

SOUTH GRANVILLE WATER AND SEWER AUTHORITY

ALLOCATION POLICY

As Modified February 14, 2006, May 8, 2007, and February 12, 2008

WHEREAS, the South Granville Water and Sewer Authority (“SGWASA”) was formed to provide certain water and waste water services to Southern Granville County; and

WHEREAS, SGWASA has limited amounts of water and sewer capacity available for allocation; and

WHEREAS, the SGWASA Board has identified certain guiding principles to inform its policies with regard to the allocation of water and sewer capacity; and

WHEREAS, the SGWASA Board, having considered these matters, wishes to adopt an allocation policy.

NOW, THEREFORE, let it be resolved as follows:

1. Guiding Principles: SGWASA hereby adopts the following guiding principles to inform decisions with regard to the allocation of water and sewer capacity:

A. SGWASA has been created to manage efficiently and effectively the distribution of scarce water and sewer resources for the benefit of the entire Southern Granville County region.

B. SGWASA shall not make a judgment about the merit of a particular project. Instead, SGWASA’s role is to ensure that available water and sewer resources are used in the most efficient and effective manner possible for the Southern Granville region.

C. SGWASA shall reserve a certain percentage of its water and sewer capacity for commercial and industrial use.

D. SGWASA shall charge all projects located in the area to which SGWASA provides direct water and sewer service (the “SGWASA Service Area”) the same per gallon fee

for water and sewer allocation for the same or similar types of service. These fees are specified in the SGWASA Rate Schedule.

2. Requests to Clerk: All requests for water and/or sewer allocations in the SGWASA Service Area shall be joint requests made by the person or entity desiring the water and/or sewer allocation (the “Requesting Party”) and the jurisdiction in which the particular project is located (the “Governing Body”). Said requests shall be made in writing as set out herein below to the Clerk to the SGWASA Board (the “Clerk”). Said requests shall be processed on a “first-come, first-serve” basis. All requests must be presented to the Clerk and shall be stamped by the clerk upon receipt with the date and time of receipt.

3. Contents of Requests: Each request for a water and/or sewer allocation shall be submitted on a form available from the Clerk and shall contain such information as the SGWASA Board shall from time to time require. The request, whether preliminary or final, must also be signed by a representative of the Governing Body or its designee having authority to sign such request which signature shall indicate the Governing Body’s concurrence with the request. Requests for preliminary allocations must be accompanied by a sketch showing the proposed project to a reasonable degree of specificity. Requests for final allocations must be accompanied by a survey prepared by a licensed surveyor depicting the proposed project with water and sewer lines drawn in by an engineer licensed to practice in the state of North Carolina or such other information as SGWASA staff or consultants shall deem satisfactory for a particular project.

4. Need for Preliminary and Final Allocations in Most Cases: Most requests for allocations will require the Requesting Party to seek a preliminary allocation and a final allocation. For example, projects which require that the proposed use be reviewed and approved administratively by the Governing Body or its designee, such as rezoning or approval of a subdivision by a planning

board, will in most cases require that the Requesting Party seek a preliminary and final allocation as set out below. Projects which do not require administrative approval for a proposed use may not require that the Requesting Party first receive a preliminary allocation. SGWASA staff and consultants shall administer this allocation policy in a manner that protects SGWASA's interests in the integrity of the water and sewer resources SGWASA is charged with managing. SGWASA staff and consultants, however, shall have the discretion to implement policies and procedures consistent with the goals described herein in a manner that promotes efficiency and seeks to eliminate unnecessary layers of review.

5. Review of Preliminary Request by SGWASA Staff and/or Engineer: Each preliminary request for water and/or sewer allocation shall be reviewed by SGWASA staff and/or an engineer working for or on behalf of SGWASA. Said SGWASA staff and/or engineer shall determine whether or not the project is feasible based on the capabilities of the water and/or sewer system serving the proposed project. Said SGWASA staff and/or engineer shall submit a report to the SGWASA Board on the feasibility of each request for water and/or sewer allocation no later than forty-five days after the Clerk receives said request. In addition, the report shall specify the gallons of water and/or sewer allocation recommended under a uniform formula to be developed by the SGWASA staff and/or engineer and approved by the SGWASA Board.

6. Preliminary allocation: Upon receipt by the Clerk of the report referenced in paragraph 5 above, the Clerk shall place the requested allocation on the SGWASA agenda for review by the SGWASA Board. If said report is received at least fourteen days prior to the next regularly scheduled SGWASA meeting, the Clerk shall schedule the request for the next regularly scheduled SGWASA meeting and shall notify the Requesting Party in writing of the date and time the request will be considered. If the engineer's report is received less than fourteen days

before the next regularly scheduled SGWASA meeting, the request shall be placed on the agenda of the regularly scheduled SGWASA meeting following the next regularly scheduled SGWASA meeting and the Clerk shall notify the Requesting Party accordingly. The SGWASA Board shall approve the request, deny the request, approve the request with conditions, or continue the request for consideration at a later meeting.

If a preliminary allocation is approved, the allocation will be approved conditional upon receipt within seven (7) days of a nonrefundable payment from the Requesting Party equal to ten (10) percent of the total allocation/development fee as described in the SGWASA Rate Schedule.

7. Request for Final Allocation: A request for final water and/or sewer allocation shall be submitted to the Clerk on a form available from the Clerk and shall contain such information as the SGWASA Board shall from time to time require. Said request must be accompanied by a fee as set out in section 11 below (less any fee already paid for a preliminary allocation) and copies of all documents evidencing final approval of the project by the Governing Body, or the designee of the Governing Body, of the political entity or subdivision approving the request. The request must also be signed by a representative of the Governing Body or its designee having authority to sign such request which signature shall indicate the Governing Body's concurrence with the final request for allocation.

8. Final review by SGWASA staff and/or Engineer: Each request for final water and/or sewer allocation shall be reviewed by SGWASA staff and/or an engineer working for or on behalf of SGWASA for, among such other things as said SGWASA staff and/or engineer shall in his or their professional discretion deem appropriate, compliance with the terms and conditions upon which the preliminary allocation (if any) was based. Said SGWASA staff and/or engineer shall

submit a report summarizing his or their review to the SGWASA Board within forty-five days after the Clerk receives said request. If the report is received at least fourteen days prior to the next regularly scheduled SGWASA meeting, the Clerk shall place the allocation request on the agenda for the next regularly scheduled SGWASA meeting and shall notify the Requesting Party in writing of the date and time the request will be considered. If the report is received less than fourteen days before the next regularly scheduled SGWASA meeting, the allocation request shall be reviewed by the SGWASA Board at the regularly scheduled SGWASA meeting following the next regularly scheduled SGWASA meeting and the Clerk shall notify the Requesting Party accordingly.

A request for a final allocation may include a request that the final allocation be increased or decreased by a de minimis amount not to exceed ten percent (10%) of the overall requested preliminary allocation amount. Said request must be accompanied by a certification from the Governing Body that the project, as modified, has been approved by the governing body. SGWASA staff and/or an engineer working for or on behalf of SGWASA shall review the request prior to the SGWASA meeting at which the final allocation request is to be heard and shall make a recommendation to the SGWASA Board.

The SGWASA Board shall approve the request for final allocation, deny the request, approve the request with conditions, or continue the request for consideration at a later meeting.

If a final allocation is denied, the fee described in this paragraph shall be refunded less any nonrefundable preliminary allocation fee previously paid.

9. Conditions Placed on Preliminary and Final Allocations: Staff and consultants working for or on behalf of SGWASA shall recommend to the SGWASA Board terms and conditions that, in their professional opinion, should be placed on preliminary and final allocations. Said terms and conditions shall include a recommendation concerning under what circumstances and in what time frame a preliminary or final allocation should expire (unless an extension is granted upon application to the Board) for failure to use the allocation. All preliminary and final allocations approved by the SGWASA Board shall, in addition to any other terms and conditions, include provisions for the expiration of preliminary allocations when no final allocation is issued within a specified length of time and for the expiration of final allocations when the project does not begin using the final allocation within a specified period of time.

10. Review of Outstanding Allocations: SGWASA may conduct a review of the amount of an allocation actually used by a project any time after the project has been using the allocation for at least six months. The Requesting Party's allocation may be reduced by the difference between the allocated amount of water and/or sewer capacity and the average daily amount of water and/or sewer capacity actually used over a six month period unless the Requesting Party demonstrates that valid reasons exist for excess capacity to be retained. The SGWASA Board may also, upon application by the Requesting Party, exempt certain allocations from review under this paragraph 10 or extend the time period for review if the Requesting Party demonstrates that it is in a business or project likely to have significant fluctuations in water and/or waste water usage or the business reasonably anticipates that it will not reach full capacity for some specified period of time. Because it is appropriate to place the burden of accurately estimating usage on the Requesting Party, no refunds shall be given for allocations reduced under the terms of this Paragraph 10.

11. Allocation fee/Development fee: SGWASA shall charge a fee as specified in the SGWASA Rate Schedule.

12. No property right: The grant of a water and/or sewer allocation by SGWASA does not create a property right in the allocation. The allocation shall be granted to the person or entity making the request and shall not be transferable to any other person or entity without the express consent of the SGWASA Board provided, however, that once a project is completed no allocations shall be forfeited solely on account of a change of ownership in a project or part thereof except as provided for in paragraph 10 above.

13. Upgrades to Infrastructure: Any upgrades to infrastructure will be done in accordance with the SGWASA Standard Specifications.

14a. Expedited process for single family residences: The SGWASA staff or the engineer working for or on behalf of SGWASA may grant an allocation of water and/or sewer service to a single family residence in the SGWASA Service Area (1) that is not part of a subdivision requesting an allocation and (2) which has not previously requested an allocation that was denied. Such an applicant must file the request and pay the fees specified above. Before such a request may be granted, the SGWASA staff and/or engineer must verify that the Governing Body, or its designee, of the political subdivision or entity joining in the request does not object to the use of this expedited procedure. If the political subdivision or entity joining in the request objects, the request shall proceed following the usual procedures.

14b. Expedited process for small commercial business using and/or discharging less than 400 gallons per day: The SGWASA staff or the engineer working for or on behalf of SGWASA may grant an allocation of water and/or sewer service to a small commercial business using and/or discharging less than 400 gallons per day if (1) the business is not part of a business complex or


multi-space building in need of or requesting an allocation for multiple units and (2) the allocation has not been previously denied for the requested use. Such an applicant must file the request and pay the fees specified above. Before such a request may be granted, the SGWASA staff and/or engineer must verify that the Governing Body, or its designee, of the political subdivision or entity joining in the request does not object to the use of this expedited procedure. If the political subdivision or entity joining in the request objects, the request shall proceed following the usual procedures. Nothing herein shall prevent the use of this expedited process where more than one unit in a business complex or multi-space building requests an allocation at the same time if (1) the request is due to remodeling or vacancies in the business complex or multi-space building resulting from turnover arising in ordinary course of business and (2) the business complex or multi-space building has previously had allocations for each of its units.

15. Engineering Fees Incurred by SGWASA to be Borne by Requesting Party: All engineering fees incurred in reviewing any request for allocation shall be borne by the Requesting Party. SGWASA shall present an invoice for said engineering services to the Requesting Party and the same shall be paid by the Requesting Party within thirty days of receipt. Failure to pay an invoice within thirty days of receipt shall be grounds for denying or rescinding a preliminary or final allocation.

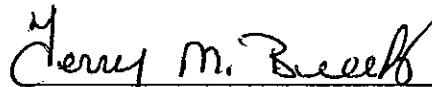
16. Fees charged by Governing Body not limited. Nothing herein shall be read to limit in any way any fees charged by any Governing Body for the provision of any service directly related to or ancillary to the provision of water and/or waste water services by that Governing Body, its agents, employees, independent contractors, or assigns.

17. Modification. This allocation policy may be reviewed and modified at any time by the SGWASA Board.

Adopted this the 12th day of February, 2008.



Ron Alligood, Chair



Terry Bullock, Clerk to the SGWASA Board