

**SETTLEMENT AGREEMENT AND MUTUAL RELEASE**

This Settlement Agreement and Mutual Release (including all exhibits referenced herein, the “Agreement”) is entered into as of the last date signed below (the “Effective Date”) by and between the Great Lakes Water Authority (“GLWA”), the City of Highland Park (“Highland Park”) and the State of Michigan (the “State”). GLWA, Highland Park, and the State are sometimes collectively referred to as the “Parties” or individually as a “Party.”

**RECITALS**

A. In 1983, the City of Detroit (“Detroit”) and Highland Park entered into a Sewer Service Contract (the “1983 Contract”) to formalize a previously unwritten agreement for Detroit to provide Highland Park wastewater disposal services.

B. In 1996, Detroit and Highland Park entered into a settlement agreement (the “1996 Settlement”) and consent judgment (the “1996 Judgment”) to settle Highland Park’s appeal to the Sixth Circuit from judgments entered against Highland Park in actions brought by Detroit under the 1983 Contract, Eastern District of Michigan Case Nos. 92-CV-76775 and 94-CV-73135.

C. In 2012, emergency connections were opened between Detroit and Highland Park to supply Highland Park with potable water.

D. On February 17, 2014, Detroit sued Highland Park in Wayne County Circuit Court for failure to pay amounts billed for wastewater disposal and potable water supply services, Case No. 14-001974-CK, and Highland Park filed a counterclaim (the “2014 Case”). On April 30, 2015, the Wayne County Circuit Court entered a Judgment on July 31, 2014 Opinion and Order against Highland Park in the amount of \$19,244,838.53, plus interest and costs (the “2015 Judgment”). On June 20, 2023, the Wayne County Circuit Court, on order of the Michigan Court of Appeals, reinstated the 2015 Judgment. Highland Park appealed from that ruling in Michigan Court of Appeals Case No. 367193.

E. In November 2014, Detroit and the Counties of Macomb, Oakland, and Wayne approved Articles of Incorporation establishing GLWA as a municipal authority under Act 233 of 1955, MCL 124.282. On June 12, 2015, Detroit, through its Water & Sewerage Department, entered into a Regional Sewage Disposal System Lease and a Regional Water Supply Lease Agreement with GLWA (collectively, the “Leases”). On January 1, 2016, GLWA began operating the regional water and wastewater systems in accordance with the Leases and other agreements between GLWA and Detroit. Pursuant to the Leases, Detroit assigned the 2015 Judgment to GLWA.

F. On October 28, 2016, Highland Park sued GLWA and other defendants in the U.S. District Court for the Eastern District of Michigan for alleged violations of the Clean Water Act, Case No. 16-cv-13840 (the “2016 Case”). On September 26, 2018, the U.S. District Court dismissed Highland Park’s claims in that action. On May 18, 2020, the Sixth Circuit Court of Appeals affirmed the dismissal in Sixth Circuit Case Nos. 19-1979 and 19-1981. The District Court then awarded GLWA attorneys’ fees in the amount of \$241,418.75 in the 2016 Case. Highland Park posted a cash bond in that amount with the U.S. District Court clerk and appealed again to

the Sixth Circuit Court of Appeals (Case No. 22-1288). The Sixth Circuit affirmed the U.S. District Court's ruling on September 20, 2023. Highland Park filed a petition for rehearing.

G. On August 6, 2019, Highland Park sued the State Land Bank Authority in the Michigan Court of Claims, Case No. 19-000129-MZ (the "2019 Case").

H. On September 8, 2020, GLWA sued Highland Park in the Wayne County Circuit Court, Case No. 20-011589-CB, alleging Highland Park failed to pay amounts due for wastewater disposal and potable water supply services (the "2020 Case"), seeking amounts owed after the filing of the 2014 Case. Highland Park asserted counterclaims for declaratory relief alleging that it had been overcharged for wastewater disposal and potable water supply services under the terms of the 1996 Settlement and the 1996 Judgment.

I. On July 28, 2021, GLWA sued the State in the Michigan Court of Claims, Case No. 21-000151-MM, to recover amounts due for potable water supplied by Detroit and GLWA to Highland Park (the "2021 Case"). On August 16, 2023, the Court of Claims dismissed GLWA's complaint. On November 3, 2023, the Court of Claims stayed proceedings and extended the deadline to file post-judgment motions to February 1, 2024.

J. On April 21, 2022, GLWA sued Highland Park in Wayne County Circuit Court for its failure to adopt certain rules approved by GLWA in connection with an industrial pretreatment plan, (the "2022 Case"). The Wayne County Circuit Court granted summary disposition in favor of GLWA and granted GLWA's request for declaratory relief by declaring the updated rules effective. Highland Park appealed to the Michigan Court of Appeals, Case No. 362416.

K. The Parties executed a term sheet dated October 18, 2023 (the "Term Sheet") providing that they "shall enter into a settlement agreement by January 15, 2024 that incorporates the basic terms set forth below including mutually agreeable release language." The Parties agreed to an extension of the January 15, 2024 deadlines referenced in the Term Sheet and signed stipulated orders confirming that agreement and extension.

L. The Parties have denied all liability or wrongdoing alleged in (1) the 2014 Case, (2) the 2016 Case, (3) the 2019 Case, (4) the 2020 Case, (5) the 2021 Case, and (6) the 2022 Case (collectively, including all matters on appeal in these cases, the "Litigation"). The terms, representations, warranties, and other statements contained herein are non-admissible as evidence of an admission of liability or wrongdoing.

M. Under the Term Sheet, the State and Highland Park agreed to amend or replace the current Administrative Consent Order (ACO) ACO-399-06-2017 between the Drinking Water and Environmental Health Division (DWEHD) of the Department of Environment, Great Lakes, and Energy (EGLE) and Highland Park, to address the requirements of the Term Sheet that are specific to Highland Park, as well as address any outstanding items from the current ACO. The current ACO will be replaced with the Administrative Compliance Agreement attached hereto and executed contemporaneously with this Agreement.

N. The Parties enter into this Agreement in good faith and to fully and finally compromise and settle all claims or potential claims which they may have against one another arising from the Litigation, whether or not specifically raised through the Litigation, and in

consideration of the mutual promises and representations contained in this Agreement, covenant and agree as follows.

## **TERMS**

**1. Term Sheet.** The Parties agree that all of the terms and conditions provided in the Term Sheet, attached hereto as **Exhibit A**, are incorporated herein and made part of this Agreement.

**a. Mutual Release.** Except for the performance of the obligations set forth in this Agreement, or incorporated by reference in this Agreement, and subject to the terms and conditions of this Agreement, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, the Parties, for themselves and for any individual or legal entity which claims a derivative right herein, completely release and forever discharge each other and their past, present and future officers, directors, members, stockholders, attorneys, agents, servants, representatives, employees, parents, subsidiaries, affiliates, partners, indemnitors, departments, agencies, branches, predecessors, successors-in-interest and assigns, and related entities, of and from any and all claims, demands, causes of action, rights, damages, costs, attorneys' fees (except as provided herein), and compensation of any nature whatsoever, whether based in tort, contract (express, implied or otherwise), or any other theory of recovery, which the Parties now have or may hereafter accrue or otherwise acquire, in any way arising, directly or indirectly, out of or in any manner related to alleged acts or omissions in the Litigation. This Agreement, subject to the terms below, shall be a fully binding and complete settlement between the Parties.

The release by GLWA of the 2015 Judgment and claims asserted in the 2014 Case and 2020 Case, and Highland Park's release and waiver of any further challenge to GLWA's rules that were the subject of the 2022 Case (Wayne County Circuit Court Case No. 22-004754-CB), shall not be effective (a) unless all Parties execute this Agreement and execute within 10 business days of the first authorized signature all exhibits hereto, including the Water and Sewage Services Contracts, ACA, and Trust Agreement, each attached hereto and defined below, (b) until receipt by the trustee identified in the Trust Agreement, defined below, of one month of all amounts paid for Highland Park water, sewer (including industrial waste control) and stormwater services, as specified in the Trust Agreement, and distribution by the trustee identified in the Trust Agreement of such funds to GLWA pursuant to the Trust Agreement, and (c) until receipt by GLWA of the \$25 million sewer infrastructure grant funds and the State's commitment in writing to allocate to GLWA the \$5 million in drinking water infrastructure funds referenced at Paragraph 2.c of the Term Sheet.

**b. Administrative Compliance Agreement.** Highland Park and the State Department of Environment, Great Lakes and Energy ("EGLE") will amend and replace the July 28, 2017 Administrative Consent Order with the Administrative Compliance Agreement ("ACA") executed contemporaneously with this Agreement and attached hereto and incorporated herein as **Exhibit B**.

c. **Consent Judgment.** The Wayne County Circuit Court shall retain jurisdiction to enforce the terms of this Agreement in the 2014 Case. After execution by all Parties of this Agreement, including all exhibits hereto, this Agreement will be entered by the Wayne County Circuit Court in the 2014 Case with a copy of this fully executed Agreement as a consent judgment. A proposed stipulated order for entry of that consent judgment is attached hereto as **Exhibit C**. To the extent that any future disputes over water and sewer services arise between Highland Park and GLWA under the Water and Sewage Services Contracts attached as exhibits to this Agreement, such disputes shall be resolved in accordance with the dispute resolution procedures set forth in those agreements.

d. **Water and Sewage Services Contracts.** Highland Park and GLWA have executed contemporaneously with this Agreement contracts for wastewater disposal services (inclusive of industrial waste control and stormwater services) and potable water supply attached hereto and incorporated herein as **Exhibit D** (the “Water and Sewage Services Contracts”). Subject to all terms and conditions of this Agreement and the Water and Sewage Services Contracts between GLWA and Highland Park, beginning January 1, 2024 and on a going forward basis, Highland Park shall pay the full amount of GLWA’s monthly charges pursuant to the terms of the Water and Sewage Services Contracts between GLWA and Highland Park.

e. **Trust Agreement.** All amounts paid for all Highland Park water and sewer services, including all amounts paid for industrial waste control and stormwater services, shall be placed into a trust pursuant to a trust agreement, defined below, in which the trustee distributes such amounts to GLWA and any remaining amounts to Highland Park on the same date. The amounts required to be placed into the trust include all payments received for any and all types of water and/or sewer services, including payments for water, sewer (including IWC) and stormwater services provided by Highland Park or any person or entity acting on its behalf. These amounts include IWC charges, water consumption revenue, sewer consumption revenue, administrative charges, readiness-to-serve charges, stormwater charges, drainage charges, billing charges, miscellaneous charges (fees or charges related to permits, meters, and/or surcharges), and any other accounts, charges, fees, or amounts paid in connection with any services provided by the water department or any entity acting on its behalf, including any and all amounts received in payment for any bill issued by or on behalf of the Highland Park water department. Any grants or loans from the State of Michigan to Highland Park for infrastructure projects shall not be part of or included in the trust. The trust will be administered pursuant to the trust agreement executed by GLWA, Highland Park and Comerica Bank contemporaneously with this Agreement and attached hereto as **Exhibit E** (the “Trust Agreement”).

f. **Independent Rate Analyst.** By January 1, 2024, Highland Park shall increase its local water and sewer rates by adopting an interim amended budget for the period of January 1, 2024 to June 30, 2024. For all subsequent fiscal years, Metro Consulting Associates or its State-of-Michigan-approved successor shall annually retain an independent rate analyst, subject to the approval of the State, to calculate

necessary adjustments in its local water and sewer rates to ensure that the funding for Highland Park's water and sewer operations is sufficient to ensure payment of all GLWA charges and all overhead, maintenance, and operational costs associated with its local sewer operations. The rate analyst shall recommend the necessary rates to Highland Park and Highland Park shall annually adjust its local water and sewer rates in accordance with the recommendations of its rate analyst.

**g. Dismissal of Claims.** After (a) execution by all Parties of this Agreement and all the exhibits hereto, including the Trust Agreement attached hereto as Exhibit E, (b) receipt by the trustee identified in the Trust Agreement of one month of all amounts paid for Highland Park water, sewer (including industrial waste control) and stormwater services, as specified in the Trust Agreement, and distribution by the Trustee (as defined in the Trust Agreement) of such funds to GLWA pursuant to the Trust Agreement, and (c) receipt by GLWA of the \$25 million sewer infrastructure grant funds and the State's commitment in writing to allocate to GLWA the \$5 million of drinking water infrastructure funds referenced at Paragraph 2.c of the Term Sheet, the Parties shall submit proposed orders of dismissal with prejudice of all of their respective claims in the Litigation as set forth in Paragraph 9 of the Term Sheet, for dismissal of (1) the 2014 Case and satisfaction of the 2015 Judgment, (2) the 2016 Case, including the petition for rehearing in the appeal therefrom, (3) the 2019 Case, (4) the 2020 Case, (5) the 2021 Case, and (6) the 2022 Case, in the form of the proposed orders attached hereto at **Exhibit F**.

**h. Release of Cash Bond.** The \$241,418.75 cash bond, including any interest thereon, deposited by Highland Park with the U.S. District Court Clerk in the 2016 Case shall be released to GLWA. Highland Park and GLWA shall submit the stipulation in the form attached hereto as **Exhibit G** simultaneously with the proposed orders of dismissal referred to in the preceding paragraph.

**2. Warranties.** The Parties each warrant and represent that they have read this Agreement in its entirety, have had full opportunity to review and discuss the Agreement with their attorneys, fully understand and enter it freely and knowingly and that the signatories below have the requisite authority to execute this Agreement.

**3. Compliance with Contracts.** The Parties agree that neither this Agreement nor the performance thereof violates or constitutes a default under the provisions of any contract to which each Party is/was bound or under applicable law. The Parties further warrant that each of them is not subject to any restrictive covenant arising from prior agreements, writings or documents under which it is in any way restricted from fulfilling any of the obligations of this Agreement.

**4. Entire Agreement and Modification.** This Agreement, including the exhibits referenced herein and attached hereto, contains the entire understanding of the Parties with respect to the subject of this Agreement and completely integrates all prior discussions or agreements, written or oral, except for those expressly referenced herein. This Agreement may not be modified in any manner, except by written agreement signed by all Parties with approval from the Highland Park City Council, GLWA Board of Directors, and the Governor of the State of Michigan and a joint stipulation of all the Parties and a Wayne County Circuit Court order. The Parties shall file a

joint stipulation and notice to the Court for any such modification. Notwithstanding anything to the contrary herein, the ACA, Water and Sewage Services Contracts and the Trust Agreement may be amended according to their terms and without any stipulation or court order.

**5. Governing Law and Jurisdiction.** This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan. The Parties consent to entry of this Agreement as a consent judgment in the 2014 Case and agree that the Wayne County Circuit Court retains jurisdiction to enforce the terms of this Agreement. GLWA and Highland Park agree to resolve future disputes over water and sewer services through binding, mandatory, expedited arbitration as set forth in the Water and Sewage Services Contracts.

**6. Rules of Construction.** The language of this Agreement shall be construed as a whole, according to its fair meaning and intent. In the event any term or condition of this Agreement is determined to be vague, ambiguous or unenforceable, such term will not be construed against any Party because of the Party's role in the preparation of this Agreement and all remaining provisions shall be fully enforceable and binding on the Parties.

**7. Severability.** The Parties agree that the provisions of this Agreement are severable, and if any provision of this Agreement is found to be inconsistent with, void, or unenforceable under existing or future law having jurisdiction over and otherwise properly governing the subject matter of the provision, the provision shall be deemed to be rescinded or modified in accordance with any such law, but all other provisions of this Agreement shall continue and remain in full force and effect. The Parties agree that this Agreement shall be binding upon and shall inure to the benefit of the Parties' successors and assigns.

**8. Waiver of Challenge to Legality of Agreement.** The Parties agree that this Agreement, and all documents referenced in this Agreement are legal, valid, and enforceable as written under applicable law. As a result, the Parties waive their right to later challenge the legality of this Agreement or the documents referenced in this Agreement.

**9. Injunctive Relief.** The Parties reserve their rights to pursue injunctive relief or take other appropriate action in the Wayne County Circuit Court to enforce the provisions of this Agreement.

**10. Notices.** Unless otherwise agreed in writing by the Party receiving notice or otherwise specified in exhibits hereto, notices allowed or required to be given under this Agreement shall be made via writing and mailed by first class mail, addressed as follows:

- a. If to GLWA:  
Chief Executive Officer  
Great Lakes Water Authority  
735 Randolph, Suite 1900  
Detroit, Michigan 48226  
Attention: General Counsel
- b. If to Highland Park:  
Mayor  
City of Highland Park

*Dated February 14, 2024*

12050 Woodward Avenue  
Highland Park, MI 48203

cc: Water Department Director  
City of Highland Park  
12050 Woodward Avenue  
Highland Park, MI 48203

- c. If to State of Michigan:  
Michigan Department of Attorney General  
Environment, Natural Resources, and Agriculture Division  
525 W. Ottawa Street  
P.O. Box 30755  
Lansing, MI 48909

GLWA, Highland Park, and the State of Michigan, by and through their duly authorized officers and representatives, have executed this Agreement.

**City of Highland Park:**

By: \_\_\_\_\_  
Glenda McDonald  
Mayor

Attest:

By: \_\_\_\_\_  
Brenda Green  
City Clerk

Approved by  
Highland Park City Council on:

\_\_\_\_\_  
Date

**Great Lakes Water Authority:**

By: \_\_\_\_\_

Suzanne R. Coffey

Its: Chief Executive Officer

Approved by  
GLWA Board of Directors on:

\_\_\_\_\_  
Date

Approved as to Form by  
GLWA General Counsel on:

\_\_\_\_\_  
Signature Date

**State of Michigan**

By: \_\_\_\_\_

Its:

**INDEX OF EXHIBITS**

- A. Term Sheet dated October 18, 2023
- B. Administrative Compliance Agreement
- C. Stipulation for entry of consent judgment
- D. Water and Sewage Services Contracts
- E. Trust Agreement
- F. Proposed orders of dismissal with prejudice of Litigation
- G. Stipulation to release \$241,418.75 cash bond



## Judicial Resource Services PC

Facilitation - Mediation

28800 8 Mile Road, Suite 111  
Farmington Hills, MI 48336

T: 248-888-9922  
F: 248-888-9955

James J. Rashid  
Circuit Judge, Retired

www.JRSADR.com  
Dates@JRSADR.com

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### MEDIATION COMMUNICATION

#### Term Sheet– 10/18/2023

1. The Great Lakes Water Authority (GLWA), the City of Highland Park (HP), and the State of Michigan (SOM) shall enter into a settlement agreement by January 15, 2024 that incorporates the basic terms set forth below including mutually agreeable release language. The various documents referenced and necessary to effectuate this term sheet shall be attached, signed, and incorporated as a part of that agreement by that date. In addition, the Department of Environment, Great Lakes and Energy (EGLE) will either amend or replace its July 28, 2017 Administrative Consent Order (ACO) by January 15, 2024 to incorporate the terms set forth below that are specific to HP.
2. The SOM shall:
  - a. Pay for the reasonable and necessary cost to install water master meter(s) on water lines and sufficient temporary meters to estimate the sewage flow produced by HP. Metro Consulting (Metro) will be responsible for conducting the necessary work to install the meters. EGLE shall oversee that work pursuant to its regulatory authority. Metro will submit a proposal(s) to EGLE for this work, which will include the number and placement location of those meters in accordance with the provisions below. Metro will consult with GLWA in preparing the proposal(s). EGLE must approve in writing any proposal before installation of meters or implementation begins. In addition:
    - i. The water master meter(s) and temporary sewage metering devices will be installed subject to GLWA's specifications.
    - ii. The water master meter(s) shall be installed at all open points of connection between HP and GLWA.
    - iii. Upon transfer, GLWA will own, operate, and maintain the water master meter(s). HP shall be responsible for the cost of maintaining and operating the sewer meters.
    - iv. HP and GLWA shall agree to a third party and procedures to maintain and operate the sewer meters including the sharing of data produced by the meters. If the parties cannot agree to a third party or the procedures associated with operation, SOM shall identify the third party and prescribe the procedures.
    - v. HP shall have the same access to the Wholesale Automated Meter Reading (WAMR) system and Greater Detroit Regional Sewer System (GDRSS) data for the installed HP water and sewer meters as all other customer communities served by GLWA.



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Farmington Hills, MI 48336

T: 248-888-9922  
F: 248-888-9955

James J. Rashid  
Circuit Judge, Retired

www.JRSADR.com  
Dates@JRSADR.com

- vi. HP shall have the right to annually inspect the water master meter(s) and sewer meters upon request.
  - vii. Unless otherwise agreed by the parties, the water master meter(s) and sewage metering devices for HP shall be installed within one year of the execution of the settlement agreement and accompanying documents. HP shall provide full access to meter locations to complete the work timely.
- b. Pay for work necessary to complete water main and service line replacement efforts within the boundaries of HP. EGLE shall have responsibility for determining the necessary work, including conducting or supervising this work.
  - c. Release the \$25M sewer infrastructure grant funds previously allocated in the FY 2023 budget to GLWA on or before December 31, 2023 and appropriate a \$5M grant for work to be conducted by GLWA on drinking water infrastructure.
3. HP shall continue to retain Metro to operate HP's water and sewer operations, which includes all billing, collections, maintenance, and improvements. If for any reason, Metro ceases to be HP's operator, then subject to SOM's approval, HP will retain another entity to conduct these operations. Subject to all terms and conditions of the settlement agreement and the contract between GLWA and HP, beginning January 1, 2024 and on a going forward basis, HP shall pay the full amount of GLWA's monthly charges pursuant to the terms of any contract between GLWA and HP.
  4. HP will enter into contracts based on GLWA's model contract by January 15, 2024 covering the period of January 1, 2014 to December 31, 2044 for water and sewer services.
    - i. The settlement agreement and contracts shall require all amounts paid for HP water, sewer (including industrial waste control) and stormwater services be placed into a trust in which the trustee pays GLWA and any remaining amounts to HP on the same date. Any grants or loans from SOM to HP for infrastructure projects shall not be part of or included in the trust.
    - ii. Except to enforce the conditions of this term sheet and the settlement agreement, to the extent that any future disputes arise between HP and GLWA over water and sewer services, which the parties are unable to resolve within 30-days' notice of that dispute, HP and GLWA agree to resolve such disputes through expedited mandatory arbitration pursuant to Michigan statute and court rule that shall be binding upon them. For a charge or billing dispute, the trustee must place in escrow the amount in dispute.



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Farmington Hills, MI 48336

T: 248-888-9922  
F: 248-888-9955

James J. Rashid  
Circuit Judge, Retired

www.JRSADR.com  
Dates@JRSADR.com

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- iii. Once the master water meter(s) is installed, HP shall be treated as part of the master metered customer class.
  - iv. For five years commencing on the date of this agreement, the model water contract will allow for Highland Park's max day and peak hour water volume demand to be updated annually as Highland Park continues to "dry up" its system by replacing water mains and lead service lines, or completing other infrastructure improvements that would impact Highland Park's water demand requirements.
5. HP and EGLE will either revise the current ACO or replace it with a new one to incorporate the terms set forth in this term sheet that are specific to HP. That ACO shall remain effective and in effect until January 1, 2044 after which it may be terminated if HP has met all of its terms.
6. Until metering data can be used to project water and sewer charges:
- a. For services provided until December 31, 2023, HP will continue to pay or the trustee will pay on HP's behalf 65% of any and all amounts received by HP in payment of bills for water and wastewater treatment services.
  - b. Effective January 1, 2024, subject to and conditioned upon execution by all parties of the settlement agreement by January 15, 2024, GLWA will reduce HP's water charges based on reductions in usage volume due to documented repairs of leaks up to 25 percent of its current water usage.
  - c. Effective January 1, 2024, subject to and conditioned upon execution by all parties of the settlement agreement by January 15, 2024, GLWA will also provide a settlement credit of \$60,000 per month to HP on its sewage charges until June 30, 2024 subject to the following:
    - i. HP may fully participate in GLWA's share and charge process for FY 2025.
    - ii. Beginning July 1, 2024, HP shall receive the lesser of (A) the current FY 2024 sewage charges and credit or (B) the new FY 2025 share and resulting charges.
    - iii. This settlement credit will terminate no later than June 30, 2025.
7. Once 12 months of quality metering data is available to project estimated annual water and sewer flows, GLWA charges to HP shall be based on that data and future data.
8. HP shall increase its water and sewer rates by adopting an interim amended budget no later than December 2023, for the period of January 1, 2024 to June 30, 2024. For all subsequent fiscal years, Metro shall annually retain an independent rate analyst, subject to the approval of the SOM, to calculate necessary adjustments in its water



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Dates@JRSADR.com

and sewer rates to ensure that the budget for HP's water and sewer operations is sufficient to ensure payment of all GLWA charges and all overhead, maintenance, and operational costs associated with its water and sewer operations. The analyst will recommend necessary rates changes to HP and HP shall annually adjust its water and sewer rates in accordance with the recommendations of the rate analyst.

9. Upon effectuation of the settlement agreement, its attachments and related documents, including initial funding consistent with this agreement and after receipt by the trustee of one month of HP's water and sewer receipts and distribution of one month's payment of funds to GLWA under Paragraph 4.i, all litigation between GLWA, Detroit Water and Sewerage Department (DWSD), HP, or SOM shall be dismissed with prejudice according to the following:
  - a. The judgment entered in Wayne County Circuit Court Case No. 2014-001974-CK shall be released or deemed satisfied, and HP shall dismiss its pending appeal from that action (COA Case No. 367193). The court shall retain jurisdiction to enforce the terms of the settlement agreement, which will be entered by the court as a consent judgment.
  - b. HP and GLWA shall submit a proposed stipulated order of dismissal of Wayne County Circuit Court Case No. 20-011589.
  - c. HP shall dismiss its appeal (COA Case No. 362416) from Wayne County Circuit Court Case No. 22-004754-CB and shall release and waive any further challenge to GLWA's rules that were the subject of that action.
  - d. GLWA and SOM shall submit a stipulated order of dismissal of Court of Claims Case No. 2021-000151.
  - e. HP and SOM will submit a proposed stipulated order of dismissal in Court of Claims Case No. 19-000129-MZ.
  - f. HP and GLWA shall submit a proposed stipulated order setting aside the Amended Consent Judgment dated June 18, 1996 in E.D. Mich. Case No. 92-CV7677-DT and 94-CV-73135-DT
10. The \$241,418.75 cash bond deposited by HP with the U.S. District Court Clerk shall be released to GLWA from E.D. Mich. Case No. 16-cv-13840.
11. Upon approval of this term sheet by HP, SOM, and GLWA, not later than October 23, 2023, GLWA and HP shall submit a signed copy of the term sheet to, and submit a request for, a stipulated Stay of the October 24, 2023, Status Conference and all further proceedings in Judge Joseph's Case No. 14-001974 and all appellate proceedings from that case, Case COA Docket No. 367193, until January 15, 2024.
12. Upon execution and approval of this term sheet by HP, SOM, and GLWA, not later than October 27, 2023, GLWA and HP shall submit:



**STATE OF MICHIGAN  
DEPARTMENT ENVIRONMENT, GREAT LAKES, AND ENERGY  
DRINKING WATER AND ENVIRONMENTAL HEALTH DIVISION  
WATER RESOURCES DIVISION**

In the matter of:  
City of Highland Park  
12050 Woodward Avenue  
Highland Park, Michigan 48203

DWEHD Agreement Number ACA-399-02-2024

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**ADMINISTRATIVE COMPLIANCE AGREEMENT**

This document results from the requirements outlined in the Term Sheet-10/18/2023 (Term Sheet); resulting from court ordered mediation in Wayne County Circuit Court Case No. 2014-001974-CK, in which the Department of Environment, Great Lakes, and Energy (EGLE), Drinking Water and Environmental Health Division (DWEHD) and Water Resources Division (WRD) are required under a consent judgment to be entered in the aforementioned Wayne County Circuit Court case to amend or replace the current Administrative Consent Order (ACO) ACO-399-06-2017 (Exhibit A) between DWEHD and the City of Highland Park (City) to address the requirements of the Term Sheet that are specific to the City, as well as address any outstanding items from the current ACO. As set forth below, EGLE alleges that the City, located at 12050 Woodward Avenue, Highland Park, Michigan is in violation of the Michigan Safe Drinking Water Act, 1976 PA 399, as amended (SDWA), and the administrative rules promulgated thereunder. The City is a supplier of water, as defined under the SDWA, through the City's ownership and operation of a Class S-2 water distribution system. The City and EGLE agree to resolve the violations set forth herein through entry of this Administrative Compliance Agreement (ACA), which are outstanding items from the Administrative Consent Order Number ACO-399-06-2017 entered into by the City of Highland Park and EGLE on July 28, 2017, as well as the requirements outlined in the above referenced Term Sheet.

The City owns and operates a combined sewer system throughout the City, which is subject to Part 31, Water Resources Protection, of the Natural Resources and Environmental Protection Act (NREPA), MCL 324.3101 *et seq.* (Part 31). The City's sewer system collects and transports storm and sanitary wastewater for treatment to the Great Lakes Water Authority's (GLWA) Interceptor System and Wastewater Resource Recovery Facility (which are collectively leased by the GLWA from the Detroit Water and Sewerage Department [DWSD]).

Executive Order 2019-06, signed by Governor Gretchen Whitmer on February 20, 2019, renamed the Michigan Department of Environmental Quality (DEQ) as the Department of Environment, Great Lakes, and Energy (EGLE). Effective April 22, 2019, a reference to the DEQ will be deemed a reference to EGLE. After April 22, 2019, a reference to the Director of the DEQ will be deemed to be a reference to the Director of EGLE. The Drinking Water and Municipal Assistance Division (DWMAD) was renamed the Drinking Water and Environmental Health Division (DWEHD). A reference to the DWMAD will be deemed a reference to the DWEHD and a reference to the Director of the DWMAD will be deemed to be a reference to the Director of the DWEHD. A reference to the Southeast Michigan District Supervisor will be deemed to be a reference to the Warren District Supervisor.

### **I. STIPULATIONS**

The City and EGLE stipulate as follows:

- 1.1 The SDWA, and the rules promulgated under the SDWA, 1979 AC, R 325.10101 *et seq.*, are pertinent to providing safe and reliable public drinking water.
- 1.2 EGLE has regulatory power and control over public water supplies and suppliers of water under MCL 325.1003.
- 1.3 MCL 325.1015(2) provides that EGLE “may order a supplier of water to make alterations in the waterworks system of its method of operation as may be required or considered advisable by [EGLE] to ensure the public water supply is adequate, healthful, and in conformance with state drinking water standards.”
- 1.4 The NREPA, MCL 324.101 *et seq.*, is an act that controls pollution to protect the environment and natural resources in the state.
- 1.5 Part 31 and the rules promulgated pursuant thereto provide for the protection, conservation, and the control of pollution of the water resources of the state.

- 1.6 The City consents to the issuance and entry of this ACA and stipulates that entry of this ACA constitutes a final order of EGLE-DWEHD pursuant to MCL 325.1015(2), enforceable in accordance with MCL 325.1022 and EGLE-WRD Sections 3106 and 3112(4) of Part 31, MCLs 324.3106 and 324.3112(4), to enter orders requiring persons to abate pollution or otherwise cease or correct activities in violation of a specific part. The City waives its right to a public hearing on this matter as available under MCL 325.1015(2) and further agrees not to otherwise contest the issuance of this ACA. The Parties agree that the resolution of this matter by the entry of this ACA is appropriate and acceptable, and that this ACA shall become effective on the date it is signed by the Director of the DWEHD. This ACA supersedes Administrative Consent Order Number ACO-399-06-2017 entered into by the City of Highland Park and EGLE on July 28, 2017.
- 1.7 The City and EGLE agree that the entry of this ACA is for settlement purposes only and does not constitute an admission by the City it has violated the law.
- 1.8 The signatory to this ACA on behalf of the City agrees and attests that he or she is fully authorized to consent to this ACA on behalf of the City and to ensure that the City will comply with all requirements of this ACA. The DWEHD Director signs this ACA under the authority delegated by the Director of EGLE.
- 1.9 The City shall achieve compliance with the aforementioned regulations in accordance with the requirements contained in Section III, Compliance Program, of this ACA.

## **II. FINDINGS**

- 2.1 On April 25, 2012, the DEQ issued a Director's Order to the City to address violations of the SDWA. A compliance schedule in the Director's Order addressed immediate issues as well as longer term corrective actions.
- 2.2 In November 2012, the City began work on repairs to the water treatment plant clarifier, as required in the Director's Order. Prior to commencing construction, the DWSD provided water to the City for a few days in order for the water plant to be shut down and repairs made. The repairs were unable to be completed, and the City continues to receive water from the DWSD (now the GLWA).
- 2.3 In a letter dated May 28, 2013, the DEQ agreed to hold deadlines pertaining to the water treatment plant in abeyance as long as the City was receiving water from the GLWA. The letter stressed the need to address items in the Director's Order related to the distribution system since the distribution system will be utilized regardless of whether the City restores the water treatment plant or continues to receive water from the GLWA. The letter requested the City submit a schedule for completion of items pertaining to the distribution system from the Director's Order. The City did not do so.
- 2.4 In July 2015, the City hired Wade Trim to take over the operations and maintenance for the City's Water Department. Wade Trim has replaced water meters, upgraded the meter reading system, and ensured water bills are sent out. The City hired Metro Consulting Associates, LLC, in April 2016 to run the City's Water Department. However, the City has not completed work on the distribution system.
- 2.5 A sanitary survey conducted in early 2016 found the distribution system deficiencies listed in Paragraph 19 of the Director's Order still need to be addressed. In April 2016, the DEQ issued a significant deficiency violation notice to the City (included in Exhibit A).
- 2.6 Since the effective date of the ACO-399-06-2017, as a result of the financial condition of the City's water and sewer fund, the City has completed some but not all of the work on the distribution system required under the Director's Order.
- 2.7 On December 14, 2023, EGLE issued a letter to the City (Exhibit B), which outlines the compliance items that are considered completed in ACO-399-06-2017. Outstanding compliance items from ACO-399-06-2017 have been incorporated into this ACA.

2.8 As set forth in the Term Sheet, multiple lawsuits have been filed by and between the City, the GLWA, the DWSD, and the State of Michigan. The GLWA alleges that the City owes in excess of \$50,000,000 for unpaid water and sewer bills. Although the City denies it owes that amount, on June 20, 2023, the Wayne County Circuit Court reinstated a judgment against the City for allegedly unpaid pre-2014 charges in excess of \$19 million plus interest and costs. The order reinstating the judgment is on appeal by Highland Park. The State subsequently appeared as an Interested Non-Party to try to assist the parties in reaching a resolution of that dispute. The Wayne County Circuit Court ordered the parties to participate in a mediated effort to resolve their issues. The Term Sheet outlines the basic terms of the agreement reached by the parties to resolve those issues. One of the terms agreed to by the parties was that the current Administrative Consent Order ACO-399-06-2017 between the DWEHD and the City of Highland Park will be amended or replaced to address the requirements of the Term Sheet, as well as address any outstanding items from the current ACO. The Term Sheet will be part of a Settlement Agreement executed by the parties that is to be submitted to the Wayne County Circuit Court, which will be entered by the court as a consent judgment over which the Court will retain jurisdiction to enforce its terms.

### **III. COMPLIANCE PROGRAM**

IT IS THEREFORE AGREED AND ORDERED THAT the City shall undertake the following actions outstanding from ACO-399-06-2017 to prevent further violations of the SDWA, as well as meeting the requirements of the Term Sheet.

The requirements from ACO-399-06-2017 shall be amended as specified below:

3.1 The City shall continue the programs established per Paragraphs 3.2 and 3.3 of ACO-399-06-2017 to locate, exercise, and inspect all valves and hydrants. The City shall submit a written report to EGLE, for review, summarizing the inventory of valves and hydrants including the number that are inoperable, in need of repair or replacement, and the number repaired or replaced. The City shall submit the report **by March 31 of each year** until the necessary water main replacements in Paragraph 3.9 are considered complete by EGLE.

- 3.2 The City shall continue to conduct an annual distribution system leak survey until the necessary water main replacements in Paragraph 3.9 are considered complete by EGLE, unless an alternative schedule is approved by EGLE. The City shall submit to EGLE, for review and approval, a written report summarizing the results of the leak survey **within 60 days** of the survey completion. The report shall include a leak repair schedule and indicate the repair method to be implemented for each leak. An update on the repair of leaks identified in the previous report shall be provided in the next report.
- 3.3 Within **eight (8) months** following EGLE's approval of water master meter location(s) proposal in Paragraph 3.7, within **eight (8) months** after there is at least one year of master meter data, and at least annually thereafter until necessary water main replacements in Paragraph 3.9 are considered complete by EGLE, the City shall submit, in writing, to EGLE, for review and approval, updates to the most current versions of the (1) Reliability Study prepared in accordance with Part 12 of the SDWA administrative rules, see Michigan Administrative Code (MAC) R 325.11201 *et seq.* and (2) the General Plan prepared in accordance with Part 16 of those administrative rules, see MAC R 325.11601 *et seq.* including the Capital Improvements Plan that identifies water system needs for 5-year and 20-year planning periods and the Asset Management Plan. The updates shall incorporate water system updates, including new water master meter(s), master meter usage data, completed water main replacements, and address comments provided by EGLE.

Term Sheet:

- 3.4 The City shall continue to retain Metro Consulting Associates, LLC (Metro) to operate Highland Park's water and sewer operations. If Metro ceases operations with Highland Park, the City shall propose another entity to EGLE, for review and approval, not later than 30 days from the release of Metro. The water and sewer operations conducted by Metro, or the EGLE-approved entity, includes all billing, collections, maintenance, and improvements which includes installation of meter(s) and replacement of lead service lines and water mains. Additionally, Metro, or the EGLE-approved entity, shall employ a full-time certified S-2 water system operator in charge and a backup operator holding an S-4 or higher certification, per the requirements of Part 19 (R 325.11905 (1), (2), (8), and (9)).

- 3.5 Not later than **September 1 of each of the City's fiscal years**, the City shall provide to EGLE, for approval, the name of the independent rate analyst the City will utilize to (1) calculate necessary water and sewer rate adjustments to ensure that the budget for the City's water and sewer operations is sufficient to ensure payment of all GLWA charges and all overhead, maintenance, and operational costs associated with its water and sewer operations and (2) recommend necessary rate changes to the City. Unless otherwise directed by EGLE, the analyst will only be required to complete a cost allocation analysis, as defined in American Water Works Manual M1 Principles of Water, Rates, Fees and Charges, as part of its report every three (3) years. **Not later than 15 days** following EGLE's approval, the City shall retain the independent rate analyst and provide EGLE documentation of retainage. The City shall provide EGLE documentation **not later than 14 days** following ratification of the rates by the City confirming that the water and sewer rates include the analyst's recommended rate adjustments and listing the effective date of ratified rates. This documentation shall include a copy of the independent rate analysts' report.
- 3.6 Subject to all terms and conditions of the Term Sheet, the Settlement Agreement, and the contract between the GLWA and the City, beginning on the effective date of this ACA and on a going forward basis, the City shall pay the full amount of the GLWA's monthly charges pursuant to the terms of any contract between the GLWA and the City. Not later than **seven (7) months** from effective date of this ACA, and every six months thereafter, the City shall submit to EGLE, for review, a summary of the previous six months of payments submitted to the GLWA.

#### WATER

- 3.7 **Not later than 30 days** from the effective date of this ACA, the City shall submit to EGLE, for review and approval, a proposal for the City to conduct all necessary work needed to provide water master meter(s) on all open points of connection between the City and the GLWA. It is understood that the City's obligation to conduct the work in this paragraph is dependent on the legislature appropriating funds or the State providing grants for this work per the Term Sheet. The proposal shall include the following items:

- a. The number and location of water master meter(s) and diameter of the connecting water main and the GLWA transmission mains. The location(s) shall be shown on a figure of the City of Highland Park's water distribution system.
- b. A summary of the hydraulic model and modeling results to be used to identify the proposed water master meter location(s). The summary shall include information regarding the setup of the model including boundary condition assumptions, values used to represent the GLWA's available capacity and pressures at the connection points, the extent of the water distribution system included in the model and associated assumptions and data used for and the results of the model calibration.
- c. Confirmation from the GLWA that the proposed water master meter location(s) are compatible with their system.
- d. A schedule covering pre-design including hydraulic modeling and an alternatives feasibility analysis, design, SDWA permitting including application submittal to EGLE and EGLE's review and approval, construction bidding and bidder selection process, construction, startup and testing, and commissioning. The schedule shall include specific dates and/or a timeline for the following items:
  - i. Submittal of an administratively complete SDWA permit application to construct the water master meter vault(s) and installation of the water master meter device(s). The permit application shall include design plans and written construction specifications in accordance with Section 4 of the SDWA, MCL 325.1004. The specifications shall also incorporate the GLWA's written equipment, construction, and operational specifications related to water master meter(s) and water master meter vault(s).
  - ii. Submittal of a summary of the construction bids, the basis for the evaluation of the bids, and the rationale for the selected bidder to EGLE.
  - iii. Submittal of written progress report(s) to EGLE for review. The progress report(s) shall be monthly unless an alternative schedule is approved by EGLE. Reports shall include a description of what has been completed, percent complete on activities, a statement regarding whether activities are on schedule, upcoming activities, a list of any

challenges and proposed resolutions, and a description of potential change orders including the impacts to schedule and/or costs. A final progress report shall be submitted following the completion of the construction and include documentation that the newly constructed components have been properly disinfected, contain water of quality that is ready to be distributed, and are fully operational, prior to putting the newly constructed components into service.

- iv. The completion of water master meter(s) installation, such that meter(s) are fully operational, within one year of the execution of the ACA and accompanying documents, unless otherwise agreed by the parties to the settlement agreement and granted through Paragraph 5.1 of this ACA.

In preparing the proposal, the City shall:

- a. Consult with the GLWA on (1) the number, location, and size of water master meter(s) and the information and documentation used to support that determination and (2) the process for testing and startup of the meter(s) to confirm proper connections to the GLWA's operational systems. The City shall update EGLE on the status of communications with the GLWA and shall include EGLE representatives in key meetings or written communications with the GLWA.
- b. Incorporate the GLWA's written equipment, construction, and operational specifications related to water master meter(s) and water master meter vault(s).

EGLE will notify the City, in writing, of approval or any deficiencies in the proposal. The EGLE-approved proposal shall be incorporated by reference into Section III – Compliance Program.

- 3.8 The City shall provide contractors, the GLWA, EGLE, or other entities full access to meter location(s) to complete the construction work timely.
- 3.9 **Not later than November 30, 2024, and each subsequent year**, the City shall submit to EGLE, for review and approval, an annual proposal listing the water main and lead service line replacement project(s) to be designed, bid out, and constructed in accordance with the EGLE-approved schedule provided per Paragraph 3.6d. It is

understood that the City's obligation to conduct the work in this paragraph is dependent on the legislature appropriating funds, the State providing grants, or the identification of any other funding for this work per the Term Sheet. The City shall continue to provide a proposal annually until EGLE has notified the City, in writing, that the necessary water main and lead service line replacements have been completed. This proposal shall include, at a minimum:

- a. A drawing showing the location of the work.
- b. The rationale for selecting the project(s) including supporting documentation from necessary hydraulic modeling studies, asset evaluations, and reliability studies which are to be updated per Paragraph 3.3.
- c. Cost estimate(s) and schedule(s) that include design, permitting, bidding and contracting, and construction. Schedule(s) shall include sufficient time to obtain EGLE approvals. The schedule(s) shall include line items and dates for each of the following tasks:
  - i. Submittal to EGLE, for review and approval, an administratively complete SDWA permit application(s) for water main replacement project(s). The permit application shall include design plans and written construction specifications in accordance with Section 4 of the SDWA, MCL 325.1004. The schedule shall allow sufficient time for EGLE's permit review and issuance process.
  - ii. Submittal of a summary of the construction bids, the basis for the evaluation of the bids, and the rationale for the selected bidder to EGLE.
  - iii. Submittal to EGLE, for review, written monthly progress reports for each separate project unless an alternative schedule is approved by EGLE. The progress reports shall include a description of what has been completed, percent complete on activities, a statement regarding whether activities are on schedule, upcoming activities, a list of any challenges and proposed resolutions, and a description of potential change orders including the impacts to schedule and/or costs. In addition, progress reports shall include documentation of water main hydrostatic leak testing and disinfection, including the location and

results of bacteriological testing, and commissioning of the water main into service.

EGLE will notify the City, in writing, of approval or any deficiencies in the proposal or if it determines that the proposed work is not necessary. The EGLE-approved proposal shall be incorporated by reference into Section III – Compliance Program.

- 3.10 **Not later than 14 days** from identification of a changed condition, the City shall submit a change order request for cost impacts and/or schedule impacts of greater than four (4) weeks to EGLE, for review and approval, prior to incurring costs or implementing changes. The change order request shall include an itemized description of the elements included, the reason for the change, and the schedule and/or cost impact. EGLE will notify the City, in writing, of approval or any deficiencies in the change order request or if it determines that the proposed change order work is not necessary.
- 3.11 Not later than 730 days from the completion of Paragraphs 3.7 and 3.9 of this ACA, the City shall complete the following to ensure adequate technical, managerial, and financial (TMF) capacity for the water system, in accordance with the SDWA.
- a. Conduct a comprehensive analysis of water supply alternatives using a qualified third-party consultant. The consultant shall have experience with assessing the operation, management, and finances of public utilities and shall not have any conflicts of interest related to the City of Highland Park water system. The scope of the study shall include the water distribution system. The analysis shall compare the annual costs of the following options of (1) being a GLWA customer and owning, operating, and maintaining its water distribution system, (2) a partnership with an existing water system which would include the ownership, operation, and maintenance of the City of Highland Park's water distribution system, and (3) other alternative options proposed by the City. The analysis shall account for the capital and ongoing operating costs of each option and must express how each option analyzed will impact customer affordability.
  - b. Conduct a comprehensive TMF capacity study using a qualified third-party consultant. The consultant shall have experience with assessing the operation, management, and finances of public utilities and shall not have any conflicts of interest related to the City of Highland Park water system. The scope of the

study shall include the water distribution system. The study must identify the City of Highland Park's level of service goals, the TMF capacity necessary to maintain compliance with the SDWA for the options identified in Paragraph 3.11 and any gaps between the capacity needed to meet level of service goals and the capacity available, as well as provide a reasonably attainable implementation plan for closing any identified gaps in capacity. For the needed funding and available source(s) of funding, this evaluation must factor in affordability limitations, must clearly identify what funds are in hand, and if outside funding sources, such as state or federal grants, are proposed, then details of what is required to secure those funds and the likelihood of securing those funds must be provided.

- c. Once complete, the comprehensive analysis and TMF capacity study must be submitted to EGLE, for review and approval. Within 30 days of EGLE's approval, the City must announce and make available to the public for review the comprehensive analysis and TMF capacity study. At a minimum, the City shall make the document available to the public in a digital format at the City's website and in a hard copy format at public facilities, such as city offices, libraries, community centers, etc. The public shall have at least 60 days to submit comments and the City must provide the public a means to submit comments in a digital and written format. Within 30 days of the end of the public comment period, the City must compile and record all comments and provide a copy to EGLE.

## SEWER

- 3.12 Not later than 30 days from the effective date of this ACA, the City shall submit to EGLE, for review and approval, a work plan for the City to conduct all necessary work needed to provide sufficient temporary meters to estimate the total combined sewage flow produced by the City. The work plan shall include the following items:
  - a. Sanitary sewer map(s) of the City's collection system and a description of the sewer districts identifying connection points to the DWSD, the GLWA, and subdistricts within the collection system (if any).

- b. Specific locations and types of flow meters to be installed or used within the collection system to ensure flow measurement throughout the system.
  - c. In addition to flow meters, any other available information that will be used to estimate flow.
  - d. Temporary sewage meters shall be programmed to collect sewer level data in addition to flow and velocity. The work plan should identify how the temporary meters will be programmed to collect data, preferably at not more than five minute standard recording intervals.
  - e. The work plan should identify, for each proposed temporary meter, the location, sewer size, and rationale for the location of each temporary meter.
  - f. A procedure for routine data collection and review.
- 3.13 In preparing the work plan, the City shall:
- a. Consult with the GLWA on items including, but not limited to, the number, location, and size of temporary sewer meters and the information and documentation used to support that determination.
  - b. Include EGLE representatives in any meetings or written or verbal communications with the GLWA.
  - c. Incorporate GLWA specifications related to temporary sewer meters.
  - d. Prepare project schedules such that temporary sewer meters are installed within one year of the settlement agreement and accompanying documents. The City shall provide full access to meter locations to complete the work timely.
- 3.14 The City shall be responsible for the cost of maintaining and operating the temporary sewage metering.
- 3.15 Not later than 60 days after execution of this ACA, the City shall consult with the GLWA and agree to a third party and procedures to maintain and operate the sewer meters including the sharing of data produced by the meters and procedures to migrate to becoming a permanently sewer metered customer in the M-Class for sewer billing purposes. If the parties cannot agree to a third party or the procedures associated with operation, EGLE shall identify the third party and prescribe the procedures.

- 3.16 Not later than one year after execution of the settlement agreement, the City shall install temporary sewer meters in accordance with the EGLE-approved work plan. Flow metering shall be conducted for 12 months.
- 3.17 The temporary meters shall be installed at least two (2) weeks prior to the target start date so that any meter location issues can be resolved.

#### **IV. EGLE APPROVAL OF SUBMITTALS**

- 4.1 For any work plan, proposal, or other document that is required by this ACA, to be submitted by the City to EGLE for review and approval (excluding applications for permit or license), the following process and terms of approval shall apply.
- 4.2 All work plans, proposals, and other documents required to be submitted by this ACA shall include all of the information required by every applicable statute or rule, and all of the information required by the applicable paragraph(s) of this ACA.
- 4.3 In the event EGLE disapproves a work plan, proposal, or other document, it will notify the City, in writing, specifying the reasons for such disapproval. In response, the City shall submit a revised work plan, proposal, or other document that adequately addresses the reasons for EGLE's disapproval within 30 days of the date of EGLE's notice. If the revised work plan, proposal, or other document is still not acceptable to EGLE, EGLE will notify the City of this disapproval.
- 4.4 In the event EGLE approves with specific modifications, a work plan, proposal, or other document, it will notify the City, in writing, specifying the modifications required to be made to such work plan, proposal, or other document prior to its implementation and the specific reasons for such modifications. EGLE may require the City to submit, prior to implementation and within 30 days of the date of such approval with specific modifications, a revised work plan, proposal, or other document which adequately addresses such modifications. If the revised work plan, proposal, or other document is still not acceptable to EGLE, EGLE will notify the City of this disapproval.
- 4.5 Upon EGLE approval of an original or modified work plan, proposal, or other document, such work plan, proposal, or other document shall be incorporated by reference into this ACA and shall be enforceable in accordance with the provisions of this ACA.

- 4.6 Failure by the City to submit an approvable work plan, proposal, or other document, within time periods specified above constitutes a violation of this ACA and shall subject the City to the enforcement provisions of this ACA, including the stipulated penalty provisions specified in Paragraph 9.1 of this ACA.
- 4.7 Any delays caused by the City's failure to submit an approvable work plan, proposal, or other document when due shall in no way affect or alter the City's responsibility to comply with any other deadline specified in this ACA.
- 4.8 No informal advice, guidance, suggestions, or comments by EGLE regarding reports, work plans, plans, specifications, schedules, or any other writing submitted by the City will be construed as relieving the City of its obligation to obtain written approval, if and when required by this ACA.

## **V. EXTENSIONS**

- 5.1 The City and EGLE agree that EGLE may grant the City a reasonable extension of the specified deadlines set forth in this ACA. To obtain an extension, the City must submit a written request to the appropriate EGLE, District Supervisor (DWEHD or WRD) at the address in Paragraph 6.1, no later than ten (10) business days prior to the pertinent deadline, and shall include:
  - a. Identification of the specific deadline(s) of this ACA that will not be met.
  - b. A detailed description of the circumstances that will prevent the City from meeting the deadline(s).
  - c. A description of the measures the City has taken and/or intends to take to meet the required deadline.
  - d. The length of the extension requested and the specific date on which the obligation will be met.

The District Supervisor, in consultation with the Enforcement Specialist, shall respond in writing to such requests. No change or modification to this ACA shall be valid unless in writing from EGLE.

## **VI. REPORTING**

- 6.1 The City shall make all submittals and written notifications required by this ACA, to EGLE, DWEHD or WRD, whichever is applicable, Warren District Supervisor (District Supervisor), 27700 Donald Court, Warren, Michigan 48092. The cover letter with each submittal shall identify the specific paragraph and requirement of this ACA that the submittal is intended to satisfy.
- 6.2 The City shall verbally report any violation(s) of the terms and conditions of this ACA to the District Supervisor by no later than the close of the next business day following detection of such violation(s) and shall follow such notification with a written report within five (5) business days following detection of such violation(s). The written report shall include a detailed description of the violation(s), as well as a description of any actions proposed or taken to correct the violation(s). The City shall report any anticipated violation(s) of this ACA to the above-referenced individual(s) in advance of the relevant deadlines whenever possible.

## **VII. RETENTION OF RECORDS**

- 7.1 Upon request by an authorized representative of EGLE, the City shall make available to EGLE all records, plans, logs, and other documents required to be maintained under this ACA or pursuant to the SDWA and NREPA and/or its rules. All such documents shall be retained by the City for at least a period of three (3) years from the date of generation of the record unless a longer period of record retention is required by the SDWA or NREPA and retained by the City for at least a period of five (5) years from the date of generation of the record unless a longer period of record retention is required by the NREPA or its rules.

### **VIII. RIGHT OF ENTRY**

- 8.1 The City shall allow any authorized representative or contractor of EGLE, upon presentation of proper credentials, to enter any City facilities directly connected to the water system at all reasonable times for the purpose of monitoring compliance with the provisions of this ACA. This paragraph in no way limits the authority of EGLE to conduct tests and inspections pursuant to the SDWA and/or the NREPA and the rules promulgated thereunder, or any other applicable statutory provision.

### **IX. PENALTIES**

- 9.1 For each failure to comply with a provision of Sections III or IV for this ACA, the City shall pay stipulated penalties of \$200 per violation per day for violations occurring one (1) to seven (7) days; \$300 per violation per day for violations continuing for eight (8) to 14 days; and \$500 per violation per day for violations continuing longer than 14 days.
- 9.2 To ensure timely payment of stipulated penalties, the City shall pay an interest penalty to the General Fund of the State of Michigan each time it fails to make a complete or timely payment. This interest penalty shall be based on the rate set forth at MCL 600.6013(8), using the full increment of amount due as principal, and calculated from the due date for the payment until the delinquent payment is finally made in full.
- 9.3 The City agrees to pay all funds due pursuant to this agreement by check made payable to the State of Michigan and delivered to the Accounting Services Division, Cashier's Office for EGLE, P.O. Box 30657, Lansing, Michigan 48909-8157. To ensure proper credit, all payments made pursuant to this ACA must include the **Payment Identification No. RMD90025**.
- 9.4 The City agrees not to contest the legality of any stipulated penalties or interest penalties assessed pursuant to Paragraphs 9.1 through 9.4, above, but reserves the right to dispute the factual basis upon which a demand by EGLE for stipulated penalties or interest penalties is made.

## **X. FORCE MAJEURE**

- 10.1 The City shall perform the requirements of this ACA within the time limits established herein, unless performance is prevented or delayed by events that constitute a “Force Majeure.” Any delay in the performance attributable to a “Force Majeure” shall not be deemed a violation of the City’s obligations under this ACA in accordance with this section.
- 10.2 For the purpose of this ACA, “Force Majeure” means an occurrence or nonoccurrence arising from causes not foreseeable, beyond the control of, and without the fault of the City, such as: an Act of God, untimely review of permit applications or submissions by EGLE or other applicable authority, and acts or omissions of third parties that could not have been avoided or overcome by the City’s diligence and that delay the performance of an obligation under this ACA. “Force Majeure” does not include, among other things, unanticipated or increased costs, changed financial circumstances, or failure to obtain a permit or license as a result of the City’s actions or omissions.
- 10.3 The City shall notify EGLE, DWEHD or WRD, whichever is applicable, by telephone, within 48 hours of discovering any event that causes a delay in its compliance with any provision of this ACA. Verbal notice shall be followed by written notice within ten (10) calendar days and shall describe, in detail, the anticipated length of delay, the precise cause or causes of delay, the measures taken by the City to prevent or minimize the delay, and the timetable by which those measures shall be implemented. The City shall adopt all reasonable measures to avoid or minimize any such delay. Nothing in this paragraph obviates the need to report violations as required by Paragraph 6.1 of this ACA.
- 10.4 Failure of the City to comply with the notice requirements and time provisions under Paragraph 10.3, above, shall render Section X, Force Majeure, void and of no force and effect as to the particular incident involved. EGLE may, at its sole discretion and in appropriate circumstances, waive in writing the notice requirements of Paragraph 10.3, above.
- 10.5 If the Parties agree that the delay or anticipated delay was beyond the control of the City, this may be so stipulated, and the Parties to this ACA may agree upon an appropriate modification of this ACA. However, EGLE is the final decision-maker on whether or not

the matter at issue constitutes a “Force Majeure.” The Parties to this ACA understand and agree that the final decision by EGLE regarding a “Force Majeure” claim is not subject to judicial review. The burden of proving that any delay was beyond the reasonable control of the City, and that all the requirements of this Section X have been met by the City, rests with the City.

- 10.6 An extension of one compliance date based upon a particular incident does not necessarily mean that the City qualifies for an extension of a subsequent compliance date without providing proof regarding each incremental step or other requirement for which an extension is sought.

#### **XI. GENERAL PROVISIONS**

- 11.1 With respect to any violations not specifically addressed and resolved by this ACA, EGLE reserves the right to pursue any other remedies to which it is entitled for any failure on the part of the City to comply with the requirements of the SDWA, and the rules promulgated thereunder, and Part 31 of NREPA, and the rules promulgated thereunder.
- 11.2 EGLE and the City consent to enforcement of this ACA in the same manner and by the same procedures for all final orders entered pursuant to the SDWA and Part 31 of NREPA.
- 11.3 This ACA in no way affects the City’s responsibility to comply with any other applicable state, federal, or local laws or regulations.
- 11.4 EGLE reserves its right to pursue appropriate action, including injunctive relief, to enforce the provisions of this ACA. At its discretion, EGLE may also seek stipulated fines or statutory fines for any violation of this ACA. However, EGLE is precluded from seeking both a stipulated fine under this ACA and a statutory fine for the same violation.
- 11.5 Nothing in this ACA is or shall be considered to affect any liability the City may have for natural resource damages caused by the City’s ownership and/or operation of the City. The State of Michigan does not waive any rights to bring an appropriate action to recover such damages to the natural resources.

- 11.6 In the event the City sells or transfers the facility, it shall advise any purchaser or transferee of the existence of this ACA in connection with such sale or transfer. Within 30 calendar days, the City shall also notify the EGLE, DWEHD and WRD, Warren District Supervisors, in writing, of such sale or transfer, the identity and address of any purchaser or transferee, and confirm the fact that notice of this ACA has been given to the purchaser and/or transferee. The purchaser and/or transferee of this ACA must agree, in writing, to assume all of the obligations of this ACA. A copy of that agreement shall be forwarded to the DWEHD and WRD District Supervisors within 30 days of assuming the obligations of this ACA.
- 11.7 The provisions of this ACA shall apply to and be binding upon the parties to this action, and their successors and assigns.
- 11.8 This ACA constitutes a civil settlement and satisfaction as to the resolution of the violations specifically addressed herein; however, it does not resolve any criminal action that may result from these same violations.

## **XII. TERMINATION**

- 12.1 This ACA shall remain in full force and effect until terminated by a written Termination Notice (TN) issued by EGLE, not earlier than January 1, 2044. Prior to issuance of a written TN, the City shall submit a request consisting of a written certification that the City has fully complied with the requirements of this ACA and has made payment of any stipulated or interest penalties required in this ACA. Specifically, this certification shall include:
- a. The date of compliance with each provision of the Compliance Program in Section III, and the date any fines or penalties were paid.
  - b. A statement that all required information has been reported to the District Supervisor.
  - c. Confirmation that all records required to be maintained pursuant to this ACA are being maintained at the facility.

EGLE may also request additional relevant information. EGLE shall not unreasonably withhold issuance of a TN.

**Signatories**

The undersigned CERTIFY they are fully authorized by the party they represent to enter into this Administrative Compliance Agreement to comply by consent and to EXECUTE and LEGALLY BIND that party to it.

**DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY**

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Eric J. Oswald, Director  
Drinking Water and Environmental Health Division

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Date

**CITY OF HIGHLAND PARK**

---

By: Glenda McDonald, Mayor  
City of Highland Park

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Date

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By: Brenda Green, City Clerk  
City of Highland Park

---

Date

**APPROVED AS TO FORM:**

---

By: Richard S. Kuhl, Assistant Attorney General  
Environment, Natural Resources, and Agriculture Division  
Michigan Department of Attorney General

---

Date



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
LANSING



C. HEIDI GREYER  
DIRECTOR

February 3, 2017

CERTIFIED MAIL

Mr. Hubert Yopp, Mayor  
City of Highland Park  
12050 Woodward Avenue  
Highland Park, Michigan 48203

Dear Mr. Yopp:

SUBJECT: Administrative Consent Order (ACO)

Enclosed please find two copies of an ACO between the City of Highland Park and the Department of Environmental Quality (DEQ), Drinking Water and Municipal Assistance Division (DWMAD), regarding violations of the Michigan Safe Drinking Water Act, 1976 PA 399, as amended (SDWA). The ACO contains dates for completion of actions to bring the distribution system in Highland Park back into compliance with the SDWA.

Please sign both copies of the ACO and **return both signed copies to me** at DEQ, DWMAD, P.O. Box 30241, Lansing, Michigan 48909-7741. I will have the ACO signed by the Division Director of the DWMAD and return a fully-executed copy to you. The effective date of the ACO will be the date it is signed by the Division Director of the DWMAD.

If you have any questions regarding the ACO, please contact me at 517-284-6536; [mauls@michigan.gov](mailto:mauls@michigan.gov); or at the address in the previous paragraph.

Sincerely,

Susan S. Maul  
Enforcement Specialist  
Drinking Water and Municipal Assistance Division

Enclosures

cc: Mr. Bryce Feighner, DWMAD  
Mr. Richard Benzie, DWMAD  
Ms. Amy Lachance, DWMAD  
Ms. Kris Donaldson, DWMAD

**STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
DRINKING WATER AND MUNICIPAL ASSISTANCE DIVISION**

In the matter of:  
City of Highland Park  
12050 Woodward Avenue  
Highland Park, Michigan 48203  
\_\_\_\_\_ /

DWMAD Order No. ACO-399- 2017

**ADMINISTRATIVE CONSENT ORDER**

This document results from allegations by the Department of Environmental Quality (DEQ), Drinking Water and Municipal Assistance Division (DWMAD). The DEQ alleges that the City of Highland Park (City), located at 12050 Woodward Avenue, Highland Park, Michigan, is in violation of the Michigan Safe Drinking Water Act, 1976 PA 399, as amended (SDWA), and the administrative rules promulgated thereunder, being 2009 ACS, R 325.10101 *et seq.* The City is a supplier of water as defined under the SDWA through the City's ownership and operation of a Class S-2 water distribution system. The City and the DEQ agree to resolve the violations set forth herein through entry of this Administrative Consent Order (Consent Order).

**I. STIPULATIONS**

The City and the DEQ stipulate as follows:

- 1.1 The SDWA, and the rules promulgated under the SDWA, 1979 AC, R 325.10101 *et seq.*, are pertinent to providing safe and reliable public drinking water.
- 1.2 The DEQ has regulatory power and control over public water supplies and suppliers of water under MCL 325.1003.
- 1.3 MCL 325.1015(2) provides that the DEQ "may order a supplier of water to make alterations in the waterworks system or its method of operation as may be required or considered advisable by the [DEQ] to ensure the public water supply is adequate, healthful, and in conformance with state drinking water standards."

- 1.4 The City consents to the issuance and entry of this Consent Order and stipulates that entry of this Consent Order constitutes a final order of the DEQ pursuant to MCL 325.1015(2), enforceable in accordance with MCL 325.1022. The City waives its right to a public hearing on this matter as available under MCL 325.1015(2) and further agrees not to otherwise contest the issuance of this Consent Order. The Parties agree that the resolution of this matter by the entry of this Consent Order is appropriate and acceptable and that this Consent Order shall become effective on the date it is signed by the Director of the DWMAD. This Consent Order supersedes Determination and Order No. 399-04-12 issued by the DEQ Director on April 25, 2012.
- 1.5 The City and the DEQ agree that the entry of this Consent Order is for settlement purposes only and does not constitute an admission by the City it has violated the law.
- 1.6 The signatory to this Consent Order on behalf of the City agrees and attests that he or she is fully authorized to consent to this Order on behalf of the City and to ensure that the City will comply with all requirements of this Consent Order. The DWMAD Division Director signs this Consent Order under authority delegated by the Director of the DEQ.
- 1.7 The City shall achieve compliance with the aforementioned regulations in accordance with the requirements contained in Section III, Compliance Program, of this Consent Order.

## **II. FINDINGS**

- 2.1 On April 25, 2012, the DEQ issued a Director's Order to the City to address violations of the SDWA. A compliance schedule in the Director's Order addressed immediate issues as well as long-term corrective actions.
- 2.2 In November 2012, the City began work on repairs to the water treatment plant clarifier as required in the Director's Order. Prior to commencing construction, the City requested the Detroit Water and Sewerage Department (DWSD) to provide water to the City for a few

days in order for the water plant to be shut down and repairs made. The repairs were unable to be completed, and the City continues to receive water from the DWSD (now the Great Lakes Water Authority [GLWA]).

- 2.3 In a letter dated May 28, 2013, the DEQ agreed to hold deadlines pertaining to the water treatment plant in abeyance as long as the City was receiving water from the GLWA. The letter stressed the need to address items in the Director's Order related to the distribution system since the distribution system will be utilized regardless of whether the City restores the water treatment plant or continues to receive water from the GLWA. The letter requested the City submit a schedule for completion of items pertaining to the distribution system from the Director's Order. The City did not do so.
- 2.4 In July 2015, the City hired Wade Trim to take over the operations and maintenance for the City's Water Department. The City hired Metro Consulting Associates, LLC, in April 2016 to run the City's Water Department. Wade Trim has replaced water meters, upgraded the meter reading system, and ensured water bills are sent out. However, they have not completed work on the distribution system.
- 2.5 A sanitary survey conducted in early 2016 found the distribution system deficiencies listed in Paragraph 19 of the Director's Order still needed to be addressed. In April 2016, the DEQ issued a significant deficiency violation notice to the City (attached as Exhibit A).

### **III. COMPLIANCE PROGRAM**

IT IS THEREFORE AGREED AND ORDERED THAT the City shall undertake the following actions to prevent further violations of the SDWA:

- 3.1 The City shall, not later than **three (3) years** after the effective date of this ACO, provide its customers with water that conforms with all applicable SDWA requirements by implementing the evaluations and improvement projects set forth in Paragraphs 3.2 through 3.8, below.

- 3.2 Within **30 days** of the effective date of this ACO, the City shall initiate a program to locate, exercise, and inspect all valves throughout the City.
- a. Within **one (1) year** of the effective date of this ACO, the City shall generate a list of all nonworking valves prioritized for repair and ensure at least 1/3 of all nonworking valves are repaired or replaced in order of priority. The City must prioritize those repairs that provide the most benefit to protection of public health.
  - b. Within **two (2) years** of the effective date of this ACO, the City shall ensure that all remaining nonworking valves identified on the list generated in Paragraph 3.2(a) are repaired or replaced.
- 3.3 The City shall continue the program to locate, exercise, and inspect all hydrants throughout the City.
- a. Within **nine (9) months** of the effective date of this ACO, the City shall generate a list of all nonworking hydrants prioritized for repair and ensure that at least 1/3 of all nonworking hydrants are repaired or replaced in order of priority. The City must prioritize those repairs that provide the most benefit to the protection of public health. Priority determination must be in collaboration with the local fire department, documentation of which shall be submitted to the DEQ, DWMAD Southeast Michigan District Supervisor.
  - b. Within **21 months** of the effective date of this ACO, the City shall ensure that all remaining nonworking hydrants identified on the list generated in Paragraph 3.3(a) are repaired or replaced.
- 3.4 Within **11 months** of the effective date of this ACO, the City shall complete a distribution system leak survey.
- a. Within **one (1) year** of the effective date of this ACO, the City shall generate a list of all water system leaks prioritized for repair and ensure at least 1/3 of all leaks have

been repaired in order of priority. Priority must be given to those repairs that provide the most benefit to protection of public health.

- b. Within **three (3) years** of the effective date of this ACO, the City shall ensure that all remaining water system leaks identified on the list generated in Paragraph 3.4(a) have been repaired.
- 3.5 Within **30 days** of the effective date of this ACO, the City shall submit a written cross-connection program to the DEQ for review and approval as required by Michigan Administrative Code (MAC) R 325.11404. Within **six (6) months** after DEQ approval, the City shall implement the program by ensuring the required inspections and corrective measures are underway.
- 3.6 Within **five (5) months** of the effective date of this ACO, the City shall recruit and employ a full time S-2 certified operator in charge and have that individual supervise the water distribution system. The City shall also begin actively overseeing all work done in the distribution system by contractors using certified distribution system operators.
- 3.7 Within **eight (8) months** of the effective date of this ACO, the City shall complete a Reliability Study in accordance with Part 12 of the SDWA administrative rules, see MAC R 325.11201 *et seq.*, and a General Plan in accordance with Part 16 of those administrative rules, see MAC R 325.11601 *et seq.* Applicable Part 16 requirements include creating a Capital Improvements Plan that identifies water system needs for 5-year and 20-year planning periods, and developing an Asset Management Plan by January 1, 2018. See MAC R 325.11606.
- 3.8 The City shall submit all reports, work plans, specifications, schedules, or any other writing required by this section to the District Supervisor, DEQ, DWMAD, Southeast Michigan District, 27700 Donald Court, Warren, Michigan 48092. The cover letter with each submittal shall identify the specific paragraph and requirement of this Consent Order that the submittal is intended to satisfy.

#### **IV. DEQ APPROVAL OF SUBMITTALS**

- 4.1 For any work plan, proposal, or other document that is required by this Consent Order to be submitted by the City to the DEQ for review and approval (excluding any application for a permit or license), the following process and terms of approval shall apply.
- 4.2 All work plans, proposals, and other documents required to be submitted by this Consent Order shall include all of the information required by every applicable statute or rule, and all of the information required by the applicable paragraph(s) of this Consent Order.
- 4.3 In the event the DEQ disapproves a work plan, proposal, or other document, it will notify the City, in writing, specifying the reasons for such disapproval. In response, the City shall submit a revised work plan, proposal, or other document that adequately addresses the reasons for the DEQ's disapproval within 30 days of receipt of the DEQ's notice. If the revised work plan, proposal, or other document is still not acceptable to the DEQ, the DEQ will notify the City of the reasons for its disapproval.
- 4.4 In the event the DEQ approves with specific modifications, a work plan, proposal, or other document, it will notify the City, in writing, specifying the modifications required to be made to such work plan, proposal, or other document prior to its implementation and the reasons for such modifications. The DEQ may require the City to submit, prior to implementation and within 30 days of receipt of such approval with specific modifications, a revised work plan, proposal, or other document that adequately addresses such modifications. If the revised work plan, proposal, or other document is still not acceptable to the DEQ, the DEQ will notify the City of the reasons for its disapproval.
- 4.5 Upon DEQ approval of an original or modified work plan, proposal, or other document, such work plan, proposal, or other document shall be incorporated by reference into this Consent Order and shall be enforceable in accordance with the provisions of this Consent Order.

- 4.6 Failure by the City to submit an approvable work plan, proposal, or other document within the time periods specified above constitutes a violation of this Consent Order and shall subject the City to the enforcement provisions of this Consent Order.
- 4.7 Any delays caused by the City's failure to submit an approvable work plan, proposal, or other document when due shall in no way affect or alter the City's responsibility to comply with any other deadline specified in this Consent Order.
- 4.8 No informal advice, guidance, suggestions, or comments by the DEQ regarding reports, work plans, plans, specifications, schedules, or any other writing submitted by the City will be construed as relieving the City of its obligation to obtain written approval when required by this Consent Order.

#### **V. EXTENSIONS**

- 5.1 The City and the DEQ agree that the DEQ may grant the City a reasonable extension of the specified deadlines set forth in this Consent Order. To obtain an extension, the City must submit a written request in duplicate addressed to the DEQ, DWMAD Enforcement Specialist, Constitution Hall, 525 West Allegan Street, Lansing, Michigan 48933, and the District Supervisor at the address in Paragraph 3.8, no later than ten (10) business days prior to the pertinent deadline. The City's request shall include:
  - a. Identification of the specific deadline(s) of this Consent Order that will not be met.
  - b. A detailed description of the circumstances that will prevent the City from meeting the deadline(s).
  - c. A description of the measures the City has taken or intends to take to meet the required deadline(s).
  - d. The length of the extension requested and the specific date on which the obligation will be met.

The District Supervisor, in consultation with the Enforcement Specialist, shall respond in writing to such requests. No change or modification to this Consent Order shall be valid unless in writing from the DEQ.

## **VI. REPORTING**

- 6.1 The City shall verbally report any violation(s) of the terms and conditions of this Consent Order to the District Supervisor by no later than the close of the next business day following detection of such violation(s) and shall follow such notification with a written report within five (5) business days following detection of such violation(s). The written report shall include a detailed description of the violation(s), as well as a description of any actions proposed or taken to correct the violation(s). The City shall report any anticipated violation(s) of this Consent Order to the above-referenced individual in advance of the relevant deadlines whenever possible.

## **VII. RETENTION OF RECORDS**

- 7.1 Upon request by an authorized representative of the DEQ, the City shall make available to the DEQ all records, plans, logs, and other documents required to be maintained under this Consent Order or pursuant to the SDWA. All such documents shall be retained by the City for at least a period of three (3) years from the date of generation of the record unless a longer period is required by the SDWA.

## **VIII. RIGHT OF ENTRY**

- 8.1 The City shall allow any authorized representative or contractor of the DEQ, upon presentation of proper credentials, to enter any City facilities directly connected to the water system at all reasonable times for the purpose of monitoring compliance with the provisions of this Consent Order. This paragraph in no way limits the authority of the DEQ to conduct tests and inspections pursuant to the SDWA or any other applicable statutory provision.

## **IX. PENALTIES**

- 9.1 For each failure to comply with a provision of Sections III or IV of this Consent Order, the City shall pay stipulated penalties of **\$200** per violation per day for violations occurring one (1) to seven (7) days; **\$300** per violation per day for violations continuing for eight

(8) to 14 days; and **\$500** per violation per day for violations continuing longer than 14 days.

- 9.2 To ensure timely payment of stipulated penalties, the City shall pay an interest penalty to the General Fund of the State of Michigan each time it fails to make a complete or timely payment. This interest penalty shall be based on the rate set forth at MCL 600.6013(8), using the full increment of amount due as principal, and calculated from the due date for the payment until the delinquent payment is finally made in full.
- 9.3 The City agrees to pay all funds due pursuant to this agreement by check made payable to the State of Michigan and delivered to the Accounting Services Division, Cashier's Office for the DEQ, P.O. Box 30657, Lansing, Michigan 48909-8157. To ensure proper credit, all payments made pursuant to this Consent Order must include the **Payment Identification No. RMD 90025**.
- 9.4 The City agrees not to contest the legality of any stipulated penalties or interest penalties assessed pursuant to Paragraphs 9.1 through 9.3, above, but reserves the right to dispute the factual basis upon which a demand by the DEQ for stipulated penalties or interest penalties is made.

#### **X. FORCE MAJEURE**

- 10.1 The City shall perform the requirements of this Consent Order within the time limits established herein, unless performance is prevented or delayed by events that constitute a "Force Majeure." Any delay in the performance attributable to a "Force Majeure" shall not be deemed a violation of the City's obligations under this Consent Order in accordance with this section.
- 10.2 For the purpose of this Consent Order, "Force Majeure" means an occurrence or nonoccurrence arising from causes not foreseeable, beyond the control of, and without the fault of the City, such as: an Act of God, untimely review of permit applications or submissions by the DEQ or other applicable authority, and acts or omissions of third parties that could not have been avoided or overcome by the City's diligence and that

delay the performance of an obligation under this Consent Order. "Force Majeure" does not include, among other things, unanticipated or increased costs, changed financial circumstances, or failure to obtain a permit or license as a result of the City's actions or omissions.

- 10.3 The City shall notify the DEQ, by telephone, within 48 hours of discovering any event that causes a delay in its compliance with any provision of this Consent Order. Verbal notice shall be followed by written notice within ten (10) calendar days and shall describe, in detail, the anticipated length of delay, the precise cause or causes of delay, the measures taken by the City to prevent or minimize the delay, and the timetable by which those measures shall be implemented. The City shall adopt all reasonable measures to avoid or minimize any such delay.
- 10.4 Failure of the City to comply with the notice requirements and time provisions under Paragraph 10.3, above, shall render Section X, Force Majeure, void and of no force and effect as to the particular incident involved. The DEQ may, at its sole discretion and in appropriate circumstances, waive in writing the notice requirements of Paragraph 10.3, above.
- 10.5 If the Parties agree that the delay or anticipated delay was beyond the control of the City, this may be so stipulated, and the Parties to this Consent Order may agree upon an appropriate modification of this Consent Order. However, the DEQ is the final decision-maker on whether or not the matter at issue constitutes a Force Majeure. The Parties to this Consent Order understand and agree that the final decision by the DEQ regarding a Force Majeure claim is not subject to judicial review. The City bears the burden of proving that any delay was beyond its reasonable control and that it has met all the requirements of Section X.
- 10.6 An extension of one compliance date based upon a particular incident does not necessarily mean that the City qualifies for an extension of a subsequent compliance date without providing proof regarding each incremental step or other requirement for which an extension is sought.

## **XI. GENERAL PROVISIONS**

- 11.1 With respect to any violations not specifically addressed and resolved by this Consent Order, the DEQ reserves the right to pursue any other remedies to which it is entitled for any failure on the part of the City to comply with the requirements of the SDWA and the rules promulgated thereunder.
- 11.2 The DEQ and the City consent to enforcement of this Consent Order in the same manner and by the same procedures for all final orders entered pursuant to the SDWA.
- 11.3 This Consent Order in no way affects the City's responsibility to comply with any other applicable local, state, or federal laws or regulations.
- 11.4 The DEQ reserves its right to pursue appropriate action, including injunctive relief, to enforce the provisions of this Consent Order. At its discretion, the DEQ may also seek stipulated fines or statutory fines for any violation of this Consent Order. However, the DEQ is precluded from seeking both a stipulated fine under this Consent Order and a statutory fine for the same violation.
- 11.5 Nothing in this Consent Order is or shall be considered to affect any liability the City may have for natural resource damages caused by the City's ownership and/or operation of the facility. The State of Michigan does not waive any rights to bring an appropriate action to recover such damages to the natural resources.
- 11.6 In the event the City sells or transfers the facility, it shall advise any purchaser or transferee of the existence of this Consent Order in connection with such sale or transfer. Within 30 calendar days, the City shall also notify the DEQ, DWMAD District Supervisor, in writing, of such sale or transfer, the identity and address of any purchaser or transferee, and confirm the fact that notice of this Consent Order has been given to the purchaser and/or transferee. The purchaser and/or transferee of this Consent Order must agree, in writing, to assume all of the obligations of this Consent Order. A copy of that agreement shall be forwarded to the District Supervisor within 30 days of assuming the obligations of this Consent Order.

- 11.7 The provisions of this Consent Order shall apply to and be binding upon the Parties to this action, and their successors and assigns.
- 11.8 This Consent Order constitutes a civil settlement and satisfaction as to the resolution of the violations specifically addressed herein; however, it does not resolve any criminal action that may result from these same violations.

## **XII. TERMINATION**

- 12.1 This Consent Order shall remain in full force and effect until terminated by a written Termination Notice (TN) issued by the DEQ. Prior to issuance of a written TN, the City shall submit a request consisting of a written certification that the City has fully complied with the requirements of this Consent Order and has made payment of any stipulated or interest penalties required in this Consent Order. Specifically, this certification shall include:
- a. The date of compliance with each provision of the Compliance Program in Section III, and the date any fines or penalties were paid.
  - b. A statement that all required information has been reported to the District Supervisor.
  - c. Confirmation that all records required to be maintained pursuant to this Consent Order are being maintained at the facility.

The DEQ may also request additional relevant information. The DEQ shall not unreasonably withhold issuance of a TN.

**Signatories**

The undersigned CERTIFY they are fully authorized by the party they represent to enter into this Consent Order to comply by consent and to EXECUTE and LEGALLY BIND that party to it.

**CITY OF HIGHLAND PARK**

**DEPARTMENT OF ENVIRONMENTAL QUALITY**

By: Hubert Yopp, Mayor

By: Bryce Feighner, P.E., Division Director  
Drinking Water and Municipal Assistance  
Division

Date: \_\_\_\_\_

\_\_\_\_\_  
Date

**APPROVED AS TO FORM:**

Bill Schuette  
Attorney General

By: Zachary C. Larsen (P72189)  
Assistant Attorney General  
Environment, Natural Resources, and  
Agriculture Division  
Department of Attorney General  
P.O. Box 30755  
Lansing, Michigan 48909

\_\_\_\_\_  
Date



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
SOUTHEAST MICHIGAN DISTRICT OFFICE



KEITH CREAGH  
DIRECTOR

April 11, 2016

**SIGNIFICANT DEFICIENCY  
VIOLATION NOTICE**

Mr. Al Coleman  
City of Highland Park  
14100 Woodward Avenue  
Highland Park, MI

WSSN: 03140

Dear Mr. Coleman:

**SUBJECT:** City of Highland Park - Water System Sanitary Survey  
Significant Deficiency Violation Notice

This letter will confirm the January 25, 2016 and March 30, 2016 meetings between Kris Donaldson, Michigan Department of Environmental Quality (DEQ) and Wade Trim staff (Chris Johnson, Andre Randall, Neil Harder, and Al Coleman); as well as City of Highland Park officials (Mayor Yopp and Cathy Square) and will summarize the subsequent review and discussion of the water supply facilities serving the City of Highland Park (City). The purpose of the meeting was to evaluate the water system with respect to the requirements of the Michigan Safe Drinking Water Act – Act 399 (PA 1976 as amended) as well as determine the status of efforts to meet the requirements of the DEQ's Determination and Order (order) issued to the City on April 25, 2012. The City's water treatment plant has been out of service since November 2012 and therefore only items in the order that pertain to the water distribution system were reviewed. In addition, the enclosed Water System Review form was updated to gather information on the City's water supply system.

The compliance items listed below pertain directly to the City's water distribution system. During the meeting, we discussed the need for the City to apply the limited available funds to the restoration of the water distribution system. The distribution system is a critical part of the water system that the City will utilize regardless of how water is generated. The City should not be applying funds to the restoration of the existing water treatment plant or to build a new water treatment plant until the needs of the water distribution system have been addressed. The outstanding deficiencies in the distribution system have continued to jeopardize the reliability of the system and must be addressed to protect public health.

The following table summarizes our findings from the survey of the water system:

Survey Element	Findings
Source	Not Applicable
Treatment	Not applicable
Distribution System	<b>Significant Deficiencies Identified</b>
Finished Water Storage	Not Evaluated
Pumps	Not Applicable
Monitoring & Reporting	No deficiencies/recommendations
Management &	<b>Deficiencies Identified</b>
Operator Compliance	No deficiencies/recommendations
Security	Recommendations
Financial	<b>Significant Deficiencies Identified</b>
Other	Not Applicable

The following significant deficiencies are violations of Act 399 and must be resolved in order to return the water system to compliance.

1. Paragraph 19a of the Order states the City will *"recruit and employ a full time S-2 certified Operator in Charge (OIC) and have that individual supervise the water distribution system. Begin actively overseeing work done in the distribution system by contractors using certified distribution system operators as required by R325.11905(8)"*

We are pleased the City has hired Wade Trim to operate the City's water department. During the meeting we discussed the limited onsite presence of the OIC. To comply with this requirement the OIC shall make daily visits to the City, be on call 24 hours per day, and supervise/direct staff responsible for daily operations.

2. Paragraph 19b of the order states the City shall *"develop a cross connection control program, initiate the required inspections, and begin any needed corrective measures as required by R325.11404."*

The City has not complied with this requirement to date. During recent meetings with the City, Wade Trim, and Michigan Department of Treasury (Treasury) staff the use of an upcoming distressed city grant was discussed as a possible funding source for hiring a contractor to develop and implement a cross connection program.

3. Paragraph 19c of the Order states the City shall *"complete a distribution system leak survey and repair all major leaks"*

The City has not complied with this requirement to date. Funding for a leak survey was provided as a part of a previous year distressed city grant. The funds available from the grant allocated for the leak survey was not sufficient to complete the survey. During a recent meeting we discussed the use of the remaining previous grant funds along with a possible upcoming loan to obtain an adequate leak study and repairs.

4. Paragraph 19d of the Order states the City shall "*initiate a program to locate and repair all nonfunctional distribution valves and fire hydrants as required by R325.11108 and TSS 8.3 and 8.4.*"

The City has not complied with this requirement to date. During recent meetings an upcoming distressed city grant was discussed as a possible funding source to bring additional staff on board for the summer to conduct a valve location and turning program to exercise and locate all nonfunctional valves. We also discussed the importance of isolating the water treatment plant property from the distribution system. The appropriate valves need to be located and closed or new valves need to be installed to properly disconnect the water treatment plant from the system.

5. Paragraph 19e of the Order states the City shall "*resolve all billing and payment issues, including ensuring that everyone receiving water is billed, reconcile the billing list to connections to the system, disconnect or shut off nonpaying or inactive accounts and ensure that bills are accurate based on metered usage.*"

The City has not fully complied with this requirement to date. During a recent meeting we discussed progress made to change out water meters and the update of the meter reading, billing, and collection system.

6. Paragraph 19f of the Order states the City shall "*resolve all lost water issues by ensuring all inaccurate customer meters and system leaks are repaired and stopping unmetered or unauthorized use of water.*"

The City has not fully complied with this requirement to date. During a recent meeting we discussed the continued water meter replacement project as well as the intent to investigate in active accounts.

The following additional deficiencies are violations of Act 399 and must be resolved in order to return the water system to compliance.

7. Part 12, Reliability, Rule 1203, requires that the City establish certain requirements as part of the Reliability Study to maintain the reliability of the public water supply system to assure a continuous supply of water for drinking and household purposes. Our records indicate that a draft reliability study was completed in 2008. Please note that effective December 4, 2009, Part 12 was revised to incorporate five year and 20 year projections, as well as additional basic information that must now be presented in the study. The minimum information which must be incorporated in this study includes the following:

a) Basic planning data, including current population, number of service connections, and equivalent residential units.

b) Sufficient water production and consumption data to identify trends for both five year and 20 year planning periods, including the following elements:

- The present and projected average daily demand.
- The present and projected maximum daily demand.
- The present and projected maximum hourly demand.
- The present and projected peak instantaneous demand for systems using hydropneumatic storage.
- The present and projected fire flow demand.
- The basis of demand projections.
- Monthly and annual production totals for each source, including water purchased from another public water supply.
- Annual usage totals for water supplied to other public water supplies.
- Annual usage totals for each customer class as determined by the public water supply.

(c) A water shortage response plan for emergencies.

8. Part 16, *General Plans*, was revised December 4, 2009, to include additional General Plan requirements. Per Rule 1604, a General Plan of the waterworks system must include a general layout of the water treatment system and distribution system, as well as the rated capacity of the waterworks system. Further, Rule 1605 requires distribution systems intended to provide fire protection to include a hydraulic analysis of the distribution system showing pressure contours under peak demands. These distribution systems must also include an inventory of water main by size, material, and age, as well as service area maps indicating service area boundaries. Additionally, according to Rule 1606, by January 1, 2016, publicly owned water supplies must include a Capital Improvements Plan that identifies water systems needs for five year and 20 year planning periods. Our records indicate that the most recent General Plan was completed in draft form in 2008. We ask that you incorporate the additional requirements as you update the City's General Plan, likely this will be done as you update your reliability study.

The Reliability Study and General Plan should be updated as part of any water system planning initiative commissioned by the City. An updated hydraulic model as well as GIS mapping of the distribution system were recently discussed uses of potential grant and/or loan funds. These tasks are important components to a reliability study and general plan and should be completed in conjunction with the updated plans.

9. Part 23, Emergency Response Plan (previously Contingency Plans) was recently revised to include terrorist or other intentional attacks on drinking water supplies. Enclosed is an Emergency Response Plan template. Please review the template

located on the DEQ website and update the City's existing plan to incorporate the additional considerations. The plan should be readily available to City personnel in the event of an emergency. It should be located and distributed, as necessary, to assure effective use by appropriate water system personnel. We also ask that the plan be made available for DEQ review upon request. Once the plan has been amended, please submit notification for our records.

Our investigation is considered complete. This significant deficiency begins as of the date of receipt of this letter and will continue until you complete corrective action. You must complete corrective action within 120 days of receipt of this letter or be in compliance with a corrective action plan and schedule approved by this office. Contact us within 30 days of receipt of this letter to discuss appropriate corrective action. You must also notify us in writing within 30 days of correcting the significant deficiency. We will visit the site within 30 days of your notification to confirm the significant deficiency has been corrected as is our obligation under the Ground Water Rule, 40 CFR §142.16(o)(4).

If you have any factual information you would like us to consider regarding the significant deficiencies identified in this Significant Deficiency Violation Notice please provide it in a written response by April 27, 2016.

We anticipate and appreciate your cooperation in resolving this matter. If you have any questions regarding this Significant Deficiency Violation Notice, please feel free to contact me at 586-753-3759, donaldsonk@michigan.gov; or Department of Environmental Quality, Office of Drinking Water & Municipal Assistance, Southeast Michigan District Office, 27700 Donald Court, Warren, Michigan 48092.

Sincerely,



Kris Donaldson  
District Supervisor  
Office of Drinking Water & Municipal Assistance

Enclosure(s)

cc/enc: Mayor Yopp, City of Highland Park  
Cathy Square, City of Highland Park  
Kris Donaldson, MDEQ  
Amy Lachance, MDEQ  
Mary Ann Dolehanty, MDEQ  
Sue Maul, MDEQ  
Neil Harder, City of Highland Park (Wade Trim)

27700 Donald Ct  
Warren, MI 48092  
Phone: 586-753-3700  
Fax: 586-753-3832

WSSN: 03140

## Office of Drinking Water and Municipal Assistance

Southeast Michigan District Office

# Water System Sanitary Survey

Highland Park Water System

2016



# WATER SYSTEM SANITARY SURVEY

## GENERAL

Basic Information					
WSSN:	03140	Supply:	Highland Park	County:	Wayne
Date:	3/30/2016	Reviewed by:	Islam/Donaldson	District:	43
Primary Contact:	Al Coleman		Copy To:	Neil Harder/Andre Randall	
SDWIS Role:			SDWIS Role:		
Title:	Superintendent		Title:	OIC	
Telephone:	248-497-8588		Telephone:	989-415-2817(neil) / 734-330-7926 (andre)	
Cell Phone:			Cell Phone:		
Pager:			Pager:		
Fax:			Fax:		
e-mail:	acoleman@wadetrim.com		e-mail:	nharder@wadetrim.com / arandall@wadetri	
Address:	14100 Woodward Ave Highland Park, MI		Address:	14100 Woodward Ave Highland Park	
Population:	11,776	Year:	2010	Basis:	Census

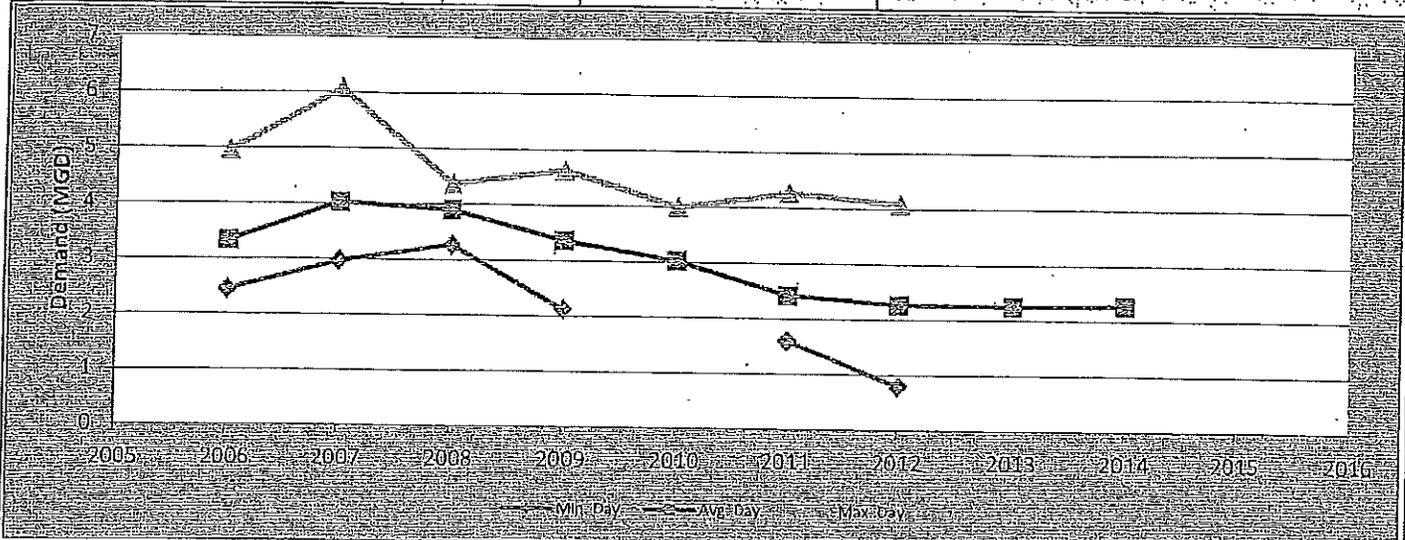
Operator Certification				
Distribution Classification:	S-2	Certification	Op. #	Exp. Date
Operator in Charge:	Neil Harder (Wade Trim)	F-2, S-2	5640	7/15/2008
Backup Operator:	Andre Randall (Wade Trim)	S-2, D-1	5174	1/15/2019
Other Operators:	Buffa Moncrief	DPW		
	Devon Knight	DPW		
	Natasha Tyler	Collections Clerks		
Treatment Capacity:	NA (Water Treatment Plant offline since 11/2012)			
Treatment Classification:	NA	Certification	Op. #	Exp. Date
Operator in Charge:	NA			
Backup Operator:	NA			
Other Operators:				
Do the operators receive adequate technical training?	Yes			
If not, what and why?				
Comments:	Al Coleman - Superintendent on location daily at customer service office in Model T Shopping complex. Customer service office handles billing with help from outside processing company. Wade Trim handles all collections and funds go into city account earmarked for water department functions. Meter shop onsite. CPI contracting (Chuck Smith) handles all watermain repairs. Discussed need for more OIC onsite presence 1-25-2016)			

Ownership	
Ownership:	City (City, Village, Township, County, Authority, Association)
Consent Agreement:	2012 Directors Order
Escrow Account:	NA
Annual Fee:	Paid (Paid, Unpaid, Exempt, Etc.)
Comments:	

**SOURCE**

**Capacity**

Year	Demand (MGD)				Max/Avg	Population History	G/C/D	% unacct.H <sub>2</sub> O
	Max. Day	Date	Avg. Day	Min. Day				
2006	4.960		3.334	2.450	1.487702	11,776	283.1	
2007	6.070		4.030	2.970	1.506203	11,776	342.2	
2008	4.370	8/21/2008	3.900	3.270	1.120513	11,776	331.2	
2009	4.630		3.368	2.130	1.374703	11,776	286.0	
2010	3.990		3.022		1.320318	11,776	256.6	
2011	4.270	1/13/2011	2.425	1.600	1.760825	11,776	205.9	
2012	4.081	9/10/2012	2.270	0.797	1.797797	11,776	192.8	
2013			2.253					
2014			2.273					
2015								



Five Year Max. Day	4.270	* No master meters in Highland Park, unable to estimate
Ten year Max. Day	6.070	usage
Five Year Avg. Day	2.305	
Max Day for capacity requirements:	6.070	

**Purchase Contract**

Principle Parties of Contract: NA - no contract with GLWA in place

Date of Contract: \_\_\_\_\_

Expiration Date: \_\_\_\_\_

- Annual Volume Available by Contract: \_\_\_\_\_ MG
- Maximum Day Available by Contract: \_\_\_\_\_ MGD
- Maximum Hour Available by Contract: \_\_\_\_\_ GPH
- Maximum Pressure Allowed by Contract: \_\_\_\_\_ PSI
- Minimum Pressure Required by Contract: \_\_\_\_\_ PSI

Comments:

## DISTRIBUTION

### Interconnections with Other Supplies

Is water purchased from other supplies? \_\_\_\_\_ GLWA  
 If yes, list WSSN number (s): \_\_\_\_\_ 2838  
 No. of Emergency Connections: \_\_\_\_\_

Location	Main Size	Capacity	Metered?	Status (Regular/Emergency)	WSSN of Connection
Hamilton and Webb	16"		Active/No	2838	
Hamilton and Six Mile Road	16"		Active/No	2838	
Pilgrim and Woodrow Wilson	12"		Emergency	2838	
Oakland and Six Mile Road	8"		Emergency	2838	
Oakland and Tennyson	12"		Emergency	2838	
Midland and Joslyn	8"		Emergency	2838	
Six Mile Road and Brush	6"		Emergency	2838	
Woodward and Six Mile Road	12"		Emergency	2838	
Woodward and Woodland	12"		Active/No	2838	

Are valves exercised annually? \_\_\_\_\_  
 Flushed? \_\_\_\_\_

Comments:  
 Currently only operating three or four of the available connections. Testing system to see what is the best option for connection location. Will likely stay on the 3-4 connections until summer when another connection may be opened due to demand. 1-25-2016

### Distribution Piping

Mains by Material		Mains by Size		Mains by Age	
Cast Iron	90%	2"		to	years
Ductile Iron	10%	4"		to	years
PVC		6"	45%	to	years
Asbestos-Cement		8"	22%	to	years
HDPE		10"	1%	to	years
Galvanized		12"	17%	to	years
Concrete		16"	4%	to	years
		24"	10%		
		30"	1%		

Estimated percent of piping with coal tar lining \_\_\_\_\_ %

Comments:

# DISTRIBUTION

## Operational Concerns & Maintenance

Are there areas where water main breaks are frequent? scattered locations

If yes, identify locations: \_\_\_\_\_  
 \_\_\_\_\_

Comments:  
 3-6 water main breaks per month on average. Approximately 60 breaks per year 1-25-2015

Are there areas where aesthetic water quality complaints are frequent? no

If yes, identify locations: \_\_\_\_\_  
 \_\_\_\_\_

Comments:

Do you receive complaints alleging illness due to the water? no

If yes, identify locations: \_\_\_\_\_  
 \_\_\_\_\_

Comments:

Are there areas where customers complain of low pressure? yes

If yes, identify locations: \_\_\_\_\_  
 \_\_\_\_\_

Comments:  
 Some complaints from time to time. 30-50psi pressure ranges. As long as two 16" meters are open there are good pressures and flows. A problem in the northwest corner of town that HP and DWSD are working on resolving. 1-25-2016  
 What is the procedure to respond to and track these complaints?

Comments:  
 Working to identify low pressure areas in conjunction with GLWA (1/2016)

## Distribution System Capacity

Are there areas where peak flows (including fire flow) cannot be maintained?

If yes, identify locations: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Comments:

Last ISO report date? 2009 Rating 4

Proposed distribution system improvements:

Location:	Estimated Completion Date
_____	_____
_____	_____

Comments:  
 \*2009 ISO report done prior to switch to GLWA water.

## DISTRIBUTION

Hydrants	
Number of Hydrants	~560
Number Without Auxiliary Shut-Off Valves	~42 (from WT contract)
Number that are Self-Draining	
Number of Inoperable Hydrants	~50
Frequency of Hydrant Inspection:	yearly
Inspection Staff:	Fire Department
Are there areas where additional hydrants are needed?	?
If yes, list locations:	
Hydrant location system	map Accurate?
Are hydrants color coded for capacity?	no
Has this information been provided to the fire department?	yes
Frequency and seasons of hydrant flushing	1 per year
Purpose of flushing	flush main/hydrant testing
Is the public notified prior to flushing?	no
Does flushing follow a specific format?	no
Is the volume of water used during flushing estimated?	no
Do hydrants receive maintenance painting?	?
Is a record maintained of hydrant activities?	?
<p><i>Hydrant records should include: Hydrant number, location of the hydrant, type of hydrant, size of barrel, size of bottom valve, size of lead, direction of turn, operable or inoperable, auxiliary valve type and size, weep holes plugged or unplugged, condition of hydrant (caps, chains, valve operation, operating nut, leakage &amp; etc.), color coded capacity, flow data (gpm &amp; psi) flushing dates, inspection dates.</i></p>	
<p>Comments:            Approximately 50 missing or inoperable hydrants in the city. Not sure if auxillary valves work on all hydrants. Need to do citywide inspection of all hydrants and valves. Hoping to get grant funding to hire more staff for this task. Reccomended Hydrant Flushing program. 1-25-2016</p>	

Valves	
Number of Valves	?
Number of Inoperable valves	?
Are there areas where additional valves are needed?	
If yes, list locations:	
Valve location system	map Accurate?
Valve turning frequencies	Primary: Others:
Records Maintained?	
<p><i>Valve records should include: valve number, location of valve (with witness points), type of valve, size of valve, normal operating status (open or closed), condition of valve (operable or inoperable), direction of turn, number of turns, and dates of operation.</i></p>	
<p>Comments:            CMMS project, Wade Trim will identify all key and non-key valves. Well exercise every key valve annually and nonkey valves every 4 years. 1-25-2016</p>	

# DISTRIBUTION

## Customer Service Information

Number of service connections	2487 active accounts,
Number of metered service connections	100
Percentage of service line materials:	Ownership of Service (CWS/Customer)
Copper estimated 20%	From Corp Stop to Curb Stop City
PVC/PE/PB unknown	From Curb Stop to Property Line Customer
Galvanized unknown	From Property Line to Meter Customer
Lead estimated 80%	Meter City

## CUSTOMER METERS

Types of meters Used	Neptune-Full AMI reading come in thru radio towers to city hall
Number of Meters with Remote Reading Devices	
Residential Meter Sizes	5/8-1"
Industrial/Commercial Meter Sizes	1" and up
Meter Testing/Maintenance Program	City currently undergoing changeout (1-25-2016)
Average Age of Meter in System	
Criteria for Changeout	
Number or Percent Changeout per Year	
Master Meter Locations	Factories
Calibration of Master Meters	Not yet, Meter Changeout in progress
Meter Reading Staff/Contract:	Buffa Moncrief/Devon Knight

Percent of Usage by Customer Type	Large Users - % of Use
% Residential	
% Commercial	
% Industrial	
% Other	

Comments:  
Records indication over 10,000 service lines in the city with 2487 active account and 2600 inactive accounts. Wade Trim going to each of the 2600 inactive account addresses to verify status. Eventually hope to have GIS system that notes status.

## System Growth

Year	# of Construction Permits Issued	Permitted Amount of WM Feet
2003	0	
2004	0	
2005	0	
2006	0	
2007	2	1725
2008	0	
2009	2	681 & liquid alum tank
2010	0	
2011	0	
2012	0	
2013	0	
2014	0	
2015	0	

Comments:

## DISTRIBUTION

### Water Rates

What is your current rate schedule? \_\_\_\_\_ /1000gals or \$/qtr, \$/cuM  
Are current rates adequate to support O&M and CIPS? No  
When was last time rates were adjusted? 2015  
Has a water rate study been performed? When? ?  
Is there a meter charge or ready to serve charge? yes depends on meter size  
Is a copy of the water rate schedule and ordinance available? ?  
Comments:

### Repair Parts Inventory

Extra Mains (Sections for Each Size in Service) None  
Repair Clamps (2 or more for each size) None  
Tees, Crosses & Elbows None  
Hydrants None  
Valves None  
Services (Corp & Curb Stops, Clamps and Lines) None  
Other \_\_\_\_\_  
Comments:  
None - Work on water mains contracted to CPI contracting

### Safety Programs

Confined Space Entry Program None  
Trench Safety Program None  
Comments:  
Work that would require confined space entry and trench safety training is contracted out to CPI contracting

**PROGRAM COMPLIANCE**

**Cross Connection Programs**

Ordinance No.	1153 Ch1044	Date:	12/15/1986	(Chris Johnson will send copy)
Approved Program (Y/N)?	?	Date:	3/27/2009	
Staff Assigned to Program (No. Dept and/or who)				
Is Annual Cross Connection report required (Y/N)?	N			
Was previous year's annual report received (Y/N)?	N	Date:		
Was previous year's annual report acceptable (Y/N)?	N			
Inspection Status				
Assembly Testing Frequency	High Hazard:			Low Hazard:
Assembly Testing Performance				
Recordkeeping				

Private Well Isolation/Abandonment Procedure:

Comments:

If city gets disadvantaged city grant, a portion of the money will go to hiring a company to implement cross connection program. Grant awards to be announced soon, however this is a reimbursement grant and city must have funds to spend first and will later be reimbursed. Have the funds upfront is an issue for the city. 1-25-2016

**Annual Pumpage Reports**

Is Annual Pumpage Report required (Y/N)?	Y			
Was previous year's annual report received (Y/N)?	Y	Date:	2/5/2016	

Comments:

No Master Meters from GLWA. City unable to report usage. City will have an idea of retail usage, but does not know how much water loss. There are plans to place ultrasonic meters in 3 locations to estimate usage.

**Monthly Operator Reports**

Are Monthly Operation Reports required (Y/N)?	NA			
Were all previous year's reports received (Y/N)?	NA	Timely?	NA	
Are previous year's reports acceptable (Y/N)?	NA			

If no, describe problems:

Comments:

**Consumer Confidence Reports**

Is the annual CCR required? (Y/N)	Yes			
Was the previous year's report received? (Y/N)	?	Date:		
Was the previous year's acceptable? (Y/N)				
Was the previous year's certification form received? (Y/N)		Date:		

Comments:

Discussed upcoming CCR.

**Emergency Response Plan**

Date of ERP	Need update	Acceptable?	N
-------------	-------------	-------------	---

Filed where?

Comments:

Discussed need for updated ERP, looked up location of template forms on DEQ website during meeting 1-25-2016

**PROGRAM COMPLIANCE**

General Plan		
Date of Most Recent Plan:	DRAFT 2008	
Filed Where?		Acceptable?
	General Layout	_____
	Facility locations & capacities	_____
	Water Main Inventory	_____
	Identification of Service Areas	_____
	Hydraulic Analysis	_____
	Capital Improvement Plan	_____
Comments: DRAFT Plan done by Wade Trim in 2008 was never finalized. Discussed need to updat accordance with regulation changes and submit (1-25-2016)		

Reliability Study		
Date of Most Recent Study:	DRAFT 2008	
Filed Where?		Acceptable?
Contents:	5 & 20 Year Demand Projections	_____
	Source Production Totals (Monthly)	_____
	Customer Supply Usage (Annual)	_____
	Res/Comm/Ind Usage (Annual)	_____
	Water Shortage Response Plan	_____
	Recommended Improvements	_____
Comments: DRAFT Plan done by Wade Trim in 2008 was never finalized. Discussed need to update in accordance with regulation changes and submit (1-25-2016)		

Permits		
Applies for and obtains permits prior to construction (Y/N):	_____	Y
Reviews plans prior to submittal to DEQ (Y/N):	_____	Y
Standard specifications on file at CWS (Y/N):	_____	N
If applicable, adheres to contract with supplier regarding plan submittal (Y/N):	_____	NA
Follows master plan for any construction (Y/N):	_____	NA
Develops as-built plans (Y/N):	_____	
Updates general plans (Y/N):	_____	
Comments:		

# MONITORING

## Bacteriological

Date of Approved Site Sampling Plan	2/5/2016		
Number of samples required each month	15	Basis:	Full Chart
Certified Lab Used:	DEQ Lab		
MCL Monitoring or Reporting Violation(s) in past 3 years? (Y/N)		Date:	
Public Notice Issued according to regulations? (Y/N)	Number & Type of Violations	Date:	
Comments:			

## Chemical

Date of Monitoring Schedule	Feb-16		
Were nitrate, nitrite and fluoride (or partial chemical) samples collected? (Y/N)	NA		
If nitrate detect, what is concentration?	NA	Date:	
If nitrite detect, what is concentration?	NA	Date:	
Detects for metals > 50% of MCL? (Y/N)	NA		
Metals (list)	NA	Date:	
	NA	Date:	
Detects for VOCs (Y/N)	NA	Date:	
Detects for SOCs (Y/N)	NA	Date:	
Date of Approved Disinfection Byproduct Monitoring Plan	Y		
Comments:			

## Lead and Copper Monitoring

No. of Samples Required:	5		
Frequency (Semi-Annual/Annual/Triennial)	triennial		
Exceedance of lead or copper action level? (Y/N)	No		
If yes, was public education issued? (Y/N)	NA	Date:	NA
Next Monitoring Period:	June-Sept 2016		
Corrosion Control Program Status, if applicable	I receiving water from GLWA		
Lead service line replacement status, if applicable	none known		
Comments:			

## Radiological Monitoring

Date of Monitoring Schedule	NA		
Alpha, beta, radium, uranium	NA	Date:	
Radon	NA	Date:	
Tritium	NA	Date:	
Detects for Rads > 50% of MCL? (Y/N)	NA		
If yes, list	NA	Date:	
Comments:			

Sanitary Survey of Community Water Supply - Review Summary

Water Supply: Highland Park  
 County: Wayne  
 Evaluator: Islam/Donaldson

WSSN: 03140  
 District: 43  
 Date: 3/30/2016

Category	Comment	N/A	NotEv	NoD/R	Rec	Def	SigDef
Source		X					
Construction & Maintenance		X					
Standby Power		X					
Isolation		X					
Source Water Protection		X					
Capacity		X					
Treatment		X					
Disinfection		X					
Fluoride		X					
Phosphate Addition		X					
Softening		X					
Iron/Manganese Removal		X					
Arsenic Removal		X					
Pretreatment		X					
Filtration (gravity or membranes)		X					
C*T		X					
Other	Proper valved off isolation	X					
Distribution System							X
Interconnections w/ Other WS	optimize GLWA connection locations/isolate WTP				X		
Hydrants & Valves	hydrant & valve inspection and repair program						X
Service Lines & Metering	meter replacement, unaccounted water loss						X
General Plan	needs update				X		
Cross Connections							X
Construction & Maintenance	leak survey, improve O&M						X
Capacity				X			
Finished Water Storage		X					
Construction & Maintenance		X					
Controls		X					
Capacity		X					
Pumps (All Pumping Facilities)		X					
Construction & Maintenance		X					
Controls		X					
Capacity		X					
Monitoring & Reporting				X			
Bacteriological Monitoring				X			
Chemical Monitoring				X			
MOR or Annual Pumpage Report				X			
Consumer Confidence Report				X			
Analytical Capabilities				X			
System Management & Operations						X	
Owner Responsibility				X			
Capacity Development				X			
Reliability Study	needs update					X	
Operations Oversight	improve OIC presence/oversight				X		
Permits				X			
Operator Compliance				X			
Operator Certification				X			
Technical Knowledge & Training				X			
Security					X		
Emergency Response Plan	needs update				X		
Site Security (Fences, Alarms...)				X			
Financial					X		
Rates				X			
Budget & Capital Imp. Plan	con't billing system improvements, CIP needed				X		
Other							

N/A - Not Applicable  
 Rec - Recommendations Made

NotEv - Not Evaluated  
 Def - Deficiencies Identified

NoD/R - No Deficiencies/Recommendations Made  
 SigDef - Significant Deficiencies Identified



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF  
ENVIRONMENT, GREAT LAKES, AND ENERGY  
WARREN DISTRICT OFFICE



PHILLIP D. ROOS  
DIRECTOR

December 14, 2023

## VIA EMAIL

Damon Garrett  
Metro Consulting Associates LLC  
Highland Park Water Department  
14110 Woodward Avenue  
Highland Park, Michigan 48203

PWSID: MI0003140  
County: Wayne  
System: City of Highland Park

Dear Damon Garrett:

SUBJECT: Administrative Consent Order (ACO) ACO-399-06-2017  
Paragraphs 3.2, 3.2(a), 3.2(b), 3.3(a), 3.3(b), 3.4, 3.4(a), 3.5, 3.6, and part  
of 3.7 – Submittal Approval

The Michigan Department of Environment, Great Lakes, and Energy (EGLE), Drinking Water and Environmental Health Division (DWEHD) has received twelve progress reports from the City of Highland Park (City) between the dates of November 13, 2017, and March 3, 2022, containing updates on the compliance status and documents submitted in response to ACO-399-06-2017 (Consent Order). EGLE has reviewed the information and documentation in the progress reports that pertain to Paragraphs 3.2, 3.2(a), 3.2(b), 3.3(a), 3.3(b), 3.4, 3.4(a), 3.5, 3.6, and part of 3.7, and has approved them as follows:

1. Paragraph 3.2 states: *Within 30 days of the effective date of this ACO, the City shall initiate a program to locate, exercise, and inspect all valves throughout the City.*

The City satisfied this requirement as documented in Progress Report 1 received November 13, 2017.

2. Paragraph 3.2(a) states: *Within one (1) year of the effective date of this ACO, the City shall generate a list of all nonworking valves prioritized for repair and ensure at least 1/3 of all nonworking valves are repaired or replaced in order of priority. The City must prioritize those repairs that provide the most benefit to protection of public health.*

The City satisfied this requirement as documented in Progress Report 4 received September 10, 2018.

3. Paragraph 3.2(b) states: *Within two (2) years of the effective date of this ACO, the City shall ensure that all remaining nonworking valves identified on the list generated in Paragraph 3.2(a) are repaired or replaced.*

The deadline for this paragraph was extended twice, with the final extension granted to May 31, 2022. The City satisfied this requirement as documented in Progress Report 12 received March 3, 2022.

4. Paragraph 3.3(a) states: *Within nine (9) months of the effective date of this ACO, the City shall generate a list of all nonworking hydrants prioritized for repair and ensure that at least 1/3 of all nonworking hydrants are repaired or replaced in order of priority. The City must prioritize those repairs that provide the most benefit to the protection of public health. Priority determination must be in collaboration with the local fire department, documentation of which shall be submitted to the DEQ, DWMAD Southeast Michigan District Supervisor.*

The City satisfied this requirement as documented in Progress Report 1 received November 13, 2017, and Progress Report 4 received September 10, 2018.

5. Paragraph 3.3(b) states: *Within 21 months of the effective date of this ACO, the City shall ensure that all remaining nonworking hydrants identified on the list generated in Paragraph 3.3(a) are repaired or replaced.*

The City satisfied this requirement as documented in Progress Report 7 received June 27, 2019.

6. Paragraph 3.4 states: *Within 11 months of the effective date of this ACO, the City shall complete a distribution system leak survey.*

The deadline for this paragraph was extended to August 31, 2018. The City satisfied this requirement as documented in Progress Report 4 received September 10, 2018, which included the submission of the leak survey report.

7. Paragraph 3.4(a) states: *Within one (1) year of the effective date of this ACO, the City shall generate a list of all water system leaks prioritized for repair and ensure at least 1/3 of all leaks have been repaired in order of priority. Priority must be given to those repairs that provide the most benefit to protection of public health.*

The deadline for this paragraph was extended to December 31, 2018. The City satisfied this requirement as documented in Progress Report 4 received September 10, 2018, and in Progress Report 5 received January 7, 2019.

8. Paragraph 3.5 states: *Within 30 days of the effective date of this ACO, the City shall submit a written cross-connection program to the DEQ for review and approval as required by Michigan Administrative Code (MAC) R 325.11404. Within six (6) months after DEQ approval, the City shall implement the program by ensuring the required inspections and corrective measures are underway.*

The City submitted a cross-connection program which was approved by EGLE on September 18, 2017. Documentations was provided in Progress Report 1 received November 13, 2017. An annual cross connection report was received March 21, 2018, documenting the implementation of the program.

9. Paragraph 3.6 states: *Within five (5) months of the effective date of this ACO, the City shall recruit and employ a full time S-2 certified operator in charge and have that individual supervise the water distribution system. The City shall also begin actively overseeing all work done in the distribution system by contractors using certified distribution system operators.*

The City satisfied this requirement as documented in Progress Report 1 received November 13, 2017, and Progress Report 4 received September 10, 2018. Additional information and updates were provided in Progress Report 5 received November 1, 2019, Progress Report 6 received April 1, 2019, Progress Report 9 received July 1, 2020, and Progress Report 10 received January 21, 2021.

10. Paragraph 3.7 states: *Within eight (8) months of the effective date of this ACO, the City shall complete a Reliability Study in accordance with Part 12 of the SDWA administrative rules, see MAC R 325.11201 et seq., and a General Plan in accordance with Part 16 of those administrative rules, see MAC R 325.11601 et seq. Applicable Part 16 requirements include creating a Capital Improvement Plan that identifies water system needs for 5-year and 20-year planning periods and developing an Asset Management Plan by January 2, 2018. See MAC R 325.11606.*

The deadline for this paragraph was extended to December 31, 2018. A reliability study, general plan, capital improvement plan, and asset management plan were received on January 7, 2019, as part of Progress Report 5. The asset management plan was approved by EGLE on December 4, 2019. Updates to the reliability study, general plan, capital improvement plan, and asset management plan were received on January 17, 2020, and January 7, 2021. Comments related to the reliability study, general plan, and capital improvement plan will be provided separately.

EGLE appreciates your cooperation to resolve these compliance matters. If you have questions, please contact me by email at [YuskoKotimkoT@Michigan.gov](mailto:YuskoKotimkoT@Michigan.gov), or by phone at 586-817-9120.

Sincerely,



Tiffany Yusko-Kotimko, District Engineer  
Warren District Office  
Drinking Water and Environmental Health Division

City of Highland Park

Page 4

December 14, 2023

cc: Glenda McDonald, City of Highland Park  
Jaron Bradley, Metro Consulting Associates  
Andrew Richmond, Metro Consulting Associates  
Vicki Garon, P.E., EGLE  
Maureen Nelson, EGLE

STATE OF MICHIGAN  
CIRCUIT COURT FOR THE COUNTY OF WAYNE

GREAT LAKES WATER AUTHORITY,

Plaintiff,

v.

Case No. 2014-001974-CK

Hon. Edward J. Joseph

CITY OF HIGHLAND PARK, a municipal  
corporation,

Defendant.

---

**DYKEMA GOSSETT PLLC**

John F. Rhoades (P75575)

Matthew R. Cassar (P83663)

*Attorneys for Great Lakes Water Authority*

400 Renaissance Center

Detroit, MI 48243

(313) 568-6848

jrhoades@dykema.com

mcassar@dykema.com

**GRIGSBY & ASSOCIATES, INC.**

Calvin B. Grigsby (Cal Bar 53655)

*Pro Hac Vice*

*Attorneys for City of Highland Park*

2406 Saddleback Drive

Danville CA 94506

(415) 860-6446

cgrigsby@grigsbyinc.com

**MORGANROTH & MORGANROTH, PLLC**

Jeffrey M. Thomson (P72202)

*Co-Counsel for City of Highland Park*

344 North Old Woodward, Suite 200

Birmingham, MI 48009

(248) 864-4000

jthomson@morganrothlaw.com

**JACOBS AND DIEMER, P.C.**

Timothy A. Diemer (P65084)

Eric P. Conn (P64500)

Samantha M. McLeod (P84394)

*"Of Counsel on Appeal" for Highland Park*

500 Griswold Street, Suite 2825

Detroit, MI 48226

(313) 965-1900

tad@jacobsdiemer.com

econn@jacobsdiemer.com

smcleod@jacobsdiemer.com

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**STIPULATED ORDER FOR ENTRY OF A CONSENT JUDGMENT**

At a session of said Court, held in the City of Detroit,  
County of Wayne, State of Michigan,

ON: \_\_\_\_\_

PRESENT: HON. Edward J. Joseph  
CIRCUIT COURT JUDGE

This matter comes before the Court upon the stipulation of the parties hereto, as attested to by the signatures of their respective counsel appearing below; the parties having amicably reached a settlement agreement; and the Court being otherwise fully advised;

IT IS ORDERED that the settlement agreement between the Great Lakes Water Authority, the City of Highland Park, and the State of Michigan, attached hereto as **Exhibit A**, is hereby entered as a consent judgment (the “Consent Judgment”). This Court retains jurisdiction to enforce the terms of the Consent Judgment.

**SO ORDERED**

---

HON. EDWARD J. JOSEPH

SO STIPULATED:

By: \_\_\_\_\_  
John F. Rhoades (P75575)  
Matthew R. Cassar (P83663)  
DYKEMA GOSSETT PLLC  
*Counsel for GLWA*  
400 Renaissance Center  
Detroit, MI 48243  
(313) 568-6848  
jrhoades@dykema.com  
mcassar@dykema.com

By: \_\_\_\_\_  
Calvin B. Grigsby (Cal Bar 53655)  
GRIGSBY & ASSOCIATES, INC.  
*Attorney for Highland Park*  
2406 Saddleback Drive  
Danville CA 94506  
(415) 860-6446  
cgrigsby@grigsbyinc.com

By: \_\_\_\_\_  
Mayer Morganroth (P17966)  
Jeffrey M. Thomson (P72202)  
MORGANROTH & MORGANROTH, PLLC  
*Co-Counsel for Highland Park*  
344 North Old Woodward, Suite 200  
Birmingham, MI 48009  
(248) 864-4000  
mmorganroth@morganrothlaw.com  
jthomson@morganrothlaw.com

By: \_\_\_\_\_  
Timothy A. Diemer (P65084)  
Eric P. Conn (P64500)  
Samantha M. McLeod (P84394)  
JACOBS AND DIEMER, P.C.  
*“Of Counsel on Appeal” for Highland Park*  
500 Griswold Street, Suite 2825  
Detroit, MI 48226  
(313) 965-1900  
tad@jacobsdiemer.com  
econn@jacobsdiemer.com  
smcleod@jacobsdiemer.com

**WATER SERVICE CONTRACT**

**BETWEEN**

**GREAT LAKES WATER AUTHORITY, A MICHIGAN MUNICIPAL AUTHORITY**

**AND**

**CITY OF HIGHLAND PARK, A MICHIGAN MUNICIPAL CORPORATION**

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**WATER SERVICE CONTRACT  
BETWEEN  
GREAT LAKES WATER AUTHORITY  
AND  
CITY OF HIGHLAND PARK**

This Water Service Contract (“Contract”) is made between the Great Lakes Water Authority, a Michigan municipal authority and public body corporate organized pursuant to the provisions of Act 233, Public Acts of Michigan, 1955, as may be amended from time to time (“Act 233”), with its principal place of business located at 735 Randolph, Detroit, Michigan 48226 (“GLWA”), and the City of Highland Park, a Michigan municipal corporation and constituent municipality pursuant to the provisions of Act 233, with offices located at 12050 Woodward Avenue, Highland Park, Michigan 48203 (“Customer”). GLWA and Customer may be referred to individually as “Party” or collectively as the “Parties.”

**Recitals**

A. On June 12, 2015, GLWA and the City of Detroit entered into a Regional Water Supply System Lease (the “Lease”) for the purpose of leasing the System (defined below) to GLWA for a minimum term of 40 years; and

B. Pursuant to the Lease, all wholesale service functions are conducted by GLWA, and the System is operated and maintained by GLWA; and

C. Customer seeks to contract for water services with GLWA; and

D. The Parties intend that this Contract be interpreted consistently with the Lease, the GLWA Articles of Incorporation, the Settlement Agreement, and Michigan state law including without limitation the provisions of Act 233, as each may be amended from time to time; and

E. The Parties agree that this Contract shall be subject to the terms and conditions of the Settlement Agreement; and

F. GLWA has established a Water Residential Assistance Program (“WRAP) funded annually in an amount equal to .5% of the base budgeted operating revenues; and

G. Customer shall be eligible to participate in GLWA’s WRAP consistent with the terms of the WRAP as may be amended from time to time; and

H. GLWA intends to maintain a voluntary, collaborative partnering effort with its wholesale water customers and the City of Detroit, of which the One Water Partnership is a central part, which is intended to assist GLWA in data gathering, alternative evaluations and recommendations, achieving full disclosure of charges, identifying true cost of service principles to guide revenue collection, and to provide assistance with a cohesive planning effort for GLWA’s water service area.

Accordingly, the Parties agree as follows:

## **Article 1. Definitions**

1.01 Definitions. The following words and expressions, or pronouns used in their stead, shall be construed as follows:

“Adjusted Prevailing Water Charge” shall have the meaning ascribed in Article 3 herein.

“Allocation Flow Rate” shall mean the value that is established as a result of a breach of Section 5.03 herein and which value shall replace the contractual Maximum Flow Rate in the charge calculation process in the event that Section 5.04(C) herein is applied by GLWA.

“Annual Volume” shall mean the actual volume of water used by Customer for the period of July 1<sup>st</sup> to June 30<sup>th</sup> as measured on bills issued from August 1<sup>st</sup> through July 31<sup>st</sup>.

“Board” shall mean GLWA Board of Directors.

“Contract” shall mean each of the various provisions and parts of this document, including all attached exhibits and any amendments thereto, as may be executed and approved by Customer’s governing body and the Board.

“Contract Term” shall have the meaning ascribed in Article 2 herein.

“Customer” shall mean the City of Highland Park, Michigan.

“Customer Maximum Day Demand” shall mean the Customer’s recorded water usage on GLWA Maximum Day. Customer Maximum Day Demand shall, in conjunction with Customer Peak Hour Demand, be a component of its Maximum Flow Rate.

“Customer Peak Hour Demand” shall mean the Customer’s recorded water usage during GLWA Peak Hour. Customer Peak Hour Demand, in conjunction with Customer Maximum Day Demand, shall be a component of its Maximum Flow Rate.

“Early Termination Costs” shall have the meaning ascribed in Article 3 herein.

“EGLE” shall mean the State of Michigan Department of Environment, Great Lakes, and Energy.

“Filling Schedule” shall have the meaning ascribed in Article 22 herein.

“GLWA” shall mean the Great Lakes Water Authority, a Michigan municipal authority and public body corporate organized pursuant to the provisions of Act 233, governed by its Board of Directors and its day-to-day operations conducted by its Chief Executive Officer.

“GLWA Maximum Day” shall mean the maximum reported water production day for the System during any twenty-four-hour period as measured from 12:00 a.m. Eastern Standard

Time in any given calendar year, as determined by GLWA in reviewing water production and storage reports.

“GLWA Peak Hour” shall mean the hour during GLWA Maximum Day in which the most water is delivered to the System, measured from top-of-the-hour to top-of-the-hour (e.g., 7:00 AM to 8:00 AM), and as determined by GLWA in reviewing water production and pumping reports. In calculating GLWA Peak Hour, the time period from 11:00 PM to 5:00 AM Eastern Standard Time (EST) shall not be considered provided, however, that if Customer has an approved Filling Schedule, the time period specified in the Filling Schedule shall supersede the time period of 11:00 PM to 5:00 AM EST.

“Maximum Flow Rate” shall mean the aggregate amount of water usage that Customer commits not to exceed, as determined by the Customer Maximum Day Demand and the Customer Peak Hour Demand, collectively.

“Meter Facilities” shall mean a location in which a GLWA water master meter is housed including, without limitation, meter pits and meter vaults.

“Minimum Annual Volume” shall mean fifty percent of Customer’s Projected Annual Volume.

“Notices” or “Notice” shall mean the notices, consents, approvals, requests, and other communications required to be given under the terms of this Contract.

“One Water Partnership” shall mean the voluntary, advisory organization consisting of representatives of GLWA, representatives of the City of Detroit Water and Sewerage Department, and wholesale water and wastewater customers of GLWA and their respective representatives and shall include its successor or replacement if altered or discontinued. The One Water Partnership or its successor shall remain in existence for a minimum term of January 1, 2008 until December 31, 2038 unless the organization determines otherwise.

“Pressure Problem” shall have the meaning ascribed in Article 5 herein.

“Pressure Range” shall have the meaning ascribed in Article 5 herein.

“Projected Annual Volume” shall mean the projected annual water sales to Customer as set forth in Exhibit B.

“Service Area” shall mean the mutually agreed upon area where Customer is permitted to distribute water received from GLWA under the terms of this Contract which (a) may be entirely within the corporate limits of Customer or may exceed the corporate limits of Customer and (b) which may or may not include the entire geographical area within the Customer’s corporate limits.

“Settlement Agreement” shall mean the *Settlement Agreement and Mutual Release* by and between the SOM, Customer, and GLWA, approved and executed contemporaneously with this Contract, which incorporates the provisions of the mediation term sheet dated

October 18, 2023, the Trust Agreement, and other documents referenced by the Settlement Agreement.

“SOM” shall mean the State of Michigan.

“System” shall mean the public water works system owned by the City of Detroit and leased, operated, and maintained by GLWA and any improvements, additions and/or changes to the System made by GLWA on or after January 1, 2016, which shall be owned, operated, and maintained by GLWA. The System does not include any City of Detroit local assets not leased to GLWA. Customer shall not have an ownership interest in the System.

“Trust Agreement” shall mean the trust agreement approved and executed by the Parties contemporaneously with this Contract and attached as Exhibit C.

“Trustee” shall mean the trustee of the trust described in Article 12 and in the Trust Agreement attached as Exhibit C.

“Water Distribution Points” shall have the meaning ascribed in Article 4 herein.

## **Article 2. Contract Term**

- 2.01 Term. GLWA shall sell and supply water to Customer from the System in accordance with the terms of this Contract for a period of thirty years from the effective date of this Contract and any ten-year renewal terms (collectively the “Contract Term”), subject to Article 3 herein. The effective date of this Contract shall be January 1, 2014. This Contract replaces and supersedes any prior water service contracts between the Parties and any prior water service contracts between the City of Detroit and Customer.
- 2.02 Renewal. This Contract shall automatically renew at the conclusion of the thirty-year term for an additional ten-year term, unless a Party provides written notification to the other Party in accordance with Article 16 on or before December 31, 2039, which is the conclusion of the twenty-fifth year of the thirty-year term, stating its intent not to renew this Contract. Thereafter, this Contract shall automatically renew every ten years for an additional ten-year term, unless a Party provides written notification to the other Party in accordance with Article 16 on or before the conclusion of the fifth year of the then current ten-year term stating its intent not to renew this Contract. The automatic renewals of this Contract shall not preclude a review of its terms and the Parties are encouraged to reaffirm or amend its terms as necessary. The Parties may, in writing, mutually agree upon a longer renewal term.
- 2.03 Notification of Renewal. GLWA shall notify Customer of its first Contract renewal option during the twenty-fifth year of the thirty-year term; provided, however, that GLWA’s failure to so notify Customer shall not obviate Customer’s obligations as set forth in Section 2.02.

**Article 3.**  
**Early Termination Costs**

- 3.01 Early Termination Costs. In addition to any other remedies provided for by law or by the terms of this Contract, Customer shall be liable to GLWA for the payment of any costs incurred by GLWA related to providing water to Customer in the event Customer terminates this Contract before the conclusion of a Contract Term (“Early Termination Costs”), unless Customer terminates this Contract for cause in accordance with Article 10; provided, however, that payment of such Early Termination Costs by Customer shall not entitle Customer to receive water service from GLWA.
- 3.02 Calculation of Costs. Payment of Early Termination Costs will be calculated by applying the Adjusted Prevailing Water Charge to the Minimum Annual Volume requirements for the remainder of the Contract Term. The Adjusted Prevailing Water Charge shall be the charge assessed by GLWA to Customer as of Customer’s effective termination date, adjusted annually to reflect projected inflationary increases utilizing a locally based wholesale price index. The Parties may agree upon another standardized price index. The Board may seek a recommendation from the One Water Partnership on the amount of the Early Termination Costs.
- 3.03 Specifically Constructed Facilities. If GLWA has constructed or the City of Detroit previously constructed facilities specifically for the benefit of Customer, additional costs may be included in the calculation of the Early Termination Costs, provided that any such facilities shall be identified in a written agreement between GLWA and Customer at or near the time of construction. If any facilities have been constructed specifically for the benefit of Customer such facilities shall be indicated on Exhibit A.
- 3.04 Formation of Water Authority. Customer may join with another authority, city, township, village, or other municipal corporation recognized by the SOM to form a water authority for the sole purpose of collectively contracting for water service from GLWA. The exercise of this right shall not be construed as an early termination of this Contract and this Contract shall be voided upon the approval of a new water service contract by Customer’s governing body and the Board.
- 3.05 Customer Annexation or Consolidation. In the event the territory of Customer is annexed or consolidated with another Michigan municipal corporation and if said municipal corporation is a current customer of GLWA, then such an annexation or consolidation shall not be construed as an early termination of this Contract and this Contract shall be voided upon the approval of a new or amended water service contract with the annexing or consolidating municipal corporation.

**Article 4.**  
**Service Area**

- 4.01 Delivery Location. Water shall be delivered by GLWA to Customer at the location(s) identified in Exhibit A (collectively, the “Water Distribution Points”) and at other locations as may be mutually agreed upon in writing by GLWA and Customer.

- A. Construction of Permanent Meters. Customer's consultant, Metro Consulting Associates ("MCA") or its SOM-approved successor, shall consult with GLWA in preparing Customer's metering proposal prior to submitting the proposal to EGLE regarding the number and placement of water master meters. Customer shall obtain written approval of its metering proposal from EGLE before the installation of the meters. The meters shall be installed subject to GLWA's specifications at all open points of connection between GLWA and Customer. Unless otherwise agreed by the Parties, the meters shall be installed within one (1) year of the effective date of the Settlement Agreement, and Customer shall provide full access to the meter locations to ensure timely completion of the work. Upon completion of the meter installation work and acceptance of the meters by GLWA, ownership, operation, and maintenance of the meters shall be transferred by Customer to GLWA at no cost to GLWA. After the transfer of ownership to GLWA, the meters shall become GLWA Meter Facilities.
- 4.02 Limit of Responsibility. GLWA shall have no responsibility for distributing, operating, repairing, replacing, and maintaining any portions of the Customer's water supply system downstream of the Water Distribution Points shown in Exhibit A, provided, however, that this Section 4.02 does not prevent the application of the provisions of Section 11.02 herein.
- 4.03 GLWA Responsibility. GLWA has a license to utilize the City of Detroit's local system upstream from Customer's Water Distribution Points and the City of Detroit is responsible for operating and maintaining its local system. GLWA is responsible for operating and maintaining all parts of the System. Should GLWA fail to maintain the Meter Facilities and/or any GLWA owned or leased equipment within the Meter Facilities, Customer shall provide written Notice to GLWA which describes the objectionable condition of the Meter Facility and/or the equipment within, and its intent to take reasonable steps to maintain the condition and charge the reasonable cost of doing so to GLWA. Upon receipt of the Notice and subject to Section 11.01, GLWA shall have thirty calendar days to repair the condition specified in the Notice, unless a force majeure event prevents the repair within the thirty-day period. If GLWA has not repaired the condition at the conclusion of the thirty-day period and has not provided a written explanation to Customer explaining the reason for the delay (e.g., necessary parts are on order or occurrence of a force majeure event specified in Section 11.01), then Customer may take reasonable steps to maintain the specified condition and charge the reasonable cost of doing so to GLWA.
- A. With reasonable prior written Notice to GLWA, and occurring not more than once per calendar year, Customer may, at its own expense, have an expert acceptable to GLWA inspect and verify the accuracy of any GLWA water meter serving Customer.
- 4.04 Extension of Service Area. Customer's distribution of water supplied by GLWA shall be limited to the Service Area stated in Exhibit A. The Parties agree that situations may arise in which Customer desires to extend its Service Area, either temporarily or permanently, beyond its corporate limits. Should such a situation arise, Customer shall provide written Notice to GLWA explaining the nature, duration, and extent of the requested Service Area extension. GLWA shall have the option, which it may exercise at any time, of requiring a written amendment to this Contract to accommodate the change in Service Area. Should

GLWA determine that an immediate amendment is required, the Parties shall, within thirty calendar days of Customer's request, meet to negotiate mutually agreeable terms for the extension of the Service Area. GLWA shall not unreasonably deny a request to extend the Service Area.

- 4.05 Change or Addition of Water Distribution Points. Water Distribution Points described in Exhibit A may be added to or changed only by the express written agreement of GLWA and Customer and shall be embodied in a written amendment to this Contract.
- 4.06 Sole Supplier. Except as provided in Article 17 herein, GLWA shall be the sole supplier of public potable water to Customer's Service Area.
- 4.07 Customer Local Operations. Customer shall continue to retain MCA to operate its local water operations, which includes all billing, collections, maintenance, and improvements. If for any reason MCA ceases to be Customer's operator, then subject to approval by the SOM, Customer shall retain another entity to conduct its local water operations.

#### **Article 5.**

#### **Pressure; Maximum Flow Rate; Minimum Annual Volume**

- 5.01 Pressure Range. The Parties agree that (i) Customer's consultant (MCA or its SOM-approved successor) shall consult with GLWA in preparing Customer's metering proposal prior to submitting the proposal to EGLE regarding the number and placement of water master meters, (ii) EGLE shall approve in writing Customer's metering proposal before the installation of meters, and (iii) water master meters will be installed subject to GLWA's specifications. If Customer does not consult with GLWA in preparing Customer's metering proposal as submitted to EGLE, or EGLE does not approve Customer's metering proposal before the installation of meters, or Customer fails to install meters subject to GLWA's specifications, including the number and location of meters, then GLWA shall have no obligation to adhere to the terms and conditions of this Section 5.01. Otherwise, the terms of this Section 5.01 shall apply as set forth below. Subject to the foregoing, GLWA shall use its best efforts to deliver water at the Water Distribution Points at a pressure range ("Pressure Range") adequate to meet the reasonable requirements of Customer. For purposes of evaluating this effort, water pressure shall be determined by reviewing the average hourly pressure measured from top-of-the-hour to top-of-the-hour (e.g., 7:00 AM to 8:00 AM). The Pressure Range to be provided by GLWA to Customer's Water Distribution Points is specified in Exhibit B. The location at which the water pressure will be measured shall be specified in Exhibit A and identified as point "P". A Pressure Range will not be established for water meters that are not located on a GLWA transmission main, or which are located on a GLWA transmission main and are downstream of and subject to the flow demands of a water meter for another GLWA customer.
- 5.02 Remedy for Non-Compliance with Pressure Range. Subject to the terms and conditions of Section 5.01, if the water pressure at Customer's Water Distribution Points is above or below the Pressure Range, at Customer's request the Parties shall meet within thirty calendar days to discuss the reasons for the non-compliance and, if agreed necessary, develop, and implement a mutually agreeable written corrective action plan within sixty

calendar days of the meeting, or as otherwise agreed. The corrective action plan shall include a timetable for resolution of the non-compliance issue(s).

- A. If it is determined that another customer's exceedance of the rates of flow established by that customer's Maximum Flow Rate caused or contributed to GLWA's inability to meet its Pressure Range agreement with Customer, then the corrective action plan shall provide for the resolution of the issue.
- B. If Customer is exceeding the rates of flow established by its Maximum Flow Rate on a day other than GLWA Maximum Day at the time Customer experiences a variation from the Pressure Range, then GLWA shall be relieved from its obligation to provide water to Customer within the Pressure Range for that period of time during which Customer is exceeding the rates of flow established by its Maximum Flow Rate.

5.03 Maximum Flow Rate. Customer's Maximum Flow Rate is specified in Exhibit B. Customer shall not exceed the Maximum Flow Rate specified in Exhibit B, as measured in million gallons on GLWA Maximum Day and during GLWA Peak Hour.

- A. GLWA shall notify all customers in writing on or before October 1 of each calendar year if Customer or any other wholesale customer is alleged to have exceeded its Maximum Flow Rate in a given calendar year. The Notice shall state the day and/or hour that Customer or any other wholesale water customer is alleged to have exceeded its Maximum Flow Rate.
- B. If Customer is alleged to be in breach of its obligations under this Section 5.03, the Parties shall endeavor to meet before November 1 of the current calendar year, or as soon as practicable, for the purposes of validating the breach, reviewing, and analyzing the causes, and to negotiate a possible remedy pursuant to Sections 5.04 and 5.05 herein.
- C. The One Water Partnership's Analytical Work Group, or its successor shall review any alleged breach of this Section 5.03.
  - i. The Analytical Work Group shall meet once, at a minimum, on or before November 1 of each calendar year to review the alleged breaches, if any, and may thereafter schedule subsequent meetings as necessary to conclude its review.
  - ii. GLWA will seek a recommendation from the Analytical Work Group on (1) an Allocation Flow Rate, if any, and/or (2) concurrence with the remedy tentatively negotiated between Customer and GLWA, if any. Customer and GLWA shall have the right to present any information related to the alleged breach a Party deems necessary to the deliberations.
  - iii. Any recommendation submitted by the Analytical Work Group shall be received by GLWA on or before December 1 of each calendar year.

- 5.04 Remedy for Non-Compliance with Maximum Flow Rate. GLWA has no obligation to supply to Customer more than the Maximum Flow Rate. If Customer exceeds its Maximum Flow Rate on GLWA Maximum Day or during GLWA Peak Hour, GLWA and Customer may, as needed, take one or more of the following actions set forth in this Section 5.04. The applicability of any particular action shall be evaluated by GLWA on a case-by-case basis.
- A. GLWA may require that Customer take all reasonable steps to reduce its consumption to the Maximum Flow Rate. Such steps may include water conservation measures, outdoor water use restrictions, water loss studies and remediation, and an internal system operation evaluation.
  - B. The Parties may meet to negotiate a new Maximum Flow Rate. If so negotiated, Customer shall pay the charge associated with the new Maximum Flow Rate in the subsequent fiscal year.
  - C. For charge-making and cost allocation purposes only, GLWA may recalculate Customer's charge for the current and/or subsequent fiscal years utilizing a revised cost allocation formula as follows:
    - i. GLWA shall, as set forth below, establish an Allocation Flow Rate to replace the contractual Maximum Flow Rate in the charge calculation process.
    - ii. The Allocation Flow Rate shall be applied from no earlier than the first exceedance date forward.
    - iii. The Allocation Flow Rate will be at least equal to the flow rate demonstrated by Customer on GLWA Maximum Day and may be higher than the actual flow rate demonstrated by Customer.
    - iv. Pursuant to Section 5.03(C), if GLWA receives a recommendation on the Allocation Flow Rate to be applied from the Analytical Work Group and the recommendation is higher than twice the amount by which the demonstrated flow rate exceeded the original Maximum Flow Rate, then GLWA shall be limited to establishing an Allocation Flow Rate that is at least equal to the flow rate demonstrated by Customer on GLWA Maximum Day and no higher than the recommendation provided by the Analytical Work Group.
    - v. If no recommendation on the Allocation Flow Rate to be applied is received by GLWA, or if GLWA receives a recommendation and the recommendation is less than twice the amount by which the demonstrated flow rate exceeded the original Maximum Flow Rate, then GLWA shall be limited to establishing an Allocation Flow Rate that is at least equal to the flow rate demonstrated by Customer on GLWA Maximum Day and no higher than twice the amount by which the demonstrated flow rate exceeded the original Maximum Flow Rate.

- vi. The Allocation Flow Rate will continue to be applied to each subsequent year's charge calculation process until the Maximum Flow Rate is renegotiated.
- vii. If a charge has been approved for the subsequent fiscal year (July 1<sup>st</sup> to June 30<sup>th</sup>) but the charge has not yet been applied, GLWA may modify Customer's charge for that subsequent fiscal year to account for an exceedance of its Maximum Flow Rate.
- viii. If GLWA and/or the City of Detroit has built capital facilities based upon Customer's negotiated Maximum Flow Rate and Customer consistently exceeds its Maximum Flow Rate, then GLWA may re-calculate the amount of Customer's percentage of the capital cost of such facilities.

5.05 Procedure for Non-Compliance with Maximum Flow Rate. In addition to the remedies specified in Section 5.04, if Customer has failed in its obligations under Section 5.03, the Parties shall meet to discuss the reasons for the non-compliance and if agreed necessary, develop a mutually agreeable written corrective action plan by December 31 of the year in which the non-compliance occurred, or as otherwise agreed. Any corrective action plan required under this Section 5.05 shall include a timetable for resolution of the non-compliance issue(s).

- A. If the Parties determine that a corrective action plan is not required and an incident of non-compliance occurs in the subsequent calendar year, the Parties shall meet to develop a mutually agreeable written corrective action plan by December 31 of the year in which the non-compliance occurred, or as otherwise agreed.
- B. In the event the reason for Customer's non-compliance under Section 5.03 is due to a Customer water main break, fire or meter calibration performed by GLWA, these events will be taken into consideration in determining (1) whether a corrective action plan is warranted and (2) the extent to which, if any, the steps specified in Section 5.04 should apply.

5.06 [Removed and Intentionally Left Blank]

5.07 Periodic Review and Reopener. For Customer and System planning purposes and, regarding the Minimum Annual Volume, enforcement of the provisions of Article 3, Maximum Flow Rates, Pressure Ranges, Projected Annual Volumes, and Minimum Annual Volumes (collectively, "Values") shall be established by mutual agreement for the Contract Term. The Parties shall annually review the Values in calendar years 2024, 2025, 2026, 2027 and 2028. For calendar years 2024 and 2025, Exhibit B, Table 2 shall be modified in accordance with the best available technical data provided by Customer and confirmed by GLWA. For calendar years 2026-2028, Exhibit B, Table 2 shall be modified using metered data. The Values based on calendar year 2028 data shall remain in place through calendar year 2030. If on October 1, 2024 it appears that all meters will not be installed by January 1, 2025, the Parties shall meet to determine how the delay shall be

treated for purposes of the Parties' compliance with the terms and conditions of this Contract, including this Section 5.07. If the Parties are unable to agree on a solution within 30 days, the matter shall proceed to arbitration in accordance with Section 9.03. Starting with calendar year 2030, the Parties shall always use the metered data to review the Values in calendar year 2030 and every four years thereafter for the Contract Term and any renewal terms (each review year under this Section 5.07 a "Reopener Year", and collectively the Reopener Years comprising the "Reopener Schedule"). The Values shall be contractually binding between each Reopener Year. If the Parties do not negotiate Values according to the Reopener Schedule, then the Values established for planning purposes (as shown in italicized type in Exhibit B) shall become contractually binding until the next Reopener Year.

5.08 Remedy for Excessive Rate(s) of Flow Causing Pressure Problem(s). Customer acknowledges that Customer's rates of flow may cause and/or contribute to GLWA's inability to meet its Pressure Range agreements with Customer and/or GLWA's other customers (hereinafter, "Pressure Problem"). GLWA may review or monitor Customer's daily rates of flow if a Pressure Problem occurs and GLWA's Pressure Range agreement with Customer and/or another customer of GLWA is alleged to have been breached. The approximate rate of flow by individual meter location used to establish the Pressure Range and Maximum Flow Rate is specified in Exhibit B. If a Pressure Problem occurs, the Parties shall meet to discuss the reasons for the Pressure Problem and develop and implement a mutually agreeable written corrective action plan within sixty calendar days of the Pressure Problem, or as otherwise agreed. The corrective action plan may require one or both of the following steps:

- A. GLWA may require that Customer take all reasonable steps to reduce its consumption to the rate of flow established by the Maximum Flow Rate. Such steps may include water conservation measures, outdoor water use restrictions, water loss studies and remediation, and an internal system operation evaluation. In addition, GLWA may require that Customer adjust its rate of flow at individual meters, including the establishment of a not-to-exceed flow rate for individual meters.
- B. The Parties may meet to negotiate a new Maximum Flow Rate. If so negotiated, Customer shall pay the charge associated with the new Maximum Flow Rate in the subsequent fiscal year.

If the Parties determine that a corrective action plan is not required and a subsequent Pressure Problem occurs, the Parties shall meet to develop and implement a mutually agreeable written corrective action plan within sixty calendar days of the subsequent Pressure Problem, or as otherwise agreed. Any corrective action plan required under this Section 5.08 shall include a timetable for resolution of the Pressure Problem. In the event the reason for the Pressure Problem is due to a Customer water main break, fire or meter calibration performed by GLWA, these events will be taken into consideration in determining (1) whether a corrective action plan is warranted and (2) the extent to which, if any, the steps specified above in this Section 5.08 should apply.

- 5.09 GLWA Costs for Corrective Action Plan. If at any time GLWA is required under the terms of this Article 5 to develop and implement a corrective action plan and the plan involves incurring capital costs, GLWA will determine whether the costs will be charged as a System cost or whether the cost will be borne by a specific customer or customers. If GLWA determines that all or part of the costs should be borne by a specific customer or customers, GLWA will seek a recommendation from the One Water Partnership on the assessment of the costs.
- 5.10 Customer Costs for Corrective Action Plan. If at any time Customer is required under the terms of this Article 5 to develop and implement a corrective action plan, Customer shall be so informed in writing and Customer will pay all costs related to the corrective action plan.

## **Article 6. One Water Partnership**

- 6.01 Establishment. The One Water Partnership is a voluntary, advisory organization that exists to facilitate a cooperative working partnership between GLWA and its wholesale water customers by facilitating the development of recommendations regarding System planning and supply to GLWA management and the Board. The One Water Partnership shall maintain bylaws that govern the way it conducts its business. In the event of a conflict between the terms of the bylaws adopted by the One Water Partnership and the terms of this Contract, the terms of this Contract shall control.
- 6.02 General Responsibilities. The One Water Partnership shall periodically review and evaluate the charges, charge methodology, and performance of the System. The One Water Partnership shall review and evaluate flow rates, pressures, and Annual Volumes for the System at a minimum of every five years to assist GLWA in the System planning effort. The One Water Partnership shall have the opportunity each year to review the Capital Improvement Program as prepared by GLWA, prior to its adoption by GLWA. The One Water Partnership may consider Customer proposals for improving the operation of Customer's water system and/or the System. GLWA will supply the One Water Partnership with information GLWA deems reasonably necessary to accomplish the general responsibilities defined in this Section 6.02.
- 6.03 Annual Report by GLWA. GLWA will present an annual report to the One Water Partnership which shall consist of (1) all instances of non-compliance with the Parties' obligations contained in Article 5 herein, including Customer and GLWA responses thereto; and (2) a general report on System operation and maintenance.
- 6.04 Notification of Charges. GLWA shall provide Customer and the One Water Partnership with notice of the proposed charges for each fiscal year as early as possible before the implementation of the charges.
- 6.05 Disclosure of Charge Information by GLWA. Each year, GLWA will disclose to Customer and the One Water Partnership information related to wholesale charges.

- 6.06 Disclosure of Retail Rate Information by Customer. Each year, Customer will disclose to its customers information related to its retail rates and other charges, and information regarding what portion of those costs is related to charges from GLWA and/or other major service providers.
- 6.07 Work Groups. The One Water Partnership may create work groups to address specific issues facing the System. The work groups in existence as of January 2016, are the Analytical Work Group, the Asset Management and CIP Work Group, the Best Practices Work Group, the Charges Work Group, and the Public Education Work Group. Any reference to a particular work group in this Contract shall include its successor or replacement if altered or discontinued.

## **Article 7. Charges**

- 7.01 Charges. Customer agrees to pay for all water supplied by GLWA at such charges as GLWA may establish. Charges shall be reasonable in relation to the costs incurred by GLWA for the supply of water and shall conform to Public Act 34 of 1917, Michigan Compiled Laws, Sec. 123.141, et seq., as amended. GLWA shall give written Notice of any changes in the charges. Notice shall be made in accordance with Section 5e of Public Act 279 of 1909, Michigan Compiled Laws, Sec. 117.5e, as amended, (“Act 279”).
- 7.02 Notification of Charges. As soon as possible in the charge-making process, GLWA shall provide information on proposed charges and the draft data and information used in the calculation of proposed charges in a format that will enable Customer to assist in the charge-making process. Not less than thirty calendar days prior to the hearing required by Act 279, GLWA shall provide Customer with written Notice of a proposed charge and the underlying data used to calculate the charges. GLWA shall meet with Customer to review the charges and the data.
- 7.03 Estimate of Usage. In the event meters fail to correctly measure the quantity of water supplied to Customer for any period of time, GLWA shall provide a reasonable estimate of the quantity of water supplied to Customer for such period provided that there is a reasonable basis for the estimate. Customer and GLWA shall, either through their respective technical representatives and/or the One Water Partnership, seek agreement upon a method to estimate such quantities. In the event the Parties are unable to agree upon a method to estimate such quantities, the Parties shall proceed under Articles 9 and 12.
- 7.04 Charge Methodology. GLWA agrees to provide to Customer an updated description of the methodology for charge-making utilizing the most recent cost of service studies as may be updated by GLWA in its sole discretion from time to time, and as may be modified and approved by the Board. The charge methodology documents referred to in this paragraph and any updates thereto shall be provided to Customer via posting on the GLWA website.
- A. Once Customer’s water master meters are installed, Customer shall be treated as part of the master metered customer class for GLWA charge making purposes.

- B. Once twelve (12) months of quality metering data is available to project estimated annual water demands, GLWA charges to Customer shall be based on that data and future data in accordance with the water contract negotiation protocol used by GLWA with all of its other wholesale water customers. Until such data is available and to the extent specified in this Section (C), GLWA shall adjust its fiscal year 2023-2024 water charges to Customer effective January 1, 2024, and shall establish its fiscal year 2024-2025 water charges to Customer based on reductions in Customer's usage volume due to documented repairs of leaks, up to 25% of Customer's current water usage.

**Article 8.**  
**Meters and Meter Facilities**

- 8.01 Metering Requirement. All water furnished by GLWA to Customer shall be measured by water meters installed in Meter Facilities at Customer's Water Distribution Points unless, in GLWA's determination, it is not feasible to install water meters due to the configuration of Customer's water system; provided however, that this Section 8.01 is subject to the terms of Exhibit A.
- 8.02 Existing Distribution Points. Except as provided in Section 8.04, as of January 1, 2016, GLWA shall own or lease, and operate and maintain all water meters and Meter Facilities for all existing Water Distribution Points, unless specifically indicated otherwise in Exhibit A.
- 8.03 Customer Maintenance Responsibilities. Customer shall be responsible for maintaining at its Water Distribution Points any and all appurtenances as may be designated as Customer's responsibility in Exhibit A. Should Customer fail to maintain the appurtenances shown in Exhibit A, GLWA may take reasonable steps to maintain the appurtenances and charge the reasonable cost of doing so to Customer. Prior to GLWA taking action to maintain the appurtenances, GLWA shall give Customer thirty days written Notice to complete the required maintenance. Notice to the Customer shall not be required if, in GLWA's determination, there exists an emergency condition affecting the operation of the System or if the health, safety and welfare of the general public may be jeopardized.
- 8.04 New Distribution Points. For any new Water Distribution Points that may be constructed or installed on or after January 1, 2016, Customer shall furnish at Customer's expense or as otherwise set forth in the Settlement Agreement, a water meter and Meter Facility that meets GLWA's specifications. Thereafter, GLWA shall furnish any replacement water meters for new Water Distribution Points and the expense shall be recovered through GLWA's charges as a System cost. As provided in this paragraph, GLWA shall own, operate, and maintain all water meters and Meter Facilities after construction, installation, or replacement, unless specifically indicated otherwise in Exhibit A.
- 8.05 Meter Repair and Replacement. If GLWA initiates a meter repair or meter replacement, the cost shall be recovered through GLWA's charges as a System cost. If Customer requests a meter replacement for reasons other than malfunction or disrepair, Customer shall pay the cost of the replacement.

- 8.06 Pressure Regulating Facilities. After the effective date of this Contract, all newly installed Customer-owned pressure regulating facilities shall be installed in a facility that is separate from GLWA's Meter Facility.
- 8.07 Access to WAMR. Customer shall at all times have access to the same GLWA wholesale automated meter reading ("WAMR") system platform and associated data as all other customers of GLWA.

## **Article 9. Dispute Resolution**

9.01 General. Any and all disputes alleging a breach of this Contract shall be resolved as set forth in this Article 9.

9.02 Disputes; Resolution.

- A. The Parties shall each designate in writing to the other from time to time a representative who shall be authorized to resolve any dispute relating to the subject matter of this Contract in an equitable manner and, unless otherwise expressly provided herein, to exercise the authority of such Party to make decisions by mutual agreement.
- B. The Parties each agree (i) to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner and (ii) to provide each other with copies of or reasonable access during normal business hours to any and all non-privileged written records, information, and data pertaining to any such dispute.
- C. If any dispute arising under this Contract is not resolved between the Parties pursuant to this Section 9.02 within 30 days of the date on which a Party provides written Notice to the other Party of such dispute and of the notifying Party's position on the disputed matter, then upon written notification by either Party to the other Party, such dispute shall be settled exclusively and finally by binding expedited arbitration in accordance with Section 9.03.
- D. During the pendency of any dispute and until such dispute is resolved, the Parties shall continue to operate under the terms of this Contract.
- E. Any dispute regarding amounts owed by Customer, Customer's billings, or related charges shall be subject to the terms and conditions of Article 12.

9.03 Mandatory, Expedited Arbitration.

- A. Any dispute arising under this Contract that cannot be resolved between the Parties shall be submitted to binding expedited arbitration irrespective of either the magnitude thereof or the amount in dispute. The Wayne County Circuit Court shall retain jurisdiction to enforce the terms of the Settlement Agreement, which will be entered by the court as a consent judgment. Disputes arising under the Trust Agreement shall be resolved by the Wayne County Circuit Court and are excluded from the application of this Article 9.03 unless (i) all Payments (as defined in Article I of the Trust Agreement)

are received by the Trustee in accordance with the Trust Agreement, and (ii) any disputed amounts are retained in the trust in accordance with the process and notice requirements described in Section 12.03.

- B. Each arbitration between the Parties shall be conducted pursuant to the Uniform Arbitration Act, Act No. 371, Public Acts of Michigan, 2012 (“Act 371”).
- C. Unless otherwise agreed by the Parties, the arbitration shall be conducted before a panel composed of three arbitrators (the “Arbitration Panel”). Each Party shall appoint an arbitrator, obtain its appointee's acceptance of such appointment, and deliver written notification of such appointment and acceptance to the other Party within 15 days after delivery of a Notice of arbitration. The two arbitrators appointed by the Parties shall jointly appoint the third (who shall be the chairperson), obtain the acceptance of such appointment, and deliver written notification of such appointment within 15 days after their appointment and acceptance. The chairperson shall have demonstrated expertise in the field of utility operations and/or ratemaking.
- D. Any arbitration commenced hereunder shall be completed within 90 days after the appointment of the Arbitration Panel absent agreement of the Parties to the contrary. Further, absent agreement of the Parties or, upon request of one of the Parties and an order from the Arbitration Panel to the contrary: (i) all discovery shall be completed within 45 days after the appointment of the Arbitration Panel; (ii) each Party shall be limited to a maximum of 5 depositions; (iii) each deposition shall be completed within a maximum period of one day of four hours; (iv) each Party shall be limited to 2 expert witnesses; and (v) interrogatories shall be limited to a maximum of 20 single issues without sub-parts. The Parties waive any claim to any damages in the nature of punitive, exemplary, or statutory damages in excess of compensatory damages or otherwise expressly provided for herein, and the Arbitration Panel is specifically divested of any power to award such damages. The Arbitration Panel shall have the power to award injunctive or other equitable relief. All decisions of the Arbitration Panel shall be pursuant to a majority vote. Any interim or final award shall be rendered by written decision.
- E. If either Party fails to appoint its arbitrator within 15 days after delivery of a Notice of arbitration, or if the two arbitrators appointed cannot agree upon the third arbitrator within 15 days after appointment of the second arbitrator, then the required arbitrator(s) shall be appointed by the American Arbitration Association or as otherwise agreed by the Parties.
- F. The Parties shall each bear the out-of-pocket costs and expenses of their respective arbitrator, attorneys, and witnesses, and they shall each bear one-half of the out-of-pocket costs and expenses of the chairperson of the Arbitration Panel and all administrative support for the arbitration. The Arbitration Panel may award attorney’s fees and costs to the prevailing party in connection with any dispute upon finding that a claim or billing challenge was frivolous or brought in bad faith.

9.04 Enforcement. Customer or GLWA may enforce any awards or decisions of the Arbitration Panel issued under Section 9.03 pursuant to Section 22 of Act 371 (MCL 691.1702). Except

as provided otherwise in this Contract, the provisions of this Article 9 shall be the sole and exclusive remedy of the Parties with respect to any dispute arising under this Contract and the Parties agree not to bring, or cause to be brought, in a court of law any action, proceeding, or cause of action whatsoever with respect to any such dispute.

**Article 10.**  
**Default Provisions**

- 10.01 General. If a Party is alleged to have committed a material breach of this Contract, the Party alleging the breach shall give written Notice of the breach to the other Party within a reasonable time of discovering the breach. The Party alleged to be in breach shall be given a reasonable time to cure the breach. If the Party alleged to be in breach fails to cure the breach, the non-breaching Party may pursue the remedies available pursuant to Article 9. In the event that the Party alleged to be in breach is showing reasonable progress toward curing the breach, the Party alleging the breach may extend the time for curing the breach.
- 10.02 Notice to Trustee. The Trustee shall be notified simultaneously with any Notice of material breach arising under this Contract.

**Article 11.**  
**Force Majeure and Other Events**

- 11.01 Force Majeure. No failure or delay in performance of this Contract, by either Party, shall be deemed to be a breach thereof when such failure or delay is caused by a force majeure event including, but not limited to, any Act of God, strikes, lockouts, wars, acts of terrorism, riots, epidemics, explosions, sabotage, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of a Party, except that no cause or contingency shall relieve Customer of its obligation to make payment for water delivered by GLWA.
- 11.02 GLWA Liability. Except to the extent that GLWA is the proximate cause, GLWA shall not be held liable or accountable for any bursting, leakage, breakage, damage or accident of any kind that may occur to Customer's water works system, or any damages of any kind or nature, including, but not limited to, injury to persons or damage to property, resulting from such bursting, leakage, breakage, damage or accident that may occur to water mains or pipes located downstream of the Water Distribution Points specified herein, or located within Customer's distribution system. All claims arising under this Section 11.02 shall be subject to the GLWA claims review process, which shall toll the dispute resolution process under Article 9 for ninety (90) days.
- 11.03 Discontinuance of Service. In the event the public health, safety and welfare requires GLWA to discontinue temporarily all or part of the supply of water to Customer, no claims for damages of any kind or nature for such discontinuance shall be made by Customer against GLWA. GLWA will provide notice to Customer of any temporary discontinuance of the water supply.

**Article 12.  
Timely Payment**

- 12.01 Payment Terms. Bills for water service shall be rendered to Customer on a monthly basis. All such bills shall be due and payable within forty-five (45) calendar days from the date shown on the bill. Any portion of the charges not related to a dispute regarding the accuracy of the bill that is not paid by the due date shall be subject to a finance charge at a rate of 1.5% per month for each month that they remain unpaid. Such finance charge shall not apply to any disputed amounts held in escrow by the Trustee in accordance with Section 12.03. Any portion of the total bill, plus any finance charges applied to the bill which are not paid by the next billing date, shall be shown on the next bill as arrears.
- 12.02 Trust Agreement. A trust shall be established and funded in accordance with the Settlement Agreement and administered in accordance with the Trust Agreement, attached as Exhibit C, to provide, in relevant part, payment to GLWA for all water services rendered and to Customer for local services rendered. If there is any conflict between the terms of Exhibit C and any other terms of this Contract regarding the Trust Agreement, the terms of Exhibit C shall control.
- 12.03 Dispute. GLWA may disconnect water service to Customer if bills are overdue ninety (90) calendar days or more from the billing date, in addition to any other remedies provided for in this Contract. GLWA shall not disconnect water service if there is a good-faith dispute concerning the accuracy of billings. If the accuracy of a bill is in dispute, Customer shall have thirty (30) business days from the date of the invoice in which to provide written Notice to GLWA and the Trustee of its dispute, and the Trustee shall withhold and retain in the trust and not remit to Customer or GLWA any claimed amounts in dispute until the dispute is resolved. Accrued interest on the disputed amount shall belong to the Party that prevails in the resolution of the dispute. Disputes under this Section 12.03 shall be subject to the terms and conditions of Article 9, provided however, that any notices required by this Section shall not extend the times provided in that Article.

**Article 13.  
Assignment**

- 13.01 This Contract shall not be assigned, in whole or in part, by either Party without the prior written consent of the other Party provided, however, that GLWA may assign this Contract to the City of Detroit without prior notice to Customer at the conclusion of the Lease term. Consent to an assignment by either Party shall not be unreasonably withheld.

**Article 14.  
Intentionally Omitted**

**Article 15.  
Amendment**

- 15.01 General. The Parties may periodically consider it in their best interests to change, modify or extend a term, condition, or covenant of this Contract for reasons which may include,

but are not limited to, the creation, expansion or closing of industry or other business. Any change, addition, deletion, extension, or modification that is mutually agreed upon by GLWA and Customer shall be incorporated in a written amendment to this Contract. Such amendments shall not invalidate this Contract nor relieve or release either Party of any of its respective obligations under this Contract unless so stated in the amendment.

- 15.02 Approval. No amendment to this Contract shall be effective and binding upon the Parties unless it expressly refers to this Contract, is in writing, is signed and acknowledged by duly authorized representatives of both Parties and is approved by Customer's governing body and the Board.
- 15.03 Notice to Trustee. The Trustee shall be given written Notice of any amendment to this Contract, the Trust Agreement, or the Settlement Agreement that may affect the Trustee's obligations arising out of this Contract, the Trust Agreement, or the Settlement Agreement.

#### **Article 16. Notices**

- 16.01 Addresses for Notice. Except as otherwise specified herein, all Notices required or permitted under this Contract shall be given in writing and mailed by first class mail to the Parties and at the addresses identified in Exhibit B.
- 16.02 When Deemed Given. All Notices shall be deemed given on the day of post-marked mailing. Any Notice given by a Party hereunder must be signed by an authorized representative of such Party.
- 16.03 Special Mailing Requirements. Notwithstanding the requirement above as to the use of first-class mail, Notices regarding change of address, termination, and any Notices required by Sections 2.02, 2.03, 4.03, 7.01, 7.02, 8.03, 9.02, 9.03, 10.01, 10.02, 12.03, and 15.03, shall be sent by certified first-class mail, postage prepaid.
- 16.04 Notice to Trustee. Notices to the Trustee required by this Contract shall be sent to the address identified in Exhibit C.

#### **Article 17. Water Quality**

- 17.01 Contamination. For the protection of the health of all consumers supplied with water from the System, Customer agrees to guard carefully against all forms of contamination. Should contamination occur, the area or areas affected shall immediately be shut off and isolated and shall remain so until such conditions shall have been abated, and the water declared safe and fit for human consumption by the properly constituted governmental health agencies having jurisdiction of the area affected. Customer shall immediately notify GLWA, and GLWA shall immediately notify Customer, of any emergency or condition that may affect the quality of water in either Party's system.
- 17.02 Co-mingling of Water Sources. Except in cases of emergency, Customer will not permit water from any other source of supply to be mixed or mingled with water from the System

without prior written approval from GLWA. In cases of emergency, only such water from sources other than GLWA shall be used as shall meet the requirements of the Michigan Department of Environment, Great Lakes, and Energy, and then only in such quantities as shall be necessary to relieve the emergency.

- 17.03 Emergency Connections. Subject to the terms of Exhibit A, during emergencies, Customer's water facilities may be used and connected, at the discretion of GLWA, to water facilities serving other communities for flow in either direction to provide an adequate water supply from the System to Customer and to other areas and other units of government. Customer shall be permitted to immediately make an emergency connection when the connection point to be used has been previously approved for emergency use by GLWA in writing, provided that Customer shall, after making the connection, promptly notify GLWA of such event. When the emergency has been abated, the emergency connection must be severed as soon as practicable. GLWA, or its designee, must approve, in writing, the continuation of any emergency connection that is required for longer than seven calendar days. If an approved emergency connection continues for more than seven calendar days, Customer must provide GLWA with weekly updates on the emergency and a schedule for abatement of the emergency that must be approved by GLWA in writing.
- 17.04 Water Quality. GLWA shall endeavor to remain in compliance with all applicable Michigan and Federal laws, rules, and regulations regarding drinking water quality.

### **Article 18. Rights-of-Way**

- 18.01 Use of Rights-of-Way. The Customer shall assist GLWA to obtain permission to use streets, highways, alleys, and/or easements in the local governmental units within the Customer's jurisdiction for the purpose of constructing, maintaining, and operating water facilities to adequately service the Customer's jurisdiction and other areas. This assistance shall include obtaining the consent of the local governmental units, as provided in Article 7, Section 29, Michigan Constitution of 1963. In the event of such construction, GLWA shall request the Customer and local governmental units within the Customer's jurisdiction to execute such separate instruments granting rights-of-way in its streets, highways, and alleys as may be reasonably required by GLWA. GLWA shall give the Customer notice of any construction work in the Customer's jurisdiction. GLWA shall comply with any of Customer's ordinances that apply to the construction. Customer shall inform GLWA of the applicable ordinances. GLWA and Customer shall meet to review the construction and its impact on their respective operations. GLWA shall restore all existing structures and/or improvements laying in the right-of-way of construction to as good a condition as before the construction took place. As contemplated by this paragraph, any such water facilities existing on or before December 31, 2015, shall remain under the ownership of the City of Detroit as leased to GLWA, and any new water facilities constructed on or after January 1, 2016, shall be owned by GLWA, and in no case shall either the existing or new water facilities be operated or maintained by any entity other than GLWA or its authorized representatives.
- 18.02 Relocation of Facilities. Should future construction by any city, township, village, or county require relocation of a water transmission main, Meter Facility or other GLWA

facility, the cost incurred by the GLWA for such relocation, if not reimbursed by the entity requiring the relocation, will be charged in future charges as a common-to-all cost to all System users.

- 18.03 Easements. Subject to the provisions of Section 18.01 and to the extent that Customer has jurisdiction, GLWA shall be granted temporary and permanent easements, and shall be permitted to use the streets, alleys, and highways within Customer's legal jurisdiction for the purpose of constructing, operating, and maintaining the System, including the relocation of water transmission mains, Meter Facilities or other GLWA facilities. This consent by Customer is given in compliance with Article 7, Sec. 29 of the Michigan Constitution of 1963, provided that GLWA shall provide Customer with a written explanation of the type of easement required and the duration thereof.

**Article 19.**  
**Access to Towers and Antennas**

- 19.01 Where possible, each Party shall give to the other Party access to towers and antennas under its respective jurisdiction for the purpose of transmitting information recorded in the Meter Facilities. Access shall not be unreasonably denied by either Party.

**Article 20.**  
**Relationship to Wastewater Services**

- 20.01 Customer and GLWA acknowledge that future growth in the System may place additional burdens on their respective wastewater systems. Customer, if it is also a wastewater disposal services customer of GLWA, understands that any increase in the volume of water it receives from the System is not a guarantee of increased capacity in the wastewater disposal system owned by the City of Detroit and leased by GLWA.

**Article 21.**  
**Construction Standards**

- 21.01 GLWA shall have the right to review and approve Customer's construction plans for Meter Facilities at new Water Distribution Points, water mains sized twenty-four inches and larger, pump stations, reservoirs, water towers, and any other construction that will cross, or be within close proximity to, or have influence upon System infrastructure. GLWA's approval of construction plans shall be timely and shall not be unreasonably withheld. All construction must otherwise comply with MCL 325.1001 *et seq.* as may be amended from time to time.

**Article 22.**  
**Operation of Storage**

- 22.01 Prior to Customer's operation of any new or existing water storage facility, Customer shall seek GLWA's written approval of the filling schedule ("Filling Schedule") of the storage facility. GLWA may periodically require Customer to change or adjust a previously approved Filling Schedule. The Parties shall collaborate on devising a mutually beneficial Filling Schedule. If the Parties are unable to agree upon a Filling Schedule, GLWA's

determination of a Filling Schedule shall be final. All Filling Schedules shall be for a period of six consecutive hours. Customer shall at all times abide by the then-current GLWA approved Filling Schedule. GLWA shall act promptly in approving Filling Schedule requests. Nothing in this Article 22 shall prevent Customer from operating its storage facility at any time, provided that any storage operation that falls outside of the approved Filling Schedule shall not be exempt from the terms of Article 5 herein.

**Article 23.**  
**Miscellaneous**

- 23.01 If any provision of this Contract or its application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Contract shall not be affected and shall remain valid and enforceable to the fullest extent permitted by law.
- 23.02 This Contract, including the exhibits attached hereto, contains the entire agreement between the Parties regarding water services and all prior negotiations and agreements regarding water services are merged into this Contract. Neither Party has made any representations except those expressly set forth in this Contract, and no rights or remedies are, or shall be, acquired by either Party by implication or otherwise unless expressly set forth in this Contract.
- 23.03 Unless the context otherwise expressly requires, the words "herein," "hereof," and "hereunder," and other words of similar import, refer to this Contract as a whole and not to any particular section or subdivision.
- 23.04 The headings of the sections of this Contract are for convenience only and shall not be used to construe or interpret the scope or intent of this Contract or in any way affect the same.
- 23.05 This Contract and all actions arising under it shall be governed by, subject to, and construed according to the laws of the State of Michigan.
- 23.06 Pursuant to the terms of its Lease with GLWA, the City of Detroit is an acknowledged third-party beneficiary of this Contract as the owner of the System, and this Contract shall not be construed to benefit any persons other than GLWA, the City of Detroit and Customer.
- 23.07 This Contract may be executed in any number of originals, any one of which shall be deemed an accurate representation of this Contract. Promptly after the execution of this Contract, GLWA shall provide a copy to the Customer.
- 23.08 The rights and benefits under this Contract shall inure to the benefit of and be binding upon the respective Parties hereto, their agents, successors, and assigns.
- 23.09 Any and all documents, memoranda, reports, exhibits or other written material referred to in this Contract are and shall be incorporated by reference herein.
- 23.10 This Contract shall be deemed to be mutually drafted.

23.11 The recital paragraphs set forth in the preamble of this Contract are incorporated in and made a part of the Contract.

*(Signatures appear on next page)*

Accordingly, GLWA and Customer, by and through their duly authorized officers and representatives, have executed this Contract.

**City of Highland Park:**

By: \_\_\_\_\_  
Glenda McDonald  
Its: Mayor

By: \_\_\_\_\_  
Brenda Green, CMC  
Its: City Clerk

APPROVED BY  
HIGHLAND PARK CITY COUNCIL ON:

\_\_\_\_\_  
Date

**Great Lakes Water Authority:**

By: \_\_\_\_\_  
Suzanne R. Coffey, P.E.  
Its: Chief Executive Officer

APPROVED BY  
GLWA BOARD OF DIRECTORS ON:

\_\_\_\_\_  
Date

APPROVED AS TO FORM BY  
GLWA GENERAL COUNSEL ON:

\_\_\_\_\_  
Signature Date

## EXHIBIT A

### Customer's Water Distribution Points

This Exhibit contains the following information:

1. The corporate limits of Customer,
2. The agreed upon water Service Area of Customer which (a) may or may not be entirely within the corporate limits of Customer and (b) which may or may not include the entire area within the Customer's corporate limits,
3. The specific location of the Water Distribution Points, including any GLWA approved emergency connections,
4. The designation of appurtenances to be maintained by Customer and those to be maintained by GLWA,
5. A list of any closed meter locations, and
6. A list of any facilities specifically constructed for Customer pursuant to Section 3.03, if any.

# Exhibit A

## Water Service Area Location Map

### City of Highland Park

Final: 2/7/2024



NOTE: As of 2/7/2024, emergency connections EC-1 and EC-6 ("ECs") are open. These two ECs will remain open until permanent meter sites are constructed and commissioned, at which time these ECs will be closed and serve as standard ECs as contemplated by Section 17.03 herein. Once permanent meter sites are constructed and commissioned, they will be depicted on this Exhibit A and labeled to reflect their metered status.

- Highland Park Service Area
- GLWA Meter Site (Locations TBD)
- Emergency Connection
- Municipal Boundary



\\glwa-isilon\glwa\waterorg\lfs\data\GIS\Routines\Exhibit A Updates\Water\_Exhibit\_Aa\Water\_Exhibit\_Aa.aprx

EXHIBIT A

**Highland Park Emergency Connections:**

Connections to City of Detroit (DWSD)

- EC-2: 12" valve at the intersection of John R Street & East McNichols Road
- EC-3: 8" valve at the intersection of Oakland Street & East McNichols Road
- EC-5: 12" valve at the intersection of Woodward Drive & Woodland Avenue, formerly HP-01
- EC-6: 16" valve at the intersection of Hamilton Avenue & Webb Street, formerly HP-02
- EC-7: 12" valve at the intersection of Woodrow Wilson Street & Pilgrim Street

Connections to GLWA

- EC-1: 16" valve at the intersection of Hamilton Avenue & West McNichols Road
- EC-4A: 12" valve in the former HP-03 meter pit at Dequindre & Davison
- EC-4B: 24" valve in the former HP-04 meter pit at Dequindre & Davison

**Highland Park Water Customers Outside Municipal Limits:**

None

**Highland Park Master Meters Not In Service:**

- HP-01 (closed)
- HP-02 (closed)
- HP-03 (closed)
- HP-04 (closed)

**RESERVED FOR SITE PLAN DRAWING OF HP-05**

**RESERVED FOR METER PIT DRAWING OF HP-05**

**RESERVED FOR SITE PLAN DRAWING OF HP-06**

**RESERVED FOR METER PIT DRAWING OF HP-06**

## EXHIBIT B

Projected Annual Volume and Minimum Annual Volume (Table 1)  
Pressure Range and Maximum Flow Rate (Table 2)  
Flow Split Assumptions (Table 3)  
Addresses for Notice (Table 4)

Table 1 and Table 2 set forth the agreed upon Projected Annual Volumes, Minimum Annual Volumes, Pressure Ranges and Maximum Flow Rates for the term of this Contract provided that figures in bold type face are immediately enforceable pursuant to the terms of Section 5.07 and italicized figures are contained for planning purposes only but will become effective absent the negotiated replacements anticipated in Section 5.07.

The approximate rate of flow by individual meter set forth in Table 3 is the assumption upon which the Pressure Range commitments established in Table 2 have been devised. Should Customer deviate from these assumptions at any meter(s), GLWA may be unable to meet the stated Pressure Range commitments in this Contract or in the contract of another customer of GLWA and Section 5.08 of this Contract may be invoked.

EXHIBIT B

Table 1  
 Projected Annual Volume and Minimum Annual Volume

Fiscal Year Ending June 30	Projected Annual Volume (Mcf)	Minimum Annual Volume (Mcf)
2015	NA	NA
2016	NA	NA
2017	NA	NA
2018	NA	NA
2019	NA	NA
2020	NA	NA
2021	NA	NA
2022	NA	NA
2023	NA	NA
2024	NA	NA
2025	<b>77,200</b>	<b>38,600</b>
2026	<i>TBD</i>	<i>TBD</i>
2027	<i>TBD</i>	<i>TBD</i>
2028	<i>TBD</i>	<i>TBD</i>
2029	<i>TBD</i>	<i>TBD</i>
2030	<i>TBD</i>	<i>TBD</i>
2031	<i>TBD</i>	<i>TBD</i>
2032	<i>TBD</i>	<i>TBD</i>
2033	<i>TBD</i>	<i>TBD</i>
2034	<i>TBD</i>	<i>TBD</i>
2035	<i>TBD</i>	<i>TBD</i>
2036	<i>TBD</i>	<i>TBD</i>
2037	<i>TBD</i>	<i>TBD</i>
2038	<i>TBD</i>	<i>TBD</i>
2039	<i>TBD</i>	<i>TBD</i>
2040	<i>TBD</i>	<i>TBD</i>
2041	<i>TBD</i>	<i>TBD</i>
2042	<i>TBD</i>	<i>TBD</i>
2043	<i>TBD</i>	<i>TBD</i>
2044	<i>TBD</i>	<i>TBD</i>

EXHIBIT B

Table 2  
Pressure Range and Maximum Flow Rate

Calendar Year (Reopener Schedule in bold type)	Pressure Range (psi)		Pressure Range (psi)	
	Meter EC-1		Meter EC-6	
	<u>Min</u>	<u>Max</u>	<u>Max Day</u>	<u>Peak Hour</u>
2014	NA	NA	NA	NA
2015	NA	NA	NA	NA
2016	NA	NA	NA	NA
2017	NA	NA	NA	NA
2018	NA	NA	NA	NA
2019	NA	NA	NA	NA
2020	NA	NA	NA	NA
2021	NA	NA	NA	NA
2022	NA	NA	NA	NA
2023	NA	NA	NA	NA
<b>2024</b>	NA	NA	NA	NA
<b>2025</b>	NA	NA	NA	NA
<b>2026</b>	NA	NA	NA	NA
<b>2027</b>	NA	NA	NA	NA
<b>2028</b>	NA	NA	NA	NA
2029	NA	NA	NA	NA
<b>2030</b>	NA	NA	NA	NA
2031	NA	NA	NA	NA
2032	NA	NA	NA	NA
2033	NA	NA	NA	NA
<b>2034</b>	NA	NA	NA	NA
2035	NA	NA	NA	NA
2036	NA	NA	NA	NA
2037	NA	NA	NA	NA
<b>2038</b>	NA	NA	NA	NA
2039	NA	NA	NA	NA
2040	NA	NA	NA	NA
2041	NA	NA	NA	NA
<b>2042</b>	NA	NA	NA	NA
2043	NA	NA	NA	NA

EXHIBIT B

Table 2 (continued)  
Pressure Range and Maximum Flow Rate

Calendar Year (Reopener Schedule in bold type)	Pressure Range (psi)		Pressure Range (psi)		Pressure Range (psi)		Maximum Flow Rate (mgd)	
	Meter HP-05		Meter HP-06		Meter XX		Max Day	Peak Hour
	Min	Max	Min	Max	Min	Max		
2014	NA	NA	NA	NA			NA	NA
2015	NA	NA	NA	NA			NA	NA
2016	NA	NA	NA	NA			NA	NA
2017	NA	NA	NA	NA			NA	NA
2018	NA	NA	NA	NA			NA	NA
2019	NA	NA	NA	NA			NA	NA
2020	NA	NA	NA	NA			NA	NA
2021	NA	NA	NA	NA			NA	NA
2022	NA	NA	NA	NA			NA	NA
2023	NA	NA	NA	NA			NA	NA
<b>2024</b>	<b>NA/TBD</b>	<b>NA/TBD</b>	<b>NA/TBD</b>	<b>NA/TBD</b>			<b>2.40</b>	<b>2.46</b>
<b>2025</b>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
<b>2026</b>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
<b>2027</b>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
<b>2028</b>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
2029	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
<b>2030</b>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
2031	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
2032	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
2033	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
<b>2034</b>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
2035	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
2036	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
2037	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
<b>2038</b>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
2039	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
2040	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
2041	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
<b>2042</b>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>
2043	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>	<i>NA/TBD</i>			<i>TBD</i>	<i>TBD</i>

EXHIBIT B

Table 3  
Flow Split Assumptions

<b>Meter</b>	<b>Assumed Flow Split (2024)</b>
EC-1 (Hamilton/McNichols)	85%
EC-6 (Hamilton/Webb)	15%

Table 4  
Addresses for Notice

<b>If to GLWA:</b>  General Counsel Great Lakes Water Authority 735 Randolph, Suite 1901 Detroit, Michigan 48226	<b>If to Customer:</b>  Mayor City of Highland Park 12050 Woodward Avenue Highland Park, MI 48203  cc: Water Department Director City of Highland Park 12050 Woodward Avenue Highland Park, MI 48203
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**EXHIBIT C**

Trust Agreement

**WASTEWATER DISPOSAL SERVICES CONTRACT  
BETWEEN  
GREAT LAKES WATER AUTHORITY, A MICHIGAN MUNICIPAL AUTHORITY  
AND  
CITY OF HIGHLAND PARK, A MICHIGAN MUNICIPAL CORPORATION**

This Wastewater Disposal Services Contract is made by and between the Great Lakes Water Authority, a Michigan municipal authority and public body corporate organized pursuant to the provisions of Act 233, Public Acts of Michigan, 1955, as may be amended from time to time (“Act 233”), with its principal place of business located at 735 Randolph, Detroit, Michigan 48226 (“GLWA”), and the City of Highland Park, a Michigan municipal corporation and constituent municipality pursuant to the provisions of Act 233, with offices located at 12050 Woodward Avenue, Highland Park, Michigan, 48203 (“Customer”). GLWA and Customer may be referred to individually as a “Party” or collectively as the “Parties.”

**Recitals**

A. On June 12, 2015, GLWA and the City of Detroit entered into a Regional Sewage Disposal System Lease (the “Lease”) for the purpose of leasing the System (defined below) to GLWA for a minimum term of 40 years; and

B. Pursuant to the Lease, all wholesale service functions are conducted by GLWA, and the System is operated and maintained by GLWA; and

C. Customer seeks to contract for wastewater disposal Services with GLWA; and

D. The Parties intend that this Contract be interpreted consistent with the Lease, the GLWA Articles of Incorporation, the Settlement Agreement, and Michigan state law including without limitation the provisions of Act 233, as each may be amended from time to time; and

E. The Parties agree that this Contract shall be subject to the terms and conditions of the Settlement Agreement; and

F. GLWA has established a Water Residential Assistance Program (“WRAP) funded annually in an amount equal to .5% of the base budgeted operating revenues; and

G. Customer shall be eligible to participate in GLWA’s WRAP consistent with the terms of the WRAP as may be amended from time to time; and

H. GLWA intends to maintain a voluntary, collaborative partnering effort with its First Tier Customers, of which the One Water Partnership is a central part, which assists GLWA in data gathering, alternative evaluations and recommendations.

Accordingly, the Parties agree as follows:

**Article 1.  
Definitions**

1.01 The following words and expressions, or pronouns used in their stead, shall be construed as follows:

“**Board**” shall mean the GLWA Board of Directors.

“**CFS**” shall mean cubic feet per second.

“**Contract**” shall mean each of the various provisions and parts of this document, including all attached exhibits and any amendments thereto, as may be executed by the duly authorized representatives of the Parties, and approved by Customer’s governing body and the Board.

“**Customer-Owned Meter(s)**” shall mean a temporary or permanent sewerage metering device owned, operated, and/or maintained by Customer or its agents.

“**Customer Overflow Volume**” shall mean that volume of wastewater generated in Customer’s Service Area during a wet weather event that exceeds the capacity of Customer’s system and is discharged before entering the System.

“**EGLE**” shall mean the SOM Department of Environment, Great Lakes, and Energy.

“**Exhibit A**”, entitled Customer’s Service Area, shall be a depiction of Customer’s Service Area from which wastewater may be delivered to the System. It shall depict the corporate limits of Customer, the agreed upon Service Area, the Maximum Allowable Flow Limit, the specific location of any System Meters and Customer-Owned Meters, any System Meter vault(s), and the Point(s) of Connection. It shall also identify the names of any System Meters and Customer-Owned Meters and the location of any Customer and GLWA data acquisition equipment.

“**Exhibit B**” is deleted and reserved.

“**Exhibit C**” is deleted and reserved.

“**Exhibit D**” is deleted and reserved.

“**Exhibit E**”, entitled *Modified List of Relevant Charge-making Terms*, shall contain the modified list of relevant charge-making terms as mandated by the order dated August 31, 2011 in the matter of *United States Environmental Protection Agency v City of Detroit*, Civil Action No. 77-71100 and related charge-making protocols. Exhibit E is subject to the terms of the Settlement Agreement.

“**Exhibit F**”, entitled *Trust Agreement*, shall be a copy of the trust agreement entered into by the Parties contemporaneously with this Contract.

**“First Tier Customer(s)”** shall mean those municipal customers contracting directly with GLWA for Services.

**“Flow”** shall mean wastewater delivered by Customer from Customer’s Service Area to the System. It shall include sanitary flow, dry weather infiltration and inflow, and a wet weather flow component. It shall also include wastewater from industrial and/or commercial facilities in compliance with the City of Detroit’s Wastewater Discharge Control Ordinance, Chapter 56, Article I and Article III of the Detroit City Code, Section 56-3-56.1 *et seq.*, as amended, or any successor or similar ordinances, rules or regulations adopted by GLWA in place thereof.

**“GDRSS”** shall mean the Greater Detroit Regional Sewer System.

**“GLWA”** shall mean the Great Lakes Water Authority, a Michigan municipal authority and public body corporate organized pursuant to the provisions of Act 233, governed by its Board of Directors and its day-to-day operations conducted by its Chief Executive Officer.

**“Maximum Allowable Flow Limit”** shall mean the maximum allowable Flow that Customer may deliver to the System. This limit is specified in Section 2.01 and shall be determined by averaging the sum in any sixty-minute period, measured from top-of-the-hour to top-of-the-hour (e.g., 7:00 a.m. to 8:00 a.m.), along with any supplemental calculations developed and approved by the One Water Partnership’s Wastewater Analytics Task Force and GLWA, once the final Customer metering network has been installed by Customer and approved by EGLE.

**“MGD”** shall mean million gallons per day.

**“Notices or Notice”** shall mean the notices, consents, approvals, requests, and other communications required to be given under the terms of this Contract.

**“One Water Partnership”** shall mean the voluntary, advisory organization consisting of representatives of GLWA, representatives of the City of Detroit Water and Sewerage Department, and wholesale water and wastewater customers of GLWA and their respective representatives and shall include its successor or replacement if altered or discontinued. The One Water Partnership or its successor shall remain in existence for a minimum term of January 1, 2008, until December 31, 2038, unless the organization determines otherwise.

**“Point(s) of Connection”** shall mean the location(s) where Flow shall be deemed to be delivered from the Customer’s wastewater collection system into the System and shall be the location at which the ownership and responsibility for operation and maintenance between the System and the Customer shall be established.

**“Service Area”** shall mean the geographic area of Customer from which Flow may be delivered to the System as designated in Exhibit A to this Contract.

“**Services**” shall mean the collection, transportation, and treatment of wastewater by GLWA including without limitation industrial waste control, stormwater, drainage, and other miscellaneous services provided or charged to Customer.

“**Settlement Agreement**” shall mean the *Settlement Agreement and Mutual Release* by and between the SOM, Customer, and GLWA, approved and executed contemporaneously with this Contract, which incorporates the provisions of the mediation term sheet dated October 18, 2023, the Trust Agreement, and other documents referenced by the Settlement Agreement.

“**SOM**” shall mean the State of Michigan.

“**System**” shall mean the public wastewater disposal system, including without limitation the WRRF and System Meters, owned by the City of Detroit and leased, operated, maintained, and/or utilized by GLWA and any improvements, additions and/or changes to the System made by GLWA on or after January 1, 2016, which shall be owned, operated, and maintained by GLWA. Except as has been agreed by GLWA and the City of Detroit, the System does not include any City of Detroit local assets not leased to GLWA. Customer shall not have an ownership interest in the System.

“**System Meter(s)**” shall mean a System wastewater-billing meter which primarily measures Customer’s usage.

“**Trust Agreement**” shall mean the trust agreement approved and executed by the Parties contemporaneously with this Contract and attached as Exhibit F.

“**Trustee**” shall mean the trustee of the trust described in Article 10 and in the Trust Agreement attached as Exhibit F.

“**WRRF**” shall mean the Water Resource Recovery Facility.

## **Article 2.**

### **Delivery of Flow; Maximum Allowable Flow Limit; Enforcement**

- 2.01 Maximum Allowable Flow Limit. Customer’s Maximum Allowable Flow Limit shall be the peak Flow resulting from a ten-year storm event.
- 2.02 Delivery of All Flow. GLWA agrees to accept, and Customer agrees to deliver all Flow from Customer originating within Customer’s Service Area, excluding any Customer Overflow Volumes, up to Customer’s Maximum Allowable Flow Limit.
- 2.03 Calculation of Charges. Customer shall pay GLWA for Services for Flow delivered into the System at such charges as GLWA may establish during its cost allocation and charge design processes, which charges shall be established in accordance with Article 20 of this Contract.

- 2.04 Enforcement of Maximum Allowable Flow Limit. The Parties acknowledge that Customer deviations over the Maximum Allowable Flow Limit may occur. If Customer has multiple incidents of Flow exceeding the Maximum Allowable Flow Limit which evidence a pattern of exceedances, as determined in the sole and reasonable discretion of GLWA, GLWA shall give written Notice of such exceedances to Customer. Thereafter, the Parties shall meet and attempt to develop a plan for reducing or eliminating the exceedances. If, in the opinion of GLWA, the Parties are unable to agree on a plan, GLWA shall have the right to assert any available remedies for breach of contract in accordance with Article 9.
- 2.05 Applicability to Overflow Volumes. Nothing in this Article 2 shall be construed to preclude Customer from constructing or operating wastewater facilities for the purpose of reducing or eliminating Customer Overflow Volumes or improving the operation of Customer's sewage system, or for any other lawful purpose.
- 2.06 Reopener. The Parties reserve the right to reopen for negotiation at any time the Maximum Allowable Flow Limit specified in Section 2.01 in the event that the System Wastewater Master Plan or other analysis acceptable to the Parties demonstrates modifications to the then-existing Maximum Allowable Flow Limit may be warranted. If a new Maximum Allowable Flow Limit is mutually agreed upon, the Parties will amend this Contract to reflect the new Maximum Allowable Flow Limit. Until such time, if any, that the Maximum Allowable Flow Limit is modified, the Maximum Allowable Flow Limit specified in Section 2.01 shall continue in full force and effect.

### **Article 3.**

#### **Ownership, Maintenance, and Accuracy of Equipment and Facilities**

- 3.01 GLWA Ownership and Maintenance Responsibility. GLWA owns or leases, and shall maintain all System Meters, System Meter vaults, and data acquisition equipment used for GLWA's operational and/or billing purposes, unless otherwise provided for in Exhibit A. GLWA shall not own, operate, or maintain Customer-Owned Meters.
- 3.02 Maintenance Standards. GLWA shall maintain System Meters and associated data acquisition equipment in accordance with the GDRSS Phase IV Technical Memoranda 4-8, or subsequent modifications thereto. GLWA shall collect data from System Meters in accordance with the Good Metering Practice specified in the GDRSS Phase IV Technical Memoranda 4-8, or subsequent modifications thereto. GLWA may contract for any such services.
- 3.03 Accuracy. GLWA will ensure the accuracy of System Meters. Customer shall have the right to annually inspect System Meters and check for proper operation, including inspection of records. GLWA and the One Water Partnership shall review the accuracy of System Meters on a regular basis and compare the findings to the then-best available technology. In the event that the accuracy of a System Meter is found to be unsatisfactory, as determined by the One Water Partnership and approved by GLWA, GLWA shall, as soon as practicable, repair, rehabilitate or replace the System Meter.

- 3.04 Customer-Owned Meters. Customer's consultant, Metro Consulting Associates ("MCA") or its SOM-approved successor, shall consult with GLWA in preparing Customer's metering proposal prior to submitting the proposal to EGLE regarding the number and placement of temporary sewage metering devices. Customer shall obtain written approval of its metering proposal from EGLE before the installation of the meters. The meters shall be installed subject to GLWA's specifications. Unless otherwise agreed by the Parties, the meters shall be installed within one (1) year from the effective date of the Settlement Agreement, and Customer shall provide full access to the meter locations to ensure timely completion of the work. All Customer-Owned Meters shall be owned by Customer. Customer shall be responsible for the cost of operating and maintaining all Customer-Owned Meters. The Parties shall agree to a third-party and the procedures to operate and maintain the Customer-Owned Meters including the sharing of all data produced by the Customer-Owned Meters. If the Parties cannot agree to a third-party or the procedures associated with the operation and maintenance of the Customer-Owned Meters, EGLE shall identify the third-party and prescribe the Customer-Owned Meter operation and maintenance procedures. Customer may contract for any such services. GLWA shall have the right to annually inspect Customer-Owned Meters and check for proper operation, including inspection of records. GLWA and the One Water Partnership shall review the accuracy of Customer-Owned Meters on a regular basis and compare the findings to the then-best available technology. If the accuracy of a Customer-Owned Meter is found to be unsatisfactory, as determined by the One Water Partnership and approved by GLWA, Customer shall, as soon as practicable, repair, rehabilitate or replace the Customer-Owned Meter. Once Customer completes the repair, rehabilitation or replacement of the Customer-Owned Meter, any dispute regarding the cost associated therewith shall be resolved as provided in Article 9.
- 3.05 Customer Local Operations. Customer shall continue to retain MCA to operate its local water operations, which includes all billing, collections, maintenance, and improvements. If for any reason MCA ceases to be Customer's operator, then subject to approval by the SOM, Customer shall retain another entity to conduct its local water operations.

#### **Article 4.**

#### **Service Area; Acceptance of Flow**

- 4.01 Service Area. The area for which GLWA agrees to provide Services shall be as shown in Exhibit A. Customer shall not deliver to the System any Flow originating in any area outside of the specified Service Area without the prior written consent of GLWA. A memorandum of understanding between Customer and GLWA may temporarily authorize the delivery of Flow from outside the Service Area. A permanent change in the Service Area shall require amendment of this Contract.
- 4.02 Acceptance of Flow. Due to the configuration of the wastewater collection system owned, operated, and maintained by Customer, GLWA will accept Flow from Customer, as limited by the terms of this Contract, from within the Service Area shown on Exhibit A. The location of each Point of Connection shall be determined to be wherever Customer's

wastewater collection system connects to the System as set forth in Exhibit A, which shall include any connections metered by a Customer-Owned Meter. GLWA shall have no responsibility for operating and maintaining any portions of Customer's wastewater collection system upstream of the Points of Connection, unless specifically indicated otherwise on Exhibit A.

A. As of the date of execution of this Contract, Exhibit A depicts the Parties' best available, non-field-verified information. Accordingly, field verification of the information therein shall be completed by the Parties as soon as practicable and the necessary modifications to Exhibit A shall be agreed upon. The update to Exhibit A required by this paragraph shall not require approval by the legislative body of either Party.

4.03 Change in Service Area. The boundaries of the Service Area may be changed only by the express written agreement of GLWA and Customer and shall be embodied in an amendment to this Contract.

## **Article 5. Flow Measurement**

5.01 Information Gathering. GLWA shall, with guidance and input from the One Water Partnership, make all reasonable efforts to use the best available information to establish Customer's estimated sanitary flows and non-sanitary flows.

5.02 Process. GLWA shall, with guidance and input from the One Water Partnership, decide on the type of analyses, and shall carry out analyses of Flow from Customer using complete Customer-Owned Meter information provided to and accepted by GLWA, and other relevant data and best available information, including System Meter data, as set forth in this Section 5.02.

A. Upon the dismissal of the outstanding litigation between the Parties in accordance with the Settlement Agreement, for purposes of conducting an initial Flow analysis, Customer shall submit to GLWA (i) a memorandum describing the research or analysis conducted to identify the proposed metered locations for the currently installed meters and the rationale for not metering other connections, (ii) all raw and quality assured and quality controlled data collected since July 1, 2022 for all existing or previously installed Customer-Owned Meters, including all installation and calibration records and descriptions of any meter failures or other mechanical issues, and (iii) all monthly volumetric water sales data of Customer's water customers for the period beginning July 1, 2022 until the date of the memorandum referenced in this paragraph.

B. Subsequent to producing the information required in Section 5.02(A), for purposes of conducting Flow analyses, Customer shall submit to GLWA monthly (i) all raw and quality assured and quality-controlled data for all existing Customer-Owned Meters, including all installation and calibration records and descriptions of any meter failures

or other mechanical issues, and (ii) all volumetric water sales data of Customer's water customers.

- C. All submittals required by Section 5.02(A) and (B) shall be quality assured and quality controlled by Customer prior to transmittal to GLWA. After transmittal, the Parties' technical representatives shall discuss the submitted data monthly, or as otherwise agreed, to ensure the Parties' collective agreement on the results thereof.
- D. The water sales data and the results of the Flow analyses shall be utilized by GLWA, in its sole and reasonable discretion but subject to Article 20, in its cost allocation and rate design processes and shall form the basis of billings for Customer.
- E. Unless otherwise agreed by the Parties, nothing in this Contract shall require Customer to (i) provide to GLWA any Customer-Owned Meter data prior to the dismissal of the outstanding litigation between the Parties in accordance with the Settlement Agreement, or (ii) provide to GLWA Customer-Owned Meter data pertaining to the time period prior to July 1, 2022.

5.03 Responsibility for Review and Use of Information. The One Water Partnership shall have the responsibility for reviewing the information it obtains pursuant to this Article 5 for the purpose of verifying that the information is acceptable from a technical basis. GLWA shall have the authority, in its sole and reasonable discretion, for determining how best to utilize the information analyzed by the One Water Partnership.

5.04 Access to Data.

- A. Customer shall at all times have access to the same GLWA Greater Detroit Regional Sewer System ("GDRSS") data as all other customers of GLWA.
- B. GLWA shall at all times have access to live, real-time, 5-minute, and/or such other best available data from all Customer-Owned Meters when and to the extent it is available.

## **Article 6. Flow Re-Allocation**

6.01 Flow Re-Allocation. Should Customer terminate or reduce its Flow into the System, whether at the end of this Contract's term, by mutual agreement, or due to a breach of this Contract by Customer, that portion of its Maximum Allowable Flow Limit so terminated or reduced shall be re-allocated at the discretion of GLWA for the benefit of the System. Flow re-allocation between First Tier Customers may occur only with the prior written approval of GLWA and shall be incorporated as an amendment to this Contract.

6.02 Responsibility for Capital Cost Recovery. If Customer reduces or terminates its Flow into the System, whether at the end of this Contract's term, by mutual agreement, or due to a breach of this Contract by Customer, Customer shall remain responsible for any remaining capital costs for facilities built to provide Customer its Maximum Allowable Flow Limit.

In such event, Customer shall either (1) pay in full all outstanding capital costs accumulated to the date of its termination of participation in the System, or (2) enter into a contract guaranteeing monthly payments to GLWA of the remaining capital costs, or (3) assign the responsibility for the remaining capital costs to the First Tier Customer to whom Customer has re-allocated its Flow (the “RAF Customer”) provided that Customer shall remain ultimately responsible for the remaining capital costs in the event the RAF Customer fails to timely pay said capital costs. As of the effective date of this Contract, the amount of such capital costs allocable to Customer (not including the cost of any future capital improvements) is \$0.00.

**Article 7.**  
**Contract Term; Renewal and Termination**

- 7.01 Term. GLWA shall provide Services to Customer in accordance with the terms and conditions of this Contract for a period of thirty years from the effective date of this Contract and any ten-year renewal terms (collectively the “Contract Term”). The effective date of this Contract shall be January 1, 2014. This Contract replaces and supersedes any prior wastewater disposal services contracts between the Parties and any prior wastewater disposal services contracts between the City of Detroit and Customer.
- 7.02 Renewal. This Contract shall automatically renew at the conclusion of the thirty-year term for an additional ten-year term, unless a Party provides written notification to the other Party in accordance with Article 16 on or before December 31, 2039, which is the conclusion of the twenty-fifth year of the thirty-year term, stating its intent not to renew this Contract. Thereafter, this Contract shall automatically renew every ten years for an additional ten-year term, unless a Party provides written notification to the other Party in accordance with Article 16 on or before the conclusion of the fifth year of the then current ten-year term stating its intent not to renew this Contract. The automatic renewals of this Contract shall not preclude a review of its terms and the Parties are encouraged to reaffirm or amend its terms as necessary. The Parties may, in writing, mutually agree upon a longer renewal term.
- 7.03 Continuing Obligation. Customer’s obligations under Article 6, if any, shall survive the expiration or termination of this Contract and continue until such obligations are satisfied.

**Article 8.**  
**Construction Standards**

- 8.01 Except as otherwise specified in this Contract, Customer shall abide by GLWA’s design specifications and construction standards. Customer shall submit plans and specifications for new wastewater collection or transport facilities for review and approval to GLWA prior to the installation of such facilities. GLWA will review the plans and specifications and provide Customer with a determination as to its approval or disapproval of the plans and specifications.

**Article 9.**  
**Dispute Resolution**

9.01 General. Any and all disputes alleging a breach of this Contract shall be resolved as set forth in this Article 9.

9.02 Disputes; Resolution.

- A. The Parties shall each designate in writing to the other from time to time a representative who shall be authorized to resolve any dispute relating to the subject matter of this Contract in an equitable manner and, unless otherwise expressly provided herein, to exercise the authority of such Party to make decisions by mutual agreement.
- B. The Parties each agree (i) to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner and (ii) to provide each other with copies of or reasonable access during normal business hours to any and all non-privileged written records, information, and data pertaining to any such dispute.
- C. If any dispute arising under this Contract is not resolved between the Parties pursuant to this Section 9.02 within 30 days of the date on which a Party provides written Notice to the other Party of such dispute and of the notifying Party's position on the disputed matter, then upon written notification by either Party to the other Party, such dispute shall be settled exclusively and finally by binding expedited arbitration in accordance with Section 9.03.
- D. During the pendency of any dispute and until such dispute is resolved, the Parties shall continue to operate under the terms of this Contract.
- E. Any dispute regarding amounts owed by Customer, Customer's billings, or related charges shall be subject to the terms and conditions of Article 10.

9.03 Mandatory, Expedited Arbitration.

- A. Any dispute arising under this Contract that cannot be resolved between the Parties shall be submitted to binding expedited arbitration irrespective of either the magnitude thereof or the amount in dispute. The Wayne County Circuit Court shall retain jurisdiction to enforce the terms of the Settlement Agreement, which will be entered by the court as a consent judgment. Disputes arising under the Trust Agreement shall be resolved by the Wayne County Circuit Court and are excluded from the application of this Article 9.03 unless (i) all Payments (as defined in Article I of the Trust Agreement) are received by the Trustee in accordance with the Trust Agreement, and (ii) any disputed amounts are retained in the trust in accordance with the process and notice requirements described in Section 10.03.
- B. Each arbitration between the Parties shall be conducted pursuant to the Uniform Arbitration Act, Act No. 371, Public Acts of Michigan, 2012 ("Act 371").

- C. Unless otherwise agreed by the Parties, the arbitration shall be conducted before a panel composed of three arbitrators (the "Arbitration Panel"). Each Party shall appoint an arbitrator, obtain its appointee's acceptance of such appointment, and deliver written notification of such appointment and acceptance to the other Party within 15 days after delivery of a Notice of arbitration. The two arbitrators appointed by the Parties shall jointly appoint the third (who shall be the chairperson), obtain the acceptance of such appointment, and deliver written notification of such appointment within 15 days after their appointment and acceptance. The chairperson shall have demonstrated expertise in the field of utility operations and/or ratemaking.
- D. Any arbitration commenced hereunder shall be completed within 90 days after the appointment of the Arbitration Panel absent agreement of the Parties to the contrary. Further, absent agreement of the Parties or, upon request of one of the Parties and an order from the Arbitration Panel to the contrary: (i) all discovery shall be completed within 45 days after the appointment of the Arbitration Panel; (ii) each Party shall be limited to a maximum of 5 depositions; (iii) each deposition shall be completed within a maximum period of one day of four hours; (iv) each Party shall be limited to 2 expert witnesses; and (v) interrogatories shall be limited to a maximum of 20 single issues without sub-parts. The Parties waive any claim to any damages in the nature of punitive, exemplary, or statutory damages in excess of compensatory damages or otherwise expressly provided for herein, and the Arbitration Panel is specifically divested of any power to award such damages. The Arbitration Panel shall have the power to award injunctive or other equitable relief. All decisions of the Arbitration Panel shall be pursuant to a majority vote. Any interim or final award shall be rendered by written decision.
- E. If either Party fails to appoint its arbitrator within 15 days after delivery of a Notice of arbitration, or if the two arbitrators appointed cannot agree upon the third arbitrator within 15 days after appointment of the second arbitrator, then the required arbitrator(s) shall be appointed by the American Arbitration Association or as otherwise agreed by the Parties.
- F. The Parties shall each bear the out-of-pocket costs and expenses of their respective arbitrator, attorneys, and witnesses, and they shall each bear one-half of the out-of-pocket costs and expenses of the chairperson of the Arbitration Panel and all administrative support for the arbitration. The Arbitration Panel may award attorney's fees and costs to the prevailing party in connection with any dispute upon finding that a claim or billing challenge was frivolous or brought in bad faith.

9.04 Enforcement. Customer or GLWA may enforce any awards or decisions of the Arbitration Panel issued under Section 9.03 pursuant to Section 22 of Act 371 (MCL 691.1702). Except as provided otherwise in this Contract, the provisions of this Article 9 shall be the sole and exclusive remedy of the Parties with respect to any dispute arising under this Contract and the Parties agree not to bring, or cause to be brought, in a court of law any action, proceeding, or cause of action whatsoever with respect to any such dispute.

**Article 10.**  
**Payment for Services**

- 10.01 Payment Terms. Bills for Services shall be rendered to Customer on a monthly basis. All such bills shall be due and payable not more than forty-five (45) calendar days from the date shown on the bill. Any portion of the charges not related to a dispute regarding the accuracy of the bill that is not paid by the due date shall be subject to a finance charge at a rate of 1.5% per month for each month that they remain unpaid. Such finance charge shall not apply to any disputed amounts held in escrow by the Trustee in accordance with Section 10.03. Any portion of the total bill, plus any finance charges applied to the bill which are not paid by the next billing date, shall be shown on the next bill as arrears.
- 10.02 Trust Account. A trust shall be established and funded in accordance with the Settlement Agreement and administrated in accordance with the Trust Agreement, attached as Exhibit F, to provide, in relevant part, payment to GLWA for all Services rendered and to Customer for local services rendered. If there is any conflict between the terms of Exhibit F and any other terms of this Contract regarding the Trust Agreement, the terms of Exhibit F shall control.
- 10.03 Dispute. GLWA may discontinue Services to Customer if bills are overdue ninety (90) calendar days or more from the billing date, in addition to any other remedies provided for in this Contract. GLWA shall not discontinue the Services if there is a good faith dispute concerning the accuracy of billings. If the accuracy of a bill is in dispute, Customer shall have thirty (30) business days from the date of the invoice in which to provide written Notice to GLWA and the Trustee of its dispute, and the Trustee shall withhold and retain in the trust and not remit to Customer or GLWA any claimed amounts in dispute until the dispute is resolved. Accrued interest on the disputed amount shall belong to the Party that prevails in the resolution of the dispute. Disputes under this Section 10.03 shall be subject to the terms and conditions of Article 9, provided however, that any notices required by this Section shall not extend the times provided in that Article.

**Article 11.**  
**Emergency Situations**

- 11.01 No failure or delay in performance of this Contract by any Party shall be deemed to be a breach thereof when such failure or delay is caused by a force majeure event, including but not limited to, any Act of God, strikes, lockouts, wars, acts of terrorism, riots, epidemics, explosions, sabotage, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority, or any other cause, whether of the kind enumerated in this Article 11 or otherwise, not within the control of a Party, except that no cause or contingency shall relieve Customer of its obligation to make payment for Services provided by GLWA.

**Article 12.**  
**Default Provisions**

- 12.01 If a Party is alleged to have committed a material breach of this Contract, the Party alleging the breach shall give written Notice of the breach to the other Party within a reasonable time of discovering the breach. The Party alleged to be in breach shall be given a reasonable time to cure the breach. If the Party alleged to be in breach fails to cure the breach, the non-breaching Party may pursue the remedies available pursuant to Article 9.
- 12.02 The Trustee shall be notified simultaneously with any Notice of material breach arising under this Contract.

**Article 13.**  
**Assignment**

- 13.01 This Contract shall not be assigned, in whole or in part, by a Party without the prior written consent of the other Party provided, however, that GLWA may assign this Contract to the City of Detroit without prior Notice to Customer at the conclusion of the Lease term. Consent to an assignment by either Party shall not be unreasonably withheld.

**Article 14.**  
**One Water Partnership**

- 14.01 Establishment. The One Water Partnership is a voluntary, advisory organization that exists to facilitate a cooperative working partnership between GLWA and First Tier Customers by facilitating discussion and development of recommendations to GLWA regarding System operation, maintenance, charges, and best practices, and is based on the free flow of information regarding financial and operational functions. The One Water Partnership shall maintain bylaws that govern the way it conducts its business. In the event of a conflict between the terms of the bylaws adopted by the One Water Partnership and the terms of this Contract, the terms of this Contract shall control.
- 14.02 General Responsibilities. The One Water Partnership shall periodically review and evaluate the charges, charge methodology, operation, and maintenance of the System. The One Water Partnership shall have the opportunity each year to review the Capital Improvement Program as prepared by GLWA, prior to its adoption by the Board.
- 14.03 Annual Report by GLWA. GLWA will present an annual report to the One Water Partnership that shall consist of a general report on System operation and maintenance.
- 14.04 Annual Meeting and Report by One Water Partnership. The One Water Partnership will meet annually with and report to the Board. The One Water Partnership may otherwise meet and communicate with the Board as the One Water Partnership deems necessary.
- 14.05 Work Groups. The One Water Partnership may create work groups and sub-committees to address specific issues facing the System. Customer shall have the right to attend all

meetings of the One Water Partnership and any work groups and sub-committees established thereby.

**Article 15.  
Amendment**

- 15.01 General. The Parties may from time to time consider it in their best interests to change, modify or extend a term, condition, or covenant of this Contract. Any such change, addition, deletion, extension, or modification, which is mutually agreed upon by the Parties shall be incorporated in a written amendment to this Contract. Such amendments shall not invalidate this Contract nor relieve or release any Party of any of its respective obligations under this Contract unless so stated in the amendment.
- 15.02 Approval. No amendment to this Contract shall be effective and binding upon the Parties unless it expressly refers to this Contract, is in writing, is signed and acknowledged by duly authorized representatives of the Parties, is approved by Customer's legislative body, and is approved by the Board.
- 15.03 Notice to Trustee. The Trustee shall be given written Notice of any amendment to this Contract, the Trust Agreement, or the Settlement Agreement that may affect the Trustee's obligations arising out of this Contract, the Trust Agreement, or the Settlement Agreement.

**Article 16.  
Notices**

- 16.01 Addresses For Notice. Except as otherwise specified in this Contract, all Notices required or permitted under this Contract shall be given in writing and mailed by first class mail, addressed as follows:

If to GLWA:

Chief Executive Officer  
Great Lakes Water Authority  
735 Randolph, Suite 1900  
Detroit, Michigan 48226  
Attention: General Counsel

If to Customer:

Mayor  
City of Highland Park  
12050 Woodward Avenue  
Highland Park, MI 48203

cc: Water Department Director  
City of Highland Park  
12050 Woodward Avenue  
Highland Park, MI 48203

- 16.02 When Deemed Given. All Notices shall be deemed given on the day of post-marked mailing. Any Notice given by a Party hereunder must be signed by an authorized representative of such Party.
- 16.03 Special Mailing Requirements. Notwithstanding the requirement above as to the use of first-class mail, Notices regarding change of address, termination, and any Notices required by Sections 2.04, 7.02, 9.02, 9.03, 10.03, 12.01, 12.02, 15.03, 20.01, 20.02, shall be sent by certified first-class mail, postage prepaid.
- 16.04 Notice to Trustee. Notices to the Trustee required by this Contract shall be sent to the address identified in Exhibit F.

**Article 17.**  
**Industrial Waste Control Program**

- 17.01 Customer agrees to abide by the requirements of the Industrial Waste Control Program as set forth in Exhibit E, paragraph F. To the extent that Exhibit E obligates Customer in the future to adopt any new or modified ordinance, rule, or regulation based upon a future amendment to the City of Detroit's Wastewater Discharge Control Ordinance or any successor or similar ordinance, such amendment shall be consistent with the then-current rules and regulations of the United States Environmental Protection Agency ("USEPA") and EGLE but may be more stringent than USEPA and EGLE rules and regulations.

**Article 18.**  
**Rights-of-Way**

- 18.01 Assistance from Customer; Restoration. Customer shall assist GLWA to obtain permission to use streets, highways, alleys, and/or easements within the Customer's jurisdiction for the purpose of constructing, maintaining, and operating wastewater disposal facilities to adequately service the Customer's jurisdiction and other areas. In the event of such construction, GLWA shall request Customer to execute such separate instruments granting rights-of-way in its streets, highways, and alleys as may be reasonably required by GLWA. GLWA shall restore all existing structures and/or improvements laying in the right-of-way of construction to as good a condition as before the construction took place. As contemplated by this paragraph, any such facilities existing on or before December 31, 2015, shall remain under the ownership of the City of Detroit as leased to GLWA, and any new facilities constructed on or after January 1, 2016, shall be owned by GLWA and in no case shall either the existing or new facilities be operated or maintained by any entity other than GLWA or its authorized representatives.
- 18.02 Relocation of Facilities. Should future construction by any federal, state or county agency require relocation of a wastewater interceptor, System Meter or other System facility, the cost incurred by GLWA for such relocation, if not reimbursed by the agency requiring the relocation, will be allocated in future charges as a common-to-all cost to all System users

for the relocation of a common-to-all facility, or as a customer-specific cost to a specific customer or customers for the relocation of a customer-specific facility.

- 18.03 Easements. Subject to the provisions of Section 18.01 and to the extent that Customer has jurisdiction, GLWA shall be granted temporary and permanent easements, and shall be permitted to use the streets, alleys, and highways within Customer's legal jurisdiction for the purpose of constructing, operating, and maintaining the System. This consent by Customer is given in compliance with Article 7, Sec. 29 of the Michigan Constitution of 1963, provided that GLWA shall provide Customer with a written explanation of the type of easement required and the duration thereof.

### **Article 19. Miscellaneous**

- 19.01 Enforceability. If any provision of this Contract or its application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Contract shall not be affected and shall remain valid and enforceable to the fullest extent permitted by law.
- 19.02 Integration. This Contract, including the exhibits attached hereto, contains the entire agreement between the Parties regarding the Services and all prior negotiations and agreements are merged into this Contract. No Party has made any representations regarding the subject matter of this Contract except those expressly set forth in this Contract.
- 19.03 Headings. The headings of the sections of this Contract are for convenience only and shall not be used to construe or interpret the scope or intent of this Contract or in any way affect the same.
- 19.04 Governing Law. This Contract and all actions arising under it shall be governed by, subject to, and construed according to the law of the State of Michigan.
- 19.05 Execution of Contract. This Contract may be executed in any number of originals, any one of which shall be deemed an accurate representation of this Contract. Promptly after the execution of this Contract, GLWA shall provide a copy to Customer.
- 19.06 Benefits to Inure. The rights and benefits under this Contract shall inure to the benefit of and be binding upon the Parties, their agents, successors, and assigns.
- 19.07 Third-Party Beneficiaries. Pursuant to the terms of its Lease with GLWA, the City of Detroit is an acknowledged third-party beneficiary of this Contract as the owner of the System, and this Contract shall not be construed to benefit any persons other than GLWA, the City of Detroit and Customer.
- 19.08 Drafting. This Contract shall be deemed to be mutually drafted.

19.09 Recital Paragraphs. The recital paragraphs set forth in the preamble of this Contract are incorporated in and made a part of the Contract.

## **Article 20. Charges**

20.01 Charges. Customer agrees to pay for all Services supplied by GLWA at such charges as GLWA may establish. Charges shall be reasonable in relation to the costs incurred by GLWA for the provision of the Services. GLWA shall give written Notice of any changes in the charges. Notice shall be made in accordance with Section 5e of Public Act 279 of 1909, Michigan Compiled Laws, Sec. 117.5e, as amended (“Act 279”) or other applicable federal court orders.

20.02 Notification of Charges. As soon as possible in the charge-making process, GLWA shall provide information on proposed charges and the draft data and information used in the calculation of proposed charges in a format that will enable Customer to assist in the charge-making process. Not less than thirty calendar days prior to the hearing required by Act 279 or other applicable federal court orders, GLWA shall provide Customer with written Notice of a proposed charge and the underlying data used to calculate the charge. GLWA shall meet with Customer to review the charge and the data. GLWA shall provide Customer, upon written request, a copy of the charge notebook containing the detailed tabulations supporting the establishment of the final charges for the next charge year and the look back adjustments.

20.03 Disclosure of Rate Information by Customer. Each year, Customer will disclose to its customers information related to its local rates and other charges, and information regarding what portion of those costs is related to charges from GLWA and/or other major service providers.

20.04 Estimate of Usage. Once twelve (12) months of quality metering data is available to project estimated annual sewerage flows, GLWA charges to Customer shall be based on that data and future data. Until such data is available, GLWA shall base its charges on analyses of Flow from Customer using complete Customer-Owned Meter information provided to and accepted by GLWA, water sales data of Customer’s water customers including wholesale, retail, commercial, and industrial if applicable, and/or other relevant data and best available information in accordance with Section 5.02, including System Meter data.

If any Customer-Owned Meter experiences any failure, outage, or other technical issue, including any failure to correctly measure the quantity of wastewater transmitted by Customer for any period of time, GLWA shall provide a reasonable estimate of the quantity of wastewater generated by Customer for such period provided that there is a reasonable basis for the estimate. Customer and GLWA shall, either through their respective technical representatives and/or the One Water Partnership, seek agreement upon a method to estimate such quantities. If the Parties are unable to agree upon a method to estimate such quantities, GLWA’s determination of a method shall be conclusive, and Customer agrees to accept the estimate established by GLWA.

20.05 Charge-Making Terms. The charge-making terms set forth in Exhibit E attached hereto, as may be revised by GLWA from time to time and approved by the Board, are incorporated into and made a part of this Contract. Further, GLWA agrees to provide to Customer an updated description of the methodology for charge-making utilizing the most recent cost of service studies as may be updated by GLWA in its sole discretion from time to time, and as may be modified and approved by the Board. The charge methodology documents referred to in this paragraph and any updates thereto shall be provided to Customer via posting on the GLWA website.

A. Effective January 1, 2024, GLWA shall provide a settlement credit of \$60,000.00 per month to Customer on its sewage charge until June 30, 2024, subject to the following:

- (i) Customer may fully participate in the GLWA share and charge process for fiscal year 2025, and
- (ii) Beginning July 1, 2024, Customer shall receive the lesser of (a) the fiscal year 2024 sewage charges and credit, or (b) the fiscal year 2025 sewer share and resulting charges, and
- (iii) The settlement credit shall terminate no later than June 30, 2025.

20.06 Accounting of Project Expenses. GLWA recognizes that Customer's allocation of charges and rates to its customers may vary depending upon the nature, location and purpose of the particular project carried out by GLWA. Accordingly, when requested by Customer in writing, GLWA shall provide reasonable information to assist Customer in the accounting of expenses for a specified project.

**Article 21.**  
**Intentionally Omitted**

*(Signatures appear on next page)*

Accordingly, GLWA and Customer, by and through their duly authorized officers and representatives, have executed this Contract.

**City of Highland Park:**

By: \_\_\_\_\_  
Glenda McDonald  
Its: Mayor

By: \_\_\_\_\_  
Brenda Green, CMC  
Its: City Clerk

APPROVED BY  
HIGHLAND PARK CITY COUNCIL ON:

\_\_\_\_\_  
Date

**Great Lakes Water Authority:**

By: \_\_\_\_\_  
Suzanne R. Coffey, P.E.  
Its: Chief Executive Officer

APPROVED BY  
GLWA BOARD OF DIRECTORS ON:

\_\_\_\_\_  
Date

APPROVED AS TO FORM BY  
GLWA GENERAL COUNSEL ON:

\_\_\_\_\_  
Signature Date

## EXHIBIT A

### Customer's Service Area

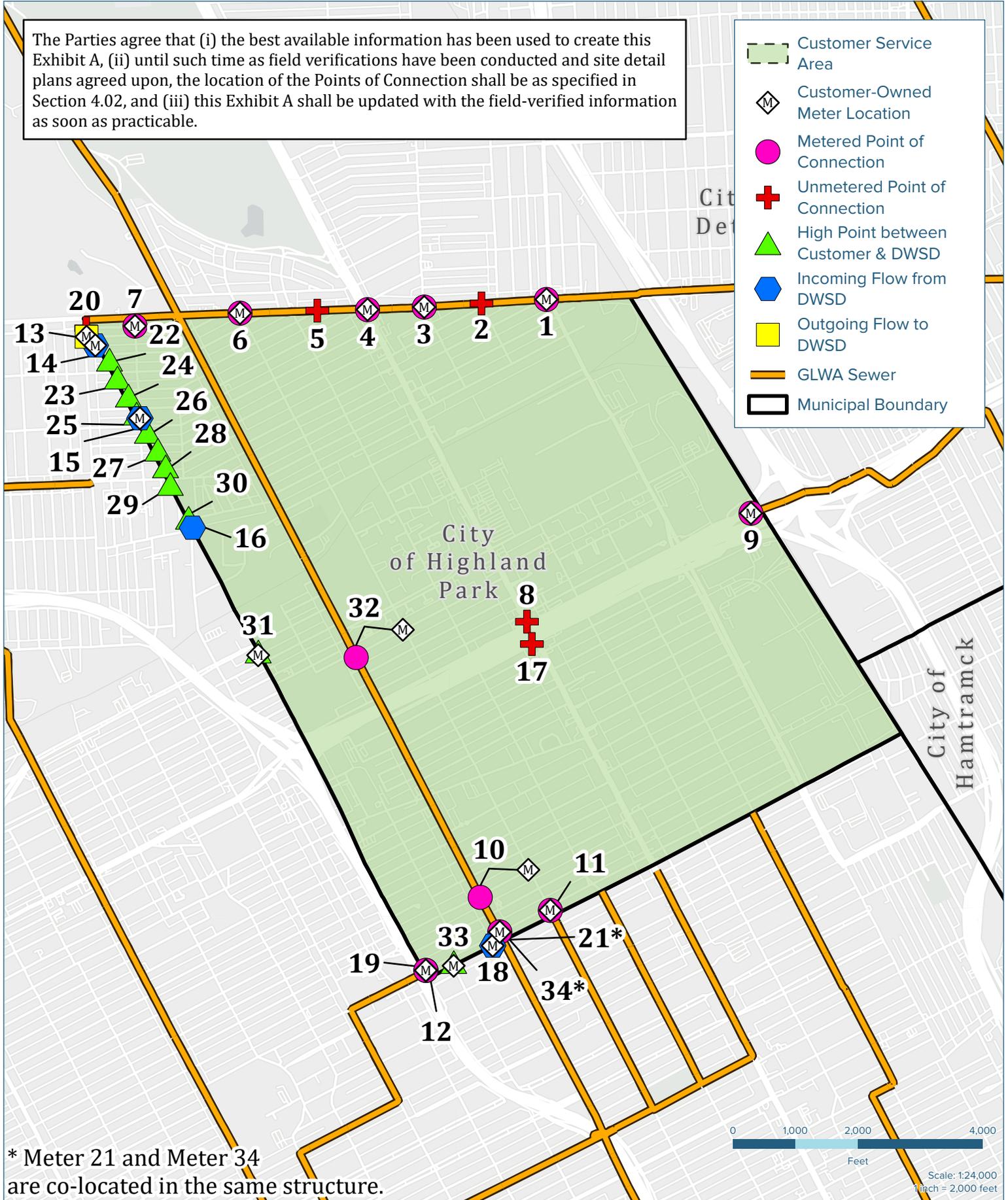
This Exhibit contains the following information:

1. The corporate limits of Customer
2. The Service Area of Customer
3. Customer's Maximum Allowable Flow Limit
4. The specific location of any Customer-Owned Meters, System Meters, and System Meter vault(s)
5. The Points of Connection to the System
6. The designation/name of any Customer-Owned Meters and System Meters
7. The location of any Customer and System data acquisition equipment



The Parties agree that (i) the best available information has been used to create this Exhibit A, (ii) until such time as field verifications have been conducted and site detail plans agreed upon, the location of the Points of Connection shall be as specified in Section 4.02, and (iii) this Exhibit A shall be updated with the field-verified information as soon as practicable.

-  Customer Service Area
-  Customer-Owned Meter Location
-  Metered Point of Connection
-  Unmetered Point of Connection
-  High Point between Customer & DWSD
-  Incoming Flow from DWSD
-  Outgoing Flow to DWSD
-  GLWA Sewer
-  Municipal Boundary



\* Meter 21 and Meter 34 are co-located in the same structure.



Scale: 1:24,000  
1 inch = 2,000 feet

EXHIBIT B

RESERVED

EXHIBIT C

RESERVED

EXHIBIT D

RESERVED

## EXHIBIT E

### Modified List of Relevant Charge-making Terms

#### **A – Rate Making Process**

1. User Charge System. Not less than every two years, GLWA shall review its User Charge System to assure that it accomplishes the requirements set out in 40 C.F.R. §35.929-2(b).

2. Local User Charge System. Each wholesale customer agrees that it shall adopt and enforce, each of its local governmental customers for sewage treatment and disposal services to adopt and enforce rules and regulations to implement and maintain a revenue system whereby, as a minimum, the operation, maintenance and replacement portion of GLWA's charges are distributed proportionately to each user or user class that is tributary to GLWA's treatment works. The rules and regulations shall provide for monitoring of commercial, governmental and industrial users and shall be consistent with the monitoring rules and regulations of the City of Detroit. The GLWA shall have the right under said rules and regulations to audit all monitoring activities including the right to perform monitoring tests itself to verify the accuracy of monitoring results.

3. Future Charge-making Information.

a. Whenever GLWA undertakes any study which may result in the revision of charges to its wholesale customers, it shall notify its wholesale customers and provide those customers, their agents, consultants and attorneys, any final reports prepared in the course of such study and, upon written request, any interim or preliminary reports, and meet with the contracting parties to explain and discuss the reports being provided. When implementing any change in sewage treatment charges, the GLWA shall comply with the applicable public participation requirements of 40 CFR Part 25, and MCL 117.5e(b). The GLWA shall hold a public hearing prior to the adoption of sewage treatment charges. No later than fifteen (15) days prior to the GLWA's hearing, and upon request, GLWA shall provide contract customers with the charge report and supporting documents to be considered by the GLWA.

4. Commitment to Collaborative Process. GLWA shall establish and continue a customer outreach and involvement process to facilitate a cooperative working partnership between GLWA and First Tier Customers based on the free flow of information regarding financial conditions and operational functions. The Steering Committee, with its subcommittees, is established as the forum in which discussion and development of recommendations to GLWA regarding wastewater system operation, maintenance, charges, and best practices occurs. The parties agree that the charge-making process will incorporate guidance and input from the Steering Committee and its work groups.

#### **B – Revenue Requirements**

1. Revenue Requirements. Revenue requirements shall be based upon the finances required to meet all operating, maintenance, capital requirements including debt financing and debt service coverage required by bond covenant, ordinance, or GLWA policy, and any obligations imposed by law, and shall reflect not only recent cost experience but also a recognition of the reasonably estimated future cost levels during the period for which the charges are being established.

a. Operating and Maintenance Expenses of the System.

(i) Operating and maintenance expenses shall include replacement of process

equipment, accessories, or appurtenances which are necessary to maintain the capacity and performance for which the treatment works is designed and constructed.

(ii) The charge for operation and maintenance expenses, including replacement, shall include surcharges to be applied to discharges of individual users whose loadings of specified pollutants exceed normal loadings. The GLWA shall specify the pollutants that may be surcharged and shall define normal loading thresholds of each pollutant. The charge shall conform to Section 204(b) (1) (A) of Public Law 92-500, as amended, and regulations of the United States Environmental Protection Agency, being 40 CFR 35.929 through 35.929-3.

b. Capital Financing. GLWA shall adopt a five-year financial plan and a five-year capital improvement plan for the expansion, renewal and replacement of common use major capital assets and improvements and shall update the plans at least bi-annually. The plans shall provide for the financing of major capital assets and improvements with a mix of revenue bonds and revenue-financed capital designed to accomplish the financial goals established by the GLWA, considering public water and sewer utility financial benchmarks, including, without limitation, unrestricted net assets, charge stability, strong bond ratings and a long-term goal of achieving reasonable debt service coverage levels and reasonable levels of debt service as a percentage of total revenue.

c. Depreciation. To the extent that the “Cash Basis” of charge-making is applied in future charges, revenue requirements shall not include a depreciation expense element, which, together with a rate of return and provision for operation and maintenance expense, would generate revenues in excess of system revenue requirements including coverage.

2. Amended Look-Back Process: Adjustments to Prospective Revenue Requirements. GLWA shall review the differences in each class cost pool between the projected revenue requirement for a charge year and the actual revenue requirement for that charge year to determine potential adjustments to prospective allocations and budgets/revenue requirements for that cost pool according to the procedures set forth in **Attachment 1**, Charge Simplification Recommendations, November 22, 2013. The purpose of this review will be to avoid material deviations from the principles in Section D(1) below between projected and actual revenue requirements over the medium term. To the extent that the GLWA determines that a material variance exists in a cost pool, the GLWA may, at its discretion, modify prospective revenue requirements in one or more subsequent charge years to eliminate the variance. Notwithstanding anything in this Section B(2), GLWA’s current SHARES methodology and allocation is attached to this Contract as Addendum A to Attachment 1. GLWA shall adhere to then-current SHARES methodology and allocation. Addendum A is subject to change without requiring an amendment to this Contract.

3. Bad Debt Expense.

a. A “bad debt expense” is a delinquency by a GLWA customer that is classified as “bad debt expense” pursuant to then applicable accounting procedures.

b. Quarterly, GLWA will provide to the wholesale customers current information on individual delinquencies in payment of wholesale class bills. On or before January 1 each year, GLWA will provide the wholesale customers a statement of the amount of wholesale bad debt expense to be included in the prospective charges for each delinquent wholesale customer and the amount of bad debt expense from prior charge years for each such delinquent customer.

c. GLWA shall review the differences between the projected bad debt expense assigned to specific customer classes (noted below) in a charge year and the actual bad debt expense incurred for that charge year. Any variance between the projected bad debt expense and the actual bad debt expense

incurred for that year shall be incorporated into the revenue requirement for the next-commencing charge year to insure that revenue shortfalls due to nonpayment of sewer charges are recovered.

d. For purposes of this clause, specific customer classes are defined as:

	Bad Debt Expense	Responsible Customer Class
1.	Detroit Retail Customers	Detroit Retail Customers
2.	Wholesale Contract Customers	Wholesale Contract Customers
3.	Surcharge Customers	Surcharge Customers
4.	Wayne County Hwy Drainage	Wayne County Hwy Drainage
5.	Michigan DOT Hwy Drainage	Michigan DOT Hwy Drainage
6.	Industrial Waste Control	Industrial Waste Control

e. GLWA shall use all commercially reasonable efforts, which may include legal action, to recover all delinquent wholesale billings before they are classified as bad debt expense and charged to the wholesale customer class.

f. Delinquencies that have been classified as bad debt expense shall continue to be charged against and shown on the delinquent wholesale customer's bill until such time as the delinquency is paid or released pursuant to subsection 3(g) below. Payments made by a wholesale customer with regard to its delinquent accounts after they have been charged as a bad debt expense to the wholesale customer class shall be credited to the wholesale customer class' revenue requirement in the charge year following such payment. Payments received from delinquent wholesale customers shall be applied to the oldest unpaid invoice, whether or not the invoice has been classified as a bad debt expense.

g. GLWA shall not compromise, release or discharge part or all of its claims against a wholesale customer when the delinquency has been charged as a bad debt expense against the wholesale customer class without the consent of two thirds in number of the representatives of Wayne, Oakland and Macomb Counties authorized to execute and carry out the terms of the Wastewater Disposal Services Contract in the exercise of their commercially reasonable judgment.

h. If GLWA has not instituted legal action to collect a wholesale customer delinquency after it has been charged to the wholesale customer class, at the request of one or more wholesale customers, GLWA shall assign to the wholesale customer class (or such member(s) of that class who agree to pursue such claims) that claim(s) against the delinquent wholesale customer on behalf of GLWA. If one or more wholesale customers request that the right to prosecute a claim be assigned to them, GLWA shall notify all wholesale customers of the requested assignment, the nature and amount of the claim, the party or parties to whom the claim is assigned and that the other wholesale customers may have the right to appear or intervene in the action. The customers who are assigned the claim shall pursue the claim using common counsel. The wholesale customers that pursue such claims may recover their reasonable attorneys and other expenses incurred in pursuing the claim(s) from the sums recovered with the balance of any recovery paid over to GLWA for the benefit of the wholesale customer class. The wholesale customers to whom GLWA has assigned its right to pursue a claim(s) on behalf of its wholesale customers shall not compromise, release or discharge part or all of the claim(s) without the consent of two thirds in number of the representatives of Wayne, Oakland and Macomb Counties as well as the GLWA Board of Directors, in the exercise of their commercially reasonable judgment.

i. Any wholesale customer that through its delinquency has created a bad debt expense to GLWA, regardless of whether that bad debt has been charged as an expense against the wholesale

customer class, shall not receive any charge benefits or credits pertaining to the wholesale class at large that result from calculations under section B(2) so long as the delinquency creating the bad debt expense remains unpaid or un-discharged.

j. The GLWA shall develop rules and procedures as necessary to implement and carry out the provisions of article B(3) of this Exhibit E.

### **C – Payments to the City of Detroit**

1. Payment for Indirect Benefits or Services. Following the computation of charges for customers residing or located within the City of Detroit and customers residing or located without the City of Detroit, such charges shall be further adjusted by deducting from the revenue requirement for customers within the City of Detroit and added to the revenue requirement for customers without the City of Detroit an amount determined as follows:

a. For the fiscal year 1979, the sum of \$1 million. For each fiscal year thereafter, such amount shall be increased by 5%, determined on a compounded basis. This adjustment is known as “Adjustment A” in the charge protocol.

b. This payment shall be made and the charges so adjusted as a payment to reflect the cost of indirect benefits or services provided by the City of Detroit to DWSD for common use facilities within the City of Detroit, such as police and fire protection, the risk of tort liability, the loss of tax base that the City loses as a result of the Department’s tax exemption, and the fact that the suburbs receive sewage treatment without having to devote any of their land to a tax free utility.

c. In the event that the City of Detroit shall at any time hereafter render billings or accounting statements for indirect services to the DWSD such as police and fire protection, risk of tort liability, loss of tax base or any other type of contribution in lieu of taxes with the effect that such billings or statements become part of the DWSD budget for charge-making purposes, then the amount of such charges allocated or apportioned to the contracting customers shall be deducted from the amount determined in subsection (a) above, and shall in no event exceed the amount determined pursuant to subsection (a) above.

d. DWSD shall allocate the amount charged to the customers residing or located without the City of Detroit for payment for indirect benefits and services set forth in subsections (a)-(c) in the same manner in which it allocates treatment costs.

2. Payment for Direct Services. DWSD may continue to include in its charges fees for direct services which the City currently renders and bills to DWSD. Such “direct services” shall be limited to the kind of services historically provided by offices, departments or agencies of the City of Detroit such as various kinds of licenses and permits, electricity, steam, paving required by DWSD’s facilities or projects, vehicles and rubbish pickup and those which were included in the DWSD budget for fiscal 1978. No additional charges may be made for “direct services” provided by other additional city offices, departments and/or agencies without the prior agreement of the contracting parties. Such agreement shall not be unreasonably denied or delayed should it appear that the particular service or services result in a legitimate, direct benefit to system and its customers.

### **D – Allocation of Costs of Service**

1. Uniform Allocations of Costs Incurred. GLWA shall recover costs incurred by the System by instituting charges which assign, allocate, and apportion such costs to all charge-payers on the basis of

principles uniformly applicable to all, it being the intention of the parties that such charges (whether designed on the utility or cash basis) will, as nearly as is practical, recover from each customer class the respective costs of providing service regardless of the charge-payer's location. In particular:

a. If GLWA implements charges based upon a system of charging a percentage rate of return on net asset or capital structure rate base, (through the use of the so-called utility basis of rate making), there shall be no differential in the rate of return charged to customers residing or located within the City of Detroit and customers located without the City of Detroit. Nothing herein contained shall prohibit GLWA from designing its charges on the so-called cash basis.

b. Should GLWA use the cash basis to allocate capital costs in any future charge study, the allocation of debt service costs to all customers or facilities shall be based upon the system weighted average interest rate at the time.

c. GLWA shall use surcharges to recover incremental revenue requirements incurred in treating sewage which, at the point of discharge, contains specified pollutants in concentrations exceeding those of normal domestic sewage as defined by the GLWA.

d. All revenue requirements other than those revenue requirements recovered by surcharges pursuant to subsection (1)(c) may be recovered by volume alone, or by volume and surcharges, or by any method which provides a distribution of costs reasonably related to the service provided.

e. The parties' current plan (at the time of this agreement) for achieving the principles set forth in this Section is set forth in Addendum A to **Attachment 1**. Consistent with Section A(2) of this agreement, the parties, by mutual agreement, may modify Addendum A to **Attachment 1** to reflect new information and approaches to achieving the principle set forth in this Section D(1).

2. DWSD Combined Sewer Overflow (Wet Weather Facilities).

a. Certain new wet weather facilities being constructed or to be constructed by GLWA to alleviate combined sewer overflows from its wastewater transportation, conveyance and treatment system contain or will contain wet weather flows generated from both inside and outside the City of Detroit. GLWA shall charge customers within the City of Detroit 83% and customers outside the City of Detroit 17% of the capital costs and costs incurred in the operation and maintenance of such facilities. GLWA shall allocate the 17% of such capital and operation and maintenance costs charged to customers outside the City of Detroit consistent with **Attachment 2**, Agreement to Revise CSO Project List.

b. **Attachment 2** provides a description of the new wet weather facilities, referred to in subsection (2)(a) above, that are currently under construction or to be constructed by GLWA and their estimated costs. Costs associated with improvements to facilities at the wastewater treatment plant, also listed on **Attachment 2**, will continue to be allocated on a common-to-all basis. Costs associated with Detroit-only projects, also listed on **Attachment 2**, will be charged to Detroit retail customers only. If GLWA determines that it is reasonable, appropriate or necessary to construct additional wet weather facilities in the future that will serve wet weather flows generated inside and outside of the City of Detroit, each contract customer reserves the right to contest its respective allocation of costs.

**E – Evaluation of Wastewater Flows**

GLWA shall continue ongoing technical review of wastewater flows in the System to establish and maintain wastewater contribution data that will support the proportional allocation of costs as set forth in D(1). The parties agree that the wastewater flow elements of charge-making terms under prior agreements,

including the allocation of infiltration and inflow and the application of a uniform overflow credit are accommodated in the sewer charge methodology set forth in **Attachment 1**. The scope of the ongoing review is intended to encompass the types of evaluations traditionally conducted utilizing the Greater Detroit Regional Sewer System (“GDRSS”) model and related tools. The scope of ongoing review will be established from time to time by the GLWA, after consultation with the Steering Committee and related forums.

## **F – Industrial Waste Charges**

1. GLWA may enter into agreements with local governmental units within Customer’s Service Area for sewage treatment and disposal service as provided by GLWA to adopt and enforce, rules and regulations pertaining to the use, design and construction of sewers, and the discharge of industrial or commercial wastes into sewers, where such sewers are tributary to the treatment works owned by the City of Detroit and leased, operated and maintained by the GLWA. Such rules and regulations shall be consistent with and at least as stringent as all applicable provisions of the pertinent ordinances adopted by the City of Detroit, these being Chapter 56, Article I, and Chapter 56, Article III, of the Municipal Code of the City of Detroit as they may be adopted and amended from time to time. In the event any municipality or other governmental unit fails to adopt a required ordinance, or fails to diligently enforce the same, GLWA shall take appropriate action which may include suit in an appropriate court of general jurisdiction alleging such municipality’s failure to adopt or enforce an ordinance. Should the court find, following a hearing on the merits, that the allegations in GLWA’s petition are true, the parties agree that such court may, in such instance, grant appropriate injunctive relief against said municipality or any individual discharger located there, terminate the municipality’s contractual right to discharge waste waters into the System and/or to grant GLWA such other relief as may be appropriate under the circumstances. These actions shall enable GLWA to:

a. Deny or condition new or increased contributions of pollutants or changes in the nature of pollutants, to the waste collection system by Industrial Users and Significant Industrial Users. The terms “Industrial Users” and “Significant Industrial Users” shall mean those users defined in Section 56-3-58.1(a) of Chapter 56, Article III, Division 3 of the Municipal Code of the City of Detroit and as may be amended from time to time.

b. Require compliance with applicable current future National Pretreatment Standards and other more restrictive requirements as may be imposed by GLWA promulgated by the U.S. EPA under the Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq.

c. Control, through permit, contract order, or similar means, the contribution to the waste collection system by Industrial Users and Significant Industrial Users to ensure compliance with subsection (b) above.

d. Require the development of compliance schedules by Industrial Users and Significant Industrial Users for the installation and facilities required to meet applicable National Pretreatment Standards and other more restrictive requirements as may be imposed by GLWA.

e. Require the submission of notices and self-monitoring reports from Industrial Users and Significant Industrial Users to assess and assure compliance with National Pretreatment Standards and other more restrictive requirements as may be imposed by GLWA.

f. Carry out all inspection, surveillance and monitoring procedures necessary to determine, independent of information supplied by Industrial Users and Significant Industrial Users, compliance or noncompliance with applicable National Pretreatment Standards and other more restrictive

requirements as may be imposed by GLWA. The parties recognize that GLWA may contract with qualified parties to carry out the inspection, surveillance and monitoring procedures of this paragraph.

g. Seek injunctive relief for noncompliance with National Pretreatment Standards and other more restrictive requirements as may be imposed by GLWA.

h. Require Industrial Users and Significant Industrial Users to install containment facilities to protect the treatment works from accidental spills of critical or hazardous materials.

2. Contract Amendment for Industrial Waste Control.

a. GLWA may enter into agreements with municipalities in Customer's Service Area to embody or incorporate the provisions that assure uniformity throughout the GLWA wastewater treatment system as required by applicable federal statutes and regulations.

b. GLWA's wastewater contracts shall be amended to include:

i. A process of diligent and uniform enforcement and implementation of the ordinances, rules and regulations to be adopted pursuant to Section IV(9) of the 1980 Settlement Agreement.

ii. A process to pass through to industrial customers' amounts billed with respect to such customers for sewage surcharges and industrial cost recovery charges.

iii. Such provisions as are required to establish delegated or cooperative authority or procedures for inspection, monitoring, measurement, surveillance, enforcement and dispute resolution, with respect to prohibited discharges, sewage surcharges and industrial cost recovery charges.

*(Attachments 1 and 2 and Addendum A to Exhibit E follow this page)*

EXHIBIT E

ATTACHMENT 1

CHARGE SIMPLIFICATION RECOMMENDATIONS

**TO:** Board of Water Commissioners  
**FROM:** Rate Simplification Work Group  
**DATE:** November 22, 2013  
**SUBJECT:** Rate Simplification Recommendations

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## EXECUTIVE SUMMARY

### 1. The Why and What of Rate Simplification

The Rate Simplification Work Group (“Group”) was charged with recommending a simplified approach to estimate each customer’s relative share of the sewer system’s common-to-all revenue requirements while maintaining the present level of fairness and accuracy of the share estimates, improving transparency and revenue predictability, but requiring less time and effort.

Accordingly, the Group recommends three proposals to simplify the rate-setting process. The proposals will be implemented in the FY 2014-15 rates.

Before the end of the FY 2016-17 rate year, the Sewer Steering Committee will evaluate the implementation of the proposals and recommend adjustments as may be deemed necessary.

DWSD will continue to monitor the flow and cost data used in allocating common-to-all revenue requirements to insure that the data and the processes/equipment used to generate the data are valid and accurate and to correct material errors when detected. These efforts are necessary and will continue whether or not the simplification proposals are implemented.

### 2. Simplified Allocation of Common-To-All Costs

For more than a decade, each Tier 1 customer’s share of the common-to-all revenue requirement has been remarkably stable, notwithstanding that there have been significant changes in demographics and economic conditions. Furthermore there appears to be a consensus among customers that the overall allocation of the revenue requirement has been fair.

It is proposed that the allocation of common-to-all revenue requirements be simplified as follows:

- Each Tier 1 customer’s “Share” expressed as a percentage of the DWSD common-to-all revenue requirements for an agreed-upon future multi-year “Rate Period” will be based on its average share of system revenue requirements for an agreed-upon prior period. The first Rate Period will be three years beginning FY 2014-15. The Work Group is still evaluating the period to be used to establish shares for the first Rate Period.
- Differences between the projected revenue requirement for a rate year and the actual revenue requirement for that year may be made up by adjusting revenue

requirements in a subsequent rate year as decided by the Board. However, differences between the amounts of bad debt estimated in the budget and actual bad debt will be incorporated into the revenue requirement for a subsequent rate year to insure that revenue shortfalls due to nonpayment of sewer charges are recovered.

- The rate protocols used to calculate Shares will not be changed during a Rate Period.
- Each customer's share of the system revenue requirement will be billed in monthly installments.
- Shares may be adjusted during a Rate Period if a customer can demonstrate a material change in shares has occurred.
- The current "Look Back" process will not be continued after FY 2013-14.

### 3. Simplified Flow Balancing

Over half of the flow reaching the Wastewater Treatment Plant is not measured through customer wastewater billing meters and, therefore, is not directly attributable to any specific customer based on wastewater meter data. DWSD and its customers developed procedures to estimate these flows and to remove from the rate allocation process some flows that do not reach the wastewater treatment plant.

The Group recommends a simplified approach to allocate flows between customers with billing meters and the unmetered customers Detroit plus Highland Park and Hamtramck and other small unmetered customers. The simplified flow balance process is designed to accomplish the same flow allocation as the more complex procedures presently used.

### 4. Simplified Estimates of Cost Pools

DWSD's costs are accumulated into several cost pools reflecting costs for certain types of wastewater services because use of these services varies by customer class (Detroit retail specific, suburban wholesale specific, industrial specific, CSO-related, sanitary and stormwater).

The Group recommends that for the first Rate Period, operating costs in the cost pools will be approximated as the best estimate of costs for the Rate Period. Capital costs will continue to be allocated to cost pools based on DWSD's fixed asset database. At the end of the first Rate Period, the quality of DWSD cost accounting will be evaluated with the objective of revisiting the best method to allocate costs to the cost pools for rate setting purposes.

## DETAILED DESCRIPTION OF RECOMMENDATIONS

### 1. The Why and What of Rate Simplification

The Rate Simplification Work Group was charged with recommending a simplified approach to estimate each customer's relative share of the sewer system's common-to-all revenue requirements while maintaining the present level of fairness and accuracy of the share estimates, improving transparency and revenue predictability, but requiring less time and effort.

During the Group's work, it became clear that other aspects of the rate setting process could be simplified. A proposal to simplify the presently complex process of allocating unmetered flows in the system among customers has been developed. Likewise the Work Group proposes that the process of grouping of costs into the costs pools that are allocated among different customer classes should be simplified.

Accordingly, the Group recommends three significant proposals to simplify the rate-setting process.

The recommendations will be implemented in the FY 2014-15 rates. They will remain in place through the FY 2016-17 rate year. Before the end of the FY 2016-17 rate year, the Sewer Steering Committee will evaluate the implementation of the following recommendations and recommend adjustments as may be deemed necessary.

The Group recommends continuing activities to monitor the flow and cost data used in allocating common-to-all revenue requirements to insure that the data and the processes/equipment used to generate the data are valid and accurate and to correct material errors when detected. These efforts are necessary and will continue whether or not the simplification proposals set forth below are implemented.

### 2. Summary of the Recommended Approach for Rate Simplification

Each customer's charge for common-to-all sewer services is a function of two components: the sewer system's total revenue requirement and each customer's relative share ("Share") of that revenue requirement based on its relative volume and flow characteristics. Because much of the flow in the system does not pass through billing meters, a complicated methodology to allocate "unmetered" flow has been developed and is currently employed. Further, because the costs to treat wastewater flow depend on flow characteristics, other protocols are used to develop costs pools for various types of transport and treatment costs. The recommendations below seek to simplify each of these processes.

#### (a) Historical Stability of Customers' Relative Shares of Revenue Requirements

The key to the rate simplification recommendations is that for more than a decade, each Tier 1 or wholesale customer's share of the total sewer revenue requirement has been remarkably stable, notwithstanding that there have been significant changes in demographics and economic conditions and revisions to the rate-setting protocols.

Figure 1 shows each Tier 1 customer's share of "allocation volume" for the period 2008 to 2012 and the average over that period. Allocation volume is the principal measure on which

“common-to-all” costs (those costs all customers share) are allocated. This measure is coupled with the characteristics of sanitary and non-sanitary flow and the pollutant strength of each to determine each customer’s final share of common-to-all costs.

Figure 2 shows each Tier 1 customer’s share of common-to-all revenue requirements over the same period using the FY 2011-12 rate protocols.

In both figures, it can be seen that annual deviations from the long term average are minor with very limited exception.

There is a consensus among customers that the overall allocation of the revenue requirement has been fair. Furthermore, when a customer has identified data that is in error, questioned the proper attribution or accounting for costs, or challenged an aspect for the rate protocols, DWSD and the customers have worked successfully to reach a consensus on a resolution.

The take-away has been that the allocation of revenue requirements could be greatly simplified by allocating revenue requirement based on “historical” shares so long as there are processes to:

- Adjust historical shares to reflect any material changes in use of the wastewater system over time, and
- Address any errors in flow data, correct any inaccuracies in aggregation or allocation of costs to customer classes, and review any rate protocol that appears to stray from the underlying principle that customers should bear a proportional share of system costs based on their use.

The Group believes that the recommendations below are an appropriate way to allocate costs consistent with historical practices while incorporating those protections.

(b) Simplified Calculation of Common-to-All Shares

At present, the calculation of each customer’s common-to-all revenue requirement is performed before each rate year begins, using detailed budget and flow projections. After the close of the rate year, a Look Back is performed in which the detailed calculations are repeated to true up customers’ charges based on audited financials and actual flow. The calculations rely on complex technical analyses, approximations and assumptions to produce “best estimates” of volume and flow characteristics for each customer. Analyses of these rate protocols have demonstrated that although they demand substantial time and effort in their calculation, they result in only approximate estimates of each customer’s use of or demand on the DWSD’s system. Further, when considered as a proportionate share of the total system revenue requirement, each customer’s estimated relative share of the common-to-all revenue requirement has been fairly constant over the past 10 years, notwithstanding demographic changes and changes in the rate protocols.

**To simplify the calculation of Shares, the Group recommends:**

- Each wholesale customer’s percentage “Share” of the DWSD sewer system’s common-to-all revenue requirement for an agreed-upon future multi-year “Rate Period” will be based on its average share of system revenue requirements for an agreed-upon prior period.
- The first Rate Period will be three years from FY 2014-15 through FY 2016-17.
- Shares for the first Rate Period were developed as described in Exhibit 1, The Foster Group, Memorandum, “Initial Rate Period SHARES” (November 22, 2013).
- Although the length of the second Rate Period will be determined later during evaluation of the first Rate Period, the initial expectation of most group members is to establish subsequent Rate Periods of five-years duration.
- Each year during a Rate Period, DWSD will establish annual budgets and annual common-to-all revenue requirements for all customers. Thus, although a customer’s Share will remain the same during a Rate Period, its annual common-to-all revenue requirement during the Rate Period will go up or down as DWSD’s annual common-to-all budget goes up or down.
- Differences between the projected revenue requirement for a rate year and the actual revenue requirement for that year may be made up by adjusting revenue requirements in one or more subsequent rate years. This will be an annual Board policy decision based on the Board’s current financial plan.
  - However, differences between the amounts of bad debt estimated in the budget and actual bad debt will be incorporated into the revenue requirement for a subsequent rate year to insure that revenue shortfalls due to nonpayment of sewer charges are recovered.
- The rate protocols used to calculate Shares will not be changed during a Rate Period.
- Changes in Shares will be adjusted during the Rate Period only to the extent that the Steering Committee approves interim adjustments.
  - If, during a Rate Period, a customer demonstrates to the satisfaction of the Steering Committee that its flows will or have changed materially during that Rate Period, the Steering Committee will recommend to the Board adjustments to all customers’ Shares during that Rate Period. Exhibit 2 is the process for reviewing and acting on requests for changes in shares.
    - In a similar fashion, if there is a reason to change the allocation of CSO/wet weather costs, DWSD and its customers will engage in a process to reallocate.

- During the Rate Period, meters will continue to be maintained, meter data will continue to be collected, and the data will be monitored at least annually for any apparent permanent trends in relative shares.
- Before the beginning of a Rate Period, customer Shares will be updated as necessary to take into consideration any changes in relative shares among customers during the immediately preceding Rate Period.
- Each customer's share of the system revenue requirement will be billed in monthly installments.
  - The default approach will be 12 equal installments, but winter and summer seasonal factors will be developed at customer request.
- The current "Look Back" process will not be continued after FY 2013-14.

Exhibit 1 sets forth the Base Shares for Detroit retail and all wholesale customers.

(c) Simplified Calculation of "Suburban Common-to-All Revenue Requirements"

Costs for metering and customer outreach are allocated only to suburban wholesale customers based on relative flow. The relative flow percentages for each suburban wholesale customer are set forth in Exhibit 1. All other provisions of rate simplification for common-to-all revenue shall apply to these costs as well.

(d) Allocation of CSO Costs

There will be no change in the allocation of costs associated with DWSD's CSO program. The CSO allocation shares are set forth in Exhibit 1.

(e) Simplified Flow Balancing

Over half of the flow reaching the Wastewater Treatment Plant is not measured through customer wastewater billing meters and, therefore, is not directly attributable to any specific customer based on wastewater billing meter data. The flows originating within Detroit come from unmetered retail customers. The local sewer systems in Highland Park, Hamtramck, parts of Dearborn are interconnected with Detroit's system or are otherwise unmetered, preventing customer-specific metering of those flows. Finally downstream from customer billing meters there is infiltration and in-flow (I/I) into the shared trunk and interceptor sewers that is unmetered in terms of contributions from specific customers.

DWSD and its customers developed procedures to estimate these unmetered flows and to remove from the rate allocation process some flows that do not reach the wastewater treatment plant. The practical net effect of this allocation process is to attribute some unmetered flow to Detroit, Highland Park and Hamtramck and several small wholesale customers (collectively "Detroit+ Flow"), and to attribute the balance of the unmetered flow ("Common Flow"), to all customers pro rata.

**To simplify the allocation of unmetered flows, the Group recommends:**

- Common Flow (aka the "Z Factor") as an average percentage of total flow will be estimated based on a review of historical data. For the first Rate Period, the Z Factor will be calculated as the average Z Factor in effect during for FY 2007-08 through FY 2011-12.
- Common Flow will be excluded when computing Shares.
- Shares will be computed as fractions of the sum of billing meter flows plus Detroit+ Flow.
- Detroit+ Flow will be allocated among Detroit, Hamtramck, Highland Park and all other unmetered customers based on estimated retail water sales or some other basis as determined by DWSD.

**(f) Simplified Estimates of Cost Pools**

DWSD's costs are accumulated into several cost pools reflecting costs for certain types of wastewater services because use of these services varies by customer class (Detroit retail specific, suburban wholesale specific, industrial specific, CSO-related, sanitary and stormwater).

It has been challenging to accurately accumulate many of DWSD's non-capital costs into distinct cost pools.

As DWSD implements new finance and accounting systems, accurate cost accumulation should improve.

**To simplify the development of cost pools, the Group recommends:**

- For the first Rate Period, cost pools will be based on the best estimate of relative cost pools for FYFY 2015 to FY 2017 3-14. The common-to-all costs is comprised on a flow-based sub-pool for those common-to-all costs that vary with flow and a strength of flow-based cost pool for those common-to-all costs that vary with both flow and strength of flow. For the common-to-all cost pool, 47% of these costs will be attributed to the flow-based common-to-all cost sub-pool and 53% will be attributed to the strength of flow common-to-all cost sub-pool.
- CSO-related costs that will be allocated on the 83%/17% Detroit/suburban wholesale split shall be budgeted and tracked as accurately as possible
- At the end of the first Rate Period, the quality of DWSD cost accounting will be evaluated with the objective of revisiting the best method to allocate costs to the cost pools for rate setting purposes.
- Capital revenue requirements will continue to be assigned to cost pools based on DWSD's fixed asset records.

**(g) Rate Simplification Pro Forma**

Exhibit 3, The Foster Group, Memorandum, Rate Simplification Pro Forma (November 22, 2013) sets forth the hypothetical calculations of how the rate simplification recommendations would have been applied to the projected FY 2013-14 revenue requirements had the Base Shares set forth in Exhibit 1 been in effect.

### **3. Activities to Insure the Accuracy of Flow and Cost Data**

#### **(a) Flows**

Presently the Flow Monitoring Task Force is charged with overseeing the accuracy of meters and data validation. This activity will continue as before. A stronger emphasis will be placed on determining whether any customer's underlying flow characteristics have changed (as distinguished from normal variations due to climatological conditions). The rate simplification approach will reduce the level of effort for activities related to cost allocation (*e.g.*, flow balance) and may permit a reduction in the amount or frequency of data validation activities.

Data verification will be performed annually.

While a detailed cost allocation procedure will not be performed annually, DWSD and the wholesale customers will develop flow-based measure(s) to compare how annual shares track against the historical average being used for the Rate Period. If a significant trend is found, communication to all customers for future rate planning will occur.

As the rate simplification process was nearing completion, the Detroit retail representatives requested a further evaluation of strength of non-sanitary flow. This topic will be given further study during the initial Rate Period with the results incorporated in the allocation for the next Rate Period as appropriate.

#### **(b) Costs**

The tracking of costs by cost center and customer class is an activity that has been challenging. DWSD has several initiatives underway to improve cost tracking and allocation for a variety of management purposes, not only rate setting. DWSD is committed to continue these efforts as part of its overall program to improvement financial planning and accounting. The proposal to simplify the allocation of cost pools should help streamline this effort.

There are a number of open issues related to the accounting for or classification of certain costs:

- Customer outreach costs,
- Customer connect interceptor costs, and
- Classification of capital assets to customer classes.

Resolution of these issues will not affect or be affected by the above rate simplification recommendations. Efforts to resolve these issues will continue as part of ongoing rate committee activities.

FIGURE 1

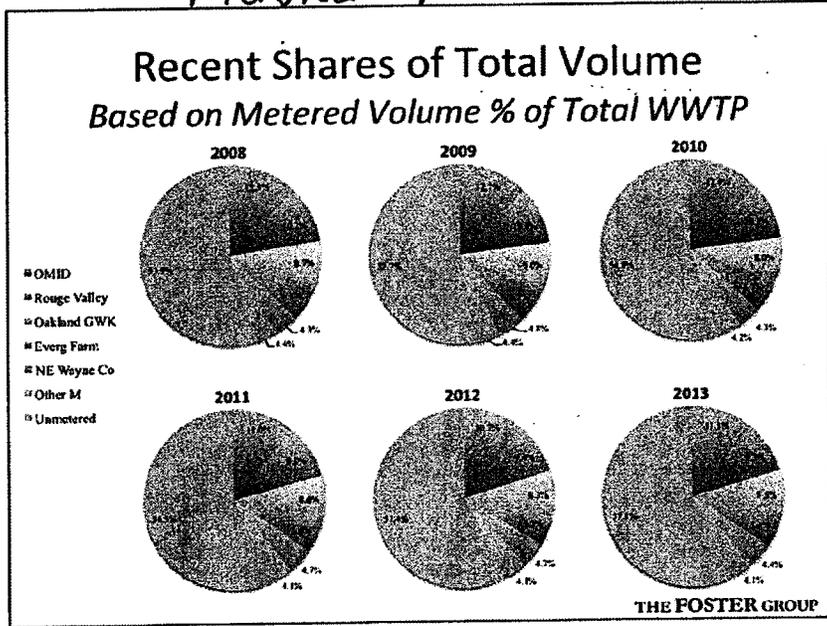


FIGURE 2

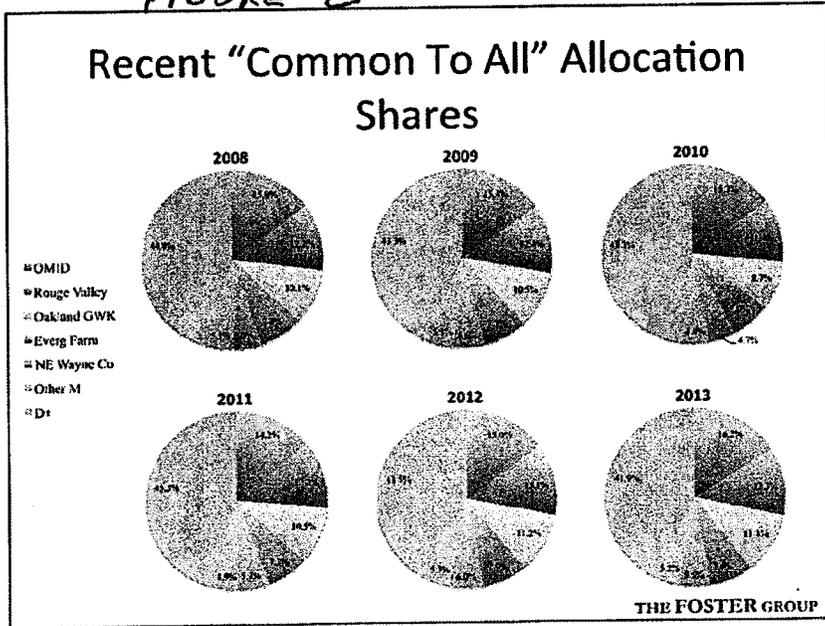


EXHIBIT E

ATTACHMENT 1

EXHIBIT 1

INITIAL RATE PERIOD SHARES

**T F G**  
**THE FOSTER GROUP**

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P.O. BOX 26282  
LEAWOOD, KS 66225  
TEL: (913) 345-1410  
FAX: (913) 345-1640

THE FOSTER GROUP, LLC  
BART FOSTER, PRESIDENT  
CELL: (913) 530-6240  
BFOSTER@FOSTERGROUPLLC.COM

MEMORANDUM

Initial Rate Period SHARES

November 22, 2013  
*Updated February 7, 2014*

To: Sue McCormick, Nickie Bateson

From: Bart Foster

The intent of this memorandum is to provide final recommendations regarding the SHARES by which to allocate costs to customers and compute recommended FY 2014-15 sewer rates under the Rate Simplification Proposal. It is our understanding that all of the major county districts (and a few individual community customers) have reviewed and approved these SHARES, and that processes are in place for review with representatives other suburban customers. Under the terms of the Rate Simplification Proposal, these SHARES will be used to allocate “common-to-all” costs to customers, and (absent changes for extraordinary events<sup>1</sup>) will remain constant for the initial Rate Period, which includes FY 2015-16 and FY 2016-17.

The Look-Back Committee has deliberated on this topic for close to a year, and there are numerous documents that have been produced regarding this matter. All of these documents are published on the DWSD portal, many of which are incorporated by reference into this recommendation.

*Subsequent to initial publishing of this document, additional data emerged for two communities that resulted in revised SHARE calculations. This memorandum, including the accompanying exhibits, has been edited to reflect the revised calculations, which were finalized in February 2014 and produced the sewer rates that were subsequently approved by the Board of Water Commissioners.*

**Background and General Philosophy**

The DWSD Sewer Rate Methodology has always allocated revenue requirements to customers based on a cost of service principles. The traditional methodology is designed to proportionally allocate cost responsibility, based fundamentally on the wastewater volumes (flows) contributed by each customer. Over the years the basic methodology was modified to also reflect the type of flow that was contributed (dry weather vs. wet weather, sanitary vs. infiltration, etc.) and the relative pollutant loadings of each type of flow. These elements

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<sup>1</sup> The Rate Simplification Proposal lays out a specific process by which customers can seek modifications to SHARES within a Rate Period, which requires demonstration of a material change to the Steering Committee.

were introduced to reflect the varying treatment costs associated with different types of wastewater contributions. In recent years the technical efforts to analyze and determine flows have grown increasingly complex, yet the overall relative cost responsibility for each customer did not materially change from year to year.

The core philosophy toward implementing the Rate Simplification Proposal centers around its first initiative: “*Simplified Calculation of SHARES*”. This premise focuses on establishing simplified SHARES by which to assign the portion of the DWSD revenue requirement that is to be allocated as “common to all” customers. Initial efforts towards determining such SHARES focused on reviewing each customer’s relative share actually experienced in recent years, and using a historical average of these individual annual amounts to use for future rate calculations. The individual SHARES would be locked in for a designated, multi-year Rate Period.

As the Committee’s deliberations progressed, it became apparent that the quality of recent data did not adequately support a direct application of unadjusted “historical average” share calculations. The Committee concluded that the increased complexity of flow balancing efforts was not providing the level of precision and confidence that it was intended to produce on the relative flows by source, and therefore customers. In part, the old approach relied on imprecise definitions of “dry days” and “wet days” to attempt to assign flow types, which led to confusing conclusions. More pertinently, it became apparent that the existing flow balance protocols for allocating contributed flow volumes to sanitary and non-sanitary sources dramatically overstated the sanitary portion, and understated the non-sanitary portion. As these relative flow types have a material impact on cost allocation, the Committee concluded that historical data produced from the existing flow balance efforts did not produce reliable historical averages to use for future rates. This realization launched the emergence of the second Rate Simplification initiative: “*Simplified Flow Balancing*”.

The premise of simplified flow balancing involves estimating the level of total flow contributed to the wastewater treatment plant that is reasonably considered “common”, and therefore the responsibility of all customers, and remove it from the flow balance equation<sup>2</sup>. This common flow was defined as “Z” and it is estimated by establishing a “Z Factor” reflecting the relative percentage of total WWTP flow that is to be considered “common”.

The simplified approach eliminates:

- The need to separate dry weather and wet weather flows; and therefore the need to apply individual overflow credits to individual customer’s wet weather flow amounts;
- The prior approach’s attempts to assign extraneous “common” DWII flows to individual customers.

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<sup>2</sup> Basically, Z is removed from the allocation “pie” and is discarded for purposes of computing SHARES. Since all customers would basically be allocated a proportional allocation of “Z” there is no need to include this element in SHARE calculations, as relative SHARES would not change.

Rather, the new simplified flow balance approach consists of:

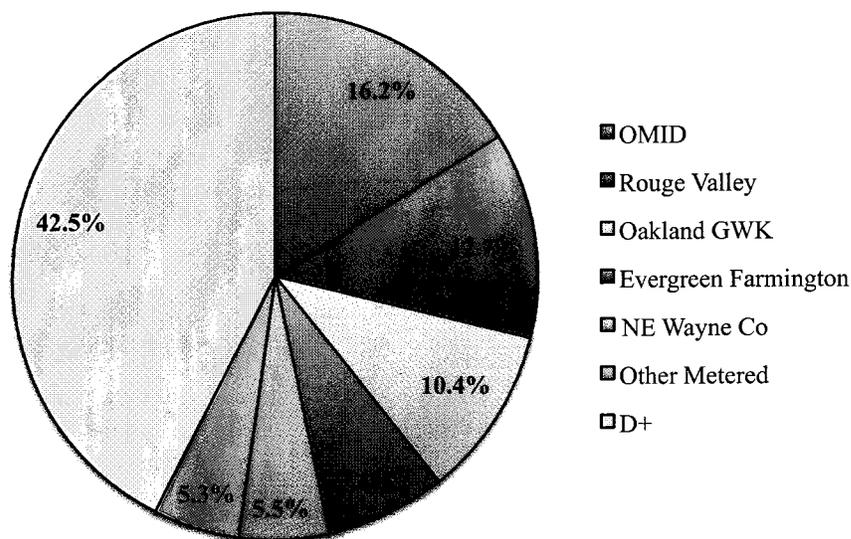
- Starting with overall reported WWTP flow (**W**);
- Subtracting the “Common” flow (**Z**) based on the agreed to Z Factor;
- Subtracting the metered flow (**M**) from the metered customer communities. *The metered flow for these communities now becomes their total allocation volume, and does not need to be adjusted in any manner.*
- The remaining flow is allocated to the unmetered communities (primarily Detroit), who are collectively referred to as **D+** for purposes of the Rate Simplification Proposal.

The final aspect of the new approach is to assign individual community flows to sanitary and non-sanitary portions, so that relative pollutant loadings can be computed to reflect the strength of flow concept in the cost allocation methodology. The Committee, through the Flow Balance Task Force, collected and reviewed substantial amounts of data to achieve a better understanding of the relative sanitary flows within each community. The protocol that emerged was to estimate each community’s sanitary flows based on reported water sales during a “winter quarter” – so as to eliminate high season water use from the equation.

The simplified flow balance approach was utilized to produce alternative historical data points and individual annual shares. Several approaches for applying these two initiatives to recent data were developed and reviewed by the Committee. The recommendation that has emerged for determining initial Rate Period SHARES is summarized below, described herein, and illustrated in the exhibits accompanying this memorandum.

### Major Customer SHARES

So as to avoid anomalies associated with smaller customers, the Committee initially focused on “major” customer classifications in evaluating SHARES. The SHARES that emerged are summarized below.



These SHARES were determined utilizing the a three step approach:

Step 1 – Determine a reasonable estimate for historical “Z” factor using the old flow balance protocol, but recognizing new understandings regarding “best available data”. (*see pages 2 through 4*)

Step 2 – Apply the historical “Z” factor to the historical data set, using the new Simplified Flow Balancing protocol to determine effective annual Shares for each major customer for each year from FY 2007-08 through FY 2011-12<sup>3</sup>. (*see pages 5 through 7*).

Step 3 – Establish the initial Rate Period SHAREs as the average of the annual shares for the five-year period. (*see page 8*)

Specifics regarding the calculations conducted for each of these steps are noted below.

Step 1 – Determine Historical Z

- Start by accumulating the flow data that was used in the LBA calculations for each year in the study period.
- Adjust these data points to reflect “best available data”, including:
  - Remove the effects of “Rate Model Averaging” from the data. *Certain of the original data points were 5-year averages of DWII and wet weather volumes. The Committee believed that eliminating this approach from the data set would produce a better depiction of annual data points.*
  - Revise the originally reported WWTP flow downward by 12 mgd to reflect revised estimates of recycle flow.
  - Estimate the impact of the prior bullet on the original flow balance, and reflect accordingly. *This effectively changes the DWII allocated to the D+ class.*
  - Rebalance the sanitary / non-sanitary allocations of each communities resulting flow based on the findings of the FBTF.
  - Apply the newest estimated overflow credit of 15% to all years in the period. (*Original data points were 30.8% through FY 2010-11*)
- Re-compute “allocation volumes” for **M** and **D+** using these revised data points.
- Subtract **M** and **D+** from **W** to result in **Z**.
- Compute effective annual **Z** Factors and a weighted average **Z** factor for the 5-year period, which equals 14.87%.

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<sup>3</sup> This period was selected because it aligned with the “5-Year LBA” period that the LBA Committee was originally formulated to address. While the Committee also review data for prior periods and preliminary data for FY 2012-13, those periods were not included in the historical averages as the prior periods had not received as much scrutiny and the data for FY 2012-13 is unaudited and/or incomplete.

Step 2 – Compute Annual Shares Under Simplified Protocol

- Rebuild allocation volumes using the new protocol
  - For **M** class, simply equals metered volume, unadjusted
  - Apply average **Z** Factor of 14.87% to reported (and adjusted) **W** (WWTP volume) for each year.
  - **D+** then equals **W – M – Z**
- Allocate total allocation volumes into sanitary and non-sanitary portions based on the findings of the FBTF
- Allocate relative pollutant loadings to each customer, maintaining the assumption that non-sanitary flows are 1/3<sup>rd</sup> the relative strength of sanitary flows
- Compute individual customer volume and pollutant shares
- Apply relative flow/pollutant CTA revenue requirement split to arrive at annual shares for each customer.

Step 3 – Establish Initial Rate Period SHARES

- Simply compute an average of the five individual annual shares.

**Small Customer SHARES**

Once the Committee achieved consensus on the SHARES for large, major customers, analyses were conducted to assess the applicability of this approach for smaller customers. In effect there are two separate sets of “small” customers – those with metered wastewater that make up the “other metered” major class discussed above, and those that do not have metered connections that are included in the D+ class above. It was acknowledged that relatively minor change in absolute shares could have an absolute dollar impact that would not be material to a large customer, but that could significantly impact smaller customers. Also, there was some concern that the underlying data (such as the estimates of sanitary volumes) may not have been as thoroughly vetted as that for the larger customers.

Several alternative approaches for small customer SHARES were explored, discussed, and analyzed. The Committee concluded that the most prudent approach was to:

- Treat the “small” metered communities in the same manner as the major metered class. (*see pages 9 and 10*)
  - *Uniformity in approach was a priority amongst the Committee.*
- Treat all of the D+ communities as a singular class, and establish SHARES that change uniformly from existing shares.
  - *Recognizes that much of the data for the small D+ customers is difficult to differentiate from Detroit – thus the original grouping.*

As we reviewed the resulting small customer SHARES, it became evident that two modifications to this general approach were appropriate:

- The two metered Dearborn districts were consolidated into a single SHARE.
  - *Reflects the difficulty in aligning water use (used to assign sanitary flows) within the Dearborn service area.*
  - *Reflects Dearborn's signaled desire to consolidate several of their districts anyway.*
  - *SHAREs for Dearborn were reviewed and modified after the original publication of this memorandum.*
- Grosse Pointe Farms was removed from the D+ class and effectively treated as an anomaly in the M class.
  - Grosse Pointe Farms was unmetered for a large portion of the historical data period, but became metered during FY 2011-12.
  - The initial Grosse Pointe Farms SHARE *was reviewed and modified after the original publication of this memorandum.*

The Committee recognizes that many of the “small” customers have not been actively involved in the deliberative process and established a process by which to invite their review and input prior to finalizing initial Rate Period SHARES. *This process resulted in the modifications for Dearborn and Grosse Pointe Farms noted above.*

#### Summary

Recommended Initial Rate Period SHARES for all customers are set forth on Page 1 of the attached exhibits. *These SHAREs were utilized to development of the FY 2014-15 sewer rates and the accompanying aspects of the Rate Simplification Proposal.*

We are available to discuss this matter at your convenience.

## Sewer Rate Simplification - Summary Initial Rate Period SHARES

	(1)	(2)	(3)	(4)
	<u>Status Quo</u>	<u>Recommend</u>	<u>Relative Chg</u>	<u>Relative % Chg</u>
	<i>FY 2014 Rates</i>	<i>Simplified Avg</i>	<i>(2) - (1)</i>	<i>(3) / (1)</i>
<u>Major County Systems</u>				
OMID	16.305%	16.183%	-0.122%	-0.7%
Rouge Valley	13.321%	12.693%	-0.628%	-4.7%
Oakland GWK	10.608%	10.428%	-0.180%	-1.7%
Evergreen Farmington	7.952%	7.393%	-0.559%	-7.0%
NE Wayne Co	5.553%	5.501%	-0.052%	-0.9%
Subtotal	53.739%	52.198%	-1.541%	-2.9%
<u>Other Metered Customers</u>				
Allen Park	0.146%	0.154%	0.008%	5.5%
Center Line	0.229%	0.212%	-0.017%	-7.4%
Dearborn East & West	3.763%	4.015%	0.252%	6.7%
Farmington	0.252%	0.254%	0.002%	0.8%
Grosse Pointe Park	0.346%	0.374%	0.028%	8.1%
Melvindale	0.332%	0.316%	-0.016%	-4.8%
M <sup>o</sup> Subtotal	5.068%	5.325%	0.257%	5.1%
<i>Grosse Pointe Farms</i>	0.677%	0.566%	-0.111%	-16.4%
M <sup>o</sup> Total	5.745%	5.891%	0.146%	2.5%
M Total	59.484%	58.089%	-1.395%	-2.3%
<u>D+ Customers</u>				
Dearborn E. (Storm Only)	0.061%	0.063%	0.002%	3.3%
Dearborn N.E.	0.310%	0.321%	0.011%	3.5%
Grosse Pointe	0.186%	0.192%	0.006%	3.2%
Hamtramck	0.778%	0.805%	0.027%	3.5%
Harper Woods	0.052%	0.054%	0.002%	3.8%
Highland Park	1.096%	1.134%	0.038%	3.5%
<i>Small Districts</i>	0.053%	0.055%	0.002%	3.8%
Detroit	37.980%	39.287%	1.307%	3.4%
D+ Subtotal	40.516%	41.911%	1.395%	3.4%
TOTAL SHARES	100.000%	100.000%	0.000%	0.0%

Sewer Rate Simplification - Summary of Recommended SHARES  
Including Supporting Cost Pool Shares

	(1)	(2)	(3)	(4)
	<u>SHARE</u>	<u>Share Details</u>		Suburban
	<u>~ (2) &amp; (3)</u>	<u>Flow</u>	<u>Pollutants</u>	<u>Wholesale Only</u>
				<u>~ (2)</u>
<u>Metered Customers</u>				
OMID	16.18%	14.28%	17.50%	24.90%
Rouge Valley	12.69%	11.90%	13.24%	20.75%
Oakland GWK	10.43%	10.17%	10.60%	17.73%
Evergreen Farmington	7.39%	6.86%	7.76%	11.96%
NE Wayne Co	5.50%	5.43%	5.54%	9.47%
Allen Park	0.15%	0.14%	0.16%	0.24%
Center Line	0.21%	0.19%	0.23%	0.33%
Dearborn East & West	4.02%	3.86%	4.12%	6.73%
Farmington	0.25%	0.24%	0.26%	0.41%
Grosse Pointe Park	0.37%	0.36%	0.39%	0.62%
Melvindale	0.32%	0.29%	0.33%	0.51%
<i>Grosse Pointe Farms</i>	0.57%	0.59%	0.55%	1.03%
	-----	-----	-----	-----
<b>M Total</b>	<b>58.09%</b>	<b>54.31%</b>	<b>60.68%</b>	<b>94.69%</b>
<u>Detroit + Unmetered</u>				
Dearborn E. (Storm Only)	0.06%	0.09%	0.05%	0.15%
Dearborn N.E.	0.32%	0.41%	0.32%	0.71%
Grosse Pointe	0.19%	0.23%	0.21%	0.40%
Hamtramck	0.81%	1.03%	0.84%	1.80%
Harper Woods	0.05%	0.06%	0.06%	0.11%
Highland Park	1.13%	1.18%	1.07%	2.06%
Small Districts	0.06%	0.05%	0.05%	0.08%
Detroit	39.29%	42.65%	36.73%	
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<b>D+ Total</b>	<b>41.91%</b>	<b>45.69%</b>	<b>39.32%</b>	<b>5.31%</b>
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<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<i>Suburbs in D+</i>	<i>2.62%</i>	<i>3.04%</i>	<i>2.59%</i>	<i>5.31%</i>
<i>Detroit</i>	<i>39.29%</i>	<i>42.65%</i>	<i>36.73%</i>	<i>0.00%</i>

**Sewer Rate Simplification - Sample Share Calculations**  
*Historical Data Points Modified for Original WWTP Vols, New Recycle Flow Estimates*  
*Flow Balance Task Force Recommendations and Related "Best Available" Data*

	Historical Data				
	<u>2008</u> <i>Mcf</i>	<u>2009</u> <i>Mcf</i>	<u>2010</u> <i>Mcf</i>	<u>2011</u> <i>Mcf</i>	<u>2012</u> <i>Mcf</i>
<b><u>Metered Flow</u></b>					
OMID	4,103,454	4,491,406	3,907,695	3,799,596	3,727,240
Rouge Valley	3,382,764	3,671,128	3,041,654	3,363,061	3,269,196
Oakland GWK	2,883,453	3,188,621	2,404,934	2,958,988	2,891,656
Evergreen Farmington	2,042,275	2,154,256	1,725,742	1,872,225	1,851,461
NE Wayne Co	1,422,601	1,698,509	1,296,673	1,611,703	1,618,773
Other Metered	1,471,581	1,554,845	1,275,774	1,404,618	1,430,021
<b>M Total</b>	<b>15,306,127</b>	<b>16,758,765</b>	<b>13,652,472</b>	<b>15,010,191</b>	<b>14,788,347</b>
Balance = (D+ + Z)	17,341,335	18,107,794	15,947,075	18,880,501	19,364,359
<b>Total WWTP Flow</b>	<b>32,647,463</b>	<b>34,866,560</b>	<b>29,599,546</b>	<b>33,890,692</b>	<b>34,152,706</b>
<i>M% of Total</i>	<i>46.9%</i>	<i>48.1%</i>	<i>46.1%</i>	<i>44.3%</i>	<i>43.3%</i>
<b><u>Allocation Volume</u></b>					
<b><u>Sanitary Volume</u></b>					
OMID	2,225,973	2,225,973	2,225,973	2,225,973	2,225,973
Rouge Valley	1,528,344	1,528,344	1,528,344	1,528,344	1,528,344
Oakland GWK	1,132,238	1,132,238	1,132,238	1,132,238	1,132,238
Evergreen Farmington	911,944	911,944	911,944	911,944	911,944
NE Wayne Co	577,355	577,355	577,355	577,355	577,355
Other Metered	672,431	672,431	672,431	672,431	672,431
<b>M Total</b>	<b>7,048,284</b>	<b>7,048,284</b>	<b>7,048,284</b>	<b>7,048,284</b>	<b>7,048,284</b>
<b>D+</b>	<b>3,186,963</b>	<b>3,186,963</b>	<b>3,186,963</b>	<b>3,186,963</b>	<b>3,186,963</b>
Subtotal Allo Volume	10,235,247	10,235,247	10,235,247	10,235,247	10,235,247
System "Z" Volume	0	0	0	0	0
<b>Total</b>	<b>10,235,247</b>	<b>10,235,247</b>	<b>10,235,247</b>	<b>10,235,247</b>	<b>10,235,247</b>
<b><u>Local DWII</u></b>					
OMID	1,340,329	1,707,547	1,565,674	1,211,546	1,139,190
Rouge Valley	1,083,730	1,056,230	1,036,517	1,044,697	950,832
Oakland GWK	807,242	835,865	742,368	687,017	619,685
Evergreen Farmington	607,687	600,969	602,234	647,286	626,522
NE Wayne Co	414,867	414,573	378,019	360,477	367,547
Other Metered	359,806	345,644	325,348	302,965	329,424
<b>M Total</b>	<b>4,613,662</b>	<b>4,960,828</b>	<b>4,650,161</b>	<b>4,253,988</b>	<b>4,033,200</b>
<b>D+</b>	<b>5,277,929</b>	<b>5,266,190</b>	<b>5,513,446</b>	<b>5,329,958</b>	<b>5,696,933</b>
Subtotal Allo Volume	9,891,591	10,227,018	10,163,607	9,583,945	9,730,133
System "Z" Volume	0	0	0	0	0
<b>Total</b>	<b>9,891,591</b>	<b>10,227,018</b>	<b>10,163,607</b>	<b>9,583,945</b>	<b>9,730,133</b>

Sewer Rate Simplification - Sample Share Calculations  
*Historical Data Points Modified for Original WWTP Vols, New Recycle Flow Estimates  
 Flow Balance Task Force Recommendations and Related "Best Available" Data*

	Historical Data				
	2008 <i>Mcf</i>	2009 <i>Mcf</i>	2010 <i>Mcf</i>	2011 <i>Mcf</i>	2012 <i>Mcf</i>
<u>System DWII</u>					
OMID	0	0	0	0	0
Rouge Valley	0	0	0	0	0
Oakland GWK	53,701	55,016	57,283	56,385	63,697
Evergreen Farmington	92,911	94,929	96,931	79,665	89,996
NE Wayne Co	21,388	21,680	20,856	6,357	7,181
Other Metered	9,499	9,729	10,112	9,808	11,079
<b>M Total</b>	177,499	181,354	185,182	152,215	171,953
D+	1,207,529	1,237,000	1,287,187	1,271,157	1,430,803
Subtotal Allo Volume	1,385,028	1,418,354	1,472,369	1,423,372	1,602,756
System "Z" Volume	4,549,636	5,460,328	2,578,994	6,007,989	5,968,573
<b>Total</b>	5,934,663	6,878,683	4,051,363	7,431,361	7,571,329
<u>Wet Weather Flow</u>					
OMID	537,152	557,886	116,048	362,077	362,077
Rouge Valley	770,690	1,086,554	476,793	790,020	790,020
Oakland GWK	943,973	1,220,518	530,328	1,139,733	1,139,733
Evergreen Farmington	522,644	641,344	211,564	312,996	312,996
NE Wayne Co	430,379	706,582	341,299	673,872	673,872
Other Metered	439,344	536,770	277,995	429,222	428,165
<b>M Total</b>	3,644,182	4,749,653	1,954,026	3,707,920	3,706,863
D+	4,104,008	4,104,008	4,104,008	4,104,008	4,076,662
Subtotal Allo Volume	7,748,190	8,853,661	6,058,034	7,811,928	7,783,526
System "Z" Volume	0	0	0	0	0
<b>Total</b>	7,748,190	8,853,661	6,058,034	7,811,928	7,783,526
Overflow Credit	15.0%	15.0%	15.0%	15.0%	15.0%
<u>Net Wet Weather Flow</u>					
OMID	456,579	474,203	98,640	307,766	307,766
Rouge Valley	655,087	923,571	405,274	671,517	671,517
Oakland GWK	802,377	1,037,441	450,779	968,773	968,773
Evergreen Farmington	444,247	545,142	179,830	266,046	266,046
NE Wayne Co	365,822	600,594	290,104	572,791	572,791
Other Metered	373,442	456,254	236,296	364,839	363,941
<b>M Total</b>	3,097,554	4,037,205	1,660,922	3,151,732	3,150,834
D+	3,488,407	3,488,407	3,488,407	3,488,407	3,465,163
Subtotal Allo Volume	6,585,961	7,525,612	5,149,329	6,640,139	6,615,997
System "Z" Volume	0	0	0	0	0
<b>Total</b>	6,585,961	7,525,612	5,149,329	6,640,139	6,615,997

Sewer Rate Simplification - Sample Share Calculations  
*Historical Data Points Modified for Original WWTP Vols, New Recycle Flow Estimates  
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	Historical Data				
	<u>2008</u> <i>Mcf</i>	<u>2009</u> <i>Mcf</i>	<u>2010</u> <i>Mcf</i>	<u>2011</u> <i>Mcf</i>	<u>2012</u> <i>Mcf</i>
<u>Subtotal Non-Sanitary</u>					
OMID	1,796,908	2,181,750	1,664,315	1,519,312	1,446,955
Rouge Valley	1,738,817	1,979,801	1,441,791	1,716,214	1,622,349
Oakland GWK	1,663,320	1,928,321	1,250,429	1,712,175	1,652,155
Evergreen Farmington	1,144,845	1,241,040	878,995	992,997	982,564
NE Wayne Co	802,078	1,036,847	688,980	939,624	947,519
Other Metered	742,748	811,628	571,756	677,611	704,444
<b>M Total</b>	<u>7,888,715</u>	<u>9,179,387</u>	<u>6,496,266</u>	<u>7,557,934</u>	<u>7,355,987</u>
D+	9,973,865	9,991,597	10,289,039	10,089,522	10,592,899
Subtotal Allo Volume	17,862,580	19,170,985	16,785,305	17,647,456	17,948,886
System "Z" Volume	4,549,636	5,460,328	2,578,994	6,007,989	5,968,573
<b>Total</b>	<u>22,412,216</u>	<u>24,631,313</u>	<u>19,364,299</u>	<u>23,655,445</u>	<u>23,917,459</u>
<u>Total Allocation Volume</u>					
OMID	4,022,881	4,407,723	3,890,287	3,745,285	3,672,928
Rouge Valley	3,267,160	3,508,145	2,970,135	3,244,558	3,150,693
Oakland GWK	2,795,558	3,060,559	2,382,667	2,844,413	2,784,393
Evergreen Farmington	2,056,789	2,152,983	1,790,939	1,904,941	1,894,508
NE Wayne Co	1,379,432	1,614,202	1,266,334	1,516,979	1,524,873
Other Metered	1,415,179	1,484,059	1,244,187	1,350,042	1,376,875
<b>M Total</b>	<u>14,936,999</u>	<u>16,227,671</u>	<u>13,544,550</u>	<u>14,606,218</u>	<u>14,404,271</u>
D+	13,160,828	13,178,560	13,476,002	13,276,485	13,779,862
Subtotal Allo Volume	28,097,827	29,406,232	27,020,552	27,882,703	28,184,133
System "Z" Volume	4,549,636	5,460,328	2,578,994	6,007,989	5,968,573
<b>Total</b>	<u>32,647,463</u>	<u>34,866,560</u>	<u>29,599,546</u>	<u>33,890,692</u>	<u>34,152,706</u>
<i>Effective "Z"</i>	<i>13.9%</i>	<i>15.7%</i>	<i>8.7%</i>	<i>17.7%</i>	<i>17.5%</i>
Weighted 5-year average Effective "Z"					<b>14.87%</b>

Sewer Rate Simplification - Sample Share Calculations  
*Alternative LBA SHARE Calculations Modified for Simplified Approach*  
 (Flows in Mcf, Loadings in lbs) \*\* Z = 14.87%

	Look-Back Data				
	2008	2009	2010	2011	2012
CTA Rev Req't	270,367,870	282,307,711	262,509,268	324,651,788	328,280,488
<b>CTA Revenue Req't Split</b>					
Volume	35.8%	42.1%	36.0%	42.6%	45.9%
Strength	64.2%	57.9%	64.0%	57.4%	54.1%
<b>TOTAL</b>	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Metered Flow</b>					
OMID	4,103,454	4,491,406	3,907,695	3,799,596	3,727,240
Rouge Valley	3,382,764	3,671,128	3,041,654	3,363,061	3,269,196
Oakland GWK	2,883,453	3,188,621	2,404,934	2,958,988	2,891,656
Evergreen Farmington	2,042,275	2,154,256	1,725,742	1,872,225	1,851,461
NE Wayne Co	1,422,601	1,698,509	1,296,673	1,611,703	1,618,773
Other Metered	1,471,581	1,554,845	1,275,774	1,404,618	1,430,021
<b>M Total</b>	15,306,127	16,758,765	13,652,472	15,010,191	14,788,347
Balance = (D+ + Z)	17,341,335	18,107,794	15,947,075	18,880,501	19,364,359
<b>Total</b>	32,647,463	34,866,560	29,599,546	33,890,692	34,152,706
<i>M% of Total</i>	46.9%	48.1%	46.1%	44.3%	43.3%
<b>Allocation Volume</b>					
<b>Sanitary Volume</b>					
OMID	2,225,973	2,225,973	2,225,973	2,225,973	2,225,973
Rouge Valley	1,528,344	1,528,344	1,528,344	1,528,344	1,528,344
Oakland GWK	1,132,238	1,132,238	1,132,238	1,132,238	1,132,238
Evergreen Farmington	911,944	911,944	911,944	911,944	911,944
NE Wayne Co	577,355	577,355	577,355	577,355	577,355
Other Metered	615,385	615,385	615,385	615,385	615,385
<b>M Total</b>	6,991,238	6,991,238	6,991,238	6,991,238	6,991,238
<b>D+</b>	3,139,007	3,139,007	3,139,007	3,139,007	3,139,007
Subtotal Allo Volume	10,130,245	10,130,245	10,130,245	10,130,245	10,130,245
System "Z" Volume	0	0	0	0	0
<b>Total</b>	10,130,245	10,130,245	10,130,245	10,130,245	10,130,245
<b>Non-Sanitary</b>					
OMID	1,877,481	2,265,433	1,681,722	1,573,624	1,501,267
Rouge Valley	1,854,420	2,142,784	1,513,310	1,834,717	1,740,852
Oakland GWK	1,751,215	2,056,383	1,272,696	1,826,750	1,759,418
Evergreen Farmington	1,130,331	1,242,313	813,798	960,281	939,517
NE Wayne Co	845,246	1,121,154	719,318	1,034,348	1,041,418
Other Metered	856,196	939,460	660,389	789,233	814,636
<b>M Total</b>	8,314,889	9,767,527	6,661,233	8,018,953	7,797,109
<b>D+</b>	9,346,345	9,782,735	8,405,431	10,700,592	11,145,479
Subtotal Allo Volume	17,661,234	19,550,263	15,066,665	18,719,545	18,942,587
System "Z" Volume **	4,855,984	5,186,052	4,402,637	5,040,902	5,079,873
<b>Total</b>	22,517,218	24,736,315	19,469,301	23,760,447	24,022,461

Sewer Rate Simplification - Sample Share Calculations  
*Alternative LBA SHARE Calculations Modified for Simplified Approach*  
 (Flows in Mcf, Loadings in lbs) \*\* Z = 14.87%

	Look-Back Data				
	2008	2009	2010	2011	2012
<b>Total Allocation Volume</b>					
OMID	4,103,454	4,491,406	3,907,695	3,799,596	3,727,240
Rouge Valley	3,382,764	3,671,128	3,041,654	3,363,061	3,269,196
Oakland GWK	2,883,453	3,188,621	2,404,934	2,958,988	2,891,656
Evergreen Farmington	2,042,275	2,154,256	1,725,742	1,872,225	1,851,461
NE Wayne Co	1,422,601	1,698,509	1,296,673	1,611,703	1,618,773
Other Metered	1,471,581	1,554,845	1,275,774	1,404,618	1,430,021
<b>M Total</b>	<b>15,306,127</b>	<b>16,758,765</b>	<b>13,652,472</b>	<b>15,010,191</b>	<b>14,788,347</b>
D+	12,485,352	12,921,742	11,544,438	13,839,599	14,284,485
Subtotal Allo Volume	27,791,479	29,680,508	25,196,910	28,849,790	29,072,832
System "Z" Volume	4,855,984	5,186,052	4,402,637	5,040,902	5,079,873
<b>Total</b>	<b>32,647,463</b>	<b>34,866,560</b>	<b>29,599,546</b>	<b>33,890,692</b>	<b>34,152,706</b>
<i>Effective "Z"</i>	<i>14.9%</i>	<i>14.9%</i>	<i>14.9%</i>	<i>14.9%</i>	<i>14.9%</i>
<b>Volume Allocation Shares</b>					
OMID	<i>14.8%</i>	<i>15.1%</i>	<i>15.5%</i>	<i>13.2%</i>	<i>12.8%</i>
Rouge Valley	<i>12.2%</i>	<i>12.4%</i>	<i>12.1%</i>	<i>11.7%</i>	<i>11.2%</i>
Oakland GWK	<i>10.4%</i>	<i>10.7%</i>	<i>9.5%</i>	<i>10.3%</i>	<i>9.9%</i>
Evergreen Farmington	<i>7.3%</i>	<i>7.3%</i>	<i>6.8%</i>	<i>6.5%</i>	<i>6.4%</i>
NE Wayne Co	<i>5.1%</i>	<i>5.7%</i>	<i>5.1%</i>	<i>5.6%</i>	<i>5.6%</i>
Other Metered	<i>5.3%</i>	<i>5.2%</i>	<i>5.1%</i>	<i>4.9%</i>	<i>4.9%</i>
<b>M Total</b>	<b>55.1%</b>	<b>56.5%</b>	<b>54.2%</b>	<b>52.0%</b>	<b>50.9%</b>
D+	<i>44.9%</i>	<i>43.5%</i>	<i>45.8%</i>	<i>48.0%</i>	<i>49.1%</i>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Loadings Allocation (BOD)</b>					
Total Loadings	239,742,200	236,396,400	239,268,900	154,896,900	141,046,400
Total Strength - mg/l	118	109	130	73	66
Non-San / San Ratio	<b>33.3%</b>	<b>33.3%</b>	<b>33.3%</b>	<b>33.3%</b>	<b>33.3%</b>
<b>Weighted Adj Influent Split</b>					
Sanitary	10,130,245	10,130,245	10,130,245	10,130,245	10,130,245
Non-Sanitary	<u>7,504,989</u>	<u>8,244,614</u>	<u>6,489,118</u>	<u>7,919,357</u>	<u>8,006,686</u>
Total	17,635,234	18,374,859	16,619,363	18,049,602	18,136,931
Sanitary %	57%	55%	61%	56%	56%
Non-Sanitary %	43%	45%	39%	44%	44%
Sanitary Loadings	137,715,625	130,327,720	145,845,094	86,935,078	78,780,394
Non-Sanitary Loadings	<u>102,026,575</u>	<u>106,068,680</u>	<u>93,423,806</u>	<u>67,961,822</u>	<u>62,266,006</u>
Total Loadings	239,742,200	236,396,400	239,268,900	154,896,900	141,046,400
Sanitary Strength	218	206	231	138	125
Non-Sanitary Strength	73	69	77	46	42
Allocated Strength	126	116	139	78	70
Total Strength	118	109	130	73	66

Sewer Rate Simplification - Sample Share Calculations  
*Alternative LBA SHARE Calculations Modified for Simplified Approach*  
 (Flows in Mcf, Loadings in lbs) **\*\* Z = 14.87%**

	Look-Back Data				
	2008	2009	2010	2011	2012
<b>Total Loadings (BOD)</b>					
OMID	38,767,944	38,351,725	40,117,094	23,603,732	21,202,108
Rouge Valley	29,179,537	28,850,667	29,265,207	18,363,669	16,397,823
Oakland GWK	23,327,047	23,384,195	22,407,880	14,941,605	13,365,529
Evergreen Farmington	17,519,001	17,059,350	17,034,275	10,572,744	9,527,179
NE Wayne Co	11,678,699	12,235,269	11,763,835	7,913,243	7,189,290
Other Metered	12,245,319	11,945,440	12,028,587	7,538,510	6,897,227
<b>M Total</b>	<b>132,717,548</b>	<b>131,826,645</b>	<b>132,616,878</b>	<b>82,933,503</b>	<b>74,579,156</b>
D+	85,021,961	82,332,097	85,525,888	57,544,946	53,300,257
Subtotal Allo Loadings	217,739,509	214,158,742	218,142,766	140,478,448	127,879,413
System "Z" Loadings	22,002,691	22,237,658	21,126,134	14,418,452	13,166,987
<b>Total</b>	<b>239,742,200</b>	<b>236,396,400</b>	<b>239,268,900</b>	<b>154,896,900</b>	<b>141,046,400</b>
<i>Effective "Z"</i>	9.2%	9.4%	8.8%	9.3%	9.3%
<b>Pollutant Allocation Shares</b>					
OMID	17.8%	17.9%	18.4%	16.8%	16.6%
Rouge Valley	13.4%	13.5%	13.4%	13.1%	12.8%
Oakland GWK	10.7%	10.9%	10.3%	10.6%	10.5%
Evergreen Farmington	8.0%	8.0%	7.8%	7.5%	7.5%
NE Wayne Co	5.4%	5.7%	5.4%	5.6%	5.6%
Other Metered	5.6%	5.6%	5.5%	5.4%	5.4%
<b>M Total</b>	<b>61.0%</b>	<b>61.6%</b>	<b>60.8%</b>	<b>59.0%</b>	<b>58.3%</b>
D+	39.0%	38.4%	39.2%	41.0%	41.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SHARES</b>					
OMID	16.7%	16.7%	17.4%	15.3%	14.9%
Rouge Valley	13.0%	13.0%	12.9%	12.5%	12.1%
Oakland GWK	10.6%	10.8%	10.0%	10.5%	10.2%
Evergreen Farmington	7.8%	7.7%	7.5%	7.1%	7.0%
NE Wayne Co	5.3%	5.7%	5.3%	5.6%	5.6%
Other Metered	5.5%	5.4%	5.4%	5.2%	5.2%
<b>M Total</b>	<b>58.8%</b>	<b>59.4%</b>	<b>58.4%</b>	<b>56.0%</b>	<b>54.9%</b>
D+	41.2%	40.6%	41.6%	44.0%	45.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Sewer Rate Simplification - 5-Year Average Share Calculations

	Look-Back Data					5-Year Average
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
OMID	<b>16.7%</b>	<b>16.7%</b>	<b>17.4%</b>	<b>15.3%</b>	<b>14.9%</b>	<b>16.2%</b>
Rouge Valley	<b>13.0%</b>	<b>13.0%</b>	<b>12.9%</b>	<b>12.5%</b>	<b>12.1%</b>	<b>12.7%</b>
Oakland GWK	<b>10.6%</b>	<b>10.8%</b>	<b>10.0%</b>	<b>10.5%</b>	<b>10.2%</b>	<b>10.4%</b>
Evergreen Farmington	<b>7.8%</b>	<b>7.7%</b>	<b>7.5%</b>	<b>7.1%</b>	<b>7.0%</b>	<b>7.4%</b>
NE Wayne Co	<b>5.3%</b>	<b>5.7%</b>	<b>5.3%</b>	<b>5.6%</b>	<b>5.6%</b>	<b>5.5%</b>
Other Metered	<b>5.5%</b>	<b>5.4%</b>	<b>5.4%</b>	<b>5.2%</b>	<b>5.2%</b>	<b>5.3%</b>
<b>M Total</b>	<b>58.8%</b>	<b>59.4%</b>	<b>58.4%</b>	<b>56.0%</b>	<b>54.9%</b>	<b>57.5%</b>
D+	<b>41.2%</b>	<b>40.6%</b>	<b>41.6%</b>	<b>44.0%</b>	<b>45.1%</b>	<b>42.5%</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Sewer Rate Simplification - Sample Share Calculations  
*Alternative LBA SHARE Calculations Modified for Simplified Approach*  
 (Flows in Mcf, Loadings in lbs) \*\* Z = 14.87%

	Look-Back Data				
	2008	2009	2010	2011	2012
<b>Unbundle Other METERED</b>					
<b><u>Metered Flow</u></b>					
Allen Park	38,220	39,252	34,382	42,616	41,950
Center Line	57,160	60,825	36,128	57,072	55,629
Dearborn East	507,432	529,147	480,415	489,313	486,046
Dearborn West	607,632	652,945	513,399	567,568	590,981
Farmington	68,050	75,344	57,180	71,087	64,081
Grosse Pointe Park	112,129	108,704	83,776	91,841	104,248
Melvindale	80,958	88,628	70,494	85,121	87,086
<b>M° Subtotal</b>	<b>1,471,581</b>	<b>1,554,845</b>	<b>1,275,774</b>	<b>1,404,618</b>	<b>1,430,021</b>
<b><u>Allocation Volume</u></b>					
<b><u>Sanitary Volume</u></b>					
Allen Park	20,115	20,115	20,115	20,115	20,115
Center Line	28,407	28,407	28,407	28,407	28,407
Dearborn East	240,100	240,100	240,100	240,100	240,100
Dearborn West	214,277	214,277	214,277	214,277	214,277
Farmington	30,272	30,272	30,272	30,272	30,272
Grosse Pointe Park	43,334	43,334	43,334	43,334	43,334
Melvindale	38,881	38,881	38,881	38,881	38,881
<b>M° Subtotal</b>	<b>615,385</b>	<b>615,385</b>	<b>615,385</b>	<b>615,385</b>	<b>615,385</b>
<b><u>Non-Sanitary Volume</u></b>					
Allen Park	18,105	19,137	14,267	22,501	21,835
Center Line	28,753	32,418	7,721	28,665	27,222
Dearborn East	267,332	289,047	240,315	249,213	245,946
Dearborn West	393,355	438,668	299,122	353,291	376,704
Farmington	37,778	45,072	26,908	40,815	33,809
Grosse Pointe Park	68,795	65,370	40,442	48,507	60,914
Melvindale	42,077	49,747	31,613	46,240	48,205
<b>M° Subtotal</b>	<b>856,196</b>	<b>939,460</b>	<b>660,389</b>	<b>789,233</b>	<b>814,636</b>
<b><u>Volume Allocation Factor</u></b>					
Allen Park	<b>0.14%</b>	<b>0.13%</b>	<b>0.14%</b>	<b>0.15%</b>	<b>0.14%</b>
Center Line	<b>0.21%</b>	<b>0.20%</b>	<b>0.14%</b>	<b>0.20%</b>	<b>0.19%</b>
Dearborn East	<b>1.83%</b>	<b>1.78%</b>	<b>1.91%</b>	<b>1.70%</b>	<b>1.67%</b>
Dearborn West	<b>2.19%</b>	<b>2.20%</b>	<b>2.04%</b>	<b>1.97%</b>	<b>2.03%</b>
Farmington	<b>0.24%</b>	<b>0.25%</b>	<b>0.23%</b>	<b>0.25%</b>	<b>0.22%</b>
Grosse Pointe Park	<b>0.40%</b>	<b>0.37%</b>	<b>0.33%</b>	<b>0.32%</b>	<b>0.36%</b>
Melvindale	<b>0.29%</b>	<b>0.30%</b>	<b>0.28%</b>	<b>0.30%</b>	<b>0.30%</b>
<b>M° Subtotal</b>	<b>5.30%</b>	<b>5.24%</b>	<b>5.06%</b>	<b>4.87%</b>	<b>4.92%</b>

Sewer Rate Simplification - Sample Share Calculations  
*Alternative LBA SHARE Calculations Modified for Simplified Approach*  
*(Flows in Mcf, Loadings in lbs) \*\* Z = 14.87%*

	Look-Back Data				
	2008	2009	2010	2011	2012
<b>Total Loadings (BOD)</b>					
Allen Park	355,489	340,844	358,057	236,982	213,026
Center Line	516,459	504,468	446,024	325,771	291,473
Dearborn East	4,475,332	4,328,361	4,609,873	2,773,295	2,504,687
Dearborn West	4,695,296	4,637,713	4,520,284	2,849,382	2,642,791
Farmington	582,707	582,724	564,945	376,529	323,051
Grosse Pointe Park	900,818	837,806	817,941	510,625	494,886
Melvindale	719,219	713,524	711,463	465,925	427,314
<b>M° Subtotal</b>	<b>12,245,319</b>	<b>11,945,440</b>	<b>12,028,587</b>	<b>7,538,510</b>	<b>6,897,227</b>
<b>Pollutant Allocation Shares</b>					
Allen Park	<i>0.16%</i>	<i>0.16%</i>	<i>0.16%</i>	<i>0.17%</i>	<i>0.17%</i>
Center Line	<i>0.24%</i>	<i>0.24%</i>	<i>0.20%</i>	<i>0.23%</i>	<i>0.23%</i>
Dearborn East	<i>2.06%</i>	<i>2.02%</i>	<i>2.11%</i>	<i>1.97%</i>	<i>1.96%</i>
Dearborn West	<i>2.16%</i>	<i>2.17%</i>	<i>2.07%</i>	<i>2.03%</i>	<i>2.07%</i>
Farmington	<i>0.27%</i>	<i>0.27%</i>	<i>0.26%</i>	<i>0.27%</i>	<i>0.25%</i>
Grosse Pointe Park	<i>0.41%</i>	<i>0.39%</i>	<i>0.37%</i>	<i>0.36%</i>	<i>0.39%</i>
Melvindale	<i>0.33%</i>	<i>0.33%</i>	<i>0.33%</i>	<i>0.33%</i>	<i>0.33%</i>
<b>M° Subtotal</b>	<b>5.62%</b>	<b>5.58%</b>	<b>5.51%</b>	<b>5.37%</b>	<b>5.39%</b>
<b>SHARES</b>					
Allen Park	<i>0.15%</i>	<i>0.15%</i>	<i>0.15%</i>	<i>0.16%</i>	<i>0.16%</i>
Center Line	<i>0.23%</i>	<i>0.22%</i>	<i>0.18%</i>	<i>0.22%</i>	<i>0.21%</i>
Dearborn East	<i>1.97%</i>	<i>1.92%</i>	<i>2.04%</i>	<i>1.86%</i>	<i>1.83%</i>
Dearborn West	<i>2.17%</i>	<i>2.18%</i>	<i>2.06%</i>	<i>2.00%</i>	<i>2.05%</i>
Farmington	<i>0.26%</i>	<i>0.26%</i>	<i>0.25%</i>	<i>0.26%</i>	<i>0.24%</i>
Grosse Pointe Park	<i>0.41%</i>	<i>0.38%</i>	<i>0.36%</i>	<i>0.34%</i>	<i>0.37%</i>
Melvindale	<i>0.32%</i>	<i>0.32%</i>	<i>0.31%</i>	<i>0.32%</i>	<i>0.32%</i>
<b>M° Subtotal</b>	<b>5.51%</b>	<b>5.44%</b>	<b>5.35%</b>	<b>5.15%</b>	<b>5.18%</b>

EXHIBIT E

ATTACHMENT 1

EXHIBIT 2

PROCESS TO ADDRESS CUSTOMER'S REQUEST FOR INTERIM SHARE CHANGE

### **Process To Address Customer's Request For Interim Share Change.**

A customer may request interim re-evaluation of its Share during a Rate Period when the following five conditions have been established:

1. The customer knows with reasonable certainty that its flows will change or have changed;
2. The change in flow can be predicted or measured with reasonable certainty;
3. There is a date when it is reasonably likely that the change of flow will or did occur;
4. The cause of the change in flow is not likely to be one that affects most other customers similarly; and
5. The change in flow is likely to cause a material change in the customer's Share.

A customer makes a request for re-evaluation of Shares by providing a written submission to the Sewer Steering Committee with documents and analyses that substantiate the five conditions have been met.

Whenever an increase in service area occurs, the customer whose service area is increased shall provide a submission to the Steering Committee that provides an estimate of the flow likely to be generated from the increased service area.

Within 30 days of receipt of either a written request and its supporting submission or a submission associated with a change in service area, the Steering Committee shall refer the submission to an appropriate subcommittee/work group for evaluation.

The subcommittee shall expeditiously review the submission. If there is disagreement with the data or analyses presented by the customer, the subcommittee will work with the customer as necessary to reach agreement upon data and analyses on which a final determination can be made.

In the case of a request, the customer requesting the re-evaluation has the burden of establishing that the five conditions for re-evaluation have been satisfied. In the case of a change in service area:

- ALTERNATIVE I: the subcommittee has the burden to establish that the change in service area will result in a material increase in the customer's Share.
- ALTERNATIVE II: the customer increasing its service area has the burden to establish that the change in service area will not result in a material increase in the customer's Share

Following the analyses of the material submitted, the subcommittee shall submit a recommendation to the Steering Committee either to make adjustments to all customers' Shares

and the amounts of such adjustments, to deny the request, or to determine that the increase in service area does not justify a change in Share.

#### Final Review and Approval

The Steering Committee shall review the subcommittee's recommendation and can request further evaluation by the subcommittee, reject the recommendation, or refer the recommendation on to the Board.

Following Steering Committee action on the subcommittee recommendation, it shall forward the recommendation to the Board for action. If the recommendation to the Board is opposed by the requesting customer or by the customer whose service area has increased, that customer may file a position paper supporting its view to the Board before the Board acts.

#### Timing of Adjustments

If the change in Share is the result of an increased service area or the result of a request for re-evaluation that was made before the expected change occurs, the revised Share shall be effective upon the occurrence of the change of flow. If the change will occur in the middle of a rate year, the subcommittee can recommend that the impact be prorated over the rate year if it determines that is appropriate. When the customer requests a re-evaluation after the conditions have already changed, any adjustments in Shares shall occur beginning in the rate year following receipt of the request for re-evaluation.

#### Challenges by Another Customer

If another customer (the "Challenger") concludes that a customer received a new source of flow but did not inform the Steering Committee and request a re-evaluation of Shares, the Challenger may initiate a request for re-evaluation of the customer's share by submitting information showing that the above five factors have been met.

EXHIBIT E

ATTACHMENT 1

EXHIBIT 3

RATE SIMPLIFICATION PRO FORMA

# TFG

## THE FOSTER GROUP

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P.O. BOX 26282  
LEAWOOD, KS 66225  
TEL: (913) 345-1410  
FAX: (913) 345-1640

THE FOSTER GROUP, LLC  
BART FOSTER, PRESIDENT  
CELL: (913) 530-6240  
BFOSTER@FOSTERGROUPLLC.COM

### MEMORANDUM

Rate Simplification Pro Forma

November 22, 2013

To: Sue McCormick, Nickie Bateson

From: Bart Foster

The intent of this memorandum is to present a “pro forma” calculation of Sewage Disposal Fund cost allocations and rate structure under the principles and approaches established by the Rate Simplification Proposal. As we have noted in prior discussions on this matter, implementation of the Rate Simplification Proposal will effectively streamline the documentation of sewer rate calculations into five simple tables. The attached pro forma illustrates these calculations.

For purposes of this illustration, we’ve assumed a hypothetical revenue requirement and preliminary cost pool assignments. These elements will be finalized for FY 2014-15 as the Department’s budget and financial plan gets developed over the next two months. The SHARES included in this illustration reflect the final recommendations of the Look-Back Committee and we do not anticipate any changes.

Inputs to the simplified pro forma rate calculation illustrated in the attached exhibit are highlighted in yellow. All other figures are calculated based on the simple calculations described herein.

A. **Revenue Requirements.** Total operating expense and capital revenue requirements are developed from the Department’s financial plan and become the baseline “revenue requirement from rates” for the calculations. Operating expense will emerge from the Department’s budget request. Capital revenue requirements consist of debt service on bonded indebtedness, capital improvements financed by revenues, and amounts necessary to establish and maintain reserve funds.

- *The figures in this version of the pro forma are hypothetical pending finalization of the FY 2014-15 financial plan. These figures will be updated each year in the Rate Period to reflect annual financial plans.*

B. **Revenue Requirement Allocation Factors.** This approach embraces and implements the “Simplified Estimates of Cost Pools” element of the Rate

Simplification Proposal. Allocation factors are developed based on historical averages and adjusted for estimable changes in cost structure to assign the revenue requirements developed in Part A to the costs pools necessary to allocate revenue requirements to customers.

- *The figures in this version of the pro forma are preliminary and may change subtly as the FY 2014-15 financial plan is finalized. The Look-Back Committee has developed SHARES (see Part D) that are indicative of an overall common-to-all (“CTA”) revenue requirement split of approximately 47% based on volume and approximately 53% based on pollutants. The relative factors in columns 9 and 10 have been (and will be) designed to produce that relative split. (See Part C).*

**C. Revenue Requirement Cost Pool Allocation.** Simply applies the allocation factors in Part B to the revenue requirements in Part A to assign costs to cost pools.

- *Note that the relative CTA split in footnote b is 47% volume / 53% pollutants, as targeted by the allocation factors presented in Part B.*

**D. SHARES.** Represents initial Rate Period SHARES (in Column 1) established by the parties for CTA revenue requirements. The CSO facility Shares are consistent with the 1999 Rate Settlement Agreement. Columns 6 and 7 illustrate relative Flow and Pollutant Shares, which are used to compute overall SHARES.

- *The Suburban Wholesale Cost Pool Shares in Column 3 are determined based on the relative (of the suburban total) Flow Shares shown in Column 6. Costs in this cost pool are not related to the wastewater treatment plant and therefore not allocable based on relative pollutant loadings.*

**E. Allocation of Revenue Requirements / Design of Fixed Charges.** Simply applies the SHARES from Part D to allocate revenue requirements in each cost pool to each customer. Totals individual cost pool allocations to determine total revenue requirement for each customer and calculates a fixed monthly charge for each customer.

- *Note that the rate structure for the Detroit retail class will continue to consist of both fixed and commodity charges.*

We trust that this information provides an effective, executive summary description and illustration of the Rate Simplification Proposal and we are prepared to present this information to policy makers and stakeholders.

**DWSD Sewer Rate Model Template - Pro Forma Calculations**

*Designed to Illustrate Rate Simplification Concept* **Inputs & Assumptions are HYPOTHETICAL and presented for demonstration purposes only**

Source: Budget/financial plan development

**A. Revenue Requirements**

Operating Expense - \$	225,000,000
Capital Costs - \$	275,000,000
<b>Total - \$</b>	<b>500,000,000</b>

Source: Historical averages, adjusted for known changes

**B. Revenue Requirement Allocation Factors**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
	Functional Cost Allocation Factors	Common to All	Detroit Only	Suburban Wholesale	OMID Specific	Cost Pool Allocation Factors			TOTAL	Common to All Detail	
						CSO Facilities	Industrial Waste Control	Pollutants		Flow	Pollutants
<u>Operating Expense</u>											
WWTP	70.0%	100.0%	10.00%	15.0%	15.0%			100.0%	22.5%	77.5%	
Collection System	11.0%	60.0%	10.00%			100.0%		100.0%	60.0%		
CSO	4.0%							100.0%			
Retail Billing	5.0%		100.0%					100.0%			
Industrial Waste Control	10.0%						100.0%	100.0%			
<b>Total</b>	<b>100.0%</b>										
<u>Capital Costs</u>											
WWTP	62.0%	100.0%	32.00%	5.0%	3.0%			100.0%	50.0%	50.0%	
Collection System	25.0%	60.0%				100.0%		100.0%	60.0%		
CSO	13.0%							100.0%			
Retail Billing	0.0%		100.0%					100.0%			
Industrial Waste Control	0.0%						100.0%	100.0%			
<b>Total</b>	<b>100.0%</b>										

**DWSD Sewer Rate Model Template - Pro Forma Calculations**

Designed to Illustrate Rate Simplification Concept

Inputs & Assumptions are **HYPOTHETICAL** and presented for demonstration purposes only

**C. Revenue Requirement Cost Pool Allocation**

Source: B (factors) applied to A (revenue requirements)

	(1)	(2)	(3)	(4)	(5)	Cost Pool Allocation			(8)	(9)	(10)
						Common to All	Suburban Wholesale	OMID Specific			
Functional Cost Allocation	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>Operating Expense</u>											
WWTP	157,500,000	157,500,000	2,475,000	-	-	-	-	-	157,500,000	35,437,500	122,062,500
Collection System	24,750,000	14,850,000	2,475,000	3,712,500	3,712,500	-	-	-	24,750,000	14,850,000	-
CSO	9,000,000	-	-	-	-	9,000,000	-	-	9,000,000	-	-
Retail Billing	11,250,000	-	11,250,000	-	-	-	-	-	11,250,000	-	-
Industrial Waste Control	22,500,000	-	-	-	-	-	22,500,000	-	22,500,000	-	-
<u>Total Operating</u>	<u>225,000,000</u>	<u>172,350,000</u>	<u>13,725,000</u>	<u>3,712,500</u>	<u>3,712,500</u>	<u>9,000,000</u>	<u>22,500,000</u>	<u>22,500,000</u>	<u>225,000,000</u>	<u>50,287,500</u>	<u>122,062,500</u>
<u>Capital Costs</u>											
WWTP	170,500,000	170,500,000	-	-	-	-	-	-	170,500,000	85,250,000	85,250,000
Collection System	68,750,000	41,250,000	22,000,000	3,437,500	2,062,500	-	-	-	68,750,000	41,250,000	-
CSO	35,750,000	-	-	-	-	35,750,000	-	-	35,750,000	-	-
Retail Billing	0	-	-	-	-	-	-	-	0	-	-
Industrial Waste Control	0	-	-	-	-	-	-	-	0	-	-
<u>Total Capital</u>	<u>275,000,000</u>	<u>211,750,000</u>	<u>22,000,000</u>	<u>3,437,500</u>	<u>2,062,500</u>	<u>35,750,000</u>	<u>0</u>	<u>0</u>	<u>275,000,000</u>	<u>126,500,000</u>	<u>85,250,000</u>
Total Revenue Req't	500,000,000	384,100,000	35,725,000	7,150,000	5,775,000	44,750,000	22,500,000	22,500,000	500,000,000	176,787,500	207,312,500
less: Industrial Specific (a)	(27,500,000)	(5,000,000)	-	-	-	-	(22,500,000)	(22,500,000)	(27,500,000)	176,787,500	(5,000,000)
<u>Net Revenue Requirement</u>	<u>472,500,000</u>	<u>379,100,000</u>	<u>35,725,000</u>	<u>7,150,000</u>	<u>5,775,000</u>	<u>44,750,000</u>	<u>0</u>	<u>0</u>	<u>472,500,000</u>	<u>176,787,500</u>	<u>202,312,500</u>

(a) Industrial Surcharge Customers

(b) Relative Flow/Pollutants in CTA Cost Pool

based on % of total affluent pollutant loadings that are "surchargeable"

47%

2.4%

53%

**DWSD Sewer Rate Model Template - Pro Forma Calculations**  
*Designed to Illustrate Rate Simplification Concept*

*Inputs & Assumptions are HYPOTHETICAL and presented for demonstration purposes only*

**D. SHARES**

Source: Simplified flow balance results ("Z" factor)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	CTA SHARE	Detroit Only	Suburban Wholesale	OMID Specific	CSO Facilities	Share Details Flow	Pollutants
<u>Metered Customers</u>							
OMID	16.14%		24.84%	100.00%	2.65%	14.28%	17.42%
Rouge Valley	12.66%		20.70%		2.96%	11.90%	13.18%
Oakland GWK	10.40%		17.69%		2.26%	10.17%	10.55%
Evergreen Farmington	7.37%		11.98%		1.49%	6.86%	7.73%
NE Wayne Co	5.49%		9.44%		1.17%	5.43%	5.52%
Allen Park	0.15%		0.24%		0.03%	0.14%	0.16%
Center Line	0.21%		0.33%		0.06%	0.19%	0.23%
Dearborn East & West	4.15%		6.72%		0.00%	3.86%	4.34%
Farmington	0.25%		0.41%		0.05%	0.24%	0.26%
Grosse Pointe Park	0.37%		0.62%		0.06%	0.36%	0.38%
Melvindale	0.32%		0.51%		0.07%	0.29%	0.33%
Grosse Pointe Farms	0.71%		1.18%		0.50%	0.68%	0.72%
<b>M Total</b>	<b>58.22%</b>	<b>0.00%</b>	<b>94.61%</b>	<b>100.00%</b>	<b>11.30%</b>	<b>54.40%</b>	<b>60.83%</b>
<u>Detroit + Unmetered</u>							
Dearborn E. (Storm Only)	0.06%		0.15%		1.63%	0.09%	0.05%
Dearborn N.E.	0.32%		0.81%		0.00%	0.47%	0.43%
Grosse Pointe	0.19%		0.39%		0.23%	0.23%	0.20%
Hamtramck	0.80%		1.79%		1.59%	1.03%	0.84%
Harper Woods	0.05%		0.11%		0.01%	0.06%	0.06%
Highland Park	1.13%		2.05%		2.06%	1.18%	1.06%
Small Districts	0.06%		0.08%		0.17%	0.05%	0.05%
Detroit	39.16%	100.00%			83.00%	42.51%	36.49%
<b>D+ Total</b>	<b>41.78%</b>	<b>100.00%</b>	<b>5.39%</b>		<b>88.70%</b>	<b>45.60%</b>	<b>39.17%</b>
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<i>Suburbs in D+</i>	<i>2.62%</i>	<i>0.00%</i>	<i>5.39%</i>	<i>0.00%</i>	<i>5.70%</i>	<i>3.10%</i>	<i>2.68%</i>
<i>Detroit</i>	<i>39.16%</i>	<i>100.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>83.00%</i>	<i>42.51%</i>	<i>36.49%</i>

**DWSD Sewer Rate Model Template - Pro Forma Calculations**  
*Designed to Illustrate Rate Simplification Concept*

*Inputs & Assumptions are HYPOTHETICAL and presented for demonstration purposes only*

**E. Allocation of Revenue Requirements / Design of Fixed Charges** *Source: D (shares) applied to C (allocated revenue requirements)*

	(1)	(2)			(3)	(4)	(5)		(6)	(7)
		Detroit Only	Suburban Wholesale	OMID Specific			CSO Facilities	TOTAL		
Common to All	\$	\$	\$	\$	\$	\$	\$	\$	\$	Fixed Monthly Charge \$/mo
<b>Metered Customers</b>										
OMID	61,186,700	0	1,775,900	5,775,000	1,186,400	69,924,000		5,827,000		
Rouge Valley	47,994,100	0	1,479,900	0	1,322,700	50,796,700		4,233,100		
Oakland GWK	39,426,400	0	1,264,000	0	1,009,500	41,700,600		3,475,100		
Evergreen Farmington	27,939,700	0	853,100	0	664,600	29,457,400		2,454,800		
NE Wayne Co	20,812,600	0	675,300	0	525,300	22,013,200		1,834,400		
Allen Park	583,800	0	17,400	0	13,800	615,000		51,300		
Center Line	799,900	0	23,500	0	24,800	848,200		70,700		
Dearborn East & West Farmington	15,713,700	0	480,200	0	0	16,193,900		1,349,500		
Grosse Pointe Park	959,100	0	29,600	0	23,400	1,012,100		84,300		
Melvindale	1,414,000	0	44,300	0	7,600	1,485,900		123,800		
Grosse Pointe Farms	1,194,200	0	36,400	0	33,100	1,263,700		105,300		
	2,691,600	0	84,600	0	22,500	3,001,700		250,100		
<b>M Total</b>	220,715,800	0	6,764,900	5,775,000	5,056,700	238,312,400		19,859,400		
<b>Detroit + Unmetered</b>										
Dearborn E. (Storm Only)	238,800	0	10,700	0	729,900	79,400		81,600		
Dearborn N.E.	1,213,100	0	58,200	0	0	271,300		105,900		
Grosse Pointe	727,900	0	28,200	0	102,100	858,200		71,500		
Hamtramck	3,040,400	0	127,800	0	713,600	3,881,800		323,500		
Harper Woods	204,700	0	7,600	0	5,700	218,000		18,200		
Highland Park	4,283,800	0	146,900	0	924,000	5,354,700		446,200		
Small Districts	208,500	0	5,700	0	75,300	289,500		24,100		
Detroit (a)	148,466,900	35,725,000	0	0	37,142,500	221,334,400		18,444,500		
<b>D+ Total</b>	158,384,100	35,725,000	385,100	0	39,693,100	234,187,300		19,515,500		
<b>Total</b>	379,099,900	35,725,000	7,150,000	5,775,000	44,749,800	472,499,700		39,374,900		
<i>Suburbs in D+</i>	9,917,200	0	385,100	0	2,550,600	12,852,900		1,071,000		
<i>Detroit (a)</i>	148,466,900	35,725,000	0	0	37,142,500	221,334,400		18,444,500		

(a) Retail rates for Detroit will still contain fixed and commodity charges.

EXHIBIT E

ATTACHMENT 1

ADDENDUM A

**TFG**  
**THE FOSTER GROUP**

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12719 WENONGA LANE  
LEAWOOD, KS 66225  
TEL: (913) 345-1410

**THE FOSTER GROUP, LLC**  
BART FOSTER, PRESIDENT  
CELL: (913) 530-6240  
BFOSTER@FOSTERGROUPLLC.COM

MEMORANDUM

FY 2022 SHARES and Sewer Charge Calculations

February 19, 2021

To: Sue McCormick

From: Bart Foster

This memorandum has been prepared to further document the development of the FY 2022 SHARES and the application of those SHARES in calculating the proposed FY 2022 GLWA wholesale sewer charges. This topic has been introduced with several previous documents over the past several months, including:

- October 20, 2020 “Think Tank” memorandum setting forth the recommended methodology for the FY 2022 SHARES;
- November 13, 2020 “D+ SHARE Calculations” memorandum with recommended allocations of SHARES for the individual D+ Member Partners;
- November 16, 2020 “FY 2022 SHARE Calculations” memorandum formally introducing application of the Think Tank methodology to compute SHARES; and
- December 30, 2020 “FY 2022 SHARE Cost of Service Study and Service Charge Recommendations” memorandum that produced the proposed FY 2022 charges

All of these materials introduced specific concepts and analysis related to developing SHARES and charges. The intent of this correspondence is to provide a consolidated reference for all of the calculations, in a manner that supports the “GLWA Sewer Charges 101” document currently being prepared. The materials identified above are incorporated by reference, and contain more detailed information on specific methodology recommendations, and application of the methodology. We’ll not attempt to further elaborate on those materials, other than to occasionally reference them<sup>1</sup>. Rather, in this document we aim to set forth the detailed calculations with the assistance of the attached tables and limited discussion. We note that the terms shown in ***Bold Italics*** in this introduction are intended to serve as defined terms addressed in the Charges 101 document.

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<sup>1</sup> The Think Tank memorandum addresses key assumptions regarding “Regional” and “Local” contributions of non-sanitary flow volumes within the D+ area. Regional volumes are effectively ignored for SHARE calculations.

FY 2022 SHARES and Sewer Charge Calculations Tables

1. Summarizes the **FY 2022 Annual Revenue Requirement** and the amount to be recovered from sewer charges. The revenue requirement is summarized by element on Lines 1 through 8, each of which is allocated to various cost pools via the FY 2022 Cost of Service Study<sup>2</sup>. Estimated “non-charge” revenues are deducted on Line 9 to result in the **Annual Revenue Requirement from Charges** on Line 10. There are three areas that are specifically assigned to direct and unique charge elements. These amounts are shown on Line 11 and include (a) The Oakland Macomb Interceptor District specific costs, which are established via contract to support activities at the Northeast Pump Station; (b) the Industrial Waste Control Program; and (c) the portion of costs at the WRRF that are appropriately recovered from extra strength pollutant surcharges for monitored industrial contributions. After deducting these amounts the resulting FY 2022 **Annual Revenue Requirement from SHARES to Member Partners** totaling \$460,336,500 is shown on Line 12.
2. Illustrates application of the **Core Methodology** established by the Think Tank regarding cost pools and units of service “allocators”. Based on the Think Tank’s recommendation the **FY 2021** Cost of Service Study results are used to populate the Core Methodology assumptions, and to assign the total revenue requirement to cost pools and units of service allocators. For purposes of SHARE calculations the **Allocator Factors** are simplified by rounding the nearest 0.5%. The figures shown on Line 8 become the key to establishing SHARES.
3. Presents historical results of the annual flow balances for the Member Partners served by master meters (the **M Member Partners**) for FYs 2013 through 2019, which represents the seven-year data period the Think Tank recommends for purposes of the FY 2022 SHARES. The flow volume data is reflected in millions of gallons per day (mgd) as provided by the annual flow balance reports. Specific adjustments have been made to certain historical data to reflect prior SHARE modifications, most notably OMID’s diversion of flow to the Pontiac treatment facility<sup>3</sup>. Table 3 presents total contributed volume as well as Sanitary and Non-Sanitary contributions. The seven-year averages shown in Column 8 become the relative flow volumes used to compute the FY 2022 SHARES.

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<sup>2</sup> See the December 30, 2020 report for specifics on the FY 2022 Cost of Service Study.

<sup>3</sup> Other minor modifications were made to historical data for Dearborn and Rouge Valley.

4. Presents similar historical data for the ***D+ Member Partners***, although limited to Sanitary contributions only. The flow balance protocol utilized for the SHARE calculations does not contain sufficient verifiable data to isolate Non-Sanitary flow volumes for individual ***D+ Member Partners***, nor was any analysis available to identify which ***D+ Member Partners*** should receive reductions related to the Regional flow assumptions. A few notes:
  - Grosse Pointe is being considered a ***D+ Member Partner*** for purposes of the FY 2022 SHARES. The flow balance data contains only one year (FY 2019) of metered data for Grosse Pointe and it was deemed appropriate to keep that Member Partner in the class for which the most data existed.
  - Highland Park’s sanitary flow estimate for purposes of SHARE calculations was based solely on the three most recent years (instead of seven) in order to honor new verified data.
  - Sanitary flow volumes reported as Water Treatment Backwash in flow balance reports are treated as Regional flow for purposes of SHARES
5. Provides a summary of total contributed volume by flow type, deducts volumes contributed from ***M Member Partners***, and displays the balance as being assignable to either the ***D+ Member Partners*** or the Regional System.
6. Separates the “non-master metered” flow volumes into D+ (Local) and Regional components for purposes of SHARE calculations. As noted in the Think Tank memorandum, the proposed methodology assumes that 50% of such non-sanitary volumes should be assigned as Regional, and the other 50% as the Local responsibility of the ***D+ Member Partners***. The table also assigns Dearborn’s portion of the D+ flow (from the unmetered northeast district) to the majority of Dearborn (which is metered) in order to facilitate SHARE calculations.
7. Serves as a summary of units of service for ***M Member Partners*** and the ***D+ Member Partners*** at large, in a format that aligns with the ***Core Methodology*** established by the Think Tank recommendations. Flow volumes are summarized from Tables 3 and 6. The table also presents the historical CSO “83/17” cost allocation units of service, which are set forth in legal agreements. The bottom portion of the table shows the individual *Shares* of each unit of service.
8. Illustrates application of the ***Core Methodology*** to compute the FY 2022 SHARES for each ***M Member Partner*** and for the ***D+ Member Partners*** at large. Each Member Partner’s relative share of each unit (from Table 7) is shown on Lines 2 through 16 and multiplied by the relative allocator factors on Line 1 to produce the weighted unit

- allocation factors shown on Lines 17 through 31. The sum of the individual unit allocations produces the FY 2022 SHARE for each Member Partner presented in Column 4.
9. Performs the same calculation for the ***D+ Member Partners***. As previously noted, the flow balance protocol lacks the ability to specifically allocate responsibility for D+ non-sanitary volumes, including those volumes treated as “common” and those remaining volumes assigned to the ***D+ Member Partners***. Therefore, the relative volume unit shares shown in Columns 1 and 2 for these Member Partners are based on historical analyses from prior flow balance and cost of service analyses. The calculation of SHARES follows the same approach as that for the ***M Member Partners***. Each ***D+ Member Partner***'s relative share of each unit is multiplied by the relative allocator factors on Line 1 to produce the weighted unit allocation factors shown on Lines 10 through 17. The sum of the individual unit allocations produces the FY 2022 SHARE for each Member Partner presented in Column 4
  10. Calculates the FY 2022 Wholesale Sewer Charges. The proposed SHARES from Tables 8 and 9 are multiplied by the overall ***Annual Revenue Requirement from SHARES to Member Partners*** established in Table 1 to allocate revenue requirement responsibility for each Member Partner in Column 2. There is one final adjustment in the calculation of wholesale sewer charges. The Lease between GLWA and the City of Detroit provides for an “ownership benefit credit” totaling \$5,516,000 annually. Column 3 applies this credit to Detroit and allocates responsibility for it to all other Member Partners. The resulting adjusted revenue requirements shown in Column 4 become the basis for the wholesale sewer charges, which are entirely fixed monthly charges and simply represent the annual revenue requirement divided by 12, as shown in Column 5. *Note that the charge for OMID is further adjusted by adding in the OMID specific costs identified in Table 1. This addition is not shown in Table 10.*
  11. Calculates the FY 2022 Industrial Waste Control Charges. These charges are applied to non-residential customers throughout the Regional System to recover the costs of supporting the IWC program. The ***Annual Revenue Requirement from Charges*** that were allocated to the IWC cost pool in Table 1 are divided by the total “equivalent meters” to produce an average unit cost. The unit cost is then scaled based on relative connection size to the system on a scale that equates larger meter sizes to “equivalent” 5/8 inch meters. There are some Member Partners that independently perform IWC monitoring services. GLWA IWC charges to those Member Partners are limited to administrative and reporting functions, which are currently estimated to reflect approximately 25% of the total IWC revenue requirement.

12. Calculates the FY 2022 Industrial Pollutant Surcharges. These charges are applied to monitored industrial non-residential customers throughout the Regional System to recover the costs of “high strength” pollutant contributions. The FY 2022 Cost of Service Study allocates the WRRF Treatment Cost Pool to sub-cost pools related to individual monitored pollutants to support calculation of these charges. The surcharges are simply the total allocated costs divided by the estimated total pounds that arrive at the WRRF, as illustrated on Line 5 of the table. Applying these surcharges to the projected loadings from monitored customers yields the projected surcharge revenue on Line 7, which is subsequently reduced from the ***Annual Revenue Requirement from Charges*** in Table 1 as part of the adjustment to result in the ***Annual Revenue Requirement from SHAREs to Member Partners***.

We encourage stakeholders to review other materials mentioned on this topic, including the GLWA Sewer Charges 101 document once it is finalized. We are prepared to discuss this matter at your convenience.

Table 1  
FY 2022 Revenue Requirements

<u>Budget Item</u>	(1)	(2)	(3)	(4)	(5)	(6)
	Total <u>Budget</u>	Cost Pools (a)				
		OMID <u>Specific (b)</u>	Industrial <u>Waste Control</u>	<u>WRRF</u>	<u>Conveyance</u>	<u>CSO</u>
1 Regional System O&M Expense	183,096,700	1,568,500	7,243,500	129,794,000	27,556,500	16,934,200
2 Pension Obligation - Operating Portion	10,824,000	189,400	499,200	7,030,400	1,938,100	1,167,000
3 Debt Service	207,209,500	0	237,900	124,872,000	47,245,700	34,853,700
4 Non-Operating Portion of Pension Obligation	11,620,700	203,400	535,900	7,547,800	2,080,700	1,252,900
5 Transfer to WRAP Fund	2,345,600	10,700	44,900	1,520,700	454,600	314,700
6 Lease Payment to Detroit	27,500,000	181,500	524,800	17,793,400	5,318,500	3,681,900
7 Transfer to GLWA Regional I&E Account	34,616,900	0	39,800	20,861,600	7,893,000	5,822,700
8 Total Gross Revenue Requirements	477,213,400	2,153,500	9,126,000	309,419,900	92,487,100	64,027,100
9 less: Investment Earnings & Misc. Revenue	(1,410,800)	0	(27,100)	(918,900)	(274,700)	(190,100)
10 Revenue Requirements from Charges	<b>475,802,600</b>	<b>2,153,500</b>	<b>9,098,900</b>	<b>308,501,000</b>	<b>92,212,400</b>	<b>63,837,000</b>
11 less: Specific Cost Pools / Charges	(15,466,300)	(2,153,500)	(9,098,900)	(4,213,900)		
12 Revenue Requirements from SHARES	<b>460,336,500</b>	<b>0</b>	<b>0</b>	304,287,100	92,212,400	63,837,000

(a) See FY 2022 Cost of Service Study for description of allocation to cost pools.

(b) Excludes any capital cost allocation per agreement, as OMID is directly responsible for future capital improvements to OMID Specific facilities.

Table 2  
 Revenue Requirement Allocation to Cost Pools  
*Application of Core Methodology Assumptions*

	(1)	(2)	(3)	(4)
	<b>Allocators</b>			
<u>Cost Pool</u>		<u>Total Contr</u> <u>Volume</u>	<u>Sanitary</u> <u>Volume</u>	<u>CSO</u>
1 WRRF Cost Pool		<b>50%</b>	<b>50%</b>	
2 Conveyance Cost Pool		<b>100%</b>		
3 CSO Cost Pool				<b>100%</b>
		<b>Allocator Calculation</b>		
	<u>FY 2021</u> <u>Revenue</u> <u>Requirement</u>	<u>Total Contr</u> <u>Volume</u>	<u>Sanitary</u> <u>Volume</u>	<u>CSO</u>
4 WRRF Cost Pool	302,705,900	151,353,000	151,353,000	
5 Conveyance Cost Pool	95,992,900	95,992,900	0	0
6 CSO Cost Pool	61,507,400	0	0	61,507,400
7 Total	460,206,200	247,345,900	151,353,000	61,507,400
8 Simplified <b>Allocator Factors</b> (a)		<b>54.0%</b>	<b>32.5%</b>	<b>13.5%</b>

(a) Rounded to nearest 0.5%

Table 3  
Flow Volume Data from Annual Flow Balances: FY 2013 - 2019 (mgd)  
***Master Metered Member Partners***

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Average</u>
<b><u>Total Contributed Volume</u></b>								
1 OMID	60.519	60.829	60.781	60.899	63.053	64.909	63.483	<b>62.068</b>
2 Rouge Valley	53.198	61.323	57.774	54.795	62.032	56.939	65.223	<b>58.755</b>
3 Oakland GWK	49.439	52.317	54.128	50.963	58.605	54.885	61.558	<b>54.556</b>
4 Evergreen Farmington	33.619	35.325	37.054	34.791	37.673	37.230	39.474	<b>36.452</b>
5 SE Macomb San Dist	26.231	28.909	27.672	28.877	30.144	29.642	32.750	<b>29.175</b>
6 Dearborn	19.532	22.349	20.883	20.456	26.248	23.789	24.396	<b>22.522</b>
7 Grosse Pointe Farms	3.012	3.048	2.891	2.983	3.296	3.320	3.452	<b>3.143</b>
8 Grosse Pointe Park	1.848	2.010	2.185	2.237	2.395	2.625	2.822	<b>2.303</b>
9 Melvindale	1.474	1.717	1.553	1.521	1.622	1.682	1.869	<b>1.634</b>
10 Farmington	1.122	1.233	1.343	1.195	1.304	1.407	1.548	<b>1.308</b>
11 Center Line	1.042	1.057	0.976	0.983	1.141	1.047	1.128	<b>1.053</b>
12 Allen Park	0.727	0.895	0.939	0.932	0.888	1.000	0.895	<b>0.897</b>
13 Total	<u>251.764</u>	<u>271.013</u>	<u>268.179</u>	<u>260.631</u>	<u>288.402</u>	<u>278.477</u>	<u>298.598</u>	<b>273.866</b>
<b><u>Sanitary Volume</u></b>								
1 OMID	44.885	45.985	44.591	43.363	42.658	42.959	42.627	<b>43.867</b>
2 Rouge Valley	29.265	31.883	29.317	28.341	28.199	29.043	28.535	<b>29.226</b>
3 Oakland GWK	20.833	21.523	21.173	19.373	20.093	20.525	20.317	<b>20.548</b>
Evergreen Farmington	20.530	21.224	20.891	19.127	19.851	20.296	20.103	<b>20.289</b>
5 SE Macomb San Dist	11.348	12.228	12.183	11.096	10.519	11.149	10.956	<b>11.354</b>
6 Dearborn	7.904	8.001	8.312	8.124	7.795	7.937	7.362	<b>7.919</b>
7 Grosse Pointe Farms	1.163	1.366	0.950	0.871	0.783	0.839	0.893	<b>0.981</b>
8 Grosse Pointe Park	0.805	0.911	0.906	0.785	0.863	0.868	0.651	<b>0.827</b>
9 Melvindale	0.861	0.840	0.940	0.790	0.857	0.828	0.779	<b>0.842</b>
10 Farmington	0.636	0.646	0.577	0.616	0.587	0.587	0.572	<b>0.603</b>
11 Center Line	0.582	0.627	0.576	0.557	0.539	0.556	0.553	<b>0.570</b>
12 Allen Park	0.459	0.518	0.497	0.443	0.388	0.406	0.436	<b>0.449</b>
13 Total	<u>139.273</u>	<u>145.753</u>	<u>140.912</u>	<u>133.488</u>	<u>133.132</u>	<u>135.992</u>	<u>133.784</u>	<b>137.476</b>
<b><u>Non-Sanitary Volume</u></b>								
1 OMID	15.634	14.845	16.190	17.536	20.395	21.951	20.856	<b>18.201</b>
2 Rouge Valley	23.933	29.440	28.457	26.454	33.833	27.896	36.688	<b>29.529</b>
3 Oakland GWK	28.606	30.794	32.955	31.590	38.512	34.360	41.241	<b>34.008</b>
0 Evergreen Farmington	13.088	14.102	16.163	15.664	17.822	16.934	19.372	<b>16.164</b>
5 SE Macomb San Dist	14.883	16.681	15.489	17.780	19.625	18.493	21.794	<b>17.821</b>
6 Dearborn	11.628	14.348	12.571	12.332	18.452	15.852	17.034	<b>14.602</b>
7 Grosse Pointe Farms	1.849	1.682	1.941	2.112	2.513	2.481	2.559	<b>2.163</b>
8 Grosse Pointe Park	1.043	1.099	1.279	1.452	1.531	1.758	2.171	<b>1.476</b>
9 Melvindale	0.613	0.877	0.614	0.731	0.765	0.854	1.090	<b>0.792</b>
10 Farmington	0.486	0.587	0.766	0.579	0.717	0.820	0.976	<b>0.705</b>
11 Center Line	0.460	0.430	0.400	0.425	0.603	0.492	0.575	<b>0.483</b>
12 Allen Park	0.268	0.377	0.442	0.490	0.501	0.594	0.459	<b>0.447</b>
13 Total	<u>112.491</u>	<u>125.260</u>	<u>127.267</u>	<u>127.144</u>	<u>155.270</u>	<u>142.484</u>	<u>164.814</u>	<b>136.390</b>

Table 4  
Flow Volume Data from Annual Flow Balances: FY 2013 - 2019 (mgd)  
***Sanitary Volume from D+ Member Partners***

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Average</u>
<b><u>Sanitary Volume</u></b>								
1 Dearborn N.E.	0.474	0.469	0.471	0.454	0.361	0.362	0.349	<b>0.420</b>
2 Grosse Pointe *	0.256	0.459	0.411	0.564	0.421	0.420	0.430	<b>0.423</b>
3 Hamtramck	1.050	1.170	1.113	1.056	1.037	1.120	1.135	<b>1.097</b>
4 Harper Woods	0.104	0.116	0.111	0.104	0.105	0.105	0.084	<b>0.104</b>
5 Highland Park (a)	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	0.622	0.571	0.591	<b>0.594</b>
6 Redford Township	0.031	0.031	0.091	0.091	0.091	0.091	0.091	<b>0.074</b>
7 Wayne County #3	0.006	0.006	0.006	0.006	0.006	0.006	0.006	<b>0.006</b>
8 Detroit	56.373	55.148	52.554	49.666	48.543	55.806	54.829	<b>53.274</b>
9 Total	<u>58.294</u>	<u>57.398</u>	<u>54.757</u>	<u>51.941</u>	<u>51.185</u>	<u>58.482</u>	<u>57.515</u>	<b>55.993</b>
10 Water Trtmt Plant Backwash (b)	8.014	8.846	8.155	7.473	7.580	8.089	8.708	<b>8.124</b>
11 Total	<u>66.308</u>	<u>66.245</u>	<u>62.912</u>	<u>59.414</u>	<u>58.765</u>	<u>66.571</u>	<u>66.223</u>	<b>64.116</b>
12 Adjustment (c)	<u>0.783</u>	<u>0.701</u>	<u>0.625</u>	<u>0.633</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<b>0.052</b>
13 Total	<u>67.091</u>	<u>66.945</u>	<u>63.538</u>	<u>60.047</u>	<u>58.765</u>	<u>66.571</u>	<u>66.223</u>	<b>64.169</b>

(a) Highland Park's sanitary contributions based on a three-year average.

(b) Water Treatment Plant Backwash is considered a Regional flow volume.

(c) Necessary to reflect prior Highland Park sanitary estimates and other minor adjustments from FY 2018 SHARE analysis.

Table 5  
Flow Volume Data from Annual Flow Balances: FY 2013 - 2019 (mgd)

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Average</u>
<b><u>Total Contributed Volume</u></b>									
1	Total Reported @ WRRF	603.353	639.334	611.987	580.371	658.043	620.835	670.076	<b>626.286</b>
2	Total Reported Overflow	21.149	36.292	37.377	17.617	27.668	35.777	26.577	<b>28.922</b>
3	Total Contributed Volume	624.502	675.626	649.364	597.988	685.711	656.612	696.654	<b>655.208</b>
4	Sanitary Volume	206.364	212.699	204.449	193.535	191.897	202.564	200.007	<b>201.645</b>
5	Non-Sanitary Volume (3) - (4)	418.138	462.927	444.915	404.453	493.814	454.049	496.647	<b>453.563</b>
<b><u>Master Metered Member Partners</u></b>									
6	Sanitary Volume (Table 3)	139.273	145.753	140.912	133.488	133.132	135.992	133.784	<b>137.476</b>
7	Non-Sanitary Volume (Table 3)	112.491	125.260	127.267		155.270	142.484	164.814	<b>136.390</b>
8	Total Contributed Volume	251.764	271.013	268.179	133.488	288.402	278.477	298.598	<b>273.866</b>
<b><u>Balance from D+ and Regional</u></b>									
9	Sanitary Volume (4) - (6)	67.091	66.945	63.538	60.047	58.765	66.571	66.223	<b>64.169</b>
10	Non-Sanitary Volume (5) - (7)	305.647	337.667	317.648	404.453	338.545	311.564	331.833	<b>317.173</b>
11	Total Contributed Volume	372.738	404.613	381.186	464.500	397.309	378.136	398.056	<b>381.342</b>

Table 6  
Determination and Allocation of D+ Flow Volumes (mgd)  
**Total System**

	(1)	(2)	(3)	(4)	(5)	(6)
	<u>7-Year</u> <u>Average</u>	<u>Regional Flow</u> <u>Assumption</u>	<u>Amount</u>	Flow for <b><i>D+ Member</i></b> <b><i>Partners</i></b> <i>(1) - (3)</i>	<u>Dearborn</u> <u>Volume</u> <i>(b)</i>	Remaining <b><i>D+ Member</i></b> <b><i>Partners</i></b> <i>(1) - (3)</i>
<b><u>Total D+ and Regional Flow</u></b>						
1 Sanitary Volume	64.169	<i>(a)</i>	8.176	55.993	0.420	55.573
2 Non-Sanitary Volume	317.173	<b>50%</b>	158.587	158.587	1.145	157.442
3 Total Contributed Volume	381.342		166.762	214.580	1.565	213.014

(a) Water Treatment Plant Backwash

(b) Flows for the portion of Dearborn in D+ are assigned to the main Dearborn master metered account.

Table 7  
Consolidated Units of Service Summary  
*Based on 7-Year Average Flow Contributions from FY 2013 through FY 2019*

	(1)	(2)	(3)	
	Contributed Volume - mgd			
	<u>Total</u>	<u>Sanitary</u>	<u>CSO</u>	
			(a)	
<b><u>Member Partner Units</u></b>				
1	OMID	62.068	43.867	2.651%
2	Rouge Valley	58.755	29.226	2.956%
3	Oakland GWK	54.556	20.548	2.256%
4	Evergreen Farmington	36.452	20.289	1.485%
5	SE Macomb San Dist	29.175	11.354	1.174%
6	Dearborn * (w/ D+ allo)	24.087	8.339	1.631%
7	Grosse Pointe Farms	3.143	0.981	0.504%
8	Grosse Pointe Park	2.303	0.827	0.062%
9	Melvindale	1.634	0.842	0.074%
10	Farmington	1.308	0.603	0.052%
11	Center Line	1.053	0.570	0.056%
12	Allen Park	0.897	0.449	0.031%
13	<b>M</b> Member Partner Subtotal	275.431	137.896	12.931%
14	<b>D+</b> Member Partners * (w/o Dbn allo)	213.014	55.573	87.069%
	Total	488.446	193.469	100.000%
<b><u>Member Partner Shares of Each Unit</u></b>				
1	OMID	12.707%	22.674%	2.651%
2	Rouge Valley	12.029%	15.106%	2.956%
3	Oakland GWK	11.169%	10.621%	2.256%
4	Evergreen Farmington	7.463%	10.488%	1.485%
5	SE Macomb San Dist	5.973%	5.869%	1.174%
6	Dearborn * (w/ D+ allo)	4.931%	4.310%	1.631%
7	Grosse Pointe Farms	0.644%	0.506%	0.504%
8	Grosse Pointe Park	0.472%	0.428%	0.062%
9	Melvindale	0.334%	0.435%	0.074%
10	Farmington	0.268%	0.311%	0.052%
11	Center Line	0.216%	0.294%	0.056%
12	Allen Park	0.183%	0.232%	0.031%
13	<b>M</b> Member Partner Subtotal	56.389%	71.276%	12.931%
14	<b>D+</b> Member Partners * (w/o Dbn allo)	43.611%	28.724%	87.069%
0	Total	100.000%	100.000%	100.000%

(a) Existing 83/17 allocation factors from legal agreements

Table 8  
Determination of SHARES  
*Three-Year SHARE Period Beginning with FY 2022*

	(1)	(2)	(3)	(4)
	<u>Contributed Avg Volume</u>	<u>Sanitary Volume</u>	<u>CSO</u>	
1 <b>Allocator Factor (from Table 2)</b>	<b>54.0%</b>	<b>32.5%</b>	<b>13.5%</b>	
<b><u>Individual Unit Shares (a)</u></b>				
2 OMID	12.707%	22.674%	2.651%	
3 Rouge Valley	12.029%	15.106%	2.956%	
4 Oakland GWK	11.169%	10.621%	2.256%	
5 Evergreen Farmington	7.463%	10.488%	1.485%	
6 SE Macomb San Dist	5.973%	5.869%	1.174%	
7 Dearborn * (w/ D+ allo)	4.931%	4.310%	1.631%	
8 Grosse Pointe Farms	0.644%	0.506%	0.504%	
9 Grosse Pointe Park	0.472%	0.428%	0.062%	
10 Melvindale	0.334%	0.435%	0.074%	
11 Farmington	0.268%	0.311%	0.052%	
12 Center Line	0.216%	0.294%	0.056%	
13 Allen Park	0.183%	0.232%	0.031%	
14 <b>M Member Partner Subtotal</b>	<b>56.389%</b>	<b>71.276%</b>	<b>12.931%</b>	
<b>D+ Member Partners * (w/o Dbn allo)</b>	<b>43.611%</b>	<b>28.724%</b>	<b>87.069%</b>	
15 <b>Total</b>	<b>100.000%</b>	<b>100.000%</b>	<b>100.000%</b>	
<b><u>Weighted Allocation (b)</u></b>				
	<b><u>Unit Shares x Allocator Factors</u></b>			<b><u>(1) + (2) + (3)</u></b>
16 OMID	6.862%	7.369%	0.358%	<b>14.589%</b>
17 Rouge Valley	6.495%	4.910%	0.399%	<b>11.804%</b>
18 Oakland GWK	6.031%	3.452%	0.305%	<b>9.788%</b>
19 Evergreen Farmington	4.031%	3.408%	0.200%	<b>7.639%</b>
20 SE Macomb San Dist	3.226%	1.907%	0.158%	<b>5.291%</b>
21 Dearborn * (w/ D+ allo)	2.663%	1.401%	0.220%	<b>4.284%</b>
22 Grosse Pointe Farms	0.347%	0.165%	0.068%	<b>0.580%</b>
23 Grosse Pointe Park	0.255%	0.139%	0.008%	<b>0.402%</b>
24 Melvindale	0.180%	0.142%	0.010%	<b>0.332%</b>
25 Farmington	0.145%	0.101%	0.007%	<b>0.253%</b>
26 Center Line	0.117%	0.096%	0.007%	<b>0.220%</b>
27 Allen Park	0.100%	0.075%	0.004%	<b>0.179%</b>
28 <b>M Member Partner Subtotal</b>	<b>30.452%</b>	<b>23.165%</b>	<b>1.744%</b>	<b>55.361%</b>
29 <b>D+ Member Partners * (w/o Dbn allo)</b>	<b>23.550%</b>	<b>9.335%</b>	<b>11.754%</b>	<b>44.639%</b>
30 <b>Total</b>	<b>54.002%</b>	<b>32.500%</b>	<b>13.498%</b>	<b>100.000%</b>

(a) From Table 7

(b) Individual Unit Shares \* Allocator Factor on Line (1)



Table 9  
Determination of SHARES for D+ Member Partners  
*Three-Year SHARE Period Beginning with FY 2022*

	(1)	(2)	(3)	(4)
	<u>Allocated Volume</u>	<u>Sanitary Volume</u>	<u>CSO</u>	
1 <b>Allocator Factor (from Table 2)</b>	<b>54.0%</b>	<b>32.5%</b>	<b>13.5%</b>	
<b><u>Individual Unit Shares (a)</u></b>				
2 Highland Park	1.148%	0.756%	2.065%	
3 Hamtramck	0.846%	0.557%	1.595%	
4 Grosse Pointe	0.210%	0.139%	0.228%	
5 Harper Woods	0.059%	0.039%	0.013%	
6 Redford Township	0.052%	0.034%	0.133%	
7 Wayne County #3	0.009%	0.006%	0.035%	
8 Detroit	41.287%	27.194%	83.000%	
9 <b>D+ Member Partner Subtotal</b>	43.611%	28.724%	87.069%	
<b><u>Weighted Allocation (b)</u></b>				
	<i>Unit Shares x Allocator Factors</i>			<i>(1) + (2) + (3)</i>
10 Highland Park	0.619%	0.246%	0.279%	<b>1.144%</b>
11 Hamtramck	0.457%	0.181%	0.215%	<b>0.853%</b>
12 Grosse Pointe	0.114%	0.045%	0.031%	<b>0.190%</b>
13 Harper Woods	0.031%	0.013%	0.002%	<b>0.046%</b>
Redford Township	0.028%	0.011%	0.018%	<b>0.057%</b>
14 Wayne County #3	0.004%	0.002%	0.005%	<b>0.011%</b>
15 Detroit	22.295%	8.838%	11.205%	<b>42.338%</b>
16 <b>D+ Member Partner Subtotal</b>	23.548%	9.336%	11.755%	<b>44.639%</b>

(a) Volume Shares allocated based on historical indices

(b) Individual Unit Shares \* Allocator Factor on Line (1)

Table 10  
Calculation of Allocated Revenue Requirement and Fixed Monthly Charges

	(1)	(2)	(3)	(4)	(5)
	Proposed FY 2022 <u>SHARE</u> <i>from Tables 8 &amp; 9</i>	FY 2022 Revenue <u>Requirement</u> <i>from Table 1</i>	Ownership Benefit <u>Adjustment</u> <i>per Contract</i>	Adjusted Revenue <u>Requirement</u> <i>(2) + (3)</i>	FY 2022 Fixed Monthly <u>Charge</u> <i>(4) / 12</i>
1 Revenue Requirements from SHARES		<b>460,336,500</b>	<b>5,516,000</b>		
<b><u>Member Partner Calculations</u></b>					
2 OMID	14.589%	67,158,500	1,193,800	68,352,300	5,696,000 (a)
3 Rouge Valley	11.804%	54,338,100	1,130,100	55,468,200	4,622,400
4 Oakland GWK	9.788%	45,057,700	1,049,300	46,107,000	3,842,300
5 Evergreen Farmington	7.639%	35,165,100	701,100	35,866,200	2,988,900
6 SE Macomb San Dist	5.291%	24,356,400	561,100	24,917,500	2,076,500
7 Dearborn * (w/ D+ allo)	4.284%	19,720,800	463,300	20,184,100	1,682,000
8 Grosse Pointe Farms	0.580%	2,670,000	60,500	2,730,500	227,500
9 Grosse Pointe Park	0.402%	1,850,600	44,300	1,894,900	157,900
10 Melvindale	0.332%	1,528,300	31,400	1,559,700	130,000
11 Farmington	0.253%	1,164,700	25,200	1,189,900	99,200
12 Center Line	0.220%	1,012,700	20,300	1,033,000	86,100
13 Allen Park	0.179%	824,000	17,200	841,200	70,100
14 <b>M</b> Member Partner Subtotal	55.361%	254,846,900	5,297,600	260,144,500	
15 Highland Park	1.144%	5,266,200	107,900	5,374,100	447,800
16 Hamtramck	0.853%	3,926,700	79,500	4,006,200	333,900
17 Grosse Pointe	0.190%	874,600	19,800	894,400	74,500
18 Harper Woods	0.046%	211,800	5,500	217,300	18,100
19 Redford Township	0.057%	262,400	4,900	267,300	22,300
20 Wayne County #3	0.011%	50,600	800	51,400	4,300
21 Detroit	42.338%	194,897,300	(5,516,000)	189,381,300	NA
22 <b>D+</b> Member Partner Subtotal	44.639%	205,489,600	(5,297,600)	200,192,000	
23 Total	100.000%	460,336,500	0	460,336,500	

(a) Excludes amount related to OMID specific cost pool

**Table 11**  
**Calculation of Industrial Waste Control Charges**

	(1)	(2)	(3)	(4)	(5)
	FY 2022 Revenue <u>Requirement</u> <i>from Table 1</i>	Total Billable <u>Units</u> <i>(a)</i>	<u>Unit Cost</u> <i>\$/eq mtr/mo</i> <i>(1) / (2) / 12</i>	Administrative Service Only <u>Factor</u> <i>(b)</i>	Administrative Service Only <u>Service Only</u> <i>\$/eq mtr/mo</i> <i>(3) * (4)</i>
Base Unit Charge Calculation Billable Units <i>(a)</i>	<b>9,098,900</b>	212,224	3.57	<b>25%</b>	0.89
<b>Allocation to Meter Size:</b>					
	<u>Meter Size</u>	<u>Equivalency Ratio</u>	<u>Unit Rate</u> <i>\$/mo</i>	<u>Admin Only Factor</u>	<u>Admin Only Unit Rate</u> <i>\$/mo</i>
	5/8	1.0	3.57	25%	0.89
	3/4	1.5	5.36	25%	1.34
	1	2.5	8.93	25%	2.23
	1-1/2	5.5	19.64	25%	4.91
	2	8.0	28.56	25%	7.14
	3	14.5	51.77	25%	12.94
	4	20.0	71.40	25%	17.85
	6	30.0	107.10	25%	26.78
	8	50.0	178.50	25%	44.63
	10	70.0	249.90	25%	62.48
	12	80.0	285.60	25%	71.40
	14	100.0	357.00	25%	89.25
	16	120.0	428.40	25%	107.10
	18	140.0	499.80	25%	124.95
	20	160.0	571.20	25%	142.80
	24	180.0	642.60	25%	160.65
	30	200.0	714.00	25%	178.50
	36	220.0	785.40	25%	196.35
	48	240.0	856.80	25%	214.20

(a) Equivalent 5/8" meters for non-residential customer accounts in the Regional System

(b) Certain Member Partners conduct their own Industrial Waste Control monitoring services. IWC charges from GLWA to those Member Partners are limited to recover costs of GLWA administrative and reporting functions, which are currently estimated to reflect approximately 25% of the total IWC revenue requirement.

Table 12  
Calculation of GLWA Pollutant Surcharge Rates

	(1)	(2)	(3)	(4)	(5)
	WRRF Treatment Pollutant Cost Pools				
	<u>BOD</u>	<u>TSS</u>	<u>PHOS</u>	<u>FOG</u>	<u>Total</u>
1 FY 2022 Revenue Requirement (a)	61,979,700	119,177,900	26,887,000	2,980,900	211,025,500
<u>Loadings Analysis</u>					
2 Flow Reported @ WRRF - Mcf					28,495,300
3 Average Influent Strength Reported @ WRRF - mg/l	100.0	140.0	2.36	15.0	
4 Total Pollutant Loadings - lbs (2) * (3) * 0.0624	177,810,700	248,934,900	4,196,300	26,671,600	457,613,500
5 Surcharge Rate Unit Cost - \$/lb. (1) / (4)	<b>0.349</b>	<b>0.479</b>	<b>6.407</b>	<b>0.112</b>	
6 Surchargeable Loadings - lbs	8,198,800	2,004,600	50,300	625,200	10,878,900
7 Total Surcharge Revenue (5) * (6)	2,861,400	960,200	322,300	70,000	<b>4,213,900</b>

(a) See FY 2022 Cost of Service Study for detailed allocation to WRRF Cost Pools

**TFG**  
**THE FOSTER GROUP**

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12719 Wenonga Lane  
Leawood, KS 66225  
Tel: (913) 345-1410

**The Foster Group, LLC**  
Bart Foster, President  
Cell: (913) 530-6240  
bfoster@fostergroupllc.com

MEMORANDUM

SHAREs Period Memo  
FY 2022 SHAREs Calculations

November 16, 2020

To: Sue McCormick

From: Bart Foster

This memorandum has been prepared to formally document the development of the FY 2022 SHAREs for purposes of computing GLWA wholesale wastewater charges. It is intended to serve as the initial “*SHAREs Period Memo*” prepared to support documentation of the GLWA wholesale wastewater charge methodology. The *SHAREs Period Memos* are designed to illustrate the overall application of the GLWA Wastewater *Charge Methodology* to compute individual Member Partner SHAREs to be held constant for three consecutive fiscal years. The *Charge Methodology* is documented elsewhere, as is the *Annual Wastewater Charges Memo*, which illustrates the application of the FY 2022 SHAREs to calculate the final FY 2022 Wastewater Charges.

This topic has been introduced with several previous documents prepared during the development of the FY 2022 SHAREs, each of which presents pertinent information in varying levels of detail. All of those documents are available on the GLWA website. The intent of this document is to set forth the specific, final calculations in a format that aligns with the *Charge Methodology* document. This document carries a date of November 16, 2020, which aligns with the date that the FY 2022 SHAREs were formally submitted to the GLWA Board for consideration. The Board endorsed the FY 2022 SHAREs at their meeting on November 25, 2020.

This document aims to set forth the detailed SHARE calculations with the assistance of the attached tables and limited discussion. We note that the terms shown in *Bold Italics* in this introduction are intended to serve as defined terms addressed in the *Charge Methodology* and related documents pertaining to the GLWA Wastewater Charges.

FY 2022 SHAREs Calculations Tables

1. Illustrates application of the *Charge Methodology* regarding cost pools and units of service “allocators” to the **FY 2021** Cost of Service Study results, which are used to populate the *Charge Methodology* assumptions, and to assign the total revenue

- requirement to cost pools and units of service allocators. For purposes of SHARE calculations the *Allocator Factors* are simplified by rounding the nearest 0.5%. The figures shown on Line 8 become the key to establishing SHAREs.
2. Presents historical results of the annual flow balances for the Member Partners served by master meters (the *M Member Partners*) for FYs 2013 through 2019, which represents the seven-year data period stipulate by the *Charge Methodology* for purposes of the FY 2022 SHAREs. The flow volume data is reflected in millions of gallons per day (mgd) as provided by the annual flow balance reports. Specific adjustments have been made to certain historical data to reflect prior SHARE modifications, most notably OMID's diversion of flow to the Pontiac treatment facility<sup>1</sup>. Table 3 presents total contributed volume as well as Sanitary and Non-Sanitary contributions. The seven-year averages shown in Column 8 become the relative flow volumes used to compute the FY 2022 SHAREs.
  3. Presents similar historical data for the *D+ Member Partners*, although limited to Sanitary contributions only. The flow balance protocol utilized for the SHARE calculations does not contain sufficient verifiable data to isolate Non-Sanitary flow volumes for individual *D+ Member Partners*, nor was any analysis available to identify which *D+ Member Partners* should receive reductions related to the Regional flow assumptions. A few notes:
    - Grosse Pointe is being considered a *D+ Member Partner* for purposes of the FY 2022 SHAREs. The flow balance data contains only one year (FY 2019) of metered data for Grosse Pointe and it was deemed appropriate to keep that Member Partner in the class for which the most data existed.
    - Highland Park's sanitary flow estimate for purposes of SHARE calculations was based solely on the three most recent years (instead of seven) in order to honor new verified data.
    - Sanitary flow volumes reported as Water Treatment Backwash in flow balance reports are treated as Regional flow for purposes of SHAREs
  4. Provides a summary of total contributed volume by flow type, deducts volumes contributed from *M Member Partners*, and displays the balance as being assignable to either the *D+ Member Partners* or the Regional System.

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<sup>1</sup> Other minor modifications were made to historical data for Dearborn and Rouge Valley.

5. Separates the “non-master metered” flow volumes into D+ (Local) and Regional components for purposes of SHARE calculations. The **Charge Methodology** assumes that 50% of such non-sanitary volumes should be assigned as Regional, and the other 50% as the Local responsibility of the **D+ Member Partners**. The table also assigns Dearborn’s portion of the D+ flow (from the unmetered northeast district) to the majority of Dearborn (which is metered) in order to facilitate SHARE calculations.
6. Serves as a summary of units of service for **M Member Partners** and the **D+ Member Partners** at large, in a format that aligns with the **Charge Methodology**. Flow volumes are summarized from Tables 2 and 5. The table also presents the historical CSO “83/17” cost allocation units of service, which are set forth in legal agreements. The bottom portion of the table shows the individual *Shares* of each unit of service.
7. Illustrates application of the **Charge Methodology** to compute the FY 2022 SHAREs for each **M Member Partner** and for the **D+ Member Partners** at large. Each Member Partner’s relative share of each unit (from Table 6) is shown on Lines 2 through 16 and multiplied by the relative allocator factors on Line 1 to produce the weighted unit allocation factors shown on Lines 17 through 31. The sum of the individual unit allocations produces the FY 2022 SHARE for each Member Partner presented in Column 4.
8. Performs the same calculation for the **D+ Member Partners**. As previously noted, the flow balance protocol lacks the ability to specifically allocate responsibility for D+ non-sanitary volumes, including those volumes treated as “common” and those remaining volumes assigned to the **D+ Member Partners**. Therefore, the relative volume unit shares shown in Columns 1 and 2 for these Member Partners are based on historical analyses from prior flow balance and cost of service analyses. The calculation of SHAREs follows the same approach as that for the **M Member Partners**. Each **D+ Member Partner**’s relative share of each unit is multiplied by the relative allocator factors on Line 1 to produce the weighted unit allocation factors shown on Lines 10 through 17. The sum of the individual unit allocations produces the FY 2022 SHARE for each Member Partner presented in Column 4.
9. Summarizes the proposed FY 2022 SHAREs from Tables 8 and 9 into a consolidated summary for each Member Partner. These are the proposed SHAREs for the first **SHARE Period** envisioned by the **Charge Methodology**.

Table 1  
Revenue Requirement Allocation to Cost Pools  
*Application of Charge Methodology Assumptions*

	(1)	(2)	(3)	(4)
	<b>Allocators</b>			
<u>Cost Pool</u>		<u>Total Contr</u>	<u>Sanitary</u>	<u>CSO</u>
		<u>Volume</u>	<u>Volume</u>	
1 WRRF Cost Pool		<b>50%</b>	<b>50%</b>	
2 Conveyance Cost Pool		<b>100%</b>		
3 CSO Cost Pool				<b>100%</b>
		<b>Allocator Calculation</b>		
	<u>FY 2021</u>	<u>Total Contr</u>	<u>Sanitary</u>	
	<u>Revenue</u>	<u>Volume</u>	<u>Volume</u>	<u>CSO</u>
	<u>Requirement</u>			
4 WRRF Cost Pool	302,705,900	151,353,000	151,353,000	
5 Conveyance Cost Pool	95,992,900	95,992,900	0	0
6 CSO Cost Pool	61,507,400	0	0	61,507,400
7 Total	<u>460,206,200</u>	<u>247,345,900</u>	<u>151,353,000</u>	<u>61,507,400</u>
8 Simplified <b>Allocator Factors</b> (a)		<b>54.0%</b>	<b>32.5%</b>	<b>13.5%</b>

(a) Rounded to nearest 0.5%

Table 2  
Flow Volume Data from Annual Flow Balances: FY 2013 - 2019 (mgd)  
***Master Metered Member Partners***

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Average</u>
<b><u>Total Contributed Volume</u></b>								
1 OMID	60.519	60.829	60.781	60.899	63.053	64.909	63.483	<b>62.068</b>
2 Rouge Valley	53.198	61.323	57.774	54.795	62.032	56.939	65.223	<b>58.755</b>
3 Oakland GWK	49.439	52.317	54.128	50.963	58.605	54.885	61.558	<b>54.556</b>
4 Evergreen Farmington	33.619	35.325	37.054	34.791	37.673	37.230	39.474	<b>36.452</b>
5 SE Macomb San Dist	26.231	28.909	27.672	28.877	30.144	29.642	32.750	<b>29.175</b>
6 Dearborn	19.532	22.349	20.883	20.456	26.248	23.789	24.396	<b>22.522</b>
7 Grosse Pointe Farms	3.012	3.048	2.891	2.983	3.296	3.320	3.452	<b>3.143</b>
8 Grosse Pointe Park	1.848	2.010	2.185	2.237	2.395	2.625	2.822	<b>2.303</b>
9 Melvindale	1.474	1.717	1.553	1.521	1.622	1.682	1.869	<b>1.634</b>
10 Farmington	1.122	1.233	1.343	1.195	1.304	1.407	1.548	<b>1.308</b>
11 Center Line	1.042	1.057	0.976	0.983	1.141	1.047	1.128	<b>1.053</b>
12 Allen Park	0.727	0.895	0.939	0.932	0.888	1.000	0.895	<b>0.897</b>
13 Total	<u>251.764</u>	<u>271.013</u>	<u>268.179</u>	<u>260.631</u>	<u>288.402</u>	<u>278.477</u>	<u>298.598</u>	<b>273.866</b>
<b><u>Sanitary Volume</u></b>								
1 OMID	44.885	45.985	44.591	43.363	42.658	42.959	42.627	<b>43.867</b>
2 Rouge Valley	29.265	31.883	29.317	28.341	28.199	29.043	28.535	<b>29.226</b>
3 Oakland GWK	20.833	21.523	21.173	19.373	20.093	20.525	20.317	<b>20.548</b>
Evergreen Farmington	20.530	21.224	20.891	19.127	19.851	20.296	20.103	<b>20.289</b>
5 SE Macomb San Dist	11.348	12.228	12.183	11.096	10.519	11.149	10.956	<b>11.354</b>
6 Dearborn	7.904	8.001	8.312	8.124	7.795	7.937	7.362	<b>7.919</b>
7 Grosse Pointe Farms	1.163	1.366	0.950	0.871	0.783	0.839	0.893	<b>0.981</b>
8 Grosse Pointe Park	0.805	0.911	0.906	0.785	0.863	0.868	0.651	<b>0.827</b>
9 Melvindale	0.861	0.840	0.940	0.790	0.857	0.828	0.779	<b>0.842</b>
10 Farmington	0.636	0.646	0.577	0.616	0.587	0.587	0.572	<b>0.603</b>
11 Center Line	0.582	0.627	0.576	0.557	0.539	0.556	0.553	<b>0.570</b>
12 Allen Park	0.459	0.518	0.497	0.443	0.388	0.406	0.436	<b>0.449</b>
13 Total	<u>139.273</u>	<u>145.753</u>	<u>140.912</u>	<u>133.488</u>	<u>133.132</u>	<u>135.992</u>	<u>133.784</u>	<b>137.476</b>
<b><u>Non-Sanitary Volume</u></b>								
1 OMID	15.634	14.845	16.190	17.536	20.395	21.951	20.856	<b>18.201</b>
2 Rouge Valley	23.933	29.440	28.457	26.454	33.833	27.896	36.688	<b>29.529</b>
3 Oakland GWK	28.606	30.794	32.955	31.590	38.512	34.360	41.241	<b>34.008</b>
0 Evergreen Farmington	13.088	14.102	16.163	15.664	17.822	16.934	19.372	<b>16.164</b>
5 SE Macomb San Dist	14.883	16.681	15.489	17.780	19.625	18.493	21.794	<b>17.821</b>
6 Dearborn	11.628	14.348	12.571	12.332	18.452	15.852	17.034	<b>14.602</b>
7 Grosse Pointe Farms	1.849	1.682	1.941	2.112	2.513	2.481	2.559	<b>2.163</b>
8 Grosse Pointe Park	1.043	1.099	1.279	1.452	1.531	1.758	2.171	<b>1.476</b>
9 Melvindale	0.613	0.877	0.614	0.731	0.765	0.854	1.090	<b>0.792</b>
10 Farmington	0.486	0.587	0.766	0.579	0.717	0.820	0.976	<b>0.705</b>
11 Center Line	0.460	0.430	0.400	0.425	0.603	0.492	0.575	<b>0.483</b>
12 Allen Park	0.268	0.377	0.442	0.490	0.501	0.594	0.459	<b>0.447</b>
13 Total	<u>112.491</u>	<u>125.260</u>	<u>127.267</u>	<u>127.144</u>	<u>155.270</u>	<u>142.484</u>	<u>164.814</u>	<b>136.390</b>

Table 3  
Flow Volume Data from Annual Flow Balances: FY 2013 - 2019 (mgd)  
***Sanitary Volume from D+ Member Partners***

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Average</u>
<b><u>Sanitary Volume</u></b>								
1 Dearborn N.E.	0.474	0.469	0.471	0.454	0.361	0.362	0.349	<b>0.420</b>
2 Grosse Pointe *	0.256	0.459	0.411	0.564	0.421	0.420	0.430	<b>0.423</b>
3 Hamtramck	1.050	1.170	1.113	1.056	1.037	1.120	1.135	<b>1.097</b>
4 Harper Woods	0.104	0.116	0.111	0.104	0.105	0.105	0.084	<b>0.104</b>
5 Highland Park (a)	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	0.622	0.571	0.591	<b>0.594</b>
6 Redford Township	0.031	0.031	0.091	0.091	0.091	0.091	0.091	<b>0.074</b>
7 Wayne County #3	0.006	0.006	0.006	0.006	0.006	0.006	0.006	<b>0.006</b>
8 Detroit	56.373	55.148	52.554	49.666	48.543	55.806	54.829	<b>53.274</b>
9 Total	<u>58.294</u>	<u>57.398</u>	<u>54.757</u>	<u>51.941</u>	<u>51.185</u>	<u>58.482</u>	<u>57.515</u>	<b>55.993</b>
10 Water Trtmt Plant Backwash (b)	8.014	8.846	8.155	7.473	7.580	8.089	8.708	<b>8.124</b>
11 Total	<u>66.308</u>	<u>66.245</u>	<u>62.912</u>	<u>59.414</u>	<u>58.765</u>	<u>66.571</u>	<u>66.223</u>	<b>64.116</b>
12 Adjustment (c)	<u>0.783</u>	<u>0.701</u>	<u>0.625</u>	<u>0.633</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<b>0.052</b>
13 Total	<u>67.091</u>	<u>66.945</u>	<u>63.538</u>	<u>60.047</u>	<u>58.765</u>	<u>66.571</u>	<u>66.223</u>	<b>64.169</b>

(a) Highland Park's sanitary contributions based on a three-year average.

(b) Water Treatment Plant Backwash is considered a Regional flow volume.

(c) Necessary to reflect prior Highland Park sanitary estimates and other minor adjustments from FY 2018 SHARE analysis.

Table 4  
Flow Volume Data from Annual Flow Balances: FY 2013 - 2019 (mgd)

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Average</u>
<b><u>Total Contributed Volume</u></b>									
1	Total Reported @ WRRF	603.353	639.334	611.987	580.371	658.043	620.835	670.076	<b>626.286</b>
2	Total Reported Overflow	21.149	36.292	37.377	17.617	27.668	35.777	26.577	<b>28.922</b>
3	Total Contributed Volume	624.502	675.626	649.364	597.988	685.711	656.612	696.654	<b>655.208</b>
4	Sanitary Volume	206.364	212.699	204.449	193.535	191.897	202.564	200.007	<b>201.645</b>
5	Non-Sanitary Volume (3) - (4)	418.138	462.927	444.915	404.453	493.814	454.049	496.647	<b>453.563</b>
<b><u>Master Metered Member Partners</u></b>									
6	Sanitary Volume (Table 2)	139.273	145.753	140.912	133.488	133.132	135.992	133.784	<b>137.476</b>
7	Non-Sanitary Volume (Table 2)	112.491	125.260	127.267		155.270	142.484	164.814	<b>136.390</b>
8	Total Contributed Volume	251.764	271.013	268.179	133.488	288.402	278.477	298.598	<b>273.866</b>
<b><u>Balance from D+ and Regional</u></b>									
9	Sanitary Volume (4) - (6)	67.091	66.945	63.538	60.047	58.765	66.571	66.223	<b>64.169</b>
10	Non-Sanitary Volume (5) - (7)	305.647	337.667	317.648	404.453	338.545	311.564	331.833	<b>317.173</b>
11	Total Contributed Volume	372.738	404.613	381.186	464.500	397.309	378.136	398.056	<b>381.342</b>

Table 5  
Determination and Allocation of D+ Flow Volumes (mgd)  
**Total System**

	(1)	(2)	(3)	(4)	(5)	(6)
	<u>7-Year</u> <u>Average</u>	<u>Regional Flow</u> <u>Assumption</u>	<u>Amount</u>	Flow for <b>D+ Member</b> <b>Partners</b> <i>(1) - (3)</i>	<u>Dearborn</u> <u>Volume</u> <i>(b)</i>	Remaining <b>D+ Member</b> <b>Partners</b> <i>(1) - (3)</i>
<b><u>Total D+ and Regional Flow</u></b>						
1 Sanitary Volume	64.169	<i>(a)</i>	8.176	55.993	0.420	55.573
2 Non-Sanitary Volume	317.173	<b>50%</b>	158.587	158.587	1.145	157.442
3 Total Contributed Volume	381.342		166.762	214.580	1.565	213.014

(a) Water Treatment Plant Backwash

(b) Flows for the portion of Dearborn in D+ are assigned to the main Dearborn master metered account.

Table 6  
Consolidated Units of Service Summary  
*Based on 7-Year Average Flow Contributions from FY 2013 through FY 2019*

	(1)	(2)	(3)	
	Contributed Volume - mgd			
	<u>Total</u>	<u>Sanitary</u>	<u>CSO</u>	
			(a)	
<b><u>Member Partner Units</u></b>				
1	OMID	62.068	43.867	2.651%
2	Rouge Valley	58.755	29.226	2.956%
3	Oakland GWK	54.556	20.548	2.256%
4	Evergreen Farmington	36.452	20.289	1.485%
5	SE Macomb San Dist	29.175	11.354	1.174%
6	Dearborn * (w/ D+ allo)	24.087	8.339	1.631%
7	Grosse Pointe Farms	3.143	0.981	0.504%
8	Grosse Pointe Park	2.303	0.827	0.062%
9	Melvindale	1.634	0.842	0.074%
10	Farmington	1.308	0.603	0.052%
11	Center Line	1.053	0.570	0.056%
12	Allen Park	0.897	0.449	0.031%
13	<b>M</b> Member Partner Subtotal	275.431	137.896	12.931%
14	<b>D+</b> Member Partners * (w/o Dbn allo)	213.014	55.573	87.069%
	Total	488.446	193.469	100.000%
<b><u>Member Partner Shares of Each Unit</u></b>				
1	OMID	12.707%	22.674%	2.651%
2	Rouge Valley	12.029%	15.106%	2.956%
3	Oakland GWK	11.169%	10.621%	2.256%
4	Evergreen Farmington	7.463%	10.488%	1.485%
5	SE Macomb San Dist	5.973%	5.869%	1.174%
6	Dearborn * (w/ D+ allo)	4.931%	4.310%	1.631%
7	Grosse Pointe Farms	0.644%	0.506%	0.504%
8	Grosse Pointe Park	0.472%	0.428%	0.062%
9	Melvindale	0.334%	0.435%	0.074%
10	Farmington	0.268%	0.311%	0.052%
11	Center Line	0.216%	0.294%	0.056%
12	Allen Park	0.183%	0.232%	0.031%
13	<b>M</b> Member Partner Subtotal	56.389%	71.276%	12.931%
14	<b>D+</b> Member Partners * (w/o Dbn allo)	43.611%	28.724%	87.069%
0	Total	100.000%	100.000%	100.000%

(a) Existing 83/17 allocation factors from legal agreements

Table 7  
Determination of SHARES  
**Three-Year SHARE Period Beginning with FY 2022**

	(1)	(2)	(3)	(4)
	<u>Contributed Avg Volume</u>	<u>Sanitary Volume</u>	<u>CSO</u>	
1 <b>Allocator Factor (from Table 1)</b>	<b>54.0%</b>	<b>32.5%</b>	<b>13.5%</b>	
<b><u>Individual Unit Shares (a)</u></b>				
2 OMID	12.707%	22.674%	2.651%	
3 Rouge Valley	12.029%	15.106%	2.956%	
4 Oakland GWK	11.169%	10.621%	2.256%	
5 Evergreen Farmington	7.463%	10.488%	1.485%	
6 SE Macomb San Dist	5.973%	5.869%	1.174%	
7 Dearborn * (w/ D+ allo)	4.931%	4.310%	1.631%	
8 Grosse Pointe Farms	0.644%	0.506%	0.504%	
9 Grosse Pointe Park	0.472%	0.428%	0.062%	
10 Melvindale	0.334%	0.435%	0.074%	
11 Farmington	0.268%	0.311%	0.052%	
12 Center Line	0.216%	0.294%	0.056%	
13 Allen Park	0.183%	0.232%	0.031%	
14 <b>M Member Partner Subtotal</b>	<b>56.389%</b>	<b>71.276%</b>	<b>12.931%</b>	
<b>D+ Member Partners * (w/o Dbn allo)</b>	<b>43.611%</b>	<b>28.724%</b>	<b>87.069%</b>	
15 <b>Total</b>	<b>100.000%</b>	<b>100.000%</b>	<b>100.000%</b>	
<b><u>Weighted Allocation (b)</u></b>				
	<b><u>Unit Shares x Allocator Factors</u></b>			<b><u>(1) + (2) + (3)</u></b>
16 OMID	6.862%	7.369%	0.358%	<b>14.589%</b>
17 Rouge Valley	6.495%	4.910%	0.399%	<b>11.804%</b>
18 Oakland GWK	6.031%	3.452%	0.305%	<b>9.788%</b>
19 Evergreen Farmington	4.031%	3.408%	0.200%	<b>7.639%</b>
20 SE Macomb San Dist	3.226%	1.907%	0.158%	<b>5.291%</b>
21 Dearborn * (w/ D+ allo)	2.663%	1.401%	0.220%	<b>4.284%</b>
22 Grosse Pointe Farms	0.347%	0.165%	0.068%	<b>0.580%</b>
23 Grosse Pointe Park	0.255%	0.139%	0.008%	<b>0.402%</b>
24 Melvindale	0.180%	0.142%	0.010%	<b>0.332%</b>
25 Farmington	0.145%	0.101%	0.007%	<b>0.253%</b>
26 Center Line	0.117%	0.096%	0.007%	<b>0.220%</b>
27 Allen Park	0.100%	0.075%	0.004%	<b>0.179%</b>
28 <b>M Member Partner Subtotal</b>	<b>30.452%</b>	<b>23.165%</b>	<b>1.744%</b>	<b>55.361%</b>
29 <b>D+ Member Partners * (w/o Dbn allo)</b>	<b>23.550%</b>	<b>9.335%</b>	<b>11.754%</b>	<b>44.639%</b>
30 <b>Total</b>	<b>54.002%</b>	<b>32.500%</b>	<b>13.498%</b>	<b>100.000%</b>

(a) From Table 7

(b) Individual Unit Shares \* Allocator Factor on Line (1)



Table 8  
Determination of SHARES for D+ Member Partners  
*Three-Year SHARE Period Beginning with FY 2022*

	(1)	(2)	(3)	(4)
	<u>Allocated Volume</u>	<u>Sanitary Volume</u>	<u>CSO</u>	
1 <b>Allocator Factor (from Table 1)</b>	<b>54.0%</b>	<b>32.5%</b>	<b>13.5%</b>	
<b><u>Individual Unit Shares (a)</u></b>				
2 Highland Park	1.148%	0.756%	2.065%	
3 Hamtramck	0.846%	0.557%	1.595%	
4 Grosse Pointe	0.210%	0.139%	0.228%	
5 Harper Woods	0.059%	0.039%	0.013%	
6 Redford Township	0.052%	0.034%	0.133%	
7 Wayne County #3	0.009%	0.006%	0.035%	
8 Detroit	41.287%	27.194%	83.000%	
9 <b>D+ Member Partner Subtotal</b>	43.611%	28.724%	87.069%	
<b><u>Weighted Allocation (b)</u></b>				
	<i>Unit Shares x Allocator Factors</i>			<i>(1) + (2) + (3)</i>
10 Highland Park	0.619%	0.246%	0.279%	<b>1.144%</b>
11 Hamtramck	0.457%	0.181%	0.215%	<b>0.853%</b>
12 Grosse Pointe	0.114%	0.045%	0.031%	<b>0.190%</b>
13 Harper Woods	0.031%	0.013%	0.002%	<b>0.046%</b>
Redford Township	0.028%	0.011%	0.018%	<b>0.057%</b>
14 Wayne County #3	0.004%	0.002%	0.005%	<b>0.011%</b>
15 Detroit	22.295%	8.838%	11.205%	<b>42.338%</b>
16 <b>D+ Member Partner Subtotal</b>	23.548%	9.336%	11.755%	<b>44.639%</b>

(a) Volume Shares allocated based on historical indices

(b) Individual Unit Shares \* Allocator Factor on Line (1)

Table 9  
Summary of Proposed FY 2022 SHARES

(1)  
Proposed  
FY 2022  
SHARE  
*from Tables 7 & 8*

<b><u>Member Partner Calculations</u></b>	
1	OMID 14.589%
2	Rouge Valley 11.804%
3	Oakland GWK 9.788%
4	Evergreen Farmington 7.639%
5	SE Macomb San Dist 5.291%
6	Dearborn * (w/ D+ allo) 4.284%
7	Grosse Pointe Farms 0.580%
8	Grosse Pointe Park 0.402%
9	Melvindale 0.332%
10	Farmington 0.253%
11	Center Line 0.220%
12	Allen Park 0.179%
13	<b>M</b> Member Partner Subtotal <u>55.361%</u>
14	Highland Park 1.144%
15	Hamtramck 0.853%
16	Grosse Pointe 0.190%
17	Harper Woods 0.046%
18	Redford Township 0.057%
19	Wayne County #3 0.011%
20	Detroit <u>42.338%</u>
21	<b>D+</b> Member Partner Subtotal <u>44.639%</u>
22	Total <u>100.000%</u>

(a) Excludes amount related to OMID specific cost pool

**TFG**  
**THE FOSTER GROUP**

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12719 WENONGA LANE  
LEAWOOD, KS 66225  
TEL: (913) 345-1410

**THE FOSTER GROUP, LLC**  
BART FOSTER, PRESIDENT  
CELL: (913) 530-6240  
BFOSTER@FOSTERGROUPLLC.COM

MEMORANDUM

D+ SHARE Calculations

November 13, 2020

To: Sue McCormick

From: Bart Foster

The intent of this memorandum is to document the process we have used to compute the individual FY 2022 Sewer SHARE allocations for the Member Partners in the D+ Customer Class. Through the deliberative process undertaken via the Outreach process, the “Think Tank” collaboratively established a recommended new SHAREs methodology proposed to be implemented with the FY 2022 wholesale sewer charges. That process largely focused on establishing a methodology to determine SHAREs for the metered wholesale communities and the D+ customer class at large. The Think Tank’s recommended methodology was set forth in a collaboratively authored memorandum dated October 20, 2020. As noted in that memorandum, the Think Tank did not focus on ways to allocate responsibility to individual D+ communities – leaving that for GLWA to address.

Background

The original SHAREs established via the Rate Simplification Initiative resulted in the FY 2015 wholesale sewer charges. These SHAREs were determined based on flow volume data from FY 2008 through 2012. Calculations of SHAREs for the master metered communities were based on the master meter data. Calculation of SHAREs for the “D+” customer class at large was based on total flow reported for the System, less the master metered data, less an assumed amount of “common<sup>1</sup>” non-sanitary flow volume. The flow balance protocol utilized for the original SHARE calculations did not contain sufficient verifiable data to isolate non-sanitary flow volumes for individual D+ communities, nor was any analysis available to identify which D+ communities should receive reductions related to the “common” flow assumptions. Therefore each D+ community was assigned relative responsibility for the D+ customer class SHARE based on the relative revenue common to all revenue requirements they were then paying under the FY 2014 wholesales sewer charges.

This process was extended to the second SHARE period, which was originally implemented with the FY 2018 wholesale sewer charges. Those SHAREs (which are still in effect) were determined based on flow volume data from FY 2013 through 2016. The same basic process

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<sup>1</sup> The concepts of “Common” or “Regional” flow have been used interchangeably in recent discussions regarding SHAREs. The terms refer to the portion of flow volume generated within the D+ area that should be recognized as a System responsibility and not included in SHARE and charge determination for any specific Member Partner.

was executed, and the same challenges existed with respect to isolating individual D+ community non-sanitary flows and the “source” of the common non-sanitary flows. Again, each D+ community was assigned relative responsibility for the D+ customer class SHARE based on the original FY 2014 allocation.

#### Recommended FY 2022 SHAREs

As noted earlier, the Think Tank has established a recommended methodology for determining future SHAREs via a simplified process. The new methodology still focusses heavily on flow volumes, and the recommended FY 2022 SHAREs are based on flow volume data for a seven year period from FY 2013 through 2019. The flow balance protocol remains the same, and the same challenges exist with respect to isolating individual D+ community non-sanitary flows and the “source” of the common non-sanitary flows. The recommendation from the Think Tank is to assign 50% of all non-sanitary flow from the D+ area as “Common” for purposes of calculating SHAREs.

The results summary on page 6 of the Think Tank memorandum indicates a reduction in the proposed “All In” SHARE for the D+ customer class at large from 44.894% to 44.639%, which equates to a decrease of approximately 0.6% of allocated revenue requirements. Our assignment is to allocate the 44.639% D+ share to individual D+ Member Partners based on the best available, verifiable information we have.

One significant data change within the D+ communities is the estimate of sanitary flow volumes from Highland Park. We’ll not elaborate on the specifics<sup>2</sup>, but as part of the flow balance analysis for FYs 2017 through 2019, the estimated annual sanitary volumes for Highland Park were reduced by approximately 60,000 Mcf. This, in part, was a contributing factor to the small decrease in the SHARE for the D+ customer class at large. Highland Park’s sanitary flow estimate for purposes of SHARE calculations was based solely on the three most recent years (instead of seven) in order to honor the new **verified** data. We believe it is appropriate to reflect this fact in the allocation of D+ SHAREs, while still acknowledging that we still do not possess any new, more accurate, verifiable data with which to assign individual D+ community non-sanitary flows and the “source” of the common non-sanitary flows.

Our recommended approach to establishing individual SHAREs for the D+ customer class consists of three simple steps:

**Step 1:** Recompute the original FY 2014 D+ allocation to reflect a shift in 60,000 Mcf of Highland Park dry weather flow contribution from sanitary to Dry Weather Infiltration. This is illustrated in the table below. Under the methodology then in place Highland Park’s hypothetically calculated share of treatment and conveyance costs within the D+ customer class would have been reduced from 2.928% to 2.633%. The calculated share of treatment and conveyance costs for all other D+ communities would increase slightly. Share of the “Wholesale Only and CSO cost pools would not be impacted.

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<sup>2</sup> This overall topic was reviewed at length with the Wastewater Analytics Task Force (WATF).

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Original FY 2014 D+ SHARES				Adjusted* FY 2014 D+ SHARES			
	Treatment/ Conveyance	CSO	Wholesale Only	Total <i>wtd avg (1)-(3)</i>	Treatment/ Conveyance <i>Reallocate (1)</i>	CSO <i>from (2)</i>	Wholesale Only <i>from (3)</i>	Total
1 Grosse Pointe	0.475%	0.262%	7.502%	0.444%	0.477%	0.262%	7.502%	0.445%
2 Hamtramck	1.956%	1.831%	36.460%	1.987%	1.961%	1.831%	36.460%	1.992%
3 Harper Woods	0.123%	0.015%	2.193%	0.105%	0.123%	0.015%	2.193%	0.105%
4 Highland Park	2.928%	2.371%	51.440%	2.895%	2.633%	2.371%	51.440%	2.660%
5 Redford Township	0.112%	0.153%	2.062%	0.123%	0.112%	0.153%	2.062%	0.124%
6 Wayne County #3	0.016%	0.040%	0.342%	0.021%	0.016%	0.040%	0.342%	0.021%
7 Detroit	94.391%	95.327%	0.000%	94.424%	94.678%	95.327%	0.000%	94.653%
8 Total D+	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%

\* Moving 60,000 Mcf of Highland Park units from Sanitary to DWII

**Step 2:** Use the recalculated treatment / conveyance D+ allocation factors from Step 1 as the basis for allocating the same cost pools in the updated, simplified methodology<sup>3</sup>. Maintain the relative CSO allocation factors dictated by existing legal agreements. The resulting D+ allocation factors are shown in the first three columns of the table below.

	(1)	(2)	(3)	(4)	(5)	(6)
	Calculation of FY 2022 D+ SHARE Allocation			Calculation of FY 2022 D+ SHARES		
	Treatment/ Conveyance	CSO	Total <i>wtd avg (1)-(2)</i>	Treatment/ Conveyance <i>~ (1)</i>	CSO <i>~ (2)</i>	Total <i>wtd avg (4)-(5)</i>
				<b>38.017%</b>	<b>87.069%</b>	<b>44.639%</b>
1 Grosse Pointe	0.477%	0.262%	0.425%	0.181%	0.228%	<b>0.190%</b>
2 Hamtramck	1.961%	1.831%	1.911%	0.746%	1.595%	<b>0.853%</b>
3 Harper Woods	0.123%	0.015%	0.103%	0.047%	0.013%	<b>0.046%</b>
4 Highland Park	2.633%	2.371%	2.564%	1.001%	2.065%	<b>1.144%</b>
5 Redford Township	0.112%	0.153%	0.128%	0.043%	0.133%	<b>0.057%</b>
6 Wayne County #3	0.016%	0.040%	0.025%	0.006%	0.035%	<b>0.011%</b>
7 Detroit	94.678%	95.327%	94.844%	35.994%	83.000%	<b>42.338%</b>
8 Total D+	100.000%	100.000%	100.000%	38.017%	87.069%	<b>44.639%</b>

**Step 3:** Use the new D+ allocation factors to assign responsibility for the **total** D+ SHARES for each cost pool established by the Think Tank memorandum. These calculations are shown in the last three columns of the table above.

The results of this analysis are then used to consolidate the D+ communities into the overall impact summary table that was originally contained in the Think Tank memorandum. We can then append the original impact summary to match that shown below. The D+ Member Partners are highlighted in the table.

<sup>3</sup> Note that the “Wholesale Only” Cost Pool is not maintained in the new methodology.

## GLWA Wastewater Charge Methodology / SHARES Development - Impact Summary

	Existing SHARES				Proposed "All in" SHARE (c)	Change in SHARE		
	CTA Treat / Collection	CSO Facility	Suburban Only	"All in"		Variance	% Variance	
	Cost Pool	Cost Pool	Cost Pool	SHARE				
	(a)			(b)				
1	OMID	16.436%	2.651%	22.182%	14.660%	14.589%	-0.071%	-0.5%
2	Rouge Valley	12.893%	2.956%	20.347%	11.682%	11.804%	0.122%	1.0%
3	Oakland GWK	10.735%	2.256%	18.625%	9.735%	9.788%	0.053%	0.5%
4	Evergreen Farmington	8.378%	1.485%	12.719%	7.521%	7.639%	0.118%	1.6%
5	SE Macomb San Dist	5.910%	1.174%	10.020%	5.345%	5.291%	-0.054%	-1.0%
6	Dearborn	4.518%	1.631%	8.048%	4.194%	4.284%	0.090%	2.1%
7	Grosse Pointe Farms	0.596%	0.504%	1.075%	0.593%	0.580%	-0.013%	-2.2%
8	Grosse Pointe Park	0.435%	0.062%	0.746%	0.390%	0.402%	0.012%	3.1%
9	Melvindale	0.367%	0.074%	0.568%	0.331%	0.332%	0.001%	0.3%
10	Farmington	0.275%	0.052%	0.445%	0.248%	0.253%	0.005%	2.0%
11	Center Line	0.247%	0.055%	0.368%	0.223%	0.220%	-0.003%	-1.3%
12	Allen Park	0.206%	0.031%	0.316%	0.184%	0.179%	-0.005%	-2.7%
13	Highland Park	1.065%	2.065%	2.165%	1.222%	1.144%	-0.078%	-6.4%
14	Hamtramck	0.717%	1.595%	1.764%	0.857%	0.853%	-0.004%	-0.5%
15	Grosse Pointe	0.180%	0.228%	0.417%	0.1920%	0.190%	-0.002%	-1.0%
16	Harper Woods	0.051%	0.013%	0.112%	0.047%	0.046%	-0.001%	-2.1%
17	Redford Township	0.045%	0.133%	0.073%	0.057%	0.057%	0.000%	0.0%
18	Wayne County #3	0.007%	0.035%	0.011%	0.011%	0.011%	0.000%	0.0%
19	Subtotal Suburban Wholesale	63.058%	17.000%	100.000%	57.492%	57.662%	0.170%	0.3%
20	Detroit Customers	36.942%	83.000%	0.000%	42.508%	42.338%	-0.170%	-0.4%
21	Total	100.000%	100.000%	100.000%	100.000%	100.000%	0.000%	0.0%

(a) The existing published **SHAREs** reflected proportional allocation factors for revenue requirements excluding CSO and Suburban only costs.

(b) The effect of the prior methodology established "All in" **SHAREs** after recognizing the CSO and Suburban only cost pools.

(c) The proposed methodology establishes effective "All in" **SHAREs**, inclusive of all cost pools.

Our recommended approach results in a reduction in Highland Park's share of approximately 6.4% compared to the overall D+ reduction of 0.6%. This reflects the new data regarding Highland Park's sanitary flow volume contribution. The individual impacts on all other D+ communities are closer to the class average reduction of 0.6%. Differences are largely associated with relative CSO cost pool responsibility compared to the average, and to the fact that the new methodology eliminates the "Wholesale Only" cost pool, which results in a slightly larger reduction for the suburban D+ customers than the Detroit customers.

We firmly believe that this approach is the most reasonable method to address the verified reduction in Highland Park sanitary volumes while acknowledging the lack of information with which to allocate responsibility for D+ non-sanitary volumes, including those volumes treated as "common" and those remaining volumes assigned to the class.

We are prepared to discuss this matter at your convenience.

## Memorandum

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To: Wastewater Charges/Sewer SHAREs Work Group

From: Suzanne Coffey, Tim Prince, Carrie Cox, Vyto Kaunelis, Sam Smalley, Eric Rothstein, Maria Sedki, and Bart Foster

Date: October 20, 2020

RE: Recommended Update to the Sewer SHAREs Charge Methodology

We are pleased to report that we, the members of the Sewer SHAREs Think Tank Group, have together developed a recommendation for an update to GLWA's wastewater charge methodology. We ask you for your consideration and support of this recommendation.

Since its inception in 2019, the members of the Think Tank Group held 12 meetings which totaled nearly 30 hours of time to consider changes to the wastewater charge methodology. It required incredibly detailed work and also the commitment of many additional hours outside of meetings to study and have conversations to fully understand technical details and varying perspectives. We were focused on the goal of developing a recommended modification to the methodology that embraced the fundamental GLWA member principles of **stability and simplicity** (as validated by Raftelis in 2019) while not losing sight of cost causation.

*“Minimizing impacts on each Member Partner Community while simplifying the charge methodology was the most important consideration of any proposed change.”<sup>1</sup>*

We are pleased to report that we have achieved this goal. What follows is a summary of the methodology, the salient points related to the work, and recommended SHAREs for the next SHARE period.

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<sup>1</sup> Raftelis, GLWA Sewer Cost of Service Methodology, December 9, 2019.

**PROPOSED CORE METHODOLOGY**

		Allocators		
		Average Volume	Sanitary Volume	CSO
Cost Pools	Water Resource Recovery Facility	50%	50%	
	Conveyance/Collection System	100%		
	Combined Sewer Overflow			100%

***Cost Pools***

1. Water Resource Recovery Facility, or WRRF, is the regional system’s most significant treatment facility, treating dry and wet weather flows.
2. Conveyance, or collection system, is the network of pipes, pumps and other assets that transport flow from the member partners to various elements in the regional system.
3. Combined Sewer Overflow, or CSO, is the collection of regional wet weather facilities whose costs are apportioned 83% to Detroit and 17% to other member partners as previously negotiated and memorialized in legal documents.

***Allocators***

1. Average volume includes all volume a member partner contributes to the regional system. This reflects both wet and dry weather and is calculated as an average over multiple years. In addition to sanitary flows, it includes flow that comes from rain, snow melt and groundwater infiltration.
2. Sanitary volume is flow from users of the system and is quantified as a high percentage of member partners’ winter water use. It does not include flow that comes from rain, snow melt or groundwater infiltration.
3. CSO is consistent with historical legal agreements and allocated 83% to Detroit and 17% to other member partners as previously negotiated and memorialized in legal documents.

## **STABILITY, OUR #1 CONCERN**

- We propose to hold the Sewer SHARES **core methodology** constant for 9 years<sup>2</sup>. The regional system’s cost methodology has not changed since the 1970s, however, in the early 2000s, the Sewer SHARES approach was adopted. The “SHARE” is a fixed percentage of the revenue requirement for each member partner. The SHARES total up to 100%. Using the core methodology, SHARE calculations are updated with various inputs, such as flow and detailed cost of service values, on a periodic basis.
- Historically **inputs to the methodology**, which are volumes and the results of detailed cost of service studies, have been updated every 3 to 4 years. We coalesced around continuing to recalculate the SHARES with updated inputs every 3 years.
- We propose to **increase the number of years used in the flow average** to 10 years. Increasing the number of years in the average will inherently stabilize the SHARES because weather patterns, which can create volatility, will be dampened with more years in the data set. Currently 7 years of data is available for this calculation. Upon the next update to the inputs, 10 years of volume data will be available for averaging.
- This results in a member partner’s SHARE remaining constant for 3 years. This is a “SHARE period”. During a SHARE period, **the annual percent change in all member partners’ charges will be the same** and will be equal to the change in the annual revenue requirement.

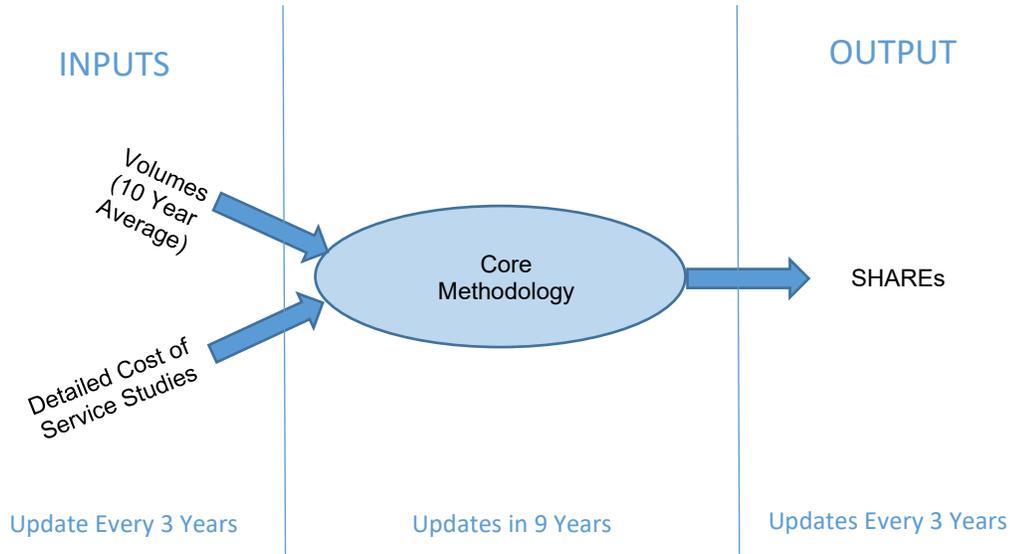


Figure 1 Components of Methodology

<sup>2</sup> Opening the core methodology for discussion before 9 years would be appropriate if there are material circumstances that suggest a change may be appropriate as identified by the One Water Partnership, GLWA Administration or the GLWA Board of Directors.

## SIIMPLICITY IS KEY

At its most fundamental level, a cost methodology must be equitable and be perceived as equitable. When a methodology becomes so complex that it cannot be reasonably explained to those whom it affects, it may be perceived as inequitable. In the perspective of some, this is the case with the current methodology. We propose a methodology that greatly simplifies without compromising accuracy and equitability while continuing to embrace cost causation.

The simple proposed methodology:

- ✓ Moves us from using 18 allocators for both Capital and Operations and Maintenance, for a total of 36 allocators, to 3 allocators;
- ✓ Moves us from performing costly sampling studies and analyses, to using easily attainable and accurate estimates of sanitary volume to reflect the strength of the flow contributed. Such studies conducted since the last SHARE update totaled more than \$700,000 in consulting and contractor costs; and
- ✓ Moves us from using complex and imprecise analytics, to a simple 50/50 split for non-sanitary flow elements in the D+ area<sup>3</sup>.

The simple explanation of the proposed methodology is:

- ✓ Costs incurred to **treat wastewater** at the WRRF are allocated based on
  - 50% on average wastewater contribution, which reflects higher use during wet weather and also ties to the cost causation of moving flow through the WRRF, irrespective of the type of flow, and
  - 50% on sanitary flow contribution, which reflects strength of the wastewater and ties to the cost causation of treatment processes.
- ✓ Costs incurred to **transport wastewater** through the regional conveyance and collection system are proportioned by member partners' contributed average annual flows. Contributed volume ties to cost causation and long-term averages create charge stability.
- ✓ Costs incurred for **regional wet weather facilities** are proportioned 83% to Detroit and 17% to other member partners as previously negotiated and memorialized in legal documents.

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<sup>3</sup> The D+, or Detroit Plus, area is comprised of Detroit and small portions of some of the surrounding communities whose sewer systems have many interconnections.

## **PRINCIPAL POINTS OF DISCUSSION**

1. The D+, or Detroit Plus, area is comprised of Detroit and small portions of some of the surrounding communities (Highland Park, Hamtramck, City of Grosse Pointe, and portions of Redford Township, Harper Woods and Dearborn) whose sewer systems have many interconnections. The total volume of flow from this area is indirectly measured with meters via meter subtraction but in their totality, the flows are not directly quantified by individual community. The components of sanitary flows for this area are estimated using winter water use. Distinguishing between local and regional flow contributions is difficult because both regional and local pipes run through D+. After reviewing much data and considering the need for stability in charge methodology, a 50/50 split of contribution from regional and local systems was assumed for both dry weather inflow (DWII) and infiltration and wet weather. The 50/50 split of contribution from regional and local systems for DWII was informed by a body of work conducted by CDM Smith related to the flows in D+, which concluded that such factors are not able to be ascertained with a high level of precision and 50/50 was within the established error band. In contrast, the 50/50 split of contribution from regional and local systems for wet weather flow was an agreed upon compromise between the Think Tank Members because no studies were available to inform the decision. The wet weather 50/50 split was needed to provide the stability desired using the proposed core methodology. It should be noted, all sanitary flow from the D+ area will continue to be assigned to specific D+ communities.
2. The CSO cost pool and its allocation noted above, simply termed 83/17, were discussed in the Think Tank meetings. They are the result of a negotiated settlement between the regional system and its customers in the 1990s. Many member partners have their own CSO facilities, for which they pay 100% of costs. Due to it being memorialized in legal documents, 83/17 is likely unable to be changed without 100% concurrence of all member partners. It should be noted that what is in the 83/17 cost pool and the 83/17 allocation itself may be discussed in the future. This memo is not intended to support 83/17 or reinforce its validity.
3. Peak flow contributions were considered. The Group agreed that 83/17 contains an element of peak flow. There is no accurate quantifiable measure of peak flow for the D+ area and after discussion of possible approaches, further consideration of peak flow was set aside.
4. The allocation of costs for future Wastewater Master Plan projects and facilities was discussed. As initial thoughts were vetted, it became clear that the core methodology would need to be known to further coalesce around how costs for these facilities and projects should be allocated. As such, the determination of the cost allocation of these projects was not finalized and should be taken up soon and certainly before the next SHARE update.
5. The issue of affordability was commonly discussed by the Think Tank Group, however the Group did not take up the policy issue of affordability. Rather, affordability
  - was a key driver in the approach of the Wastewater Master Plan,
  - is a topic for policy makers such as GLWA's Board of Directors, and
  - is addressed in the context of permit renewals where updates to our assessment of financial capability are completed.

Recently the Environmental Protection Agency proposed revisions to its financial capability assessment methodologies. As we engage in discussions around these proposed revisions, we are keeping a sharp eye on the how the language will affect our region's demonstrable financial capability.

## **PROPOSED SHARES FOR THE NEXT SHARE PERIOD STARTING WITH FY 2022**

Our proposed methodology, using an average of 7 years of flow volumes and applying the fiscal year 2021 cost of service study, yields the SHARES summarized below. These SHARES will be applied to the annual revenue requirements to determine charges for each member partner during this SHARE period. During the upcoming SHARE period, the annual percent change in all member partners' charges will be the same and equal to the change in the annual revenue requirement.

GLWA Wastewater Charge Methodology / SHARES Development - Impact Summary

	Existing SHARES				Proposed "All in" SHARE (c)	Change in SHARE		
	CTA Treat / Collection Cost Pool (a)	CSO Facility Cost Pool	Suburban Only Cost Pool	"All in" SHARE (b)		Variance	% Variance	
	1	OMID	16.436%	2.651%		22.182%	14.660%	14.589%
2	Rouge Valley	12.893%	2.956%	20.347%	11.682%	11.804%	0.122%	1.0%
3	Oakland GWK	10.735%	2.256%	18.625%	9.735%	9.788%	0.053%	0.5%
4	Evergreen Farmington	8.378%	1.485%	12.719%	7.521%	7.639%	0.118%	1.6%
5	SE Macomb San Dist	5.910%	1.174%	10.019%	5.345%	5.291%	-0.054%	-1.0%
6	Dearborn	4.518%	1.631%	8.048%	4.194%	4.284%	0.090%	2.1%
7	Other "M" Customers	2.126%	0.778%	3.517%	1.969%	1.965%	-0.003%	-0.2%
8	M Customer Subtotal	60.996%	12.931%	95.458%	55.106%	55.361%	0.255%	0.5%
9	D+ Customers (d)	39.004%	87.069%	4.542%	44.894%	44.639%	-0.255%	-0.6%
10	Total	100.000%	100.000%	100.000%	100.000%	100.000%	0.000%	0.0%
	<i>Other "M" Customer Detail</i>							
11	Grosse Pointe Farms	0.596%	0.504%	1.075%	0.593%	0.580%	-0.012%	-2.1%
12	Grosse Pointe Park	0.435%	0.062%	0.746%	0.390%	0.402%	0.012%	3.1%
13	Melvindale	0.367%	0.074%	0.569%	0.331%	0.332%	0.001%	0.4%
14	Farmington	0.275%	0.052%	0.445%	0.248%	0.253%	0.005%	1.9%
15	Center Line	0.247%	0.055%	0.368%	0.223%	0.220%	-0.003%	-1.6%
16	Allen Park	0.206%	0.031%	0.316%	0.184%	0.179%	-0.005%	-3.0%

(a) The existing published **SHARES** reflected proportional allocation factors for CTA revenue requirements excluding CSO and Suburban only costs.

(b) The effect of the prior methodology established "All in" **SHARES** after recognizing the CSO and Suburban only cost pools.

(c) The proposed methodology establishes effective "All in" **SHARES**, inclusive of all cost pools.

(d) The "unbundling" of proposed D+ SHARES to individual communities remains under review.

It should be noted that increased flow for the cities of Grosse Pointe Park, Dearborn and Farmington, would have resulted in increases in SHARES under ANY core methodology that includes flow volume, including the existing methodology. The increased flow contributions were discussed in 2020 Wastewater Analytics Task Force (WATF) meetings. In all cases, the community representatives agreed that the higher volumes were accurate.

Going forward, we intend to provide an annual update of flows in a format reflective of SHARES impact, so that Member Partners have early warnings before they see a change due to flows when the inputs are updated again in three years.

EXHIBIT E

ATTACHMENT 2

AGREEMENT TO REVISE CSO PROJECT LIST

11/20/2013

## Attachment 2

### AGREEMENT TO REVISE CSO PROJECT LIST

THIS SETTLEMENT AGREEMENT (“Agreement”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 2013 by and between the City of Detroit by and through its Board of Water Commissioners, the County of Oakland, acting by and through its Water Resources Commissioner, the County of Macomb, acting by and through its Public Works Commissioner, and the County of Wayne.

#### RECITALS:

- A. WHEREAS that parties entered into a certain rate settlement agreement dated September 1, 2000 (known as the “1999 Rate Settlement Agreement”) which deals with allocation of costs for wet weather facilities consistent with the projects identified for construction in the NPDES Permit which was issued to Detroit on July 1, 1997, and estimation and determination of responsibility for infiltration/inflow (unaccounted for flows);
- B. WHEREAS the United States District Court has ordered that paragraphs 2, 3, 5, 6, 8, 9, 10, 11, and 13 and Exhibit B of the 1999 Rate Settlement Agreement be incorporated in all of the wastewater services contracts between Detroit and its Tier 1 or wholesale customers. Order to Incorporate Rate Settlements into Wastewater Contracts and Dismiss All Prior Rate Settlements (August 31, 2011), *United States v City of Detroit*, Case No. 77-71100 (dkt #2393);
- C. WHEREAS the 1999 Rate Settlement Agreement identified specific past, then-ongoing and future wet weather projects and assigned them to one of four customers classes for cost allocation purposes: Detroit only, common-to-all (wastewater treatment plant improvements), 83% Detroit/17% wholesale customers (new wet weather facilities), and customer-specific. Those projects were set forth in Exhibit B to the 1999 Rate Settlement Agreement;
- D. WHEREAS all of the projects on Exhibit B have been completed or have been cancelled as not cost-effective as then formulated;
- E. WHEREAS the 1999 Rate Settlement Agreement provides that:
- “In the event that DWSD determines that it is reasonable, appropriate or necessary to construct additional wet weather facilities in the future, suburban customers reserve the right to contest the allocation of costs of such facilities to them.”
- F. WHEREAS Detroit’s NPDES Permit was modified on September 26, 2003 to require construction of certain additional projects not included on Exhibit B as follows:
- Oakwood CSO Basin and Pump Station,
  - Oakwood District Sewer Improvements, and
  - Belle Isle CSO Basin;

11/20/13

G. WHEREAS Detroit's NPDES permit was again modified on March 10, 2010 to eliminate the Upper Rouge Tunnel and the Detroit River Outfall ("DRO-2") projects, provided that Detroit identify substitute CSO control facilities for future construction along the Upper Rouge River to control outfalls which were previously slated to be connected to the now-terminated Upper Rouge Tunnel, and to design and construct a new Rouge River Outfall ("RRO-2") at the wastewater treatment plant as a replacement to the now-terminated Detroit River Outfall (DRO-2) project;

H. WHEREAS Detroit's NPDES permit was again modified on June 28, 2011 (the "Existing NPDES Permit") to require the following additional projects, including certain projects not included on Exhibit B for both conventional CSO control facilities and a new Green Infrastructure Program in the Upper Rouge Tributary Area as follows:

- Construction of ten new Conventional CSO Control Facilities along the Upper Rouge to replace the Upper Rouge Tunnel to be completed and placed in service by 2035,
- Implementation of a Green Infrastructure Program in the Upper Rouge tributary area to be completed by 2032,
- Renovation and structural rehabilitation of the Hubbell-Southfield CSO Basin and the Task 1 In-System Storage Gates by 2014, and
- Construction of ten new Conventional CSO control facilities along the Detroit River to be completed and placed in service by 2045;

I. WHEREAS Detroit is negotiating a new NPDES permit for the period 2013-2017 (the "New NPDES Permit") which will include several wet weather projects not included on Exhibit B, of which three projects are to be constructed prior to the expiration of the New NPDES Permit in 2017:

- New Rouge River Outfall (RRO-2) Segment 2,
- Hubbell-Southfield Basin, and
- Task 1 Gate Renovations

J. WHEREAS the wholesale customers have previously informally contested the allocation of cost for certain of the planned Green Infrastructure Program;

K. WHEREAS the parties have now resolved the challenges to the allocation of Green Infrastructure Projects through 2017 and have agreed on the allocation of conventional wet weather projects that are either i) constructed or presently under construction and not included on Exhibit B, ii) included in the Existing NPDES Permit and not yet constructed, or iii) to be constructed pursuant to the New NPDES Permit, and wish to memorialize the resolutions of these issues through this Agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual promises hereafter the parties agree as follows:

1. Status of Wet Weather Projects on Exhibit B to the 1999 Rate Settlement Agreement.

11/20/13

- (a) All projects on Exhibit B to the 1999 Rate Settlement Agreement are deemed to have been completed or abandoned except to the extent they are identified on Exhibit 1 to this Agreement;
- (b) To the extent Detroit has incurred capital costs for the facilities on Exhibit B and is incurring operation and maintenance costs, such costs shall be allocated in current and future rates consistent with the allocation established in Exhibit B to the 1999 Rate Settlement Agreement; and
- (c) Objections to such capital costs are waived and released with prejudice.

2. Wet Weather Projects Not on Exhibit B to the 1999 Rate Settlement Agreement

- (a) The parties agree that the completed wet weather projects on Exhibit 1a are valid and approved wet weather projects and their capital, operating and maintenance costs shall be allocated as set forth in Exhibits 1a.
- (b) The parties agree that the wet weather projects now underway and shown on Exhibit 1b are valid and approved wet weather projects and their capital, operating and maintenance costs shall be allocated as shown on Exhibit 1b, subject to Paragraph 3(c) below.
- (c) The parties agree that the proposed wet weather projects shown on Exhibit 1c are valid and approved wet weather projects and their capital, operating and maintenance cost shall be allocated as shown on Exhibit 1c, subject to Paragraph 3(c) below.
- (d) The parties agree that Detroit may not allocate to the wholesale customers the capital, operating and maintenance costs of any wet weather project not shown on either Exhibit B to the 1999 Rate Settlement Agreement or Exhibit 1a, b and c until and unless this Agreement and Exhibit 1a, b and c are amended by the parties.

3. Green Infrastructure Program

- (a) The parties agree that the capital, operating and maintenance costs incurred through June 30, 2017, for green infrastructure wet weather control facilities that 1) are required by the New NPDES Permit, 2) meet the criteria in Paragraphs 3(c)(ii) or (iii) below, and 3) are implemented in the area tributary to the Upper Rouge Tunnel (as defined in Exhibit 2) between July 1, 2010 and June 30, 2017, shall be allocated 83% to the City of Detroit and 17% to wholesale customers. The allocation of these costs among wholesale customers shall be according to the percentages set forth in Exhibit A to the 1999 Rate Settlement Agreement, as Exhibit A may hereafter be amended to address additions or deletions of flow from one or more wholesale customers.
- (b) To the extent that green infrastructure wet weather control projects are required within the area tributary to the Upper Rouge Tunnel as part of the 2018-2022

NPDES permit and meet the criteria in Paragraphs 3(c)(ii) or (iii), Detroit, and Wayne and Macomb Counties agree that costs incurred shall be allocated 83% to the City of Detroit and 17% to wholesale customers. Before June 30, 2017, Oakland County agrees to enter into negotiations with regard to the allocation of such costs and with regard to operating and maintenance costs associated with green infrastructure projects implement pursuant to Paragraph 3(a).

(c) Guidelines for Projects Subject to Paragraph 3(a)

The parties agree that the following shall apply to the cost allocation of green infrastructure projects in the New NPDES Permit to be constructed before 2018:

- i. Eaves trough and downspout disconnection projects shall be charged 100% to Detroit:
- ii. The following types of wet weather control projects may be allocated 83%/17% if the specified criteria are met:
  - Demolition of structures if needed to accomplish a specific wet weather control project not consisting entirely of land clearance and involving other elements – e.g., land assembly for a detention pond or drainage swale or tree planting.
- iii. All other types of green infrastructure wet weather control projects may be allocated 83% /17% in all circumstances.

(d) The parties agree to negotiate in good faith with regard to the allocation of costs of any other green infrastructure project included in a future NPDES permit or in the DWSD Capital Improvement Program.

(e) Detroit agrees to comply with New NPDES Permit, Section A(5)(a), “Green Infrastructure (GI) Program – Tributary Area for Rouge River Outfalls.”

(f) Detroit will account for and report to the wholesale customers the actual capital, operating and maintenance costs incurred for green infrastructure on a fiscal year basis and by June 30, 2017 prepare a five-year projection of operating and maintenance costs for the green infrastructure constructed or to be constructed pursuant to the New Permit.

4. Wet Weather Projects to Be Constructed after 2017. Consistent with the 1999 Rate Settlement Agreement, the capital, operating and maintenance costs of wet weather facilities constructed or to be constructed by DWSD in the future and not listed on Exhibit 1 that alleviate combined sewer overflows from Detroit’s wastewater transportation, conveyance and treatment system and that will reduce flows into sewers that contain or will contain wet weather flows generated from both inside and outside the City of Detroit shall be allocated between Detroit and the wholesale customers on a 83%/17% basis. The foregoing does not apply to green infrastructure projects subject to Paragraph 3(b).

5. Except as may be modified herein, the wastewater contracts between parties and the surviving rate terms as defined in the Court's Order of August 31, 2011, remain in full force and effect unless such surviving rate terms are amended or modified by a separate agreement.
6. Detroit and the three Counties shall amend their wastewater services contracts to incorporate the terms of this Agreement and Detroit shall obtain similar amendments in all of the other wholesale customers' contracts.

MACOMB COUNTY

CITY OF DETROIT

By: Joe M. Conish  
 Its: Director, DWSD

By: *in Mustrom*  
 Its: CHIEF DEPUTY  
MACOMB COUNTY  
PUBLIC WORKS COMMISSIONER

OAKLAND COUNTY

By: \_\_\_\_\_  
 Its: \_\_\_\_\_

WAYNE COUNTY

By: *[Signature]*  
 Its: ACEO/CS

11/20/13

5. Except as may be modified herein, the wastewater contracts between parties and the surviving rate terms as defined in the Court's Order of August 31, 2011, remain in full force and effect unless such surviving rate terms are amended or modified by a separate agreement.
6. Detroit and the three Counties shall amend their wastewater services contracts to incorporate the terms of this Agreement and Detroit shall obtain similar amendments in all of the other wholesale customers' contracts.

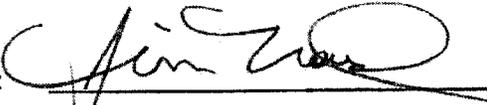
MACOMB COUNTY

CITY OF DETROIT

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

OAKLAND COUNTY

By:  \_\_\_\_\_  
Its: \_\_\_\_\_

WAYNE COUNTY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

EXHIBIT E

ATTACHMENT 2

EXHIBIT 1

APPROVED WET WEATHER FACILITIES

## APPROVED WET WEATHER FACILITIES

<u>Project Description</u>	<u>Actual Capital Cost</u>	<u>Cost Allocation</u> (Detroit/Suburban)
<b>a. Completed Facilities Not on Exhibit B</b>		
• Belle Isle CSO Basin	\$16.1 M	100% / 0%
• Oakwood CSO Basin & Pump Station (082)	\$168.7 M	
a. CSO Basin	TBD	83% / 17%
b. Pump Station	TBD	Common-to-all
• Oakwood District Sewer Improvements	\$27.0 M	100% / 0%
• Detroit River Outfall (DRO-2)	\$88.2 M	Common-to-all
	<b><u>Estimated Cost</u></b>	
<b>b. Facilities Under Construction and Not on Exhibit B</b>		
• Rouge River Outfall Segment 1 (RRO-2)	\$14.4 M	Common-to-all
• Green Infrastructure (2010-12) (059-069, 072-075, 077, 079)	(Max) \$9.0 M	Para. 3(c)
<b>c. Facilities to be Constructed Pursuant to New NPDES Permit</b>		
Facilities to be constructed by 2017:		
• Green Infrastructure (2013-2017) (Outfalls 059-069, 072-075, 077, 079)	\$15.0 M	Para. 3(c)
• Rouge River Outfall Segment 2 (RRO-2)	\$91.0 M	Common-to-All
• Hubbell-Southfield Basin Renovations, Task 1 Gate Rehab.	\$19.0M	83% / 17%
• In-System Storage Gate Renovation (Outfalls 059, 060, 061, 065, 069, 072, 074)	\$2.0M	83% / 17%
Facilities to be constructed after 2017:		
• Green Infrastructure (2018 - ) (Outfalls 059-069, 072-075, 077, 079)	\$26.0 M	TBD

*(End Exhibit E)*

EXHIBIT F  
TRUST AGREEMENT

Dated February 12, 2024

**2024 TRUST AGREEMENT**  
**among**  
**the City of Highland Park,**  
**the Great Lakes Water Authority, and**  
**Comerica Bank**

This 2024 Trust Agreement (this “**Agreement**”) is made as of \_\_\_\_\_ 1, 2024 (the “**Effective Date**”) by and among the City of Highland Park, a Michigan municipality and constituent municipality of the Great Lakes Water Authority pursuant to Act 233, Public Acts of Michigan, 1955, as amended, the address of which is 12050 Woodward Avenue, Highland Park, Michigan 48203 (the “**City**”), the Great Lakes Water Authority, a Michigan municipal authority and public body corporate organized pursuant to Act 233, Public Acts of Michigan, 1955, as amended, the address of which is 735 Randolph, Detroit, Michigan 48226 (“**GLWA**”), and Comerica Bank, a Texas banking association, as Directed Trustee of the Trust Fund established hereunder, the address of which is 411 West Lafayette Boulevard, Detroit, Michigan 48226 (the “**Trustee**”), and solely with respect to the Receiving Account established hereunder, the “**Bank**”). The City, GLWA and the Trustee may be referred to individually as “**Party**” or collectively as the “**Parties**.”

**RECITALS**

**WHEREAS**, the City, GLWA, and the State of Michigan have each entered into the Term Sheet as defined in this Agreement;

**WHEREAS**, the City and GLWA have entered into the Water and Sewage Services Contracts and the Settlement Agreement and Mutual Release, as defined in this Agreement, concurrently with the date of this Agreement;

**WHEREAS**, under the terms of the Water and Sewage Services Contracts, the City is contractually obligated to make certain payments to GLWA; and

**WHEREAS**, the Parties are entering into this Agreement to provide for the orderly payment of amounts due to GLWA under the Water and Sewage Services Contracts.

**NOW, THEREFORE**, the Parties hereto, for valuable consideration the receipt of which is hereby acknowledged, agree as follows:

**ARTICLE I**

**DEFINITIONS**

**Section 1.1 Definitions**. In this Agreement, the following words and terms shall, unless the context otherwise requires, have the following meanings:

**“Aggregate Monthly Amount Due”** means, as of any Monthly Distribution Date, the total of the amount then due to GLWA under the Water and Sewage Services Contracts, as such amounts are identified by GLWA in written notice to the Trustee and other Parties in accordance with Section 2.2.

**“Agreement”** has the meaning set forth in the introductory paragraph of this Agreement.

**“Applicable Monthly Statement Dates”** means (i) the billing date shown on the monthly bill for water service rendered pursuant to Article 12.01 of the Water Service Contract, (ii) the billing date shown on the monthly bill for wastewater disposal services under Article 10.01 of the Wastewater Disposal Services Contract, defined below, (iii) the billing date shown on any monthly IWC bill, and (iv) the billing date shown on any supplemental bills.

**“Business Day”** means any day other than (i) a Saturday, Sunday or legal holiday on which banking institutions in Detroit, Michigan or the designated corporate trust office of the Trustee is located are authorized by law to close, or (ii) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed.

**“City”** has the meaning set forth in the introductory paragraph of this Agreement.

**“Effective Date”** has the meaning set forth in the introductory paragraph of this Agreement.

**“GLWA”** has the meaning set forth in the introductory paragraph of this Agreement.

**“IWC”** means industrial waste control.

**“Monthly Distribution Date”** means the 15<sup>th</sup> of each calendar month, or if such date is not a Business Day, the first Business Day thereafter.

**“Party”** and **“Parties”** have the meanings set forth in the introductory paragraph of this Agreement.

**“Payments”** shall mean all payments received for any and all types of water and/or sewer services, including payments for water, sewer (including IWC) and stormwater services provided by City or any person or entity acting on its behalf. These amounts include IWC charges, water consumption revenue, sewer consumption revenue, administrative charges, readiness-to-serve charges, stormwater charges, drainage charges, billing charges, miscellaneous charges (fees or charges related to permits, meters, and/or surcharges), and any other accounts, charges, fees, or amounts paid in connection with any services provided by the water department or any entity acting on its behalf, including any and all amounts received in payment for any bill issued by or on behalf of the City water department, including payments received pursuant to a City water or sewer lien.

**“Receiving Account”** means the deposit account established under Section 3.2 of this Agreement which shall be entitled “Great Lakes Water Authority: Highland Park Retail Revenue Receipts Held in Trust for the Exclusive Benefit of the Great Lakes Water Authority under the

Settlement Agreement and Mutual Release,” which account was commonly referred to as the “Wade Trim” account (account number ending -9678).

“**Settlement Agreement and Mutual Release**” means the Settlement Agreement and Mutual Release attached hereto as Exhibit B, which is to be executed and entered into by the City, GLWA, and the State of Michigan as required by the Term Sheet.

“**Term Sheet**” means the term sheet dated October 18, 2023 and executed by the State of Michigan and by the Parties as of October 20, 2023. The Term Sheet includes and incorporates any Term Sheet dates modified or extended by court order.

“**Trustee**” has the meaning set forth in the introductory paragraph of this Agreement.

“**Trust Fund**” means the trust fund created by the Trustee pursuant to Section 3.1 of this Agreement entitled “GLWA/Highland Park Trust Fund.”

“**Water and Sewage Services Contracts**” means the Water Service Contract and the Wastewater Disposal Services Contract between the City and GLWA, each dated concurrently with the date of this Agreement, pursuant to which GLWA supplies potable water and wastewater disposal services to the City.

## ARTICLE II

### PAYMENT TERMS ON THE WATER AND SEWAGE SERVICES CONTRACTS

**Section 2.1 Amounts Due under the Water and Sewage Services Contracts.** The City has monthly payment obligations due to GLWA under the Water and Sewage Services Contracts under which bills for Services (as defined therein) shall be rendered to the City on a monthly basis, and the City agrees to pay such amount, including through distributions under Section 3.6 below, prior to the respective due dates thereof, subject to Article 12 and Article 10, respectively, of the Water and Sewage Services Contracts.

**Section 2.2 Notification to Trustee and other Parties of Monthly Amounts Due.** GLWA agrees to provide written notice to the Trustee of the monthly amount due under the Water and Sewage Services Contracts, as set forth on the invoices provided to the City on the Applicable Monthly Statement Dates, at the same time that notice of such is provided to the City. GLWA or the City shall also provide written notice to the Parties when any dispute described in Section 2.3 arises.

**Section 2.3 Disputes.** Disputes under the Water and Sewer Services Contracts will be resolved in accordance with the dispute resolution provisions of the Water and Sewage Services Contracts. Upon notice of such a dispute, the Trustee must withhold, retain in the Trust Fund, and not remit to the City or GLWA pursuant to Section 3.6 of this Agreement, any claimed amounts in dispute until the dispute is resolved.

**Section 2.4 Injunctive Relief.** All rights of each Party under this Agreement are specifically reserved and any amount due, act or omission shall not impair or prejudice any remedy or belonging right to each Party under it. Any right or remedy in this Agreement shall not preclude

the exercise of any other right or remedy under this Agreement or under any law, nor shall any action taken in the exercise of any right or remedy be deemed a waiver of any other rights or remedies.

### ARTICLE III

#### TRUST FUND

**Section 3.1 Establishment of Trust Fund.** The Trustee shall establish on its books the Trust Fund. Such trust fund shall be held by the Trustee for the benefit of GLWA. Upon transfer from the Receiving Account, such Highland Park Water and Sewer Revenues shall be deposited by the Trustee in the Trust Fund. At least five (5) business days prior to each Monthly Distribution Date, the Trustee shall provide the balance to the Parties of the amount of money in the Trust Fund through access to its online trust portal. Both parties shall have the ability to view Trust Fund account activity and statements through the Trustee's online platform. Transfers shall only be made from the Trust Fund to the accounts identified in Schedule 1.

**Section 3.2 Establishment of Receiving Account.** On the date of this Agreement, the Bank has been directed to and shall establish and keep in existence (i) lockbox services (to be fully effective no later than April 1, 2024), together with (ii) the Receiving Account (account number ending -9678), in which the Trustee is granted a security interest as security for the obligations of the Parties set forth in this Agreement. The City and the Bank shall enter into Deposit Account Control Agreements acceptable to the Parties granting the Trustee control over such deposit accounts and specifying the manner in which the Trustee may access funds under such accounts. If required by the Bank for establishment of the Receiving Account as contemplated by this Agreement, GLWA and the City shall enter into a Special Limited Agency Agreement Relating to Comerica Bank Lockbox Services. Both parties shall have the ability to view Receiving Account activity and statements through the Bank's online platform. Transfers shall only be made to or from the Trust Fund as identified in Schedule 1.

**Section 3.3 City Obligations Regarding Deposits to the Receiving Account.** The City shall cause any and all Payments paid by or on behalf of all customer accounts to be remitted directly to the Receiving Account. Notwithstanding the foregoing, if any such amounts are otherwise received by the City, the City shall deposit such amounts, within five (5) days of receipt thereof to the Receiving Account. The City shall at a minimum send an irrevocable notice, acceptable to the Trustee and GLWA, by March 1, 2024 to all customer accounts established or modified after the date hereof and publish on its website payment instructions and procedures for all customer accounts which shall direct all payments for water, sewer, IWC, and/or stormwater or similar services directly to the Receiving Account.

The City shall cause any and all Payments deposited in the Receiving Account to be retained therein until transferred by the Bank into the Trust Fund as provided in Section 3.5.

The City shall provide copies of the financial and accounting records of its water and sewerage department, in electronic, native file format, or summary form if requested, including any and all bank statements, bills, accounts receivable, ledger entries, and any other records related to amounts due from the City's customers or received by the City for any and all water, sewer,

IWC, and/or stormwater services to GLWA annually during its audit. The City will provide to GLWA monthly BS&A balance manager reports during the City's water and sewerage department's closing process with account details and information for all water department accounts, including all billing items, amounts billed, amounts paid, and all other fields and categories generated on such reports.

Until remitted to the Bank, the City shall hold any and all Payments in trust for the exclusive benefit of GLWA, and any Payments received by the City from its sewer and water customers that are not paid directly to the Receiving Account shall within five (5) calendar days of receipt herein be deposited by the City into the Receiving Account and then transferred by the Bank into the Trust Fund, as provided in Section 3.5.

**Section 3.4 City's Obligation to Set Sustainable Rates, Bill, Collect, and Deposit.**

The Trustee is advised that, as set forth in the Settlement Agreement and Mutual Release, the City shall increase its water and sewer rates by adopting an interim amended budget no later than December 2023, for the period of January 1, 2024 to June 30, 2024. For all subsequent fiscal years, Metro Consulting Associates or its State-of-Michigan-approved successor shall annually retain an independent rate analyst, subject to the approval of the State of Michigan, to calculate necessary adjustments in its water and sewer rates to ensure that the budget for the City's water and sewer operations is sufficient to ensure payment of all GLWA charges and all overhead, maintenance, and operational costs associated with its water and sewer operations. The analyst will recommend necessary rates changes to the City and the City shall annually adjust its water and sewer rates in accordance with the recommendations of the rate analyst.

**Section 3.5 Transfer of Funds from Receiving Account to Trust Fund.** Twice each week, on each Tuesday and Thursday (unless such day is a bank holiday for the Bank, in which case the obligation shall occur on the Bank's next Business Day thereafter), the Bank shall transfer all funds in the Receiving Account, except for Fifty Thousand Dollars (\$50,000) which shall remain as an available Receiving Account balance to the Trust Fund for application to any applicable customer chargebacks, NSF deposits, restored check fees or similar amounts.

**Section 3.6 Distributions by the Trustee from the Trust Fund.**

On each Monthly Distribution Date, the Trustee shall use the amounts in the Trust Fund to make the following distributions, in the following order:

- (a) The amount of money in the Trust Fund shall be used to pay GLWA the monthly amounts due to GLWA (including any previously unpaid bills regardless of the date hereof) on that Monthly Distribution Date in accordance with Section 2.1, provided that if no monthly bill for water services, wastewater disposal treatment services or IWC services was received from GLWA, the Trustee may be directed by GLWA to remit an amount equal to 90% of the prior month's applicable bill, once the monthly bill is received the Trustee shall adjust for the difference on the next Monthly Distribution Date;
- (b) From payments that would otherwise be paid to the City under (c) below, an amount, equal to any appropriately invoiced fees of the Bank or the Trustee billed to the City which

have not been paid within thirty (30) days of the date of the invoice therefor, shall be paid to the Bank or the Trustee by the City, as applicable;

(c) Any remaining amounts, after the transfers set forth in 3.6(a) and (b) above shall be transferred to the City net of the \$50,000 as described in Section 3.5, at the direction of GLWA, for deposit in the City's water and sewer fund (which may thereafter be further transferred by the City); and

(d) In the event there are not sufficient funds to pay the amounts due in 3.6(a) above, then all unencumbered and available funds shall be used to pay GLWA on that Monthly Distribution Date, including any amounts due as a result of insufficient payments on prior Monthly Distribution Dates.

In making distributions upon a direction authorized herein, the Trustee may accept such direction as a certification that such distribution complies with this Section and need make no further investigation.

In the event the Trustee receives any conflicting instructions from GLWA and the City, the Trustee shall accept direction from GLWA; provided however, that such direction may not amend the terms of this Agreement. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon GLWA's direction.

**Section 3.7 Monthly Statement.** The Trustee shall provide all Parties, within five Business Days of the end of each calendar month, a statement showing all deposits to and distributions from the Trust Fund.

## ARTICLE IV

### PROVISIONS REGARDING THE TRUSTEE

**Section 4.1 Acceptance of Trusts.** The Trustee hereby accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article IV, to all of which the City and GLWA agree. The situs of the trust established hereunder shall be Michigan.

**Section 4.2 No Responsibility for Recitals.** The Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of the recitals, statements or representations made in this Agreement.

**Section 4.3 Limitations on Liability.** The Trustee undertakes to perform only such duties as are expressly set forth herein and no duties shall be implied. The Trustee has no discretionary duties of any kind. The Trustee's permissive rights shall not be construed as duties. The Trustee shall have no liability under and no duty to inquire as to the provisions of any document other than this Agreement, including without limitation any other agreement between any or all of the Parties hereto or any other persons even though reference thereto may be made herein and whether or not a copy of such document has been provided to the Trustee.

The Trustee may execute any of the powers hereof and perform the duties required of it hereunder by or through attorneys, agents, receivers or employees, and shall be entitled to advice

of counsel concerning all matters of trust and its duties hereunder and shall incur no liability whatsoever for actions taken in good faith and in accordance with the advice of such counsel. The Trustee shall not be answerable for the exercise of any discretion or power under this Agreement or for anything whatsoever in connection with the trust created hereby, except only for its own gross negligence, fraud or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special, consequential or punitive damages or penalties of any kind (including, but not limited to lost profits), even if the Trustee has been advised of the likelihood of such damages or penalty and regardless of the form of action.

The Trustee shall not be liable for any error of judgment made in good faith by any of its directors, officers, employees or agents, unless it shall be established that the Trustee engaged in gross negligence, fraud or willful misconduct in ascertaining the pertinent facts.

The Trustee shall be protected in acting upon opinions of counsel and upon any notice, request, consent, certificate, order, affidavit, letter, or other paper or document (including electronic transmissions) believed to be genuine and correct and to have been signed or sent by an authorized representative of such person or persons.

All moneys received by the Trustee, until used or applied or invested as herein provided, shall be held as special trust funds for the purposes specified in this Agreement. Such moneys need not be segregated from other funds except to the extent required by law or herein provided, and the Trustee shall not otherwise be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

The Trustee shall not be obligated to take any legal action in connection with this Agreement or any other matter or to appear in, prosecute or defend any such legal action. No provision of this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

**Section 4.4 Compensation, Expenses, Advances and Indemnification**. The Bank and the Trustee shall be entitled to compensation for its services pursuant to its fee schedule (current schedule attached hereto as Exhibit A, subject to adjustment in accordance with standard business practices of the Bank and the Trustee), and absent such agreement, to reasonable compensation for its services rendered hereunder, including expenses, charges, disbursements, extraordinary time and services (not limited by any provision of law in regard to the compensation of the trustee of an express trust) and to reimbursement promptly for its actual out-of-pocket expenses (including fees and expenses of counsel, accountants, consultants and other experts, agent fees and expenses and Trustee's costs of enforcement of this Section 4.4) reasonably and necessarily incurred in connection with the Trustee's services or any claim asserted against the Trustee by any Party hereto or any other person or entity in connection with this Agreement, except to the extent determined by a court of competent jurisdiction to have been directly caused by the Trustee's gross negligence, fraud or willful misconduct. Fees of the Bank and fifty percent (50%) of the fees of the Trustee shall be paid by the City promptly upon receipt of the invoice therefor (and, if approved by the Bank, by debit from the City's operating account at the Bank). Fifty percent (50%) of the fees of the Trustee shall be paid by GLWA promptly upon receipt of a separate invoice therefor. In no event will the Trustee look to the moneys in the Trust Fund for

compensation for its services or expenses, other than as set forth in Section 3.6(b) of this Agreement.

**Section 4.5 Good Faith Reliance.** The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice (including telephonic notice), email, or facsimile transmission, request, consent, waiver, certificate, statement, affidavit, voucher, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board, body or person or to have been prepared and furnished pursuant to any of the provisions of this Agreement or upon the written opinion of any attorney, engineer, accountant or other expert believed by the Trustee, to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements.

**Section 4.6 Resignation and Removal of Trustee.** The Trustee may resign and be discharged of the trusts created by this Agreement by executing an instrument in writing resigning such trust and specifying the date when such resignation shall take effect, and filing the same with the Parties hereto not less than 45 calendar days before the date specified in such instrument when such resignation shall take effect. Such resignation shall take effect on the day specified in such instrument and notice, unless previously a successor Trustee shall have been appointed by the Parties, in which event such resignation shall take effect immediately upon the appointment of such successor Trustee. Notwithstanding the above, such resignation shall not be effective until a successor Trustee has assumed the Trustee's duties hereunder. The Trustee may be removed with the prior written consent of GLWA and the City upon 30 calendar days' prior written notice, provided that at the effective time of removal a successor Trustee has been appointed by such Parties and the successor Trustee has assumed the Trustee's duties hereunder.

**Section 4.7 Successor Trustee.** Any successor Trustee shall be a corporation or association organized and doing business under the laws of the United States or the State of Michigan, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000 and subject to the supervision or examination by federal or state authority. Any successor Trustee shall execute, acknowledge and deliver to the Parties and the Trustee an instrument accepting such appointment hereunder, and the Trustee shall immediately execute and deliver an instrument transferring to such successor Trustee, subject to the terms of this Agreement, all the rights, powers and trusts of the Trustee hereunder.

**Section 4.8 Successor by Merger or Consolidation.** Any corporation into which any Trustee hereunder may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party or any corporation succeeding to the corporate trust business of the Trustee, shall be the successor Trustee under this Agreement, without the execution or filing of any paper or any further act on the part of the Parties hereto, anything in this Agreement to the contrary notwithstanding.

**Section 4.9 Force Majeure.** In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural

catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

**Section 4.10 Permitted Investments.** Moneys in the Trust Fund shall be invested by the Trustee in the short-term fund selected by GLWA on the form provided for such purpose by the Trustee, except as hereafter specifically revoked in writing by GLWA. Interest earnings shall be retained in the Trust Fund until remitted in accordance with Section 3.1 of this Agreement.

The other Parties recognize and agree that the Trustee will not provide supervision, recommendations or advice relating to either the investment of funds or the purchase or disposition of any investment and the Trustee shall not have any liability for any loss in an investment made pursuant to the terms of this Agreement. The Trustee has no responsibility whatsoever to determine the market or other value of any investment and makes no representation or warranty as to the accuracy of any such valuations. To the extent applicable regulations grant rights to receive brokerage confirmations for certain security transactions, the City and GLWA waive receipt of such confirmations.

The Trustee may elect, but shall not be obligated, to credit the Trust Fund with funds representing income or principal payments due on, or sales proceeds due in respect of, investments in the Trust Fund, or to credit to the Trust Fund investments intended to be purchased with such funds, in each case before actually receiving the requisite funds from the payment source, or to otherwise advance funds for Trust Fund transactions. The City and GLWA acknowledge that the trust's legal obligation to pay the purchase price of any assets arises immediately at the time of the purchase. Notwithstanding anything else in this Agreement, (i) any such crediting of funds or assets shall be provisional in nature, and the Trustee shall be authorized to reverse or offset any such transactions or advances of funds in the event that it does not receive good funds with respect thereto, and (ii) nothing in this Agreement shall constitute a waiver of any of the Trustee's rights as a securities intermediary under Uniform Commercial Code §9-206.

**Section 4.11 Trustee's Powers.**

Notwithstanding any other provision of this Agreement, the Trustee may cause any part, or all, of the Trust Fund to be invested in one or more of the common trust funds maintained by the Bank or its affiliates. The portion of the Trust Fund so invested may be commingled with the funds of other trusts, to the extent allowed by law.

**ARTICLE V**

**GENERAL TERMS**

**Section 5.1 Term of the Agreement.** This Agreement will be in effect as of the Effective Date and shall continue in effect until GLWA acknowledges that all amounts for services rendered have been paid pursuant to the Water and Sewage Services Contracts.

**Section 5.2 Notices.** Any notice to be given in connection with any of the terms or provisions of this Agreement shall be in writing and be given in person, by delivery service, by facsimile transmission, electronic mail, or by mail, and shall become effective (a) on delivery if given in person, (b) on the date of delivery if sent by delivery service, (c) on the date of delivery if sent by facsimile transmission or other similar unsecured electronic methods, or (d) five Business Days after being deposited in the mail, with proper postage for first class registered or certified mail, prepaid.

Until notified in writing by the appropriate Party of a change to a different address, notices shall be addressed as follows:

- (i) if to the City:

Mayor  
City of Highland Park  
12050 Woodward Avenue  
Highland Park, Michigan 48203  
Attention: City Attorney

cc: Director of Highland Park Water Department

- (ii) if to GLWA:

Great Lakes Water Authority  
735 Randolph Street, Suite 1901  
Detroit, Michigan 48226  
Attention: General Counsel

- (iii) if to the Trustee:

Comerica Bank  
411 W. Lafayette Blvd.  
Detroit, Michigan 48226  
Attention: Vice President, Senior Relationship Manager  
Institutional Services Group

**Section 5.3 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

**Section 5.4 Amendments.** This Agreement may be amended or revised only by a written agreement signed by all of the Parties hereto.

**Section 5.5 Counterparts.** This Agreement may be executed in one or more counterparts, all of which shall be deemed to be one and the same document. When all Parties hereto have executed at least one counterpart, this Agreement shall be binding on all the Parties hereto.

**Section 5.6 Binding Effect; Assignment.** This Agreement shall be binding upon the Parties to this Agreement and upon their respective successors. No Party to this Agreement may assign this Agreement without the prior written consent of the other Parties to this Agreement.

**Section 5.7 Entire Agreement.** This Agreement, including the schedule and exhibits hereto (which are incorporated herein by reference), embodies the entire Agreement and understanding between the Parties as to the matters addressed in this Agreement.

**Section 5.8 Continuing Effectiveness of Water and Sewage Services Contracts.** The City and each of the other Parties hereto acknowledge and agree that nothing contained in this Agreement constitutes or is intended to constitute a modification, amendment or waiver of any of the Water and Sewage Services Contracts, or of any term or provision of any of the Water and Sewage Services Contracts, each of which shall remain in full force and effect in accordance with the terms thereof and shall be enforceable by the applicable Parties thereto in accordance with the terms thereof.

**Section 5.9 Parties in Interest.** Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give any person or entity, other than the Parties, any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Agreement shall be for the sole and exclusive benefit of the Parties.

**Section 5.10 Representations and Warranties.** The City and GLWA each respectively make the following representations and warranties to the Trustee:

- (a) It has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and this Agreement has been duly approved by all necessary action and constitutes its valid and binding agreement enforceable in accordance with its terms.
- (b) Each of the applicable positions designated on Schedule 2 attached hereto has been duly appointed to act as its authorized representative hereunder and individually has full power and authority on its behalf to execute and deliver any instruction or direction, to amend, modify or waive any provision of this Agreement and to take any and all other actions as its authorized representative under this Agreement and no change in designation of such authorized representatives shall be effective until written notice of such change is delivered to each other Party to this Agreement pursuant to Section 5.2 and the Trustee has had reasonable time to act upon it. Annually a written confirmation of the designated person shall be submitted to the Trustee.

**Section 5.11 Security Measures.** In the event instructions, including funds transfer instructions, address change or change in contact information are given to the Trustee (other than in writing at the time of execution of this Agreement), whether in writing, by facsimile or otherwise, the Trustee is authorized but shall not be required to seek confirmation of such instructions by telephone call-back to the applicable person or persons designated on Schedule 2 hereto, and the Trustee may rely upon the confirmation of anyone purporting to be the person or persons so designated. The persons and telephone numbers or e-mails for call-backs may be

changed only in writing actually received and acknowledged by the Trustee and shall be effective only after the Trustee has a reasonable opportunity to act on such changes. The Parties agree that the Trustee may at its option record any telephone calls made pursuant to this Section. The Trustee in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by the beneficiary to identify (a) the beneficiary, (b) the beneficiary's bank, or (c) an intermediary bank, even when its use may result in a person other than the beneficiary being paid, or the transfer of funds to a bank other than the beneficiary's bank or an intermediary bank so designated. The Parties acknowledge that these optional security procedures are commercially reasonable.

**Section 5.12 Suspension of Performance; Disbursement into Court.** If, at any time, (a) a dispute exists with respect to any obligation of the Trustee hereunder, (b) the Trustee is unable to determine, to the Trustee's sole satisfaction, the Trustee's proper actions with respect to its obligations hereunder, or (c) the other Parties have not, within 30 days of receipt of a notice of resignation, appointed a successor the Trustee to act hereunder, then the Trustee may, in its sole discretion, take either or both of the following actions:

(i) Suspend the performance of any of its obligations (including without limitation any disbursement obligations) under this Agreement until such dispute or uncertainty shall be resolved to the sole satisfaction of the Trustee or until a successor the Trustee shall have been appointed.

(ii) Petition (by means of an interpleader action or any other appropriate method) any court of competent jurisdiction, in any venue convenient to the Trustee, for instructions with respect to such dispute or uncertainty and, to the extent required or permitted by law, pay into such court, for holding and disposition in accordance with the instructions of such court, all funds held hereunder, after deduction and payment to the Trustee of all fees and expenses (including court costs and attorneys' fees) payable to, incurred by, or expected to be incurred by the Trustee in connection with the performance of its duties and the exercise of its rights hereunder.

The Trustee shall have no liability to the other Parties for suspension of performance or disbursement into court, specifically including any liability or claimed liability that may arise due to any delay in any other action required or requested of the Trustee.

**Section 5.13 Waiver of Jury Trial.** The Parties acknowledge that the right to trial by jury is a constitutional one, but that it may be waived. Each party, after consulting (or having had the opportunity to consult) with counsel of its choice, knowingly and voluntarily, and for the mutual benefits of each other, waives any right to trial by jury in the event of litigation regarding the performance or enforcement of, or in any way related to, this Agreement.

**Section 5.14 Lawful Agreement.** The Parties each have reviewed this Agreement as well as all associated agreements referenced in this Agreement with their respective legal counsel, and now represent that all actions and grants of authority necessary for enforcement of this Agreement as written have occurred and that this Agreement is consistent with and enforceable under all law applicable at the time of execution.

**Dated February 12, 2024**

[Remainder of page intentionally left blank]

Accordingly, the City, GLWA and the Trustee by and through their duly authorized officers and representatives, have executed this Agreement.

**City of Highland Park:**

By: \_\_\_\_\_  
Glenda McDonald  
Mayor

Attest:

By: \_\_\_\_\_  
Brenda Green  
City Clerk

Approved by  
Highland Park City Council on:

\_\_\_\_\_ Date

**Great Lakes Water Authority:**

By: \_\_\_\_\_

Suzanne R. Coffey

Its: Chief Executive Officer

Approved by  
GLWA Board of Directors on:

\_\_\_\_\_  
Date

Approved as to Form by  
GLWA General Counsel on:

\_\_\_\_\_  
Signature Date

**Comerica Bank**, as Bank, with respect to Sections 3.2, 3.5 and 4.4 hereof,  
and as Trustee:

By: \_\_\_\_\_

Its: \_\_\_\_\_

## Exhibit A

### Comerica Directed Trustee/Custodial Fee Schedule

(As of March 1, 2024)

[Subject to subsequent amendment by Trustee and Bank as set forth in the Agreement and for similar Bank/Trustee/Custodial arrangements]

#### TRUSTEE FEES:

**Directed Trustee/Custodial Fee** \$6,250 quarterly fee – billed in arrears

#### Activity Fees

Buy/Sell/Maturity	Included
Wire Transfer Out	\$17 per wire
Disbursements (non-wire)*	\$20 per disbursement (plus postage if applicable)
Disbursements (ACH only)*	\$7 per disbursement
Pension Payments*	Available upon request

Relationship pricing is available when custody services are bundled with Comerica's index or actively managed investment products

#### Other Services

- Online services are available at no additional charge
- Foreign securities with non-U.S. settlement will be charged under a global custody schedule
- Performance Measurement will be charged under Comerica's Performance Measurement Services Fee Schedule
- Comerica utilizes a third party vendor to pursue foreign tax reclaims. Accounts that wish to have Comerica's vendor reclaim eligible amounts withheld will be charged based on the vendor's current fee schedule. The vendor's fee is deducted from the account. Comerica does not charge any additional fees.
- Other extraordinary services, including tax reporting, may be quoted separately based on the scope and costs of the activity

#### Cash Sweep

Comerica makes available a variety of highly rated cash investment funds for automated, same-day investment of cash balances resulting from income or trade settlement. A cash sweep charge of twenty-five basis points is netted to the earnings of the fund. Please note that Comerica may receive a servicing fee for non-proprietary money market funds.

Comerica's fees are billed quarterly in arrears and will be invoiced, however, if payment is not received within 45 days, Comerica reserves the right to receive payment pursuant to Section 3.6(b) of this Agreement.

- \* Comerica uses a general disbursement checking account to process disbursements it makes via check. This is a non-interest bearing account from which Comerica may receive float. Float is earned at the Fed Funds rate, as published in the Wall Street Journal or on the Federal Reserve's Web Site. Comerica may begin earning float once the funds are transferred from your trust account to the general disbursement checking account. Comerica continues to receive float on such funds until such time as the check is presented for payment or the funds are disposed of pursuant to an unclaimed funds procedure. Disbursements via wire or ACH do not generate float and provide improved funds availability for recipients. Generally, Comerica does not receive float on funds received pending investment instructions. Exceptions to the above-described procedures may apply.

**BANK FEES:**

<b>LOCKBOX MONTHLY FEES</b>	<b>PRICE</b>
LBX NEW ACCOUNT SETUP	\$158.0000
LBX ITEM CHARGES	0.4500
LBX CORRESPONDENCE	0.4500
LBX UNPROCESSED ITEM	.52000000
LBX KEYSTROKES	.01900000
LBX DATA TRANSMISSION	195.0000
LBX IMAGE MONTHLY MAINTENANCE	210.0000
LBX IMAGES CAPTURED-CHECKS	.08400000
LBX IMAGES CAPTURED-INVOICES	.10500000
LBX IMAGES CAPTURED-ENVELOPES	.10500000
LBX IMAGES CAPTURED-CORRESPONDENCE	.10500000
LBX PROGRAMMING FEE	210.0000
LBX PO BOX RENTAL FEE	8.3500
LBX-ITEM DEPOSITED	.14700000

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Schedule 1

Wire Instructions for Fund Transfers  
*[Confidential; full instructions separately provided]*

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Part A: Wire Instructions to the Trustee  
Comerica Bank  
Account Name: GLWA Trust

Part B: Wire Instructions to GLWA  
US Bank  
Account Name: \_\_\_\_\_

Part C: Wire Instructions to the City  
Bank: \_\_\_\_\_  
Account Name: City of Highland Park

Any Party can change its wire instructions set forth above by following the Notice provisions in Article V of this Agreement.

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Schedule 2

Authorized Representatives of the Parties

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Each of the following person(s) is a City Representative authorized to execute documents and direct the Trustee as to all matters, including fund transfers, address changes and contact information changes, on the City's behalf (only one signature required), and signature and contract verification information has been separately provided to the Bank and Trustee, and will be updated upon request by the Bank and Trustee:

Title:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Each of the following person(s) is a GLWA Representative authorized to execute documents and direct the Trustee as to all matters, including fund transfers, address changes and contact information changes, on GLWA's behalf (only one signature required):

Title:

Chief Executive Officer  
Chief Administrative & Compliance Officer  
Chief Financial Officer/  
Director of Financial Reporting & Accounting  
Treasury Manager

113282.000002 4861-7655-4516.33



## DEPOSIT ACCOUNT CONTROL AGREEMENT (Account Access Restricted)

This Deposit Account Control Agreement (this "**Agreement**") is entered into as of \_\_\_\_\_, 2024, by and among **GREAT LAKES WATER AUTHORITY** and the **CITY OF HIGHLAND PARK** (collectively, the "**Customer**"), **COMERICA BANK**, as Trustee under that certain 2024 All Receipts Trust Agreement dated \_\_\_\_\_, 2024 (the "**Trust Agreement**") (in this capacity, the "**Secured Party**") and **COMERICA BANK**, a Texas banking association ("**Bank**") with reference to the following facts:

A. Customer maintains the Deposit Account (as defined below) at Bank and has a Lockbox (defined below) associated with a corresponding Deposit Account all as indicated on the attached **Exhibit "A"**.

B. Under the Trust Agreement, the Customer has named Comerica Bank as trustee with respect to the trust account established thereunder (the "**Trust Account**") and Customer has granted Secured Party a security interest in the Deposit Account and all checks, automated clearinghouse transfers, wire transfers, instruments, Lockbox Items (defined below), and other payment items now or at any time hereafter held in or credited to the Deposit Account (collectively, the "**Funds**"), which Funds are required to be transferred to the Trust Account pursuant to the terms of the Trust Agreement.

C. Secured Party, Customer and Bank have agreed to enter into this Agreement to provide for the control of the Deposit Account by Secured Party. The parties acknowledge that the Deposit Account constitutes a "deposit account" within the meaning of Section 9-102 of the Code (as defined below) and Bank is a "bank" within the meaning of Section 9-102 of the Code.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows.

### **ARTICLE 1 - DEFINITIONS**

**1.01 Definitions.** As used in this Agreement, the following terms shall have the following meanings:

"**Account Charges**" means those items described in clauses (i) through (ix) of *Section 2.02(c)* of this Agreement.

"**Account Contract**" means Bank's Business and Personal Deposit Account Contract, and such other agreement(s) in effect between Customer and Bank governing the Deposit Account, as amended or modified from time to time.

"**Account Documents**" means Bank's current Signature Card, Declaration, Resolution or any other documents required by Bank to evidence Customer's authority and ownership over the Deposit Account.

"**Banking Office**" means, collectively, the locations set forth as the addresses for notice to Bank in *Section 3.07* of this Agreement.

"**Business Day**" means any day, other than a Saturday, Sunday or any other day designated as a holiday under Federal or applicable State statute or regulation, on which Bank is open for all or substantially all of its domestic business in the state of Michigan.

"**Code**" means the Michigan Uniform Commercial Code, as amended and supplemented from time to time, and any successor statute applicable to the Deposit Account.

"**Collected Balance**" means the balance in the Deposit Account that reflects deposits, posted withdrawals and other debits, less deposited items in the process of collection and less Account Charges.

**“Deposit Account”** means the deposit accounts (whether one or more) established by Customer with Bank and identified on **Exhibit “A”** attached hereto and made a part of this Agreement, all Funds and any other deposit account of Customer established with Bank in replacement and substitution therefor, including any deposit account established with a new account number, whether required by Bank, upon maturity or renewal of any time deposit or otherwise.

**“Effective Date”** means the date that is five (5) Business Days after Bank receives (i) a fully executed Agreement with original signatures from all parties sent to the Relationship Manager Banking Office, and (ii) satisfactory updated or new Account Documents, if required.

**“Lockbox”** means a post office box maintained for Customer by Bank to receive Lockbox Items to be processed by Bank for deposit as indicated on the attached **Exhibit “A”**.

**“Lockbox Agreement”** means the agreement between Bank and Customer governing the Lockbox and the services to be provided by Bank to Customer in connection therewith.

**“Lockbox Items”** means all checks, drafts, documents, electronic payments and other remittances received in the Lockbox for credit to a Deposit Account prior to Bank processing and crediting such Items for deposit to the Deposit Account.

**“Order”** means any written instruction issued by Customer, Secured Party or any authorized person and timely received by Bank with respect to the disposition of Funds contained in the Deposit Account, including Orders in the form of **Exhibits “B-1”** or **“B-2”** attached to this Agreement or another form acceptable to Bank.

**“Relationship Manager Banking Office”** means the Banking Office address of the Relationship Manager set forth in *Section 3.07* of the Agreement.

**1.02 Construction.** Any reference in this Agreement to any document includes any and all alterations, amendments, extensions, modifications, renewals, or supplements thereto or thereof, as applicable. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against Bank, whether under any rule of construction or otherwise. This Agreement has been reviewed by each of the parties hereto, and, to the extent applicable, their respective counsel. This Agreement shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of Customer and Secured Party.

**1.03 Lockbox.** In the event **Exhibit “A”** indicates that there is a Lockbox for receipt and deposit of Lockbox Items to Customer in connection with any Deposit Account, Customer and Bank acknowledge that they have entered into a Lockbox Agreement that governs Bank’s obligations in connection with such Lockbox. Moreover, Customer and Secured Party acknowledge and agree that Bank’s operation of each Lockbox, and the receipt, retrieval, processing or deposit of Lockbox Items are governed by the Lockbox Agreement. Upon execution and delivery of this Agreement, Lockbox Items will continue to be deposited in the applicable Deposit Account in accordance with the term of the Lockbox Agreement. Customer agrees that Customer will not instruct Bank regarding the receipt, processing or deposit of Lockbox Items nor will it attempt to change or redirect the Lockbox Items deposited in any Lockbox. Customer further agrees that Secured Party alone will have the right and ability to instruct Bank regarding the Lockbox and Lockbox Items.

## **ARTICLE 2 - CONTROL**

**2.01 No Withdrawals, Payments, Instructions or Orders from Customer.** Customer hereby absolutely, irrevocably and unconditionally gives full control over the Deposit Account to Secured Party and Secured Party agrees to assume such control. As a result:

(a) Bank shall neither accept nor comply with any Order from Customer for the payment of Funds to any third person nor permit Customer to withdraw Funds; and

(b) Bank shall comply with the instructions contained in any Order received from Secured Party concerning the Deposit Account regarding disposition and/or delivery of Funds, without further consent or direction from Customer and without regard to any inconsistent or conflicting Orders given to Bank by Customer.

Secured Party hereby agrees that before it attempts to give Bank any Orders concerning the Deposit Account, Secured Party shall deliver to the Banking Office such documentation as Bank may from time to time reasonably request to evidence the authority of those person(s) whom Secured Party may designate to give Orders, and that Bank shall be entitled to assume the authenticity and accuracy of such documents and rely on such documents without further inquiry that the person(s) named in any such evidence of authority have the authority to give such Orders. Customer hereby agrees that Bank shall have no duty to notify Customer or make any inquiry whatsoever as to Secured Party's right or authority to give any such Orders, instructions or directions. Any Order to Bank to wire transfer funds domestically will each be deemed a Payment Order (as defined in Section 4A of the Code or applicable state equivalent law) and Secured Party and Customer agree that the wire transfer, if in conformance with such Order, is authorized by Customer and/or Secured Party, as applicable, is deemed authenticated via the notice process contained in this Agreement and agree that this notice process is a commercially reasonable means for determining authentication without any duty to further authenticate the Payment Order.

**2.02 Priority of Lien.** Bank hereby acknowledges and agrees that:

(a) By this Agreement, Bank has received notice of the existence of Secured Party's security interest in the Deposit Account and recognizes the security interest granted to Secured Party by Customer;

(b) Said security interest shall be noted by Bank on its books and records in any manner that the Bank deems appropriate;

(c) All of Bank's present and future rights against the Deposit Account are subordinate to Secured Party's security interest during the term of this Agreement. However, by signing this Agreement, Secured Party acknowledges and agrees that nothing herein subordinates or waives, and Bank expressly reserves, all of its present and future rights (whether described as rights of setoff, banker's lien, security interest, chargeback or otherwise, and whether available to Bank under the law or under any other agreement between Bank and Customer concerning the Deposit Account, or otherwise) with respect to the following: (i) items deposited to the Deposit Account and returned unpaid, whether for insufficient funds or for any other reason, and without regard to the timeliness of return of any such items or the occurrence or timeliness of any drawee's notice of non-payment of such items; (ii) ACH entries credited to the Deposit Account and later reversed, whether for insufficient funds or for any other reason, and without regard to the timeliness of such entries' reversal; (iii) chargebacks to the Deposit Account of credit card transactions, without regard to the timeliness of such chargebacks; (iv) erroneous entries to the Deposit Account; (v) overdrafts on the Deposit Account, (vi) claims of breach of the transfer or presentment warranties made to Bank pursuant to the Code in connection with items deposited to the Deposit Account; (vii) any early withdrawal penalties as provided in the Account Contract resulting from withdrawal of Funds prior to the maturity date (if the Deposit Account includes a Time Deposit or similar account) (the items from (i) through (vii) shall be collectively referred to as "Returned Items"); (viii) any lien arising in connection with any loan or other credit relationship between Customer and Bank; and (ix) Bank's usual and customary charges for services rendered in connection with the Deposit Account including the fees and charges listed on Schedule I attached to this Agreement (which, subject to 30 days' prior notice to Customer, may be changed by Bank from time to time) (collectively, "Bank Charges");

(d) Except as otherwise required by Legal Mandate (defined below), Bank shall not enter into any agreement with any third party that affects the security interest of Secured Party during the term of this Agreement without the prior written consent of Secured Party; and

(e) Bank is permitted to comply with any, writ, levy, garnishment, or court or administrative law order or other similar judicial or regulatory order or process concerning the Deposit Account (each referred to as "Legal Mandate"). Upon receipt of any Legal Mandate, to the extent allowed by law, Bank will make a reasonable effort to forward copy of the same to Secured Party as promptly as possible at its address set forth in *Section 3.07* of this Agreement, but Bank will in no event incur any liability to Secured Party or Customer by reason of any failure or delay in providing such notice. In addition, in the event of the commencement of a case pursuant to Title 11,

United States Code, filed by or against Customer, or in the event of the commencement of any similar case under then applicable federal or state law providing for the relief of debtors or the protection of creditors by or against Customer, Bank may act as Bank deems necessary to comply with all applicable provisions of governing statutes and shall not be in violation of this Agreement as a result.

**2.03 Control of Deposit Account.** At all times during the effectiveness of this Agreement, Customer hereby absolutely, irrevocably and unconditionally instructs, and Bank hereby agrees, that:

(a) Bank shall comply with the instructions contained in any Orders concerning the Deposit Account from Secured Party without further consent by Customer;

(b) Except for Legal Mandates, Bank shall not comply with any Orders or other instructions concerning the Deposit Account from Customer or any third party, without the prior written consent of Secured Party, and

(c) Bank shall not, without the specific prior written consent of Secured Party in each instance, accept or comply with Orders from Customer for the payment of any Funds to Customer or any third person, or permit Customer to withdraw any Funds.

**2.04 Representations, Warranties and Acknowledgments.**

(a) Bank represents and warrants to Secured Party that as of the Effective Date:

(i) The Deposit Account has been or will be established and maintained with Bank solely in Customer's name upon execution of this Agreement and Customer's delivery of satisfactory updated or new Account Documents if required;

(ii) Bank has no knowledge of any claim to, security interest in or lien upon the Deposit Account, except the security interests in favor of Secured Party and Bank's liens and interests as described in *Section 2.02(c)* hereof; and

(iii) Bank has not knowingly entered into any agreement with any third party regarding the Deposit Account or agreed that it will comply with any Orders concerning the Deposit Account originated by any such third party.

(b) Customer and Secured Party represent and warrant to Bank that the execution, delivery, and performance of this Agreement and any related Account Document, as applicable, (i) is within Customer's and Secured Party's powers, (ii) has been duly authorized, executed and delivered by such party, and (iii) does not conflict with nor constitute a breach of any provision contained in any agreement by which Customer or Secured Party, as applicable, is bound.

(c) Customer represents and warrants to Bank and Secured Party that it has not granted a lien on or security interest in the Deposit Account to any person or entity other than Secured Party and is not aware of any legal judgment resulting in a lien on the Deposit Account.

**2.05 Deposit Account Information.** Bank and Customer agree that:

(a) At Customer's expense and Secured Party's request, Bank shall endeavor in good faith to send copies of statements relating to the Deposit Account simultaneously to Customer and to Secured Party;

(b) Bank is authorized to, and may in its sole discretion, disclose to Secured Party such other information concerning the Deposit Account as Secured Party may from time to time reasonably request during the term of this Agreement;

(c) To the extent allowed by law, rule, regulation or order, Bank shall use reasonable efforts to promptly notify Secured Party and Customer if any other party asserts any claim to, security or property interest in or lien upon the Deposit Account; and

(d) If Customer is not a reporting company under the Securities Exchange Act of 1934, Customer will deliver to Bank as soon as available but in any event no later than [60][90] days after the end of each fiscal year, its audited consolidated balance sheet and related statements of operations, owner's equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year ("**Customer Financial Statements**"). Bank shall keep the Customer Financial Statements confidential.

## **2.06 Bank's Responsibility.**

(a) Except for permitting a withdrawal, transfer or payment from the Deposit Account in violation of *Section 2.01* hereof, Bank shall not be liable to Secured Party for complying with Orders from Customer that are received by Bank before Bank receives and has had a reasonable opportunity to act on any Order from Secured Party in accordance with the terms of this Agreement;

(b) Bank shall not be liable to Customer for complying with Orders originated by Secured Party, even if Customer notifies Bank that Secured Party is not legally entitled to issue such Orders;

(c) This Agreement does not create any obligation of Bank except for those expressly set forth in this Agreement. In particular, Bank need not investigate whether Secured Party is entitled under Secured Party's agreement with Customer to give Orders. In acting or performing under this Agreement, Bank may rely on any papers, documents, notices and communications it believes are given, signed or sent by the appropriate party or its authorized representative;

(d) Bank will not have any liability to Customer or Secured Party for (i) closing the Deposit Account due to fraud or criminal activity in connection with any Deposit Account (Bank will also notify Secured Party substantially contemporaneously with closing the Deposit Account, unless prohibited by law), or (ii) claims, losses, liabilities or damages suffered or incurred by Customer or Secured Party as a result of or in connection with this Agreement except to the extent such losses, liabilities and damages directly result from Bank's gross negligence or willful misconduct;

(e) The parties agree that substantial compliance by Bank with the terms of this Agreement and the agreements entered into with Customer from time to time with respect to the Deposit Account, as they may be amended from time to time, shall be deemed to constitute the exercise of ordinary and reasonable care. In the event that Bank is liable to Customer or Secured Party under this Agreement, Bank's liability shall be limited to the lesser of (i) the actual direct and provable amount of money damages suffered by the claiming party, or (ii) the amount maintained in the Deposit Account at the time the claim for such liability arose; and

(f) In no event shall Bank have any liability to Customer or Secured Party for (1) any consequential, special, punitive or exemplary damages, indirect loss or damage or any lost profits, whether or not any claim for such damages is based on tort or contract or an allegation that Bank knew or should have known the likelihood of such damages in any circumstances, (2) any failure to perform Bank's responsibilities under this Agreement if such failure is due to strikes, lockouts or other labor disturbances, riots or civil commotions, fire or other casualty, earthquakes, floods, windstorms, lightning or other acts of God, epidemics, sabotage, insurrection, war, civil disorders, hostilities, expropriation or confiscation of properties, equipment failures or malfunctions, power failures, failures of or delays by carriers or other third parties, interference by civil or military authorities, or any other cause or condition beyond Bank's control, (3) any act or failure to act by Customer or Secured Party, or (4) acting pursuant to a court order, subpoena, garnishment, tax levy or similar process in regard to any account or service covered by this Agreement.

**2.07 Returned Items and Bank Charges.** Customer and Secured Party hereby agree that Returned Items and Bank Charges shall be subject to the Account Contract and shall be paid by Bank by debiting the Deposit Account, without prior notice to Customer or Secured Party. To the extent that funds are not available in the Deposit Account to cover the amount of any Returned Item or Bank Charge, Customer shall promptly pay such amount or any shortfall upon Bank's written demand, without setoff or counterclaim; provided that if Customer fails to pay such amount or shortfall within ten (10) days of Bank's written demand, then Secured Party hereby agrees that it will pay, within five (5) days of Bank's written demand, amounts owed for each such Returned Item or Bank Charge that is not paid in full by Customer.

## **2.08 Indemnity.**

(a) Customer and Secured Party hereby agree that Bank is released from any and all claims and liabilities to Customer and Secured Party arising from the terms of this Agreement and the compliance by Bank with the terms hereof, except to the extent that such liabilities arise directly from Bank's gross negligence or willful misconduct.

(b) Customer shall indemnify and hold harmless Bank, its officers, directors, employees, and agents from and against any and all claims, liabilities, demands, losses, damages, costs and expenses arising out of this Agreement (including without limit reasonable attorneys' fees and disbursements), except to the extent the claims, liabilities, damages or expenses are caused directly by Bank's gross negligence or willful misconduct. Customer shall indemnify Secured Party for any indemnity obligations Secured Party owes to Bank under this Agreement.

(c) Secured Party shall indemnify and hold harmless Bank, its officers, directors, employees, and agents from and against any and all claims, liabilities, demands, losses, damages, costs and expenses arising out of this Agreement in connection with any Order or instruction given by Secured Party (including without limit reasonable attorneys' fees and disbursements), except to the extent the claims, liabilities, damages or expenses are caused directly by Bank's gross negligence or willful misconduct; provided, however, that in no event shall Secured Party be liable for any special, consequential, punitive or exemplary damages, or lost profits.

## **2.09 Termination, Survival.**

(a) This Agreement shall terminate:

- (i) immediately (1) if Bank suspects or becomes aware of fraud or criminal activity in connection with any Deposit Account or this Agreement, (2) upon written notice from Bank to Customer and Secured Party indicating that Customer or Secured Party failed to make a payment due to Bank from Customer or Secured Party under the terms of this Agreement, or (3) upon receipt by Bank of written notice in the form of **Exhibit "C"** attached hereto from Secured Party expressly stating that Secured Party is terminating this Agreement. Upon the occurrence of any of the foregoing, Bank's duties under this Agreement shall be terminated except as otherwise stated in this Agreement. If Customer wishes to retain the Deposit Account after Secured Party terminates this Agreement pursuant to clause (3) above, Customer must request that Bank revert the control of the Deposit Account back to Customer and, subject to Bank's receipt of new or updated Account Documents, if required, eliminate any reference to this Agreement, Secured Party and Secured Party's security interest from Bank's books and records; and
- (ii) no later than fifteen (15) Business Days after delivery of written notice from Bank to Secured Party and Customer stating that it is terminating this Agreement, and thereupon Bank's duties under this Agreement shall be terminated. If Bank terminates this Agreement, no later than the fifteenth (15<sup>th</sup>) Business Day following delivery of such termination, Bank shall close the Deposit Account and any related Lockbox(s) after sending all Funds to Secured Party. If Customer wishes to retain the Deposit Account after Bank terminates this Agreement pursuant to this clause (ii), Customer must request that Bank revert the control of the Deposit Account back to Customer and, subject to Bank's receipt of new or updated Account Documents, if required, eliminate any reference to this Agreement, Secured Party and Secured Party's security interest in the Deposit Account from Bank's books and records.

(b) Notwithstanding anything to the contrary contained herein, *Sections 2.06*, "Bank's Responsibility," and *Section 2.08*, "Indemnity," shall survive termination of this Agreement.

**ARTICLE 3 - GENERAL PROVISIONS**

**3.01 Conflicts; Controlling Agreement.** As to the matters specifically the subject of this Agreement, in the event of any conflict between this Agreement and any other agreement between Bank and Customer, the terms of this Agreement shall control.

**3.02 Final Agreement; Amendments, Modifications and Waivers.** In addition to the terms contained in this Agreement, the parties agree that the Deposit Account will be subject to the terms contained in the Account Contract. To the extent any term of the Account Contract conflicts with any term of this Agreement, the terms of this Agreement shall prevail. This Agreement and the Account Contract, together with any other document, instrument, or agreement entered into between Bank, Customer and Secured Party in connection therewith with respect to the subject matter contained therein constitutes the entire understanding among each of them with respect to the subject matter thereof. This Agreement supersedes any and all prior oral or written agreements relating to the subject matter hereof. Any provision of this Agreement may be amended, modified, or waived if, but only if, such amendment, modification, or waiver is in writing and is signed by the party asserted to be bound thereby, and then such amendment, modification, or waiver shall be effective only in the specific instance and specific purpose for which given.

**3.03 Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties. However, Bank shall not be obligated to accept a successor or assign of Customer or Secured Party and may terminate this Agreement or require such other documentation it determines necessary to continue this Agreement.

**3.04 Severability of Provisions.** If any provision of this Agreement for any reason is held to be invalid, illegal or unenforceable in any respect, that provision shall not affect the validity, legality or enforceability of any other provision of this Agreement.

**3.05 Section Headings.** Headings and numbers used to identify sections and paragraphs of this Agreement have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each section applies equally to this entire Agreement.

**3.06 Counterparts; Electronic Execution.** This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by facsimile, emailed portable document format ("pdf"), or tagged image file format ("tiff") or any other electronic means that reproduces an image of the actual executed signature of an authorized signer of such party (collectively, "**Electronic Execution**") shall be effective as delivery of an original executed counterpart of this Agreement, and shall be equally as effective as delivery of a manually executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by Electronic Execution also shall deliver a manually executed counterpart of this Agreement but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

**3.07 Notices.** All notices, requests and demands which any party is required or may desire to give to any other party under any provision of this Agreement must be in writing and delivered to each party at the following address:

Bank:

Relationship Manager \_\_\_\_\_  
Mail Code: \_\_\_\_\_  
COMERICA BANK  
411 West Lafayette  
Detroit, Michigan 48226  
Fax. No.: \_\_\_\_\_  
Email: \_\_\_\_\_  
Attn:

And With a copy to:

GM  
Mail Code: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax. No.: \_\_\_\_\_  
Email: \_\_\_\_\_  
Attn: \_\_\_\_\_

And With a copy to:

COMERICA BANK  
Mail Code: 6506  
Corporate Legal Department  
1717 Main Street  
Dallas, TX 75201  
Email: DACALegal@comerica.com  
Attn: DACA Legal

Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax. No.: \_\_\_\_\_  
Email: \_\_\_\_\_  
Attn: \_\_\_\_\_

Secured Party:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax. No.: \_\_\_\_\_  
Email: \_\_\_\_\_  
Attn: \_\_\_\_\_

or to such other address, facsimile number, or email address as any party may designate by written notice to all other parties. Each such notice, request and demand shall be deemed received as follows: (i) if hand delivered, upon delivery; (ii) if sent by facsimile, after receipt is acknowledged by a telephone call or email from the intended recipient; (iii) if sent by overnight courier, upon receipt, and (iv) if sent by email, after receipt is acknowledged by a telephone or email from the intended recipient.

**3.08 Governing Law.** CUSTOMER, BANK AND SECURED PARTY HEREBY AGREE THAT THIS AGREEMENT AND ALL OTHER DOCUMENTS, INSTRUMENTS AND AGREEMENTS RELATED TO THIS AGREEMENT (BETWEEN CUSTOMER AND BANK, OR AMONG CUSTOMER, BANK AND SECURED PARTY) (COLLECTIVELY, REFERRED TO HEREIN AS THE “**DACA DOCUMENTS**”) SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MICHIGAN, WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES. WITH RESPECT TO THE DACA DOCUMENTS, CUSTOMER, SECURED PARTY AND BANK EACH HEREBY IRREVOCABLY AND UNCONDITIONALLY (I) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL COURT OR MICHIGAN STATE COURT SITTING IN DETROIT, MICHIGAN (AND ANY APPELLATE COURT THEREOF) IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THE DACA DOCUMENTS, (II) AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD, AND DETERMINED IN ANY SUCH COURT, (III) WAIVES ANY OBJECTION, TO THE LAYING OF VENUE OF ANY SUCH SUIT OR PROCEEDING IN ANY SUCH COURT, AND (IV) CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY COURT IN OR OF THE STATE OF MICHIGAN

BY THE DELIVERY OF COPIES OF SUCH PROCESS TO THE CUSTOMER OR SECURED PARTY AT ITS RESPECTIVE ADDRESS SPECIFIED IN SECTION 3.07 OF THIS AGREEMENT OR BY CERTIFIED MAIL DIRECTED TO SUCH ADDRESS (OR, IN ANY CASE, ANY OTHER ADDRESS DESIGNATED BY SUCH PARTY IN A NOTICE TO BANK). NOTHING HEREIN SHALL LIMIT OR OTHERWISE AFFECT THE RIGHT OF BANK TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING ANY SUCH ACTION OR PROCEEDING AGAINST CUSTOMER OR SECURED PARTY OR ANY OF THEIR PROPERTY IN ANY COURT OF ANY OTHER JURISDICTION.

**3.09 Jury Trial Waiver.** CUSTOMER, BANK AND SECURED PARTY, BY ACCEPTANCE OF THIS AGREEMENT, ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED UNDER CERTAIN CIRCUMSTANCES. TO THE EXTENT PERMITTED BY LAW, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO THE DACA DOCUMENTS OR THE OBLIGATIONS.

**3.10 Judicial Reference Provision.**

(a) In the event the Jury Trial Waiver set forth above is not enforceable, the parties elect to proceed under this Judicial Reference Provision.

(b) With the exception of the items specified in clause (c), below, any controversy, dispute or claim (each, a "**Claim**") between the parties arising out of or relating to this Agreement or any other document, instrument or agreement between the undersigned parties (collectively in this Section, the "Loan Documents"), will be resolved by a reference proceeding in California in accordance with the provisions of Sections 638 et seq. of the California Code of Civil Procedure ("**CCP**"), or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Except as otherwise provided in the Loan Documents, venue for the reference proceeding will be in the state or federal court in the county or district where the real property involved in the action, if any, is located or in the state or federal court in the county or district where venue is otherwise appropriate under applicable law (the "**Court**").

(c) The matters that shall not be subject to a reference are the following: (i) foreclosure of any security interests in real or personal property, (ii) exercise of self-help remedies (including, without limitation, set-off), (iii) appointment of a receiver and (iv) temporary, provisional or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This Judicial Reference Provision does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (i) and (ii) or to seek or oppose from a court of competent jurisdiction any of the items described in clauses (iii) and (iv). The exercise of, or opposition to, any of those items does not waive the right of any party to a reference pursuant to this Judicial Reference Provision as provided herein.

(d) The referee shall be a retired judge or justice selected by mutual written agreement of the parties. If the parties do not agree within ten (10) days of a written request to do so by any party, then, upon request of any party, the referee shall be selected by the Presiding Judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. Pursuant to CCP § 170.6, each party shall have one peremptory challenge to the referee selected by the Presiding Judge of the Court (or his or her representative).

(e) The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (i) set the matter for a status and trial-setting conference within fifteen (15) days after the date of selection of the referee, (ii) if practicable, try all issues of law or fact within one hundred twenty (120) days after the date of the conference and (iii) report a statement of decision within twenty (20) days after the matter has been submitted for decision.

(f) The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered based upon good cause shown, no party shall

be entitled to "priority" in conducting discovery, depositions may be taken by either party upon seven (7) days written notice, and all other discovery shall be responded to within fifteen (15) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

(g) Except as expressly set forth herein, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award costs to the prevailing party, the parties will equally share the cost of the referee and the court reporter at trial.

(h) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding which disposes of all claims of the parties that are the subject of the reference. Pursuant to CCP § 644, such decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court and any such decision will be final, binding and conclusive. The parties reserve the right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(i) If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge or justice, in accordance with the California Arbitration Act §1280 through §1294.2 of the CCP as amended from time to time. The limitations with respect to discovery set forth above shall apply to any such arbitration proceeding.

(j) THE PARTIES RECOGNIZE AND AGREE THAT ALL CONTROVERSIES, DISPUTES AND CLAIMS RESOLVED UNDER THIS JUDICIAL REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS OR HER OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, AGREES THAT THIS JUDICIAL REFERENCE PROVISION WILL APPLY TO ANY CONTROVERSY, DISPUTE OR CLAIM BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO, THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS.

**3.11 Effectiveness.** This Agreement shall become effective as of the Effective Date. Bank shall provide a copy of this Agreement with the signatures of each party to Customer and Secured Party.

*[Rest of Page Intentionally Left Blank – Signature Pages Follow]*

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the Effective Date.

CUSTOMER:

GREAT LAKES WATER AUTHORITY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

CITY OF HIGHLAND PARK

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

BANK:

COMERICA BANK, a Texas banking association

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

SECURED PARTY:

COMERICA BANK, as Trustee

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT "A"**

**LIST OF ACCOUNTS**

Account Name: Great Lakes Water Authority: Highland Park Retail Revenue Receipts Held in Trust for the Exclusive Benefit of the Great Lakes Water Authority under the Settlement Agreement and Mutual Releasee.

<b>CUSTOMER NAME</b>	<b>ACCOUNT NUMBER</b>	<b>ACCOUNT TYPE (Checking, Money Market, etc.)</b>	<b>LOCKBOX (Y/N)</b>	<b>DEMAND OR TIME DEPOSIT</b>

EXHIBIT "B-1"

[SECURED PARTY LETTERHEAD]

**ORDER  
Transfer Funds**

\_\_\_\_\_, 20\_\_

COMERICA BANK  
411 West Lafayette Boulevard  
Detroit, MI 48226  
Attention: \_\_\_\_\_

with a copy to:

COMERICA BANK  
Mail Code: 6506  
Corporate Legal Department  
1717 Main Street  
Dallas, TX 75201  
Email: DACALegal@comerica.com  
Attn: DACA Legal

Re: [CUSTOMER NAME], [ACCOUNT NUMBER(S) LISTED IN AGREEMENT] ([collectively,] the "Deposit Account")

Ladies and Gentlemen:

Reference is made to that certain Deposit Account Control Agreement, dated as of \_\_\_\_\_, 2024 (as amended or otherwise modified from time to time, the "**Agreement**"), among Great Lakes Water Authority and the City of Highland Park (collectively the "**Customer**"), Comerica Bank, a Texas banking association ("**Bank**") and Comerica Bank, as Trustee under that certain 2024 All Receipts Trust Agreement dated \_\_\_\_\_, 2024 (the "**Trust Agreement**") (in this capacity, the "**Secured Party**") regarding the Deposit Account. In accordance with Article 2 of the Agreement, Secured Party hereby gives Bank notice of Secured Party's change to the last Order it provided to Bank dated as of \_\_\_\_\_.

Secured Party hereby instructs Bank to begin wire transfers as soon as practical but in no event more than seven (7) Business Days from Bank's receipt of this Order Notice from said Deposit Account(s) to:

Wire Transfer as follows:

Bank: \_\_\_\_\_  
ABA Number: \_\_\_\_\_  
For Credit to Account Number: \_\_\_\_\_  
Reference: \_\_\_\_\_

Very truly yours,

Comerica Bank, as Trustee

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Acknowledged by Comerica Bank on \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_

cc: Great Lakes Water Authority and the City of Highland Park

**EXHIBIT "B-2"**  
**[SECURED PARTY LETTERHEAD]**  
**ORDER**  
**Transfer Funds and Close Account**

\_\_\_\_\_, 20\_\_

COMERICA BANK  
411 West Lafayette Boulevard  
Detroit, MI 48226  
Attention: \_\_\_\_\_

with a copy to:

COMERICA BANK  
Mail Code: 6506  
Corporate Legal Department  
1717 Main Street  
Dallas, TX 75201  
Email: DACALegal@comerica.com  
Attn: DACA Legal

Re: **[CUSTOMER NAME], [ACCOUNT NUMBER(S) LISTED IN AGREEMENT] ([collectively,] the "Deposit Account")**

Ladies and Gentlemen:

Reference is made to that certain Deposit Account Control Agreement, dated as of \_\_\_\_\_ 2024, (as amended or otherwise modified from time to time, the "**Agreement**") among Great Lakes Water Authority and the City of Highland Park (collectively, the "**Customer**"), Comerica Bank, a Texas banking association and Comerica Bank, as Trustee under that certain 2024 All Receipts Trust Agreement dated \_\_\_\_\_, 2024 (the "**Trust Agreement**") (in this capacity, the "**Secured Party**") regarding the Deposit Account. Capitalized terms used, but not otherwise defined herein, shall have the meanings given to them in the Agreement.

Secured Party hereby instructs Bank to close the Deposit Account after transferring the Collected Balance in the Deposit Account to Secured Party by the method checked below, provided however, if the Deposit Account is a Time Deposit, Secured Party must choose Certified Check):

- Wire Transfer as follows:  
Bank: \_\_\_\_\_  
ABA Number: \_\_\_\_\_  
For Credit to Account Number: \_\_\_\_\_  
Reference: \_\_\_\_\_
  
- Certified Check sent to the following address:  
[Secured Party]  
[Attn]  
[Address]  
[City, State, ZIP]

Very truly yours,

Comerica Bank, as Trustee

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Acknowledged by Comerica Bank on \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_

cc: Great Lakes Water Authority and the City of Highland Park

**EXHIBIT "C"**

**[SECURED PARTY LETTERHEAD]**

**TERMINATION NOTICE**

\_\_\_\_\_, 20\_\_

COMERICA BANK  
411 West Lafayette Boulevard  
Detroit, MI 48226  
Attention: \_\_\_\_\_

with a copy to:

COMERICA BANK  
Mail Code: 6506  
Corporate Legal Department  
1717 Main Street  
Dallas, TX 75201  
Email: DACALegal@comerica.com  
Attn: DACA Legal

Re: **[CUSTOMER NAME], [ACCOUNT NUMBER(S) LISTED IN AGREEMENT] ([collectively,] the "Deposit Account")**

Ladies and Gentlemen:

Comerica Bank, a Texas banking association ("**Bank**"), Comerica Bank, as Trustee under that certain 2024 All Receipts Trust Agreement dated \_\_\_\_\_, 2024 (the "Trust Agreement") (in this capacity, the "Secured Party") and Great Lakes Water Authority and the City of Highland Park ("collectively, the "**Customer**"), have entered into certain restricted account arrangements as set forth in the Deposit Account Control Agreement, dated as of \_\_\_\_\_, 2024, by and among Bank, Secured Party and Customer (as amended or otherwise modified from time to time, the "**Agreement**") with respect to the Deposit Account (as defined in the Agreement). Capitalized terms used, but not otherwise defined herein, shall have the meanings given to them in the Agreement.

Effective as of the date hereof and pursuant to *Section 2.09(a)(i)* of the Agreement: (i) the Agreement is terminated and is and shall be of no further force and effect, (ii) Secured Party shall have no other or further security interest in or under the Agreement or in the Deposit Account or any amounts received therein or held or deposited therein, and (iii) the name of the Deposit Account shall be changed to omit any reference to Secured Party therein, if required.

Very truly yours,

Comerica Bank, as Trustee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

cc: Great Lakes Water Authority and the City of Highland Park

**SCHEDULE I**  
**FEES AND CHARGES**

Deposit Account Control set up Fee \$1,150 (one time charge) per account.

Monthly Deposit Account Control Maintenance fee \$368 per account.

Automatic Standing Wire Transfer Payment Order fee is the fee described in the applicable Business Account Service Charge and Interest Information Brochure

Secured Party Initials \_\_\_\_\_

Customer Initials \_\_\_\_\_

4886-5721-5132.2

STATE OF MICHIGAN  
COURT OF CLAIMS

CITY OF HIGHLAND PARK, a municipal  
corporation,

Plaintiff,

No. 19-000129-MZ

v

Hon. James Robert Redford

STATE LAND BANK AUTHORITY,

Defendant.

---

Mayer Morganroth (P17966)  
Jeffrey M. Thomson (P72202)  
Pamela K. Burneski (P82039)  
Morganroth & Morganroth, PLLC  
Attorneys for Plaintiff  
344 North Old Woodward, Suite 200  
Birmingham, MI 48009  
(248) 864-4000  
[jthomson@morganrothlaw.com](mailto:jthomson@morganrothlaw.com)  
[pburneski@morganrothlaw.com](mailto:pburneski@morganrothlaw.com)

Mary A. Waddell (P70545)  
Assistant Attorney General  
Attorneys for Defendant  
MI Dep't of Attorney General  
State Operations Division  
P.O. Box 30754  
Lansing, MI 48909  
(517) 335-7573  
[WaddellM1@michigan.gov](mailto:WaddellM1@michigan.gov)

---

**STIPULATED ORDER OF DISMISSAL**

At a session of said Court, held in the  
Michigan Court of Claims

On \_\_\_\_\_, 2023

PRESENT: HON. James Robert Redford  
Court of Claims Judge

This matter comes before the Court upon the stipulation of the parties hereto, as attested to by the signatures of their respective counsel appearing below; the parties having amicably reached a settlement agreement; and the Court being otherwise fully advised;

IT IS ORDERED that all claims by and between the parties are dismissed with prejudice.

IT IS FURTHER ORDERED that all parties shall bear their own costs and attorneys' fees.

This is a final Order and closes this case.

**SO ORDERED.**

---

HON. JAMES ROBERT REDFORD

IT IS SO ORDERED.

---

Hon. Thomas C. Cameron  
Court of Claims Judge

Dated: \_\_\_\_\_

Approved as to form and substance:

/s/ \_\_\_\_\_  
Jeffrey M. Thomson (P72202)  
Attorney for Plaintiff

/s/ \_\_\_\_\_  
Mary A. Waddell (P70545)  
Assistant Attorney General  
Attorney for Defendant

STATE OF MICHIGAN  
IN THE COURT OF APPEALS

GREAT LAKES WATER AUTHORITY,

Plaintiff-Appellee,

v.

CITY OF HIGHLAND PARK, a municipal  
corporation,

Defendant-Appellant.

Court of Appeals No. 367193

Case No. 2014-001974-CK  
Hon. Edward J. Joseph

---

**DYKEMA GOSSETT PLLC**  
John F. Rhoades (P75575)  
Mark J. Magyar (P75090)  
Matthew R. Cassar (P83663)  
*Attorneys for Plaintiff-Appellee*  
400 Renaissance Center  
Detroit, MI 48243  
(313) 568-6848  
jrhoades@dykema.com  
mmagyar@dykema.com  
mcassar@dykema.com

---

**GRIGSBY & ASSOCIATES, INC.**  
Calvin B. Grigsby (Cal Bar 53655)  
*Pro Hac Vice*  
*Attorneys for Defendant-Appellant*  
2406 Saddleback Drive  
Danville CA 94506  
(415) 860-6446  
cgrigsby@grigsbyinc.com

**MORGANROTH & MORGANROTH, PLLC**  
Jeffrey M. Thomson (P72202)  
*Co-Counsel for Defendant-Appellant*  
344 North Old Woodward, Suite 200  
Birmingham, MI 48009  
(248) 864-4000  
jthomson@morganrothlaw.com

**JACOBS AND DIEMER, P.C.**  
Timothy A. Diemer (P65084)  
Eric P. Conn (P64500)  
Samantha M. McLeod (P84394)  
*“Of Counsel on Appeal” for Highland Park*  
500 Griswold Street, Suite 2825  
Detroit, MI 48226  
(313) 965-1900  
tad@jacobsdiemer.com  
econn@jacobsdiemer.com  
smcleod@jacobsdiemer.com

---

**STIPULATED ORDER OF DISMISSAL**

This matter comes before the Court upon the stipulation of the parties hereto, as attested to by the signatures of their respective counsel appearing below; the parties having amicably reached a settlement agreement; and the Court being otherwise fully advised;

IT IS ORDERED that this action and any and all applications and claims on appeal by and between the parties are dismissed with prejudice.

IT IS FURTHER ORDERED that all parties shall bear their own costs and attorneys' fees.

This is a final Order and closes this case.

**SO ORDERED.**

---

SO STIPULATED:

By: \_\_\_\_\_  
John F. Rhoades (P75575)  
Mark J. Magyar (P75090)  
Matthew R. Cassar (P83663)  
DYKEMA GOSSETT PLLC  
*Attorneys for Plaintiff-Appellee*  
400 Renaissance Center  
Detroit, MI 48243  
(313) 568-6848  
jrhoades@dykema.com  
mmagyar@dykema.com  
mcassar@dykema.com

By: \_\_\_\_\_  
Calvin B. Grigsby (Cal Bar 53655)  
GRIGSBY & ASSOCIATES, INC.  
*Attorneys for Defendant-Appellant*  
2406 Saddleback Drive  
Danville CA 94506  
(415) 860-6446  
cgrigsby@grigsbyinc.com

By: \_\_\_\_\_  
Jeffrey M. Thomson (P72202)  
MORGANROTH & MORGANROTH, PLLC  
*Co-Counsel for Defendant-Appellant*  
344 North Old Woodward, Suite 200  
Birmingham, MI 48009  
(248) 864-4000  
jthomson@morganrothlaw.com

By: \_\_\_\_\_  
Timothy A. Diemer (P65084)  
Eric P. Conn (P64500)  
Samantha M. McLeod (P84394)  
JACOBS AND DIEMER, P.C.  
*"Of Counsel on Appeal" for Defendant-Appellant Highland Park*  
500 Griswold Street, Suite 2825  
Detroit, MI 48226  
(313) 965-1900  
tad@jacobsdiemer.com  
econn@jacobsdiemer.com  
smcleod@jacobsdiemer.com

STATE OF MICHIGAN  
IN THE COURT OF CLAIMS

GREAT LAKES WATER AUTHORITY, a  
municipal authority, by itself and as assignee of the  
CITY OF DETROIT, a Michigan municipal  
corporation, through the DETROIT WATER AND  
SEWERAGE DEPARTMENT, a department of the  
City of Detroit,

Plaintiff,

v

STATE OF MICHIGAN, a Michigan public  
corporation, acting through the Department of  
Environment, Great Lakes and Energy,

Defendant.

No. 2021-000151-MM

Hon. James Robert Redford

---

John F. Rhoades (P75575)  
Matthew R. Cassar (P83663)  
DYKEMA GOSSETT PLLC  
*Attorneys for Plaintiff*  
400 Renaissance Center, 37th Floor  
Detroit, MI 48243  
(313) 568-6628  
jrhoades@dykema.com  
mcassar@dykema.com

Richard S. Kuhl (P42042)  
Assistant Attorneys General  
*Attorneys for Defendant*  
Environment, Natural Resources, and  
Agriculture Division  
P.O. Box 30755  
Lansing, MI 48909  
(517) 335-7664  
kuhlr@michigan.gov

---

**STIPULATED ORDER OF DISMISSAL**

At a session of said Court, held in the  
Michigan Court of Claims,

ON: \_\_\_\_\_

PRESENT: HON. \_\_\_\_\_  
JUDGE OF THE COURT OF CLAIMS

This matter comes before the Court upon the stipulation of the parties hereto, as attested to by the signatures of their respective counsel appearing below; the parties having amicably reached a settlement agreement; and the Court being otherwise fully advised;

IT IS ORDERED that all claims by and between the parties are dismissed with prejudice.

IT IS FURTHER ORDERED that all parties shall bear their own costs and attorneys' fees.

This is a final Order and closes this case.

**SO ORDERED.**

---

HON. JAMES ROBERT REDFORD

SO STIPULATED:

By: \_\_\_\_\_  
John F. Rhoades (P75575)  
Matthew R. Cassar (P83663)  
DYKEMA GOSSETT PLLC  
*Attorneys for Plaintiff*  
400 Renaissance Center  
Detroit, MI 48243  
(313) 568-6848  
jrhoades@dykema.com  
mcassar@dykema.com

By: \_\_\_\_\_  
Richard S. Kuhl (P42042)  
Assistant Attorneys General  
*Attorneys for Defendant*  
Environment, Natural Resources, and  
Agriculture Division  
P.O. Box 30755  
Lansing, MI 48909  
(517) 335-7664  
kuhlr@michigan.gov

STATE OF MICHIGAN  
IN THE COURT OF APPEALS

GREAT LAKES WATER AUTHORITY,

Plaintiff/Appellee,

v.

CITY OF HIGHLAND PARK,  
a Municipal corporation,

Defendant/Appellant.

Court of Appeals No. 362416

Lower Case No. 22-004754-CB  
Hon. Muriel D. Hughes

---

**DYKEMA GOSSETT PLLC**  
John F. Rhoades (P75575)  
Matthew R. Cassar (P83663)  
*Attorneys for Plaintiff-Appellee*  
400 Renaissance Center, 37<sup>th</sup> Floor  
Detroit, MI 48243  
(313) 568-6628  
jrhoades@dykema.com  
mcassar@dykema.com

**DYKEMA GOSSETT PLLC**  
Mark J. Magyar (P75090)  
*Attorneys for Plaintiff-Appellee*  
201 Townsend Street, Suite 900  
Lansing, MI 48933  
(616) 776-7523  
mmagyar@dykema.com

---

**GRIGSBY & ASSOCIATES, INC.**  
Calvin B. Grigsby (Cal Bar 53655)  
*Attorneys for Defendant-Appellant*  
2406 Saddleback Drive  
Danville CA 94506  
(415) 860-6446  
cgrigsby@grigsbyinc.com

**MORGANROTH & MORGANROTH, PLLC**  
Mayer Morganroth (P17966)  
Jeffrey M. Thomson (P72202)  
*Co-Counsel for Defendant-Appellant*  
344 North Old Woodward, Suite 200  
Birmingham, MI 48009  
(248) 864-4000  
mmorganroth@morganrothlaw.com  
jthomson@morganrothlaw.com

---

**STIPULATED ORDER OF DISMISSAL**

This matter comes before the Court upon the stipulation of the parties hereto, as attested to by the signatures of their respective counsel appearing below; the parties having amicably reached a settlement agreement; and the Court being otherwise fully advised;

IT IS ORDERED that this action and all applications and claims on appeal by and between the parties are dismissed with prejudice.

IT IS FURTHER ORDERED that all parties shall bear their own costs and attorneys' fees.

This is a final Order and closes this case.

**SO ORDERED.**

---

SO STIPULATED:

By: \_\_\_\_\_  
John F. Rhoades (P75575)  
Matthew R. Cassar (P83663)  
DYKEMA GOSSETT PLLC  
*Counsel for Plaintiff-Appellee*  
400 Renaissance Center  
Detroit, MI 48243  
(313) 568-6848  
jrhoades@dykema.com  
mcassar@dykema.com

By: \_\_\_\_\_  
Calvin B. Grigsby (Cal Bar 53655)  
GRIGSBY & ASSOCIATES, INC.  
*Counsel for Defendant-Appellant*  
2406 Saddleback Drive  
Danville CA 94506  
(415) 860-6446  
cgrigsby@grigsbyinc.com

By: \_\_\_\_\_  
Jeffrey M. Thomson (P72202)  
MORGANROTH & MORGANROTH, PLLC  
*Co-Counsel for Defendant-Appellant*  
344 North Old Woodward, Suite 200  
Birmingham, MI 48009  
(248) 864-4000  
jthomson@morganrothlaw.com

**UNITED STATES COURT OF APPEALS  
FOR THE SIXTH CIRCUIT**

CITY OF HIGHLAND PARK,  
MICHIGAN,

Plaintiff-Appellant,

v.

UNITED STATES ENVIRONMENTAL  
PROTECTION AGENCY,

Defendant,

GREAT LAKES WATER AUTHORITY;  
SUSAN MCCORMICK,

Defendants-Appellees.

Sixth Circuit Court of Appeals  
Case No. 22-1288

Lower Court No. 2:16-cv-13840

---

**DYKEMA GOSSETT PLLC**

John F. Rhoades (P75575)  
Matthew R. Cassar (P83663)  
*Attorneys for Defendants-Appellees*  
400 Renaissance Center, 37<sup>th</sup> Floor  
Detroit, MI 48243  
(313) 568-6628  
jrhoades@dykema.com  
mcassar@dykema.com

---

**GRIGSBY & ASSOCIATES, INC.**

Calvin B. Grigsby (Cal Bar 53655)  
*Attorneys for Plaintiff-Appellant*  
2406 Saddleback Drive  
Danville CA 94506  
(415) 860-6446  
cgrigsby@grigsbyinc.com

**JACOBS AND DIEMER, P.C.**

Eric Paul Conn (P64500)  
Timothy Allen Diemer (P65084)  
*Attorneys for Plaintiff-Appellant*  
500 Griswold Street, Suite 2825  
Detroit, MI 48226  
(313) 965-1900  
econn@jacobsdiemer.com  
tad@jacobsdiemer.com

---

**STIPULATED ORDER OF DISMISSAL**

This matter comes before the Court upon the stipulation of the parties hereto, as attested to by the signatures of their respective counsel appearing below; the parties having amicably reached a settlement agreement; and the Court being otherwise fully advised;

IT IS ORDERED that this appeal is dismissed with prejudice.

This is a final Order and closes this case.

**SO ORDERED.**

---

SO STIPULATED:

By: \_\_\_\_\_

John F. Rhoades (P75575)  
Matthew R. Cassar (P83663)  
DYKEMA GOSSETT PLLC  
*Attorneys for Defendants-Appellees*  
400 Renaissance Center  
Detroit, MI 48243  
(313) 568-6848  
jrhoades@dykema.com  
mcassar@dykema.com

By: \_\_\_\_\_

Calvin B. Grigsby (Cal Bar 53655)  
GRIGSBY & ASSOCIATES, INC.  
*Attorneys for Plaintiff-Appellant*  
2406 Saddleback Drive  
Danville CA 94506  
(415) 860-6446  
cgrigsby@grigsbyinc.com

By: \_\_\_\_\_

Eric Paul Conn (P64500)  
Timothy Allen Diemer (P65084)  
JACOBS AND DIEMER, P.C.  
*Attorneys for Plaintiff-Appellant*  
500 Griswold Street, Suite 2825  
Detroit, MI 48226  
(313) 965-1900  
econn@jacobsdiemer.com  
tad@jacobsdiemer.com

STATE OF MICHIGAN  
CIRCUIT COURT FOR THE COUNTY OF WAYNE

GREAT LAKES WATER AUTHORITY,

Plaintiff,

v.

CITY OF HIGHLAND PARK,

Defendant.

Case No. 20-011589-CB

Hon. Annette J. Berry

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**DYKEMA GOSSETT PLLC**  
John F. Rhoades (P75575)  
Matthew R. Cassar (P83663)  
*Counsel for Plaintiff*  
400 Renaissance Center  
Detroit, MI 48243  
(313) 568-6628  
jrhoades@dykema.com  
mcassar@dykema.com

**GRIGSBY & ASSOCIATES, INC.**  
Calvin B. Grigsby (Cal Bar 53655)  
*Pro Hac Vice Counsel for Defendant*  
2406 Saddleback Drive  
Danville CA 94506  
(415) 860-6446  
cgrigsby@grigsbyinc.com

**MORGANROTH & MORGANROTH, PLLC**  
Jeffrey M. Thomson (P72202)  
*Counsel for Defendant*  
344 North Old Woodward, Suite 200  
Birmingham, MI 48009  
(248) 864-4000  
jthomson@morganrothlaw.com

**JACOBS AND DIEMER, P.C.**  
Timothy A. Diemer (P65084)  
*"Of Counsel on Appeal" for Defendant*  
500 Griswold Street, Suite 2825  
Detroit, MI 48226  
(313) 965-1900  
tad@jacobsdiemer.com

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**STIPULATED ORDER OF DISMISSAL**

At a session of said Court, held in the City of Detroit,  
County of Wayne, State of Michigan,

ON: \_\_\_\_\_

PRESENT: HON. Annette J. Berry  
CIRCUIT COURT JUDGE

This matter comes before the Court upon the stipulation of the parties hereto, as attested to by the signatures of their respective counsel appearing below; the parties having amicably

reached a settlement agreement; and the Court being otherwise fully advised;

IT IS ORDERED that all claims by and between the parties are dismissed with prejudice.

IT IS FURTHER ORDERED that all parties shall bear their own costs and attorneys' fees.

This is a final Order and closes this case.

**SO ORDERED.**

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HON. ANNETTE J. BERRY

SO STIPULATED:

By: \_\_\_\_\_  
John F. Rhoades (P75575)  
Matthew R. Cassar (P83663)  
DYKEMA GOSSETT PLLC  
*Counsel for GLWA*  
400 Renaissance Center  
Detroit, MI 48243  
(313) 568-6848  
jrhoades@dykema.com  
mcassar@dykema.com

By: \_\_\_\_\_  
Calvin B. Grigsby (Cal Bar 53655)  
GRIGSBY & ASSOCIATES, INC.  
*Attorney for Highland Park*  
2406 Saddleback Drive  
Danville CA 94506  
(415) 860-6446  
cgrigsby@grigsbyinc.com

By: \_\_\_\_\_  
Jeffrey M. Thomson (P72202)  
MORGANROTH & MORGANROTH, PLLC  
*Co-Counsel for Highland Park*  
344 North Old Woodward, Suite 200  
Birmingham, MI 48009  
(248) 864-4000  
jthomson@morganrothlaw.com

By: \_\_\_\_\_  
Timothy A. Diemer (P65084)  
JACOBS AND DIEMER, P.C.  
*"Of Counsel on Appeal" for Highland Park*  
500 Griswold Street, Suite 2825  
Detroit, MI 48226  
(313) 965-1900  
tad@jacobsdiemer.com

STATE OF MICHIGAN  
CIRCUIT COURT FOR THE COUNTY OF WAYNE

GREAT LAKES WATER AUTHORITY,

Plaintiff,

v.

Case No. 2014-001974-CK

Hon. Edward J. Joseph

CITY OF HIGHLAND PARK, a municipal  
corporation,

Defendant.

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**DYKEMA GOSSETT PLLC**

John F. Rhoades (P75575)

Matthew R. Cassar (P83663)

*Attorneys for Great Lakes Water Authority*

400 Renaissance Center

Detroit, MI 48243

(313) 568-6848

jrhoades@dykema.com

mcassar@dykema.com

**GRIGSBY & ASSOCIATES, INC.**

Calvin B. Grigsby (Cal Bar 53655)

*Pro Hac Vice*

*Attorneys for City of Highland Park*

2406 Saddleback Drive

Danville CA 94506

(415) 860-6446

cgrigsby@grigsbyinc.com

**MORGANROTH & MORGANROTH, PLLC**

Jeffrey M. Thomson (P72202)

*Co-Counsel for City of Highland Park*

344 North Old Woodward, Suite 200

Birmingham, MI 48009

(248) 864-4000

jthomson@morganrothlaw.com

**JACOBS AND DIEMER, P.C.**

Timothy A. Diemer (P65084)

Eric P. Conn (P64500)

Samantha M. McLeod (P84394)

*"Of Counsel on Appeal" for Highland Park*

500 Griswold Street, Suite 2825

Detroit, MI 48226

(313) 965-1900

tad@jacobsdiemer.com

econn@jacobsdiemer.com

smcleod@jacobsdiemer.com

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**STIPULATED ORDER OF DISMISSAL**

At a session of said Court, held in the City of Detroit,  
County of Wayne, State of Michigan,

ON: \_\_\_\_\_

PRESENT: HON. Edward J. Joseph  
CIRCUIT COURT JUDGE

This matter comes before the Court upon the stipulation of the parties hereto, as attested to by the signatures of their respective counsel appearing below; the parties having amicably reached a settlement agreement; and the Court being otherwise fully advised;

IT IS ORDERED that any and all claims by and between the parties are dismissed with prejudice.

IT IS FURTHER ORDERED that the judgment entered against the City of Highland Park on April 30, 2015 in the amount of \$19,840,035.31 as of that date and reinstated by this Court on June 20, 2023 is released and deemed satisfied. This court retains jurisdiction to enforce the Settlement Agreement and Mutual Release that has been entered as a consent judgment by separate order of this Court.

IT IS FURTHER ORDERED that all parties shall bear their own costs and attorneys' fees.

**SO ORDERED**

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HON. EDWARD J. JOSEPH

SO STIPULATED:

By: \_\_\_\_\_  
John F. Rhoades (P75575)  
Matthew R. Cassar (P83663)  
DYKEMA GOSSETT PLLC  
*Counsel for GLWA*  
400 Renaissance Center  
Detroit, MI 48243  
(313) 568-6848  
jrhoades@dykema.com  
mcassar@dykema.com

By: \_\_\_\_\_  
Calvin B. Grigsby (Cal Bar 53655)  
GRIGSBY & ASSOCIATES, INC.  
*Attorney for Highland Park*  
2406 Saddleback Drive  
Danville CA 94506  
(415) 860-6446  
cgrigsby@grigsbyinc.com

By: \_\_\_\_\_  
Mayer Morganroth (P17966)  
Jeffrey M. Thomson (P72202)  
MORGANROTH & MORGANROTH, PLLC

By: \_\_\_\_\_  
Timothy A. Diemer (P65084)  
Eric P. Conn (P64500)  
Samantha M. McLeod (P84394)

*Co-Counsel for Highland Park*  
344 North Old Woodward, Suite 200  
Birmingham, MI 48009  
(248) 864-4000  
mmorganroth@morganrothlaw.com  
jthomson@morganrothlaw.com

JACOBS AND DIEMER, P.C.  
*"Of Counsel on Appeal" for Highland Park*  
500 Griswold Street, Suite 2825  
Detroit, MI 48226  
(313) 965-1900  
tad@jacobsdiemer.com  
econn@jacobsdiemer.com  
smcleod@jacobsdiemer.com

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

CITY OF HIGHLAND PARK, a  
Michigan Municipal corporation,

Plaintiff,

v.

Case No. 16-cv-13840

UNITED STATES ENVIRONMENTAL  
PROTECTION AGENCY (USEPA), et al.

Hon. Stephen J. Murphy, III

Defendants.

---

Calvin B. Grigsby  
Grigsby & Associates  
2406 Saddleback Drive  
Danville CA 94506  
(415) 860-6446  
cgrigsby@grigsbyinc.com  
Counsel for City of Highland Park

John F. Rhoades  
Matthew R. Cassar  
Dykema Gossett PLLC  
400 Renaissance Center, 37<sup>th</sup> Floor  
Detroit, MI 48243  
(313) 568-6628  
jrhoades@dykema.com  
mcassar@dykema.com  
*Counsel for GLWA Defendants*

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**STIPULATED ORDER FOR RELEASE OF SUPERSEDEAS BOND**

This matter comes before the Court upon the stipulation of the parties hereto, as attested to by the signatures of their respective counsel appearing below; the parties having amicably reached a settlement agreement; and the Court being otherwise fully advised;

IT IS ORDERED that the supersedeas bond deposited by the City of Highland Park with the Clerk of the Court in the amount of \$241,418.75, plus 100% of the

interest that has since accrued on the bond, shall be immediately released to the Great Lakes Water Authority, c/o John F. Rhoades, Dykema Gossett PLLC, 400 Renaissance Center, Detroit, MI 48243.

SO ORDERED.

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HON. STEVEN J. MURPHY, III

SO STIPULATED:

By: s/ John F. Rhoades

John F. Rhoades (P75575)  
Matthew R. Cassar (P83663)  
DYKEMA GOSSETT PLLC  
Counsel for GLWA  
400 Renaissance Center  
Detroit, MI 48243  
(313) 568-6848  
jrhoades@dykema.com  
mcassar@dykema.com

By: \_\_\_\_\_

Calvin B. Grigsby (Cal Bar 53655)  
GRIGSBY & ASSOCIATES, INC.  
Attorney for Highland Park  
2406 Saddleback Drive  
Danville CA 94506  
(415) 860-6446  
cgrigsby@grigsbyinc.com