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HOUSE BILL NO. 2257

Offered January 13, 2021

A BILL to amend and reenact §§ 1, 2, 8, 10, 11, 12, 21, and 22, as amended, §§ 25, 26, 28, and 31, §§ 32 and 35, as amended, and § 38 of Chapter 66 of the Acts of Assembly of 1960, relating to Hampton Roads Sanitation District.

Patron—Bloxom

Referred to Committee on Counties, Cities and Towns

Be it enacted by the General Assembly of Virginia:

1. That §§ 1, 2, 8, 10, 11, 12, 21, and 22, as amended, §§ 25, 26, 28, and 31, §§ 32 and 35, as amended, and § 38 of Chapter 66 of the Acts of Assembly of 1960 are amended and reenacted as follows:

§ 1. The creation of the Hampton Roads Sanitation District is hereby ratified, validated and confirmed, and said District shall embrace all the territory within the Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg; the Counties of Accomack, Gloucester, Isle of Wight, James City, King and Queen, King William, Mathews, Middlesex, Northampton and York; and the County of Surry, excluding the Town of Claremont; and the Town of Urbanna. Territory may be added to the District as hereinafter provided in this act.

For the purpose of this section, the territory of a county included within the District shall include all the territory lying within the boundaries of any town in the county unless otherwise specified.

Said District shall constitute a political subdivision of the Commonwealth established as a governmental instrumentality to provide for the public health and welfare.

§ 2. The functions, affairs and property of the Hampton Roads Sanitation District shall be managed and controlled by a commission, known as the "Hampton Roads Sanitation District Commission," consisting of eight members appointed by the Governor. The Commission and the term of each such member shall continue until his successor shall be duly appointed and qualified. The successor of each such member shall be appointed for a term of four years and until his successor shall be duly appointed and qualified, except that any person appointed to fill a vacancy shall serve only for the unexpired term. Any member of the Commission shall be eligible for reappointment without limitation as to the number of terms that may be served. Members of the Commission may be suspended or removed by the Governor at his pleasure.

At the time of their appointment, one of the members of the Commission, and each of his successors, shall be residents of the territory in the District within the City of Norfolk; one of the members, and each of his successors, shall be residents of the territory in the District within the City of Virginia Beach; one of the members, and each of his successors, shall be residents of the territory in the District within the City of Newport News or the City of Williamsburg or James City County; one of the members, and each of his successors, shall be residents of the territory in the District within the City of Hampton or the City of Poquoson or York County; one of the members, and each of his successors, shall be residents of the territory in the District within the City of Chesapeake; one of the members, and each of his successors, shall be residents of the territory in the District within the City of Suffolk or Isle of Wight County or Surry County; one of the members, and each of his successors, shall be residents of the territory in the District within the City of Williamsburg or James City County or York County or the City of Poquoson Accomack County or Northampton County or Gloucester County or King William County or Mathews County or Middlesex County or the Town of Urbanna or King and Queen County; and one of the members, and each of his successors, shall be residents of the territory in the District within the City of Portsmouth. Any member who shall cease to reside within the territory from which he was appointed shall thereupon be disqualified from holding office as a member of the Commission and the vacancy thus created shall be filled by appointment by the Governor for the balance of the unexpired term.

§ 8. As used in this act, the following words and terms shall have the following meanings, unless the context shall indicate another or different meaning or intent:

(a) The word "District" means the Hampton Roads Sanitation District hereinabove mentioned.

(b) The word "Commission" means the Hampton Roads Sanitation District Commission hereinabove mentioned, or if said Commission shall be abolished, the board, body, commission or agency succeeding to the principal functions thereof or upon whom the powers given by this act to said Commission shall be conferred by law.

(c) The word "sewage" means the water-carried wastes created in and carried, or to be carried, away

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59 from residences, hotels, schools, hospitals, industrial establishments, commercial establishments or any
60 other private or public building, together with such ~~Industrial~~ *industrial* wastes as may be present.

61 (d) The term "industrial wastes" means liquid or other wastes resulting from any processes of
62 industry, manufacture, trade or business or from the development of any natural resource.

63 (e) The term "sewage disposal system" means and shall include any plant, system, facility or
64 property used or useful or having the present capacity for future use in connection with the collection,
65 treatment, purification, *reclamation* or disposal of sewage, including industrial wastes, or any integral
66 part thereof, and, without limiting the generality of the foregoing definition, shall embrace treatment
67 plants, pumping stations, *storage tanks*, intercepting sewers, force mains, gravity mains, laterals,
68 reclaimed water distribution lines, *wells, nutrient removal and/or recovery facilities, energy recovery and*
69 *green energy facilities*, and all necessary appurtenances and equipment, and shall include all lands,
70 property, rights, ~~rights of way~~ *rights-of-way*, easements and franchises relating to any such system and
71 deemed necessary or convenient for the operation thereof.

72 (f) The term "sewer improvements" shall embrace sewer mains, *storage tanks* and laterals for the
73 reception of sewage from premises connected therewith and carrying such sewage to a sewage disposal
74 system.

75 (g) The term "sewerage system" shall embrace sewage disposal systems, sewer improvements and all
76 other real and personal property operated by the Commission for the purposes of this act.

77 (h) The word "cost," as applied to a sewage disposal system or to extensions or additions thereto or
78 to sewer improvements, shall include the cost of construction, the cost of all labor, materials, machinery
79 and equipment, the cost of all lands, property, rights, ~~rights of way~~ *rights-of-way*, easements and
80 franchises acquired, financing charges, interest prior to and during construction and, if deemed advisable
81 by the Commission, for one year after completion of construction, cost of plans and specifications,
82 surveys and estimates of cost and of revenues, cost of engineering and legal services, provisions for
83 working capital and a reserve for interest, and all other expenses necessary or incident to determining
84 the feasibility or practicability of such construction, administrative expense and such other expenses as
85 may be necessary or incident to the financing herein authorized.

86 (i) The word "owner" shall include all individuals, copartnerships, limited liability companies,
87 associations and corporations and also counties, cities, towns and other political subdivisions and all
88 public agencies and instrumentalities.

89 (j) The word "bonds" or the words "revenue bonds" shall embrace revenue bonds, notes and other
90 obligations of the District issued under the provisions of this act.

91 (k) The word "pollution" means the condition of water resulting directly or indirectly from any of the
92 following acts:

93 (1) contaminating such water;

94 (2) rendering such water unclean or impure;

95 (3) rendering such water injurious to public health, or unfit for public use;

96 (4) rendering such water harmful for cattle, stock or other animals;

97 (5) rendering such water deleterious to, or unfit for, fish or shellfish, or fish or shellfish propagation,
98 or aquatic animals, or plant life in such water;

99 (6) rendering such water unfit for commercial use; or

100 (7) rendering such water harmful to fish or shellfish used for human consumption.

101 (l) *The term "associated water system" means and shall include any plant, system, facility or*
102 *property used or useful or having the present capacity for future use in connection with the treatment,*
103 *purification or distribution of potable drinking water serving no more than 1,000 premises connected to*
104 *a sewage disposal system and all necessary appurtenances and equipment, and shall include all lands,*
105 *property, rights, rights-of-way, easements and franchises relating to any such system and deemed*
106 *necessary or convenient for the operation thereof.*

107 § 10. The Commission is hereby authorized and empowered:

108 (a) to adopt bylaws and to make rules and regulations for the management of its affairs and the
109 conduct of its business;

110 (b) to adopt an official seal and alter the same at pleasure;

111 (c) to sue and to be sued;

112 (d) to construct, and to improve, extend, enlarge, reconstruct, maintain, equip, repair and operate a
113 sewage disposal system or systems *with or without associated water systems*, enter within or without or
114 partly within and partly without the corporate limits of the District, and to construct sewer improvements
115 within the corporate limits of the District;

116 (e) to issue revenue bonds, notes or other obligations of the District for any of its authorized
117 purposes, payable solely from the special funds provided under the authority of this act and pledged for
118 their payment, all as provided in this act;

119 (f) to fix and collect rates, fees and other charges for the services and facilities furnished by any
120 such sewage disposal system or sewer improvements *or associated water systems*, and to fix and collect

charges for making connections with any such system or improvements;

(g) to acquire in the name of the District, either by purchase, lease, grant, or the exercise of the right of eminent domain, such lands, structures, property, rights, ~~rights of way~~ *rights-of-way*, easements, franchises and other interests in or relating to lands, including lands under water and riparian rights, and to acquire such personal property, as it may deem necessary in connection with the construction, improvement, extension, enlargement or operation of any sewage disposal system or sewer improvements *or associated water systems*, and to hold and dispose of all real and personal property under its control;

(h) to employ, in its discretion, consulting engineers, attorneys, accountants, construction and financial experts, managers, and such other officers, employees and agents as may be necessary in its judgment, and to fix their compensation;

(i) to exercise jurisdiction, control and supervision over any sewage disposal system or systems or sewer improvements *or associated water systems* operated or maintained by the Commission and to make and enforce such rules and regulations for the maintenance and operation of any such sewage disposal system or systems or sewer improvements *or associated water systems* as may, in the judgment of the Commission, be necessary or desirable for the efficient operation of any such system or improvements and for accomplishing the purposes of this act;

(j) to enter on any lands, water or premises located within or without the District to make surveys, borings, soundings or examinations for the purposes of this act;

(k) to construct and operate trunk, intercepting or outlet sewers, sewer mains, laterals, conduits or pipelines in, along or under any streets, alleys, highways or other public places within or without the District; in so constructing its facilities, it shall see that the public use of such streets, alleys, highways, and other public places is not unnecessarily interrupted or interfered with and that such streets, alleys, highways and other public places are restored to their former usefulness and condition within a reasonable time; to this end the Commission shall cooperate with the Commonwealth Transportation Board and the appropriate officers of the respective counties, cities and towns having an interest in such matters;

(l) to restrain, enjoin or otherwise prevent any county, city, town or political subdivision and any person or corporation, public or private, from discharging into any waters within the District, any sewage, industrial wastes or other refuse which would contribute or tend to contribute to the pollution of such waters, and to restrain, enjoin or otherwise prevent the violation of any provision of this act or of any resolution, rule or regulation adopted pursuant to the powers granted by this act;

(m) to use and connect with any sewage disposal system or sewer improvement within the District and, if deemed necessary by the Commission to close off and seal any outlets and outfalls therefrom;

(n) subject to such provisions and restrictions as may be set forth in the resolution authorizing any revenue bonds or in the trust agreement hereinafter mentioned securing the same, to enter into contracts with the United States of America or any agency or instrumentality thereof, or with any county, city, town or political subdivision or any sanitary district, private corporation, copartnership, association or individual providing for or relating to the treatment and disposal of sewage;

(o) to receive and accept from the United States of America or any agency or instrumentality thereof grants for or in aid of the planning, construction or financing of any sewage disposal system or sewer improvements *or associated water systems*, and to receive and accept contributions from any source of either money, property, labor or other things of value, to be held, used and applied only for the purposes for which such grants and contributions may be made;

(p) to make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this act;

(q) to do and perform any acts and things authorized by this act under, through or by means of its own officers, agents and employees, or by contracts with any persons;

(r) to execute any and all instruments and do and perform any and all acts or things necessary, convenient or desirable for the purposes of the Commission or to carry out the powers expressly given in this act; and

(s) to seek civil penalties or civil charges against owners who have been charged with violation of or found to be in violation of the pretreatment standards incorporated in the permit or other requirements of the District's approved industrial waste control program. The penalties which the District may seek, and the procedures to be followed by the District, shall be the same as those set forth for the State Water Control Board, as set forth in § 62.1-44.32 of the Code of Virginia.

1. For purposes of this subsection, the term "owner" shall include the definition contained in subsection (i) of § 8 and, in addition, any corporate officer designated in the permit issued by the District, if any.

2. With the consent of any owner who has violated a provision of this subsection, or is charged by the District with having violated the provision of this subsection, the District may provide, in an order

182 issued by it against such owner, for the payment of civil charges for such violations in specific sums not
183 to exceed those set forth in § 62.1-44.32 of the Code of Virginia for each violation. Each day of
184 violation shall constitute a separate offense. Such civil charges shall be instead of any appropriate civil
185 or criminal penalty imposed under the provisions of this subsection.

186 § 11. (a) The Commission is hereby authorized and empowered to acquire by purchase, lease, grant
187 or conveyance such lands, structures, property, rights, ~~rights of way~~ *rights-of-way*, easements, franchises
188 and other interests in or relating to lands, including lands lying under water and riparian rights, as it
189 may deem necessary or convenient for the construction and operation of any sewage disposal system or
190 sewer improvements *or associated water systems*, upon such terms and at such prices as may be
191 considered by it to be reasonable and can be agreed upon between it and the owner thereof.

192 All public agencies and commissions of the Commonwealth with the approval of the Governor and
193 all counties, cities, towns and political subdivisions, notwithstanding any contrary provision of law, are
194 hereby authorized and empowered to lease, lend, grant or convey to the District at the request of the
195 Commission upon such terms and conditions as may be mutually agreed upon, without the necessity for
196 any advertisement, order of court or other action or formality, any real property which may be necessary
197 or convenient to the effectuation of the authorized purposes of the Commission, including public
198 highways and other real property already devoted to public use.

199 (b) The Commission is also hereby authorized and empowered to acquire by condemnation or
200 eminent domain such lands, structures, property rights, *rights-of-way*, easements, franchises and other
201 interests in or relating to lands, including lands lying under water and riparian rights, deemed necessary
202 or convenient for the construction and operation of any sewage disposal system or sewer improvements
203 *or associated water systems*. The powers of condemnation or eminent domain conferred on the
204 Commission by this act shall be exercised by the Commission pursuant to the provisions of Title 25.1,
205 Chapter 1 through 4, inclusive, of the Code of Virginia, 1950, as now enacted or as hereafter amended
206 or reenacted; provided, however, that the Commission may proceed *(i) for the procurement of lands,*
207 *structures, property rights, rights-of-way, easements, franchises and other interests in or relating to*
208 *lands contiguous to the site of an existing sewage disposal system for construction and operation of an*
209 *expanded sewage disposal system to meet new regulatory requirements, including nutrient removal*
210 *technology classified under § 10.1-2131 of the Code of Virginia, 1950, as eligible for partial grant*
211 *funding from the Virginia Department of Environmental Quality, without regard to the provisions of*
212 *§§ 15.2-4313 and 25.1-106 of the Code of Virginia, 1950, as enacted or as hereafter amended or*
213 *reenacted, when such expansion is to be funded in part or in whole by issuance of revenue bonds*
214 *payable from the revenues of the District provided under this act, and (ii) pursuant to the provisions of*
215 *Article 7 1 (§ 33.1-89 33.2-1000 et seq.) of Chapter 4 10 of Title 33.1 33.2 of the Code of Virginia,*
216 *1950, as enacted or as hereafter amended or reenacted, for the procurement of ~~rights of way~~*
217 *rights-of-way for sewer lines and sites for pumping stations.*

218 (c) Title to any property acquired by the Commission shall be taken in the name of the District.

219 (d) The Commonwealth with the approval of the Governor hereby consents to the use of any lands
220 or property owned by the Commonwealth including lands lying under water, which are deemed by the
221 Commission to be necessary for the construction or operation of any sewage disposal system or sewer
222 improvements *or associated water systems*.

223 § 12. The Commission is hereby authorized to provide by resolution for the issuance, at one time or
224 from time to time, of revenue bonds of the District for any one or more of the following purposes:

225 (a) refunding any bonds heretofore issued by the Commission and any revenue bonds, notes and
226 other obligations issued under the provisions of this act and then outstanding, including the payment of
227 any redemption premium thereon and any interest accrued or to accrue to the date of redemption
228 thereof; provided, however, that no bonds issued after the effective date of this act shall be refunded at
229 a net interest cost exceeding that of such bonds to be refunded unless, prior to the issuance of such
230 refunding bonds, the Commission shall have determined that the issuance of such refunding bonds will
231 be in the best interests of the District,

232 (b) paying the cost of a sewage disposal system or systems *or associated water system*,

233 (c) paying the cost of extensions and additions thereto, and

234 (d) paying the cost of sewer *or water* improvements.

235 § 21. In the discretion of the Commission the revenue bonds of any issue may be secured by a trust
236 agreement by and between the Commission and a corporate trustee, which may be any trust company or
237 bank having the powers of a trust company within or without the Commonwealth. Any such trust
238 agreement or the resolution providing for the issuance of such bonds may pledge or assign the revenues
239 to be received, but shall not convey or mortgage any sewage disposal system or sewer improvements *or*
240 *associated water systems* or any part thereof. Any such trust agreement or resolution providing for the
241 issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies
242 of the bondholders as may be reasonable and proper and not in violation of law, including covenants
243 setting forth the duties of the Commission in relation to the acquisition of property and the construction,

improvement, extension, enlargement, reconstruction, maintenance, equipment, repair, operation and insurance of the properties of the District, and the custody, safeguarding and application of all moneys. Any such trust agreement may provide for or permit the issuance of additional bonds from time to time for the further extension of the sewerage system. If the Commission issues bonds that may be tendered for purchase by the holders thereof, any such trust agreement may provide that, for all purposes of the laws of the Commonwealth, the indebtedness of the District evidenced by such bonds shall not be deemed extinguished upon the purchase thereof by the District unless such bonds are delivered by the District to the trustee under such trust agreement with written instructions to cancel such bonds. It shall be lawful for any bank or trust company incorporated under the laws of the Commonwealth which may act as depositary of the proceeds of bonds or of revenues to furnish such indemnifying bonds or to pledge such securities as may be required by the Commission. Any such trust agreement may set forth the rights and remedies of the bondholders and of the trustee, and may restrict the individual right of action by bondholders. In addition to the foregoing, any such trust agreement or resolution may contain such other provisions as the Commission may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of any such trust agreement or resolution may be treated as a part of the cost of operation.

No such trust agreement or resolution need be filed or recorded except in the records of the Commission.

§ 22. The Commission may, in the resolution providing for the issuance of revenue bonds or in the trust agreement securing the same, covenant to fix the rates, fees and other charges for the use of, and for the services and facilities furnished or to be furnished by, the sewage disposal system or systems and the sewer improvements, *or associated water systems* if any, for which such bonds are to be issued, to be paid by the owner, tenant or occupant of each lot or parcel of land which may be connected with or may use any such sewage disposal system or sewer improvements *or associated water systems*. The Commission may revise such rates, fees and charges from time to time. Such rates, fees and charges shall be so fixed and revised as to provide funds, with other funds available for such purposes, sufficient at all times (a) to pay the cost of maintaining, repairing and operating such sewage disposal system or systems *or associated water system* and such sewer improvements, if any, including reserves for such purpose and for renewals and replacements and necessary extensions and additions to the sewerage system *or associated water systems*, (b) to pay the principal of and the interest on such revenue bonds as the same shall become due and to provide reserves therefor, ~~and~~ (c) *to pay costs associated with a customer assistance program*, and (d) to provide a margin of safety for making such payments. The Commission shall charge and collect the rates, fees and charges so fixed or revised, and, except as hereinafter provided in this act, such rates, fees and charges shall not be subject to supervision or regulation by any department, division, commission, board, bureau or agency of the Commonwealth or of any district or other political subdivision of the Commonwealth.

Such rates, fees and charges shall be just and equitable and may be based or computed either upon the quantity of water used or upon the number and size of sewer connections or upon the number and kind of plumbing fixtures in use in the premises connected with the sewerage system or upon the number or average number of persons residing or working in or otherwise connected with such premises or upon the type or character of such premises or upon any other factor affecting the use of the facilities furnished or *upon household income for households at or below 200 percent of the federal poverty level* or upon any combination of the foregoing factors *or as a constant rate based upon average winter water usage in premises of similar character*. Charges for services to premises, including services to manufacturing and industrial plants, obtaining all or a part of their water supply from sources other than a public water system may be determined by gauging or metering at the expense of the owner, tenant or occupant of such premises or in any other manner as directed and approved by the Commission. Premises not discharging the entire volume of water into the sanitary sewers ~~shall~~ *may* be allowed a reduction in the charges provided the customer installs facilities, in a manner satisfactory to the Commission, for measuring the volume either discharged or not discharged into the sanitary sewers *in lieu of a constant rate as described herein*.

The Commission shall fix and determine the time or times when and the place or places where such rates, fees and charges shall be due and payable and may require that such rates, fees and charges shall be paid in advance for periods of not more than six months. A copy of the schedules of all rates, fees and charges in effect shall at all times be kept on file at the principal office of the Commission, and such schedules shall at all reasonable times be open to public inspection.

In cases where the character of the sewage from any manufacturing or industrial plant, building or premises is such that it imposes an unreasonable burden upon any sewage disposal system, an additional charge may be made therefor, or the Commission may, if it deems it advisable, compel such manufacturing or industrial plant, building or premises to treat such sewage in such manner as shall be specified by the Commission before discharging such sewage, into the sewerage system or prohibit the

305 discharge, directly or indirectly, of such sewage into the sewerage system.

306 § 25. In the event that the rates, fees or charges charged by the Commission for the services and
307 facilities of any sewage disposal system or sewer improvements *or associated water systems* by or in
308 connection with any real estate or other property served shall not be paid as and when due, the owner,
309 tenant or occupant, as the case may be, of such property shall, until such rates, fees and charges shall be
310 paid, cease to dispose of sewage or industrial wastes originating from or on such property by discharge
311 thereof directly or indirectly into the sewerage system, and if such owner, tenant or occupant shall not
312 cease such disposal within two months thereafter, it shall be the duty of each county, city, town or other
313 public corporation, board or body, private corporation or person supplying water to or selling water for
314 use on, such property, within five days after receipt of notice of such facts from the Commission to
315 cease supplying water to, and selling water for use on, such property. If such county, city, town or other
316 public corporation, board or body, private corporation or person shall not within such time cease
317 supplying water to, and selling water for use on, such property, the Commission may shut off the supply
318 of water to such property and may disconnect such property from such sewage disposal system or sewer
319 improvements *or associated water systems*, and for such purposes may enter on any lands, waters and
320 premises of such county, city, town or other public corporation, board or body, private corporation or
321 person.

322 If any rates, fees or charges for the services and facilities furnished by any sewage disposal system
323 or sewer improvements *or associated water systems* of the District shall not be paid within thirty days
324 after the same shall become due and payable, the Commission may at the expiration of such thirty day
325 period proceed to recover the amount of any such delinquent rates, fees or charges by any action, suit or
326 proceeding permitted by law or in equity.

327 § 26. The Commission shall keep and preserve a complete register, or registers, open to public
328 inspection, of all rates, fees and charges which have been charged by the Commission to the owners,
329 tenants or occupants of any real estate for the use and services of any sewage disposal system or sewer
330 improvements *or associated water systems* and have become due and payable and have not been paid.
331 Such register or registers shall be kept in such place or places as the Commission shall determine.

332 § 28. All revenues derived by the Commission from the sewage disposal system or systems or sewer
333 improvements *or associated water systems* financed or refinanced by the bonds of any issue or issues,
334 except such part thereof as may be required to pay the cost of maintaining, repairing and operating such
335 system or systems or sewer improvements and to provide such reserves therefor as may be provided in
336 the resolution providing for the issuance of such revenue bonds or in the trust agreement securing the
337 same, shall be set aside at such regular intervals as may be provided in such resolution or trust
338 agreement and deposited to the credit of the following special funds:

339 (a) a sinking fund which is hereby pledged to, and charged with, the payment of the principal of and
340 the interest on such bonds as the same shall become due, and the redemption price or the purchase price
341 of bonds retired by call or purchase as therein provided, including the accumulation of a reserve for
342 such purposes; such pledge shall be valid and binding from the time when the pledge is made, the
343 revenues so pledged and thereafter received by the Commission shall immediately be subject to the lien
344 of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be
345 valid and binding as against all parties having claims of any kind in tort, contract or otherwise against
346 the Commission or the District, irrespective of whether such parties have notice thereof; and

347 (b) a fund for anticipated renewals, replacements, extensions, additions and extraordinary repairs of
348 the sewerage system *or associated water systems*.

349 The use and disposition of moneys to the credit of any such sinking fund shall be subject to such
350 regulations as may be provided in the resolution authorizing the issuance of such revenue bonds or in
351 the trust agreement securing the same, and, except as may otherwise be provided in such resolution or
352 trust agreement, such sinking fund shall be a fund for the benefit of such bonds without distinction or
353 priority of one over another.

354 § 31. The exercise of the powers granted by this act shall be in all respects for the benefits of the
355 inhabitants of the Commonwealth and for the promotion of their safety, health, welfare, convenience and
356 prosperity, and as the operation and maintenance of the sewage system *or associated water systems* by
357 the Commission will constitute the performance of essential governmental functions, the Commission
358 shall not be required to pay any taxes or assessments upon the sewerage system *or associated water*
359 *systems* or any property acquired or used by the Commission under the provisions of this act or upon
360 the income therefrom and the revenue bonds issued under the provisions of this act, their transfer and
361 the income therefrom, including any profit made on the sale thereof, shall at all times be free and
362 exempt from taxation by the Commonwealth and by any county, city, town or other political subdivision
363 thereof.

364 § 32. The Commission shall have no power to mortgage, pledge, encumber or otherwise dispose of
365 any part of the sewerage system *or associated water systems* of the District, except such part or parts
366 thereof as may be no longer necessary or useful for the purposes of the Commission; however, the

367 Commission may enter into lease purchase and installment purchase agreements for equipment and
368 fixtures and grant security interests therein. The provisions of this section shall be deemed to constitute
369 a contract with the holders of bonds of the District. The sewerage system *and associated water systems,*
370 *if any,* of the District shall be exempt from any and all liability which may be incurred by, or imposed
371 upon, the Commission or any county, city, town or political subdivision.

372 § 35. Any substantial change in the method used by the Commission for treating ~~and~~, *reclaiming*
373 *and/or* disposing of sewage and industrial wastes so as to prevent the pollution of any waters within the
374 District, shall, before being finally adopted or used by the Commission, be approved by the Virginia
375 Department of Environmental Quality as effective and satisfactory for the purpose intended.

376 § 38. Each county, city, town or other political subdivision shall promptly pay to the Commission all
377 rates, fees and charges which the Commission may charge to it as owner, tenant or occupant of real
378 estate. The Commission and any county, city, town or political subdivision in whole or in part outside
379 of the District are authorized to enter into contracts providing for or relating to the treatment and,
380 *reclamation and/or* disposal of sewage or industrial wastes originating in such county, city, town or
381 political subdivision, by means of any sewage disposal system or such other facilities as the Commission
382 may determine to provide for such purpose, and such county, city, town or political subdivision is
383 authorized to do everything necessary or proper to carry out and perform every such contract.