

CW02



# CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

JS

**DATE:** December 8, 2015

**TO:** Gregory A. Sundstrom, City Manager

**COMMITTEE:** Committee of the Whole  
**LIAISON:** Greg Sundstrom, City Manager

**FROM:** Molly J. Eastman, Utility Financial Officer

**SUBJECT:** **Second Amended and Restated Addendum I to Water and Sanitary Sewer Service Agreement – Wholesale with Caledonia Charter Township**

On December 4, 2014, Caledonia Township entered into a contract with the City for the City to provide sanitary sewage transportation, treatment and disposal service to a portion of Caledonia Township. All sewage was previously collected by Caledonia Township and transported to the Village of Caledonia for treatment. Because of capacity limitations at the Village's treatment plant, the Township sought to enter into an agreement with the City for transportation, treatment and disposal of sanitary sewage originating within a designated Township Service Area, over a ten year phase-in period after which time the Township would be sending 100% of the flow. The City agreed to provide sanitary sewer service on a wholesale basis to the Township for sanitary sewage originating from the Township Service Area.

The Township began sending sewage to the City and billing commenced on September 3, 2015. Due to business decisions at the Township, the Township decided to no longer split the sanitary sewage flow between the City and the Village of Caledonia. The Township is now sending 100% of the flow from the new Service Area to the City. This was confirmed with meter data by both Chuck Schroeder, Assistant Environmental Services Manager at Enterprises Services, and Todd Boerman, Engineer for the Township.

The Township's commodity and monthly service charges, per the agreed upon phase in schedule, were based on the assumptions that the Township would be sending the City 10,000 gallons per day. Now that the Township is sending the City 100% of their sanitary sewage flow from the Township Service Area, i.e. 74,000 gallons per day, the Township is seeking to adjust its contractual commodity and service charges to be consistent with the rate study methodology for cost recovery.

The change in the flow assumption to 74,000 gallons per day caused the commodity charge to decrease to \$4,068 per MG and the monthly service charge to increase \$712. These rates are proposed to be in effect for all sanitary sewage processed from Caledonia in calendar year 2015.

Beginning January 1, 2016, Caledonia's wholesale rates for commodity and month service charges will be determined by the annual rate study and the Township will become a member of the Utility Advisory Board.

Attached to this memo is the resolution for approval of the Second Amended and Restated Addendum I to Water and Sanitary Sewer Service Agreement – Wholesale with the Township reflecting the above revisions. The Utility Advisory Board has reviewed the Second Amendment and recommends its approval.

Attachments as named

MJE:mje

cc: Eric DeLong, Deputy City Manager  
Scott Buhner, Chief Financial Officer  
Jeff Dood, Deputy Chief Financial Officer  
Pamela Ritsema, Managing Director Enterprise Services  
Michael Lunn, Environmental Services Manager

YOUR COMMITTEE OF THE WHOLE recommends approving and authorizing execution of Second Amended and Restated Addendum I to Water and Sanitary Sewer Service Agreement – Wholesale with Caledonia Charter Township

CORRECT IN FORM

DEPARTMENT OF LAW

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Committee of the Whole

Com. \_\_\_\_\_, supported by Com. \_\_\_\_\_, moved adoption of the following resolution:

RESOLVED, that the Second Amended and Restated Addendum I to Water and Sanitary Sewer Service Agreement – Wholesale (the "Restated Agreement") between the City and Caledonia Charter Township (the "Township") providing sanitary sewage transportation, treatment and disposal services to the Township in the form presented at this meeting is approved and the Mayor and City Clerk are authorized and directed to execute the Restated Agreement for and on behalf of the City.

FURTHER, RESOLVED, that all resolutions and parts of resolutions in conflict herewith shall be and the same are rescinded.

Prepared by Richard A. Wendt.

Yeas		Nays
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_____	Bliss	_____
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_____	Gutowski	_____
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_____	Kelly	_____
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_____	Lenear	_____
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_____	Lumpkins	_____
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_____	Shaffer	_____
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_____	Mayor Heartwell	_____
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Yeas: _____	Nays: _____
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Adopted: _____	Failed: _____
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**SECOND AMENDED AND RESTATED  
ADDENDUM I TO WATER AND SANITARY SEWER  
SERVICE AGREEMENT—WHOLESALE**

**THIS SECOND AMENDED AND RESTATED ADDENDUM I TO WATER AND SANITARY SEWER SERVICE AGREEMENT—WHOLESALE** is made and executed as of this \_\_\_\_ day of \_\_\_\_\_, 2015 (“Addendum I”), by and between the **CITY OF GRAND RAPIDS**, Kent County, Michigan, a Michigan municipal corporation (the “City”), and **CALEDONIA CHARTER TOWNSHIP**, Kent County, Michigan, a Michigan charter township (the “Township”).

**RECITALS**

- A. The Township built, owns and operates a sanitary sewer collection system to serve users within the Township (the “Township Collection System”).
- B. Sanitary sewage collected through the Township Collection System is transported for treatment and disposal to the Village of Caledonia (the “Village”) pursuant to an agreement between the Township and the Village that contains certain capacity limitations.
- C. The Township has requested that an Urban Utility Boundary (as that term is used in the hereinafter identified Agreement) be established to include an area within the Township identified on the attached Exhibit A.
- D. The Township has requested that the City, because of the capacity limitations in the Township’s agreement with the Village, accept for treatment and disposal through the City’s Sanitary Sewer System all of the sanitary sewage originating from an area within the Urban Utility Boundary within Township identified on the attached Exhibit B as the Utility Services District, as that term is used in the hereinafter identified Agreement (the “Township Service Area”).

incorporating other areas in the Urban Utility Boundary (as that term is used in the Agreement) as such Urban Utility Boundary may be revised from time to time as provided in the Agreement. For purposes of determining rates and charges pursuant to the annual Rate Study and the Rate Setting Methodology, the entire Township Service Area shall be considered the Utility Services District for the treatment and disposal of sanitary sewage by the City's Sanitary Sewer System originating from the Township Service Area.

**Section 2. Approval of Gaines Charter Township.** In order for the City's Sanitary Sewer System to treat and dispose of sanitary sewage from the Township Service Area, it is necessary that such sanitary sewage be transported through the Gaines Charter Township ("Gaines") sanitary sewer transport system. The agreement between the Township and Gaines to transport sanitary sewage from the Township Service Area to the City's Sanitary Sewer System is attached hereto as Exhibit C.

**Section 3. Metering of Sanitary Sewage.** Sanitary sewage flow originating from the Township Service Area shall be determined by a meter installed at a location mutually acceptable to the Township and the City. The cost of the meter and its installation, including any subsequent repair and replacement thereof, shall be the responsibility of the Township. The type of meter installed shall be approved by the City, and the City shall have access to the meter for purposes of reading the meter to determine sanitary sewage flow from the Township Service Area. In the event of meter failure, the provisions of Section 5.C. of the Agreement shall apply.

**Section 4. Commencement Date.** The effective date for sanitary sewer treatment and disposal service through the City's Sanitary Sewer System of sanitary sewage originating from the Township Service Area (the "Commencement Date") shall be September 3, 2015, which is the date that the infrastructure located in the Township and in Gaines, which is required to connect the existing Township Collection System in the Township Service Area to the existing Gaines

<b>Table 4-A</b>	
Rate for Year . . .	shall be based on three-year average flow for years . . .
2015	2012, 2013 and 2014
2016	2013, 2014 and 2015
2017	2014, 2015 and 2016
2018	2015, 2016 and 2017

The Township metering records, which have been provided by the Township to the City, shall be used as described in Table 4-A above to determine averages where actual metered flow is not available (for years prior to September 2015).

At such time as additional lands located within the Urban Utility Boundary, not currently located within the Township Service Area, are added to the Township Service Area, then for purposes of the Rate Setting Methodology, the Township shall provide to the City a three-year history of metered sanitary sewage flow for all existing sanitary sewer customers located in the area to be added to the Township Service Area which three-year history of metered sanitary flow shall thereafter be taken into account, as applicable, by the City in determining the annual Township Commodity Charge and monthly service charge. If, for purposes of the preceding sentence, a three-year history of metered sanitary sewage flow is not available, then the volume of sanitary sewage discharged by the existing sewer customers in the area to be added shall be measured or estimated by a methodology mutually acceptable to the City and the Township.

The Township elects to have the City calculate the revenue requirements of the Township in accordance with Option A to Exhibit C of the Agreement subject to the reservation by the Township of the right to elect either Option A or Option B for any year upon 1 year's advance written notice in accordance with Exhibit C of the Agreement.

approval of the City, to serve, and continue to service, any portion of the Township located outside the Township Service Area with sewer treatment and disposal service provided by an entity other than the City.

**Section 10. Notices.** The address of the Township for purposes of notices, certificates or other communications under this Agreement, or this Addendum I shall be as follows:

Caledonia Charter Township  
Attention: Supervisor  
8196 Broadmoor Avenue, S.E.  
Caledonia, Michigan 49316

**Section 11. Term of Agreement Applicable to the Township.** The Agreement shall be applicable to the Township for a term which expires upon the earlier of (A) the final date of the term of the Gaines Agreement, as the term of the Gaines Agreement is extended or earlier terminated in accordance with the terms of the Gaines Agreement, or (B) the final date of the term of the Agreement applicable to the Township, as the term of the Agreement applicable to the Township is extended or earlier terminated in accordance with the terms of the Agreement.

**Section 12. Miscellaneous.**

A. This Addendum I constitutes all approvals by the City required for the City to provide wholesale sanitary sewer treatment and disposal service to the Township for sanitary sewage originating from the Township Service Area and the Township and Gaines may rely on this Addendum as evidence of such approvals.


B. The City represents and warrants to the Township that, except as provided in Section 2 hereof with respect to Gaines, no approvals or consents are required from any of the Customer Communities, as defined in the Agreement, for the provision by the City of wholesale sanitary sewer treatment and disposal service to the Township for sanitary sewage originating from the Township Service Area or for use of any of the City's Sanitary Sewer System infrastructure



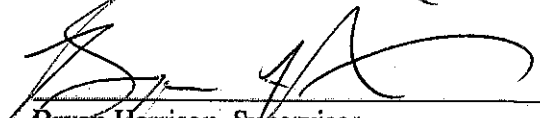
IN WITNESS WHEREOF, the City and the Township have created these presents to be signed by their respective duly-authorized officers, all as of the day and year first written above.

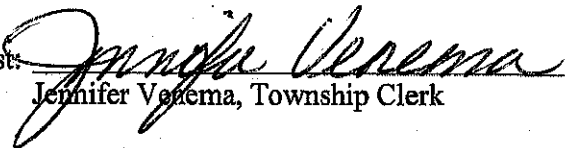
**CITY OF GRAND RAPIDS**

By:   
George K. Heattwell, Mayor


Attest:   
Darlene O'Neal, City Clerk

**CALEDONIA CHARTER TOWNSHIP**

By:   
Bryan Harrison, Supervisor

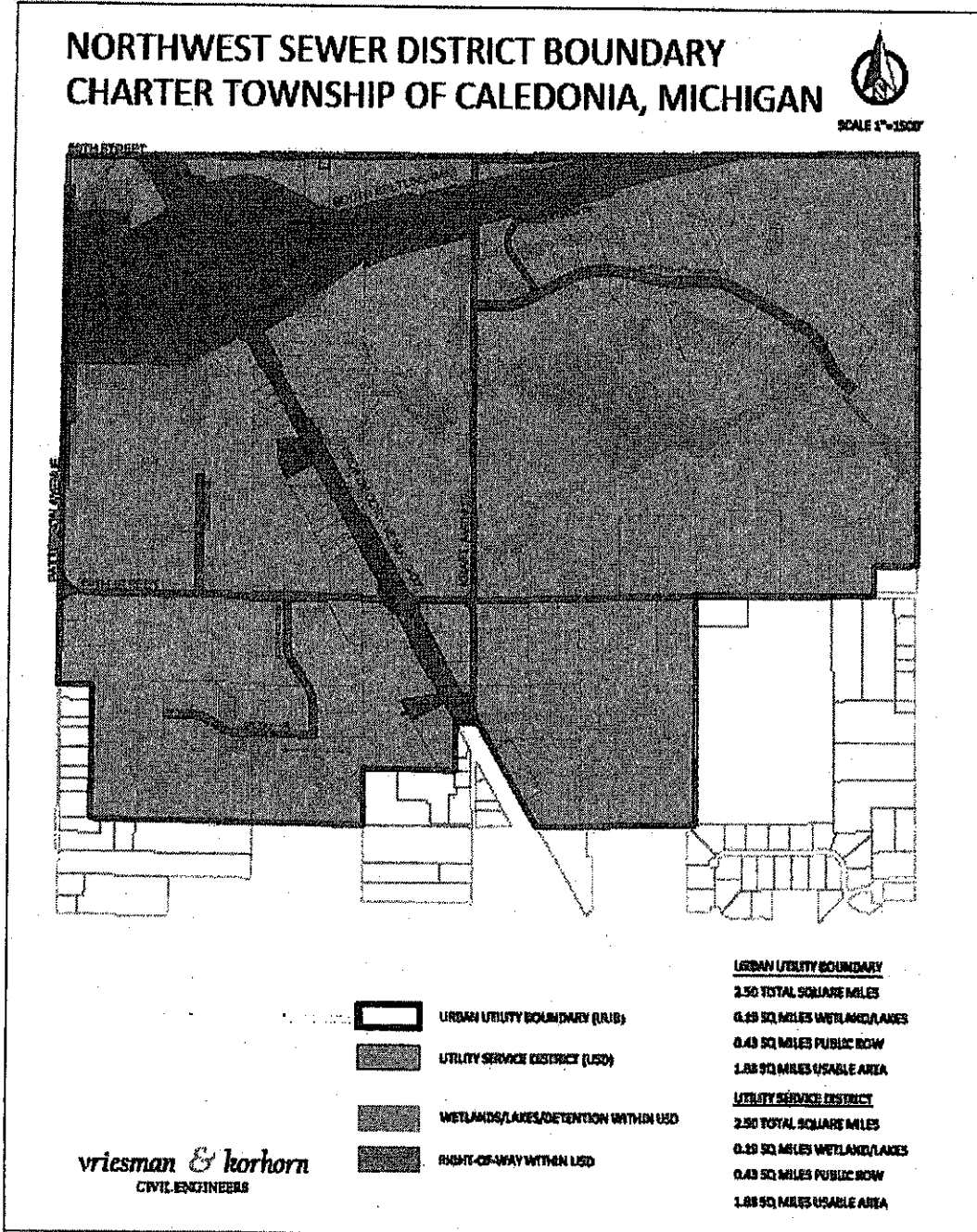
Attest:   
Jennifer Venema, Township Clerk

**AFFIX  
Mayor's Signature**

  
**Dept. of Law**

# EXHIBIT B

## Township Service Area



dated June 7, 1988 between the City of Grand Rapids (the "City") and Gaines (the "City/Gaines Service Agreement"); and

WHEREAS, Caledonia is party to that certain Addendum I to Water and Sanitary Sewer Service Agreement – Wholesale dated \_\_\_\_\_, 2014 ("City Addendum I"); and

WHEREAS, in accordance with the terms of City Addendum I, Caledonia is also party to the wholesale Water and Sanitary Sewer Service Agreement dated January 1, 1999, and amended on March 28, 2000, July 1, 2002, December 1, 2006 and August 1, 2010 (together, the "City Wholesale Sewer Agreement") with the City and other wholesale customer communities of the City; and

WHEREAS, the City, in accordance with City Addendum I and the City Wholesale Sewer Agreement, has agreed to provide sanitary sewer treatment and disposal service on a wholesale basis to Caledonia for sanitary sewage originating from a service area located in the northwest portion of Caledonia (the "Caledonia Service Area"), a map of which is attached to this Agreement as Exhibit A and collected from properties located within the Caledonia Service Area by a sanitary sewer collection system owned by Caledonia (the "Caledonia Collection System"); and

WHEREAS, the parties are entering this Agreement to set forth the terms and conditions by which the sanitary sewage which originates in the Caledonia Service Area, and is collected by the Caledonia Collection System, is transported from the Caledonia Service Area to the City Sewer System using the Caledonia Township Extension (defined in Paragraph 6) and the Anderson Drain Trunk Sewer, as shown on Exhibit B; and

NOW THEREFORE, in consideration of their mutual undertakings, it is hereby agreed by and between the Parties hereto as follows:

b. At such time as the flow of sanitary sewage from the Caledonia Service Area equals or exceeds 80% of either the daily flow or the hourly flow limits set forth in Paragraph 2, more than three times in any 90-day period, Caledonia agrees to direct its consulting engineer to prepare a study on the existing and anticipated usage by customers located within the Caledonia Service Area. If this study reasonably concludes that Caledonia needs to increase the capacity limits set forth in Paragraph 2, either on a daily flow basis or on an hourly flow basis, or both, then the Parties, in good faith, agree to discuss and, if appropriate, negotiate an amendment to this Agreement to increase the capacity limits.

**5. Future Connections to Caledonia Township Extension located within Gaines Township; Payback of Connection Fees to Caledonia.**

- a. Connections shall be permitted by Gaines, in accordance with applicable Gaines sewer ordinances, to that portion of the Caledonia Township Extension located in Gaines west of the First Manhole.
- b. No connections shall be permitted by any Party to that portion of the Caledonia Township Extension located between the Master Meter and the First Manhole.
- c. Gaines, in consideration for the construction of the Caledonia Township Extension at the cost of Caledonia and the conveyance by Caledonia to Gaines of the First Manhole and that portion of the Caledonia Township Extension located in Gaines west of the First Manhole, shall pay to Caledonia on a quarterly basis an amount equal to ninety-eight percent (98%) of all sewer availability fees (within the meaning of the Gaines Sewer Ordinance) received by Gaines with respect to connections to the Caledonia Township Extension in accordance with subsection (a) during the ten (10) year period which commences upon the date of the written notice provided by Gaines to Caledonia in accordance with Paragraph 7. The remaining two percent (2%) of such sewer availability fees received by Gaines shall be retained

have the Caledonia Township Extension, including the Master Meter referred to in Paragraph 8, and the connection of the Caledonia Township Extension to the Anderson Drain Trunk Sewer at the Point of Connection inspected by an engineer acceptable to Byron and Gaines at the cost of Caledonia.

7. **Commencement of Use of Caledonia Township Extension.** Caledonia may discharge sanitary sewage from the Caledonia Service Area by use of the Caledonia Township Extension commencing upon the receipt by Caledonia of written notice from Gaines that Byron and Gaines have approved and accepted that portion of the Caledonia Township Extension constructed within Gaines Township.

8. **Master Meter.** A master meter (the "Master Meter") to measure the flow of sanitary sewage from the Caledonia Service Area to the Anderson Drain Trunk Sewer shall be constructed as part of the Caledonia Township Extension at the sole cost of Caledonia upstream of the First Manhole at approximately the Caledonia/Gaines Township line at a location acceptable to the Parties and approved by the City in accordance with City Addendum I and the City Wholesale Sewer Agreement. In general, the Master Meter shall be calibrated, read, operated and maintained at the expense of Caledonia in accordance with City Addendum I and the City Wholesale Sewer Agreement. Notwithstanding the foregoing, the Parties recognize that the accuracy of readings of the Master Meter are of material importance to Byron and Gaines because the flow of sanitary sewage measured by the Caledonia Master Meter will also flow through and be metered by the existing Gaines master meter, which measures the flow of sanitary sewage discharged from the Anderson Drain Trunk Sewer to the City Sewer System in accordance with the City/Gaines Service Agreement. Accordingly, Byron and Gaines shall have the right to verify the testing and calibration of the Master Meter from time to time. If Gaines and Byron disagree with the calibration or similar issues relating to the Master Meter, Caledonia

O&M Agreement"). The Parties acknowledge that in performing its obligations and duties under the Authority O&M Agreement, the Authority is required to exercise the due care normally and reasonably provided with respect to the operation, maintenance and repair of publicly owned sanitary sewer systems. Caledonia acknowledges receipt of a copy of the Authority O&M Agreement.

b. Caledonia, at the sole expense of Caledonia, shall operate, maintain and repair the Caledonia Collection System and that portion of the Caledonia Township Extension located east of the First Manhole, including the Master Meter. In performing these operation and maintenance responsibilities, Caledonia shall exercise the due care normally and reasonably provided with respect to the operation, maintenance and repair of publicly owned sanitary sewer systems.

c. Caledonia, at the sole expense of Caledonia, shall operate, maintain, repair and as needed, replace an appropriate device to monitor and log the concentration of Hydrogen Sulfide (H<sub>2</sub>S) gas at the Point of Connection, or if agreeable to Byron and Gaines, some other location along the Caledonia Township Extension. The H<sub>2</sub>S gas concentrations shall be measured at the elevation of the top of the sewer pipe(s) that are connected as part of the Caledonia Township Extension to the manhole at which the monitoring is performed. The monitor and logging device shall be capable of measuring and logging H<sub>2</sub>S gas concentrations with a resolution of one (1) part per million ("ppm") and with an accuracy of two percent (2%). H<sub>2</sub>S gas concentrations shall be recorded every ten (10) minutes during monitoring periods. All recorded data is to be provided to Byron and Gaines. Byron and Gaines shall have the right to verify the testing and calibration of the monitor from time to time. If Byron and Gaines disagree with the calibration or similar issues relating to the monitor, Caledonia shall resolve, at the sole cost of Caledonia, the concerns expressed by Byron and Gaines, to the reasonable satisfaction of

O&M Share shall be determined in accordance with the methodology attached to this Agreement as Exhibit C. The obligation by Caledonia to pay the Caledonia O&M Share shall commence upon the date of the written notice provided by Gaines to Caledonia in accordance with Paragraph 7. Caledonia shall have 30 days from the date of receipt to pay the monthly invoice received from Byron or Gaines, or from the Authority on their behalf, for the Caledonia O&M Share. In the event Caledonia fails to pay a monthly invoice when due, a late fee penalty shall be added to the amount due of 1% per month until the amount due is paid in full.

Following the completion of each fiscal year applicable to the Joint Byron/Gaines Sewer system, the annual Caledonia O&M Share for the completed fiscal year shall be subject to adjustment, upwards or downwards, based on the comparison of audited operation, maintenance and repair expenses to the actual activity reported by the Authority in its Work Plan (as referenced in Exhibit C) for the Joint Byron/Gaines Sewer System. Based upon this reconciliation, Caledonia agrees to pay any supplemental invoice for an increase in the annual Caledonia O&M Share on the terms set forth in the preceding paragraph. In the alternative, Byron and Gaines agree to reimburse, or cause the Authority to reimburse on their behalf, in either case within thirty (30) days following the completion of the reconciliation, any overpayment found to be owing to Caledonia.

Byron and Gaines shall promptly provide, or cause the Authority to promptly provide, to Caledonia the annual (1) calculation of the Caledonia O&M Share and (2) budget or rate documentation related to the Joint Byron/Gaines Sewer System.

**12. Rehabilitation and Replacement.**

a. Caledonia shall be solely responsible to pay the cost of rehabilitation and replacement, including all related engineering, permitting and other costs, if necessary, of the

c. For the sake of clarity, a repair of an existing sewer element includes, without limitation, the correction of a leaky pipe joint, a rehabilitation of an existing sewer element includes, without limitation, restoration of a sewer element as an alternative to replacement, for example, pipe slip-lining, and the replacement of an existing sewer element includes the removal and replacement of an existing sewer element, for example, the removal of the existing sewer pipe and the installation of a new length of pipe in its place. As used in the preceding sentence, a sewer element is any component of a public sanitary sewer system including all pipes, manholes, forcemains, pumps, controls and appurtenances thereto.

13. **Consent to Use of Public Rights of Way.** Gaines hereby agrees and consents to the use of the streets, highways, alleys, other public places and easements located within the municipal limits of Gaines by Caledonia for the purpose of constructing, operating, maintaining, using, repairing, rehabilitating and/or replacing therein, the Caledonia Township Extension. This consent is intended to satisfy all requirements for consent applicable by the terms of Section 29, Article VII of the Michigan Constitution of 1963 and, in addition, is intended to supersede the provisions of any existing agreement or ordinance to the contrary. Gaines, upon request, shall execute separate instruments granting permanent easements and rights-of-way to Caledonia in any public right-of-way or other public lands located within the municipal limits of Gaines for the purpose of constructing, operating, maintaining, using, repairing, rehabilitating and/or replacing the Caledonia Township Extension. Gaines agrees to assist Caledonia, at the sole cost of Caledonia, in obtaining any easements and rights-of-way over private property which may be necessary for the Caledonia Township Extension.

In the event of construction, operation, maintenance, use, repair, rehabilitation and/or replacement of the Caledonia Township Extension by Caledonia within such easements or rights-of-way, Caledonia shall restore the rights-of-way and/or easements (including all facilities,



from the Caledonia Service Area by the Caledonia Township Extension shall be available for inspection and copying by representatives of Byron, Gaines and the Authority upon reasonable advance notice.

**16. Insurance.**

**a. Minimum Insurance Coverages for Joint Byron/Gaines Sewer System.**

Byron and Gaines shall require the Authority to provide and maintain, as a cost of the operation and maintenance of the Joint Byron/Gaines System, the minimum insurance coverages required by Paragraph 9b of the Authority O&M Agreement, with all such coverage to be extended to include the First Manhole and that portion of the Caledonia Township Extension located in Gaines west of the First Manhole. Caledonia, together with its respective officers, employees and agents, shall be listed as an additional named insured on all insurance policies purchased by the Authority in accordance with this Agreement.

**b. Minimum Insurance Coverage to be Provided by Caledonia.**

Caledonia shall provide and maintain at its expense insurance for the Caledonia Collection System located in the Caledonia Service Area and that portion of the Caledonia Township Extension located east of the First Manhole, including the Master meter and sampling station, of the types and in the following minimum insurance coverages:

- (1) Property and Premises Liability Coverage on all insurable system assets.
- (2) Comprehensive General Liability Insurance with a minimum limit of four million dollars (\$4,000,000) per occurrence and four million dollars (\$4,000,000) aggregate.
- (3) Workers Compensation Insurance in compliance with the statutes of the State of Michigan which has jurisdiction of Caledonia employees with statutory coverage.

require the Authority to provide prompt written notice to Caledonia in the event a claim is made against the Authority or one of the Parties as a result of a "sewage disposal system event," as defined in Act 222.

c. Damage or compensation payable in accordance with the requirements of Act 222 with respect to a sewage disposal system event in the Joint Byron/Gaines System shall be paid, except to the extent provided by subparagraph d, by, or at the direction of, the Authority either as an expense of the Joint Byron/Gaines System or from the proceeds of sanitary sewer backup insurance provided and maintained by the Authority in accordance with Paragraph 9b of the Authority O&M Agreement, or a combination thereof.

d. If a sewage disposal system event occurs with respect to the Joint Byron/Gaines System as a result of a defect in the Caledonia Collection System or that portion of the Caledonia Township Extension located east of the First Manhole, including the Master Meter and sampling station, and, if ninety (90) or more days prior to the occurrence of the sewage disposal system event, the Authority, Byron or Gaines notified Caledonia in writing of the defect, and Caledonia failed to correct the defect, then the damage or compensation payable in accordance with the requirements of Act 222 for the sewage disposal system event shall be paid by Caledonia.

e. Damage or compensation payable in accordance with the requirements of Act 222 with respect to a sewage disposal system event in the Caledonia Collection System or that portion of the Caledonia Township Extension located east of the First Manhole, including the Master Meter and sampling station, shall be paid by, or at the direction of, Caledonia as an expense of the Caledonia Sewer System or from the proceeds of sanitary sewer backup insurance provided and maintained by Caledonia in accordance with Paragraph 16b, or a combination thereof.

22. **Enforcement.** Any party may enforce the terms of this Agreement by way of an action for specific performance in Kent County Circuit Court.

23. **Alternate Dispute Resolution.** The Parties may mutually agree upon an alternate dispute resolution mechanism for resolving any disputes which may arise under this Agreement.

24. **Term of Agreement.** The Agreement shall terminate upon the earlier of (A) the final date of the term of the City/Gaines Service Agreement, as the term of the City/Gaines Service Agreement is extended or earlier terminated in accordance with the terms of the City/Gaines Service Agreement, or (B) the final date of the term of the City Wholesale Sewer Agreement applicable to the Township, as the term of the City Wholesale Sewer Agreement applicable to the Township is extended or earlier terminated in accordance with the terms of the City Wholesale Sewer Agreement.

25. **Transition Upon Termination.** In recognition of the practical difficulties presented upon the termination of this Agreement, the Parties agree to work together in good faith to resolve any financial, legal and operational difficulties that are caused by or arise as a result of the termination of this Agreement, including the continued need for treatment of sanitary sewage which originates from the Caledonia Service Area.

26. **Notices.** All notices required or permitted by this Agreement shall be in writing and shall be delivered personally or sent by ordinary mail properly addressed with sufficient postage prepaid, to the following addresses, or such other address or addresses as shall be specified in writing by the Parties hereto from time to time:


If to the Charter Township of Gaines:

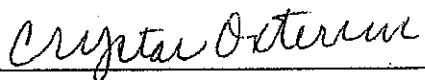
Charter Township of Gaines  
Attention: Supervisor  
8555 Kalamazoo Ave. SE  
Caledonia, Michigan 49316-8270

understanding and agreement between the Parties hereto with regard to the matters addressed herein. All prior oral or, except to the extent provided herein, written understandings and agreements with regard to the matters addressed herein are specifically merged herein. The captions in this Agreement are for convenience only and shall not be considered as a part of this Agreement or in any way to amplify or modify the terms and provisions hereof. This Agreement shall be enforceable only by the Parties hereto and their successors in interest by virtue of an assignment which is not prohibited under the terms of this Agreement, and no other person shall have the right to enforce any of the provisions contained herein. The Parties acknowledge that each Party has had the opportunity to participate in the drafting of this Agreement. As a result, in the event of any ambiguity in this Agreement, it shall not be interpreted for or against any Party on account of the drafting by any Party. All Exhibits attached hereto are incorporated herein by reference as though fully stated herein.


IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their respective duly authorized officers, all as of the day and year first written above.

CHARTER TOWNSHIP OF GAINES

By:   
Donald R. Hilton, Sr.  
Its Supervisor

By:   
Crystal Osterink  
Its Clerk

TOWNSHIP OF BYRON

By:   
Audrey Nevins-Weiss  
Its Supervisor



**Exhibit C**

**Sample Computation of Caledonia Share of  
Operation and Maintenance Expense  
of Joint Byron/Gaines Sewer System**

The Caledonia O&M Share shall be determined in the following manner:

First, Byron and Gaines shall cause the Authority to determine the percentage of the annual Work Plan under the Authority O&M Agreement that is attributable to the operation, maintenance and repair of the Joint Byron/Gaines Sewer System.

Second, the percentage so determined shall be applied against the annual Authority Operation and Maintenance Budget with the result being the annual Authority Operation and Maintenance Budget for the Joint Byron/Gaines Sewer System.<sup>1</sup>

Third, the Caledonia O&M Share shall be determined by multiplying the annual Authority Operation and Maintenance Budget for the Joint Byron/Gaines Sewer System by the pro rata length of sanitary sewer in the Joint Byron/Gaines Sewer System in use by Caledonia, as follows:

Total lineal feet of the Anderson Drain Trunk Sewer that will transport Caledonia Sanitary Sewage	+	Total lineal feet of Caledonia Township Extension located in Gaines west of the First Manhole
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***Divided By:***

Total lineal feet of sanitary sewer in Joint Byron/Gaines Sewer System (including Anderson Drain Trunk Sewer)	+	Total lineal feet of Caledonia Township Extension located in Gaines west of the First Manhole
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***Multiplied By:***

Annual Operation and Maintenance Budget of  
Joint Byron/Gaines Sewer System (as determined above)

***Equals:***

Caledonia O&M Share

**NOTE:**

<sup>1</sup>The annual Authority Operation and Maintenance Budget does not include rehabilitation and replacement (within the meaning of Paragraph 12c of the Sanitary Sewage Transportation Agreement to which this Exhibit C is attached) expenses in excess of \$5,000 for a single rehabilitation or replacement event because such rehabilitation and replacement expenses are budgeted by the Authority in a separate Capital Improvement Budget.

**FIRST AMENDMENT TO  
SANITARY SEWAGE TRANSPORTATION AGREEMENT**

THIS FIRST AMENDMENT made as of this 1st day of December, 2014 (the "First Amendment"), by and between the CHARTER TOWNSHIP OF GAINES, a Michigan Municipal Corporation located in the County of Kent, Michigan, and whose address is 8555 Kalamazoo Avenue, S.E., Caledonia, Michigan, 49316 (hereinafter referred to as "Gaines"), the TOWNSHIP OF BYRON, a Michigan Municipal Corporation located in the County of Kent, Michigan and whose address is 8085 Byron Center, S.W., Byron Center, Michigan, 49315, (hereinafter referred to as "Byron"), and the CHARTER TOWNSHIP OF CALEDONIA, a Michigan Municipal Corporation located in the County of Kent, Michigan, and whose address is 8196 Broadmoor Ave., Caledonia, Michigan 49316 (hereinafter referred to as "Caledonia"). Gaines, Byron and Caledonia may be individually referred to in this Agreement as a "Party" and Gaines, Byron and Caledonia together may be collectively referred to as the "Parties."

**WITNESSETH:**

WHEREAS, Byron, Gaines and Caledonia are parties to that certain Sanitary Sewage Transportation Agreement dated February 10, 2014 (the "Agreement"); and

WHEREAS, it is necessary to amend the Agreement to acknowledge the entry by Caledonia into an Amended and Restated Addendum I to Water and Sanitary Sewer Service Agreement – Wholesale dated December 1, 2014, by and between Caledonia and the City of Grand Rapids.

NOW THEREFORE, in consideration of their mutual undertakings as set forth in the Agreement as amended by this First Amendment, it is hereby agreed by and between the Parties hereto as follows:

1. The fifth recital to the Agreement is hereby amended to read as follows:

# EXHIBIT D

**CITY OF GRAND RAPIDS, MICHIGAN  
 CALEDONIA PRELIMINARY SUMMARY OF REVENUE REQUIREMENTS & CHARGES  
 FOR CALENDAR YEAR 2015 - BASED ON THE 2014 PRELIMINARY RATE STUDY AND  
 INTEGRATED SYSTEM ALLOCATION PER THE 2014 RATE STUDY\*  
 Monday, November 16, 2015**

REVENUE REQUIREMENT DESCRIPTION	TOTAL
<b><u>NON-INTEGRATED REVENUE REQUIREMENTS</u></b>	
OPERATION & MAINTENANCE EXPENSE - TASK 22	\$ 7,060
DEPRECIATION EXPENSE - TASK 24	801
RETURN ON SYSTEM INVESTMENT - TASK 21	688
<b><u>INTEGRATED REVENUE REQUIREMENTS</u></b>	
ALLOCATION OF INTEGRATED SYSTEM CREDITS	(15,325)
ALLOCATION OF INTEGRATED SYSTEM REV REQ'S	125,197
<b>TOTAL REVENUE REQUIREMENTS</b>	<b>\$ 118,421</b>

<b>COMMODITY CHARGE - PER MG (BASED ON INTEGRATED REVENUE REQUIREMENTS)</b>	<b>\$ 4,068</b>
<b>MONTHLY SERVICE CHARGE (BASED ON NON-INTEGRATED REVENUE REQUIREMENTS)</b>	<b>\$ 712</b>

\* Revenue Requirements & Charges above predicated on the following assumptions:

- Caledonia Flow - Gallons per Day (10% of total flow)	74,000
- Caledonia USD Area (Sq. Miles) (100% of total square miles)	1,880
- Total Miles of Mains in 2014 PRELIMINARY RS	908.17
- Operation & Maintenance Cost per mile of main in 2014 PRELIMINARY RS	\$ 5,504.15
- Estimated O&M cost for Caledonia Meter @ average in 2014 PRELIMINARY RS	\$ 4,111
- Total Integrated Revenue Requirements in 2014 PRELIMINARY RS	\$ 21,264,403
- Total Integrated System Credits in 2014 PRELIMINARY RS	\$ (2,589,846)
- Integrated Allocation - Plant Flow / USD Area per Uniform Contract & RS Year	2014
- Plant Flow	81%
- USD Area	19%
- UAB Partners & Gaines Flows - Same as 2014 PRELIMINARY RS	
- UAB Partners USD Areas - Same as 2014 PRELIMINARY RS	
- Excludes Rev Req's for Future Capital Improvements	
- Caledonia flow will use the current Gaines Twp facilities	