

WATER AGREEMENT

THIS AGREEMENT made and entered into this 17th day of June, A.D., 1991 by and between THE CITY OF OWOSSO, a Municipal Corporation organized under the laws of the State of Michigan, party of the first part, and THE CITY OF CORUNNA, a charter city, party of the second part,

WITNESSETH, as follows:

WHEREAS, the City of Owosso maintains and operates a water supply system, and is authorized by law to make the facilities and services of said water system available to other legal entities, and

WHEREAS, the Corunna City Council has the authority to contract with the City of Owosso, and

WHEREAS, for the purposes of public health, welfare, and safety, it appears that it is desirable to provide a treated water supply to the City of Corunna.

NOW, THEREFORE, in consideration of the premises and the mutual undertakings of the parties hereto, IT IS AGREED:

1. The City of Owosso agrees to sell and deliver treated water to the City of Corunna master meter station(s) subject to the following quantity allocations and conditions:

A. The average daily flow allocation, computed over a running twelve (12) month period, shall be 330,000 gallons per day. The running twelve (12) month period shall include the most recent complete month and the preceding eleven (11) months. Flows in excess of this allocation shall be subject to a surcharge as provided in paragraph 15 (B) below. The average daily flow allocation for the City of Corunna is based on projected demands increasing from the current average daily flow of 240,000 gallons per day to 330,000 gallons per day over the term of this agreement.

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B. The maximum daily flow allocation for the City of Corunna is 660,000 gallons per day. The maximum daily flow allocation is determined by applying a maximum to average day peaking factor of 2.0 to the 330,000 gallon per average day allocation. The maximum daily flow of 660,000 gallons per day is Corunna's allocation of the water supply and treatment plant capacity and Corunna's share of system capital improvements as reflected in the Debt Service Charge(s) under paragraph 15 (C) below. Given an overall system maximum day capacity of 6,000,000 gallons per day, Corunna's allocation is eleven percent (11.0 %) of the system capacity for the term of this agreement unless the overall system capacity is increased or unless the 660,000 gallon per day allocation is revised by amendment to this agreement.

C. The instantaneous rate of flow, as measured at the master meter(s) may be limited to 460 gallons per minute by the City of Owosso during times of peak demand on the Owosso water supply system. The intent is that peak hour and fire flow demands in the City of Corunna will be met by storage within the Corunna system. This limitation may also be used to control the maximum daily flow. To implement this provision the metering and rate of flow control system supplied by the City of Corunna shall be subject to review and approval by the City of Owosso. The control equipment shall provide remote flow indication, totalization and throttling at the Owosso Water Treatment Plant. The City of Owosso shall have ready local access at all times to the metering and rate of flow control equipment and shall at all times have the right to limit the flow rate to 460 gallons per minute as determined necessary by the City of Owosso to provide safe and efficient operation of its overall water supply system. The City of Owosso shall notify the City of Corunna at such times the 460 gallon per minute limitation is imposed. Such notice

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shall be in accordance with paragraph 16. below. The City of Corunna shall be solely responsible for controlling or otherwise meeting peak demands on its water distribution system in excess of that met by the 460 gallon per minute delivery rate.

D. To assess the impact of major new water users, the City of Corunna agrees to notify the City of Owosso at least sixty (60) days prior to any new service connection to its system with a proposed water use in excess of 10,000 gallons per average day. The City of Owosso shall review the proposed new use and advise the City of Corunna and the Michigan Department of Public Health if the proposed demand may cause the above capacity allocations to be exceeded. In its review the City of Owosso may request, and the City of Corunna shall provide, additional information as necessary to accurately determine the characteristics of the proposed demand.

2. A. The water provided to the City of Corunna by the City of Owosso shall receive the same level and type of treatment as the City of Owosso provides for water supplied to its own retail customers. The City of Owosso shall give prior notice to the City of Corunna with adequate opportunity for review and comment, of any significant changes in water treatment practices which may affect the quality of the water supply. The City of Owosso shall seriously consider and respond to comments received from the City of Corunna. Final decision, however, as to the treatment process and practices shall remain with the City of Owosso.

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B. The City of Owosso shall be responsible for water quality up to the point(s) of master metering. Such responsibility shall include the following as may be required by federal or state regulations: sampling up to and at the point(s) of master metering, analysis and reporting of said sampling, and public notification and corrective action related to source of water supply and central treatment. Cost for carrying out such responsibilities shall be general water supply system expenses subject to the rate structure of paragraph 15.

C. The City of Corunna shall be responsible for maintenance and protection of water quality beyond the point(s) of master metering and throughout its distribution system. Such responsibility shall include the following as may be required by federal or state regulations: sampling beyond the point(s) of master metering, analysis and reporting of said sampling, public notification related to such sampling, and corrective action as related to maintenance and protection of water quality beyond the point(s) of master metering. This shall not, however, limit the City of Corunna from separately contracting with the City of Owosso or others for the provision of services to meet such responsibilities. The City of Corunna shall be solely responsible for any changes in water quality due to the use of water from its Well No. 3 as provided in paragraph 12.

3. Water delivered to the City of Corunna pursuant to the provisions of this agreement shall only be used by the City of Corunna for customers within its corporate limits, including any area(s) served by the City of Corunna under a Public Act 425 Agreement, as those limits and area(s) exist on the date of this agreement, unless approved by the City of Owosso.

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4. A. The City of Corunna agrees to construct a master meter and flow control station at each connection to the Owosso system at mutually agreed locations for the purpose of controlling and metering all water supplied to the City of Corunna. Said station shall be well lighted, maintained in a dry condition, with safe and ready personnel access. The City of Corunna shall supply all necessary utilities and building maintenance. The City of Corunna shall also supply the necessary meters, associated valves, control equipment, backflow prevention devices, telemetry to the Owosso Water Treatment Plant and equipment for local and remote flow indication, recording, totalizing, and throttling.

B. The City of Owosso shall be responsible for the maintenance, calibration, repair and replacement as necessary of the master meter(s), flow control equipment exclusive of any pumping equipment, and related instrumentation supplied at the master meter station(s) and at the Water Treatment Plant. In addition the City of Owosso shall have the master meter(s) independently tested and certified accurate, within the meter's originally specified accuracy, not less than once every five (5) years or upon written request of the City of Corunna. A copy of all independent test reports shall be forwarded to the City of Corunna. Costs for City of Owosso labor and routine miscellaneous maintenance materials shall be covered in the rate structure in paragraph 15. below. Costs incurred by the City of Owosso for contractual services and materials for testing, calibration, repair and/or replacement of the master meter(s) and related flow control equipment shall be separately chargeable at cost to the City of Corunna. Such costs

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shall be added to the next monthly billing, separately identified and documented, and shall be subject to the payment provisions of paragraph 15. (E) below. The City of Owosso shall provide advance notice to the City of Corunna and estimates of costs for scheduled calibrations, repairs or replacements whenever feasible.

5. The City of Corunna agrees to construct or cause to be constructed, at no capital cost to the City of Owosso except as provided in paragraph 7.(A) below, a transmission main from Aiken Road to the westerly limits of the City of Corunna. The parties hereto acknowledge that the City of Corunna and the County of Shiawassee (the "County") have entered into a contract, dated as of March 1, 1991 (the "County Contract"), under the provisions of Act 342, Public Acts of Michigan, 1939, as amended, pursuant to which the County has agreed, on behalf of the City of Corunna, to acquire and construct, and to issue bonds to finance, certain water system improvements (including the aforementioned transmission main) and the City of Corunna has agreed to repay the cost of such improvements in annual installments sufficient to pay the principal of and interest on the bonds when due.

6. A. Those water system improvements constructed and financed under the aforementioned County Contract shall be owned by the County until such time as the bonds issued to finance the improvements have been fully paid. At such time the transmission main and related appurtenances between Aiken Road and the master metering station shall become the property of the City of Owosso as shall all instrumentation and flow control equipment located at the Owosso Water Treatment Plant. The master metering station and all other improvements constructed within the corporate limits of the City of Corunna shall become the property of the City of Corunna. If any land within

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Caledonia Township, through which the transmission main runs, is annexed by the City of Corunna, the section of transmission main constructed by the City of Corunna within the annexed area(s) shall become the property of the City of Corunna provided the parties agree to a relocation of the master metering station or alternative metering for water users in the annexed area(s).

B. The City of Corunna is obligated under the County Contract to operate and maintain the water system improvements, and is authorized to contract with the City of Owosso for the operation and maintenance of that portion of the water system improvements located outside the corporated limits of the City of Corunna. Accordingly, the transmission main from Aiken Road to the master metering station shall be operated and maintained by the City of Owosso.

7. A. The City of Owosso shall be responsible for the cost of fire hydrant assemblies and other appurtenances or connections it requires along the transmission main to serve the distribution system or customers in Caledonia Township. The City of Owosso shall be responsible for recovering such costs from Caledonia Township and/or the customers served by such improvements.

B. The City of Owosso shall reimburse the City of Corunna for each new customer service connection to the transmission main constructed by the City of Corunna outside its legal boundaries in accordance with the following schedule. Such reimbursement shall be issued as a credit to the next monthly billing to the City of Corunna following receipt of such connection surcharge by the City of Owosso from the new customer.

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<u>SERVICE TYPE/SIZE</u>	<u>CONNECTION SURCHARGE</u>
RESIDENTIAL 3/4"	\$1,000
1" TO 2"	\$1,500
3"	\$2,000
4"	\$2,500
6"	\$3,000

8. The City of Corunna and the City of Owosso agree to maintain the water distribution system in their respective districts in good repair including maintenance of fire hydrants, repair of leaks, installation of services, and items of similar nature usually associated with the routine maintenance and operation of a public water supply system in accordance with the rules and regulations of the Michigan Department of Public Health.

9. The City of Corunna agrees to submit to the City of Owosso for review and approval complete plans and specifications for transmission mains, master meter stations and equipment, booster/high service pump stations and water storage tanks. The City of Owosso agrees that approvals shall not be unreasonably withheld.

10. It is understood and agreed that the City of Owosso shall, through its City Manager, or his appointed agent(s), have access at all times to the master meter(s) and the flow control equipment for purposes of inspections, testing, calibration, repair or replacement.

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11. The City of Corunna and the City of Owosso shall carefully guard their respective water supply and/or distribution systems against all forms of contamination. If contamination should be detected or suspected, the area(s) of concern shall be investigated by the party responsible for the area(s) in question. Should contamination be detected or suspected in the City of Corunna water distribution system, the City of Corunna shall immediately notify the City of Owosso. Upon such notification the City of Owosso shall investigate water quality at the point of delivery to the City of Corunna and notify the City of Corunna of its findings. Should contamination be confirmed or indicated by water quality test results, the party or parties responsible for the contamination and/or the area of concern shall report such test results to the state agency responsible for regulation of public water systems. The responsible party or parties shall consult with the appropriate state public health official(s) and take appropriate remedial measures to eliminate the contamination and to notify the public potentially affected by such contamination.

12. It is understood and agreed that the City of Corunna may, as deemed necessary, utilize water from its Well No. 3 in the event of an emergency or other situation requiring additional source supply. The City of Corunna shall provide notice, pursuant to the provisions of paragraph 16. below, to the City of Owosso of the use of its Well No. 3.

13. The City of Owosso shall use reasonable diligence to provide and maintain regular uninterrupted service, but it does not guarantee uninterrupted service, and shall not be liable for damages caused by accident, repair, or other causes.

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14. The City of Corunna agrees to hold the City of Owosso free and clear of any liability to persons or property in the furnishing of water throughout the area. The City of Corunna agrees to indemnify the City of Owosso should the City of Owosso be held responsible or liable to any customer of the City of Corunna. Said indemnification to include reimbursement for any costs or awards from any judgement against the City of Owosso and reimbursement for reasonable attorney fees.

15. The City of Owosso agrees to sell and the City of Corunna agrees to purchase treated water in accordance with the terms and conditions of this agreement pursuant to the following rate structure:

A. BASE COMMODITY CHARGE. If this agreement is executed prior to July 1, 1991, the Base Commodity Charge shall be \$1.10 per 1,000 gallons of water delivered to Corunna as shown on the master meter(s). For any period for which the master meter(s) is (are) out of service, the daily flow shall be assumed equal to the previous twelve (12) month running average daily flow unless otherwise mutually agreed. Increases or decreases to the Base Commodity Charge for Corunna shall be made at the same time and be of the same percentage change as commodity rate increases or decreases assessed to the City of Owosso retail water customers, provided the rate increase or decrease reflects changes in the cost of water production for which the City of Corunna derives a direct benefit.

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B. COMMODITY SURCHARGE. A surcharge shall be assessed on any monthly billing for which the twelve (12) month running average flow exceeds the 330,000 gallon per day allocation. The surcharge shall be determined as follows:

$$\text{COMMODITY SURCHARGE} = (A - B) \times C \times D$$

where A = Average flow for the last twelve (12) months
in gallons per day.

B = 330,000 gallons per day

C = Base commodity charge currently in effect

D = Number of days in the current billing month

C. DEBT SERVICE CHARGE.

1. The base Debt Service Charge shall be \$946. per month beginning the month that water service to Corunna is initiated or the twelfth month following execution of this agreement whichever occurs first. The base Debt Service Charge shall continue through the June, 1996 billing. The base Debt Service Charge represents 11% of the remaining annual debt service on the City of Owosso Water Supply System Revenue Bonds of 1968. These bonds are to be fully retired July 1, 1996.

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C. 2. Future capital improvements are anticipated to maintain, replace and/or improve the Owosso Water Supply and Treatment System during the term of this agreement. Those capital improvements funded by current operating revenues or from the Plant Improvement and Replacement Fund shall not result in added debt service charges to the City of Corunna. However, if it is necessary or desirable for the City of Owosso to issue additional bonds or to use an alternate mechanism to finance major capital improvements of mutual benefit to the City of Owosso and the City of Corunna, the City of Corunna shall be responsible for additional monthly debt service charges based on eleven percent (11%) of the annual debt service of the additional bonds or alternate financing mechanism. However, if the additional debt service results from a project to increase the system's rated capacity beyond 6,000,000 gallons per day, Corunna's share of the additional annual debt service shall be based on the ratio of Corunna's maximum daily flow allocation to the system's rated maximum day capacity.

D. CONNECTION CHARGE. The City of Corunna agrees to pay to the City of Owosso a Connection Charge of \$55,000 prior to the initiation of water service. Said amount shall be deposited in the Plant Improvement and Replacement Fund. The Connection Charge is an agreed amount representing eleven percent (11%) of recent capital improvements to the Owosso Water Supply System. The cost of these improvements is not reflected in the Commodity or Debt Service Charges since the improvements were financed from system retained earnings.

E. Bills shall be issued monthly during the first seven (7) days of the month. Bills will be due by the twentieth (20th) day of the month. Bills not paid within the calender month of issue shall accrue a penalty of one per cent (1%) per month or fraction thereof for each month that said bill or part thereof remains delinquent, computed upon the unpaid amount.

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16. Notice which is required pursuant to the provisions of paragraphs 1.C. and 12. of this agreement shall be given by telephone call to the person or persons designated to receive such notice and shall be confirmed in writing within two business days following such telephone notification. The written confirmation shall be mailed to the city manager of the city receiving notice. In all other cases where notice is required pursuant to the provisions of this agreement, such notice shall be in writing and mailed to the city manager of the city receiving notice.

17. The term of this agreement shall be thirty ⁵⁷(30) years from the date of execution. This agreement may be amended or revised by mutual agreement of both parties. This agreement may be terminated as follows:

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- A. By mutual agreement of both parties.
 - B. After thirty (30) years, at the option of either party upon one (1) years written notice to the other party, and then only with the consent and approval of the Michigan Department of Public Health or its successor(s).
 - C. At the option of either party for any breach of this agreement continuing after sixty (60) days notice to the breaching party demanding performance.

Notwithstanding the foregoing, so long as the bonds issued by the County of Shiawassee to finance the water system improvements are outstanding, (i) the parties hereto shall give the County Drain Commissioner at least thirty (30) days prior written notice of any proposed amendment, revision or termination of this agreement and (ii) at the time any notice is given to a breaching party under C. of this paragraph 17, a copy of such notice shall also be sent to the County Drain Commissioner.

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18. The City of Corunna and the City of Owosso agree that this contract is not assignable to any other municipal body or private person.

19. This agreement shall inure to the benefit of and be binding upon the respective parties hereto and their successors.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first above written.

In the presence of:

Robert Reich
Michael J. [unclear]

THE CITY OF OWOSSO

By Christine B. Mitchell
Christine B. Mitchell
Its Mayor

And Therese M. Martin
Therese M. Martin
Its Clerk

Loy L. Latend

William [unclear]

THE CITY OF CORUNNA

By William Striggow
William Striggow
Its Mayor

And Linda Johnson
Linda Johnson
Its Clerk

Approved as to form:

William Brown Date 6-17-91
William Brown, Owosso City Attorney

Approved as to substance:

Gregg Guetschow Date 6/17/91
Gregg Guetschow, Owosso City Manager