

AGREEMENT

BETWEEN

THE CITY OF OWOSSO, THE CITY OF CORUNNA, AND  
THE TOWNSHIPS OF CALEDONIA AND OWOSSO OF  
SHIAWASSEE COUNTY, MICHIGAN FOR SEWER SERVICE  
TO BE PROVIDED BY THE CITY OF OWOSSO FOR THE  
CITY OF CORUNNA AND THE TOWNSHIPS OF CALEDONIA  
AND OWOSSO.

THIS AGREEMENT made this 17 day of August, A. D.,  
1977, by and between the CITY OF OWOSSO (hereinafter defined as the  
"City of Owosso"), the CITY OF CORUNNA and the TOWNSHIPS OF  
CALEDONIA AND OWOSSO (hereinafter defined as the "Service Units"),  
all of which public corporations are located in the County of Shiawassee  
and State of Michigan;

WITNESSETH:

WHEREAS, the City of Owosso now owns and is operating the Plant;  
and

WHEREAS, the City of Owosso intends to acquire and construct  
Plant Improvements capable of providing the equivalent of secondary and  
tertiary treatment of sanitary sewage from both the City of Owosso and  
the Service Units; and

WHEREAS, the Service Units intend to acquire and construct  
sewers to convey sanitary sewage from the Service Units to the Plant; and

WHEREAS, the treatment of the sanitary sewage from both the  
City of Owosso and the Service Units at the Plant will be beneficial to all  
units of government from both an economical and health standpoint and it  
is necessary to provide for the sharing of the costs of the operation of the

AUGUST  
1977

Plant, the Plant Improvements and other improvements to the Plant from time to time and other cost relating to the Plant.

THEREFORE, it is agreed by and between the parties hereto as follows:

1. Whenever used in this Agreement and the Preamble hereto, the following words and terms shall have the following meanings unless the context clearly indicates otherwise:

(a) "Additional Plant Improvements" shall mean additions, betterments and improvements to the Plant in addition to the Plant Improvements.

(b) "Caledonia" shall mean the Township of Caledonia, Shiawassee County, Michigan.

(c) "Capital Charge" shall mean the quarterly charge to the Service Units in the amount of Five Thousand (\$5,000.00) Dollars representing the present value of the existing waste water treatment facility of the City amortized over a period of twenty (20) years from the date of the first payment. The Service Units respective shares of the Capital Charge shall be the percentages set forth in Column 12 of Tabulation A.

(d) "City of Owosso" shall mean the City of Owosso, Shiawassee County, Michigan.

(e) "City's Engineers" shall mean the firm Ayres, Lewis, Norris and May, consulting engineers of Ann Arbor, Michigan, the consulting engineers engaged by the City of Owosso to provide engineering services for the Plant Improvements and such successor engineers as may be designated from time to time by

AUGUST  
1977

the City of Owosso to provide engineering services in connection with the Plant, Plant Improvements and Additional Plant Improvements.

(f) "City Bonds" shall mean the City of Owosso General Obligation Wastewater Treatment System Bonds to be authorized by the City in the aggregate principal amount of not to exceed \$3,200,000 with the last principal maturity thereof scheduled to mature in not less than twenty-five years from the date of issuance thereof, to the extent that the proceeds thereof are used in part to pay part of the cost of Plant Improvements and the cost of the issuance of the City Bonds including Capitalized Interest, and any additional bonds issued by the City of Owosso to complete the Plant Improvements.

(g) "Corunna" shall mean the City of Corunna, Shiawassee County, Michigan.

(h) "Debt Service Charge" shall mean the semi-annual charge to be paid by the Service Units as provided in this Agreement and shall be equal to that percentage of (i) the semi-annual interest payments (not capitalized) and the annual principal payments on the City Bonds, (ii) the payments of principal of and interest (not capitalized) on the City Bonds, if any, prior to the time that the sewers of any Service Units are connected to the Plant plus interest at the average interest rate per annum borne by the whole of said City Bonds on the amount of principal and interest (not capitalized) so paid on the City Bonds, if any, prior to the time of the connection of the sewers of any Service Unit to the Plant and (iii) the interest at the average interest rate per annum borne by the whole of said City Bonds on the amounts described in subparagraph (ii) above in the event that the Service Unit elects to pay the same over a period of twenty (20) years as authorized by Paragraph 6(a) of this Agreement, said amount to be calculated in such a manner

as to provide for payment of principal and interest in equal semi-annual payments as herein provided, as the amount of the contracts for the Plant Improvements to be paid in part from the City Bonds bears to the total of all contracts to be paid in part from the City Bonds. The Service Unit's respective share of the Debt Service Charge shall be the percentages set forth in Column 12 of Tabulation A.

(i) "EPA" shall mean the Environmental Protection Agency of the United States of America or any successor agency performing the functions of the EPA under the laws of the United States of America.

(j) "Grant" shall mean the grant to be received by the City of Owosso to pay part of the cost of acquiring and constructing the Plant Improvements from the State of Michigan and the United States of America.

(k) "Industrial Cost Recovery Charge" shall mean the charges to be paid for by the Service Units to the City of Owosso and to be collected by the City of Owosso from its customers in order to permit payment to the United States of America of industrial cost recovery in such amounts as may be required by the regulations of the EPA for Industrial Cost Recovery.

(l) "Operation and Maintenance Charge" shall mean the monthly charge to be paid by the Service Units for their respective shares of the cost of operation, maintenance and repair of the Plant and shall be based on the flow of sewage from each of the Service Units and the City of Owosso measured by the

AUGUST  
1977

master meters or otherwise, as hereinafter provided, and for each of the Service Units shall be that portion of the monthly cost of operation, maintenance and repair of the Plant that the sanitary sewer flow from each of the Service Units bears to the total sanitary sewer flow processed at the Plant, and shall be based on the respective flows for the preceding month. The cost of operation, maintenance and repair shall include those items hereinafter more particularly set forth but shall not include any replacement items paid for from funds derived from the Replacement Charge or any items paid for as a part of the Capital Charge.

(m) "Owosso Township" shall mean the Township of Owosso, Shiawassee County, Michigan.

(n) "Plant" shall mean the existing waste water treatment facility of the City of Owosso and after acquisition, construction and placing in operation of the Plant Improvements shall mean said existing facility and the Plant Improvements and in the event that Additional Plant Improvements are acquired, constructed and placed in operation shall mean the Plant and Additional Plant Improvements.

(o) "Plant Improvements" shall mean the additions, improvements and betterments to the Plant to be acquired and constructed from the proceeds of the sale of City Bonds and the grant in accordance with the plans and specifications therefore prepared by the City Engineers as authorized by the Michigan Department of Natural Resources and EPA, subject to modifications as herein provided.

(p) "Replacement Charge" shall mean the quarterly charge

to be paid by the Service Units to the City of Owosso and to be charged and collected by the City of Owosso in order to permit the establishing and maintaining of a Replacement Fund in an amount to be determined by the Review Board in order to meet the requirements established by the regulations of the EPA less any credit therefor derived from Industrial Cost Recovery Charges.

(q) "Replacement Fund" shall mean the fund established by this Agreement from the Replacement Charge.

(r) "Review Board" shall mean the Board hereby created consisting of four members, of which one member shall be designated by and represent each of the Service Units and one member shall be designated by and represent the City of Owosso. Each Service Unit and the City of Owosso shall designate an alternate member. The Plant Supervisor shall be Secretary of the Review Board, but without voting power.

The term of office for the representative of each Service Unit and the City of Owosso shall be determined by the legislative body of each of the Service Units and the City of Owosso for their respective representatives. Meetings shall be held once each month at the time and place to be set by the Review Board.

The duties of the Review Board shall be as follows:

- (i) Implementation of this Agreement.
- (ii) Review and coordinate annually a planning program of the Service Units and the City of Owosso to project capacity needs three years in advance.

AUGUST  
1977

- (iii) Review the need and determine extent of any capital improvement to the Plant and report findings and recommendations to the Service Units and the City of Owosso.
- (iv) Review the City of Owosso's proposed revenue and capital and operating expense budgets for the Plant.
- (v) Review plans and specifications for all construction of sewers or facilities connecting to the Plant.
- (vi) Review, compare and recommend ordinances or ordinance changes for conformity between the Service Units and the City of Owosso.
- (vii) Review rates for treatment of sewage for compliance with this Agreement.
- (viii) Review regularly the reports of flows and character of sewage from each of the Service Units and the City of Owosso.
- (ix) Review and familiarize Service Units and the City of Owosso with any federal, state or other authority directives, reviews or inspections.
- (x) Review annual audit report which is the basis of final expense distribution to the Service Units and the City of Owosso.
- (xi) Approve proposals for increased capacity of the Plant and for reassignment of capacity as herein provided.
- (xii) Determine the amount of the Replacement Fund and the time and amount of the periodic deposits thereto and the amount and items required for depreciation as a part of the Operation and Maintenance Charge.
- (xiii) Perform such other duties as may be assigned to it by this Agreement or by other agreement of the parties hereto.
- (s) "Service Unit Charge" shall mean the Debt Service Charge, Operation and Maintenance Charge, Capital Charge, Replacement Charge and Industrial Cost Recovery Charge, collectively.
- (t) "Service Unit Sewers" shall mean the interceptor,

AUGUST  
1977

trunk and lateral sewers designated to provide sanitary sewer service in the Service Units.

(u) "Tabulation A" shall mean the tabulation attached hereto as Exhibit A to this Agreement, as the same may from time to time be modified as provided in Paragraph 2(a) of this Agreement.

(v) "Service Units" shall mean Corunna, Caledonia and Owosso Township.

(w) "Sewers" shall mean sanitary sewers and sewage shall mean sanitary sewage.

2. The City and each of the Service Units hereby:

(a) Approve Tabulation A and agree that the computation for reimbursement of services of and capacity in the Plant shall be based thereon.

(b) Approve the plans and specifications for the Plant Improvements prepared by the City's Engineers and agree that the same shall be acquired and constructed substantially in accordance with said plans and specifications.

(c) Agree that the Operation and Maintenance Charge shall be based on the following items of Plant costs:

(i) Administrative expense chargeable to the Plant which shall be equal to fifteen per cent (15%) of those operation and maintenance expenses of the Plant listed as items (iii) to (xii), inclusive, below and ten per cent (10%) of the operation and maintenance expense of the Plant listed as item (ii) below.

(ii) Cost of chemicals for treatment of sewage.

AUGUST  
1977

- (iii) Salaries for supervisory personnel and labor for Plant operation and maintenance, including F. I. C. A. payments, pension costs or any additional fringe benefits granted to said personnel.
- (iv) Cost of electric energy and other power at the Plant.
- (v) Cost of fuel at the Plant.
- (vi) Cost of chemicals for testing sewage.
- (vii) Plant and ground operation, maintenance and repair, except items covered by the Capital Charge.
- (viii) Plant equipment operation, maintenance and repair except items covered by the Capital Charge.
- (ix) Insurance and audit expenses for the Plant.
- (x) All other incidental and miscellaneous expenses normally incurred in operation, maintenance and repair of the Plant not herein specifically set forth, except items covered by the Capital Charge.
- (xi) Cost of maintenance (but not major repair and replacements) of any City of Owosso interceptor during the period it may be used by any of the Service Units for transportation of sewage originating in any of the Service Units. . . Where such an interceptor sewer is not used by all of the Service Units, this item cost shall be included only for those Service Units in fact using the interceptor and appropriate adjustments as approved by the Review Board shall be made in the total operation and maintenance costs with respect thereto.

**AUGUST**  
**1977**

(xii) Costs of maintenance, repair, reading and billing of all waste water flow meters and stations which the City may be required to maintain as may be agreed upon under other paragraphs of this Agreement.

(xiii) Cost and expense of any litigation relating to the Plant and the cost of any award or judgment or fine rendered in connection therewith.

(xiv) Depreciation and replacement cost on the Plant in such amounts and representing such items as shall be determined by the Review Board in order to meet the requirements of the regulations of EPA.

There shall be deducted from the total of each monthly operation and maintenance charge any amounts received as a surcharge as hereinafter provided.

(d) Agree that each shall be responsible for the character of the sewage originating from within its limits or into sewers over which it has control and that if the character of sewage contributed to the Plant shall be such as to impose an unreasonable or unnecessary additional burden upon the Plant or shall be of such character as to cause damage to the Plant, such sewage shall be treated before being introduced into the Plant by the Customer responsible therefor or the right to empty said sewage into the Plant may be denied, if necessary for the protection of the Plant and each agree that it will pay, indemnify and save harmless the others or any of them from and against all claims, damages, demands, expenses, liabilities and losses of every conceivable kind, character and nature whatsoever that may result to the others or any of them by reason of the introduction into its system of sewers

AUGUST  
1977

of sewage of a character that may result in the others or any of them incurring claims, damages, demands, expenses, liabilities and losses. In order to implement this provision each agrees that it will prohibit introduction into the system of sanitary sewers under its control sanitary sewage wastes of a nature described from time to time by action of the Review Board, and that to further implement this provision each agrees:

- (i) that it will enact appropriate ordinances, which may be penal in nature, prohibiting introduction of sanitary sewage wastes of the character or nature described from time to time by action of the Review Board.
- (ii) that it will enact ordinances providing for either pretreatment of sewage which is of a nature or character as will cause damage to the Plant or an unreasonable burden on the Plant or for payment of a surcharge by the premises discharging such sanitary sewage wastes or, in the appropriate case, prohibition of the right to empty such sanitary sewage into the system of sewers, and
- (iii) that, subject to law, it will enact ordinances requiring each premises abutting upon any street, alley or right of way in which there is or may be hereafter located a sanitary sewer line within their limits to connect to such sanitary sewer line not more than twelve (12) months after the sanitary sewer line becomes available, and
- (iv) that the City of Owosso as the party responsible for operation of the Plant shall have the exclusive right

AUGUST  
1977

to determine as to any premises within the City of Owosso or in any of the Service Units whether pretreatment shall be required, whether a surcharge shall be required and the amount of such surcharge or whether the right to empty into the sewer system of any of the Service Units shall be prohibited. If the City of Owosso shall determine to require pretreatment or a surcharge or to deny the right to empty into a sewer of any Service Unit, the City of Owosso shall promptly notify the appropriate Service Unit and it shall be the duty of such Service Unit to promptly require pretreatment or a surcharge or to deny the right to empty into the sewer system of the Service Unit. Where a surcharge is to be imposed, as provided in this subparagraph and subparagraph (ii) above, the Service Unit in which the premises is to pay the surcharge is located shall pay as part of its Operation and Maintenance Charge to the City of Owosso, said surcharge.

(v) that the City of Owosso shall have the right and hereby agrees that it will conduct such tests and reviews of the sanitary sewage from industrial premises located in any of the Service Units and City of Owosso as are necessary to protect the Plant under this provision and the Service Units each agree that it will supply to the City of Owosso as they are received such reports concerning the same as they may receive from their industrial customers; provided, however, that the foregoing

AUGUST  
1977

surveillance by the City of Owosso shall not relieve any of the Service Units of their liability for indemnification of the City of Owosso or the other Service Units as hereinafter provided except due to negligence of the City of Owosso, its employees or officers.

- (e) That the City of Owosso and each Service Unit will enact common ordinances to prevent to the greatest extent possible storm water from being introduced directly or indirectly to the sanitary sewers within its limits or under its control.
- (f) Consent to the use of highways, streets, alleys and other easements or rights-of-way located within their limits by each other for the purpose of acquiring, constructing, operating, maintaining and repairing the Plant and the sewers of the Service Units and other sewers of the City of Owosso and the Service Units and each agrees that it will execute such instruments in favor of such of the others as may be necessary or convenient to permit such use.
- (g) Agree to use, to greatest extent possible, common sewers in order to avoid duplication of facilities.
- (h) Agree that each shall operate its own system of trunk and lateral sewers within its limits and each shall be solely responsible for all costs of operation and maintenance of said system of sewers within its limits and each shall have the sole right to control and regulate connections to its system of sewers within its limits, and each shall establish and collect rates for the service provided to its customers by its system of

AUGUST  
1977

sewers within its limits which use the Plant and which rates shall take into account the strength, volume and delivery rate characteristics of the sewage introduced into such system of sewers, all subject to the provisions of this Agreement.

(i) Agree to establish, maintain and revise from time to time Industrial Cost Recovery Charges in such amounts and to be imposed upon such industrial users as may from time to time be required in order to permit payments to the United States of America of industrial cost recovery as may be required by the regulations of the EPA.

(j) Agree to do and take all such other actions as may be necessary to meet State and Federal requirements for the Grant or for grants for the Service Unit sewers including such actions as may be necessary to at all times meet all requirements of the EPA.

3. The City of Owosso agrees that:

(a) It will acquire and construct the Plant Improvements in accordance with the plans and specifications therefor prepared by the City's Engineers subject to such minor changes and modifications therein as may be approved solely by the City of Owosso and that are within the limitations of the construction permit issued by the Michigan Department of Health provided that such minor changes and other modifications shall not make the total costs of the Plant Improvements exceed the total budget therefor unless approved by the Review Board.

AUGUST  
1977

(b) As soon as a firm commitment for the Grant is received it will take bids for the acquisition and construction of the Plant Improvements in accordance with said plans and specifications and will execute and deliver appropriate construction contracts for substantially all of said Plant Improvements to the contractors promptly after receipt of said bids, subject only to sale and delivery of the City Bonds or any part thereof.

(c) It will cause the Plant Improvements to be acquired and constructed and placed in operation promptly.

(d) It will accept and treat all sewage from the Service Units but not in an amount exceeding, computed on an annual basis, the capacity allocated to each in Column 11 of Tabulation A except as may be permitted by this Agreement.

(e) It will cause the Plant to be operated and maintained in an efficient manner and will cause to be made to the Plant from time to time as is necessary such repairs and replacements as will cause the Plant to operate efficiently and meet all applicable local, state and federal requirements for the treatment of sewage, subject to the provisions of this Agreement and that it will obtain and maintain liability and casualty insurance on the Plant and its operations of the type and with the coverage and exclusions and deductible features normally carried on waste water treatment plants of similar character and size.

(f) It will cause to be established and maintained the Replacement Fund and will cause to be deposited into the

AUGUST  
1977

Replacement Fund the Replacement Charge received from each of the Service Units and the Replacement Charge collected by the City of Owosso, which Replacement Fund shall be in an amount and shall be funded in such manner as shall be determined by the Review Board in order to meet the requirements established by the regulations of the EPA. The moneys in the Replacement Fund shall be used solely and only for the purpose of making repairs and replacements to the Plant as shall be determined by the City of Owosso. If at any time moneys are withdrawn from the Replacement Fund they shall be restored in such amount and over such period of time as shall be determined by the Review Board in order to meet the requirements established by the regulations of the EPA. The moneys to fund the depreciation on the Plant included in the Operation and Maintenance Charge, shall be retained in a separate fund or account to be established by the City and shall be used for replacements, renewals and restorations to the Plant of the nature for which such depreciation cost has been charged as determined by the Review Board.

(g) It will impose and collect from industrial users connected to the sewer system of the City of Owosso and using the Plant the Industrial Cost Recovery Charge, and it will cause to be paid to the United States of America from moneys derived from the Industrial Cost Recovery Charge collected by it from its industrial users and from the Service Units such amounts at such times as may be required by the EPA. To the extent permitted by the EPA, the Replacement Fund may be funded in

AUGUST  
1977

whole or in part from Industrial Cost Recovery Charges received by the City and not required to be paid to the United States of America and, to the extent so funded, the amount of the Replacement Charge may be correspondingly reduced.

(h) It will keep accurate and complete records and accounts pertaining to City Bonds and to the operation, maintenance, repair and improvement of the Plant and the quantity and quality of sewage flow received by the Plant in total and from each of the Service Units and from the City of Owosso. Said records and accounts shall be open to inspection during regular working hours on regular working days by an authorized representative of any of the Service Units or of the Review Board. In addition, the City of Owosso shall cause the books and records of the City of Owosso pertaining to the Plant to be audited each year by an independent certified public accountant, and shall within thirty (30) days after completion of said audit furnish a copy to the Clerk of each of the Service Units. The City of Owosso shall prepare a budget covering all estimated operation and maintenance expenses and capital improvements for the Plant for the next ensuing fiscal year at least sixty (60) days prior to the commencement of each fiscal year and shall serve a copy of such budget within five (5) days after preparation thereof on the Clerk of each of the Service Units and on the Review Board and any of the Service Units may within ten (10) days after receipt of said budget request, in writing, served on the City of Owosso Clerk, a hearing on said budget before the City Council of the

AUGUST  
1977

City of Owosso and the Review Board, sitting jointly. In the event such a request is made such hearing shall be held by the City Council and Review Board within fifteen (15) days after receipt of the written request for such hearing.

(i) It has applied for a Grant to pay part of the cost of the Plant Improvements, and that it will take such further steps as are necessary to perfect the reception of the Grant, but can give no assurance that it will in fact receive a Grant.

(j) It will promptly authorize the City Bonds and will take such steps as may be required by law and will cause its best efforts to issue, sell and deliver the City Bonds subsequent to receipt of construction bids for the Plant Improvements, and if necessary to complete the Plant Improvements will authorize and use its best efforts to issue, sell and deliver sufficient additional bonds to complete the Plant Improvements. It will file with the Clerk of each of the Service Units and the Review Board within the thirty (30) days after delivery of the City Bonds and within thirty (30) days after delivery of any additional bonds issued to complete the Plant Improvements or for Additional Plant Improvements, a schedule showing the actual amount payable each six months as interest at the interest rates carried by the City Bonds and the amount payable as principal thereon each year.

(k) It will cause to be made Additional Plant Improvements as may from time to time be necessary in order to provide sewer service to the Service Units of a nature adequate to meet

AUGUST  
1977

applicable local, state and federal requirements for the treatment of sewage, subject to the provisions of Paragraph 9 of this Agreement.

4. Each of the Service Units agrees that:

(a) It will acquire and construct sewers within its own limits either by itself, jointly with other of the Service Units or jointly with the City of Owosso, and that it will cause said sewers to be acquired, constructed, placed in operation and connected to the Plant as promptly as possible consistent with obtaining federal and state grants with respect thereto.

(b) It will cause all sanitary sewage emanating from within its limits and for which a Service Unit Sewer is available or can be economically made available to be delivered to the Plant and will provide or permit no other method for the treatment or disposal of such sewage during the term of this Agreement; provided, however, that the City of Owosso shall not be required to accept sewage in amounts exceeding the capacity allocated to each in Column II of Tabulation A, except as may be permitted by this Agreement.

(c) It will cause its sewers to be operated and maintained in an efficient manner and will cause to be made to the same, from time to time, such repairs and replacements as will result in the same being operated efficiently and in compliance with all applicable local, state and federal requirements.

(d) It will pay to the City of Owosso in cash or by check its respective portion of the Service Unit Charge in the manner,

AUGUST  
1977

at the times and subject to the provisions of Paragraph 6 hereof and that said payments shall be absolutely met to the City without counterclaim, recoupment or set-off for any reason.

(e) It will impose and collect an Industrial Cost Recovery Charge from each industrial user connected to each of their sewer systems and using the Plant, and it will cause the collections thereof to the extent attributable to the Plant to be paid to the City of Owosso for payment to the United States of America or other use as provided by the regulations of the EPA. It will keep accurate and complete records and accounts pertaining to its Service Unit Sewers to the extent that such Service Unit Sewers use the Plant. Said records and accounts shall be open to inspection during regular working hours on regular working days by any authorized representative of the City or of the Review Board. In addition, each Service Unit shall cause its books and records relating thereto to be audited each year by an Independent Certified Public Accountant and shall, within thirty days after completion of said audit, furnish a copy to the Clerk of the City of Owosso and each of the Service Units.

(f) It will not connect or permit connection directly or indirectly to its sewers any premises which is not located within a Service Unit or the City of Owosso.

(g) It has applied for a grant from the United States of America and/or the State of Michigan to pay part of the cost of its sewers and will take such further steps as are required of it to perfect the reception of such grant, but can give no assurance that it will in fact receive such grant.

AUGUST  
1977

(h) It will promptly take appropriate steps under Michigan law to provide for the financing of its share of its sewers and will take such steps as may be required by Michigan law to permit issuance, sale and delivery of its bonds or the bonds of another governmental unit to defray its part of the cost of its sewers and if necessary to complete its sewers will take such steps under Michigan law as may be necessary to permit issuance of additional bonds to complete the same which additional bonds should not be used in substitution for proposed grants.

5. To determine the flow of sewage from each of the Service Units into the Plant, each of the Service Units shall at its cost install at the time of connection of any of its sewers directly or indirectly to the Plant and thereafter maintain master sewage meters at all locations where its sewage enters the City of Owosso's sanitary sewer system either at the Plant and/or such other locations as are shown on the plans and specifications for the Service Unit sewers or at such locations that may be mutually agreed upon by the City and the Service Unit. At certain locations where it is impossible to separate sanitary sewage emanating from the Service Unit and the City of Owosso, the contributing flow shall be measured, where possible, on water meter readings of the customers of the City of Owosso and the Service Unit contributing to such flow and, where not possible, in whole or in part, because of the absence of metered water, such flow shall be determined by procedure to be determined by the Review Board. In addition at certain locations where the sewage of a Service Unit may be contributing a minimal flow, it may be more advantageous to not install a meter at the time of

**AUGUST**  
**1977**

connection, in which event the City of Owosso and the Service Unit shall establish an equitable means of estimating the flow at said location. The City of Owosso agrees to inspect, read and maintain all master sewage meters installed by the Service Units and agrees to maintain an accurate record on not less than a quarterly basis of all readings taken from said meters. To determine the flow of sewage from the City of Owosso to the Plant, the City of Owosso agrees that it has or will install and maintain master sewage meters or other measuring devices at the Plant to show the same and which will also accurately measure the volume of sewage processed by the Plant and that it will read and record the showing thereof on not less than a monthly basis. The foregoing meters shall be read on a basis which will permit accurate billing at the times specified in Paragraph 6 hereof. The master meters of the Service Units and the City of Owosso and the recordings therefrom shall be subject to examination and audit as hereinbefore provided.

6. Each Service Unit agrees to pay on the due date which shall be ten (10) days after receipt of the bill therefor from the City of Owosso its part of the Service Unit Charges. The City of Owosso shall bill to each of the Service Units its portion of the Service Unit Charges in the manner and at the following times:

- (a) Not later than the March 1st or September 1st immediately following the date that the sewers of a Service Unit are connected to the Plant, and semi-annually thereafter on March 1st and September 1st the Service Unit's portion of the Debt Service Charge. The portion thereof representing principal and interest payments

(not capitalized) on the City Bonds paid prior to the date of the first payment of the Debt service Charge shall be paid, at the option of the Service Unit, either (i) at the time that the connection of the sewers or any of them of the Service Unit are made to the Plant or (ii) in forty (40) equal semi-annual installments on each March 1st and September 1st immediately following the time that the sewers or any of them of a Service Unit are connected to the Plant.

(b) No later than the first day of the month immediately following the date that the sewers of a Service Unit are connected to the Plant, and on the first day of each month thereafter, the Operation and Maintenance Charge. The first such charge, if less than for a month, shall be based on the actual number of days preceding the billing date that the said connection to the Plant was made.

(c) No later than the March 1st, June 1st, September 1st, and December 1st first occurring after the sewers of a Service Unit are connected to the Plant, and on each of said dates thereafter, the Capital Charge.

(d) No later than March 1st, June 1st, September 1st and December 1st first occurring after the sewers of a Service Unit are connected to the Plant, and on each of said dates thereafter, the "Replacement Charge."

(e) No later than the first day of the month immediately following the date that the Service Units collect the Industrial

Cost Recovery Charge, the portion of the Industrial Cost Recovery Charge relating to the Plant.

In the event that one or more, but not all, of the Service Units connect to the Plant prior to the completion and placing in operation of the Plant Improvements, the Operation and Maintenance Charge, the Capital Charge and the Industrial Cost Recovery Charge shall apply only to those Service Units which have so connected to the Plant prior to the completion and placing in operation of the Plant Improvements.

In the event that any Service Unit Charge or any part thereof shall not be paid within fifteen (15) days of the due date, as hereinbefore set forth, a penalty of one per cent (1%) per month or fraction thereof for each month that said Service Unit Charge or part thereof remains unpaid computed on the unpaid amount thereof shall be paid by the delinquent Service Unit at the time the payment is made.

7. The City of Owosso and each Service Unit may by agreement with each other, but with no others, assign any part of their capacity in the Plant to each other upon such terms and conditions as may be agreed upon solely between the parties so assigning and purchasing; provided, however, that such assignment shall in no way change or diminish the obligation of the assigning party as set forth in this Agreement and provided, further, that a copy of each such assignment shall be served on the Clerks of the City of Owosso and each of the Service Units within twenty (20) days after its execution.

Should any of the Service Units or the City of Owosso require a

AUGUST  
1977

greater share of the total capacity of the Plant than allocated by this Agreement, the Service Unit or the City of Owosso, as the case may be, shall have the right to lease the additional required capacity from one of the other Service Units or the City of Owosso, as the case may be, in proportion to the share of each other's unused capacity, provided that in no case shall any Service Unit or the City of Owosso be required to lease more than eighty per cent (80%) of its unused capacity and in no case shall any Service Unit or the City of Owosso be required to lease a greater proportionate share of its unused capacity than any other Service Unit or the City of Owosso with respect to their unused capacity. Any such lease agreement shall be subject to approval of the Review Board, which shall fairly adjust charges as determined originally from Tabulation A capacity assignments with full consideration for accumulated investment and appreciation of original costs of the Plant. Any Service Unit or the City of Owosso that has previously leased a part of its capacity pursuant to the provisions of this paragraph that thereafter shall require part or all of the capacity so leased shall have the capacity so required and previously leased returned to it. The Review Board shall determine the need for additional capacity in the Plant and for the return of capacity previously leased by any of the Service Units or the City of Owosso for purposes of this paragraph.

8. In the event of the transfer of jurisdiction of lands in any of the Service Units or the City of Owosso to or from another of the Service Units or the City of Owosso, by way of annexation, consolidation or otherwise, the capacity of the Service Unit or the City of Owosso from which the lands are transferred shall be as set forth in this Agreement and the Service Unit or the City of Owosso, to whom the lands are transferred, shall be

AUGUST  
1977

required to service the lands so transferred from its capacity as provided in this Agreement, and the liability of the Service Unit or the City of Owosso for the payments required in this Agreement shall remain as fixed in this Agreement. The Service Unit or the City of Owosso affected by any such transfer may, however, provide for the assignment or purchasing of capacity or the leasing of the same as provided in Paragraph 7 of this Agreement.

9. The City of Owosso may acquire and construct Additional Plant Improvements and at its sole cost additions, improvements and betterments to its sanitary sewer system and nothing in this Agreement shall be construed to prevent the same. The City of Owosso may acquire and construct Additional Plant Improvements in order to provide more capacity for itself or for the Service Units or any of them in order to meet future requirements of the City of Owosso or the Service Units or any of them and when so requested by a Service Unit it will use its best efforts to acquire, construct and finance such Additional Plant Improvements. Prior to such construction the City of Owosso and the Service Units shall enter into a supplement to this Agreement to provide for the payment of the cost thereof, which Agreement may make appropriate adjustments in the obligations of the parties with respect to the cost of operating, improving, acquiring and constructing the Additional Plant Improvements and as to capacity in the Plant as improved. Where the Additional Plant Improvements are for the purpose of providing more capacity to the City of Owosso alone, then the City of Owosso may acquire and construct such Additional Plant Improvements without the approval of the Service Units or the Review Board, and appropriate adjustments shall accordingly be made with respect to the Operation and Maintenance Charge after completion of such Additional Plant

AUGUST  
1977

Improvements so that the City of Owosso shall be solely responsible for the increase in the Operation and Maintenance Charge resulting from such Additional Plant Improvements and no additional Debt Service Charge over and above that required by the provisions of this Agreement shall be charged to the Service Units. The City shall use its best efforts to acquire and construct Additional Plant Improvements made necessary in order to meet applicable state or federal requirements for the treatment and disposal of sanitary sewer wastes and the City of Owosso will use its best efforts to issue, sell and deliver the necessary bonds of the City of Owosso to accomplish said purpose. In the event it is necessary for the City of Owosso to issue additional bonds to defray the cost of Additional Plant Improvements made necessary in order to comply with State or Federal requirements, the obligation of the Service Units to pay the Service Unit Charge shall be as set forth in this Agreement the same as though such additional bonds were issued as a part of the City Bonds. In the event Additional Plant Improvements are required to increase capacity or to meet applicable Federal or State requirements, the City of Owosso may, in lieu of borrowing money and issuing bonds to defray the cost thereof, use surplus funds under its control derived from moneys made available in connection with the acquisition and construction of the Plant Improvements or the operation of the Plant or in the Replacement Fund or derived from accumulated depreciation to pay part or all of the cost of such Additional Plant Improvements. In the event that the cost of Additional Plant Improvements are paid from moneys of the City of Owosso not related to the Plant or described in this Agreement, the amount so paid by the City of Owosso shall be deemed to have been raised by the issuance of additional bonds and the amount thereof shall be included as a part of the Debt Service Charge with interest thereon at the average rate

AUGUST  
1977

of interest borne by the City Bonds as originally issued with the principal amount and interest thereon being deemed payable semi-annually as to interest and annually as to principal over a period of twenty (20) years. Said amounts shall be collected from the Service Units as a part of the Debt Service Charge on the same dates that the Debt Service Charge is due under the Agreement, commencing with the first such due date occurring subsequent to the completion and placing in operation of such Additional Plant Improvements.

10. Construction drawings and specifications of all of the Service Units Sewers and City of Owosso sewers to be constructed shall be prepared by an engineer licensed to practice in the State of Michigan and all such design, plans and specifications, upon approval of the Service Unit, shall be submitted to the Review Board. Upon approval of the Review Board construction drawings and specifications shall be submitted to the appropriate state and other public agencies for approval. No construction contracts for Service Unit Sewers shall be awarded until all necessary approvals and permits have been obtained. The Review Board shall have the responsibility to determine that all requirements of the Uniform Standards are incorporated in the plans and specifications and shall not have the right to waive any requirements of the Uniform Standards; provided, however, that the legislative bodies of the Service Units and the City of Owosso may waive the requirements of the Uniform Standards by mutual agreement. The Uniform Standards shall be such standards of design and construction as shall from time to time be promulgated by the Review Board and approved by the legislative bodies of the City of Owosso and each of the Service Units. Approval of the Review Board shall not relieve the professional engineers

**AUGUST**  
**1977**

designing the construction of any liability.

11. Each of the Service Units agrees that it will prepare and supply to the City of Owosso after acquisition, construction and acceptance of its sewer and after acquisition, construction and acceptance from time to time of any additional sewers, "as done" drawings for said sewers which shall be kept on file at the Plant. The City of Owosso agrees that it will keep on file at the Plant, after acquisition, construction and acceptance of the Plant Improvements and after acquisition, construction and acceptance from time to time of Additional Plant Improvements, "as done" drawings for said Plant Improvements and Additional Plant Improvements. Copies of said "as done" drawings shall be available for inspection by authorized representatives of each of the Service Units, the City of Owosso and the Review Board. The City agrees that after acquisition, construction and acceptance of the Plant Improvements and from time to time Additional Plant Improvements it will cause to be prepared an audit showing the funds available and expended for such purposes and will supply a copy of such audit to the Service Units and the Review Board.

12. Nothing in this Agreement shall be construed to deprive the City of Owosso of its exclusive jurisdiction over the sewer system of the City of Owosso subject, however, to the rights of the Service Units and the Review Board as herein provided. Nothing in this contract shall be construed to deprive any of the Service Units of their jurisdiction over the system of sanitary sewers to be located in the Service Units subject, however, to the rights of the City of Owosso and Review Board as herein

AUGUST  
1977

provided.

13. The City of Owosso and each of the Service Units recognize that there may be surplus funds over and above those necessary to acquire and construct the Plant Improvements, and that these funds will be derived from the following sources:

(a) Moneys derived from the City Bonds issued to acquire and construct the Plant Improvements and, if necessary, to complete the Plant Improvements, and interest and profit earned from investing the proceeds thereof pending their use, if any, remaining after completion of the Plant Improvements.

(b) Moneys derived from the Grant, if any, remaining after completion of the Plant Improvements.

(c) Moneys derived from additional bonds of the City of Owosso issued for Additional Plant Improvements and interest and profit earned from investing the proceeds thereof pending their use, remaining after completion of the Additional Plant Improvements.

For purposes of this paragraph moneys derived from any bond issue of the City of Owosso for Additional Plant Improvements issued without approval of the Service Units shall not be considered surplus moneys.

Said surplus moneys shall be used first to make up any deficiency that may exist in the funds available to operate and maintain the Plant or to pay principal and interest on the City Bonds or on any additional bonds of the City of Owosso to pay for Additional Plant Improvements approved by the Service Units. Any surplus remaining thereafter may be used for either or both of the following purposes, but only upon prior approval of the City of

AUGUST  
1977

Owosso and the Service Units:

- (a) Acquire and construct Additional Plant Improvements in the manner provided in this Agreement; or
- (b) Calling for redemption prior to maturity or purchasing the City Bonds or additional bonds of the City of Owosso issued to acquire and construct Additional Plant Improvements approved by the Service Units.

After payment of all of the City Bonds, and any additional bonds of the City issued to pay the cost of Additional Plant Improvements approved by the Service Units, as to both principal and interest, the surplus moneys shall be disposed of in such manner as may be agreed upon by the City of Owosso and the Service Units, provided that, if within one (1) year after the aforesaid payment no agreement has been made, such surplus moneys shall be returned to the City of Owosso and the Service Units in the percentages set forth in Column 12 of Tabulation A.

The City agrees that it will keep accurate and complete books and records with respect to said surplus funds.

14. Each of the Service Units hereby acknowledge receipt of the resolution of the City of Owosso authorizing the City Bonds and each agrees that the City of Owosso shall issue the City Bonds in accordance therewith.

15. This Agreement shall be in full force and effect so long as the Plant is in operation, unless sooner terminated by the parties hereto, and shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns, provided, however, that if no part of the City

AUGUST  
1977

Bonds have been sold and delivered to the purchaser thereof by June 30, 1980, this Agreement shall be null and void and of no force and effect as of June 30, 1980.

IN WITNESS WHEREOF the parties have executed this Agreement on the first date set forth above.

CITY OF CORUNNA

CITY OF OWOSSO

By

*Spencer Hayden*  
Mayor

By

*Richard Hollander*  
Mayor

By

*Linda Johnson*  
City Clerk

By

*Shirley Fells*  
City Clerk

TOWNSHIP OF OWOSSO

TOWNSHIP OF CALEDONIA

By

*Harold Marshall*  
Supervisor

By

*Earl L. Rowe*  
Supervisor

By

*J. J. Amund*  
Township Clerk

By

*Dexter Smith*  
Township ~~Clerk~~ TREAS

TABULATION A  
 STATISTICS FOR SEWER SERVICES CONTRACT

(1) Governmental Unit	(2)* Sewer Service Area (Acres)	(3) Preliminary 1970 Total Population	(4) 1973 Sewer Service Population	(5) 1973 Service Area Density (Pers./Acre)	(6) 1973 Flow (MGD)	(7) % Total Flow	(8) Estimated 1993 Total Population	(9) 1993 Service Population	(10) 1993 Service Area Density (Pers./Acre)	(11) 1993 Flow (MGD)	(12) % Total Flow
City of Owosso	2,870	17,179	17,200	6.00	2.50	72.8	21,000	21,000	7.33	3.18	53.0
Owosso Township	5,630	4,002	2,040	0.36	0.39	11.3	8,400	7,100	1.26	1.29	21.5
Caledonia Township	7,040	4,295	2,610	0.37	0.31	9.0	8,300	7,850	1.11	0.98	16.3
City of Corunna	<u>1,860</u>	<u>2,829</u>	<u>2,900</u>	1.56	<u>0.25</u>	<u>7.2</u>	<u>4,400</u>	<u>4,400</u>	2.37	<u>0.55</u>	<u>9.2</u>
TOTALS	17,400	28,305	25,360		3.45	100.0	42,100	40,350		6.00	100.0

\* Drainage Basin Service-Area

Revise Date: September 7, 1971

AUGUST  
 1977