



MICHIGAN

**WORK SESSION AGENDA  
WYOMING CITY COUNCIL MEETING  
CITY COUNCIL CHAMBERS**

**MONDAY, SEPTEMBER 8, 2025, 5:30 P.M.**

- 1) Call to Order**
- 2) Public Comment on Agenda Items (3 minute limit per person)**
- 3) Pinery Park Apartment PILOT Ordinance**
- 4) Godwin Mercado Liquor Sales and Services**
- 5) Ottawa County Water Agreement**
- 6) Communications Department Presentation**
- 7) Any Other Matters**
- 8) Acknowledgement of Visitors/Public Comment (3 minute limit per person)**

*The City of Wyoming, including the City Council, is committed to ensuring all persons have access to all its programs, services, and activities, including any public meetings. The City Council will coordinate with city staff to ensure the City Council fulfills that commitment for its programs, services, and activities, including public meetings. Accommodations to enable virtual meeting attendance and participation can usually be made if a request is received at least 5 hours before the meeting time. Other accommodations may require more time.*

*Special Accommodations – Persons with impairments or disabilities needing accommodations to participate in the meeting or persons who need language interpretation services may contact the city clerk at either [Clerk\\_info@wyomingmi.gov](mailto:Clerk_info@wyomingmi.gov) or 616.530.7296 at least 36 hours before the meeting to make arrangements for appropriate accommodation.*

*Acomodaciones Especiales – Personas que deseen asistir a esta reunión y necesitan acomodación para participar, como servicios de interpretación, deben comunicarse con la Oficina del Administrador de la Ciudad al 616.530.7296 o [Clerk\\_info@wyomingmi.gov](mailto:Clerk_info@wyomingmi.gov) al menos 36 horas antes de la reunión para hacer arreglos para el alojamiento apropiado.*

### Staff Report

Date: August 12, 2025

Subject: Pinery Park Apartments PILOT Request

From: Nicole Hofert, Director of Community and Economic Development

CC: John Shay, City Manager  
Patrick Waterman, Deputy City Manager

Meeting Date: August 18, 2025 (first reading) and September 15, 2025 (second reading)

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#### RECOMMENDATION

Approve ordinance entitled, "Ordinance To Amend Chapter 2, Article Iv, Division 12 Of The Code Of Ordinances To Provide For A Service Charge In Lieu Of Taxes For The Pinery Park Apartment Housing Project." (August 18, 2025 (first reading) and September 15, 2025 (second reading))

Approve resolution entitled, "Resolution Approving And Authorizing Mayor And City Clerk To Sign Municipal Services Agreement For Pinery Park Apartment Housing Project." (September 15, 2025 meeting)

#### ALIGNMENT WITH STRATEGIC PLAN

- PILLAR 1 – Community
  - GOAL 4 – Encourage more affordable housing in the city.

#### DISCUSSION

Pinery Park Apartments Limited Dividend Housing Association LLC (Pinery Park Apartments) is proposing to reinvest in and add new units to its property located at 2300 Newstead Avenue SW utilizing the Low-Income Housing Tax Credits (LIHTC) issued by the Michigan State Housing Development Authority ("MSHDA").

The development would include renovation of the existing 105-unit senior multifamily building built in 1979. This multifamily building provides a key community resource for elderly and disabled residents. Twenty four percent (24%) of the units in the building are currently occupied by residents that are both elderly and disabled, with an additional forty-five percent (45%) being elderly only and thirty percent (30%) being disabled only. Sixty-four (64%) of the building's residents are over the age of 62, with a median resident age of 66.

The property serves some of the lowest income individuals in the City of Wyoming. Over ninety percent (90%) of the residents at Pinery Park have incomes below \$25,000, with over sixty-five percent (65%) of residents earning incomes of less than \$15,000. The resident demographics highlight the importance of preserving the affordable housing resource of Pinery Park Apartments.

The renovation of the senior building is estimated to cost \$5,535,200 and include updates to units (including bathroom, HVAC, and kitchen upgrades and repairs) as well as window and door replacements. The renovation also will include brick repairs, roofing replacement, lighting upgrades, carpeting and paint, and exterior upgrades including parking lot and sidewalk repairs.

The project also includes the replacement of four town-home buildings (and its 20 units) with a new 37-unit multifamily building.

In order to assist with the feasibility of the project, the developer is requesting a property tax exemption in conjunction with other assistance from the Michigan State Housing Development Authority (MSHDA). Under the proposed PILOT ordinance and municipal services agreement, the owning entity will pay the City 1% of total shelter rents as a payment in lieu of taxes (PILOT) and 3% of the total shelter rents as a municipal services agreement (MSA). These payments will be made and the tax exemption will remain in effect as long as the 45-year MSHDA loan funding agreement is in existence.

The timing of this approval process is designed to be completed by October 2025, in order for the developer to meet the 9% application round at MSHDA.

**BUDGET IMPACT**

Following is a breakdown of historical property tax revenue generated by the subject project with a comparison to the estimated shelter rent and associated PILOT and MSA payments the City will receive annually.

	Property Tax Payment	PILOT Payment	MSA Payment	Total Property Owner Payment	Total City Revenue
2024	\$208,528	N/A	N/A	\$208,528	<b>\$39,056</b>
2025 (Estimate)	\$213,310	N/A	N/A	\$213,310	<b>\$40,063</b>
2026 (Estimate)	N/A	\$14,326	\$42,979	\$57,305	<b>\$45,694</b>
2027 (Estimate)	N/A	\$14,748	\$ 44,243	\$58,990	<b>\$47,038</b>

## APPLICATION FOR PAYMENT IN LIEU OF TAXES (PILOT)

PROJECT NAME:	Pinery Park Apartments	
PILOT PERIOD REQUESTED:	20	Years (Should match term of qualifying mortgage)
NUMBER OF PARCELS IN PROJECT AND PARCEL NUMBERS:	1 parcel; PPN 41171125051	Number of Parcels and Parcel Numbers
APPLICATION TYPE: (Check all that apply)	<input checked="" type="checkbox"/> NEW PROJECT <input checked="" type="checkbox"/> RESTRUCTURE OF PROJECT FINANCING <input type="checkbox"/> CHANGE IN OWNERSHIP	
PILOT Percentage Requested:	1% PILOT, 3% MSA	

### A. OWNERSHIP INFORMATION

NAME OF OWNERSHIP ENTITY:	Pinery Park Apartments Limited Dividend Housing Association, LLC
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TYPE OF OWNERSHIP:	<input type="checkbox"/> LIMITED DIVIDEND HOUSING ASSOCIATION <input type="checkbox"/> QUALIFIED NONPROFIT HOUSING CORPORATION <input type="checkbox"/> CONSUMER HOUSING COOPERATIVE <input checked="" type="checkbox"/> LIMITED LIABILITY COMPANY OR CORPORATION <input type="checkbox"/> OTHER: (DESCRIBE)
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DEVELOPER/SPONSOR:	GL Holdings LLC
DEVELOPER ADDRESS:	4530 E Thousand Oaks Blvd, Suite 100 Westlake CA 91362

CONTACT PERSON:	James Crowder
TELEPHONE:	805.413.0604
EMAIL:	james.crowder@ccinvest.com

**B. CITY APPROVALS NEEDED**

PLANNING COMMISSION	<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> NOT APPLICABLE
	STATUS:
ZONING BOARD OF APPEALS	<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> NOT APPLICABLE
	STATUS:
OTHER:	STATUS:
EXPECTED PROJECT START DATE:	
EXPECTED PROJECT COMPLETION DATE:	

**C. PROJECT INFORMATION**

Project Address:	2300 Newstead Ave SW, Wyoming MI 49509
General Location (e.g. cross streets)	On Newstead Avenue, between Alger St SW and Michael Ave SW
Is Project located in a Renaissance Zone?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is Project located in a Neighborhood Enterprise Zone?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is Ownership Entity able to demonstrate site control?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

***Note: Project is not eligible for PILOT if Ownership Entity is not able to demonstrate site control. Site control is demonstrated through ownership, purchase/option agreement, etc. Contact the Community and Economic Development Department with questions regarding sufficient documentation.***

**Provide a complete description of the project including the parties involved, necessary background information, number of parking spaces being provided, and any special certification (e.g. LEED) the project will target. (Provide attachment if necessary)**

Please see Project Narrative attachment

**If project financing is being restructured, detail all physical improvements to the project completed within the last five (5) years and any planned improvements. (Provide as attachment if necessary)**

Please see Physical Improvements attachment

**D. BUILDING INFORMATION**

Building Type (e.g. single/multi-family, number of floors)	Multifamily and Townhome
Total Number of Units:	125( existing) , 142 (potential)
Number of Rent Restricted Units:	125 (existing) 142 (potential)
Number of Market Rate Units:	0
Total Number of Barrier-Free Units:	
Target Demographic(s) (seniors, families, persons with disabilities)	Seniors and Family

Transitional Housing for Homeless Project	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Emergency Shelter Project	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Targeted Income (% of Area Median Income)	Proposed: 105 units – 60%;
Residential Space Square Footage:	91,255 (existing) ; 98,194 (potential)
Non-Residential (N/R Space):	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Square Footage (of N/R Space):	4,780 (existing), 13,831 (potential)
Use (of N/R Space):	Community rooms, offices, storage, lobby, hallways
Zone District:	R-4

Describe how the project will fit into the neighborhood:

The existing residential community was built in 1979 and has been an integrated part of the community for over four decades. The potential new project will bring updates to the senior building but will not change the existing character of the building and the potential new multifamily family building is being designed to height standards consistent with the existing zoning and in a style that captures the neighborhood character in present day.

Provide neighborhood feedback regarding any proposed new construction:

N/A

### E. UNIT INFORMATION

Unit Type	Number of Units (existing)	Number of Units (potential)	Average Unit Size (sq. ft.)	Projected Monthly Rent per Unit (including utility allowances)	
				Restricted Rate (potential w/o Sec 8)	Market Rate *
<b>Rent Restricted Units</b>					
1-Bedroom	99	111	633(existing) 637 (potential)	\$1,108; \$1,010 w/ \$98 UA	\$1,310
2-Bedroom	20	25	1047(existing) 818(potential)	\$1,505; \$1,350 w/\$155 UA	\$1,595
3-Bedroom	6	6	1275(existing) 1060 (potential)	\$1,570 \$1413 w/\$157 UA	\$2,067
Subtotal	125	142			

\*The expected market rate for the rent restricted unit. The information is used for comparison purposes. **Note: The Restricted rate and Market rate listed are for the potential units that will not contain project-based subsidy from HUD. All 125 existing units and 125 of 142 of the potential units will have project-based rent subsidy from HUD. Tenants for those units are only required to pay up to 30% of their income towards the rental rate. The tenants in those 125 units are typically contributing rent less than 30% of the actual restricted rate from their income.**

Provide a description of the units in the project:

Unit Type	Number of Units	Average Unit Size (sq. ft.)	Projected Monthly Rent per Unit (including utility allowances)
<b>Market Rate Units</b>	N/A	N/A	N/A
0-Bedroom			
1-Bedroom			
2-Bedroom			
3-Bedroom			
4-Bedroom			
5-Bedroom			
Subtotal	0		
Total	0		

**F. PROJECT FINANCING**

Federally aided Mortgage, Advance, or Grant	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Name of Loan/Credit Program	Term of Financing	Amount
		\$
		\$
		\$

State-aided Mortgage, Advance, or Grant	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Name of Loan/Credit Program	Term of Financing	Amount
		\$
		\$
		\$

City-aided Mortgage, Advance, or Grant	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Name of Loan/Credit Program	Term of Financing	Amount
		\$
		\$
		\$

Low Income Housing Tax Credits (LIHTC)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Name of Loan/Credit Program	Term of Financing	Amount
9% LIHTC credits		\$13,693,630
4% LIHTC credits		\$6,543,489
4% Bonds (estimated bond issuance – that will be a back to back with a private Freddie MAC loan)		\$6,760,000

LIHTC Application Date:	Oct 1 2025
LIHTC Status:	Existing units not subject to LIHTC, All potential units would be subject to LIHTC
Initial Use Commitment in LIHTC Application:	15 Years
Extended Use Commitment in LIHTC Application:	30 Years
Total Length of Affordability Commitment in LIHTC Application:	45 Years

Contact Person for Qualifying Federal or State Financing:	Elizabeth Rademacher LIHTC credits
Phone Number:	517.290.6732
Email:	Rademachere3@michigan.gov

Description and status of other (private) financing:	The potential substantial renovation and new construction LIHTC project are anticipated to use Freddie Mac Tax -exempt Loan debt for renovation of the senior building and Freddie Mac forward permanent financing for the new construction financing. In addition to that private debt, the owner is committing a seller note towards the property acquisition costs as well as deferred developed fee notes, and sponsor notes that will be funded from their paid developer in order to fill the financial gaps to achieve the substantial property and community improvements.
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Description why PILOT is necessary:	The project's restricted Section 8 rents do not allow for owner discretion in increasing rents to meet expenses. The owner has been funding critical repairs from capital contributions, but there is not a sustainable path to stabilize the operations of the property given other rising fixed costs without a reduction in taxes. The PILOT allows for revenue for needed capital projects for the existing project. The PILOT also allows for potential debt financing structure in the context of a LIHTC transaction that would bring in substantial capital for a comprehensive renovation and new construction updates when added to owner financial notes and contributions. The PILOT is critical for avoiding deterioration of the existing affordable housing resource and opens the door for substantial improvements for resident living conditions.
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**G. ADDITIONAL INFORMATION**

Attach the following required documents to this application.

- Ownership Entity Organizational Documents
- Description of Project
- Legal Description of property (electronic version should be available on request)
- Evidence of Site Control
- Statement of Development Team Experience (be specific)
- Sources and Uses Statement (indicate if the funding is committed or pending)
- Operating Proforma (highlighting PILOT contribution to project)
- Financing Mortgage

- Financing Note
- Financing or Development Agreement/Copy of Regulatory Agreement
- Location Map of Project Parcels
- Property Manager Portfolio (of properties)
- Capital Improvements Schedule
- Other Attachment (Describe)

Provide explanation below if any required documents are unavailable at the time of this application.

Please see narrative provided in other attachments.

**The applicant is responsible for providing written notification to the Community and Economic Development of any change in the information contained in this application or its attachments as soon as the applicant becomes aware of the change.**

The City reserves the right to request additional information and/or supporting documentation related to this application.

The undersigned hereby attests that to the best of his or her knowledge the information presented herein, including the attachments, is true and correct.



Date: 8/11/25

\_\_\_\_\_  
Signature of Authorized Representative

Name: James Crowder

Title: EVP, Acquisitions and Asset Management

Property Name: Pinery Park Apartments (Existing)  
Project Location: 2300 Newstead Ave, SW Wyoming MI

Existing Community Context:

Pinery Park Apartments is an important affordable housing resource in the City of Wyoming. The community contains one hundred twenty-five (125), 100% Section 8 units. The property consists of a multifamily building on the south side of the property and four townhome building clusters on the north side of the property. The table below outlines the existing unit mix:

	<b>1bd</b>	<b>2bd</b>	<b>3bd</b>	<b>Total</b>
<b>Senior Building</b>	99	6		105
<b>Townhomes</b>		14	6	20

The one hundred five (105) unit multifamily building provides a key community resource for elderly and disabled residents. Twenty four percent (24%) of the units in the building are currently occupied by residents that are both elderly and disabled, with an additional forty-five percent (45%) being elderly only and thirty percent (30%) being disabled only. Sixty-four (64%) of the building's residents are over the age of 62, with a median resident age of 66.

The four townhome buildings provide an additional valuable twenty (20) affordable units, housing vulnerable community members. The median age of current residents in the townhomes is 37, with 41% of the residents having either a disabled or elderly designation.

Combined, the property serves some of the lowest income individuals in the City of Wyoming. Over 90% of the residents at Pinery Park have income below \$25,000, with over 65% of residents earning incomes of less than \$15,000. The resident demographics highlight the importance of preserving the affordable housing resource of Pinery Park Apartments.

PILOT and MSA request Context:

The valuable HUD Section 8 contract subsidizes the residents' rent payments and allows them to maintain housing at low-income levels. The contract restrictions, however, define the property's income potential and limit the ability of the property owner and management to adjust rent levels to market level rents. The income constraints for the property create a sustainability challenge as project expenses continually increase for both operations and maintenance. Three of the most significant expense increases over the past several years have been in property insurance, staffing wages, and real estate taxes.

The income subsidy contract has consistently only received 4% annual increases for property revenue. However, recent years have seen double digit percent increases in staffing wages to retain and attract quality staffing, and percent increases in property insurance and real estate taxes that

significantly outpace income growth. Combined with other increasing operating expenses, the property is not positioned to independently support significant capital improvement needs which will continue to become necessary for the property that has not undergone substantial rehabilitation since its 1979 construction.

PILOT and MSA Request:

A one percent (1%) PILOT and three percent (3%) MSA are requested for Pinery Park Apartments PPN: 411711252051. (Property Owner : Pinery Park Apartments Limited Dividend Housing Association, LLC)

The below table shows the impact the PILOT and MSA request would have had on the 2024 operating budget for Pinery Park Apartments.

Pinery Park 2024 Real Estate Tax	\$208,306
Pinery Pary 2024 Revenue	\$1,415,318
1% PILOT (2024 Revenue)	\$14,153
3% MSA (2024 Revenue)	\$42,459
Combined Proposed Pinery Payment 2024	\$56,612

Approval of the PILOT and MSA request will not only help stabilize the existing Pinery Park affordable housing community, but position the property to seek a broader comprehensive substantial rehabilitation of the existing senior multifamily building and construction of new and replacement units on a reimagined portion of the property.

The proposed development plan utilizes both competitive and non-competitive MSHDA tax credit financing, new property debt financing, and owner financed gap funding to achieve large scale property modernizing improvements and create additional affordable housing units available in the community.

The current hard cost construction budget for the senior building renovations is estimated at over \$5.5M. Some elements of the proposed rehabilitation scope for the multifamily building include new building roofing, new siding, new windows, updated kitchen cabinets and appliances, updated bathroom fixtures, updated unit flooring and lighting, updated unit conditioning units, parking lot repavement , and improved common area accessibility upgrades, greatly improving the quality of life for the residents and long-term sustainability of the community housing resource.

The plan involves the demolition of the existing 20 townhomes and construction of a new 37-unit multifamily building. The table below outlines the proposed new unit mix:

	1bd	2bd	3bd	Total
Senior Building	99	6		105
Family Multifamily	12	19	6	37

The new construction effort not only improves the quality of the existing residents' housing, but adds an additional seventeen (17) units of affordable housing available to help meet the known community need of affordable units. The additional 17 units added to the property will not receive direct HUD subsidy, but will remain affordable, targeting residents at or below 80% area median income levels. The estimated hard costs construction budget of the new building is over \$12M and also includes adding new community room facilities and a picnic area for residents.

The partnership between the City Wyoming, MSHDA, and the property owner would facilitate a combined rehabilitation and development plan that would bring over an estimated \$17.5M in hard construction cost investments into the community.

The development plan would request competitive and non-competitive financing in October 2025 which, if successful, would yield financing awards in January 2026 and a construction start in late spring/early summer of 2026.

The below table shows the projected year one PILOT and MSA payment for the proposed development:

Pinery Park 2024 Real Estate Tax	\$208,306
Pinery Pary Year 1 Development Projected Revenue	\$1,717,668
1% PILOT	\$17,177
3% MSA	\$51,530
Combined Proposed Pinery Payment 2024	\$68,707

PILOT transferability

The rehabilitation and development plan for the property would require a transfer in property ownership for the new financing structures. Therefore, it is requested that the PILOT and MSA ordinances for the property allow for transferability of the agreement to the new ownership entity(ies) as required for structured financing.

Pinery Park Preservation and Expansion – Twin Deal Context & Overview

The proposed development plan utilizes a 9%/4% LIHTC twinning strategy to both preserve the existing 105 senior units and increase the supply of affordable family units through a new 37-unit construction family community. The project will increase the total number of affordable units at the site from one hundred twenty-five units (125) to one hundred forty-two units (142).

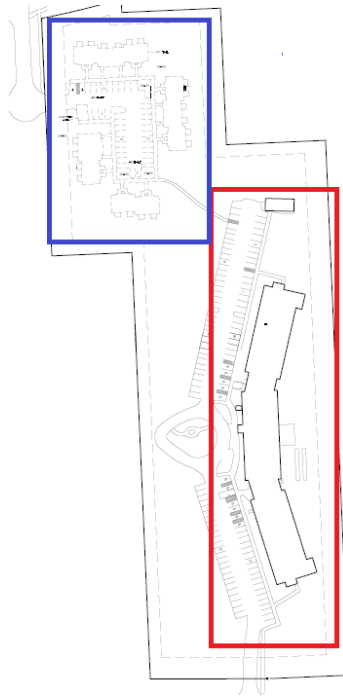
If the property receives the LIHTC financing, the property name would transition from Pinery Park Apartments into two separate property names; one for each multifamily building while keeping the

same parcel number to encompass both properties. The new property names would be Pinery Park Senior Apartments and Pinery Park Family Apartments.

The 4% LIHTC bond transaction will finance a substantial renovation of the existing senior multifamily building located on the southern end of the property. Below is a layout of the overall site with the two existing product types in boxes as labeled.

Red Box – Existing Senior Multifamily

Blue Box – Existing Family Townhome



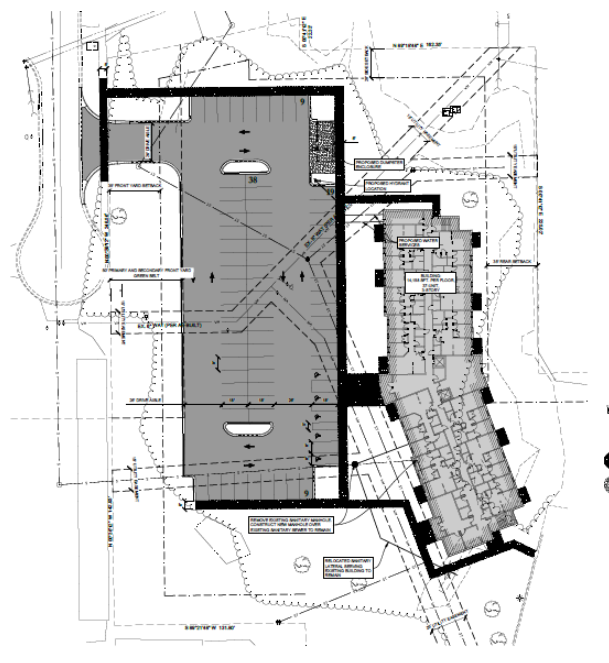
The 4% transaction is proposed as a pass-through bond structure, utilizing an immediate Freddie TEL permanent financing. Currently, all project gaps are projected to be filled by seller and owner contributions. The LIHTC transaction would allow for comprehensive rehabilitation, addressing critical building upgrades to outdated construction practices and materials and stabilize core systems while providing modernized unit interiors and enhanced quality of life for the seniors. The picture below provides an example of an impact of the outdated construction techniques and the need for proper weather barrier installation and roofing upgrades at the building to ensure safety of the residents and longevity of the affordable housing resource.

The 9% transaction will involve demolition of the existing 20 townhomes on the northern portion of the site and construction of a new 37-unit multifamily building, increasing both quality and quantity of affordable units. In addition to new units, the building will add additional community space and site amenities. The table below outlines the proposed new site unit mix:

	<b>1bd</b>	<b>2bd</b>	<b>3bd</b>	<b>Total</b>
<b>Senior Building – 4%</b>	99	6		105
<b>Family Building – 9%</b>	12	19	6	37

The existing Sec 8 HAP contract will be bifurcated and the former 20 townhome unit portion of the contract will be assigned to the new 37 unit building, leaving 17 LIHTC only units in the building. During the construction period, pass-through leases will be obtained from HUD for the townhome units which will allow for the continuation of subsidy payments during construction and support temporary relocation activity.

The below picture plan shows the new site layout for the northern portion (blue box area from above) of the site:





# GODWIN MERCADO

## ALCOHOL SERVICE

**City Council Work Session**  
September 8, 2025



# PURPOSE OF PRESENTATION

- Outline of Business Plan
- Alcohol Service Options
- Financial Impact
- Next Steps...

# THE GODWIN MERCADO

The Godwin Mercado Farmers Market exists to connect the community with fresh, locally grown food while celebrating the diverse cultures and vibrant spirit of Wyoming. By supporting local growers and makers, we foster health, economic opportunity, and meaningful connections in a welcoming space for all.

- 1. Increase access to fresh, healthy food*
- 2. Promote community health and wellness*
- 3. Foster entrepreneurial growth*
- 4. Strengthen community connections*





# FACILITY USE

## Farmers Market

- May - October on Sundays
- *Adding weekday market likely in second year*

## Private Reservations

- Weddings, receptions, birthday parties, corporate events, graduation parties, etc.
- Available Thursday-Saturday year-round
- *Alcohol service is a value add for private events*

# OPTIONS FOR ALCOHOL SERVICE

## Outside Caterers

- Pros: Low staff burden
- Cons: Lost revenue, loss of control

## Third-Party Bartending

- Pros: Moderate oversight
- Cons: Lost revenue, inconsistent quality

## City-Operated

- Pros: Full revenue, full control, optimal compliance



# RECOMMENDED APPROACH

## City-Operated Alcohol Service

- Civic Center (Class C) License held by City of Wyoming
- Service only provided by city staff. Trained to serve through ServSafe training
- Safe, consistent, guest experience
- Direct purchase of alcohol for events through MLCC

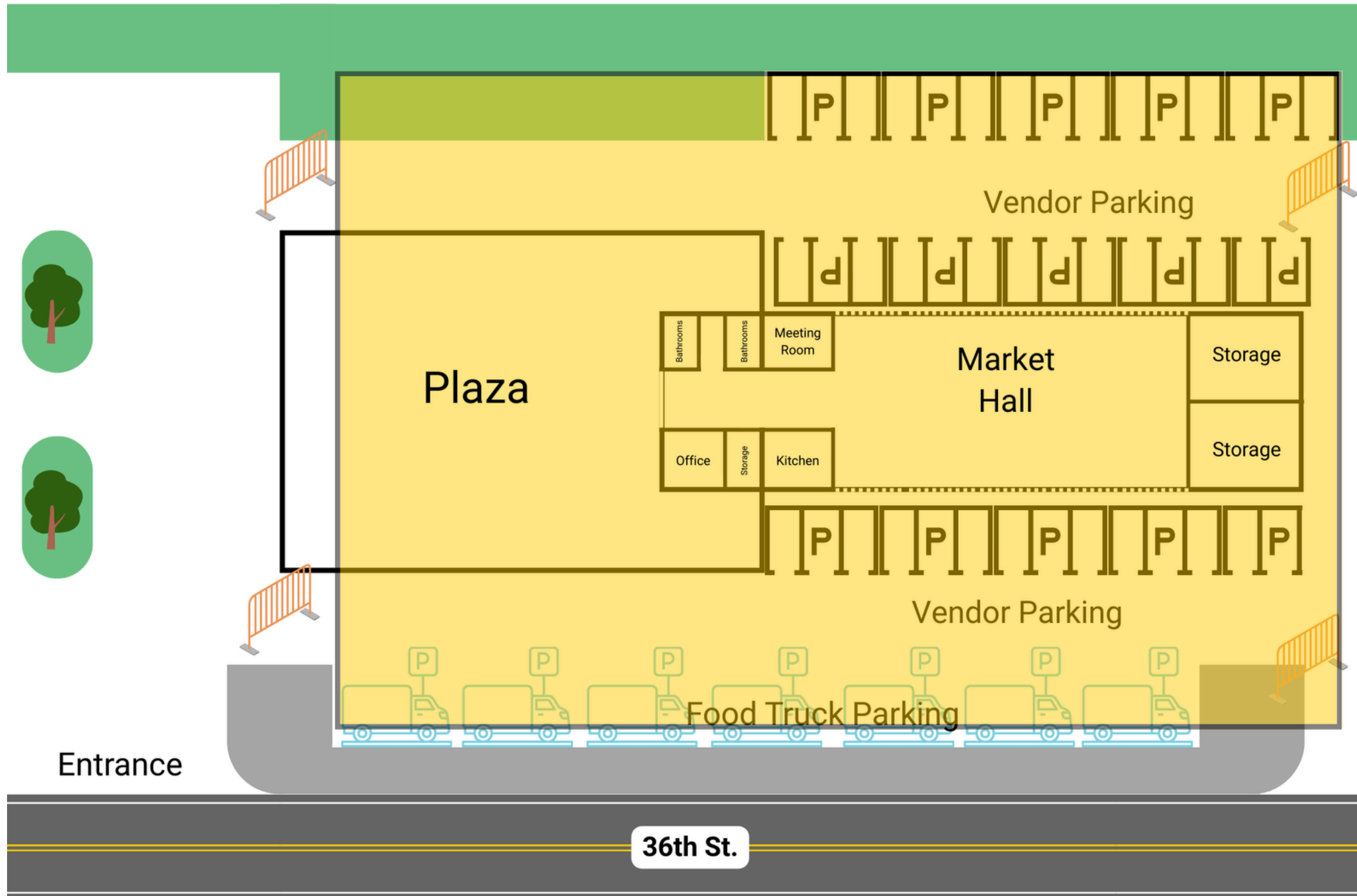
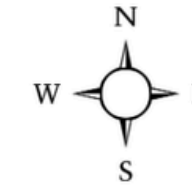


# RESPONSIBLE ALCOHOL SERVICE

## City-Operated Alcohol Service

- ID checks and wristbands
- One drink per guest at a time
- No service to intoxicated guests
- Incident reporting system



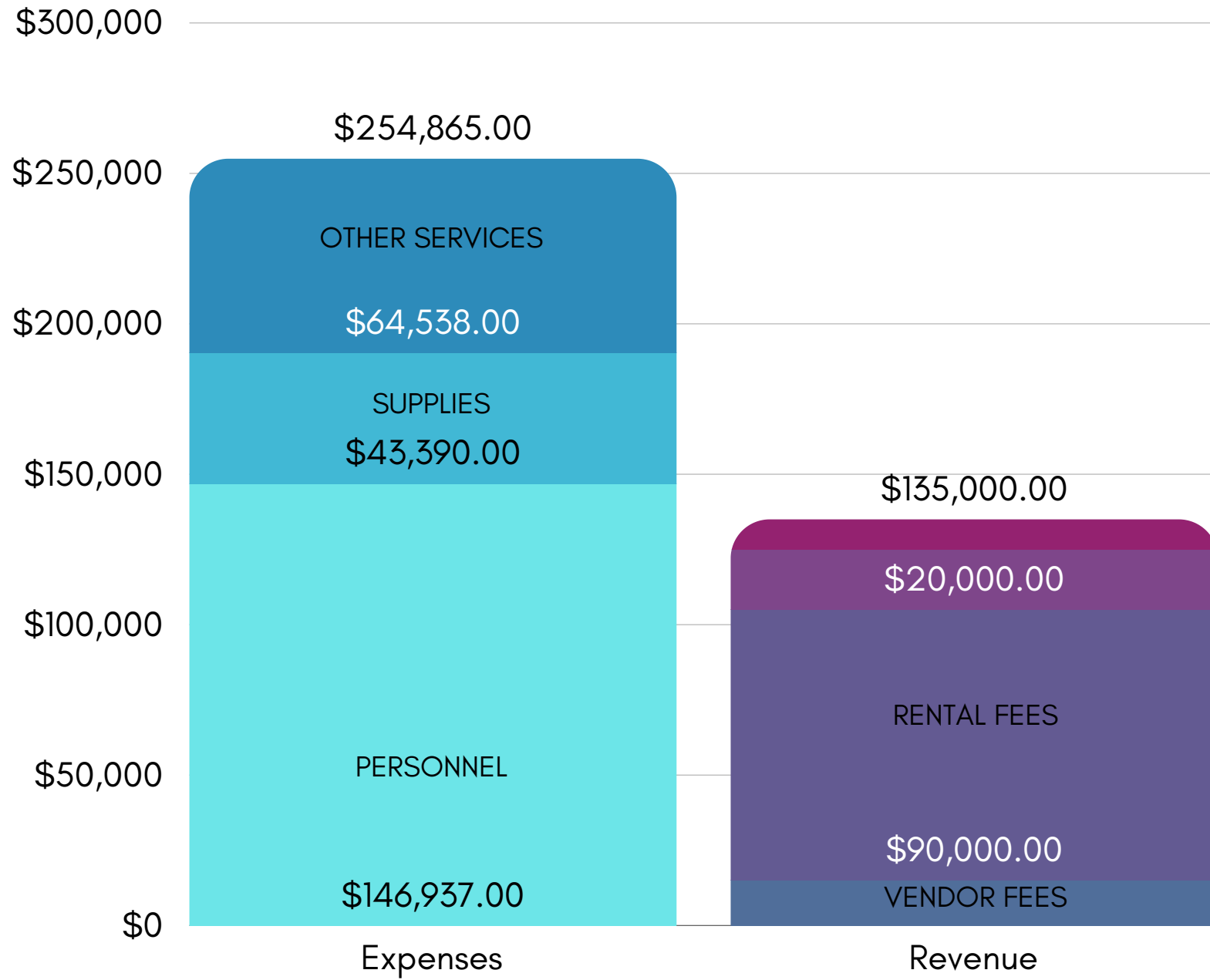




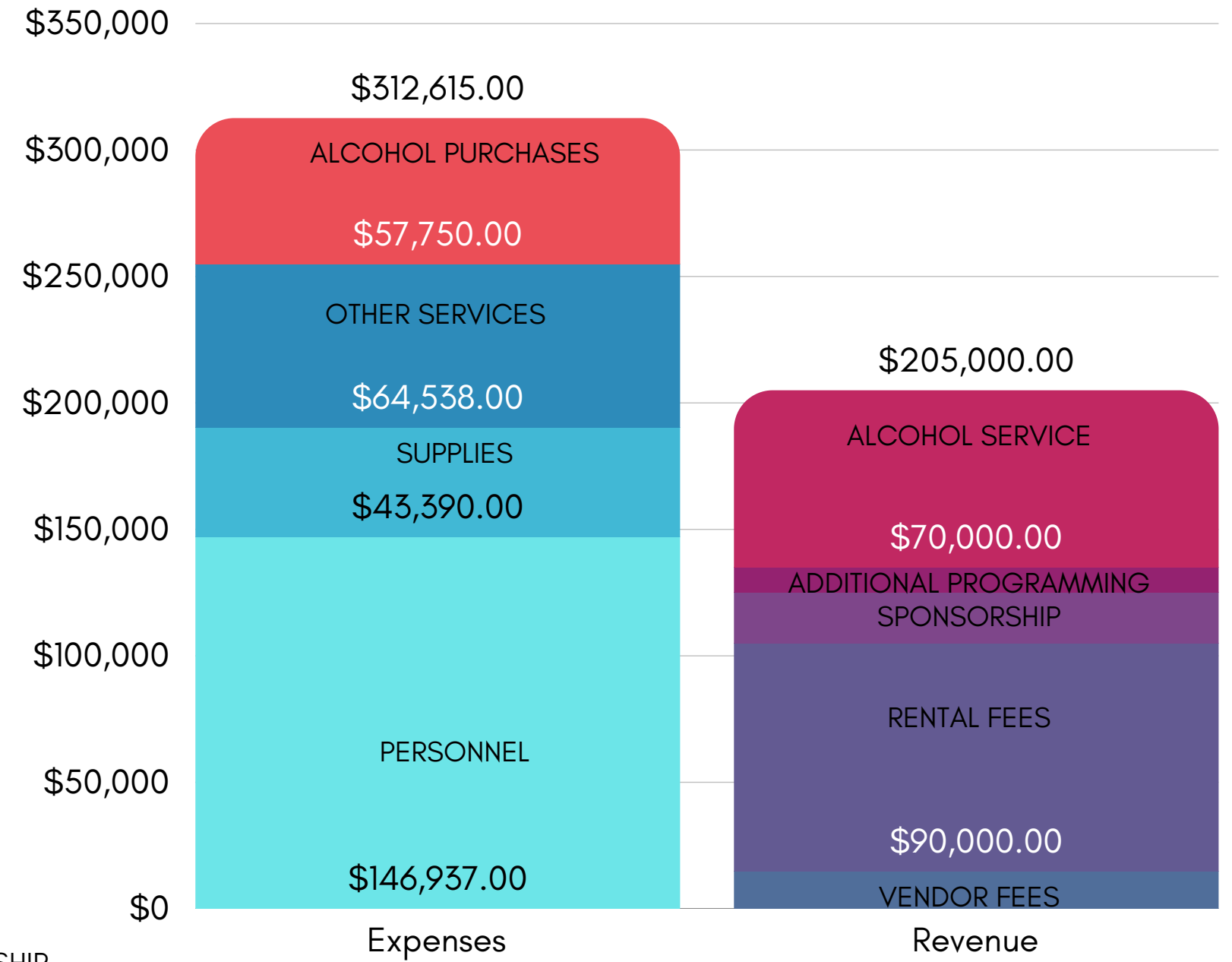
# FINANCIAL PROJECTIONS

- Outline of Business Plan
- Alcohol Service Options
- Financial Impact
- Next Steps...

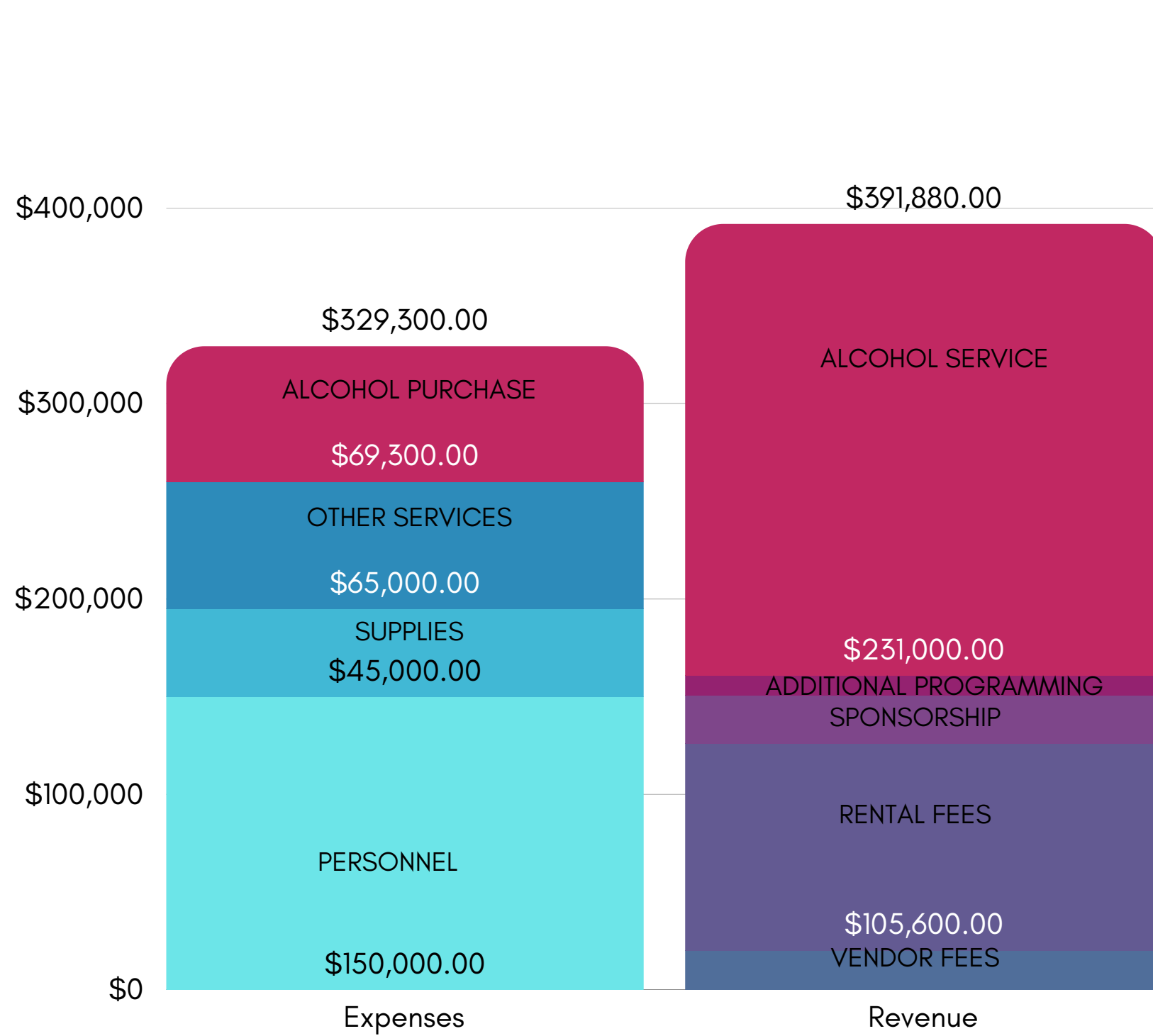
## Year 1 Projections Without Alcohol



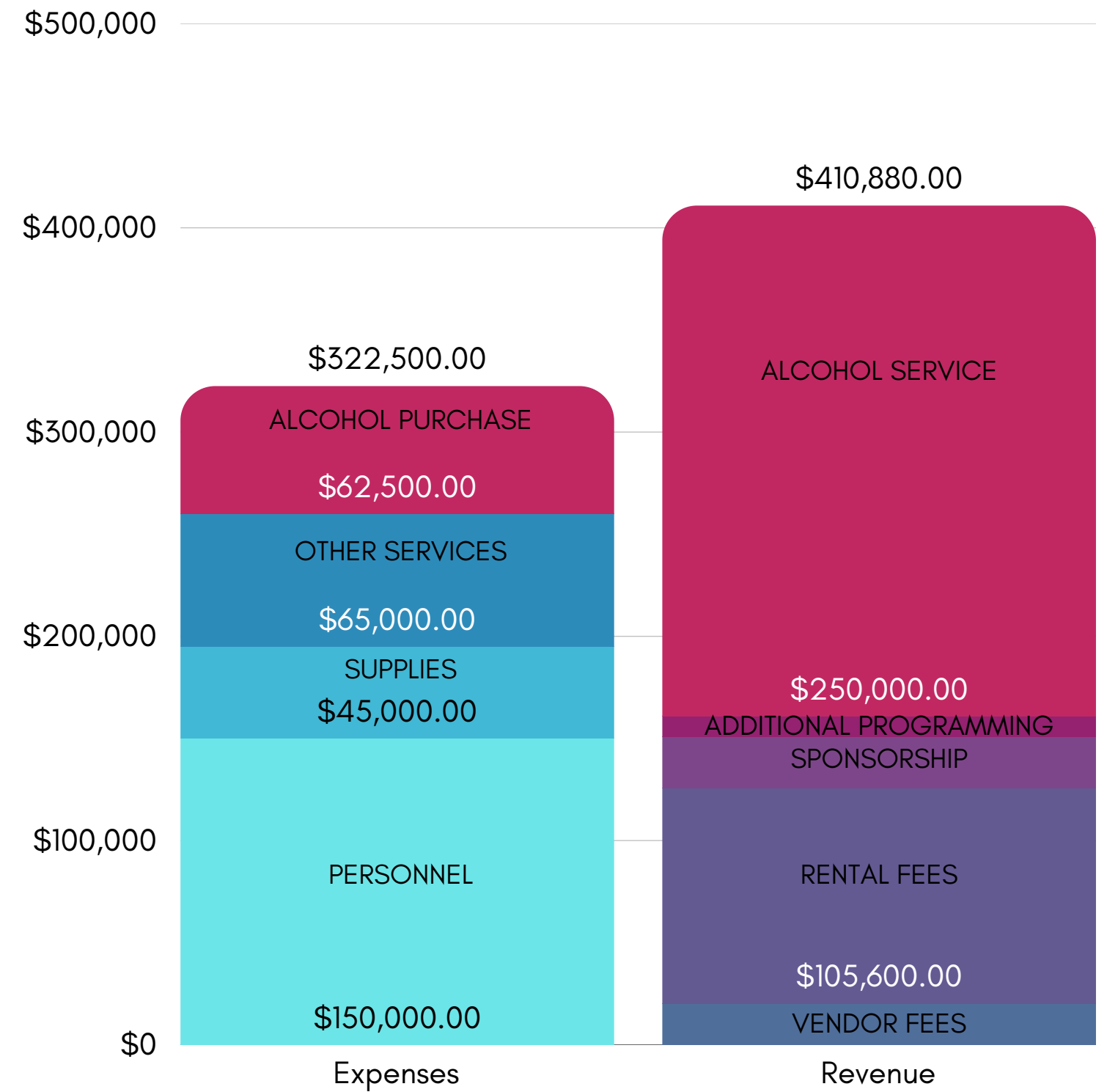
## Year 1 Projections With Alcohol



## Year 2 Projections With Alcohol



## Year 3 Projections With Alcohol



# COMMUNITY IMPACT

- Stronger financial sustainability for the Godwin Mercado
- Expands appeal as an event venue in Wyoming
- Meets community demand for quality affordable event venues



# NEXT STEPS

- Ordinance amendments needed:
  - Wyoming Code, § 14-42(e)
  - Wyoming Code, § 50-36
- Council to adopt resolution authorizing the City to apply to the MLCC for a Class-C civic center liquor license and recommending that the MLCC approve the license.

GODWIN  
**MERCADO** 



*Any Questions?*

# Godwin Mercado Business Plan

## Executive Summary

Godwin Mercado is a year-round community market and event space located in Wyoming, Michigan. Operating with the mission of connecting community members with fresh, local food and vibrant cultural experiences, the Mercado will host farmers markets weekly (Sundays) and offer a sought-after venue for private rentals on weekends. The facility will also feature on-site alcohol service under a municipal civic center liquor license, maximizing both revenue and control over hospitality operations.

## Mission & Vision

**Mission:** The Godwin Mercado Farmers Market exists to connect the community with fresh, locally grown food while celebrating the diverse cultures and vibrant spirit of Wyoming. By supporting local growers and makers, we foster health, economic opportunity, and meaningful connections in a welcoming space for all.

**Vision:** To become a hub for food access, small business growth, community celebration and connection—serving as a state model for municipally supported local economies.

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## Market Overview

### Facility Use & Schedule

- **Farm Market:**
  - *Seasonal:* May–October
  - *Days:* Sundays (9 AM–2 PM); Additional weekday likely in year 2
  - *Vendors:* 20-30 per market
  
- **Private Rentals:**
  - *Days:* Thursday-Sunday (*weekdays as available*)
  - *Types:* Wedding receptions, corporate events, graduation parties, birthday parties, etc.
  - *Alcohol:* Full service under the City's liquor license (civic center permit)

## Products & Services

### Farmers Market

- Priority to food vendors, local growers, and culturally relevant products
- Low-barrier pricing structure: \$20 - \$30/day; \$375–\$562.50 for full season
- Vendor mix includes produce, baked goods, dry goods, prepared foods, handmade items (selectively), and food trucks

### Event Rentals

- Indoor/outdoor spaces with flexible setup
  - City retains possession/control to meet liquor license compliance
  - Alcohol service offered by Mercado staff (trained and certified)
  - Add-on amenities: staffing, tables/chairs, A/V packages
- 

## Revenue Streams

1. **Vendor Fees** (see fee schedule)
  2. **Rental Fees** (half day/full day rates)
  3. **Alcohol Sales** (primary upsell for events)
  4. **Sponsorships**
  5. **Add-on Programs** (e.g., live music days, kids' programming, food truck fees)
- 

## Staffing Structure

- **Market Manager** (Full-Time): Oversees operations, vendors, events, staffing, compliance
- **Farm Market Assistants** (Part-Time x2): Setup, vendor support, customer service
- **Rental Assistants** (Part Time 4–6): Setup/tear down, bartending, client coordination

All staff involved in alcohol service will complete certified training. Additional volunteers or seasonal interns may be considered to support special programs.

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## Legal & Compliance

- **Liquor License:** Operated under a civic center license held by the City of Wyoming, allowing alcohol sales at scheduled events. Staff will serve alcohol directly.
  - **Zoning & Health:** All food vendors must comply with MDARD, Michigan Cottage Food Law, and the Kent County Health Department.
  - **Insurance:** Vendors must carry liability and sign a hold-harmless agreement. The City maintains dram shop coverage for alcohol service.
  - **Market Rules & Guidelines:** Clearly outlined in vendor agreement to ensure safety, cleanliness, and professionalism.
- 

## Marketing Strategy

- **Digital Outreach:** Website (godwinmercado.com), social media campaigns, event listings
  - **Local Media:** Features in press releases, radio interviews, and local TV
  - **Community Partnerships:** Collaboration with schools, nonprofits, and community groups
  - **Sponsor Visibility:** Tiered sponsor benefits to boost visibility and engagement (see Sponsor Structure doc)
- 

## Financial Projections

Year 1 Revenue		Year 1 Expenses	
Item	Estimated Annual Revenue	Item	Estimated Annual Expense
Vendor Fees	\$10,000 - \$15,000	Personnel	\$146,937
Private Event Rentals	\$60,000–\$90,000	Supplies	\$43,390
Sponsorships	\$15,000–\$20,000	Other Services & Charges	\$64,539
Add-ons & Programming	\$5,000–\$10,000		
<b>Total Revenue</b>	<b>\$90,000–\$135,000</b>	<b>Total Expense</b>	<b>\$254,866</b>

### Year 2 Revenue

### Year 2 Expenses

Revenue Stream	Estimated Annual Revenue	Item	Estimated Annual Expense
Vendor Fees	\$20,280	Personnel	\$150,000
Private Event Rentals	\$105,600	Supplies	\$45,000
Alcohol Sales	\$231,000	Other Services & Charges	\$65,000
Sponsorships	\$25,000	Alcohol Purchases	\$69,300
Add-ons & Programming	\$5,000–\$10,000		
<b>Total Revenue</b>	<b>\$391,880</b>	<b>Total Expense</b>	<b>\$329,300</b>

### Year 3 Revenue

### Year 3 Expenses

Revenue Stream	Estimated Annual Revenue	Item	Estimated Annual Expense
Vendor Fees	\$20,280	Personnel	\$150,000
Private Event Rentals	\$105,600	Supplies	\$45,000
Alcohol Sales	\$250,000	Other Services & Charges	\$65,000
Sponsorships	\$25,000	Alcohol Purchases	\$62,500
Add-ons & Programming	\$5,000–\$10,000		
<b>Total Revenue</b>	<b>\$410,880</b>	<b>Total Expense</b>	<b>\$322,500</b>

### Alcohol Service Financial Projections

Item	Conservative	Moderate	Optimistic
<b>Gross Sales</b>	\$200,000	\$231,000	\$250,000
<b>COGS (Alcohol Purchases)</b>	\$70,000 (35%)	\$69,300 (30%)	\$62,500 (25%)
<b>Gross Margin</b>	\$130,000	\$161,700	\$187,500
<b>Staffing &amp; Service Costs</b> (bartenders, training, supplies)	\$40,000	\$45,000	\$50,000
<b>Net Alcohol Revenue</b>	<b>\$90,000</b>	<b>\$116,700</b>	<b>\$137,500</b>

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## Milestones & Timeline

- **Summer 2025:** Complete construction, licensing, staff training
- **Fall 2025:** Grand opening and soft launch of city sponsored and private events
- **Spring 2026:** Full seasonal launch with Sunday markets
- **Summer 2026:** Establish baseline KPIs, host inaugural signature events
- **Fall 2026:** Sponsorship expansion, evaluate rental expansion feasibility, explore additional weekday market for 2027

## STAFF REPORT

Date: September 2, 2025

Subject: Wyoming – Ottawa County 2025 Superseding Water Supply Contract

From: Aaron Vis, Director of Public Works

Meeting Date: September 8, 2025

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### ***Background***

The City of Wyoming (COW) and Ottawa County (OC) have enjoyed a lengthy partnership in the provision of finished drinking water for nearly 250,000 residents in Kent and Ottawa Counties. In 1964, the COW and OC entered into a water supply contract that was amended in 1972, 1974, and most recently in 1988. Since December of 2023, the COW and OC staff have worked together to update this 1988 contract. While some concepts from the 1988 contract remain unchanged, a significant portion have been updated to better position both entities for the future. Following is a brief summary of key concepts in the new contract, listed under each heading that details their comparison to the 1988 contract. Acronyms used below are consistent with those used in the proposed contract and can be found in Section 1.1 of the attached contract.

### ***Contract Summary***

#### *No changes*

- **Concept of beneficial ownership.** The 1988 contract used a term titled “beneficial ownership interest”, which was ambiguously defined but necessary in order for OC to bond for their portion of projects. The 2025 contract defines that OC is a beneficial owner and has/will continue to invest into the City-County System Component (CCSC), similar to a limited partner in a limited partnership. COW is the managing general partner in the joint endeavor. The updated definition continues to provide OC the substance necessary to bond.
- **CCSC Operations and Maintenance (O&M) responsibility.** COW continues to own, operate, solely employ, repair, replace, improve, and assumes the risks of operating the CCSC.
- **True-up.** At the end of each fiscal year and upon receipt of the COW audit results, projected/budgeted water usage, operation and maintenance costs, and capital project costs are compared with actual. A credit or debit based on actual values is issued.
- **CCSC “assets”.** Assets remain as listed in the 1988 agreement, although more clearly defined and mapped.
- **Future connections.** Future connections are allowed and paid for by the Wholesale Unit (WU) requesting the connection, similar to the 1988 agreement. COW cannot unreasonably deny a connection unless certain conditions warrant.

### *Minor changes*

- **Peak hour withdrawal rate.** The 1988 contract had a peak hour withdrawal rate of 3x the Average Daily Demand (ADD)/24 applied to OC as a whole. The 2025 contract commits COW and OC to determining a peak hour demand limit within 1 year of the conclusion of the in-process optimization study and will apply these limits at the WU level not to OC as a whole. These limits will not be less than 2.1xADD, and if the parties are unable to agree on a peak hour demand limit COW will decide one. These limits will be effective within 6 years of the completion of the optimization study or 2031. Current (1988) peak hour demand limits are in effect until new ones are placed. 5 goals are listed as reasons why demand limits are necessary, including:
  1. Defer significant COW System capital investments. Specifically, delaying the investment in the DWP expansion (estimated to cost \$235M in 2024 dollars) by at least 10 years after 2033.
  2. Ensure that COW System infrastructure and components are, as much as possible, used for their intended purpose.
  3. Provide a capacity value at a COW System and WU level.
  4. Ensure a fair and equitable approach to use of the COW System among WUs.
  5. Provide WUs direction for growth and planning.
- **Fire hydrant charges.** The 1988 contract charged OC \$50/hydrant/year. The 2025 contract applies a charge to each hydrant tied to the COW fee schedule of a 6" fire sprinkler connection, currently set at \$519.88/hydrant/year and updated annually according to the most recent fee schedule.
- **Changes to the exclusive service area.** Significant growth and OC WU expansions have occurred since 1988. The boundaries of the exclusive area have increased overall, excepting around the City of Zeeland which has shrunk. Service to boundary areas/streets will be determined when those areas become developed and are intentionally left as determined at the time of connection, based on what is in the best interest of the parcel being served.
- **Point of responsibility more clearly defined.** The 1988 contract was vague regarding OC's and COW's point of responsibility change. The 2025 contract defines this as the first valve downstream of the connection to the transmission main and has accompanying maps to indicate specifically where this occurs.
- **Approval by OC of projects over \$2M requiring debt issuance.** The 1988 contract had an extensive scaled expenditure schedule for capital projects by which COW needed to notify OC. The 2025 contract mandates meetings at certain frequencies to discuss projects. Approval is only needed by OC if a project is expected to be over \$2M and if OC intends to issue debt.
- **Contract term.** The 1988 contract term was into perpetuity with no out or recourse. The 2025 contract is until at least 2085, after which a termination notice of 10 years is required, with recourse for then-current debt and other considerations.
- **Purchase of a minimum quantity of water.** The 1988 agreement mandated that OC pay for a minimum amount of water which was calculated by taking the ADDx365. This provision was never exercised that we are aware of, and believe it was intended to provide COW a certain revenue stream in the event of a catastrophe. The 2025 agreement eliminates the minimum payment provision but commits the parties to working together to ensure that any costs to both remedy the situation and provide for ongoing O&M are jointly covered.
- **Demand projections.** The 1988 contract required OC to provide a 5-year water use projection due prior to June 1 of each year. Since the new rate method is significantly dependent on accurate demand projections at the 10, 15 and 20-year periods for

individual WU's, COW will retain a consultant at 5-year periods, beginning in 2028, to determine WU projections. WU's must provide accurate information and can comment on the results.

- **Commitment to not provide situations that specially benefit 1 WU over another.** The 1988 contract did not address a situation that was not present at that time, which was that WU's can and do (as was noted in the 2024 Reliability Study) use certain components of the transmission system at the expense of deferring WU capital projects. The 2025 contract provides that COW will not, as much as possible, allow this to happen.
- **Meters.** The 1988 contract was somewhat vague in defining what entity was responsible for testing and replacement of WU water meters. WU's were generally responsible for paying for meter replacement. The 2025 contract identifies that WU meters are owned and maintained by the WU, that COW has access to test and calibrate, that the WU must replace the meter if certain conditions warrant, and that new meters must be compatible with COW technology. Additionally, meter accuracy tolerance limits are included in the 2025 contract.

#### *Major changes or new language*

- **Max day and peak hour withdrawal limit.** While the 1988 Contract had a peak hour withdrawal rate limit (as explained in the minor changes section), it did not have a max day limit. The 2025 contract commits COW and OC to determining a max day demand limit within 1 year of the conclusion of the ongoing optimization study. These limits will not be less than 2.1xADD, and if the parties are unable to agree on a max day demand limit COW will decide one. These limits will be effective within 6 years of the completion of the optimization study or 2031.
- **Consequences for exceeding peak hour and max day limits.** The 1988 contract did not include any consequences for exceeding the peak day withdrawal limit. The 2025 contract commits OC and COW to determining consequences for WU's approaching or exceeding the peak hour and max day limits and lists some examples of what these may look like, including tiered rates or surcharges. Revenue collected from the consequences will be applied to the increased operational costs or overall system capital improvements that will benefit the entire system.
- **Capacity.** The 1988 contract does not use the word capacity or define any sort of capacity attributable to OC. OC provided a capital contribution of 43% of every project, but there is no documentation in the contract of that entitling OC to 43% of available capacity other than that OC has a 43% beneficial ownership interest in the CCSC. The 2025 contract also does not determine a set capacity. However, it does state that the max day and peak hour limits can be used as a capacity value for planning purposes. The 2025 contract does commit to COW providing WU's with sufficient capacity to meet max day demands throughout a reasonable planning window.
- **Base-extra capacity.** The 1988 contract did not use the American Water Works Association (AWWA) base-extra capacity method of cost allocation (all other COW contracts do). The 2025 contract does use the base-extra method of setting rates, which includes a base component, max day component, peak hour component, and customer account component.
- **Floating measures rate development.** The 1988 contract committed OC to a capital contribution of 43% for every capital project. For the 2025 contract, capital and O&M costs are dependent on actual (historical) and projected average day, max day, and peak hour use. WU's that have a higher max day or peak hour ratio will pay more for O&M and capital costs.

- **True cash-basis of rate making.** The 1988 contract used a combination of utility (depreciation) and cash. The 2025 contract uses the cash basis of rate making.
- **Disaggregation of OC customers.** The 1988 contract looked at OC as a single water-using entity and billed accordingly. The 2025 contract, recognizing that the disaggregated WU's impact the CCSC differently, will now bill OC the sum of the O&M and Capital costs as determined for each individual WU. OC has an internal methodology and agreement for billing/collecting from the WU's which does not affect COW.
- **IT/cyber language.** The 1988 contract didn't include any reference to technology. The 2025 contract references the need to proactively address and communicate tech and especially cyber vulnerabilities. The 2025 contract also mandates WU compliance with COW directives to mitigate risks and update technology. If a WU does not comply, COW can isolate the WU and charge them for costs incurred.
- **Water ordinance.** The 1988 contract did not include a requirement for WU's to adopt a water ordinance. This is in the 2025 contract and mimics COW's. The primary reasons for this are to ensure consistent levels of service and cross connection contamination prevention strategies are in place.
- **Increased meetings and communications.** The 1988 contract had no requirements for communications or meetings. The 2025 contract specifies meetings at the operations level, services area level, and solely with OC at varying frequencies throughout a year.
- **COW retail treated as a WU.** In order to properly apply the rate methodology, COW retail customers will be treated as if they were a WU, with the same limitations and cost sharing mechanisms applied.
- **Ability to forecast rates.** The current contract does not easily or transparently allow for rate forecasting. The new rate methodology does allow for this.

### ***Overall Rate Impacts and Impact to COW***

In 2023, the COW retained Stantec as its rate consultant in part to assist in determining an appropriate rate methodology for this new contract. The new rate methodology places an emphasis on growth and demand; communities that exhibit these tendencies and that are projected to do so in the future will pay higher rates. Growth comes in the form of, for instance, additional housing units or industrial expansion. Demand typically comes in the form of irrigation and is determined by maximum day and peak hour use. Since the COW has relatively stable growth and demand, its rates will go down. Those communities that are growing in size and placing higher demands on the water system will pay higher water rates.

### ***Next Steps***

Attached to this staff report is the final draft contract, which will be placed on the agenda within the next month for official Council approval. OC staff are also presenting this draft contract to their constituents and will also be obtaining formal approval. The contract with OC was drafted such that it could be used as a template for updating the remaining water contracts with Grandville, Kentwood, Byron and Gaines Townships, and a small portion of Georgetown Township along Kenowa Ave. COW staff intend to meet with each of these remaining entities over the next several months, with the hope that contracts with these entities be finalized before the start of FY27. These contracts will also require approval of each governing body in a similar manner.

**SUPERSEDING WATER SUPPLY CONTRACT**  
(WYOMING – OTTAWA COUNTY)

This Superseding Water Supply Contract is made as of July 1, 2025, between the City of Wyoming, a Michigan municipal corporation whose address is 1155 28<sup>th</sup> St SW, Wyoming, MI 49509 (**COW**) and the County of Ottawa, a Michigan municipal corporation acting by and through its Board of Road Commissioners whose address is 14110 Lakeshore Drive, Grand Haven, MI 49417 (**OC**).

**RECITALS**

- A. On January 10, 1961, OC's Board of Supervisors (now Board of Commissioners) adopted a resolution pursuant to 1939 PA 342, MCL 46.171 *et seq.*, that established a water supply and sewage disposal system or systems in and for Ottawa County and designated the Ottawa County Road Commission to serve as OC's agent for establishing, maintaining, and operating them.
- B. By an agreement dated July 21, 1964, that was amended in 1972 and 1974, COW first agreed to supply water to OC with that amended agreement being replaced in 1988 by a Restated Water Supply Agreement (**1988 Agreement**).
- C. The parties are replacing the 1988 Agreement with this Superseding Water Supply Contract, that recognizes their relationship as a joint endeavor under the municipal partnership act, 2011 PA 25, MCL 124.111 *et seq.*

**TERMS AND CONDITIONS**

In exchange for the consideration in and referred to by this contract, the parties agree as follows.

**Article I**

**Terms and Interpretive Rules**

**1.1 Definitions.** The following definitions apply to terms in this contract unless the context clearly indicates otherwise.

- A. **Average Daily Demand** means the metered average single day usage of water in a non-rolling 365-day (366 days for leap years) period. It might apply to a single user, an OC Constituent, a COW Customer Community, the CCSC, the COW System, or the Service Area System. A single day is defined as the 24-hour period between midnight and midnight of consecutive days.
- B. **AWWA** means the American Water Works Association or any successor organization.
- C. **Capital Improvement Plan** means the list approved by the City Council of any Capital Projects or Capital Items to be a part of the COW System, that may include anticipated costs, financing or funding options, and a proposed implementation schedule for listed projects or items.
- D. **Capital Project** or **Capital Item** means a project or item that requires adherence to COW's capital purchasing and capital asset policies and could include replacement of existing items or facilities and/or improvements by expanding, adding, or upgrading items or facilities.
- E. **City-County System Component** or CCSC means and consists of the following parts of the COW System: its Intake Facilities, the DWP, transmission mains, transmission main hydrants, and finished ground water storage tanks at Gezon Station, the major assets of which as of the close of the 2025 fiscal year are depicted and/or generally described on **Exhibit A** and in which OC is a beneficial owner (see §2.2). The CCSC has valves along the transmission lines for providing water to OC Constituents and to some COW Customer Communities.
- F. **City Council** means COW's city council.
- G. **City's Retail System** means those COW System users within City's jurisdictional limits served by COW's water distribution system. There are some users within the jurisdictions of COW Customer Communities that COW bills as retail customers who are part of the City's Retail System and some users within COW's city limits that a COW Customer Community bills who are not part of the City's Retail System.

H. **COW Customer Communities** means the communities and systems in Kent County to which COW provides water and a part of Georgetown Charter Township in Ottawa County that is not served by OC.

I. **COW System** means and consists of Intake Facilities, treatment facilities, water storage tanks, pumping facilities, transmission mains, distribution mains, fire hydrants, valves, and other components for treating water drawn from Lake Michigan and providing directly or via transmission, storage, and distribution facilities owned or operated by other governmental units to residences, businesses, institutions, and other users in Kent and Ottawa Counties serving over 250,000 persons. However, the COW System does not include any part of the water systems owned or operated by COW Customer Communities or OC Constituents. The COW System stops at but includes the isolation valve immediately downstream from the Wholesale Unit's connection to the transmission main.

J. **DWP** means the COW drinking water treatment plant and facilities located at 16700 New Holland Street, Park Township, Michigan, commonly known as the drinking water plant.

K. **EGLE** means the Michigan Department of Environment, Great Lakes and Energy and any successor agency.

L. **Gezon Station** means the Gezon Pumping Station located at 5591 Gezon Ct SW, Wyoming, Michigan.

M. **Intake Facilities** means the existing and any subsequently constructed intake line(s) and associated facilities extending into Lake Michigan, the pumping facilities on the lakeshore and the raw water lines extending from those pumping facilities to the DWP.

N. **Maximum Day Demand** or **MDD** means the highest metered usage of water during any single day in a non-rolling 365-day (366 days for leap years) period. It might apply to a single user, an OC Constituent, a COW Customer Community, the CCSC, the COW System, or the Service Area System. A single day is defined as the 24-hour period between midnight and midnight of consecutive days.

O. **MDOT** means the Michigan Department of Transportation and any successor agency.

P. **OC Constituents** means those communities and systems that acquire water from OC as provided in this contract.

Q. **OCRC** means the Ottawa County Road Commission governed by the OCRC Board.

R. **OCRC Board** means the Ottawa County Board of Road Commissioners.

S. **Overall Capacity** means the actual outflow capacity of a public water system or any major component as constrained by its most limiting component. For example, as noted in subsection 4.3.B the most limiting component of the COW System in 2025 is its transmission capacity. As also noted in that subsection, the most constraining capacity of the DWP is its high service pumping capacity that limits its output to 104 MGD.

T. **Peak Hour Demand** or **PHD** means the highest demand for water during any single hour (*i.e.*, any rolling 60-minute period) in a non-rolling 365-day (366 days for leap years) period. It might apply to a single user, an OC Constituent, a COW Customer Community, the CCSC, the COW System, or the Service Area System.

U. **Service Area System** means all the public water service plants, facilities, mains, storage tanks, pumps, distribution lines, and other components needed to serve all users of COW System water including the COW System and the Wholesale Units within the service area depicted on **Exhibit B**.

V. **Stantec Rate Method** means the rate methodology developed in 2024 by Stantec Consulting Services, Inc. in cooperation with the parties that is described in abbreviated form in **Exhibit C** and encompassed in series of spread sheets and formulas, a copy of which was provided to the parties in August 2025, as that methodology may from time-to-time be modified or replaced by written agreement of the parties and without amending this contract. Stantec Consulting Services, Inc. may be succeeded or replaced by another water rate consultant retained by COW.

W. **Water Rates** means the rates, fees and charges for water service that COW establishes in accordance with this contract.

X. **Wholesale Unit** means City's Retail System, any COW Customer Community, or any OC Constituent. City's Retail System is treated for most purposes under this contract as a wholesale customer of the COW System. When plural, it means all the public water systems owned and operated by all the COW Customer Communities, all the OC Constituents, and the City's Retail System.

## **1.2 Interpretive Rules.**

A. This contract is intended to address the parties' relationship with respect to the CCSC and COW System existing when this contract is signed and as expanded or improved in the future.

B. This contract is the parties' complete agreement regarding its subject matter. It supersedes and replaces all previous agreements including the 1988 Agreement and predecessor agreements. There are no prior or contemporaneous, written or unwritten agreements, other documents, or oral understandings that modify or affect this contract.

C. This contract can only be amended or otherwise modified by a written document approved by the City Council and the OCRC Board that is signed by authorized COW and OCRC representatives. However, the parties contemplate that explanations and applications of contract provisions may be preserved in written statements agreed upon by the parties to the extent they do not alter provisions of this contract.

D. When an officer or body of either party is identified by title, it means that individual or body and that individual's or body's successor(s), superior(s), and designee(s).

E. OC Constituents and COW Customer Communities may be affected by this contract. However, neither OC Constituents nor COW Customer Communities have rights under this contract, and they are not entitled to enforce any provision of this contract. No other individuals or entities, including for example, any Wholesale Units or any customers or users of any Wholesale Unit, shall have rights under or to enforce any provision of this contract.

F. Words not defined in this contract that have specialized meanings for water utilities shall be given those meanings. Other words not defined in this contract shall be given their normal meanings.

## **Article II Parties' Roles**

**2.1 COW Is Owner/Operator.** COW is the owner and operator of the entire COW System, including the CCSC. COW owns all the real property, equipment and other facilities comprising the COW System, is the easement holder of the easements, and is the holder of and has the obligation to comply with all licenses and permits required to own, operate, use, repair, maintain, and improve the COW System. COW is the managing general partner in this joint endeavor.

A. COW is the sole employer of the staff operating the COW System.

B. COW is responsible for the COW System with the risks, liabilities, obligations, and duties inherent in owning, operating, and having responsibility for the COW System.

C. Except as otherwise specifically provided in this contract, COW has the responsibility and sole discretion in designing, constructing, installing, operating, maintaining, repairing, replacing, and improving the COW System and for oversight and accountability of contracted parties and the work they perform.

D. COW shall operate the COW System in compliance with applicable laws, rules, regulations, permit and license requirements, and generally accepted utility practices.

E. COW will operate the COW System, including the CCSC, in a fair and equitable manner, consistent with good utility standards to provide all Wholesale Units and their respective users treated water in sufficient quantities and pressures to meet their reasonable demands. Accordingly, COW will attempt to address situations that specially benefit a Wholesale Unit, specially lower a Wholesale Unit's operational costs, or specially enables a Wholesale Unit to avoid capital costs, particularly if they result in increased costs to another Wholesale Unit or its users.

**2.2 OC Is Beneficial Owner.** The CCSC has been and continues to be an endeavor jointly undertaken by COW and OC. OC has invested capital to construct and install the CCSC, essentially paying for an undivided invested ownership interest in the CCSC, just as a limited partner in a limited partnership. OC's

communication, decision-making, accountability, service, and other invested owner rights and authority are limited to those expressly provided in this contract. While OC will be consulted on some issues, the need for OC's approval or consent is limited to certain decisions expressly provided in this contract, principally with respect to some Capital Project costs, especially those requiring OC or OC Constituents to incur costs and/or debt.

### **Article III** **Communications and Decisions**

**3.1 Communication Requirements and Purposes.** The parties have developed a working communication pattern that enables effective collaboration without impairing operations. The parties recognize their comfort with those patterns resulted from the respective efforts of and trust among their current personnel. Because personnel changes can affect relationships the parties wish to commit to some communication patterns to aid continued collaboration. Therefore, this article provides minimum requirements but anticipates the parties' communications will exceed them.

**3.2 Operators' Group Meetings.** At least once each calendar year, COW shall hold a meeting of the operators of OC Constituents and OCRC staff members (and COW Customer Communities' operators may also be invited to attend) to address (i) CCSC operations highlights since the last such meeting, (ii) operational changes, challenges, or matters of interest expected in the next 6 to 12 months, (iii) longer term changes that may affect operations, (iv) attendees' input about past, current or future operations, (v) strategies to address peak demands, (vi) possible COW System Capital Projects and alternatives, (vii) relevant changes in personnel or emergency contacts, and (viii) other issues COW, OCRC, OC Constituent, or COW Customer Community personnel may suggest.

**3.3 Direct Operator Communications.** COW staff shall communicate by email, text, cellphone, telephone, or other means directly with OC Constituents' operators when COW staff deems it necessary or prudent. When reasonable and if requested by OCRC staff, COW staff will copy designated OCRC staff of those communications that may affect OC or other OC Constituents. In other cases, particularly in routine interactions between COW staff and the staff of an OC Constituent, COW staff may, but is not required to, copy OCRC staff.

**3.4 Service Area System Meetings.** At least once each calendar year, COW shall invite officials and administrative staff from those served by the Service Area System to meet at the DWP to (i) provide information about the COW System (ii) discuss historical, current or future operational and administrative issues and Capital Projects, (iii) address any questions, (iv) provide updates that could significantly affect a Wholesale Unit, and (v) for a DWP tour. If a meal or refreshments are served, they shall be considered operational costs.

**3.5 Capital Planning and Significant Issue Consultation.** COW and OCRC staff shall meet not less frequently than twice each calendar year to plan for Capital Projects and discuss other significant issues. At least two of these meetings will coincide with (i) the review of proposed Water Rates for the next year, and (ii) review of any "true up" calculation for the immediately preceding year.

A. Among any other items either party wishes to discuss, the agenda for these meetings shall include, if applicable: (i) current COW System Capital Projects, (ii) plans, cost estimates, and projected schedules for COW System Capital Projects expected for the next 5 years, (iii) explanations for any CCSC operational or water use abnormalities since the last meeting, (iv) explanations and plans for any anticipated CCSC operational or water use abnormalities, (v) plans and timelines of any anticipated Wholesale Unit connections to the transmission mains (vi) communications with the EGLE or other regulatory agencies, (vii) anticipated near and longer term water rates, (viii) reports for the preceding 12 months on CCSC measurable standards, (ix) preceding and anticipated 12-months' operational costs, (x) regulatory changes affecting CCSC operations or costs, (xi) possible changes to maintain or improve water quality or service to Service Area System users, (xii) consequences that will or may result from violations of applicable Maximum Day or Peak Hour Demand limits and any circumstances in which such consequences may not be imposed or may be reduced, and (xiii) pertinent Service Area System personnel changes. The agenda shall, if practical, be circulated at least 7 days before the meeting. This does not preclude changes to the agenda, including changes made during the meeting.

B. The meetings are intended to allow the parties to collaborate on matters either believes relevant to address their respective needs and concerns. However, except as provided for approval of certain Capital Projects in section 3.7 and for actions under section 3.8, consensus or agreement on matters discussed is not required given COW's rights and responsibilities under section 2.1 of this contract.

C. Meetings held under this section are not meetings of a public body under the open meetings act, 1976 PA 267, MCL 15.261 *et seq.*, because the collaborative discussions among staff members under this section do not deliberate or render decisions on public policy. COW has the discretion to make all decisions regarding the COW System except for those matters that require City Council and OCRC Board approvals. Therefore, meetings under this section may be publicly noticed and open to public attendance but are not required to be publicly noticed or open to public attendance.

### **3.6 Studies.**

A. Studies by outside engineering or other consultants shall normally be within COW's purview and discretion. Studies in anticipation of Capital Projects that may result in costs to be paid wholly or partly by OC or OC Constituents, shall be undertaken only after informing OCRC consistent with this Article III.

B. The parties may undertake joint studies related to CCSC facilities or operations, water rates, or to another CCSC related matter and agree how costs of the studies will be shared, allocated and/or paid.

C. When requested, COW will promptly provide OCRC a copy of such studies, subject to OCRC compliance with needs to retain the confidentiality of some or all of their contents and/or redaction of particularly confidential information the disclosure of which could compromise COW System, CCSC, or a Service Area System's security.

### **3.7 CCSC Capital Projects.**

A. COW staff shall annually review with OCRC staff as provided in section 3.5 of this contract, the portion of the 10-year Capital Improvement Plan for the CCSC to consider possible updates and other changes. That plan may be less specific for years 6 through 10 than for the first 5 years and will include when design, permitting, easement acquisition and other preliminary work is to start and estimated costs for that work, as well as when construction is anticipated and its estimated costs.

1. During this annual review, the parties will preliminarily determine what, if any of the proposed Capital Projects will require issuance of debt and add debt issuance into the timetable for the Capital Project's design and construction. The parties may also preliminarily calculate what portion of the project cost and/or debt issuance each will bear and determine whether to seek other funding such as federal or state grants or loans.

2. During this annual review, the parties shall also consider and preliminarily designate a date or event that will trigger the final allocation of the CCSC Capital Project costs and/or debt issuance between them in accordance with section 5.3 below. Given the lengthy design/permitting/property (easement) acquisition process, the methodology may yield significantly different COW and OC allocations if done when the design contract is first considered than when subsequent events such as bidding, financing, or construction are to occur. Use of state or federal grant or loan funds may also alter the timing of the allocation. Possible approaches to timing the allocation might be to (i) make a single decision at the beginning of design, at the end of design, just prior to bidding, or some other time, (ii) undertake one allocation for design and another nearer to construction, or (iii) some other time(s). The chosen timing may also be influenced by factors such as how the City and OC will be allocating their respective shares to COW Customer Communities and OC Constituents.

3. In any year, Capital Projects may deviate from the Capital Improvement Plan when it is determined reasonably necessary or prudent due to project delays, unplanned Capital Projects (e.g., due to a water main break, pump failure, or other unanticipated work), regulatory changes, environmental conditions, or other conditions or circumstances. COW will promptly notify OCRC of such deviations from the Capital Improvement Plan.

B. COW will endeavor to keep OC informed about planned CCSC Capital Projects. Unless it is legally required or except as provided in the following subsection C, if costs of a proposed CCSC Capital Project will exceed \$2.0 million, it shall be undertaken only after consultation with OC. OC shall not be required to

issue debt to pay OC's share of any Capital Project costs unless it consents to that Capital Project. If a Capital Project is undertaken without OC's consent because it is legally required or as provided in the following subsection 3.7.C and OC has not issued debt to pay its share of the Capital Project costs, COW may pay OC's share of those cost either by issuing debt or from COW's fund balance and include in the Water Rates paid by OC any debt service costs related to COW debt issued to pay OC's share of the Capital Project costs or to reimburse any fund balance plus interest in an amount equal to the interest rate COW would have to pay if it issued debt instead of using funds from its fund balance to pay OC's share of the costs of that Capital Project.

C. If OC fails or refuses to consent to a CCSC Capital Project exceeding \$2.0 million or will consent only if the Capital Project is delayed, and COW believes the Capital Project and COW's timetable is reasonably necessary or prudent, the parties' differing perspectives shall be addressed in one of the following ways:

1. If COW wishes to undertake the Capital Project without contribution from OC or OC's Constituents and without any addition to the Water Rates paid by OC or OC's constituents, it may do so.
2. If either party wishes to do so, it may initiate the following process by written notice of the other party.
  - a. The parties may jointly engage an independent engineer or other consultant to render an opinion regarding the need for, prudence of, and/or timing of the proposed Capital Project and may agree to follow that opinion.
  - b. If the parties cannot agree on selection of an independent engineer or other consultant to render such an opinion, they may each select an independent engineer or other consultant to render an opinion, and the parties shall accept their joint opinion.
  - c. If the consultants selected by each party do not agree on the course of action to be taken with respect to COW's proposed Capital Project, those two consultants shall select a third consultant to render an opinion as to the need for, prudence of, and/or timing of the proposed Capital Project and the parties shall follow that opinion.
  - d. The selected consultant(s) shall render a decision as to whether the Capital Project COW seeks to undertake and its general scope and timing is reasonably necessary or prudent in keeping with good utility practices given current and reasonably expected Average Daily, Maximum Day, and Peak Hour demands. The consultant(s) decision shall not be based on possible alternatives and shall not include any statement requiring or urging any changes to the location, financing or other aspects of the Capital Project. However, the consultant may, in a nonbinding part of the decision include observations, suggestions, or other input on the design of the Capital Project.
3. The parties may agree in writing to another method for resolving their differing perspectives.

**3.8 Wholesale Unit Capital Projects.** The parties may require (to the extent they individually or jointly have the legal authority to do so) and/or encourage the design, acquisition, construction and installation of Wholesale Unit capital projects that may improve COW System performance, delay or lower costs of CCSC Capital Projects, reduce risks to the COW System from abrupt pressure changes or surges, reduce risks or frequencies of service interruptions or use restrictions, improve regulatory compliance, reduce operational costs, avoid or minimize Water Rates increases, or provide other systemic or user benefits. The parties anticipate that studies undertaken during the term of this Contract may identify such Wholesale Unit capital projects. The parties may determine that COW, OC, or one or more Wholesale Units should pay a portion of a Wholesale Unit's capital project cost due to its benefits beyond the Wholesale Unit in which it will be constructed and/or installed. COW and/or OC may, in their discretion, offer financial incentives from the COW System or CCSC to encourage or reward the completion of that Wholesale Unit capital project.

### **3.9 Other Joint Efforts.**

A. The parties shall cooperate with one another when seeking federal or state appropriations, grants, loans, or other funding for or related to the COW System or Wholesale Unit's system. The parties shall also cooperate on regulatory matters that affect or may affect the COW System or its operations. The parties may jointly engage lobbyists, their respective municipal or trade associations (e.g., MML, MAC, AWWA,

MI-AWWA, MCRA, MSPE, ACEC/Michigan, ASCE Michigan, etc.), attorneys, environmental advocates, or others to assist in those efforts.

B. The parties may individually or jointly, and/or in cooperation with one or more COW Customer Communities or OC Constituents, make or preserve claims in class actions or other lawsuits that that are related to or may affect the COW System or its operations.

C. Each party shall refrain from taking positions on state or federal matters or class action lawsuits that are related to or may affect the COW System or its operations that could undermine either party's interests.

D. If either party learns of any introduced legislation, proposed regulation, or pending or threatened legal actions that is related to or may affect the COW System or its operations, that party will promptly notify the other party so either party or both parties may monitor progress and the parties may collaborate as to how to address the matter to protect or advance their respective interests.

#### **Article IV** **Service to OC and OC Constituents**

**4.1 Commitment and Exclusivity.** Other than possible grant funds and special fees or other amounts to be paid by developers or individual users, the parties depend on rates paid by OC, City's Retail System, COW Customer Communities, and OC Constituents to fund all COW System costs.

A. Accordingly, OC is committed to this joint venture and to exclusively obtaining treated water as provided in this contract for the service areas of OC Constituents depicted on **Exhibit B**. Consequently, except as provided below, OC and OC's constituents shall not obtain treated water from any other source to provide water for any user in the service areas designated in this contract. OC will contractually require all OC Constituents and COW will require all COW Customer Communities to use only the treated water they obtain due to this contract to serve their respective service areas.

1. Users within any of the service areas already served with water from another public water system may continue to obtain water from that other public water system.

2. Parcels within an OC Constituent's service area under this contract that adjoin a boundary street at the edge one of the service area where parcels on the other side of the street are served by another public water system may obtain water from that other public water system under arrangements made with that OC Constituent with the consent of COW and OC, which consent will not be unreasonably withheld, conditioned, or delayed.

3. Parcels outside of the service area under this contract that adjoin a boundary street at the edge of the service area where parcels on the other side of the street are served by the Service Area System may obtain water from the Service Area System.

3. The parties may by written consent approved by resolutions of the City Council and the OCRC Board but without amending this contract modify OC Constituent service areas to add or remove land from them. For example, if after any current or future study, it appears that land within a service area could better be served by another public water system, that land may be removed from a service area. Conversely, for example, if it appears land not within a current service area could be served and the directly affected Wholesale Unit agrees to serve it, that property may be added to a service area. However, service areas shall not be modified if doing so would have significantly adversely affect any part of the COW System, either of the parties, or a Wholesale Unit.

B. Dependent upon requisite funding and approvals, COW shall operate, maintain, and improve the COW System to serve all Service Area System users, including City's Retail System and Wholesale Unit users.

#### **4.2 Service Areas and Connections.**

A. To properly design, operate, maintain, and improve the COW System, including the CCSC, it is necessary to understand current and anticipated peak use demands, transmission demands and capacities, water storage and pumping capacities, the numbers of connections, the types of uses, and other usage, demand, and systemic variables. To facilitate needed understanding and ensure the parties can appropriately anticipate and plan for future systemic needs, the parties have agreed upon service areas in the OC Constituents in which water from the CCSC will be the sole source of public treated water supplies.

The parties may limit the volume or pressure of water supplied to parts or all of any service area(s) if needed (i) to properly operate the COW System, including the CCSC, (ii) to ensure all Service Area System users have sufficient water volumes, capacity, and quality, (iii) to protect the COW System equipment and facilities, and/or (iv) for other reasons consistent with good utility practices.

1. To the extent they are equivalently situated, such limitations will equally apply to all Wholesale Units and Service Area Systems users. The parties acknowledge that Wholesale Units whose Maximum Day and/or Peak Hour demands are higher in relation to their Average Daily Demands when compared other Wholesale Units, Wholesale Units in which a water main break or other disruption has occurred, a Wholesale Unit served by a COW System or CCSC pump or transmission main that needs repair, or many other circumstances can result in non-equivalent situations that may result in some Wholesale Units with limitations other Wholesale Units do not have or in differing limitations among Wholesale Units.

2. Unless legally required or reasonably needed or prudent to protect the public health, safety or welfare, COW shall not refuse water service to any Wholesale Unit or any Service Area System user.

3. Such limits will not exceed 14 calendar days in duration unless COW consults with a representative each from OCRC and the Wholesale Unit(s) affected by the limits. That consultation shall be in-person at the DWP (or other place acceptable to COW) or virtual and COW shall provide at least 24-hours advance notice of the meeting. At that meeting, COW will explain the limits and reasons for them, and then OC and affected Wholesale Units may provide explanatory information for COW's consideration, detail any concerns about whether the limits comply with this contract or applicable law, and suggest alternatives to the limits.

B. OC shall require OC Constituents to notify OC in writing of anticipated significant new connections, expansion, or extension within the OC Constituent's service area (*i.e.*, exceeding 100,000 gpd in Average Daily Demand or 1.0% of the total Average Daily Demand for the that OC Constituent's system, whichever is greater). This notice shall be required as soon as reasonably practicable, (*i.e.*, the earlier of any of the following: (i) an OC Constituent receives a written request for a significant new connection, (ii) an OC Constituent undertakes or contracts for design of an significant extension, expansion or new connection to its water system, (iii) an OC Constituent receives a request from a current user of its water system for significantly increased water volumes, or (iv) a planned development within the service area of an OC Constituent will at completion result in such significant new connections or increased demands).

1. OC shall, within 30 days after receiving such notice, notify COW of those planned significant new connections and their projected timeline.

2. Upon request from COW, OC and/or the affected OC Constituent shall provide COW a copy of plans and specifications for the new connections and for any related OC Constituent system improvements.

3. If the connections will require extensions of distribution or transmission mains, additional pumping or storage capacity, or other improvements to the CCSC, the parties shall commence any needed planning, design, and construction to reasonably accommodate the new connection(s).

4. The parties may withhold consent to any significant new connection(s) and/or extensions within the service area(s) of one or more OC Constituents until any needed CCSC improvements are completed.

C. Subject to the preceding subsection 4.2.B and to the Overall Capacity of the CCSC and any resulting limits imposed by the state or applicable law, new connections shall be allowed within any of the service areas provided in this contract.

D. The service areas to be served by the CCSC and connection points are depicted in the attached **Exhibits B and D**. New connection points shall be required when needed in accordance with good utility practices and may be added as the parties agree. If one party believes it necessary, prudent, or desirable to add a connection point and the other party disagrees, the matter shall be resolved in the manner provided in subsection 3.7.C.2 for resolving differences about Capital Projects. The OC Constituent(s) that will receive water through the new connection point shall pay all costs for its design and associated hydraulic modeling (including CCSC modeling, if necessary), easement rights acquisition, construction and

installation, and otherwise to put the new connection point in operation, including installation of a water meter.

E. All connections between the COW System and any Wholesale Unit shall be metered. Any valve that is directly connected to the transmission main may be operated only by the COW. OC or the OC Constituent shall notify COW before it operates a meter bypass.

F. No individual user or parcel shall connect directly to a COW System water transmission main. All new connections shall be to water distribution lines of a Wholesale Unit. Existing direct connections to a COW System water transmission main shall be disconnected from the water transmission main and connected to an available Wholesale Unit's water distribution line within 5 years of the date of this contract (or such other date as the parties may agree). If no Wholesale Unit water distribution line is available, that user's water use will be metered and billed by OC to that user and OC shall pay COW for such water use as determined under a separate reciprocal agreement. If no such separate agreement is then in effect, OC shall pay COW for such water use based on the Water Rates established for the OC Constituent in which the directly connected user is located.

#### **4.3 Service Volumes/Capacities Background.**

A. COW wishes to provide the CCSC and OC Constituents with sufficient capacity to meet Maximum Day Demands throughout a reasonable planning window. This aligns with the regulatory requirements which compare Maximum Day Demand to firm capacity.

B. Information currently available to the parties from the 2024 COW Water System Reliability Study indicate the following about the CCSC System and its components:

1. The DWP has 110 MGD intake capacity, 110 MGD lower service pumping capacity, 130 MGD pretreatment capacity, 120 MGD filtration capacity, and 104 MGD high service pumping capacity.
2. The 54-inch transmission main installed in 1964 and the 42-inch transmission main installed between 1988 and 1995 have transmission capacity limitations leading to the current construction of the initial phase of a third 60-inch transmission main and associated surge suppression system.
3. Cost estimates (in 2023 dollars) for Capital Projects related to Intake Facilities, the DWP, and transmission mains over the next 15 years to address peak demands total approximately \$768.84 million, excluding soft costs and many on-going high-cost maintenance activities.
4. Because Maximum Day Demands already exceed 80% of some capacities, applicable state requirements mandate additional studies and planning for expansion to meet anticipated demands.
5. OC Constituents' Average Day and Maximum Day Demands are projected to be about half the CCSC capacities within 15 years.
6. Some COW System infrastructure is not being used for its intended purpose and is instead serving to inequitably support the Peak Hour Demands of some Wholesale Units at the expense of the COW System and/or other Wholesale Units. This forces the premature expansion of some COW System components at the expense of all Wholesale Units. Current state requirements do not focus on Peak Hour Demands but Peak Hour Demands can stress system capabilities, affect system performance, shorten the useful life of system components, and jeopardize public safety.
7. Administrative tools to encourage improved Wholesale Unit management of Peak Hour Demands by some units are recommended in the 2024 COW Water Reliability Study.

#### **4.4 Service Volume Withdrawal Limits**

A. The parties agree that controlling both Maximum Day and Peak Hour Demand is good utility management.

B. The parties agree that Maximum Day and Peak Hour Demand withdrawal limits are necessary to achieve the following goals:

1. Defer significant COW System capital investments. Specifically, delaying the investment in the DWP expansion (estimated to cost \$235M in 2024 dollars) by at least 10 years after 2033.

2. Ensure that COW System infrastructure and components are, as much as possible, used for their intended purpose.
3. Provide a capacity value at a COW System and Wholesale Unit level.
4. Ensure a fair and equitable approach to use of the COW System among Wholesale Units.
5. Provide Wholesale Units direction for growth and planning.

C. The parties agree that the Optimization Study currently underway (with a Spring 2026 expected completion date) is key to determining appropriate Maximum Day and Peak Hour Demand limits. Therefore:

1. Within 1 year after completion of the Optimization Study and in collaboration with each Wholesale Unit, COW will establish Maximum Day Demand and Peak Hour Demand limits for each Wholesale Unit. That collaboration shall, among any other factors, include consideration of improvements to the Wholesale Unit's water system, changes in the operations or use of the Wholesale Unit's water system, alternatives to the proposed Maximum Day and Peak Hour Demand limits, timelines for phasing in the proposed limits, timelines for proposed Wholesale Unit improvements or operational changes, and other factors that may alter Maximum Day and Peak Hour Demands and corresponding proposed limits.
2. COW may undertake other studies to inform this collaborative effort.
3. If COW and any Wholesale Unit are unable to collaboratively agree to that Wholesale Unit's Maximum Day Demand or Peak Hour Demand limits or the dates when they will take effect, be enforced and/or consequences for exceedances imposed, COW will establish reasonable Maximum Day Demand or Peak Hour Demand limits, deadlines and consequences and communicate that decision in writing to that Wholesale Unit.
4. The Maximum Day Demand or Peak Hour Demand limits may differ among Wholesale Units. However, the limits shall be set so that if all Wholesale Units simultaneously meet their respective limits, the COW System will still be at no more than 80% of its actual most restrictive maximum capacity as provided in subsection 4.3.B above.
5. COW may authorize Maximum Day Demand or Peak Hour Demand Limit totals above 80% of the most restrictive maximum capacity if the results of the Optimization Study and subsequent assessments warrant, including in particular (but without limitation) if the Maximum Day Demands and/or Peak Hour Demands of the respective Wholesale Units do not coincide with the Maximum Day Demand or Peak Day Demand at the major component of the COW System which then constrains the Overall Capacity of the COW System
6. Final Maximum Day Demand or Peak Hour Demand limits and consequences for failing to meet limits may be phased in and shall take effect no sooner than 6 years after the completion of the Optimization Study or July 1, 2031, whichever is earlier. Until the Maximum Day Demand or Peak Hour Demand limits established for a Wholesale Unit as provided above take effect on the dates provided above, the capacity limits in the 1988 Agreement shall continue to apply to OC. If OC exceeds the capacity limit, it shall file detailed written plans with COW detailing steps being taken to meet those limits and for reducing their Maximum Day Demand and/or Peak Hour Demand limits demands to the extent reasonably practicable.
7. No Wholesale Unit's final Maximum Day Demand or Peak Hour Demand limits will be less than 2.1 times its Average Daily Demand.
8. Maximum Day Demands and Peak Hour Demands limits will be reviewed at least as frequently as every 10 years or when Overall Capacity of the CCSC is expanded.

D. The parties agree that the limits determined in Section 4.4.C shall include consequences for exceeding Maximum Day Demand or Peak Hour Demand limits, and may include consequences for approaching such limits. COW will undertake studies to identify such consequences, which consequences may include one or more of the following:

1. Tiered rates and/or surcharges, potentially in the form of a base/extra/extra method. Wholesale Units that operate within the upper thresholds of their peak demand limit may be charged significantly higher rates (perhaps 150% to 200% of the otherwise applicable rates) for water use in such upper

thresholds. Rates for Wholesale Units that maintain Maximum Day Demand or Peak Hour Demand well below their final Maximum Day Demand or Peak Hour Demand limits may be lower than otherwise applicable rates.

2. COW may determine operational costs incurred due to Maximum Day Demand and/or Peak Hour Demand limit exceedances and may, to the extent not covered by tiered rates or surcharges, pass those actual costs to a Wholesale Unit whose exceedances resulted in the added costs. This includes passing on any regulatory fines and penalties, any costs to address regulatory compliance issues arising from those exceedances, and any other extraordinary operational costs incurred due to them.

3. Surcharges may be imposed for Maximum Day Demand limit and/or Peak Hour Demand limit exceedances.

4. Amounts COW collects under this subsection 4.4.D will be used to offset increases in operations costs resulting from Maximum Day Demands and/or Peak Hour Demands that exceed their limits and/or toward the costs of COW System improvements needed to accommodate Maximum Day Demands and/or Peak Hour Demands.

5. In addition to the financial approaches, other requirements may be imposed, if deemed necessary or prudent to address Maximum Day Demands and/or Peak Hour Demands that exceed limits. These may include sprinkling limits or other use limits, limits or halts to new connections, limits or halts to increases in water usage by existing users in the Wholesale Unit, or other approaches to eliminate or minimize such exceedances.

6. Consequences may be reduced or may not be applied when an exceedance results from a significant water main break, significant firefighting event, or other extreme, reasonably unanticipated, uncontrollable occurrence. Consequences may be applied differently between May 1 and September 30 than during other times of the year.

7. The method for determining whether a Wholesale Unit is complying with or exceeding its applicable Maximum Day Demand and/or Peak Hour Demand limits shall be agreed upon by COW and OC and the parties shall collaborate on the metering devices, capabilities, placement, and other features needed to obtain accurate information needed to determine Maximum Day Demand and/or Peak Hour Demand limit compliance. This may include new telemetry or other technology to enable usage/flow data to be collected and, when practicable, shared in real time.

8. The COW System and/or CCSC may consider a contribution toward capital project costs a Wholesale Unit incurs to meet its final Maximum Day Demand and/or Peak Hour Demand limits if that Wholesale Unit's plan provides for (i) meeting its limits before the deadline(s), (ii) lowering its peak demands significantly below its final peak demand limits, or (iii) either on its own or in cooperation with others, will otherwise delay the time for construction of the anticipated DWP expansion.

**4.5 Wholesale Unit Capacities.** The parties will periodically determine planned capacities for each Wholesale Unit in a manner consistent with this contract and with applicable regulatory requirements.

A. The parties agree to avoid defining contracted capacities that (i) can constrain a Wholesale User's growth and economic development, and/or (ii) have a Wholesale Unit's water users pay for capacity they do not and, perhaps, never will need.

B. The parties agree that the Maximum Day Demand and Peak Hour Demand final limits identified in Section 4.4 shall be used to determine a capacity value that can be utilized for planning purposes.

#### **4.6 Metering.**

A. As also provided in subsection 4.2.D, all Wholesale Unit connections to the COW System shall be metered. Current Wholesale Unit connection meter locations are depicted and/or listed on **Exhibit D**.

1. All such meters shall be owned and maintained by each Wholesale Unit. Wholesale Units shall, consistent with good utility practices, operate, maintain, repair and ensure that such meters are accessible, in good working condition, and operate within the tolerances and specifications of the meter manufacturer.

2. COW shall have access to each such meter location and shall test and calibrate the meter consistent with the following subsection 4.6.B. Costs for testing and calibration shall be borne by the COW and included as part of overall system maintenance costs.
3. If COW determines that testing, calibration, age, incompatibility with existing or future technology, or similar situations warrant a meter replacement, it shall convey this request in writing to that Wholesale Unit. The Wholesale Unit shall replace the meter in a reasonable timeframe specified by the COW. If a Wholesale Unit is unable or unwilling to replace its water meter, the COW shall replace the meter and shall bill the Wholesale Unit directly for such work and equipment.
4. If a Wholesale Unit becomes aware of or has reasonable suspicion that such a meter is inaccurate under the standard set forth in subsection 4.6.B.3, it shall promptly notify the COW.
5. New meters shall be approved by the COW and shall be compatible with existing and known future technology to properly integrate and communicate with COW technological infrastructure. New meters shall be selected that are the most accurate for the size and application, consistent with good industry practices.

B. Meters will be tested and, if needed, recalibrated or replaced, not less frequently than annually, and if recommended by the meter's manufacturer, more frequently.

1. In between those periodic tests and recalibrations, OC or a Wholesale Unit may request a meter to be tested, and COW will engage a contractor to perform the test. If the requesting entity makes the request without reasonable suspicion that the meter is inaccurate, it will be billed the cost of the test unless the meter is determined to measure fast.
2. If any such test shows a meter to be inaccurate, adjustments will be made to billing with estimates of water usage based on prior meter readings and meter readings after the meter's recalibration. COW and OC representatives will seek agreement on appropriate adjustments. If the parties are unable to agree, COW's determination will be used. In no circumstance will COW adjust water usage for a longer period than one year from the date of the error determination.
3. Meters will be considered inaccurate if they are found to be operating outside the lesser of the tolerances of the meter manufacturer or 2 percent.

C. To better address COW System and Wholesale Unit Maximum Day and Peak Hour Demands and address operating costs, each Wholesale Unit will be encouraged to acquire, install, and use metering and other technology within the Wholesale Unit's water system and timely convey gathered information to COW.

**4.7 Interconnections.** COW has full authority and discretion to continue to operate current interconnections and to add and operate additional interconnections between the CCSC and other public water systems that treat and transmit water. Interconnections may be used to provide needed water supply to the other systems when they have needs due to a loss of treatment, storage, or transmission volumes or pressures, or to obtain water from other systems when the COW System suffers a loss of treatment, storage, or transmission volumes or pressures. If COW obtains water from an interconnected water system, COW shall promptly notify OCRC and all Wholesale Units.

**4.8 Hydrants.**

- A. Fire hydrants currently within the CCSC are listed and/or depicted on the attached **Exhibit E**.
- B. COW will maintain and repair fire hydrants in the CCSC. If OC learns that a fire hydrant is damaged, OC shall report or cause others to report to COW its location and condition. COW will repair or replace the damaged fire hydrant or authorize a contractor to do so. Costs incurred to repair damaged hydrants will, if possible, be billed to the individuals or entities responsible for the damage. The parties will cooperate in efforts to bill and collect those costs. If it is not possible to collect them after reasonable efforts, those costs will be a CCSC operational cost to be included in Water Rates under the Stantec Rate Method.
- C. COW shall bill OC an annual charge for each fire hydrant in the CCSC equal to the fee COW charges for a 6-inch fire sprinkler on COW's annual fee schedule unless the parties agree to a different fee.

**4.9 Communications/Technology Integration.**

A. The parties intend to equip the COW System with communications and operations technology enabling COW System operators to better and more immediately understand, anticipate, and control COW System conditions and service, to improve its performance and efficiency, and to better meet COW System users' demands. This will involve increased use, integration, and periodic updating of information technology within the COW System and Wholesale Units. Accordingly, COW and OC will regularly communicate regarding and cooperatively, proactively, and reasonably address actual and possible cyber- or other vulnerabilities of or threats to the COW System and Wholesale Units.

B. All Service Area Systems shall comply with any COW directives to minimize those risks within a reasonable time provided within that directive (this may be immediately if a risk that should be immediately addressed and over a longer period when the risk is less imminent). If any Wholesale Unit fails to comply with such a COW directive to the extent reasonably feasible, COW may invoice OC for any costs COW incurs or is unable to reduce or avoid due to that failure to follow the directive, such as, for example and not for limitation, to alter COW System communications and technology to isolate the non-complying Wholesale System, to improve cyber security for the COW System, for personnel or others to read meters or obtain any data that would have been provided electronically by the upgrade.

## **Article V** **Water Rates**

**5.1 Rate Objectives and Approach.** The concepts underlying water rates and the allocation of Capital Project costs are as follows:

A. The following objectives shall govern water rates.

1. Water rates must provide for COW System financial sustainability. They must account for and provide sufficient revenues to pay all costs and maintain a reasonable fund balance, as described below, and to address unplanned costs or unexpected reductions in revenues.

2. Water rates should be reasonably equitable to all users. The parties acknowledge that: (i) views of water rate equitability often depend upon individual ratepayer situations and perspectives, and (ii) no rate methodology can be fully nuanced for all situations.

a. Water rates should be based on actual costs adjusted to meet anticipated increased and new costs.

b. Communities projected to have increased water demands should pay a greater proportion of the costs of Capital Projects undertaken to accommodate those demands. Those projects nearly always include replacement as well as expansion components so communities with static or reduced water demands should generally pay some proportion of those Capital Project costs.

c. Water rates to reasonably incentivize water conservation or improved individual Wholesale Unit operations (e.g., minimizing sudden increases or decreases in demands, minimizing Maximum Day and Peak Hour Demands, changing the times of higher demands, etc.) may be imposed.

d. Water rates should be affordable. This is a goal that is to be viewed in the context that, as expressed in subsection 5.1.A.1 above, it is essential that water rates provide for COW System financial sustainability. Water is essential for health and prosperity.

e. When practicable, rates may be set to avoid significant fluctuation. Use of rolling multi-year averages flatten fluctuations.

f. Water rates may better align with costs of service and be more equitable if they are tailored for each Wholesale Unit.

3. Rates should be easy to administer and transparent. Terminology, steps and processes, and data sources should be clearly defined, with specific criteria to guide all required judgments to minimize ambiguity and differences in understanding that can lead to disputes. Rates and the ratemaking process should be easily understandable by all stakeholders and interested parties.

4. Water rates generally should be consistent with industry practice. They should address factors consistent with generally accepted by public water supply system practices such as AWWA-recognized industry practice.

- B. The parties will use the cash-needs (not the utility) basis of ratemaking.
- C. Under the 1988 Agreement, OC paid an aggregated water rate. Under this contract OC will be billed based on the differentiated Water Rates for each OC Constituent.
- D. Upon COW's receipt of annual audited financial information, an annual "true-up" calculation will be made. This calculation shall include actual costs of service, including any applicable participation in outstanding debt. Annual actual use for the same audited period shall also be used for base unit "true-up" calculation. Actual Maximum Day and Peak Hour for the audited period shall not be used in the "true-up" calculation since they are based on moving historical and projected demands within the rate model. The "true-up" calculation will determine whether the amounts billed to and paid by OC (*i.e.*, the aggregate total of the amounts to be paid by each OC Constituent under the rate model) was less than, equal to, or greater than the audited actual costs of service. In the billing to OC for the month following completion of the "true-up", that bill will reflect a credit (for any overpayment by OC) and/or an extra charge (for any underpayment by OC) for the audited period. COW will also provide OC an accounting for each OC Constituent showing whether that OC Constituent's portion of the amount billed OC during the audited period was less than, equal to, or greater than the amount that, based on audited actual costs, should have been billed for that OC Constituent.
- E. Water rates will be based on a community's actual and reasonably projected water use, rather than on contracted capacities.
- F. Projected water use will be based on tables with projections of Maximum Day use at 5-year intervals over at least 20 years for City's Retail System and for each COW Customer Community and OC Constituent.
1. Beginning in 2028 and every 5 years thereafter (*i.e.*, in 2033, 2038, 2043, etc.), COW shall retain a consultant to document historical demand information and prepare a demand projection report that contains Average Daily Demand, Maximum Day Demand, and Peak Hour Demand projections in a tabular format for each Wholesale Unit and/or metered connection point. Such report shall provide demand information at 5-year intervals for the next 20 years based on data and methodologies acceptable to and verified by COW's consultant. Wholesale Units shall commit to providing timely and accurate information to the consultant. Upon receipt of a final draft demand projection report, COW shall submit the report to each Wholesale Unit for their respective review and comment. Each Wholesale Unit shall have 30 days to complete its review and provide its comments to COW and COW's consultant. COW's consultant shall consider such comments and provide a final demand projection report within 30 days of receiving comments from Wholesale Units.
  2. Such final demand projections will be used in the administration of this contract for rate making and capital planning. The parties are generally not in favor of changes to such final demand projections between the agreed-upon five-year intervals. Furthermore, the parties have agreed to use a blend of historical usage and projected usage to allocate costs in order to minimize any sudden change in allocation to a Wholesale Unit. However, the parties recognize that significant changes not anticipated in the 5-year demand projection reports may occur (e.g. loss of a large water user). If a Wholesale Unit has reason to believe it will have a significant change in its water demand that was not anticipated in the most recent COW demand projection report, it (or OC on its behalf) may request a meeting with the parties to discuss the situation. Upon receiving such a request, the parties shall meet with the requesting Wholesale Unit as soon as reasonably possible. The parties agree that loss of or substantial reduction of water usage by a customer resulting or reasonably anticipated to result in reduction of the Wholesale Unit's total water demand for the year by ten (10%) percent or more of that Wholesale Unit's total water usage for the previous year will be considered significant under this subsection, and that loss of or substantial reduction of water usage by a customer in an amount less than ten (10%) percent of that Wholesale Unit's total water usage for the previous year may be considered significant in the reasonable discretion of the parties. These same criteria shall also be applied if a Wholesale Unit has reason to believe that a significant change in water demand is expected that would increase a Wholesale Unit's water demand.
  3. In the event of such a significant increase or reduction, the parties shall collaborate to determine and cooperatively implement a reasonable resolution. Any adjustments will be implemented beginning

in the succeeding fiscal year and not used for reconciling or adjusting the current or prior fiscal year(s), provided that in extreme circumstances the parties may apply adjustments to the current fiscal year.

4. All external costs associated with revising demand projection tables and revisions to the associated rate modeling shall be borne by the Wholesale Unit requesting a change.

5. For rate development purposes, until the 2028 water usage projection tables are established, the demand projections noted in the 2024 COW Water Reliability Study shall be used.

**5.2 Capital Costs for Phase 1 of Third Transmission Main.** The parties have apportioned and financed the first phase of the third water transmission main Capital Project costs with 57.0% financed by COW and 43.0% financed by OC. Consequently, capital costs for the first phase of the third transmission main Capital Project will not be included in rates COW charges OC for water service. When billing OC Constituents, OC will add to the rates charged by COW to OC an amount needed to pay OC's debt service on the bonds OC issued to pay its share of the costs of the first phase of the third transmission main Capital Project. COW's debt service for bonds COW issues to pay its share of the costs of the first phase of third transmission main Capital Project will be charged only to City's Retail System and COW Customer Communities.

**5.3 Other Capital Project Costs.** The parties will generally allocate CCSC Capital Project costs between them to enable them to separately borrow when needed and to allocate costs among Wholesale Units consistent with their respective Wholesale Unit contracts. However, the parties also retain the flexibility to jointly finance, to jointly expend fund balances, and/or to collect from Water Rates amounts needed to pay some Capital Project costs.

A. The parties will implement the capital cost allocation within the Stantec Rate Method that determines the portion of the capital cost attributable to each Wholesale Unit.

1. The portion of the Capital Project cost to be paid or financed by COW will be total of the portions apportioned to City's Retail System and COW Customer Communities under this subsection 5.3.A. The portion of the Capital Project cost to be financed by OC will be the total of the portions allocated to OC Constituents under subsection 5.3.A. COW will provide OC a copy of its and Stantec Consulting Services, Inc.'s (or a successor water rate consultant's) calculations under this subsection 5.3.A.

2. If the parties do not agree on whether the capital cost allocation complies with the Stantec Rate Method, the parties may jointly engage an independent engineer or other consultant to render an opinion regarding the cost allocation and may agree to follow that opinion. If the parties cannot agree on the selection of an independent engineer or other consultant to render such an opinion, they may each select an independent engineer or other consultant to render an opinion and the parties shall follow their joint opinion. If the consultants selected by each party do not agree on the allocation, those two consultants will select a third consultant to render an opinion and the parties shall accept and follow that opinion.

B. For each Capital Project, the parties will collaboratively decide when to undertake this capital cost apportionment. The following are factors they may consider in doing so.

1. Given the lengthy design/permitting/property (easement) acquisition process, the methodology may yield significantly different COW versus OC apportionment if done when the design contract is first considered than when construction is to occur.

2. Possible approaches are myriad and might be to (i) make a single decision at the beginning of design, at the end of design, when the contract is put out for bid, or some other time, (ii) undertake one allocation for design and another nearer to construction, or (iii) some other time.

3. The chosen timing may depend on multiple factors including how COW and OC will be allocating their respective shares to their respective Customer Communities and Constituents, and, perhaps, how those Wholesale Units intend to pay their shares.

C. If OC issues bonds to pay its portion of the capital costs apportioned to OC under this section, OC shall allocate the debt service costs among OC Constituents. If COW issues bonds to fund any portion of the capital costs apportioned to OC under this section, COW shall include in the Water Rates billed to OC amounts needed to pay the portion of the COW debt apportioned to OC and OC may allocate its debt service costs among OC Constituents in any manner OC determines is appropriate.

**5.4 Operating Cost Water Rates.** COW will use the Stantec Rate Method to allocate COW System operational costs among Wholesale Units. This does not prevent COW, OC, or any Wholesale Unit from adding on additional costs and/or rates due to costs incurred by any of them to provide services to their respective retail system users.

A. Costs will be determined in accordance with the Stantec Rate Method based on the costs of operating and maintaining the COW System and the CCSC during the last COW fiscal year for which an audit has been completed and on projections of anticipated cost increases based on collective bargaining contracts, bids and contracts for services and supplies, information from suppliers, information from utilities serving the COW System, regulatory changes to be implemented, usage projections, and other factors generally consulted or relied upon by those operating public water systems. Costs will also include an amount projected to be needed to accumulate, preserve, or replenish the operational fund balance.

1. COW will annually share future operational cost allocations and the data underlying them with OC. COW will also provide OC that information in the interim upon OC's request.

2. The City will continue to maintain an operational and Capital Project fund balance sufficient to meet its debt covenants, legally required reserves, unexpected operational expenses, reasonably anticipated and unanticipated Capital Project Costs that will not be debt-financed, and other amounts consistent with practices for public utilities and municipalities and with generally accepted governmental accounting practices as required or recommended by state officials and COW's auditors. If OC has a concern about the size of the fund balance and those concerns are unresolved after communications with the City, the parties can address them with the dispute resolution mechanism provided in the following subsection 5.4.A.3, except that the outside experts shall be experts in municipal finance and/or municipal water utilities.

3. If the parties do not agree on an operational cost or operational cost allocation, the parties may jointly engage an independent engineer or other consultant to render an opinion regarding the cost allocation and may agree to follow that opinion. If the parties cannot agree on the selection of an independent engineer or other consultant to render such an opinion, they may each select an independent engineer or other consultant to render an opinion, and the parties shall follow their joint opinion. If the consultants selected by each party do not agree on the allocation, those two consultants will select a third consultant to render an opinion, and the parties shall follow that opinion.

4. The parties may also consider whether they will jointly or individually fund Capital Project or Capital Items costs without issuing debt. Because municipal finance market conditions and regulatory matters may affect the feasibility and desirability of issuance of debt the parties will annually collaborate about this issue sufficiently in advance of the ensuing fiscal year to timely include any needed adjustments in the rate for the ensuing fiscal year.

B. COW will estimate the anticipated volume of billable water usage by the entire the COW System and by each Wholesale Unit for the ensuing year based on historical usage for the past 3 years and on projections based on information COW receives from OC and Wholesale Units providing that information.

C. The Stantec Rate Method also provides for determining the anticipated operational cost to supply the anticipated volume of water during each year to each Wholesale Unit on a cost per unit of volume (e.g., cubic feet, gallons, liters, or other unit). COW will provide this information to OC with its estimated Water Rates applicable to OC and OC's Constituents or, upon OC's request, an earlier time once the information is available.

D. The operational cost rate charged OC on each periodic bill will be the aggregate total of all of the amounts to be paid by each of the OC Constituents based on the metered units for each of those OC Constituents. With each bill, COW will provide a breakdown showing this.

**5.5 Retail Rates.** This contract establishes the rates COW will charge OC under this Contract. OC and/or OC Constituents may use the Stantec Rate Method or another methodology in rates they charge their respective users, subject to the following:

A. Neither OC nor any OC Constituent shall offer a rate schedule which includes a lower rate for those using more water. However, they may offer rate or other incentives which are intended and reasonably anticipated to: (i) decrease water usage, (ii) reduce water usage during Peak Hour/Maximum Day periods,

(iii) alter the times of water demands to lower that OC Constituent's Peak Hour/Maximum Day Demands, (iv) extend the timing for undertaking or reducing costs of COW System Capital Projects, or (v) reduce COW System operational costs.

B. No free water service shall be provided to any water user. This is a statutory requirement for the issuance of revenue bonds which have been COW's source of funding for Capital Projects.

**5.6 Rate Invalidity.** If a federal or state official or agency of competent jurisdiction or a court of competent jurisdiction issues an opinion or order binding on COW, OC or an OC Constituent that invalidates part of all of any rate determined pursuant to this article, OC shall timely pay any part of the Water Rate that is unaffected by that opinion order and will not be obligated to pay the portion which is (or corresponds to) the invalid rate. The parties will immediately collaborate to revise the Water Rates to ensure they are sufficient to meet all requirements to sustainably fund the COW System and CCSC. In addition, COW shall have the right to appeal any such opinion or order on behalf of OC or any OC Constituent and/or to intervene in the administrative or judicial action to protect the interests of COW, other Wholesale Units, the COW System and the CCSC.

### **5.7 Billing.**

A. COW shall bill OC for water service monthly. All such bills shall be due and payable within 60 calendar days from the date shown on the bill. Any portion of the charges that are not paid by the due date shall be subject to a finance charge at a rate that is the lesser of 1.5% per month for each month that they remain unpaid or the highest rate allowed by law. Any portion of the total bill not paid by the next due date, plus any finance charge on a delinquent amount, shall be shown on the next bill. If the accuracy of a bill is in dispute, OC shall place the disputed amount in an escrow account pending resolution of the dispute. Accrued interest shall belong to the party that prevails in the resolution of the dispute.

B. Monthly bills will include variable and fixed components. The monthly variable component will be the product of the unit rate for each OC Constituent under the Stantec Method multiplied by the metered usage during the billing period for that OC Constituent. The monthly fixed component shall consist of one-twelfth of the OC Constituent's annual capital requirement as determined using the Stantec Method. If, during the fiscal year, COW determines that the budgeted capital requirement is significantly more or less than actual, COW shall communicate this to OCRC and each Wholesale Unit and, upon mutual approval of both parties, adjust the monthly fixed component to better reflect actual costs.

## **Article VI**

### **Water Use and General Issues**

#### **6.1 Inspection Rights and Obligations.**

A. COW shall inspect or engage others to inspect work done on the CCSC and any connections to the CCSC to ensure compliance with applicable laws, rules, regulations, permit and license requirements, easement obligations, contractual obligations, and plans and specifications. OCRC may also inspect or engage others to inspect work on the CCSC except the DWP and any connections to the CCSC, provided that any OCRC inspections do not disrupt, impede, slow, or impair the work or connections. OCRC shall coordinate such inspections with COW or those designated by COW.

B. Nothing in this contract limits OCRC's authority and discretion to inspect work within OCRC rights-of-way or on OCRC property.

**6.2 Contamination Prevention.** COW may impose measures to prevent or minimize risks of contamination of water in the COW System. If either party learns of a circumstance or condition that has contaminated or could result in contamination of water in the CCSC, that party shall immediately notify the other party and the parties shall together develop and implement plans to prevent, minimize, remedy, or otherwise address that contamination or risk of contamination (e.g. boil water advisories, disinfecting lines, isolating parts of a Wholesale Unit's system, etc.). Within a reasonable time after this contract is signed, OC agreements with OC Constituents shall include provisions (i) requiring OC Constituents to immediately notify COW of any circumstance or condition that has contaminated or could result in contamination of water in the CCSC, (ii) authorizing COW to address that circumstance or condition, and (iii) requiring the OC Constituent to comply with COW direction to address that circumstance or condition.

### **6.3 Water Ordinances.**

A. Within 180 days after this contract is signed, contracts between OC and OC Constituents will require the OC Constituent to adopt and enforce a water ordinance in a form substantially identical to the form water ordinance attached as **Exhibit F** by COW, and such amendments as the City Council may from time-to-time adopt. If any OC Constituent wishes to adopt any modifications to the form attached as **Exhibit F**, the proposed modifications shall first be submitted to COW for its review and approval, which shall not be unreasonably withheld, delayed, or conditioned. Each OC Constituent shall adopt such amendments adopted by the City Council within 120 days after written notice of their adoption is provided to the OCRC.

B. If an OC Constituent fails to enforce its water ordinance adopted as provided in this section and COW enforces it, COW will invoice OC for any costs COW incurs to do so, including without limitation, any COW personnel costs, costs for outside personnel, attorney fees, filing fees, and other costs. That invoice will identify the OC Constituent(s) responsible for the additional billed amounts.

**6.4 Service Interruptions, Restrictions or Limits.** No water utility can guarantee uninterrupted, continuous service at specified volumes and pressures. Weather events, power outages, chemical or other supply shortages, source water changes, terrorist or criminal acts, security breaches, regulatory changes, changes in user demand or behavior, transportation interruptions, labor issues, main or other facility damage or failure, cyber incidents, fires, incidents affecting an interconnected water system, public health emergencies, or other circumstances can disrupt utility operations or the quality, quantity, or pressure of water available to users. Consistent with good utility practices, COW may use any or all of the following measures when COW, in its sole discretion, determines it is necessary or prudent. During an event, COW staff will communicate with all affected or potentially affected Wholesale Units and OC about the event, its duration, and user requirements during and following it. The limits or disruption in service will not exceed 14 calendar days in duration unless COW consults with a representative from each of: (i) OC, (ii) the Wholesale Unit(s) directly affected by the action, and, (iii) if the actions do not apply to all Wholesale Units or differ among Wholesale Units, from a Wholesale Unit unaffected by the limits/disruption or a Wholesale Unit whose limits/disruption are less restricting. That consultation shall be in a meeting at the CWP (or other place acceptable to COW) or virtual meeting with at least 24-hours advance notice. At that meeting, COW will explain the basis and reasons for the limits/disruption and OC and affected Wholesale Units may provide additional information for COW's consideration, detail any concerns about whether the limits comply with this contract or applicable law, and offer alternatives to the limits.

A. COW may temporarily interrupt water service for all or any part of COW System users when COW determines it is necessary or prudent to do so. Service interruption may be followed by a boil water advisory or other precautions in accordance with applicable requirements and good utility practices.

B. COW may restrict or limit water usage in part or all of the COW System. Restrictions or limitations may be imposed when reasonably necessary or prudent to preserve water volumes, pressures, or quality for potable uses and for fire responses. Restrictions may apply only to some days or during some hours.

1. Unless the circumstance resulting in restrictions or limitations is isolated to part of the COW System, such as a localized water storage or pump failure, restrictions or limitations shall apply to the entire COW System and all its users. If COW determines it is necessary or prudent, COW may impose more restrictions or limitations on some uses or users to ensure adequate water quantity, pressure and quality where needed in the Service Area System to protect against relatively imminent risks of illness, injury, death, or significant property loss.

2. Restrictions may be needed or prudent during extreme or prolonged hot, dry weather during which peak demands may exceed COW System capacities resulting in irrigation (sprinkling) prohibitions or restrictions such as odd-even requirements or limiting irrigation to certain hours.

3. Compliance with any restrictions imposed under this or any other provision of this contract may be enforced in the manner provided in the model water ordinance attached as an exhibit to this contract and other provisions of this contract.

C. If, due to consistent demands taxing COW System capabilities or an expected prolonged COW System disruption (e.g., a transmission, pump, storage, or other major component failure or breakdown), the COW System will be unable to meet water demands for an extended period, COW and OCRC will collaborate on

a plan for needed CCSC or other COW System improvements, alternate sources of water, or other ways to address the circumstance and interim measures to reduce adverse user impacts.

D. In case of a casualty, violence, mass contamination, or other significant event that limits or adversely affects water intake, treatment, pumping, storage, or transmission, COW, will proportionally bill OC, COW Customers, and the City's Retail System, amounts sufficient to meet CCSC and COW System cash needs and restore COW System capabilities as soon as reasonably possible. OC shall pay the amounts billed by COW. Such actions will only be taken in collaboration with OC during which the parties will discuss possible alternatives, the duration of such billing, and a plan (including apportionment of costs) to fully restore or replace COW System water supply capabilities.

#### **6.5 Rights-of-Way, Consents, Franchises, and Easements.**

A. OC grants (subject to conditions of permits or grants of rights) to COW continuing approval to occupy in perpetuity, OC rights-of-way and other OC property with CCSC facilities and all other COW System components currently within those rights-of-way and OC property. Following its standard permitting process, OC shall also grant approvals and permits to occupy and use OC rights-of-way and OC property for extensions of, additions to, or improvement of, the CCSC and COW System to the extent doing so will not unreasonably impair use of the OC rights-of-way or property for their intended uses by the OC or others with pre-existing facilities in or rights to use the OC rights-of-way or property. This includes, for example and not for limitation, placement of the third transmission main and additional Intake Facilities. COW shall pay normal permitting fees for such approvals and comply with the standard requirements for use of or work within OC rights-of-way or on OC property. This includes, without limitation, restoration following such work.

B. OC will use reasonable best efforts to assist COW in obtaining needed approvals from Ottawa County townships, villages, and cities within which any part(s) of the COW System is now or may in the future be planned to be located, including without limitation, any franchises and/or consents under Michigan Constitution, Article VII, sections 19, 25 and 29. If COW requests, OCRC personnel will participate in meetings with Ottawa County local government officers, staff, or bodies and, if required, consent to COW applications or, if needed because COW cannot be the applicant, file applications for such approvals.

C. OC will use reasonable best efforts to assist COW in obtaining needed approvals from MDOT for placing and maintaining parts of the COW System in MDOT rights-of-way or property in Ottawa County. If COW requests, OCRC personnel will participate in meetings with MDOT officers, staff, or bodies and, if required, consent to COW applications or, if needed because COW cannot be the applicant, file applications for such approvals.

D. If COW reasonably needs to obtain property rights from owners of property in Ottawa County to accommodate current or planned parts of the COW System, upon COW's request, OC personnel will attend and participate in meetings with COW personnel and affected property owners, OC will consent to COW's use of eminent domain, and OC will undertake eminent domain on COW's behalf if, by law, COW cannot do so itself.

E. COW shall pay or reimburse OC for costs (including, without limitation, costs for OC staff time and reimbursable OC staff expenses) associated with all approvals COW needs under subsections 6.5.B through D. Such costs shall be allocable as operational or capital costs of the COW System as a whole or of the CCSC depending on the purposes and uses of the project for which such approvals are sought.

#### **6.6 Risk Allocation and Insurance.**

A. COW is solely responsible for the quality, quantity, and pressure of water to meter points with the CCSC. OC or OC Constituents shall be responsible for the quality, quantity, and pressure of water beyond meter points with the CCSC.

B. COW is solely responsible for acquiring, constructing, installing, operating, repairing, maintaining, replacing, and improving the COW System but not any part of any Wholesale Unit's water system.

C. COW is solely responsible for the acts and omissions of COW officers, employees, engineers, contractors, suppliers, agents, and representatives. OC shall have no responsibility for or right to direct any such persons. OC shall have no obligation to insure any such persons or COW.

D. OC is solely responsible for the acts and omissions of OC, including without limitation, OC officers, employees, engineers, contractors, suppliers, agents, and representatives. COW shall have no responsibility for or right to direct any such persons. COW shall have no obligation to insure any such persons, or OC, except as otherwise agreed.

E. Neither COW nor OC are waiving any governmental immunity to which either or both of them and/or their officers, employees, public bodies, and other agents may be entitled.

F. COW shall obtain and maintain insurance in commercially reasonable amounts, and upon request, provide OCRC copies of certificates of insurance, endorsements, and policies showing compliance with this requirement. COW is self-insured for a portion of this amount and currently has some insurance placed with the Michigan Municipal Risk Management Authority. COW may also provide such coverage by contractually requiring contractors, professional consultants, or others to provide it in conjunction with their work or specific projects for the COW System.

G. COW shall require performance and payment bonds for construction, alteration or repair of any part of the COW System as required by state law.

H. Regardless of any other provision in this section or elsewhere in this contract:

1. Except to the extent it results from the acts or omissions of COW or COW's officers, employees, contractors or other agents, COW shall not be responsible or liable for any damage to, loss of, or failure of any part of an Wholesale Unit's water system or any water system owned by OC and shall not be responsible or liable for any resulting injuries or property damage.

2. Nothing in this contract shall relieve either of the parties, any Wholesale Unit, or any user of the Service Area System of any responsibility or liability for any damage to, loss of, or failure of the COW System or any Service Area System or arising from injuries or property damage resulting from the acts or omissions of that party, Wholesale Unit, or user of the Service Area System.

3. Nothing in this contract shall serve to waive or modify either party's governmental immunity or that of any Wholesale Unit.

4. Except to the extent it results from acts or omissions of COW or COW's officers, employees, contractors or other agents, OC and OC Constituents will hold COW and COW's officers and employees harmless from, indemnify them for, and defend them against any claims arising from any damage to, loss of, or failure of any part of an OC Constituent's water system or any water system to which OC holds legal title and any resulting injuries or property damage.

5. Except to the extent it results from acts or omissions of OC or OC's officers, employees, contractors or other agents, COW and COW Customer Communities will hold OC and OC's officers and employees harmless from, indemnify them for, and defend them against any claims arising from any damage to, loss of, or failure of any part of a COW Customer Community water system or any portion of COW's water distribution system serving users within COW's city limits and any resulting injuries or property damage.

## **Article VII** **General Provisions**

### **7.1 Assignability, Successors and Beneficiaries.**

A. Neither party may assign this contract or its rights, duties, or obligations under this contract without the other party's prior written consent which consent shall not be unreasonably denied, withheld, delayed. This shall not prevent a party from pledging payments or benefits due it under this contract in conjunction with the issuance of any debt related to the COW System or the CCSC.

B. This contract and its terms shall be binding on any successor of each party.

**7.2 Term and Termination.** This contract shall remain in effect until June 30, 2085, and shall thereafter automatically renew for additional successive ten (10) year terms unless and until terminated as provided below.

A. Either party may, at any time, seek an order from a court of competent jurisdiction terminating this contract if the other party (i) materially breaches this contract and fails to reasonably promptly remedy that breach, (ii) repeatedly materially breaches this contract and fails to take steps to reasonably avoid recurring or additional breaches, (iii) files for or is involuntarily placed in bankruptcy, (iv) is prohibited by law or by an order of a state or federal official or agency or court of competent jurisdiction from complying with any term(s) of this contract that affect the purpose or efficacy of this contract or result in unrecovered or unrecoverable expenses to the other party, or (v) its acts or omissions materially adversely affect the ability of the other party to comply with regulatory or other legal requirements or obligations. Any termination of this contract shall address the following:

1. Provide for the repayment of all debt of both parties that is related to the COW System or that relies on payments under this contract for debt repayment. To the extent possible, OC and OC Constituents shall be responsible for repayment of OC debt and OC and OC Constituents shall be responsible for making payments to or on behalf of COW only to the extent of OC obligations under this contract to make payments to COW used for payment of COW debt related to the COW System.

2. If possible, provide for continued operation, maintenance, repair, replacement of components, and use of the COW System, including the CCSC, so as to continue to provide water to all Service Area System users in the quality, pressures, and quantities provided to them prior to such termination.

3. If needed, allocate and distribute CCSC assets between COW and OC or among COW and OC Constituents in a manner to best achieve results required by subsections 7.2.A.1 and 7.2.A.2.

B. The parties may enter into an agreement to terminate this contract that addresses all requirements in subsection 7.2.A.

C. Either party may terminate this contract at any time after June 30, 2085 by providing the other party at least 10-years' advance written notice. The party terminating this contract shall provide for (i) repayment of any debt of both parties related to the CCSC, (ii) costs to separate OC Constituents from the COW System, costs to mothball or, if needed, remove any transmission mains, storage facilities, or other COW System facilities or components that will be no longer used after that termination, and (iv) any other costs resulting to the other party as a result of the terminating parties decision to terminate this contract. If terminated by COW a notice of termination shall be personally delivered to the OCRC Director, the OCRC Chair, OCRC Director of Public Utilities, the OC Administrator, and the OC Clerk. If terminated by OC, a notice of termination shall be personally delivered to COW's Public Works Director, City Manager, and City Clerk.

### **7.3 Remedies.**

A. Before filing a lawsuit or initiating arbitration on any matter related to this contract, the complaining party shall first notify the other party in writing stating the contract provision(s) involved, the act(s) or failure(s) to act that did not comply with the provision(s), and proposed action(s) to be taken to address the alleged non-compliance. The party receiving that notice shall, within 14 days, respond in writing detailing all reasons it fully complied with this contract or stating what actions it has taken or is taking to address the noncompliance and prevent recurrence. The parties shall meet within 14 days after the date of the response in an effort to resolve any continuing dispute.

B. A party need not undertake the procedure provided in subsections 7.3.A if it has previously done so within the immediately preceding 3-years with respect to noncompliance with the same contract provision.

C. The parties may agree to arbitrate a dispute. If arbitration is agreed upon, the arbitrator shall be an individual with expertise in the matter(s) in dispute. For example, if it is a dispute about rates, the arbitrator shall have expertise in utility ratemaking, if the dispute is about the design or construction of any CCSC facility, the arbitrator shall have expertise in the design and construction of such facilities, or if the dispute is about COW System operations, the individual shall have expertise in water utility operations. If the parties cannot agree on an arbitrator, they shall select an arbitration panel consisting of one qualified arbitrator (*i.e.*, an individual with expertise appropriate for the matter) selected by each of the parties and those two qualified arbitrators shall select a third qualified arbitrator. If a panel is used, the matter shall be decided by a majority vote. The decision of the arbitrator(s) shall be final unless based on an error of law. The parties shall evenly share costs of arbitration unless the arbitrators determine the position of one of the parties lacked reasonable merit, in which situation, that party shall bear the costs of arbitration.

D. Jurisdiction and venue for any lawsuit shall be solely in the state courts in Kent County, Michigan if COW is the defendant and the state courts in Ottawa County, Michigan if OC is the defendant.

E. In addition to any other remedies to which it may be entitled, the prevailing party in any lawsuit or arbitration shall be entitled to recover all actual reasonable costs, including, for example and without limitation, filing fees, expert consultation and witness fees and expenses, attorneys' fees, discovery expenses, copying costs, exhibit preparation costs, and all other actual reasonable costs incurred to investigate, bring, maintain or defend the action from its first discovery or first notice of it through all collection and appellate proceedings.

**7.4 Documentary Cooperation.** The parties shall work cooperatively to prepare, sign, and deliver to one another or others documents reasonably needed, prudent, or requested to implement this contract or assist one another in its implementation including, for example, documents related to either party's issuance of debt, permit or license applications, grant or loan applications or agreements (e.g., state revolving fund grants or loans), insurance documentation, construction plans and specifications, bid documents, engineering studies, rate studies, easements or deeds, correspondence related to the CCSC, and other documents or records in the possession of or control of either party.

The parties have signed this contract as of the date first written above.

**CITY OF WYOMING**

**OTTAWA COUNTY ACTING BY AND THROUGH  
ITS BOARD OF ROAD COMMISSIONERS**

By: \_\_\_\_\_  
Kent Vanderwood, Mayor

By: \_\_\_\_\_  
Jim Miedema, Chairperson

By: \_\_\_\_\_  
Kelli A. VandenBerg, Clerk

By: \_\_\_\_\_  
Brett Laughlin, Secretary

Date signed: \_\_\_\_\_, 2025

Date signed: \_\_\_\_\_, 2025

Approved as to form:

Approved as to form:

\_\_\_\_\_  
Scott G. Smith, Former City Attorney

\_\_\_\_\_  
Matthew C. VanHoef, Legal Counsel

Exhibit A  
Major Assets of CCSC

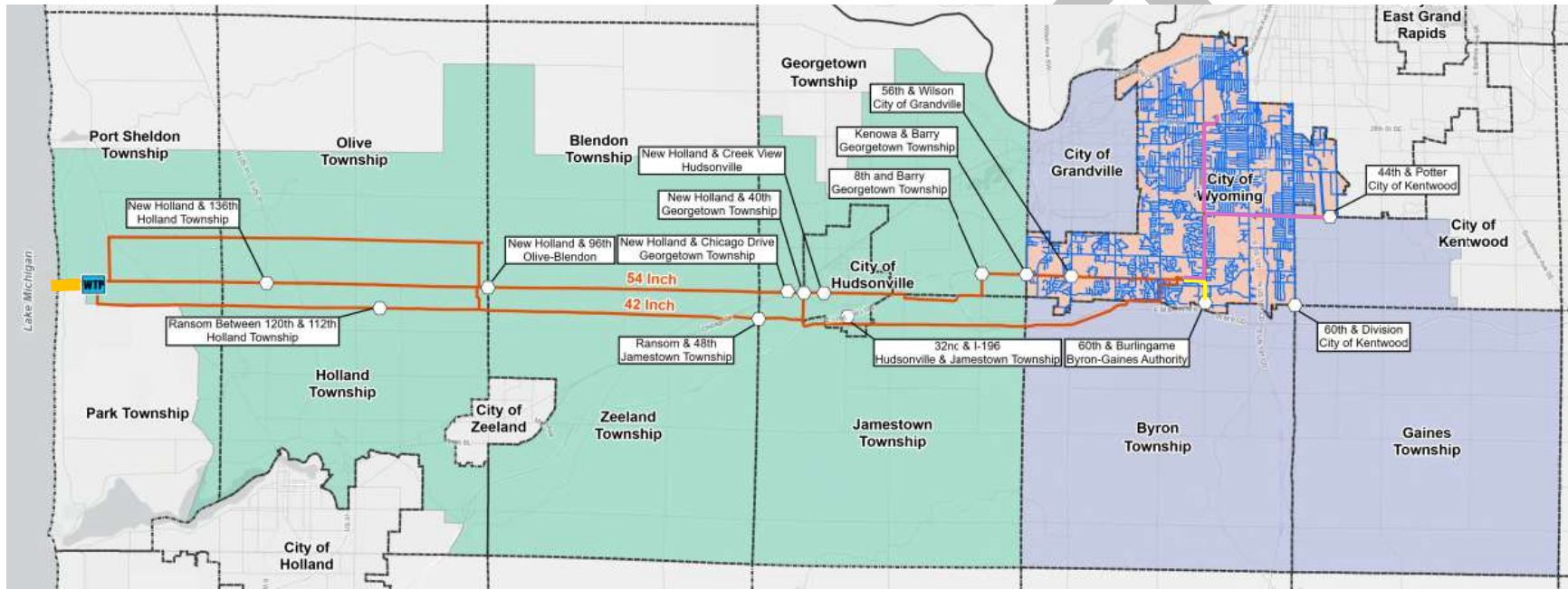
DRAFT

Exhibit A1 - Major Assets at the Drinking Water Plant and Identification of Responsibility



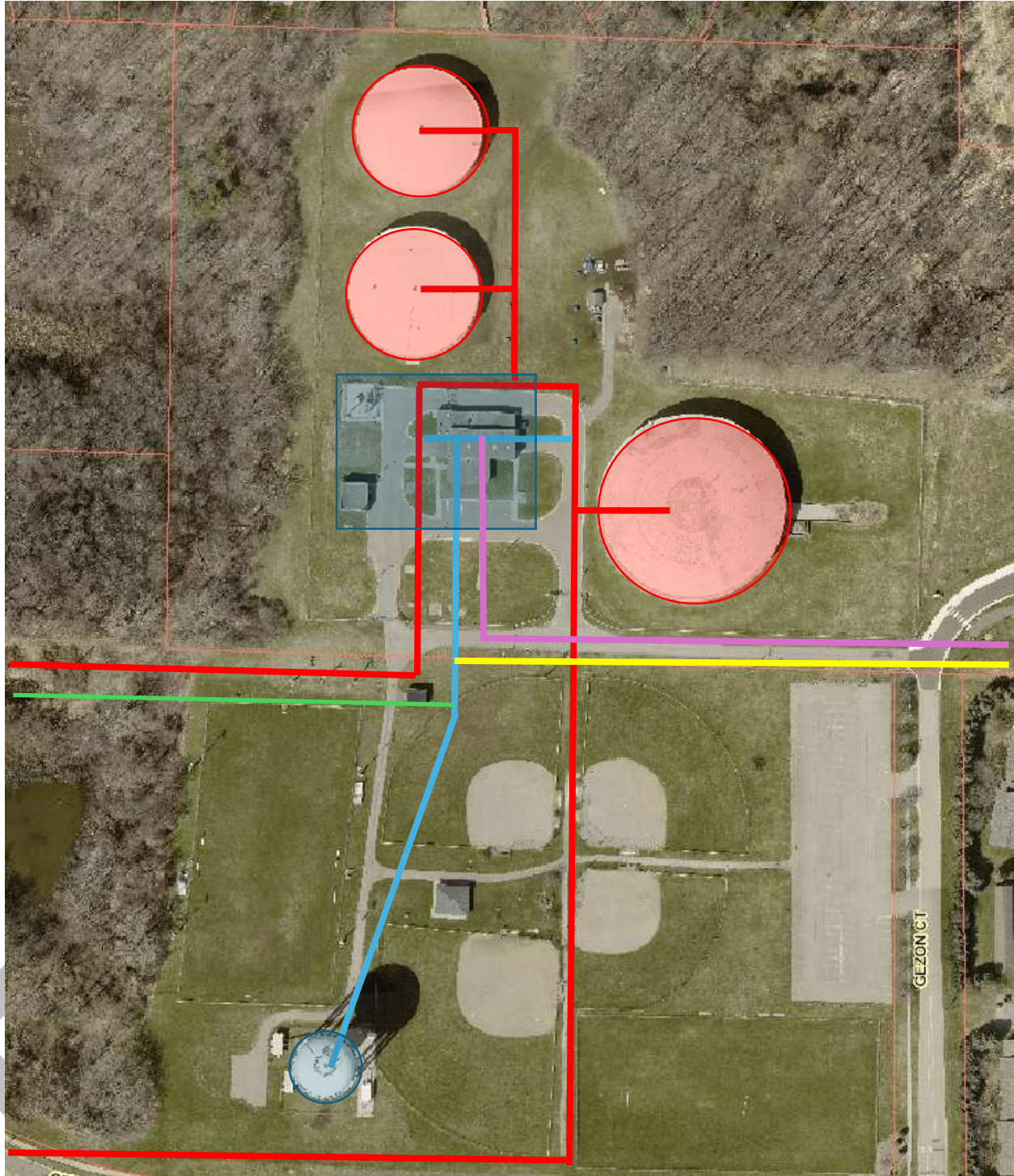
Color	Major Asset and Wholesale Unit Responsibility
Red	Surface water intake, low service pumping facility, and carbon treatment facility that are City-County System Component responsibility.
Orange	Raw water transmission mains that are City-County System Component responsibility.
Purple	Drinking Water Plant, ground storage tanks, generator facility, and surge suppression system that are City-County System Component responsibility.
Green	Holland interconnect facility and transmission main that is City-County System Component responsibility.
Yellow	Transmission mains that are City-County System Component responsibility.

Exhibit A2 - Major Assets of the Transmisson Main System, Wholesale Unit Connection Locations, and Identification of Responsibility



Color	Major Asset and Wholesale Unit Responsibility
Red	Water transmission mains that are City-County System Component responsibility.
Orange	Raw water transmission mains that are City-County System Component responsibility.
Purple	Water transmission main that is part of City and Kentwood responsibility.
Yellow	Water transmission mains that is part of Kentwood and Byron-Gaines responsibility.

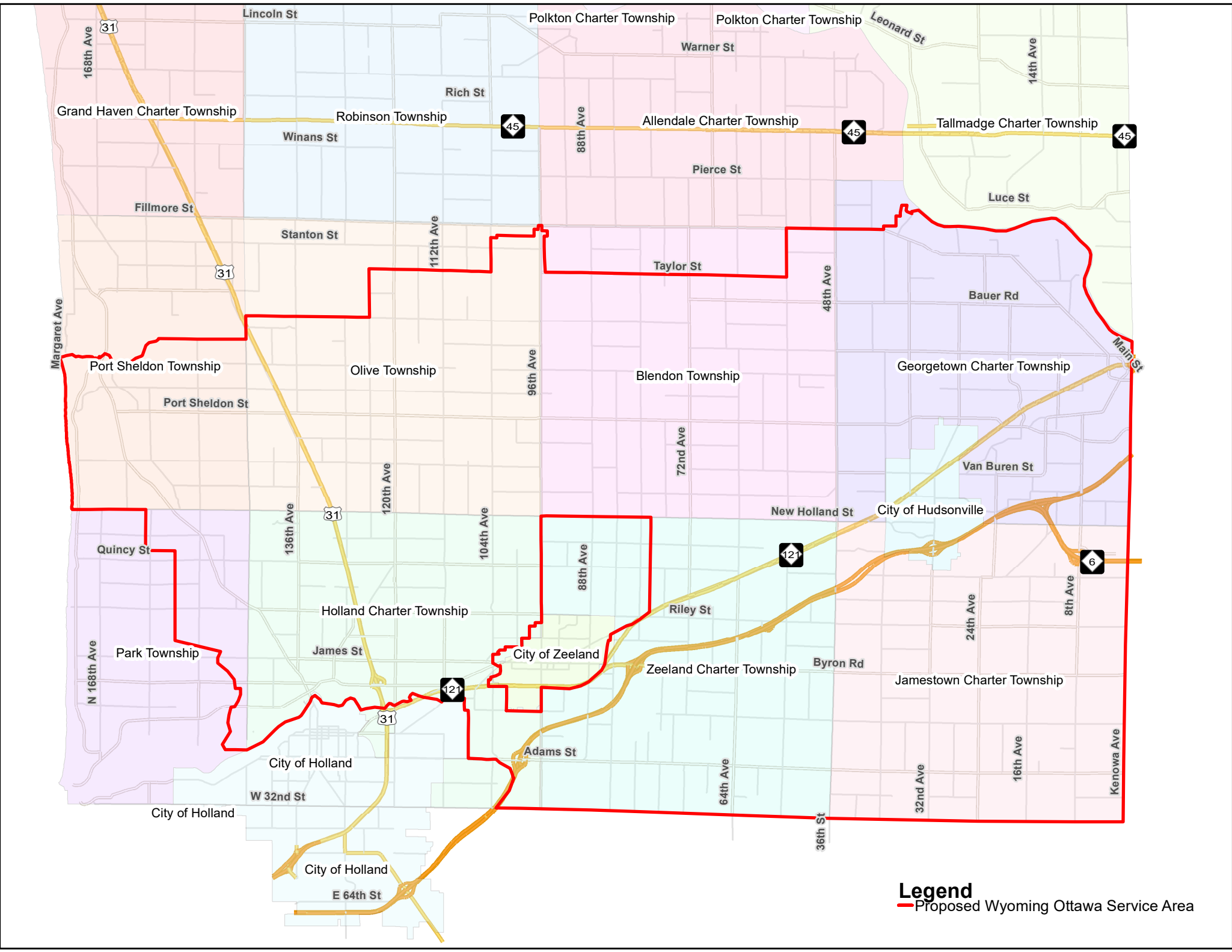
Exhibit A3 - Major Assets at the Gezon Pumping Station and Identification of Responsibility



Color	Major Asset and Wholesale Unit Responsibility
Red	Transmission mains and ground storage tanks that are part of City-County System Component responsibility
Blue	Transmission mains, Gezon Pumping Station, Gezon elevated tank, generator facilities that are part of City, Kentwood, Byron-Gaines and Georgetown (Meter GT3) responsibility
Purple	Transmission main that is part of City and Kentwood responsibility
Green	Distribution main part of City and Georgetown (Meter GT3) responsibility
Yellow	Transmission main that is part of Kentwood and Byron-Gaines responsibility



**Exhibit B**  
**Service Areas**

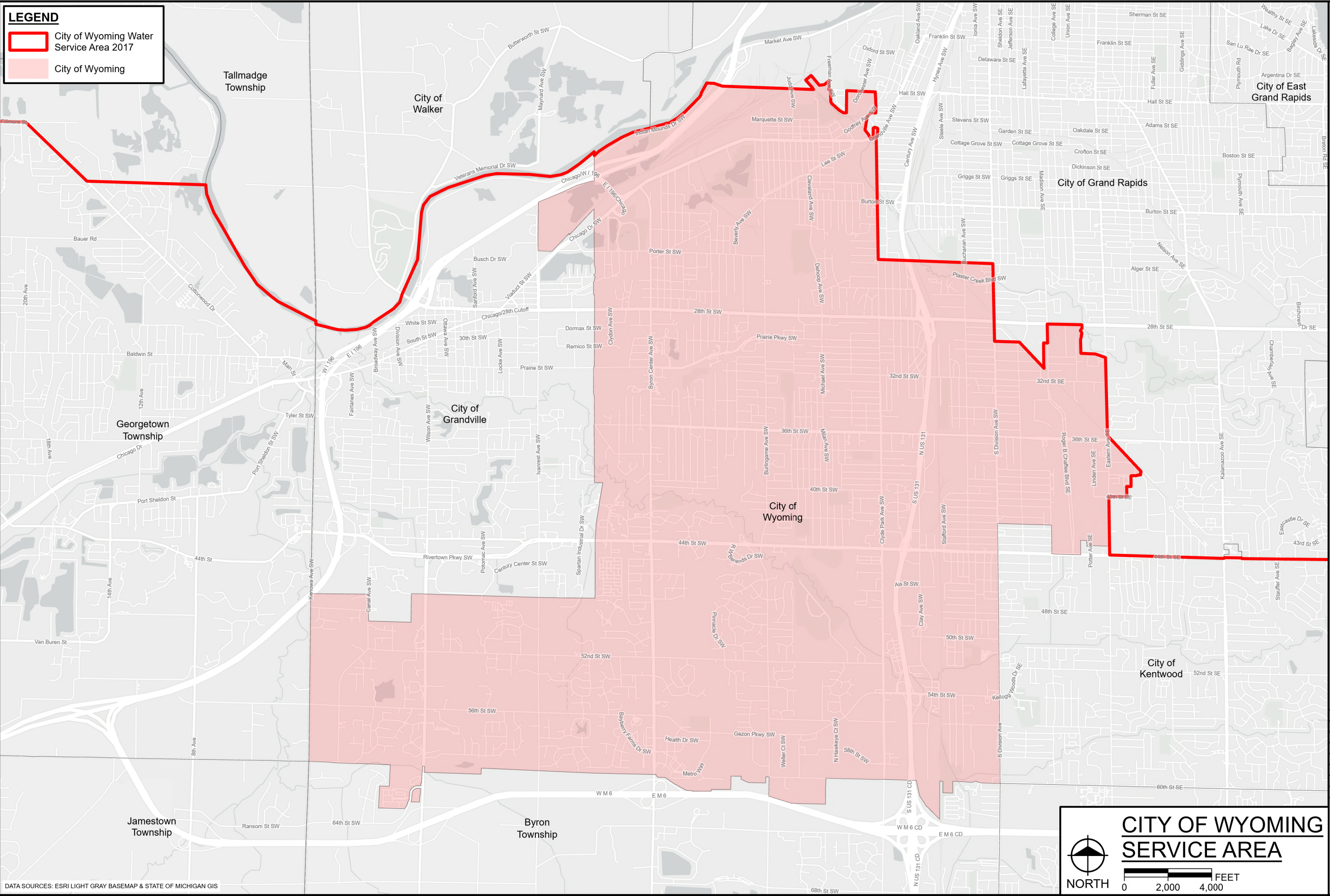
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**Legend**  
— Proposed Wyoming Ottawa Service Area

**LEGEND**

-  City of Wyoming Water Service Area 2017
-  City of Wyoming



Hard copy is intended to be 11"x17" when plotted. Scale(s) indicated and graphic quality may not be accurate for any other size.

**City of Wyoming**  
Kent County, Michigan  
**Water Optimization Study**

PROJECT NO.  
241847  
FIGURE NO.  
**1**

PLOT INFO: Z:\2024\241847\CAD\GIS\ProProj\Wyoming\_Optimization\_Study.aprx Layout: Wyoming Date: 4/10/2025 3:57 PM User: dzubenko

DATA SOURCES: ESRI LIGHT GRAY BASEMAP & STATE OF MICHIGAN GIS

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**CITY OF WYOMING**  
**SERVICE AREA**




Exhibit C  
Stantec Rate Methodology

DRAFT

## **Exhibit C – Stantec Rate Methodology**

**Version dated 06.27.25**

### **A. General Principle**

Water Rates for the city and each respective wholesale customer of the city shall be established based on the cost of service and water rate methodology set forth in the following sections.

City and Wholesale customers include:

- City of Wyoming
- Ottawa County
  - Georgetown
  - Holland
  - Hudsonville
  - Jamestown
  - Olive-Blendon
- Georgetown Township
- City of Kentwood
- Byron-Gaines Townships
- City of Grandville

Ottawa County encompasses all the customers it serves.

### **B. Rate Making Process**

Each year, unless otherwise agreed upon, a Cost-of-Service (COS) Study identifying annual revenue requirements of the Water System and COS for the city and wholesale customers for the upcoming rate year shall be performed.

The COS Study allocates annual revenue requirement to the city and wholesale customers in a manner that reflects each customer's proportional use of the system. The allocation methodology will follow industry standards and base-extra capacity methodology.

For purposes of allocating the Annual Revenue Requirements, the COS Study will express those revenue requirements on the Cash Needs Basis.

#### **Annual Revenue Requirements - Defined**

The Annual Revenue Requirements for the Water System to be captured through rates shall be the aggregate sum of each of the following components, each of which is described herein:

1. Operating and Maintenance Expenses (O&M)
2. Debt Service Expenses
3. Cash Funded Capital Expenses

*Total Revenue Requirements = Operating and Maintenance Expenses + Debt Service + Cash Funded Capital*

### **C. Cost Allocation and Units of Service**

Costs shall be allocated based on an annual analysis of customer class billable usage and peaking behaviors, utilizing a base-extra capacity approach. This methodology ensures that functional costs are distributed across customer classes in accordance with their respective usage patterns and peaking

behaviors. The base-extra capacity method categorizes costs into four primary components: base costs, maximum day extra capacity costs, peak hour extra capacity costs, and customer account costs, as outlined in the AWWA Manual M1.

Units of service for each cost component shall be determined annually. The calculation methods for each unit are as follows:

a. Base Units (O&M Costs)

For rate estimate years, base units shall be the projected annual sales for each customer. For true-up years, base units shall be the actual total annual usage per customer.

b. Max Day Units (O&M Costs)

Maximum day units for O&M costs shall be calculated using a weighted average. This average shall consist of 75% weight on the previous three years of historical actual maximum day data and 25% weight on the future 10, 15, and 20-year projected maximum day data.

c. Max Day Units (Capital Costs)

Maximum day units for capital costs shall be calculated using a weighted average. This average shall consist of 25% weight on the previous three years of historical actual maximum day data and 75% weight on the future 10, 15, and 20-year projected maximum day data.

d. Peak Hour Units (O&M Costs)

Each year, the current year's peak hour data shall be compared to the current year's maximum day data to establish a ratio per customer. This ratio shall be applied to both the Maximum Day O&M and Maximum Day Capital units to derive the Peak Hour units per customer for each Maximum Day Component.

e. Customer Account Costs (O&M Costs)

Customer account costs shall be determined by totaling the accounts per customer. The total costs shall then be allocated on a per-account basis.

An example summary of water units is shown below and also found in Tab 7.W Units of Service in the Rate Model:

**Figure C-1 Water Units of Service**

**Summary of Water Units of Service**

**Table 7**

Historical		75%		25%							
Projected											
<b>O&amp;M</b>		<b>Base Units</b>		<b>Max Day Units</b>		<b>Peak Hour Units</b>			<b>Customer Units</b>		
<b>Water Units of Service</b>	<b>Annual Use (kgal)</b>	<b>Average Daily Use (kgal/day)</b>	<b>Peaking Factor %</b>	<b>Total Capacity (kgal/day)</b>	<b>Extra Capacity (kgal/day)</b>	<b>Peaking Factor %</b>	<b>Total Capacity (kgal/day)</b>	<b>Extra Capacity (kgal/day)</b>	<b>Equivalent Meters</b>	<b>Number of Accounts</b>	<b>Number of Bills</b>
Wyoming	3,894,550	10,670	214%	22,799	12,129	358%	38,206	15,407	29,861	23,213	278,556
Wholesale											
Georgetown - Ottawa County	2,160,800	5,920	303%	17,918	11,998	319%	18,889	972	-	1	12
Holland - Ottawa County	3,336,100	9,140	223%	20,353	11,213	354%	32,322	11,969	-	1	12
Hudsonville - Ottawa County	222,650	610	246%	1,503	893	406%	2,479	977	-	1	12
Jamesstown - Ottawa County	259,150	710	288%	2,045	1,335	347%	2,462	417	-	1	12
Olive-Blendon - Ottawa County	427,050	1,170	190%	2,225	1,055	308%	3,606	1,381	-	1	12
Georgetown Township	89,459	245	231%	566	321	376%	922	356	-	1	12
City of Kentwood	923,450	2,530	210%	5,318	2,788	377%	9,533	4,216	-	1	12
Byron-Gaines Townships	1,996,550	5,470	255%	13,961	8,491	480%	26,271	12,310	-	1	12
City of Grandville	879,650	2,410	227%	5,480	3,070	271%	6,541	1,061	-	1	12
<b>Total</b>	<b>14,189,409</b>	<b>38,875</b>		<b>92,166</b>	<b>53,291</b>		<b>141,231</b>	<b>49,065</b>	<b>29,861</b>	<b>23,222</b>	<b>278,664</b>

Historical		25%		75%					
Projected									
<b>Capital &amp; Debt</b>		<b>Base Units</b>		<b>Max Day Units</b>					
<b>Water Units of Service</b>	<b>Annual Use (kgal)</b>	<b>Average Daily Use (kgal/day)</b>	<b>Total Capacity (kgal/day)</b>	<b>Extra Capacity (kgal/day)</b>					
Wyoming	3,894,550	10,670	24,238	13,568					
Wholesale									
Georgetown - Ottawa County	2,160,800	5,920	21,466	15,546					
Holland - Ottawa County	3,336,100	9,140	23,824	14,684					
Hudsonville - Ottawa County	222,650	610	1,621	1,011					
Jamesstown - Ottawa County	259,150	710	2,548	1,838					
Olive-Blendon - Ottawa County	427,050	1,170	2,588	1,418					
Georgetown Township	89,459	245	-	(245)					
City of Kentwood	923,450	2,530	5,819	3,289					
Byron-Gaines Townships	1,996,550	5,470	16,989	11,519					
City of Grandville	879,650	2,410	5,960	3,550					
<b>Total</b>	<b>14,189,409</b>	<b>38,875</b>	<b>105,053</b>	<b>66,178</b>					

#### D. Operating and Maintenance (O&M) Expenses

To compute the annual rate estimate for the City and Wholesale customers, the adopted budget for the Water Fund's operating and maintenance expenses shall be allocated to the functions of Supply, Treatment, Transmission/Distribution, and Customer Service. In accordance with the cost allocation guidelines from the American Water Works Association (AWWA), revenue requirements shall be allocated to the functions of the water system and to specific customer classes based on their actual usage of these functions.

As of Fiscal Year 2026, Table D-1 below outlines the current expense categories, the functions to which they are allocated, and the customers responsible for these costs. All Customers or also referred to as City County System Component (CCSC) customer costs include all city and wholesale customers.

**Table D-1 – Operating and Maintenance Expense Allocations Basis**

Expense Category	Function	Customer
T and D Storage/ E of Gezon	Supply	Wyoming & Kentwood
Pumping and Treatment	Treatment	All Customers (CCSC)
T and D - Mains	Transmission/Distribution	Wyoming & Kentwood
T and D - Hydrants	Transmission/Distribution	Wyoming Only
T and D - Services	Transmission/Distribution	Wyoming Only
T and D - Gezon Station	Transmission/Distribution	Excluding OC & Grandville
T and D - Pipeline to Gezon	Transmission/Distribution	All Customers (CCSC)
T and D - Pipeline Meters	Customer	All Customers (CCSC)
T and D - Meters	Customer	All Customers (CCSC)
Customer Accounting	Customer	All Customers (CCSC)
Administration	Customer	All Customers (CCSC)
Installation of Services	Customer	Wyoming Only

Each customer requires water service based on their unique usage characteristics, which vary across customer in terms of both total volume and peaking factors.

An example summary of water expenses by customer grouping for each function is shown below:

**Figure D-2 Operating and Maintenance (O&M) Expense Costs by Customer**

	Supply	Treatment	Transmission/ Distribution	Customer	Total
All Customers (CCSC)	-	\$9,054,339	\$244,604	\$2,668,304	<b>\$11,967,247</b>
Wyoming Only	-	-	\$1,839,352	\$37,913	<b>\$1,877,265</b>
Wyoming & Kentwood – Non-Distribution	\$122,708	-	-	-	<b>\$122,708</b>
Wyoming & Kentwood – Distribution	-	-	\$1,592,791	-	<b>\$1,592,791</b>
Excluding OC & Grandville	-	-	\$796,327	-	<b>\$796,327</b>
<b>Total</b>	<b>\$122,708</b>	<b>\$9,054,339</b>	<b>\$4,473,074</b>	<b>\$2,706,217</b>	<b>\$16,356,338</b>

### E. Rate Funded Capital and Debt Service

Capital project costs and existing debt service costs shall be allocated on a line-by-line basis. These costs shall be allocated to each customer based on their ownership of the capital project or the debt. The cost split is based on the units associated with the max day proportion of peak use by each customer with the aforementioned weighted average split of 25% weighted on the previous three years of historical actual max day data and 75% weighted on the future 10, 15, and 20-year projected max day data.

A sample of the capital and debt cost split between customers is shown below and found in Tab 4. Capital & Debt Allocation of the Rate Model:

Project Description	Customer Allocation	FY 2024 Test Year	Wyoming Allocation	Georgetown - Ottawa County Allocation	Holland - Ottawa County Allocation	Hudsonville - Ottawa County Allocation	Jamestown - Ottawa County Allocation	Olive-Blendon - Ottawa County Allocation	Georgetown Township Allocation	City of Kenilwood Allocation	Byron-Gaines Township Allocation	City of Grandville Allocation
<b>Capital Costs</b>												
AM System	Wyoming	\$ 975,000	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Watermain	Wyoming	\$ 1,580,000	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NFT Filter Renovation Study	All Customers	\$ 500,000	25.1%	20.4%	22.7%	1.9%	2.4%	2.5%	0.9%	5.5%	16.2%	5.7%
Replace Sewer Backup Pumper Supply	All Customers	\$ 200,000	25.1%	20.4%	22.7%	1.9%	2.4%	2.5%	0.9%	5.5%	16.2%	5.7%
Incline Pipe Scaffolding Basin Rehabilitation	All Customers	\$ 1,000,000	25.1%	20.4%	22.7%	1.9%	2.4%	2.5%	0.9%	5.5%	16.2%	5.7%
Alarm Chemical Flow Meter Replacements	All Customers	\$ 50,000	25.1%	20.4%	22.7%	1.9%	2.4%	2.5%	0.9%	5.5%	16.2%	5.7%
Asst Third Plant Generator and Upgrade Controls - Design	All Customers	\$ 200,000	25.1%	20.4%	22.7%	1.9%	2.4%	2.5%	0.9%	5.5%	16.2%	5.7%
Asst Third Plant Generator and Upgrade Controls - Construct	All Customers	\$ 400,000	25.1%	20.4%	22.7%	1.9%	2.4%	2.5%	0.9%	5.5%	16.2%	5.7%
Misc. Capital	All Customers	\$ 100,000	25.1%	20.4%	22.7%	1.9%	2.4%	2.5%	0.9%	5.5%	16.2%	5.7%
Security Upgrades	All Customers	\$ 750,000	25.1%	20.4%	22.7%	1.9%	2.4%	2.5%	0.9%	5.5%	16.2%	5.7%
400' Pipeline Assessment, Phase Ia	All Customers	\$ 400,000	25.1%	20.4%	22.7%	1.9%	2.4%	2.5%	0.9%	5.5%	16.2%	5.7%
2nd Inake Design	All Customers	\$ 700,000	25.1%	20.4%	22.7%	1.9%	2.4%	2.5%	0.9%	5.5%	16.2%	5.7%
PW Building Improvements	Wyoming & Wholesale (Exclude OC)	\$ 3,000,000	45.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		\$ 10,995,000										
<b>Debt Service</b>												
2021 Water Supply System Revenue Bonds	Wyoming & Wholesale (Exclude OC)	\$ 255,850	45.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.0%	32.1%	11.2%
2016 Water Refunding Bonds	All Customers	\$ 190,895	25.1%	20.4%	22.7%	1.9%	2.4%	2.5%	0.9%	5.5%	16.2%	5.7%
2012 Water Refunding Bonds	All Customers	\$ 190,895	25.1%	20.4%	22.7%	1.9%	2.4%	2.5%	0.9%	5.5%	16.2%	5.7%
2015 Water Refunding	All Customers	\$ -	25.1%	20.4%	22.7%	1.9%	2.4%	2.5%	0.9%	5.5%	16.2%	5.7%
2014 Water Refunding (November 2025)	Wyoming & Wholesale (Exclude OC)	\$ -	45.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.0%	32.1%	11.2%
2016 Water Revenue Refunding Bonds	Wyoming & Wholesale (Exclude OC)	\$ 2,129,051	45.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.0%	32.1%	11.2%
Ottawa County Capital Return Payment	Ottawa County	\$ -	0.0%	41.2%	45.4%	3.1%	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2022 Water Supply System Revenue Bonds	Wyoming & Wholesale (Exclude OC)	\$ 2,200,000	45.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.0%	32.1%	11.2%

The split between cash and debt funding shall be determined on a year-by-year basis through discussions with City staff and other wholesale customers. This approach ensures that the capital and debt apportionment is based on the funding needs for each given year.

### F. Functional System Allocations

Each system function shall be allocated as an average day demand cost, max day demand cost, peak hour cost, or customer related cost. The table below summarizes the allocation parameters of each system function. Percentage allocations to average day, max day, and peak hour are based on water demands from the units of service section discussed above.

Table F-1 - Function Component Assignment to Allocation Factors

	Average Day Costs	Max Day Costs	Peak Hour Costs	Customer Costs
Supply	<input checked="" type="checkbox"/>			
Treatment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Transmission/Distribution	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Customer				<input checked="" type="checkbox"/>

As an example for FY 26, Table F-2 below illustrates the allocations. For instance, treatment costs are allocated 42% to average day based on the ratio of maximum day usage to average daily usage. Supply and customer are directly allocated to average day and customer, respectively.

**Table F-2 - Functional Allocation to Base–Extra Capacity**

	<b>Base Capacity – Avg Day</b>	<b>Extra Capacity – Max Day</b>	<b>Extra Capacity - Peak Hour</b>	<b>Customer</b>
Supply	100%			
Treatment	42%	58%		
Transmission/Distribution	27	38%	35%	
Customer				100%
<b>Blended</b>	<b>57%</b>	<b>32%</b>	<b>12%</b>	

O&M expenses shall be allocated at both the functional and specific customer level. For example, O&M costs associated with Transmission and Distribution (T&D) Mains shall be allocated to Wyoming & Kentwood only and to the functional component of Transmission/Distribution. Each O&M expense line item shall be allocated to specific customer allocation and based on individual percentages for supply, treatment, transmission/distribution and customer as noted in Table F-2 above.

Total allocated capital and debt service costs do not need to get allocated to base-extra capacity as O&M costs do, due to the line-by-line specific allocation to customers discussed in Section E.

The Figure F-2 below shows how O&M expenses of the revenue requirements are allocated to base, max day, peak hour and customer on a unit rate and customer-responsible level.

**Figure F-2 – Allocated O&M, Capital & Debt Cost**

	<b>Test Year Costs</b>	<b>Base Capacity - Avg Day (per KGPD)</b>	<b>Extra Capacity - Max Day (per KGPD)</b>	<b>Extra Capacity - Peak Hour (per KGPD)</b>	<b>Customer - Meters/Services (per Account)</b>
Operating Expenses - All Customers	\$ 11,967,247	\$ 99.97	\$ 99.97	\$ 1.73	\$ 114.90
Operating Expenses - Wyoming Only	\$ 1,877,265	\$ 47.45	\$ 57.22	\$ 41.48	\$ 1.63
Operating Expenses - Wyoming & Kentwood - Non Distribution	\$ 122,708	\$ 9.30	\$ -	\$ -	\$ -
Operating Expenses - Wyoming & Kentwood - Distribution	\$ 1,592,791	\$ 38.90	\$ 46.99	\$ 33.73	\$ -
Operating Expenses - Excluding OC & Grandville	\$ 796,327	\$ 11.59	\$ 12.66	\$ 8.57	\$ -
Rate Funded Capital & Debt	\$ 15,361,495				
	<b>\$ 31,717,833</b>				

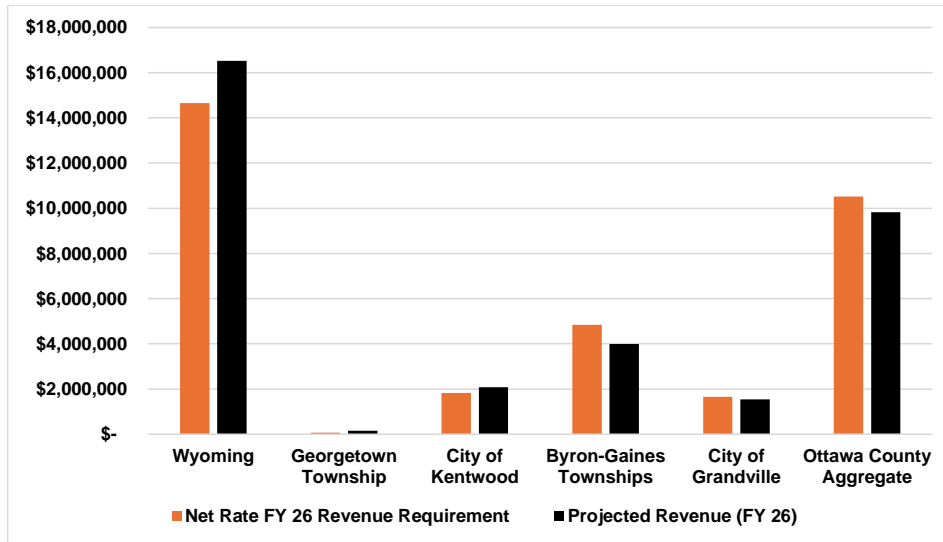
**G. Cost to Serve Each Customer**

Once costs are allocated to functions, each customer’s water demands, and other service requirements shall be applied to determine costs of service for each customer.

Capital and debt costs shall be derived directly from the capital and debt allocations and funding sources detailed in Tab 4 and Tab 5 of the rate model. O&M costs specific to each customer shall be determined from unit costs identified in Figure F-2 and water demands for each specific customer.

The charts below present a summary of the cost to serve each customer based on the results of the analysis, compared to the current revenue for each customer for FY 2026. The results of this analysis form the basis for the recommended rate calculation.

Figure G-1 - FY 26 Cost of Service Summary



H. Annual True-Up Process

Upon receipt of the audited annual financial information for the City of Wyoming (COW), an annual “true-up” calculation will be made. This calculation shall include actual costs of service, including all participation in outstanding debt. Annual actual use for the same audited period shall also be used for base unit “true-up” calculation only. Actual max day and peak hour for the audited period shall not be used in the “true-up” calculation since they are based on moving historical and projected demands within the rate model. The “true-up” calculation will determine whether OC’s payment of that audited period was less than, equal to, or greater than the estimated amounts. In the billing to OC for the month following completion of the “true-up”, that bill will reflect a credit (for any overpayment by OC) and/or an extra charge (for any underpayment by OC) for the audited period.

The true-up process for wholesale rates involves reconciling the estimated costs and actual costs annually. Below is a general framework of the process:

- Initial Rate Setting:** At the beginning of the period, rates are set based on estimated costs, including operating expenses, capital projects, and debt service.
- Monitoring and Data Collection:** Throughout the year, data on actual usage, costs, and other relevant metrics are collected.
- Comparison and Reconciliation:** At the end of the period, the actual costs incurred are compared to the estimated costs. This includes reviewing actual usage data, operating expenses, and any capital or debt service costs. Specific to the rate model includes updates to the O&M costs based on audited financial information of COW system on Tab 2, capital and debt costs on Tab 4, and actual usage on Tab 7.

**Commented [AV1]:** Contract language, Sec 5.1.D matches this. Edit this once contract language is finalized.

4. **Adjustments:** Any discrepancies between the estimated and actual costs are identified. If the actual costs are higher than estimated, customers may be billed for the difference. Conversely, if the actual costs are lower, customers may receive a credit.

DRAFT

Exhibit D  
OC Constituent Connection Points

DRAFT

Exhibit E  
List/Depiction of Fire Hydrants in CCSC

DRAFT

Exhibit F  
Form Water Ordinance

DRAFT

# Communications Update

CITY OF  
**WYOMING**

# Introduction

- Communications department started full-time in 2020. Utilized Sabo PR prior.
- Two full-time staff - Senior Communications Specialist Brianna Pena and Communications Specialist Kaedry Taveras.
- Communications handles media relations, social media, crisis and reputation management, photography and videography, strategic communications and more.

# Overview of Communication Duties

- Crisis and Reputation Management
- Strategic Communications
- Social Media
- Media Relations
- Photography and Videography

# Strategic Messaging

*What do we want our stakeholders to know?*

- **What we're doing:**
  - Launched a monthly e-newsletter that covers a variety of complex issues such as taxes and project funding.
- **What we're going to do:**
  - Utilize the newsletter, news media, website and social media to educate residents on possible funding solutions for public safety.

# Strategic Messaging



CITY OF WYOMING  
**WYOMING RECORD**

[Visit Our Website](#)

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**Hello, Wyoming!**


We're excited to bring you a digital version of the Wyoming Record sent directly to your inbox each month. The Wyoming Record is your go-to source for staying informed, engaged, and connected with all things Wyoming. From community events, construction news, city service updates, city council highlights, and other helpful resident resources, we've got you covered!

**Pedestrian Bridge Grand Opening**

Join us for the new Pedestrian Bridge Grand Opening! Featuring Wyoming's new trail connections to Pinery Park and Grace Christian University, community members are invited to join us for a ribbon cutting ceremony, followed by the Run, Walk or Roll event.

Follow @CityofWyoming on Facebook for more information.

📅 Sept. 27, 2025  
🕒 9 a.m. to noon



**Did you know?**

The new pedestrian bridge was entirely funded by outside grants. The City works hard to be good stewards of your tax dollars, and we seek outside grant funding for capital projects and programs whenever possible!

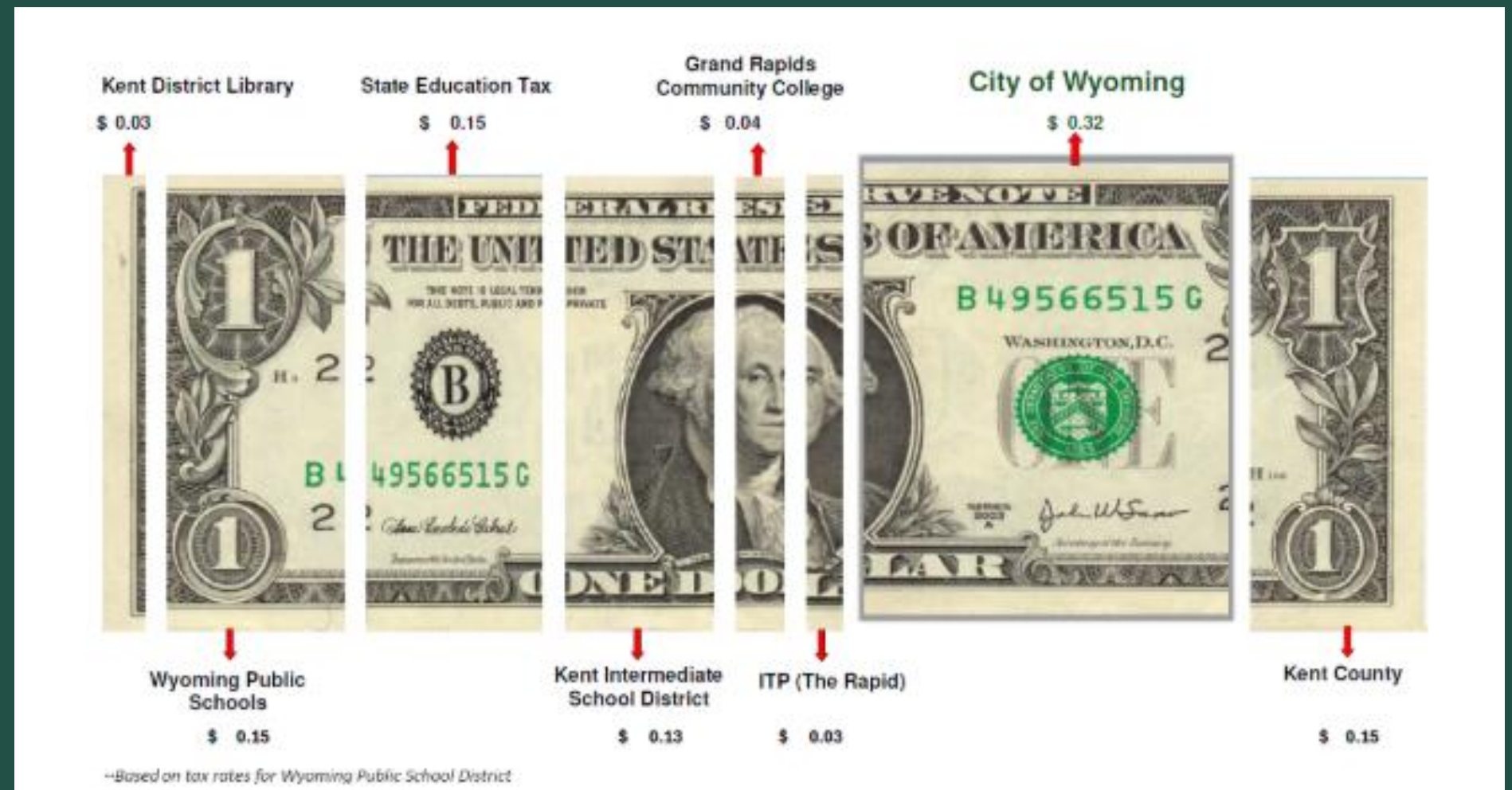
[Learn more!](#)

# Public Awareness

*What do we want our stakeholders to know?*

- **What we're doing:**
  - Utilizing social media and the newsletter to share information about taxes, millage funding status such as positions hired, equipment purchased and facilities renovated.
- **What we're going to do:**
  - Utilize the newsletter, website and social media to educate residents on the proposal to streamline and consolidate millages.

# Public Awareness




# Citywide Updates

*What updates are being made to successfully share information with residents?*

- **What we're doing:**
  - Utilizing the new city e-newsletter to highlight a variety of departments and correct misinformation seen on social media.
  - Creating more engaging social media content to boost engagement on educational information.
- **What we're going to do:**
  - Beginning the city website remodel which will allow for mass notifications, newsletter distribution and more.


# Citywide Updates



**Did you know?**

The construction of the Godwin Mercado was fully funded from the sale of Site 36, MEDC grant funds and a \$1.5 million private contribution.

[Visit Website](#)



**Did you know?**

About 32% of your tax bill goes to the City of Wyoming to fund the 10 dedicated millages.

The remaining tax payments cover taxes for school districts, the state of Michigan and Kent County and more.

[Pay Here!](#)



**WY MI** City of Wyoming - City Hall  
Reels · Oct 17 · 🌐

**No. 2**  
**EARLY**  
**IN-PERSON**  
**VOTING**

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Election Day is approaching, Wyoming! 🗳️

In Michigan, all registered voters can vote absentee, early in-person, or at their precinct on Election Day.

Apply for an absentee ballot online, by mail, or at City Hall. The deadline to apply by mail or online is October 21.

For more information, visit [wyomingmi.gov/elections](http://wyomingmi.gov/elections). Happy voting! us See less

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# Trust and Transparency

*How are we fostering stronger community trust through open and accessible communication channels?*

- **What we're doing:**

- Monitoring and responding to misinformation/questions on social media.
- Inviting and encouraging residents to have conversations with department subject matter experts.
- Hosting public meetings/open houses for larger projects.

# Trust and Transparency

The screenshot shows a Facebook comment thread. At the top is a comment from Matt Marion, followed by a reply from the author, City of Wyoming - City Hall. Below that is a comment from Javier Cervantes, followed by another reply from the author. The final comment is from Stephanie Buist, followed by a reply from the author. Each comment includes a profile picture, name, text, interaction options (like, reply, hide), and a like count with icons.

**Comment 1:**  
User: Matt Marion  
Text: City of Wyoming - City Hall you all are doing a great job with communication and keeping all of us informed. Thank you!!  
Time: 18w  
Interactions: Love, Reply, Hide, 30 likes

**Comment 2:**  
User: Javier Cervantes  
Text: I appreciate you listening to my feedback on your initial post about translating your communications into Spanish. Muchas gracias! 😊  
Time: 18w  
Interactions: Like, Reply, Hide, 22 likes

**Comment 3:**  
User: Stephanie Buist  
Text: City of Wyoming - City Hall it looks like not all of Wyoming is included. Why isn't the panhandle affected? We have city of Wyoming water too.  
Time: 18w  
Interactions: Like, Reply, Hide, 2 likes

**Reply 1:**  
User: City of Wyoming - City Hall (Author)  
Text: Stephanie Buist Hi, Stephanie. The panhandle is on a different pressure system which is why it was not impacted.  
Time: 18w  
Interactions: Like, Reply, 3 likes

# Resident Engagement Mechanisms

*How are we creating interactive platforms to facilitate direct access to City information?*

- **What we're doing:**
  - Sending information straight to users' inbox and resharing on social media, in community social media pages, and to our media partners.
- **What we're going to do:**
  - Implement the new city website which will provide a live chat feature to assist residents as best we can.

# Media Strategy and Implementation

*How are we developing and executing a comprehensive media strategy?*

- **What we're doing:**
  - Working with media partners to share critical project information, providing interviews with subject matter experts, answering inquiries, providing behind the scenes content for exciting projects and more.

# Media Strategy and Implementation

**WY MI** City of Wyoming - City Hall  
Published by Brianna Peña Wojtanek · September 18, 2024 ·

Thanks, [WOOD TV8](#) for highlighting our newly renovated Division Avenue Fire Station! 🚒👏  
Thanks to the passing of the 2023 Public Safety Millage, this fire station is now staffed 24/7 for the first time ever. Learn more below.

WOODTV.COM  
**Take a look inside renovated Wyoming Division fire station**  
Fire crews in Wyoming will now be able to serve their busiest district even faster. For the first ti...

**FOX 17**  
July 1 ·

Construction is nearing completion for Godwin Mercado, a new hub for fresh produce and community events in Wyoming's Godwin Heights neighborhood.




FOX17ONLINE.COM  
**Godwin Mercado nears opening in Wyoming, to bring fresh produce and community events**

# Proactive Issues Management

*How are we strengthening responsiveness to emerging concerns on social media?*

- **What we're doing:**
  - Consistently monitoring social media and community pages for misinformation or questions that may turn into a larger issue.

# Proactive Issues Management


 **Georgetown Charter Township**  
July 10 · 🌐

Quarterly water/sewer bills will be mailed to residents this week and will reflect the updated water/sewer rates approved in response to new operation and maintenance fees enacted by the Cities of Wyoming and Grandville. The Township purchases water from the City of Wyoming and sewage treatment services from the City of Grandville. All municipalities that utilize water and sewer services will be affected by the rate increases.

The increase is due to upcoming infrastructure improvements necessary to continue service, as well as a need for increased capacity due to growth in areas such as Georgetown.


For more information regarding the rate change and what your upcoming bill may look like, please visit <https://www.gtwp.com/577/Water-Sewer-Rates>.




 **James McDonald**  
June 11 · 🌐

In another post, someone asked how long division is going to be closed down by 44th Street. According to the city [City of Wyoming - City Hall](#) website, the 36 to 44th Street rebuild is a 3-year project.

This is just one phase. After they're done with this section they'll be moving north. You can see they're already setting up sewer pipes in place for when they start digging next.

 **WYOMINGMI.GOV**  
**City of Wyoming, MI**  
City of Wyoming team members are dedicated to creating an attractive, comfortable and engaged community. How can we help you today?

 **Deb VanderNaalt**  
July 31 · 🌐

Does anyone else take issue with the fact that there is literally no way to pay your water bill without paying a fee?

Bank Account = \$1.50  
Credit/debit card = \$3.25  
Cash = \$1.99  
Google Pay = \$3.25

# Digital Solutions

*How are we exploring solutions for bill payments, reservations, notifications and news distribution?*

- **What we're doing:**
  - Finalizing website interviews. The new website vendor has the capability to either integrate or provide services for bill pay, reservations, notifications and news.
  - We've confirmed the new website will be completely mobile friendly and recognize what device it's being accessed from. Content and buttons will shift appropriately to accommodate screen size.

**Questions?**

**CITY OF**  
**WYOMING**