 mgd) of treatment capacity in the regional facility in the future. It is the intent of this Agreement that the parties provide each other advance notice of their planning for wastewater expansions to enable the parties to coordinate expansion efforts and provide the benefits of economy of scale in plant expansion.

The County shall in the future advise Fuquay-Varina in writing of its intent to expand the regional facility in order to provide Fuquay-Varina with the option of purchasing its additional capacity. Fuquay-Varina shall, within forty-five (45) days after date of such notice, provide sellers with a letter of intent as to its decision regarding participation in expansion of the regional facility. Within one hundred sixty (160) days after the date of the County's notice to Fuquay-Varina, Fuquay-Varina shall provide the County in writing a final binding statement as to its decision.

The pro-rata cost of that portion of the expanded regional wastewater treatment facility capacity which is to be allocated exclusively to Fuquay-Varina shall be paid by Fuquay-Varina. Such costs shall include administrative costs of the seller, costs of engineering and design, and attorneys' fees. The County shall inform Fuquay-Varina of the progress of design and construction and as to the costs of any expansion project. Such amount of the cost to be paid by Fuquay-Varina shall be due and payable as follows:

a. Fuquay-Varina shall pay ten percent (10%) of its share of the expansion costs within twenty (20) days after the award of the contract or contracts for construction and/or expansion.

b. Thereafter, Fuquay-Varina shall pay its proportionate share of each invoice within twenty (20) days after the date the County sends notice of the invoice to Fuquay-Varina until such time as Fuquay-Varina has paid its total proportionate share of the construction costs.

In the event Fuquay-Varina desires to obtain its additional capacity allocation or a portion thereof at a time when the County is not expanding the treatment facility, Fuquay-Varina may expand the regional facility up to its additional allocation of capacity and Fuquay-Varina shall pay all costs of the expansion. The procedure to be applied in expanding the regional facility shall be as follows:

i). Fuquay-Varina shall notify the County in writing of its intent to expand the regional facility and of the size of the desired expansion.

ii). The County shall employ consulting engineers to design the necessary alterations to expand the said wastewater treatment facilities.

iii). Upon completion of the design of said alterations, pursuant to law, the County shall obtain the necessary permits from the applicable federal, state or local governments and/or agencies to proceed with the construction of the expansion. Thereafter, the County shall submit the expansion project for bids and shall award the contract(s) and proceed to construct the project. It is understood that the County has the right to re-bid the project or take other such actions relative to the awarding of contract(s) as County deems necessary and as provided by law.

iv). Fuquay-Varina shall pay ten percent (10%) of the expansion costs within twenty (20) days after the award of the contract or contracts for construction and/or expansion including engineering contracts.

v). Fuquay-Varina shall pay all other costs of expansion within twenty (20) days of billing by the County.

10. Ownership of Regional Wastewater Facility. It is understood that the County shall own and operate the regional wastewater treatment facility and any expansions, upgrades, enlargements, or additions to the facility, and Fuquay-Varina shall have no right, title or interest in or to the facility, except as to the rights to capacity in the interceptor line and treatment capacity allocations paid for by it as set forth herein.

11. Cooperation in Obtaining Financing. The parties hereby agree to cooperate in efforts to obtain and secure financing for the construction of the interceptor line and the initial expansion of the existing wastewater treatment plant currently owned by the Town of Lillington.

12. Operational Costs. The parties shall enter into an additional operational agreement at a later date for the treatment of the wastewater by the County from the interceptor line. The costs for treatment will be tied to the County's bulk municipal sewer rate as established by the County and pumping costs and in accordance with the 201 Facilities Plan requirements.

13. Pre-Treatment Program. The County and Fuquay-Varina shall adopt a Pre-Treatment Program in accordance with State and Federal guidelines that will protect the wastewater treatment process in accordance with the approved Facilities Plan.

14. Amendments and Termination. This Agreement may be amended by the mutual consent of all parties, and the Agreement may be terminated by the mutual consent of all parties.

15. Term of Agreement. This Agreement shall extend for a term of forty (40) years from the date of the Agreement set forth herein and shall be automatically renewed for an additional forty (40) years unless mutually terminated by the parties.

16. Notices. Any notices or billing given pursuant to the terms of this Agreement shall be made in writing and mailed by first class mail to the following addresses:

County of Harnett
c/o County Manager
Post Office Box 759
Lillington, NC 27546

Town of Fuquay-Varina
c/o Town Manager
1300 East Academy Street
Fuquay-Varina, NC 27526

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Agreement to be duly executed in two (2) counterparts, each of which shall constitute an original.

Executed by Harnett County, this the 9th day of ^{November}~~April~~, 2000.

COUNTY OF HARNETT

By: Dan B. Andrews
Dan B. Andrews, Chairman
Harnett County Board of Commissioners

Attest:

Kay S. Blanchard
Kay S. Blanchard, Clerk to the Board

Executed by the Town of Fuquay-Varina, this 29th day of April, 2000.

TOWN OF FUQUAY-VARINA

By: John W. Ellis III
John Ellis, Mayor

Attest:

Rachel B. Turner
Rachel Turner, Clerk

NORTH CAROLINA
HARNETT COUNTY

I, Elizabeth P. Covington, a Notary Public of the County and State aforesaid, certify that Dan B. Andrews, who being by me duly sworn, says that he is Chairman of the Board of Commissioners of Harnett County, and that Kay S. Blanchard is Clerk of said Board, that the seal affixed to the foregoing and attested instrument is the seal of Harnett County, North Carolina, and that said instrument was signed by him as Chairman of the Board of Commissioners of said County and by the Clerk of said Board, who affixed the official seal of Harnett County to said instrument; and that the said Dan B. Andrews, Chairman of the Board of Commissioners, acknowledged said instrument to be the act and deed of Harnett County North Carolina.

WITNESS my hand and Notarial Seal, this the 9 day of ^{November}~~April~~, 2000.



Elizabeth P. Covington
Notary Public

My Commission Expires: 6/20/01

NORTH CAROLINA
WAKE COUNTY

I, Rose H. John, a Notary Public of the County and State aforesaid, certify that John Ellis, who being by me duly sworn, says that he is Mayor of the Town of Fuquay-Varina, and that Rachel Turner, is the Clerk of said Town, that the seal affixed to the foregoing and attested instrument is the seal of said Town, and that said instrument was signed by him as Mayor in the above capacity and by the Clerk of said Town, who affixed the official seal of said Town to said instrument; and that the said John Ellis, Mayor, in the above capacity acknowledged said instrument to be the act and deed of the Town of Fuquay-Varina.

WITNESS my hand and Notarial Seal, this the 27th day of April, 2000.

Rose H. John
Notary Public

My Commission Expires: 08/27/2002

Interlocal Agreement Between City of
Sanford, Town of Fuquay-Varina, Town of
Pittsboro, and Town of Holly Springs
(2023)

**INTERLOCAL AGREEMENT FOR THE EXPANSION OF THE SANFORD WATER
FILTRATION FACILITY BY THE CITY OF SANFORD, THE TOWN OF HOLLY
SPRINGS, THE TOWN OF FUQUAY-VARINA, AND THE TOWN OF PITTSBORO,
AND THE MANAGEMENT AND OPERATIONS OF THE JOINTLY OWNED
EXPANDED FACILITY**

WHEREAS, N.C.G.S. § 160A-461 authorizes units of local government to enter into interlocal agreements with each other to execute any undertaking and allows the participating units to determine the reasonable duration of the agreements; and

WHEREAS, N.C.G.S. § 160A-461 requires that interlocal agreements be ratified by resolution of the governing board of each participating unit, and the resolution spread upon the minutes of the governing board; and

WHEREAS, the City of Sanford, the Town of Holly Springs, the Town of Fuquay-Varina, and the Town of Pittsboro desire to expand the Sanford Water Filtration Facility ("WFF") from twelve (12) MGD capacity to thirty (30) MGD capacity (the "Project"), and share ownership and costs associated with the operation of the Expanded WFF at 30 MGD capacity ("Expanded WFF"); and

WHEREAS, the Parties each recognize the importance of the Project to each other, and in particular the continued and uninterrupted operation of the WFF and the delivery of water to the Participants; and

WHEREAS, the Parties each recognize that the City of Sanford is not a guarantor of water; and

WHEREAS, at the completion of the Project, the City of Sanford, the Town of Holly Springs, the Town of Fuquay-Varina, and the Town of Pittsboro will jointly own the Expanded WFF; and

WHEREAS, the Parties desire to memorialize agreements concerning the ownership, management, maintenance, and operation of the Expanded WFF such that all four jurisdictions may secure allocations of Finished Water produced by the plant; and

WHEREAS, the City of Sanford has agreed to construct or let for construction the Project; and

WHEREAS, the Parties agree that the City of Sanford will manage, operate, and maintain the Expanded WFF upon completion of the Project, and the other Parties to this Agreement will own a portion of the Expanded WFF as set out in the agreed-upon Ownership Formula in Section 12; and

NOW, THEREFORE, in consideration of the terms, conditions, covenants and promises to pay contained herein, it is agreed by the Parties as follows:

1. **Parties, Participants, and Obligations.** The initial Parties to this interlocal agreement are the City of Sanford ("Sanford"), the Town of Holly Springs ("Holly Springs"), the Town of Fuquay-Varina ("Fuquay-Varina"), and the Town of Pittsboro ("Pittsboro") (altogether, the "Parties"). Holly Springs, Fuquay-Varina and Pittsboro are referred to collectively as Participants and each individually as a Participant.

2. **Authority and Consideration.**

- a. **Authority.** Pursuant to N.C. Gen. Stat. § 160A-461 et seq., the Parties have authority to enter into an agreement to expand the WFF and to agree that Sanford will manage and operate the Expanded WFF. Sanford, for \$10.00 and other good and valuable consideration, including the sums of money to be paid by Participants to Sanford as detailed in Sections 6 and 12 of this Agreement, accepts the role of sole manager of the Expanded WFF.
- b. **Consideration.** All Parties agree to all obligations set out in this Agreement in exchange for good and valuable consideration, including the covenants and rights in this Agreement, receipt of which is hereby acknowledged.

3. **Description of the Project.** The Project is the design and construction of an eighteen (18) MGD expansion of the Sanford Water Filtration Facility from its present capacity of twelve (12) MGD to thirty (30) MGD, which includes the elements and their necessary components, generally depicted on the 90% design drawings by Hazen and Sawyer titled “Sanford Water Filtration Facility 30 MGD Expansion” dated December 2022: an administrative facility, a chemical facility, clearwell and associated piping/vaults, existing filter media replacement, Finished Water pump station, granular activated carbon (GAC) absorbers, a maintenance building, raw water intake, residuals handling facilities, and yard piping and vaults.

- a. **Design Responsibilities.** Pursuant to the Interlocal Agreements previously entered into by each Participant with Sanford, dated January 18, 2021 (Town of Fuquay-Varina), September 21, 2021 (Town of Holly Springs), and January 12, 2022 (Town of Pittsboro), Sanford is responsible for engaging and coordinating with an engineering firm for the design of the Project. In addition, Sanford is wholly responsible for bidding, awarding, holding and managing all construction contracts for the Project.
- b. **Timeline for Closing on Financing.** Each Party contemplates the potential need to finance some or all of its Construction Cost Allocation. The Parties agree that time is of the essence in closing on any financing and beginning construction of the Project. Therefore, all Parties agree to take any and all reasonable and necessary steps to close on any bonds that will be used to finance the Construction Cost Allocation according to the timelines set out in this subsection. Prior to putting the Project out for bid, Sanford shall provide an updated engineer’s estimate of the cost to construct the Project (the “Estimated Construction Cost”). The Estimated Construction Cost plus a reasonable contingency cost percentage or a fixed amount as recommended by Sanford shall be the Construction Cost Budget (“Construction Cost Budget”):
 - i. **Timelines and Review of Bids.** The Parties will review this Agreement within ten (10) days after the last day on which bids may be accepted for construction for the Project (“Bid Closing Date”). Sanford shall transmit bid information to the Participants by the close of the next Business Day following the opening of the bids.

1. If the opened bids are within the Construction Cost Budget, the Parties will close on financing no more than ninety (90) days from the Bid Closing Date.
 2. If the opened bids are in excess of the Construction Cost Budget, Sanford will negotiate as permitted by statute and provide Participants notice of the outcome of the negotiations no more than sixty (60) days from the date the bids were opened. If, following this negotiation, the bids are within the construction bond contingency percentage, the Parties will close on financing no more than one hundred twenty (120) days from the date the bids were opened.
 3. If there are insufficient responsive bids, or the Parties need additional time to allow for review by the Local Government Commission, or if any other material requirement has not been met such that Sanford is not prepared to recommend bids to the Sanford City Council for approval, the Parties will determine a reasonable amount of time needed to rebid and finance the Project.
- c. Review Prior to Construction. The Parties will review this Agreement within ten (10) days after bids are taken for construction for the Project. If the bids that Sanford's City Manager is prepared to recommend to Council for approval are in excess of the Construction Cost Budget, any Party may request an adjustment to the Timeline for Closing on Financing set out in Section 3(b) herein, and all Parties will agree to extend the timeline to close on any and all financing needed for the Project of up to an additional thirty (30) days.
- d. Separate Transmission Line and Supply Line Contracts. The water line(s) that will transmit water from the Expanded WFF to the Point(s) of Delivery (the "Transmission Lines") and Participants' Supply Lines are not part of the Project and are not the subject of this Agreement. Sanford, Fuquay-Varina and Holly Springs will enter into a separate agreement concerning the joint Transmission Line that will serve Fuquay-Varina and Holly Springs. Sanford and Pittsboro will enter into a separate agreement concerning the Transmission Line that will serve Pittsboro.
4. Meter(s). Sanford will own, inspect and test the meter(s) at the Point(s) of Delivery. These meters will be read and the information transmitted to the Participants. The Point of Delivery is Participant specific. For Holly Springs and Fuquay-Varina, the Point of Delivery to both Participants is the meter depicted in Exhibit B on the 36" pipeline and noted as the "Flowmeter location." For Pittsboro, the Point of Delivery is the meter on the 36" pipeline depicted in Exhibit B. Parties agree to calibrate the meter(s) using a third party at a frequency of at least once every twelve (12) months. Any Party may request additional calibrations. A meter registering less than two percent (2%) of a variance of the test result shall be deemed to be accurate. If, during the additionally requested calibration, it is determined that the meter is accurate, the Party requesting the additional calibration will pay any and all costs for calibration. If, during the additionally requested calibration, it is determined that the meter is not accurate, Sanford will pay any and all

costs for the additional calibration. The previous readings at any meter disclosed by a test to be inaccurate will be corrected for all months following the last accurate test and before and including the inaccurate test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water passing through the Point of Delivery during such period will be deemed to be as follows: if the period of failure occurs in the first year of the Term of this Agreement, the amount of water shall be deemed to be the amount delivered in the corresponding period immediately prior to the failure; if the period of failure occurs after the first year of the Term of this Agreement, the amount of water shall be deemed to be the amount delivered in the same period of the prior year; or a different amount agreed to by the Parties.

5. **Other Interim Agreements.** During the design and construction of the Project and upon its completion, some or all of the Parties may enter into additional agreements for the construction or financing of water facilities and purchase of water.

6. **Ownership and Capacity.**

a. **Ownership.** In return for ownership in the Expanded WFF, each Participant agrees to pay its Construction Cost Allocation. Upon completion of the Project and once the Expanded WFF is placed in service, the Parties will own a pro rata share of the Expanded WFF equal to the percentage of ownership stated in Section 12(a), "Ownership Formula." "Ownership" for Participants includes the purchased capacity as supplied by each Participant's share of the Expanded Sanford WFF. Concurrently with the execution of this Agreement, each Participant will enter into a Construction Management Agreement that designates Sanford as its agent to contract for the construction, equipping, furnishing, and payment of the Project. Upon ownership transfer, each Participant shall receive a certificate of ownership.

b. **Capacity.** The parties' purchased capacities in the Expanded WFF are as follows:

- i. Sanford = 17.0 MGD
- ii. Fuquay-Varina = 6.0 MGD
- iii. Holly Springs = 4.0 MGD
- iv. Pittsboro = 3.0 MGD

7. **Prohibited Use of Ownership Share as Collateral.** Each Participant agrees that it will not pledge any portion of the Expanded WFF as collateral.

8. **Term.** The Term of this Agreement is ninety-nine (99) years from the date of the last execution by any Party. This term does not apply to any Party's ownership in the Expanded WFF. At the end of the Term, each Participant will have the option to renew this Agreement for the period of ninety-nine (99) years under revised provisions mutually agreed on by the Participant and Sanford. This option arises at the end of each Term. The decision of any one Participant to not renew does not impact the ability of the other Participants to renew.

- a. Exercising the Option to Renew: A Participant may indicate its intention to exercise the option to renew this Agreement so long as that Participant owns some portion of the Expanded WFF by (1) providing written notice to Sanford in the manner prescribed in Section 58 herein; or (2) by paying the O&M Costs set out in Section 12(d) that become due following the expiration of the previous term.
- b. Payment Must Be Current before Renewal. A Participant must be current on any and all payments and obligations required under this Agreement in order to exercise the option to renew in Section 8(a).

9. **Management and Operations.** Sanford, by and through its elected officials, appointed officials, employees, contractors, and/or agents, will exercise all management and operations functions of the Expanded WFF for all Parties. In exercising these powers and duties, Sanford will have sole authority and discretion, including the power and duty to appoint the personnel necessary to the execution of this undertaking. In a Force Majeure situation, Sanford will continue to be sole manager.

10. **Payment of Costs.**

- a. As owner of the Expanded WFF, each Participant will pay to Sanford its relative share of each cost outlined in this Agreement, including the Capital Cost Allocation, the O&M Variable Cost Allocation, the O&M Fixed Cost Allocation, and any O&M True-Up, when applicable.
- b. The Parties acknowledge that each Party may finance a portion of its share of the costs of the Expanded WFF with obligations the interest on which is not included in the gross income of the owners thereof for purposes of federal income taxation. Each of the Parties covenants with the other that it will not take any action with respect to its ownership interest in the Expanded WFF and its use of the capacity thereof that would jeopardize the federal income tax treatment of interest on obligations that any other Party issues to finance its share of costs of the Expanded WFF. Each of the Parties agree to provide to all other Parties such certifications and other instruments as may be reasonably requested to evidence compliance with this covenant in connection with the issuance by the any other of debt or similar obligation for such costs.

11. **Capital Improvements.** Sanford has exclusive decision-making authority over anticipated and unanticipated capital improvement costs related to the continued ability of the Expanded WFF to reasonably and prudently provide Finished Water.

- a. Cost for Capital Improvements. Cost will be borne by the Parties as set out in the Capital Improvement Cost Allocation provision in Section 12(c).
- b. Types of Capital Improvements. There are three types of potential capital improvements:
 - i. **Plant Expansions:** Sanford will have the unequivocal right to expand the Expanded WFF, and fund such expansion, without needing consent or

contributions from the Participants and without increasing the Participants' ownership and the proportion of rights and liabilities that follow. Sanford may also increase the Expanded WFF with the participation of any Party or Parties. Further, Sanford may expand the Expanded WFF with any other local government or government not a Party to this Agreement. Sanford may expand the Expanded WFF with a private party provided that Sanford must receive an opinion of nationally recognized bond counsel to the effect that such expansion will not adversely affect the federal and state income tax treatment of the interest on any outstanding bonds of the Parties, the interest in which is intended to be excludable from gross income of the owners thereof for purposes of federal income taxation.

- ii. **Anticipated Capital Improvements:** Sanford retains sole decision-making authority regarding annual capital improvements to the Expanded WFF. Sanford will provide a capital improvement budget estimate to the Participants in February of every year. At the end of each fiscal year, there will be a True-Up for the cost of annual capital improvements. The Participants will pay interest on any amounts paid more than thirty (30) days after the invoice is sent, unless any Participant's share of the capital improvement cost is greater than one million dollars (\$1,000,000), in which case the Parties will agree on a reasonable payment schedule to accommodate necessary financing. If no Participant's share of the capital improvement cost is greater than one million dollars (\$1,000,000), and any Participant fails to make a payment required as a result of the True-Up within thirty (30) days of the date on which the Participant receives an invoice from Sanford concerning amounts due as a result of the True-Up, Sanford may charge such late Participant an amount equal to the amount of the invoice plus interest at the SIFMA Index Rate in effect on the date of the invoice, which payment the late Participant shall pay within seven (7) Business Days. An anticipated capital improvement includes, but is not limited to, a capital improvement listed in Sanford's capital improvement plan.
- iii. **Unanticipated Capital Improvements:** Sanford retains sole decision-making authority regarding unanticipated capital improvements. Sanford will notify the Participants of the need for an unanticipated capital improvement within five (5) Business Days of a reasonable determination of such need. Sanford will tell Participants the estimated cost of the unanticipated capital improvement within a reasonable time of estimating such cost. Costs associated with an unanticipated capital improvement may include use of force account labor and city-owned equipment. The Participants will pay interest on any amounts paid more than thirty (30) days after the invoice is sent, unless any Participant's share of the capital improvement cost is greater than five hundred thousand dollars (\$500,000), in which case the Parties will agree on a reasonable payment schedule to accommodate necessary financing. If no Participant's share of the capital improvement cost is greater than five hundred thousand dollars (\$500,000), and any Participant fails to make a payment required within thirty (30) days

of the date on which the Participant receives an invoice from Sanford concerning amounts due as a result of the unanticipated capital improvement, Sanford may charge such late Participant an amount equal to the amount of the invoice plus interest at the SIFMA Index Rate in effect on the date of the invoice, which payment the late Participant shall pay within seven (7) Business Days.

- c. Five-Year Capital Improvement Plans. Sanford will provide to Participants its proposed five-year capital improvement plan by February 1st of each year and the capital improvement plan adopted by the City Council of the City of Sanford following its adoption.
- d. Budget Amendments. If Sanford needs to make a budget amendment due to an Expanded WFF capital improvement, either anticipated or unanticipated, Sanford will provide reasonable notice of the need for a budget amendment to the Participants.

12. **Ownership and Cost Formulas.**

- a. Ownership Formula: All Parties agree that the value of the WFF for the purposes of this Agreement can be based on the actual cost of the Project. The value of the WFF using the estimated construction cost of the Project is one hundred fifty-eight million dollars (\$158,000,000) at twelve (12) MGD. Based on the value of the estimated construction costs for the Project, the Expanded WFF at the time the Project is complete will be approximately three hundred ninety-five million dollars (\$395,000,000) for thirty (30) MGD. In order to determine each Party's ownership percentage, a Party's Construction Cost Allocation (in dollars) is divided by the value of the Expanded WFF (in dollars). If the cost of construction for the Project increases, each Party's Construction Cost Allocation will increase proportionately as will the value of the WFF. Therefore, the Parties' relative percentage of ownership will remain the same regardless of any change between the current estimated construction cost of the Project and the final construction cost of the Project. The Parties' percentage of ownership in the Expanded WFF will be as follows:
 - i. **Sanford** = 59.5%
 - ii. **Fuquay Varina** = 18.7%
 - iii. **Holly Springs** = 12.5%
 - iv. **Pittsboro** = 9.3%
- b. Construction Cost Allocation: The Parties will pay their proportionate share of construction cost for the Project in the manner required pursuant to the Construction Management Agreement and as set out in Exhibit C, page 2, in accordance with Section 6.

- c. **Capital Improvement Cost Allocation:** Upon substantial completion of the Project, and on a monthly basis thereafter, the Parties will pay their percentage share of capital improvement costs for the Expanded WFF, which percentages are set out in Exhibit D, the “Partner Usage and Capacity Summary” chart under “Percent Capacity in Expanded WFF,” and which correspond to the Parties’ purchased capacity set out in Section 6(b).
- d. **Operation and Maintenance (O&M) Costs:** On or around February 1st of each fiscal year, each Participant will provide to Sanford an estimate of the amount of water that Participant expects to draw from the Expanded WFF over the next fiscal year (the “Estimated Use for O&M”). The Participants will pay Sanford O&M Variable Costs based on the Estimated Use for O&M. Within fifteen (15) days of the end of each quarter of the fiscal year, Sanford will provide to the Participants an accounting of the actual O&M costs versus the amounts that the Participants have paid, excluding any due or paid Overage Charge. No later than thirty (30) days from the date that Sanford provides an invoice to the Participant, the Parties will reconcile the actual O&M costs and paid O&M costs. Any due and/or paid Overage Charge will not factor into that calculation.
 - i. **O&M Variable Cost:** On a monthly basis, the Parties will pay their proportionate share of variable operations and maintenance costs for the Expanded WFF based on the volume of water passing through the relevant Point of Delivery and the formula set out in the example in Exhibit D, unless otherwise provided in this Agreement. Variable Costs will be those categories listed in Exhibit E.
 - ii. **O&M Fixed Cost:** Upon substantial completion of the Project, and on a monthly basis thereafter, the Parties will pay their proportionate share of fixed operations and maintenance for the Expanded WFF according to the formula set out in the example in Exhibit D. Fixed Costs will be those categories listed in Exhibit E.
 - iii. **O&M True-Up:** The Parties will reconcile actual amounts of O&M for the Expanded WFF incurred during the year and amounts the Participants paid for O&M during the year, excluding any due or paid Overage Charge, and any difference owed to or from any Party will be reconciled and paid by December 31st of the same year.
- e. **Interest Rate Applicable for Late Payments.** If any Participant fails to make a payment required under Section 12(c) or (d) of this Agreement within thirty (30) days of the date on which the Participant receives an invoice from Sanford, and such payment is not otherwise governed by the Construction Management Agreement, Sanford may, at its option, pay any amounts owed on the late Participant’s behalf and charge such late Participant an amount equal to the amount Sanford paid on the late Participant’s behalf, plus interest on such amount at the SIFMA Index Rate in effect on the date Sanford made such payment on the Participant’s behalf, which the late Participant shall pay within seven (7) Business Days.

13. **Merger or Acquisition.** If Sanford merges with a Participant or acquires a Participant's capacity through any method, Sanford will acquire the rights of the Participant with respect to capacity and the responsibilities with respect to the costs set out in Section 12, but in no case will Sanford become a "Participant" as that term is defined and used throughout this Agreement. If Sanford sells its capacity, the purchaser may become a participant under this Agreement but will not acquire Sanford's sole rights and duties under this Agreement.

14. **Insurance.** Sanford will maintain insurance coverage on the WFF, the Project, and the Expanded WFF of the type and quantity as a prudent municipality would maintain in the same or similar circumstances. Sanford will name each Participant as an additional insured to any insurance policy for the Expanded WFF and provide a certificate of insurance to each Participant in July of each year.

15. **Procedure to Avoid Exceeding Capacity of the Expanded WFF.** All Parties recognize the need to avoid a situation in which the Parties' use of water from the Expanded WFF exceeds the Expanded WFF's capacity. The Parties also recognize the need to respect the ability of any one Party to draw its Total Capacity. The Parties have agreed upon the following procedure to prevent and deter a situation in which any metered amount exceeds the Participant's Total Capacity. When water is being supplied to Participants, the Maximum Usage Warning Limit will be set for each Participant at eighty percent (80%) of each Participant's Total Capacity (MGD). For so long as Fuquay-Varina and Holly Springs share a meter, the Total Capacity of Fuquay-Varina and Holly Springs will be their combined capacity, and the Maximum Usage Warning Limit for Fuquay-Varina and Holly Springs will be 80% of their combined Total Capacity.

- a. **Consequences of Participant Reaching Maximum Usage Warning Limit.** If any Participant(s) average usage over three (3) calendar months is at or greater than the Maximum Usage Warning Limit, the Participant(s) must create a plan to enter into an agreement to lease capacity from another Party, obtain water from another service provider, or otherwise prevent use over its Total Capacity (MGD) (the "Usage Warning Limit Plan"). Sanford and the Participant(s) will work together to revise the Usage Warning Limit Plan until Sanford and the Participant(s) approve of the Usage Warning Limit Plan. If the Participant(s) purchases or leases additional capacity, both the transferring and receiving Party's Maximum Usage Warning Limit and eighty percent (80%) threshold will be recalculated accordingly. The Usage Warning Limit Plan must be executed and implemented by or before the Participant(s) uses ninety-five percent (95%) of its/their Total Capacity (MGD).
- b. **Consequences of Exceeding 100% of Total Capacity.**
 - i. **Fixed Costs.** If any Participant(s) average usage for one billable month exceeds one hundred percent (100%) of its/their Total Capacity (MGD), that Participant(s) will pay the O&M Fixed Cost that corresponds with the amount of capacity used, not capacity owned.
 - ii. **Overage Charge.** When any Participant's average usage for a one calendar month period exceeds its/their Total Capacity, the Participant(s) will pay one hundred twenty-five percent (125%) of the cost calculated by the method described in Sections 12(d)(i-iii) for that month. For each

consecutive month in which the Participant(s) exceed(s) its/their Total Capacity, the Participant(s) will pay two hundred percent (200%) of the cost calculated by the method described in Sections 12(d)(i-iii) for that month. If a Participant incurs an Overage Charge two (2) or more times in a rolling 12-month period, Sanford will apply a two hundred percent (200%) Overage Charge to any additional months in that rolling 12-month period in which that Participant's average usage over a one calendar month period exceeds its/their Total Capacity.

- iii. Sanford's Right to Reduce Service. If a Participant has not created or is not diligently pursuing a Usage Warning Limit Plan approved by Sanford, Sanford has the right to reduce service to the Participant.

16. Water Conservation Policies. If any Party is experiencing conditions that require the implementation of a water shortage response plan, and said Party has implemented water conservation measures for its retail customers, then water conservation measures shall apply to all Parties only if so required by the State or by Sanford. If a water conservation measure is required, the water conservation measures will meet the minimum water conservation measures published, from time to time, on the Department of Environmental Quality website.

17. Supply Interruptions or Shortages. Sanford shall use reasonable care and diligence to provide uninterrupted service as provided herein but reserves the right at any time to temporarily interrupt service for reasons of Force Majeure and maintenance purposes. Sanford will give notice to Participants not less than forty-eight (48) hours in advance of any such planned service interruption, except that in emergencies, it will give notice that is reasonable under the particular circumstances. During an emergency, such as a break or leak in a Participant's Supply Line, in which despite its exercise of reasonable care and diligence, Sanford will significantly lose the ability to serve its own citizens if Sanford continues to supply a Participant with a break or leak, Sanford has the authority to make any reasonably necessary temporary reduction of service to one or more Participants in order to maintain service to other Participants and its own citizens. No change shall be made to Participants' share of costs.

18. Sale or Lease of Ownership or Capacity. The Parties may sell or lease any part of their share of Total Capacity (MGD) pursuant to the provisions of this section. Except as otherwise allowed in this Agreement, sales or leases of ownership or capacity may only be executed among the Parties and not with any party or entity not a Party to this Agreement. Capacity or ownership may be sold or leased on terms mutually acceptable to the Participants involved, and approved by Sanford (such approval shall not be unreasonably withheld), and only on conditions that (a) the buyer or lessee assumes all financial responsibilities to Sanford that flow from the transfer; and (b) both are jointly liable to Sanford in the event that the receiving Participant fails to meet all financial responsibilities to Sanford. Notwithstanding the foregoing, Sanford will have a right of first refusal to acquire any ownership or capacity that a Participant wishes to sell, and the price to Sanford will be the same price per unit of capacity as the Construction Cost Allocation. Sanford will have one hundred twenty (120) days to notify the selling Participant of its intent to exercise the right of first refusal. If Sanford does not convey its intent to exercise the right of first refusal, or if Sanford affirmatively provides notice that it will not exercise its right of first refusal, the other Participants may acquire any ownership or capacity that the Participant wishes to sell, and the cost will be the same price per unit of capacity as the Construction Cost Allocation.

- a. Recalculation of Capacity. If ownership or capacity is bought, sold, or leased, each Participant's Total Capacity will be recalculated.

19. **Bulk Water Sales Allowed by Participants.** Parties may set their rate structures to their respective end users in any manner they deem appropriate without approval of another Party. Bulk Water Sales are defined as a continuing contract by a Party to provide water to either another Party or a third party over a period exceeding thirty (30) days. Bulk Water Sales by any Party to this Agreement to any entity not a Party to this Agreement are allowed on the condition that a Participant-seller of Bulk Water will remain financially responsible to Sanford for all amounts sold by the Participant, and all requirements placed on Participants under this Agreement remain in full force and effect and may be applied against the Participant making a Bulk Water Sale in the same manner as they would have applied had the Bulk Water Sale quantity been used by the Participant. Any Participant making a Bulk Water Sale will provide the Bulk Water Sale agreement to Sanford, and Sanford may request additional details within reason.

20. **Future Expansion.** If the Parties' use of water from the Expanded WFF reaches eighty percent (80%) of the total maximum capacity created as a result of the Project for seven (7) consecutive days, then the Parties shall negotiate in good faith to amend this Agreement for an additional expansion of the Expanded WFF's total capacity.

21. **Annual Meeting of the Parties.** Unless otherwise agreed by all Parties, the Parties will meet annually in Sanford, or at another location determined to be convenient to all Parties, to discuss all matters pertaining to this Agreement.

22. **Loss of a Purchasing Participant Prior to All Parties Signing.** If at any time prior to all Parties signing this Agreement any one Party no longer wishes to enter into the Agreement, the signatories to the Agreement will negotiate in good faith to recalculate the size of the Project and each Participant's allocation of cost. In the event that the signatories, having negotiated in good faith, are unable to recalculate the size of the Project and each Participant's allocation of cost, Sanford may, at its option, terminate this Agreement by giving written notice to the remaining Parties.

23. **Water Quality and Quantity.**

- a. **Water Quality.** By this Agreement, Sanford agrees to operate and manage the Expanded WFF such that it is able to supply potable water at the Point of Delivery, meeting the applicable purity standards of the North Carolina Division of Health and the applicable water quality standards of the North Carolina Department of Environmental Quality (or any successor State division or department) as amended from time to time, subject to any reductions or failures of pressure or supply due to causes beyond Sanford's control, including, but not limited to, any Force Majeure event, Transmission Line damage, or the use of water to fight fire. In the event of a loss of water quality, Sanford shall work with reasonable diligence to regain the water quality. A loss of water quality shall not be deemed a breach of this Agreement or an event of Default.
- b. **Water Quantity.** By this Agreement, Sanford agrees to operate and manage the Expanded WFF such that it is able to supply the quantity of water that each

Participant is entitled to, subject to any reductions or failures of pressure or supply due to causes beyond Sanford's control including, but not limited to, any Force Majeure event, Transmission Line damage, or the use of water to fight fire. In the event of a loss of water quantity, Sanford shall work with reasonable diligence to regain the level of water quantity. In the event of Transmission Line damage affecting a Participant(s) but not the citizens of Sanford, Sanford shall make such repairs with the same reasonable care and diligence as it would to repair those lines effecting citizens of Sanford. A loss of water quantity shall not be deemed a breach of this Agreement or an event of Default.

24. **Performance Obligations of Sanford.** Sanford will perform the services customarily performed by water utility systems with respect to the Expanded WFF for the benefit of all customers of the system, including: maintain, repair, and improve the Expanded WFF in a timely manner and operate and manage the Expanded WFF in a manner consistent with good business and operating practices for comparable facilities and in full compliance with all issued permits, operational requirements, industry standards, and the applicable laws, rules, and regulations of regulatory bodies, governmental units, or agencies thereof.

25. **Notifications Required.** Sanford will make reasonable efforts to notify all Participants of any planned or detected interruptions in water quality or quantity. Sanford shall provide frequent status updates about any loss of water quality or quantity to Participants until any water quality or quantity issue is resolved. In the event that a Participant detects a loss of water quality or quantity as defined under this Agreement, the Participant will notify Sanford of the loss of water quality or quantity as soon as reasonably possible under the circumstances but in no event later than twenty-four (24) hours from the detection.

26. **Resolution Process.** If the Parties do not agree on the existence of an event of Default (the "Claim"), the Parties agree to first use good faith efforts to resolve the dispute. Where good faith efforts to negotiate do not resolve the Claim within thirty (30) days of the date of the notice of Default, the Parties agree to mediate the dispute prior to filing a lawsuit. Mediation will occur pursuant to the following process: the non-defaulting Party (the "Claimant(s)") shall have thirty (30) additional days within which to submit the Claim to mediation under the auspices of any dispute resolution center or other such independent agency or certified individual providing similar services upon which the Parties may mutually agree. If Claimant(s) does not submit the claim to mediation within sixty (60) days after notice of Default, Claimant(s) shall be deemed to have waived the Claim, and the defaulting Party (the "Respondent(s)") shall be released and discharged from any and all liability to Claimant(s) on account of such Claim; provided, nothing herein shall release or discharge Respondent(s) from any liability to Persons that are not subject to the foregoing proceedings. If the Claimant(s) and Respondent(s) do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings. Such notice shall set forth when and where the Claimant(s) and Respondent(s) met, that they are at an impasse, and the date that mediation was terminated. In the event that mediation does not resolve the dispute, all Parties have the right to file a lawsuit with venue in Lee County or the United States District Court for the Middle District of North Carolina.

27. **Audit Rights.** If Sanford does not perform its annual audit as required by G.S. § 159-34 by December 31st of each year, each Participant will have the right to inspect and audit all accounting reports, books, or records that concern Sanford's management and operations of the Expanded WFF that would be required under G.S. § 159-34. The Participant exercising its audit rights must provide thirty (30) days' notice to Sanford. The Parties agree to prioritize requests from other Parties for operational financial information regarding the Expanded WFF throughout the year so long as such requests are reasonable with respect to scope and frequency.

28. **Inspection Rights.** Each Participant will have the right to inspect any or all of the Expanded WFF at a time convenient to the Participant and Sanford, but in no event more than twenty (20) days after providing Sanford the request for inspection. Such inspection rights may be exercised no more than once annually. This right is not limitless, and Sanford has a right to stop an inspection where such inspection interferes with the continued ability of the Expanded WFF to reasonably and prudently provide Finished Water.

29. **Unwinding Mechanism.** If one or more of the Participants Default in the performance or discharge of its or their obligations in the Project or any other material obligation under this Agreement such that the Party is in material Default, the other Parties may assume, pro rata or otherwise, the obligations of such defaulting Party or Parties and will succeed to such rights and interests of the defaulting Party or Parties according to the Ownership Formula. Further, Sanford shall have a right of first refusal to assume all or part of the defaulting Party's share at the same price as the Construction Cost Allocation. A Party that assumes the obligations of any other Party is entitled to reasonable legal fees and costs incurred as a direct result of the Default from the defaulting Party.

30. **Liability.**

- a. **No Liability Downstream of the Point of Delivery.** Sanford shall not be liable for any condition, quality, purity, impurity, or contamination of the water provided to Participants or any issue related to the quantity of the water provided to the Participants downstream of the Point of Delivery.
- b. **No Liability at Point of Delivery with Exceptions.** Sanford shall not be liable for any condition, quality, purity, impurity, or contamination of the water provided to Participants, or any issue related to the quantity of the water provided to the Participants at the Point of Delivery, except where:
 - i. **Gross Violation of Industry Standard Exception:** Sanford commits a gross violation of industry standards that causes such condition, quality, purity, impurity, or contamination of the water; or
 - ii. **Intentional and Knowingly Exception:** Sanford intentionally and knowingly limits the quantity or quality (including minimum pressurization to meet the design requirements of the Parties' Transmission Lines) of water for any purposes that are within the full control of Sanford. This exception does not include any action that Sanford would take that is in accordance with its right and obligations under this Agreement or any action that Sanford would take as the result of a Force Majeure event, Transmission

Line damage, maintenance, the use of water to fight fire, or any other externality outside of the control of Sanford. However, in the event of a Transmission Line damage, Sanford shall make such repairs with the same reasonable care and diligence as it would to repair those lines effecting citizens of Sanford.

iii. **Clarification.** For clarification, subsections (b)(i) and (b)(ii) are disjunctive.

- c. Exceptions in Subsection (b)(i) and (ii) Not Applicable During Default. If any Participant on a Transmission Line with a water quality or quantity issue described above is in Default, the exceptions in Section 30(b)(i) and (ii) shall not apply and Sanford shall not be liable.
- d. Consumers and Third Parties. Each Participant shall take steps to ensure that the consumer receives potable water, but liability shall be limited and transferred to the Participants once the water passes from the Point of Delivery. No Party hereto shall be liable under this Agreement to any third party, and each shall indemnify and hold harmless the other for against any and all claims brought by third parties. Sanford shall not be liable for failures of any element of a Participant's water system.

31. **Sole Remedy.** In the event that there is a water quality or quantity issue at the Point of Delivery as outlined in Section 30, Sanford shall pay the costs associated with remedying the condition, quality, purity, impurity, or contamination of the water, or quantity issue. Participants will have no other remedy for such violation.

32. **Disposition of Property at Termination.** Upon termination of this Agreement by any Party, all real property of the terminating Party reverts to Sanford.

33. **Method of Termination.** This Agreement may be terminated only by the mutual consent of all Parties participating in this Agreement at the time of Termination.

34. **Disposition of Property at Expiration.** As long as any Participant still owns shares in the Extended WFF, the Parties agree that they will negotiate extensions or a new agreement.

35. **No Waiver of Sole Management.** Sanford's acts, including acts of its officers and employees, cannot be interpreted to waive its rights and entitlements, including sole right to manage.

36. **Changes in the Law.** In the event that there is a change in North Carolina law that impacts this Agreement, the Parties agree to review the Agreement and may mutually consent to amend this Agreement. In the event an amendment to N.C. Gen. Stat. 162A-200 et seq. requires an amendment to this Agreement, the Parties agree to negotiate in good faith to amend any and all impacted provisions.

37. **Default.**

- a. **Pre-Funding of Acquisition and Construction Fund Default:** If at any time after the Agreement becomes effective but before any funds are first deposited in the Acquisition and Construction Fund that will be created pursuant to the Construction Management Agreement for any part of the Project, any Party gives written notice to all other Parties that such Party anticipates defaulting on this Agreement or the Construction Management Agreement—whether such Default is anticipated with respect to obligations that have arisen or will arise—the Parties to the Agreement shall negotiate in good faith to recalculate the size of the Project, proportion of ownership, and share of costs using the corresponding formulas in Section 12. The agreed-upon method of recalculation shall be the same methodology that was used to produce the summary numbers represented in Exhibits C – E. Sanford shall have a right of first refusal to any portion of the Expanded WFF on which a Participant anticipates defaulting and a right to Liquidated Damages from the Participant anticipating Default. In the event that the Parties, having negotiated in good faith, are unable to recalculate the size of the Project and each Participant's allocation of cost, Sanford may, at its option, give the remaining Parties written notice of Sanford's election to terminate this Agreement. In the event of a termination by Sanford, any non-defaulting Participant(s) may recover from the defaulting Participant(s) any direct costs that are otherwise not recoverable or avoidable to the non-defaulting Participant(s).
- b. **Post-Deposit and Pre-Project Completion:** If a Party defaults on this Agreement at any time after any other Party has deposited funds in the Acquisition and Construction Fund and before the Project is completed, and such Default cannot be cured within sixty (60) days or by the negotiation of additional agreements, the remaining Parties to the Agreement shall negotiate in good faith to recalculate each Party's proportion of ownership and share of costs using the corresponding formulas in Section 12. Sanford shall have a right of first refusal to acquire any portion of the Expanded WFF during such renegotiation. The agreed upon method of recalculation shall be the same methodology that was used to produce the summary numbers represented in Exhibits C – E. In the event that the Parties, having negotiated in good faith, are unable to recalculate each Participant's allocation of cost, Sanford may, at its option, give the remaining Parties written notice of Sanford's election to terminate this Agreement. In the event of a Default under this subsection, all Participants will continue to be liable to Sanford for their share of Construction Cost Allocation and any other costs outlined in Section 12 until the earlier of: (1) the remaining non-defaulting Participants, having negotiated in good faith to recalculate each non-defaulting Participant's proportion of ownership, execute an agreement reflecting those negotiations; or (2) Sanford's release of the Participants from obligations under this Agreement.
- c. **Default Post-Project Completion:** From and after the completion of the Project, and upon the Expanded WFF being put into service, any one or more of the following events shall constitute an event of Default under this Agreement.

- i. **Participant's Failure to Make Payment(s).** The failure of a Participant to make payment of any amount due hereunder, which failure shall have continued for a period of fifteen (15) days after receipt of written notice from Sanford that the Participant has failed to make timely payments as required by this Agreement, shall constitute an event of Default on the part of a Participant that fails to pay. Unless otherwise stated herein, a failure to make any payment due and owing under this Agreement for ninety (90) days or more constitutes a material Default.
 - ii. **Party's Failure to Perform Any Obligation.** Except in Force Majeure situations and as otherwise stated in this Agreement, the failure of any Party to perform any of its obligations under this Agreement, if such failure continues for a period of thirty (30) days after receipt by the defaulting Party of written notice of such failure (the "Default Notice"), shall constitute an event of Default. It shall not be considered an event of Default if the Default is of a nature that cannot be cured within thirty (30) days and the defaulting Party has commenced action reasonably designed to cure the Default and pursued that action with due diligence.
- d. **Consequence of Participant's Default:** If a Participant defaults, and the Default has not been cured, the other Party or Parties may, at their option, pursue any and all rights they have in law and equity including, without limitation, specific performance and the recovery of monetary damages.
- i. A non-defaulting Participant that shares a Supply Line with a Participant that has defaulted because it has failed to make a payment due to Sanford under this Agreement may cure the non-payment default by making the defaulting Party's payment in addition to their own payment.
- e. **Consequence of Sanford's Default:** If Sanford defaults, and the Default has not been cured, a non-defaulting Participant may exercise and pursue any and all rights and remedies it shall have at law or in equity, including, without limitation, specific performance but specifically excluding the right to terminate this Agreement or refuse to fully pay any outstanding payments as they become due and owing.

38. **Process Following Sanford's Right of First Refusal.** Wherever in this Agreement Sanford has a right of first refusal to acquire, purchase, or lease a portion of or all of a Participant's capacity or ownership, and Sanford does not exercise that right, the other Participants may acquire, purchase, or lease the capacity ownership, and the cost for the first time such capacity is purchased by another Participant will be the same price per unit of capacity as the Construction Cost Allocation. If no Party wishes to purchase the capacity at that price, the Participant and another Party may agree to a lower price.

39. **Sale or Lease to a Third Party.** No Party can sell its capacity or ownership or lease capacity to a non-Party for the life of this Agreement unless such sale is agreed to by all Parties (such consent will not be unreasonably withheld).

40. **This Document Is Also a Contract.** In addition to being governed by N.C.G.S. § 160A-461, this Agreement is a contract, and North Carolina contract law shall apply.
41. **Joint Undertaking; No Joint Venture.** Nothing in this Agreement shall be construed to establish a joint venture, partnership, or any other relationship among the Parties other than the relationship contemplated for entry into an Interlocal Agreement pursuant to G.S. § 160A-461.
42. **No Abrogation of Sovereign Immunity.** Nothing in this Agreement shall be construed as an abrogation of any Party's sovereign immunity.
43. **Prohibition on Assignment.** No Participant shall sell, assign, or transfer this Agreement, or any part thereof, without the express written consent of Sanford, except as allowed by Section 18 of this Agreement.
44. **Amendments.** The provisions of this Agreement may be amended at any time upon mutual written agreement of the governing boards of all Parties.
45. **Administrative Amendments.** Notwithstanding Section 44, minor amendments to this Agreement may be made upon the request of any Party and agreed to by all Parties' respective City or Town Manager, or their designee, without public notice or a public hearing where (1) the City Attorney of Sanford confirms in writing that such change is a minor amendment of this Agreement; and (2) such minor amendment substantially conforms with the material terms of this Agreement. Administrative Amendments must still be reduced to writing and signed.
46. **Force Majeure.** It shall not be considered a breach of this Agreement or an event of Default and Parties shall not be responsible for an inability to perform or for any delays, damages, costs, expenses, liabilities, or other consequences that may arise as a result of Force Majeure. In order to avail itself of this provision, a Party must take reasonable actions to remedy the consequences of the Force Majeure event. The impacted Party shall give notice of the Force Majeure event to all other Parties as soon as practicable, but in no case more than forty-eight (48) hours after the Party's performance has been impacted, stating the period of time the occurrence is expected to continue. Upon request of any Party, the Parties shall meet to discuss the causes of the Force Majeure event and the period of time the occurrence is expected to continue. A Force Majeure is defined as any event arising from causes beyond the reasonable control of the Parties. Force Majeure events may include, but are not limited to, fire, flood, drought, power failure, cyber attacks, earthquake, chemical or toxic spill, acts of God, foreign or domestic terrorism, war, pandemic, natural disaster, nuclear disaster including radiological contamination, vandalism, third-party acts outside of the reasonable control of any Party, intentional and/or malicious acts of an individual, water pollution, failure of industrial pretreatment, contamination including raw water contamination, algae blooms, biological constituents, tornado, hurricane, civil strikes or labor disputes, riots, system failure, broken pipes, or other actions causing an inability to serve beyond the reasonable control of Sanford. Temporary or partial failures to deliver water shall be remedied with all possible dispatch but shall not constitute a breach or an event of Default so long as such remedy is diligently being pursued.
47. **Severability.** If any of the provisions of this Agreement are held invalid, illegal, void or unenforceable, the enforceability of the remaining provisions shall not be impaired thereby.

48. **No Third-Party Beneficiaries.** There are no third-party beneficiaries to this Agreement.
49. **Entire Agreement.** This Agreement constitutes the entire agreement and understanding between the Parties, and it is understood and agreed that all undertakings, negotiations, representations, promises, inducements, and agreements heretofore entered into among the Parties with respect to the matters contained herein are merged in this Agreement.
50. **No Oral Amendments.** This Agreement may not be changed orally, but only by a written document approved by the governing boards of all Parties.
51. **No Waiver.** No waiver of any of the provisions of this Agreement shall be valid unless in writing and signed by the Party against whom it is sought to be enforced. Mere inaction or failure to pursue a Default shall not be deemed a waiver.
52. **Benefits to Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns, provided the assignment has been approved by all relevant Parties as determined by the nature of the assignment.
53. **Applicable Law.** The provisions of this Agreement shall be governed by and construed and enforced in accordance with the laws of the State of North Carolina.
54. **Headings.** The headings contained in this Agreement are solely for the convenience of the Parties and do not constitute a part of this Agreement and shall not be used to construe or interpret any provisions hereof.
55. **Joint Effort of All Parties.** This Agreement shall be considered for all purposes as having been prepared by the joint efforts of the Parties and shall not be construed against any Party or the other as a result of preparation, substitution, submission, or event of negotiation.
56. **Execution in Counterparts.** This Agreement may be executed in any number of counterparts each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument, and the Parties hereto may execute this Agreement by signing any such counterpart.
57. **Incorporation by Reference.** Capitalized terms shall have the meanings assigned thereto in Exhibit A attached hereto. Exhibits B – E shall be incorporated in this Agreement by reference.
58. **Notice.** Notice shall be given in writing directed to the people listed below, as amended and updated from time to time (see Appendix A for current contacts). For emergencies, Parties should contact operational officials first; for contract issues, Parties should contact attorneys first; for administrative issues, Parties should contact managers or finance directors. All Parties shall endeavor to keep accurate cell phone numbers available to all other Parties.

City Manager, or the equivalent
Public Works Director, or the equivalent
Utilities and Engineering Director, or the equivalent
City Attorney, or the equivalent
Finance Director, or the equivalent

IN WITNESS WHEREOF, the City of Sanford has caused this instrument to be executed by its Mayor, attested by its Clerk and its municipal seal to be affixed, all by authority of its governing board, first duly given. The Town of Holly Springs has caused this instrument to be executed by its Mayor, attested by its Clerk and its municipal seal to be affixed, all by authority of its governing board, first duly given. The Town of Fuquay-Varina has caused this instrument to be executed by its Mayor, attested by its Clerk and its municipal seal to be affixed, all by authority of its governing board, first duly given. The Town of Pittsboro has caused this instrument to be executed by its Mayor, attested by its Clerk and its municipal seal to be affixed, all by authority of its governing board, first duly given.

City of Sanford



By: Rebecca Wyhof Salmon

Attest:



City Clerk

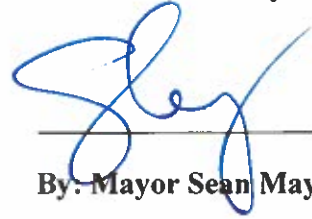
This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.



By:

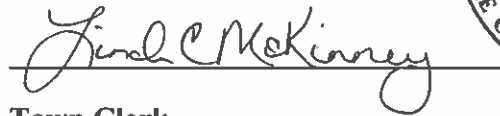
[signatures continued on next page]

Town of Holly Springs

 (seal)
By: Mayor Sean Mayefskie



Attest:


Town Clerk

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

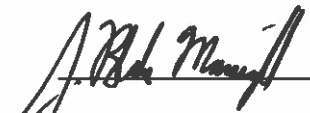


By:

[signatures continued on next page]



Town of Fuquay-Varina

 (seal)
By: Mayor J. Blake Massengill

Attest:



 Town Clerk

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.


By.

[signatures continued on next page]



Town of Pittsboro

Cindy Perry (seal)
By: Mayor Cindy Perry

Attest:

Carrie L. Barbey
Town Clerk

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

Heather E.R. Meacham
By: Heather E.R. Meacham
Finance Director

LIST OF EXHIBITS

EXHIBIT A	Definitions
EXHIBIT B	Project Component Summary
EXHIBIT C	Sanford WFF Construction Cost Estimate (90% Design)
EXHIBIT D	Sanford WFF Expansion O&M Cost Allocation Example Based on Projected O&M Costs
EXHIBIT E	Projected O&M Expenses
APPENDIX	Current Contacts

EXHIBIT A

Definitions

Acquisition and Construction Fund means the “Sanford Water Filtration Facility Expansion Project Acquisition and Construction Fund” created pursuant to the Construction Management Agreement.

Bulk Water Sales means a continuing contract by a Party to provide water to either another Party or a third party over a period exceeding thirty days.

Business Day(s) has the meaning set forth in the Construction Management Agreement.

Construction Cost Allocation shall mean the cost to be paid by each Participant for constructing the Project, as shown in detail in Exhibit C, page 3.

Construction Cost Budget means the Estimated Construction Cost plus a reasonable contingency cost percentage or a fixed amount as recommended by Sanford.

Construction Management Agreement means the Construction Management Agreement dated _____, 2023 between the Parties and Regions Bank, as escrow agent.

Default means failure, refusal, or inability of a Party to meet an obligation set out in this Agreement and is governed by Section 37.

Estimated Construction Cost means the estimated cost of constructing the Project as determined by Hazen and Sawyer (“Estimated Cost”).

Estimated Use for O&M is the estimate provided by each Participant to Sanford on or around February 1st of each fiscal year that provides an estimate of water to be used during the upcoming fiscal year.

Expanded WFF shall mean the Sanford Water Filtration Facility at its capacity of thirty (30) MGD after the Project is complete.

Finished Water shall mean the water that is introduced into the distribution system of a public water system and is intended for distribution and consumption.

Force Majeure has the meaning set out in Section 46.

Liquidated Damages. As used in Section 37(a), Liquidated Damages includes costs incurred for work done by third-party engineers, consultants, and/or attorneys to recalculate the size of the Project and renegotiate the Agreement. If a Participant’s Default causes delay, Liquidated Damages will also include the increase in finance costs and increase in construction costs, if any.

Maximum Usage Warning Limit. When water is being supplied to Participants, the Maximum Usage Warning Limit shall be set for each Participant at eighty percent (80%) of each Participant’s “Total Capacity” (MGD).

MGD shall mean million gallons per day.

Overage Charge shall mean the amount charged when a Participant's average usage over a one calendar month period exceeds its/their Total Capacity and is further described in subsection 15(b)(ii).

Participants shall mean the Town of Holly Springs, the Town of Fuquay-Varina, and the Town of Pittsboro.

Parties shall mean the City of Sanford, the Town of Holly Springs, the Town of Fuquay-Varina, and the Town of Pittsboro. When used in the singular, "Party" shall refer to only the relevant party in the context of this Agreement.

Point of Delivery is Participant-specific and is shown in Diagram B.

Project shall mean the construction of the expansion of the Sanford Water Filtration Facility from its present capacity of twelve (12) MGD to thirty (30) MGD, which includes, but is not limited to, the following elements: an administrative facility, a chemical facility, clearwell and associated piping/vaults, existing filter media replacement, Finished Water pump station, GAC absorbers, a maintenance building, raw water intake, residuals handling facilities, and yard piping and vaults cost.

SIFMA Index Rate has the meaning set forth in the Construction Management Agreement.

Supply Line shall mean any lines supplying water from the Point of Delivery to the Participant(s).

Total Capacity shall mean the amount of capacity in the Expanded WFF that is available to a Participant in MGD, which amounts are set out in Section 6(b), and corresponds to the proportion of capacity created by that Participant's Construction Cost Allocation. For so long as Fuquay-Varina and Holly Springs share a meter, the Total Capacity of Fuquay-Varina and Holly Springs will be their combined capacity, and the Maximum Usage Warning Limit for Fuqua-Varina and Holly Springs will be 80% of their combined Total Capacity.

Transmission Line(s) shall mean the water line(s) built to transmit water from the Expanded WFF to the Point(s) of Delivery.

True-Up shall mean the payment made at the end of the fiscal year to adjust for any difference between the estimated and paid cost, and the actual cost determined using financial metrics that become known only at the end of the fiscal year.

Usage Warning Limit Plan shall mean the plan that must be created by a Participant and agreed to by Sanford in the event the Participant averages its Maximum Usage Warning Limit for any three (3) consecutive months.

WFF shall mean the Sanford Water Filtration Facility at its present capacity of twelve (12) MGD.

EXHIBIT B
Project Component Summary

Project Component Summary

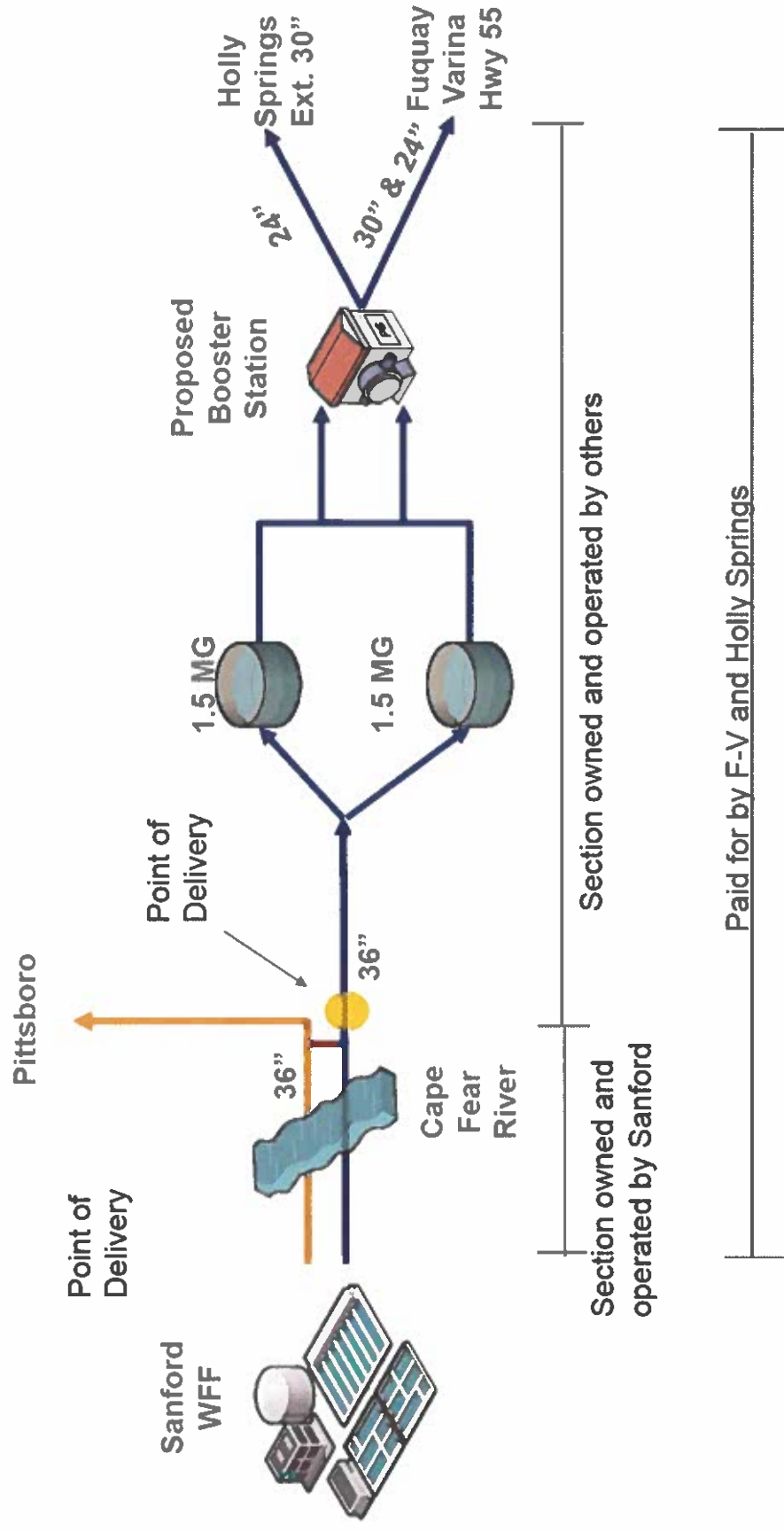


EXHIBIT C
Sanford WFF Construction Cost Estimate (90% Design)

Sanford WFF Construction Cost Estimate (90% Design)

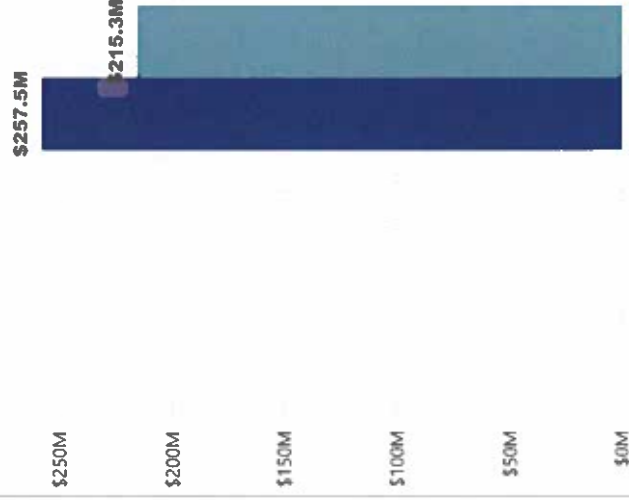
Hazen

Facility Summary		Conventional Treatment	MV Electrical
Admin Facility	☐ Defer ☒ Include	☐ Defer ☒ Include	☐ Defer ☒ Include
Chemical Facility	☐ Defer ☒ Include	☐ Defer ☒ Include	☐ Defer ☒ Include
Clearwells	☐ Defer ☒ Include	☐ Defer ☒ Include	☐ Defer ☒ Include

Grant Funding Applied	
Grant Funding - GAC	Grant Funding - Other
\$0	\$42,200,000

90% Sanford WFF Construction Cost Opinion

● 90% Construction Cost Estimate ● 90% Estimate with Grants Applied



Construction Cost Summary Table by Facility

Facility	Cost	Grant Applied Costs	Percentage of Total Costs (Grants Applied)
Administrative Facility	\$4.6M	\$3.7M	1.7%
Chemical Facilities	\$20.7M	\$16.6M	7.7%
Clearwells	\$10.7M	\$8.6M	4.0%
Conventional Treatment Facilities	\$57.6M	\$46.3M	21.5%
Finished Water Pump Stations	\$21.7M	\$17.4M	8.1%
GAC Facility	\$42.0M	\$42.0M	19.5%
Maintenance Building and Warehouse	\$2.5M	\$2.0M	0.9%
MV Electrical and Generators	\$13.4M	\$10.7M	5.0%
Raw Water Intake, Pump Station, and Transmission	\$28.6M	\$23.0M	10.7%
Residuals Handling Facilities	\$19.7M	\$15.9M	7.4%
Site Work, Yard Piping, and Vaults	\$36.2M	\$29.1M	13.5%
Total	\$257.5M	\$215.3M	100.0%

Cost Allocation Method Selection

Admin Facility

- ☐ Custom Allocation
☒ Incremental Capacity

Finished Water

- ☐ Custom Allocation
☒ Incremental Capacity

Chemical Facilities

- ☐ Custom Allocation
☒ Incremental Capacity

GAC Facility

- ☐ Custom Allocation
☒ Incremental Capacity
☐ Total Capacity

Clearwells

- ☐ Custom Allocation
☒ Incremental Capacity

Maint Bldg and Warehouse

- ☐ Custom Allocation
☒ Incremental Capacity

Conventional Treatment

- ☐ Custom Allocation
☒ Incremental Capacity

Raw Water Intake, PS, and Transmission

- ☐ Custom Allocation
☒ Incremental Capacity

MV Elec and Generators

- ☐ Custom Allocation
☒ Incremental Capacity

Residuals Handling Facilities

- ☐ Custom Allocation
☒ Incremental Capacity

Site Work, Yard Piping, and Vaults

- ☐ Custom Allocation
☒ Incremental Capacity

Sanford WFF Expansion Construction Cost Allocation Scenario Selection

Hazen

Construction Cost Allocation

● User Selected

Sanford 33.4%

Fuquay-Varina 30.7%

Holly Springs 20.5%

Pittsboro 15.4%

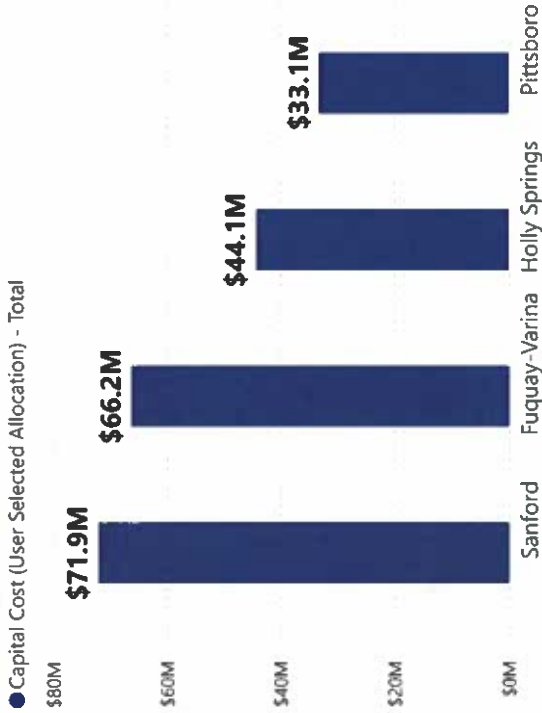
Chatham County 0.0%

0% 10% 20% 30% 40% 50%

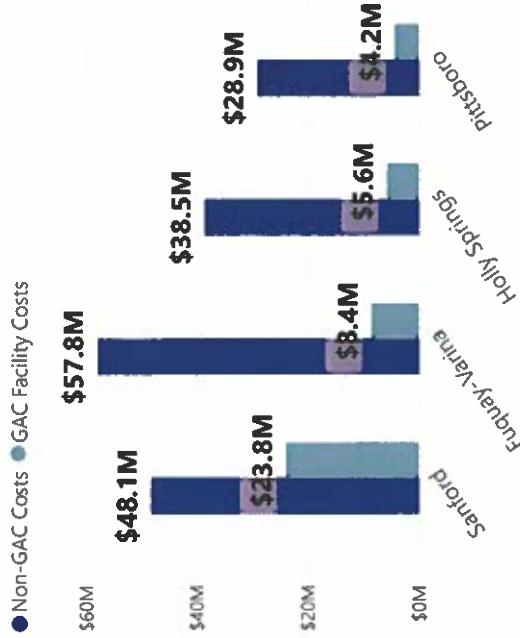
Sanford WFF Expansion Construction Cost

Hazen

Construction Cost Allocation - Total Costs



Construction Cost Allocation - GAC and Non-GAC



Grant Funding Applied

Grant Funding GAC

\$0

Grant Funding - Other

\$42,200,000

User Determined Partner Purchased Capacities



Sanford WFF Construction Cost Summary with Grant Funding Applied

Utility	Total Construction Cost (After Grants Applied)	GAC Construction Cost	Non-GAC Construction Cost	Construction Cost Allocation	Non-GAC Construction Cost Allocation
Sanford	\$71.9M	\$23.8M	\$48.1M	56.7%	27.8%
Fuquay-Varina	\$66.2M	\$8.4M	\$57.8M	20.0%	33.3%
Holly Springs	\$44.1M	\$5.6M	\$38.5M	13.3%	22.2%
Pittsboro	\$33.1M	\$4.2M	\$28.9M	10.0%	16.7%
Total	\$215.3M	\$42.0M	\$173.3M	100.0%	100.0%

EXHIBIT D
Sanford WFF Expansion O&M Cost Allocation Example Based on Projected O&M Costs

Sanford WFF Expansion O&M Cost Allocation Example Based on Projected O&M Costs

Hazen

Operating Cost Summary

Cost Description	Fixed O&M Costs	Variable O&M Costs	Total O&M Costs
401 K	\$33,013	\$0	\$33,013
ADMINISTRATION EXPENSE	\$181,845	\$0	\$181,845
CELL PHONES	\$1,238	\$0	\$1,238
CHEMICALS		\$755,185	\$755,185
CONTRACTUAL SERVICES	\$22,255	\$0	\$22,255
DEPARTMENT	\$19,193	\$0	\$19,193
SUPPLIES & MATL			
DUES &	\$8,883	\$0	\$8,883
SUBSCRIPTIONS			
EMPLOYEE TRAINING	\$2,434	\$0	\$2,434
FICA	\$48,832	\$0	\$48,832
FUEL & VEHICLE SUPPLIES	\$2,915	\$0	\$2,915
GAC		\$1,704,000	\$1,704,000
INSURANCE	\$122,650	\$0	\$122,650
INSURANCE & BONDS	\$44,876	\$0	\$44,876
MAINTENANCE & REPAIR - AUTO	\$945	\$0	\$945
MAINTENANCE & REPAIR - BUILDIN	\$32,391	\$0	\$32,391
MAINTENANCE & REPAIR - EQUIPMENT	\$201,633	\$0	\$201,633
MISCELLANEOUS	\$1,893	\$0	\$1,893
OPEB EXPENSE	\$123,648	\$0	\$123,648
POSTAGE	\$6,395	\$0	\$6,395
Total	\$1,910,974	\$3,328,469	\$5,239,443

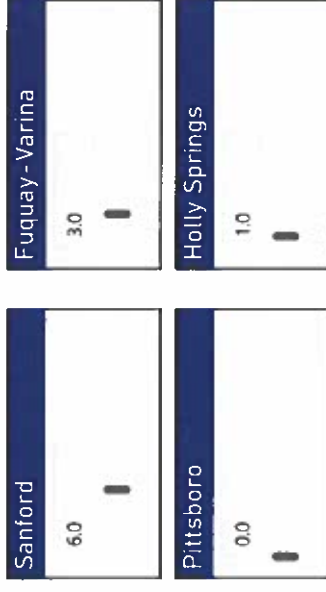
Partner Usage and Capacity Summary

Partner	Average Daily Demand	Partner Pct ADD	Capacity in Expanded WFF	Percent of Capacity in Expanded WFF
Pittsboro	0.0	0.0%	3.0	10.0%
Holly Springs	1.0	10.0%	4.0	13.3%
Fuquay-Varina	3.0	30.0%	6.0	20.0%
Sanford	6.0	60.0%	17.0	56.7%
Total	10.0	100.0%	30.0	100.0%

Cost Summary

Partner	Annual O&M Fixed Cost	Variable Cost per kgal	Annual O&M Variable Cost	Total (Fixed and Variable)
Sanford	\$1,082,885	\$0.91	\$1,997,081	\$3,878,797
Fuquay-Varina	\$382,195	\$0.91	\$998,541	\$1,780,151
Holly Springs	\$254,797	\$0.91	\$332,847	\$720,782

Average Daily Demand (MGD)



10.0

Average Daily Demand

Estimated O&M Cost Share

\$4M
\$3M
\$2M
\$1M
\$0M



Annual Cost

\$0.7M

\$0.2M

Sanford

Fuquay-Varina

Holly Springs

Pittsboro

EXHIBIT E
Projected O&M Expenses

Sanford WFF Projected FY2026 O&M Expenses

Summary of FY26 Annual O&M Costs by Type

O&M Cost Description	WFF Facility Capacity	Cost Type	FY2026 Annual Cost Projection
SALARY AND WAGES	Existing	Fixed	\$670,077
401 K	Existing	Fixed	\$33,013
FICA	Existing	Fixed	\$48,832
INSURANCE	Existing	Fixed	\$122,650
RETIREMENT	Existing	Fixed	\$90,762
UNEMPLOYMENT INSURANCE	Existing	Fixed	\$775
OPEB EXPENSE	Existing	Fixed	\$123,648
EMPLOYEE TRAINING	Existing	Fixed	\$2,434
PROFESSIONAL SERVICES	Existing	Fixed	\$84,620
TELEPHONE	Existing	Fixed	\$4,689
CELL PHONES	Existing	Fixed	\$1,238
WIRELESS CONNECTIVITY	Existing	Fixed	\$937
PRINTING	Existing	Fixed	\$160
MAINTENANCE & REPAIR - BUILDING	Existing	Fixed	\$32,391
MAINTENANCE & REPAIR - EQUIPMENT	Existing	Fixed	\$201,633
MAINTENANCE & REPAIR - AUTO	Existing	Fixed	\$945
POSTAGE	Existing	Fixed	\$6,395
FUEL & VEHICLE SUPPLIES	Existing	Fixed	\$2,915
DEPARTMENT SUPPLIES & MATL	Existing	Fixed	\$19,193
UNIFORMS	Existing	Fixed	\$3,915
CONTRACTUAL SERVICES	Existing	Fixed	\$22,255
DUES & SUBSCRIPTIONS	Existing	Fixed	\$8,883
INSURANCE & BONDS	Existing	Fixed	\$44,876
MISCELLANEOUS	Existing	Fixed	\$1,893
ADMINISTRATION EXPENSE	Existing	Fixed	\$181,845
ADMINISTRATION EXPENSE	New	Fixed	\$0
SALARY AND WAGES - Operations	New	Fixed	\$200,000
GAC	New	Variable	\$1,704,000
UTILITIES	Existing	Variable	\$727,154
CHEMICALS	Existing	Variable	\$755,189
SLUDGE REMOVAL	Existing	Variable	\$142,124
TOTAL			\$5,239,441

O&M Cost Projection Unit Cost Assumptions

Cost Assumptions	Value
Annual Escalation of Existing Non-Volume Based	3.0%
Average Daily Production in 2026 (MGD)	10
Utilities (\$/kgal)	\$0.20
Chemicals (\$/kgal)	\$0.21
Sludge Removal (\$/kgal)	\$0.04
GAC-Reactivated (\$/MGD/year)	\$170,400

Sanford WFF 2022 O&M Budget Summary

ORG	OBJ	ACCOUNT DESCRIPTION	YTD EXPENDED
30098110	60000	SALARY AND WAGES	570,192.08
30098110	60000	SALARY AND WAGES	12,322.19
30098110	60000	SALARY AND WAGES	1,643.06
30098110	60002	401 K	28,049.36
30098110	60002	401 K	616.09
30098110	60002	401 K	82.15
30098110	60003	FICA	41,566.56
30098110	60003	FICA	942.62
30098110	60003	FICA	125.69
30098110	60004	INSURANCE	109,496.89
30098110	60005	RETIREMENT	43,779.84
30098110	60005	RETIREMENT	1,398.59
30098110	60005	RETIREMENT	186.49
30098110	60006	UNEMPLOYMENT INSURANCE	207.38
30098110	60008	OPEB EXPENSE	60,700.80
30098110	60100	EMPLOYEE TRAINING	2,455.21
30098110	60200	PROFESSIONAL SERVICES	58,818.67
30098110	61100	TELEPHONE	4,592.37
30098110	611001	CELL PHONES	900.00
30098110	61150	WIRELESS CONNECTIVITY	601.72
30098110	61200	PRINTING	300.00
30098110	61551	MAINTENANCE & REPAIR - BUILDIN	10,323.55
30098110	61600	MAINTENANCE & REPAIR - EQUIPMENT	33,013.56
30098110	61700	MAINTENANCE & REPAIR - AUTO	1,058.96
30098110	62000	UTILITIES	540,647.29
30098110	63000	POSTAGE	6,557.36
30098110	63100	FUEL & VEHICLE SUPPLIES	3,352.84
30098110	63200	CHEMICALS	634,163.33
30098110	63300	DEPARTMENT SUPPLIES & MATL	10,944.69
30098110	63600	UNIFORMS	3,177.10
30098110	64400	SLUDGE REMOVAL	109,325.18
30098110	64500	CONTRACTUAL SERVICES	17,952.20
30098110	65300	DUES & SUBSCRIPTIONS	7,545.00
30098110	65400	INSURANCE & BONDS	39,550.68
30098110	65700	MISCELLANEOUS	1,776.36
30098110	67410	CAPITAL - MACHINERY & EQUIPMT	12,500.00
		Total 30098110 UF WATER FILTRATION	2,370,865.86
		Grand Total	2,370,865.86

Sanford WFF 2021 O&M Budget

ORG	OBJ	ACCOUNT DESCRIPTION	YTD EXPENDED
30098110	60000	SALARY AND WAGES	614,717.20
30098110	60000	SALARY AND WAGES	
30098110	60000	SALARY AND WAGES	
30098110	60002	401 K	30,369.19
30098110	60002	401 K	
30098110	60002	401 K	
30098110	60003	FICA	44,698.12
30098110	60003	FICA	
30098110	60003	FICA	
30098110	60004	INSURANCE	114,411.60
30098110	60005	RETIREMENT	97,353.94
30098110	60005	RETIREMENT	
30098110	60005	RETIREMENT	
30098110	60006	UNEMPLOYMENT INSURANCE	111.01
30098110	60008	OPEB EXPENSE	148,994.74
30098110	60100	EMPLOYEE TRAINING	1,301.90
30098110	60200	PROFESSIONAL SERVICES	93,302.00
30098110	61100	TELEPHONE	4,720.47
30098110	611001	CELL PHONES	1,200.00
30098110	61150	WIRELESS CONNECTIVITY	617.26
30098110	61200	PRINTING	0.00
30098110	61551	MAINTENANCE & REPAIR - BUILDIN	32,149.13
30098110	61600	MAINTENANCE & REPAIR - EQUIPMENT	300,699.27
30098110	61700	MAINTENANCE & REPAIR - AUTO	676.16
30098110	62000	UTILITIES	523,740.91
30098110	63000	POSTAGE	5,884.36
30098110	63100	FUEL & VEHICLE SUPPLIES	2,160.50
30098110	63200	CHEMICALS	546,297.06
30098110	63300	DEPARTMENT SUPPLIES & MATL	12,706.20
30098110	63600	UNIFORMS	3,678.06
30098110	64400	SLUDGE REMOVAL	101,843.20
30098110	64500	CONTRACTUAL SERVICES	21,650.00
30098110	65300	DUES & SUBSCRIPTIONS	8,450.00
30098110	65400	INSURANCE & BONDS	39,820.34
30098110	65700	MISCELLANEOUS	1,302.01
30098110	67410	CAPITAL - MACHINERY & EQUIPMT	172,280.00
		Total 30098110 UF WATER FILTRATION	2,925,134.63
		Grand Total	2,925,134.63

Sanford WFF 2020 O&M Budget

ORG	OBJ	ACCOUNT DESCRIPTION	YTD EXPENDED
30098110	60000	SALARY AND WAGES	587,189.99
30098110	60000	SALARY AND WAGES	
30098110	60000	SALARY AND WAGES	
30098110	60002	401 K	28,878.41
30098110	60002	401 K	
30098110	60002	401 K	
30098110	60003	FICA	
30098110	60003	FICA	42,825.88
30098110	60003	FICA	
30098110	60004	INSURANCE	103,009.07
30098110	60005	RETIREMENT	99,203.75
30098110	60005	RETIREMENT	
30098110	60005	RETIREMENT	
30098110	60006	UNEMPLOYMENT INSURANCE	1,746.63
30098110	60008	OPEB EXPENSE	119,882.90
30098110	60100	EMPLOYEE TRAINING	2,729.71
30098110	60200	PROFESSIONAL SERVICES	73,431.01
30098110	61100	TELEPHONE	3,185.79
30098110	611001	CELL PHONES	1,200.00
30098110	61150	WIRELESS CONNECTIVITY	1,277.54
30098110	61200	PRINTING	127.00
30098110	61551	MAINTENANCE & REPAIR - BUILDIN	43,864.21
30098110	61600	MAINTENANCE & REPAIR - EQUIPMENT	203,732.43
30098110	61700	MAINTENANCE & REPAIR - AUTO	784.16
30098110	62000	UTILITIES	565,745.23
30098110	63000	POSTAGE	4,604.44
30098110	63100	FUEL & VEHICLE SUPPLIES	2,256.48
30098110	63200	CHEMICALS	514,184.41
30098110	63300	DEPARTMENT SUPPLIES & MATL	27,507.68
30098110	63600	UNIFORMS	3,578.82
30098110	64400	SLUDGE REMOVAL	107,757.50
30098110	64500	CONTRACTUAL SERVICES	19,718.42
30098110	65300	DUES & SUBSCRIPTIONS	7,683.00
30098110	65400	INSURANCE & BONDS	40,243.99
30098110	65700	MISCELLANEOUS	1,967.91
30098110	67410	CAPITAL - MACHINERY & EQUIPMT	106,720.00
		Total 30098110 UF WATER FILTRATION	2,715,036.36
		Grand Total	2,715,036.36

ORG	OBJ	ACCOUNT DESCRIPTION	YTD EXPENDED
30098110	60000	SALARY AND WAGES	648,309.00
30098110	60000	SALARY AND WAGES	
30098110	60000	SALARY AND WAGES	
30098110	60002	401 K	32,142.00
30098110	60002	401 K	
30098110	60002	401 K	
30098110	60003	FICA	49,177.00
30098110	60003	FICA	
30098110	60003	FICA	
30098110	60004	INSURANCE	121,462.00
30098110	60005	RETIREMENT	77,784.00
30098110	60005	RETIREMENT	
30098110	60005	RETIREMENT	
30098110	60006	UNEMPLOYMENT INSURANCE	0.00
30098110	60008	OPEB EXPENSE	0.00
30098110	60100	EMPLOYEE TRAINING	4,000.00
30098110	60200	PROFESSIONAL SERVICES	125,000.00
30098110	61100	TELEPHONE	4,800.00
30098110	611001	CELL PHONES	1,200.00
30098110	61150	WIRELESS CONNECTIVITY	1,200.00
30098110	61200	PRINTING	0.00
30098110	61551	MAINTENANCE & REPAIR - BUILDIN	15,000.00
30098110	61600	MAINTENANCE & REPAIR - EQUIPMENT	50,000.00
30098110	61700	MAINTENANCE & REPAIR - AUTO	1,500.00
30098110	62000	UTILITIES	605,584.00
30098110	63000	POSTAGE	5,500.00
30098110	63100	FUEL & VEHICLE SUPPLIES	5,250.00
30098110	63200	CHEMICALS	710,000.00
30098110	63300	DEPARTMENT SUPPLIES & MATL	12,000.00
30098110	63600	UNIFORMS	4,800.00
30098110	64400	SLUDGE REMOVAL	120,000.00
30098110	64500	CONTRACTUAL SERVICES	29,580.00
30098110	65300	DUES & SUBSCRIPTIONS	9,300.00
30098110	65400	INSURANCE & BONDS	47,396.12
30098110	65700	MISCELLANEOUS	3,000.00
30098110	67410	CAPITAL - MACHINERY & EQUIPMT	75,000.00
30098110	67400	CAPITAL - VEHICLES	37,700.00
		Total 30098110 UF WATER FILTRATION	2,796,684.12
		Grand Total	2,796,684.12

Sanford WFF Historic O&M Budget Summary

Historic Sanford WFF O&M Costs By Type

Category	Type	2022	2021	2020	Three Year Avg
SALARY AND WAGES	Fixed	\$584,157	\$614,717	\$587,190	\$595,355
401 K	Fixed	\$28,748	\$30,369	\$28,878	\$29,332
FICA	Fixed	\$42,635	\$44,698	\$42,826	\$43,386
INSURANCE	Fixed	\$109,497	\$114,412	\$103,009	\$108,973
RETIREMENT	Fixed	\$45,365	\$97,354	\$99,204	\$80,641
UNEMPLOYMENT INSURANCE	Fixed	\$207	\$111	\$1,747	\$688
OPPEX EXPENSE	Fixed	\$60,701	\$149,995	\$119,883	\$109,859
EMPLOYEE TRAINING	Fixed	\$2,455	\$1,302	\$2,730	\$2,162
PROFESSIONAL SERVICES	Fixed	\$58,819	\$93,302	\$73,431	\$75,184
TELEPHONE	Fixed	\$4,592	\$4,720	\$3,186	\$4,166
CELL PHONES	Fixed	\$900	\$1,200	\$1,200	\$1,100
WIRELESS CONNECTIVITY	Fixed	\$602	\$617	\$1,278	\$832
PRINTING	Fixed	\$300	\$0	\$127	\$142
MAINTENANCE & REPAIR - BUILDIN	Fixed	\$10,324	\$32,149	\$43,864	\$28,779
MAINTENANCE & REPAIR - EQUIPMENT	Fixed	\$33,014	\$300,699	\$203,732	\$179,148
MAINTENANCE & REPAIR - AUTO	Fixed	\$1,059	\$676	\$784	\$840
POSTAGE	Fixed	\$6,557	\$5,894	\$4,604	\$5,682
FUEL & VEHICLE SUPPLIES	Fixed	\$3,353	\$2,161	\$2,256	\$2,590
DEPARTMENT SUPPLIES & MATL	Fixed	\$10,945	\$12,706	\$27,508	\$17,053
UNIFORMS	Fixed	\$3,177	\$3,678	\$3,579	\$3,478
CONTRACTUAL SERVICES	Fixed	\$17,952	\$21,650	\$19,718	\$19,774
DUES & SUBSCRIPTIONS	Fixed	\$7,545	\$8,450	\$7,683	\$7,893
INSURANCE & BONDS	Fixed	\$39,551	\$39,820	\$40,244	\$39,872
MISCELLANEOUS	Fixed	\$1,776	\$1,302	\$1,968	\$1,682
CAPITAL - MACHINERY & EQUIPMT	Fixed	\$12,500	\$172,280	\$106,720	\$97,167
UTILITIES	Variable	\$540,647	\$523,741	\$565,745	\$543,378
CHEMICALS	Variable	\$634,163	\$546,297	\$514,184	\$564,882
SLUDGE REMOVAL	Variable	\$109,325	\$101,843	\$107,758	\$106,309
Total		\$2,370,866	\$2,925,135	\$2,715,036	\$2,670,346

Historic Sanford WFF O&M Unit Costs

	2022	2021	2020	Three Year Avg
Fixed	\$1,086,730	\$1,753,253	\$1,537,349	\$1,455,778
Variable	\$1,284,136	\$1,171,881	\$1,187,687	\$1,214,568
Water Produced (MGD)	7,480	7,440	7,498	7,473
Water Produced (MG/year)	2,730	2,716	2,737	2,728
Water Produced (kgal/year)	2,730,200	2,715,600	2,736,770	2,727,523
Total O&M (\$/kgal)	\$0.87	\$1.08	\$0.99	\$0.98
Volume Based O&M (\$/kgal)	\$0.47	\$0.43	\$0.43	\$0.45
Utilities (\$/kgal)	\$0.20	\$0.19	\$0.21	\$0.20
Chemicals (\$/kgal)	\$0.23	\$0.20	\$0.19	\$0.21
Sludge Removal (\$/kgal)	\$0.04	\$0.04	\$0.04	\$0.04

APPENDIX
Current Contacts

August 1, 2023 Executed ILA for Water Treatment Plant Expansion
Appendix Current Contacts

<u>Name</u>	<u>Title</u>	<u>Phone</u>
City of Sanford		
Hal Hegwer	City Manager	919-777-1110
Victor Czar	Public Works Director	919-777-1117
Paul Weeks	Utilities and Engineering Director	919-777-1119
Susan Patterson	City Attorney	919-777-1105
Beth Kelly	Finance Director	919-777-1106
For Water Treatment Plant Emergencies		
Scott Christiansen	Water Filtration Administrator	919-777-1800
Nathan Cotton	Chief Operator	919-777-1802
Control Room		919-777-1803
For Distribution and Collections Emergencies		
Gerald Cox	Distribution/Collection Administrator	919-777-1210
Alvan Davis	Distribution/Collection Coordinator	919-777-1211
For emergencies after hours		919-775-8268
Town of Fuquay-Varina		
Adam Mitchell	Town Manager	919-552-1401
Tracy Stephenson	Public Works Director	919-753-1039
Mike Wagner	Public Utilities Director	919-567-3911
Matt Poling	Town Engineer	919-552-1035
James Adcock	Town Attorney	919-552-2929
JoAnne Crabtree	Finance Director	919-552-1438
Town of Holly Springs		
Randy Harrington	Town Manager	919-557-3924
Kendra Parrish, PE	Executive Director of Utilities & Infrastructure	919-557-3935
Seann Byrd	Deputy Director of Utilities & Infrastructure	919-577-1090
John Schifano	Town Attorney	919-557-2917
Tina Stroupe	Finance Director	919-557-3912
For emergencies after hours		919-557-9111 (Town Police Dispatch)