



CITY of NOVI CITY COUNCIL

**Agenda Item 4
October 6, 2014**

SUBJECT: Approval of 2014 Retention Basin and Capacity Improvements Contract with Oakland County to authorize project costs for capacity upgrades at the Walled Lake-Novu Wastewater Treatment Plant (WWTP) in the amount of \$446,809; and concurrently amending the FY 14/15 budget in the amount of \$446,809.

SUBMITTING DEPARTMENT: Department of Public Services, Water and Sewer Division *TDK*

CITY MANAGER APPROVAL: *[Signature]*

EXPENDITURE REQUIRED	\$ 446,809
AMOUNT BUDGETED	\$ 0
LINE ITEM NUMBER	592-592.00-976.010
APPROPRIATION REQUIRED	\$ 446,809 (Rollover from FY12/13 Budget)

BACKGROUND INFORMATION:

On February 9, 2001 a Sanitary Sewer Overflow (SSO) occurred at the Walled Lake – Novi WWTP prompting the Michigan Department of Environmental Quality (MDEQ) to require that a capacity study be completed at the WWTP. The capacity study indicated that the WWTP does not have sufficient wet weather capacity to meet the State of Michigan SSO policy, which requires that sanitary collection/treatment systems be able to handle system flows in response to a 25-year/24-hour rainfall event during growth conditions (April 1st – October 31st) and normal soil moisture conditions. Because of this capacity shortfall, the MDEQ and Oakland County Water Resources Commissioner's Office (OCWRC), which operates and maintains the WWTP for Novi and Walled Lake, entered into a District Compliance Agreement (DCA) outlining WWTP capacity improvements to meet the State SSO policy. In addition to the wet weather capacity improvements to meet the SSO policy, the City of Novi requested additional capacity at the WWTP to meet the projected needs at build-out. The 2014 Walled Lake – Novi Treatment Capacity upgrades project include construction of a 470,000 gallon storage tank to detain excess wet weather volumes (to meet SSO policy) and to accommodate future growth within the Novi portion of the service district. A map of the proposed project area and a fact sheet on the WWTP is provided as an attachment. The table below provides a breakdown of the proposed storage tank volume.

Project Need	Volume (gallons)	Percent (%)
Required of Excess Wet Weather Flows	350,000	74.5%
Required for Future Novi Growth	120,000	25.5%
Total Volume	470,000	100.0%

The total project cost for the WWTP upgrades, which includes a competitive low bid for the construction portion of the project, is \$1,750,000. \$446,809 (25.5%) of the project costs will be paid directly by the City of Novi to meet the future growth needs within the Novi portion of the service district, as this is the proportion of the tank volume needed to handle those future growth needs. The remainder of the project costs, \$1,303,191, will be paid by OCWRC from the Walled Lake-Novu WWTP capital reserve fund. A detailed breakdown of

the project costs is provided in Exhibit B of the attached 2014 Retention Basin and Capacity Improvements Contract.

A formal review of the 2014 Retention Basin and Capacity Improvements Contract was performed by Johnson, Rosati, Schultz, and Joppich (JRSJ) in their review letter dated September 22, 2014. The JRSJ review indicated no legal impediment to approving the proposed Contract as presented. A copy of the review letter and an internal City memorandum describing the insurance issues for the project is provided as an attachment.

The budget for this project was approved as part of the FY12/13 Budget; however, this budget was not rolled over to the current year's budget. Therefore, this motion also includes a request to approve the additional appropriation of \$446,809 as a rollover from the FY12/13 Budget. Work is scheduled to begin in Fall of 2014 and the project is slated to be completed by Fall of 2015.

RECOMMENDED ACTION: Approval of 2014 Retention Basin and Capacity Improvements Contract with Oakland County to authorize project costs for capacity upgrades at the Walled Lake-Novı Wastewater Treatment Plant (WWTP) in the amount of \$446,809; and concurrently amending the FY 14/15 budget in the amount of \$446,809.

	1	2	Y	N
Mayor Gaff				
Mayor Pro Tem Staudt				
Council Member Casey				
Council Member Fischer				

	1	2	Y	N
Council Member Markham				
Council Member Mutch				
Council Member Wrobel				

Novi, MI

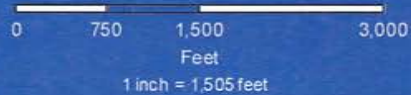
Proposed Walled Lake - Novi WWTP Upgrades



Map Produced Using the
City of Novi, Michigan
Internet Mapping Portal



Author:
Date: 9/29/2014



MAP INTERPRETATION NOTICE

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent accurate sources available to the people of the City of Novi. Boundary measurements and area calculations are approximate and should not be construed as survey measurements performed by a licensed Michigan Surveyor as defined in Michigan Public Act 132 of 1970 as amended. Please contact the City GIS Manager to confirm source and accuracy information related to this map. This map was produced under the terms of the City's Internet Site Use Policy available at <http://cityofnovi.org/Resources/SiteUsePolicy.asp>

Walled Lake–Novi Wastewater Treatment Plant

Equalization Tank Project Fact Sheet



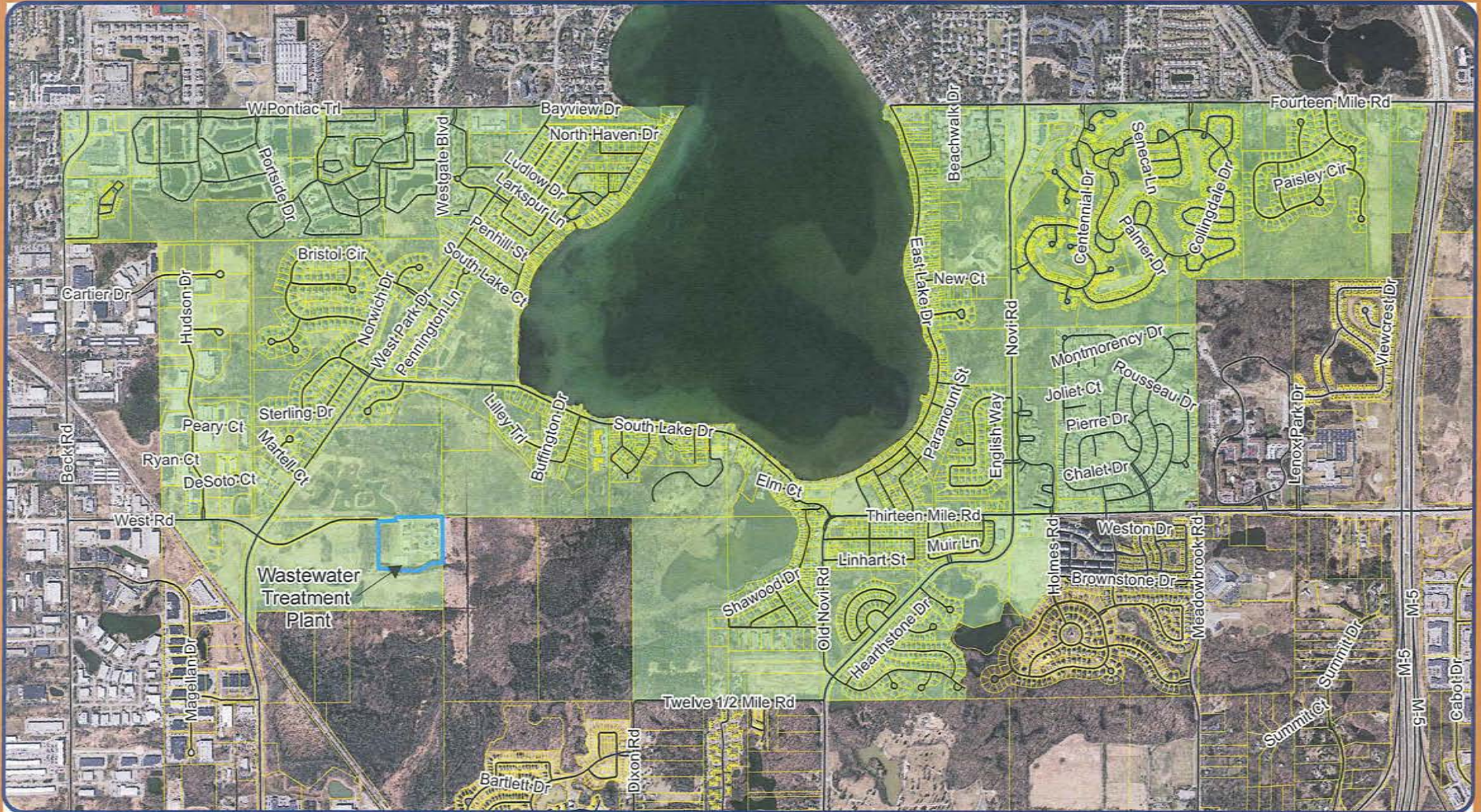
Project Location – 46351 West Road, Novi

Background – The Walled Lake–Novi Wastewater Treatment Plant (WWTP) treats wastewater from the City of Walled Lake, parts of the City of Novi, along with a few smaller areas. Some of the processes used to treat the water include extended aeration (also known as activated sludge), chemical treatment to remove phosphorus, and an ultraviolet (UV) disinfection system. The facility grounds are gated and access to the facility is restricted. Although the site is owned by the Oakland County Water Resources Commission (OCWRC), the cities of Novi and Walled Lake jointly own the plant and its equipment. OCWRC's Operations and Maintenance Division is responsible for the WWTP's proper year-round operation and maintenance.

Project Overview – A study was conducted in January 2012 to evaluate the additional equalization/retention tank capacity required for treatment of the daily flow for any wet weather event up to and including the 24-hour, 25-year storm under current and future flow conditions. It was also determined to oversize the tank in order to accommodate additional flow needs from the City of Novi's Walled Lake Sanitary District, which is depicted on the attached map. Based on study findings, a new wastewater retention tank has been designed, the project advertised for bids, and a low bidder identified. Work is slated to begin in late fall 2014, and be completed in 2015. In March 2014, OCWRC was awarded a stormwater, asset management, and wastewater (SAW) grant in the amount of \$1,241,942 to help fund the project.

Walled Lake Novi Wastewater Treatment Plant & District

City of Novi, Michigan



Map Author: Ken Blough
Date: October 2, 2014
Project: WWTP District
Version #: 1.0

MAP INTERPRETATION NOTICE

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City of Novi
Department of Public Services
26300 Lee BeGole Dr
Novi, MI 48375
cityofnovi.org

0 500 1,000 2,000
Feet
1 inch = 2,000 feet



HURON-ROUGE SEWAGE DISPOSAL SYSTEM
WALLED LAKE-NOVI WASTEWATER TREATMENT PLANT
2014 RETENTION BASIN AND CAPACITY IMPROVEMENTS CONTRACT

THIS CONTRACT, made and entered into as of the 1st day of October, 2014, by and among the COUNTY OF OAKLAND, a county corporation in the State of Michigan (hereinafter sometimes referred to as the "County"), by and through its Water Resources Commissioner, County Agency, and the CITY OF WALLED LAKE, a Michigan home rule city, and the CITY OF NOVI (formerly the Village of Novi), a Michigan home rule city, both located in the County of Oakland, State of Michigan, (together, the "Municipalities" or individually, a "Municipality").

WITNESSETH:

WHEREAS, pursuant to Act No. 185, Public Acts of Michigan, 1957, as amended, the Board of Commissioners (formerly the Board of Supervisors) of the County has established a county system of sewage disposal improvements and services to serve the Municipalities, said system being known as the "Huron-Rouge Sewage Disposal System;" and

WHEREAS, the County acquired and constructed the Huron-Rouge Sewage Disposal System Walled Lake Arm (the "Walled Lake Arm") pursuant to the Huron-Rouge Sewage Disposal System Walled Lake Arm Agreement dated as of October 1, 1966, among the County, the City of Walled Lake and the Village of Novi and amendments to said agreement dated February 1, 1969 and April 1, 1969 (said agreement as so amended hereinafter referred to as the "Base Agreement"); and

WHEREAS, the Walled Lake Arm consists in part of a wastewater treatment plant to serve the Municipalities, said wastewater treatment plant being designated as the "Walled Lake-Novi Wastewater Treatment Plant"; and

WHEREAS, pursuant to Act No. 342, Public Acts of Michigan, 1939, as amended (hereinafter sometimes referred to as "Act 342"), the County and the Municipalities entered into the Huron-Rouge Sewage Disposal System Walled Lake-Novi Wastewater Treatment Plant 1989 Enlargement Contract, as amended by the First Amendment to Huron-Rouge Sewage Disposal System Walled Lake-Novi Wastewater Treatment Plant 1989 Enlargement Contract and the Second Amendment to Huron-Rouge Sewage Disposal System Walled Lake-Novi Wastewater Treatment Plant 1989 Enlargement Contract (collectively referred to as the "Contract") to improve and enlarge the Walled Lake-Novi Wastewater Treatment Plant to address capacity issues, and the County has designated the Oakland County Drain Commissioner (now the Oakland County Water Resources Commissioner) as the county agency for the Walled Lake Arm with all powers and duties with respect thereto as are provided by Act 342 (said Water Resources Commissioner being hereinafter sometimes referred to as the "County Agency"); and

WHEREAS, there is an urgent need to meet certain wet weather sanitary sewer overflow requirements as established by the Michigan Department of Environmental Quality in order to promote the health and welfare of the residents of the Municipalities, which improvements would likewise benefit the County and its residents, and the parties hereto have concluded that such improvements can be provided and financed most economically and efficiently by the County through the exercise of the powers conferred by Act 342, and especially section 5 thereof; and

WHEREAS, under and subject to the terms of Act 342, the County is authorized, through the County Agency, to acquire and construct the improvements to the Walled Lake-Novi

Wastewater Treatment Plant hereinafter described (the "Project"), the County and the Municipalities are authorized to enter into a contract, as hereinafter provided, for the acquisition and construction of the Project by the County and for the payment of the cost thereof by the Municipalities in cash from available funds; and

WHEREAS, preliminary plans for the Project and estimates of the cost and period of usefulness thereof have been prepared, all of which have been submitted to and approved by the Board of Commissioners of the County and the governing bodies of the Municipalities and placed on file with said Board of Commissioners in the office of the County Agency, said estimates being set forth in Exhibit B hereunto attached; and

WHEREAS, in order to provide for the acquisition and construction of the Project by the County and for other related matters, it is necessary for the parties hereto to enter into this contract.

THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE COVENANTS OF EACH OTHER, THE PARTIES HERETO AGREE as follows:

1. The parties hereto approve and agree to the acquisition, construction and financing of the Project as herein provided, under and pursuant to Act 342. The Municipalities by way of compliance with Section 29, Article VII, Michigan Constitution of 1963, consent and agree to the establishment and location of the Project within their corporate boundaries and to the use by the County of their streets, highways, alleys, lands, rights-of-way or other public places for the purpose and facilities of the Project and any improvements, enlargements or extensions thereof, and the Municipalities further agree that, in order to evidence and effectuate the foregoing agreement and consent, they will execute and deliver to the County such grants of easement, right-of-way, license, permit or consent as may be requested by the County.

2. The Project shall consist of additions and improvements to the Walled Lake-Novı Wastewater Treatment Plant shown and described on Exhibit A which is attached hereto and is made a part hereof, and as are more particularly set forth in the preliminary plans which have been prepared and submitted by the consulting engineers which plans are on file with the County Agency and are approved and adopted. The Project shall be acquired and constructed substantially in accordance with said preliminary plans and in accordance with final plans and specifications to be prepared and submitted by the consulting engineers, but variations therefrom that do not materially change the location, capacities or overall design of the Project, and that do not require an increase in the total estimated cost of the Project, may be permitted on the authority of the County Agency. Other variations or changes may be made if approved by the County Agency and by resolution of the governing body of each Municipality and if provisions required by paragraph 4 hereof are made for payment of any resulting increase in the total estimated cost. The estimate of the cost of the Project and the estimate of the period of usefulness thereof as set forth in Exhibit B are approved and adopted.

3. The County Agency has obtained construction bids for the Project and, subject to the receipt of cash payments to be made under this contract by the Municipalities, shall enter into construction contracts with the lowest responsible bidder or bidders, procure from the contractors all necessary and proper bonds, cause the Project to be constructed within a reasonable time, and do all other things required by this contract and the laws of the State of Michigan. The County Agency may, in its sole discretion, retain the services of a third-party engineering firm to perform contract administration of the Project, and payment for such services shall be the responsibility of the Municipalities as part of the cost of the Project as described in paragraph 5 hereof. All certificates for required payments to contractors shall be approved by the consulting engineers before presentation to the County Agency and the latter shall be entitled to rely on such approval in making payments.

4. Except as otherwise provided herein, in the event that it shall become necessary to increase the estimated cost of the Project for any reason, or if the actual cost of the Project shall exceed the estimated cost, whether as the result of variations or changes made in the approved plans or otherwise, then the County Agency shall not be obligated to pay such increased or excess cost unless the governing body of both Municipalities shall have adopted a resolution approving such increase or excess and agreeing that the same (or such part thereof as is not available from other sources) shall be defrayed by increased or additional payments to be made by the Municipalities to the County in the manner hereinafter provided.

5. The Municipalities shall pay to the County their respective shares of the entire cost of the Project not defrayed by grants and funds available from other sources in cash on the date or dates as specified in Exhibit B. The Municipalities hereby acknowledge that no County general funds shall be appropriated or pledged pursuant to this contract or for the Project. The County's role in the Project is strictly limited to that set forth in Act 342, and the Municipalities shall be solely responsible for all administration and construction costs (including attorney fees and all dispute resolution costs), all costs of operation and maintenance of the Project, all costs and expenses relating to lawsuits as described in paragraph 11 hereof and all items of cost described in paragraph 6 hereof. The cost of the Project is hereby allocated to the Municipalities in accordance with the percentages and amounts set forth in Exhibit B. Payments shall be made by each Municipality when due whether or not the Project has then been completed or placed in operation.

6. The County Agency is hereby authorized, but not required, to utilize County personnel for the administration of the Project. The Municipalities agree that the costs of contract administration, auditing and financial services shall be part of the cost of the Project for purposes of paragraph 5 hereof, whether such services are provided by County personnel or third parties. In the case of County personnel, the costs attributed to the Project shall include the

allocable share of such personnel's salary and fringe benefits to the Project as determined by the County Agency.

7. If the Project is abandoned for any reason, the Municipalities shall pay, or reimburse the County for the payment of, all engineering, legal and other costs and expenses incurred by the County Agency in connection with the Project in the percentages set forth in Exhibit B and the Municipalities shall be entitled to all plans, specifications and other engineering data and materials.

8. After completion of the Project the operation and maintenance of the Project shall be in accordance with applicable agreements between the County and the Municipalities. The Base Agreement and the Contract are hereby amended to provide that the maximum number of units to be served within each Municipality shall be as set forth in Exhibit A hereto.

9. It is understood and agreed by the parties hereto that the Project is to serve the Municipalities and not the individual property owners and users thereof, unless by special arrangement between the County Agency and the Municipalities. The responsibility of requiring connection to and use of the Project and/or providing such additional facilities as may be needed shall be that of the Municipality wherein such property is located and such Municipality shall cause to be constructed and maintained, directly or through the County, any such necessary additional facilities. The County shall not be obligated to acquire or construct any facilities other than those designated in paragraph 2 hereof.

10. The County shall have no obligation or responsibility for providing facilities except as herein expressly provided with respect to the acquisition and construction of the Project or as otherwise provided by contract. The Municipalities shall have the authority and the responsibility to provide such other facilities and shall have the right to expand the facilities of

the Walled Lake Arm by constructing or extending sewers or related facilities, connecting the same to the Walled Lake Arm, and otherwise improving the Walled Lake Arm. It is expressly agreed, nevertheless, that no such connection shall be made to the Walled Lake Arm and no improvements, enlargements or extensions thereof shall be made without first securing a permit therefor from the County. Any such permit may be made conditional upon inspection and approval of new construction by the County.

11. The parties hereto agree that the costs and expenses of any lawsuits or Claims (as hereinafter defined) arising directly or indirectly out of this contract or the construction or financing of the Project, to the extent that such costs and expenses are chargeable against the County or the County Agency, shall be deemed to constitute a part of the cost of the Project and shall be paid by the Municipalities in the same manner as herein provided with respect to other costs of the Project. In the event of such litigation or claims, the County Agency shall consult with the Municipalities and shall retain legal counsel agreeable to the County and the Municipalities to represent the County; provided that if the County and the Municipalities cannot agree as to such representation within a reasonable time, the County Agency shall exercise its discretion as to the retention of such counsel. In this contract, "Claims" means any alleged losses, claims, complaints, demands for relief or damages, liability, penalties, costs, and expenses, including, but not limited to, reimbursement for reasonable attorney fees, witness fees, court costs, investigation expenses, litigation expenses, amounts paid in settlement, and/or other amounts or liabilities of any kind which are imposed on, incurred by, or assessed against the County, County Agency or Municipalities, or for which the County, County Agency or Municipalities may become legally and/or contractually obligated to pay or defend against, whether direct, indirect or consequential, whether based upon any alleged violation of the federal or the State constitution, any federal or State statute, rule, regulation, or any alleged violation of federal or State common law, whether any such claims are brought in law or equity, tort, contract, or otherwise, and/or whether commenced or threatened. This paragraph shall not apply

to a lawsuit instituted by any of the Municipalities to enforce their respective rights under this contract.

12. All powers, duties and functions vested by this contract in the County shall be exercised and performed by the County Agency, for and on behalf of the County, unless otherwise provided by law or in this contract.

13. In the event that any one or more of the provisions of this contract for any reason shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, but this contract shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

14. This contract shall become effective after its execution by each party hereto. This contract shall terminate one (1) year from the date of completion of construction of the Project, unless terminated earlier by mutual agreement of the parties hereto in writing; provided, however, that the amendments to the Base Agreement and the Contract as provided in paragraph 8 hereof shall remain in full force and effect unless and until modified by mutual agreement of the parties hereto in writing. This contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This contract may be executed in any number of counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed and delivered by the undersigned, being duly authorized by their respective governing bodies.

COUNTY OF OAKLAND

Executed on _____, 2014

By: _____
County Water Resources Commissioner
(County Agency)

CITY OF NOVI

By: _____
Mayor

Executed on _____, 2014

And: _____
Clerk

CITY OF WALLED LAKE

By: _____
Mayor

Executed on _____, 2014

And: _____
Clerk

EXHIBIT-A
Walled Lake-Novı Wastewater Treatment Plant
2014 Retention Basin and Capacity Improvements
Project Description

On February 9, 2001 a Sanitary Sewer Overflow (SSO) occurred at the Walled Lake-Novı Wastewater Treatment Plant (WWTP) prompting the Michigan Department of Environmental Quality (MDEQ) to require that a capacity study be completed at the WWTP. This capacity study documented that the WWTP does not have sufficient wet weather capacity to meet the State's December 2002 SSO policy.

Because of this capacity shortfall, the Water Resources Commissioner's Office and MDEQ entered into a District Compliance Agreement (DCA) on June 11, 2012 outlining a schedule and list of required WWTP capacity improvements. On November 1, 2012 the DCA requirements were included in the WWTP's new permit. The 2014 Retention Basin and Capacity Improvements include the following items: construction of a 470,000 gallon wet weather retention tank, valves, and underground piping; relocation of an existing stormwater detention pond; installation of a new hydro-pneumatic tank for basin flushing; abandonment of sludge drying beds to accept retention basin excavation material; site grading and landscaping; and associated electrical, instrumentation and control work. Project plans and specifications were prepared by the consultant, Fishbeck, Thompson, Carr & Huber and competitive bids were received on June 12, 2014. The attached Figure 1 shows the location of improvements at the WWTP site.

Table 1 summarizes the changes in community REU capacity allocations resulting from this improvement project. Previously, as outlined in the First Amendment to the 1989 Enlargement Contract, a total of 10,000 REU's were allocated at the WWTP, consisting of 4,200 REU's for Walled Lake and 5,800 REU's for Novi. In December 1991 Novi and Commerce Township executed the agreement titled "Contract for Exchange of Sanitary Sewer Capacity" which allowed Novi 2,000 REU's of capacity in the Commerce Township WWTP, and similarly, allowed Commerce Township 2,000 REU's of capacity in the Walled Lake-Novı WWTP. Table 1 shows Novi's request for an additional capacity of 2,121 REU's resulting from the June 14, 2012 abandonment of the diversion of flows to the Huron-Rouge Sewage Disposal System. Novi's additional 2,121 REU's increases the WWTP capacity from 10,000 REU's to 12,121 REU's and Novi's capacity from 5,800 REU's to 7,921 REU's. Since the WWTP capacity is restricted by wet weather flows, building a larger sized retention basin will accommodate the increase in WWTP capacity to 12,121 REU's.

Table 1- REU Capacity Allocations by Community

Community	1989 Enlargement Contract REU Capacity	Additional REU Capacity Requested	2014 REU Capacity	2014 REU Capacity (%)
City of Novi (1)	5,800	2,121	7,921	65.35
City of Walled Lake	4,200	0	4,200	34.65
Total	10,000	2,121	12,121	100

(1)-2,000 REU's of Novi's capacity is designated for Commerce Township properties as outlined in the 1991 Contract for Exchange of Sanitary Sewer Capacity

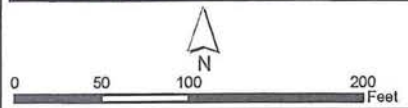
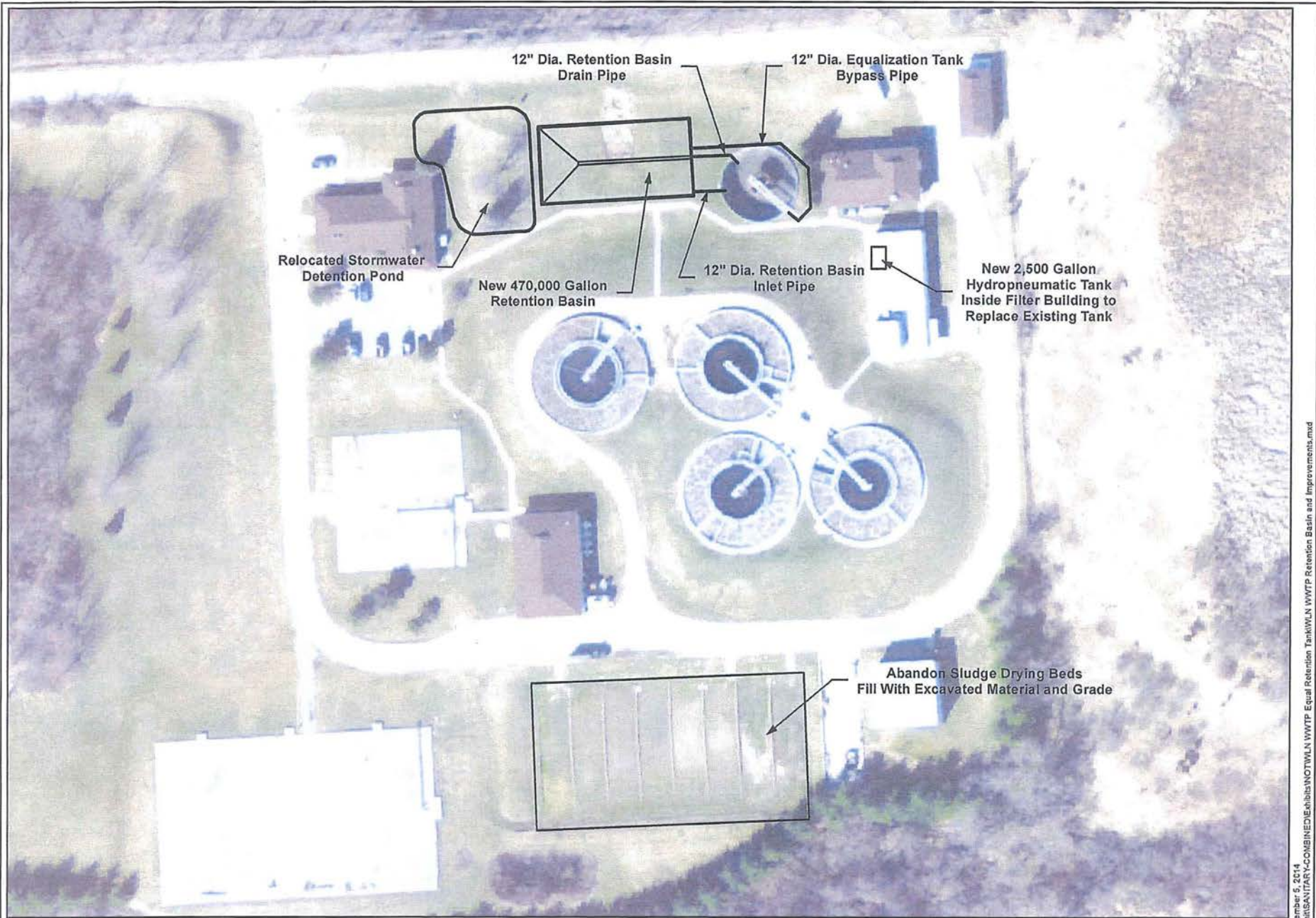


Figure 1
Walled Lake - Novi WWTP
2014 Retention Basin and Capacity Improvements

Map Review: September 5, 2014
 J:\D:\Mapping\GIS\SWTR\PAR\COMBINED\EH\his\NOTM\LN\WWTP Equal Retention Tank\LN\WWTP Retention Basin and Improvements.mxd

EXHIBIT - B
Walled Lake - Novi Wastewater Treatment Plant
2014 Retention Basin and Capacity Improvements

	Costs
1) Contracted Services - Construction	
Low Bid Received on 6/12/14	\$ 1,298,000
Subtotal	\$ 1,298,000
2) Contracted Services - Consulting/Testing	
Consulting Engineering - Construction Administration	\$ 95,000
Testing Services	\$ 17,000
Subtotal	\$ 112,000
3) County Services	
Engineering	\$ 70,000
Inspection	\$ 80,000
Indirect Costs	\$ 15,000
Subtotal	\$ 165,000
4) Contingency	\$ 175,000
Estimate of Probable Cost	<u>\$ 1,750,000</u>

Capacity & Cost Allocations

Community	1989 REU Capacity	Novi Additional REU Capacity	2014 REU Capacity	Novi Payment for Additional Capacity (1)	Payment from Existing WWTP Fund Balance (2)	Total Cost Estimate
Novi	5,800	2,121	7,921	\$446,809		
Walled Lake	4,200	0	4,200			
Total	10,000	2,121	12,121	\$446,809	\$1,303,191	\$1,750,000

- (1) Novi's cash payment for the extra 2,121 REU capacity tank: $(120 \div 470 \times \$1,750,000) = \$446,809$.
 2,121 REU tank volume = 120,000 gallons, 12,121 REU tank volume = 470,000 gallons
 Payment due to WRC before 12/15/14. Payment will be adjusted based on actual costs at project close.
- (2) Remaining project costs will be paid entirely from the existing Walled Lake-Novı WWTP fund balance:
 $\$1,750,000 - \$446,809 = \$1,303,191$. This amount represents the cost for the necessary 10,000 REU capacity tank.

Note - Residential Equivalent Unit (REU)

I hereby certify the period of usefulness of these facilities to be thirty (30) years and upwards.

By: _____
James A. Wineka, P.E., Assistant Chief Engineer

MEMORANDUM



TO: ROB HAYES, DPS DIRECTOR/CITY ENGINEER
VICTOR CARDENAS, ASSISTANT CITY MANAGER

FROM: TIM KUHNS, WATER AND SEWER SENIOR ENGINEER *TDK*

SUBJECT: 2014 WALLED LAKE – NOVI TREATMENT PLANT UPGRADES

DATE: SEPTEMBER 30, 2014

Background

On February 9, 2001 a Sanitary Sewer Overflow (SSO) occurred at the Walled Lake – Novi Wastewater Treatment Plant (WWTP) prompting the Michigan Department of Environmental Quality (MDEQ) to require that a capacity study be completed at the WWTP. The capacity study indicated that the WWTP does not have sufficient wet weather capacity to meet the State's December 2002 SSO policy.

Because of this capacity shortfall, the MDEQ and Oakland County Water Resources Commissioner's Office (or OCWRC, which operates and maintains the WWTP for Novi and Walled Lake) entered into a District Compliance Agreement (DCA) outlining WWTP capacity improvements to meet the State SSO policy. The DCA requirements were included in the WWTP's new permit.

The 2014 Walled Lake – Novi Treatment Capacity upgrades, which are depicted in the Attached Figure 1, include the following items:

1. Construction of a 500,000 gallon wet weather retention tank with valves, system piping, electrical upgrades, and controls upgrades to integrate the retention tank into the treatment process.
2. Relocation of an existing stormwater detention pond.
3. Installation of a new hydro-pneumatic tank for basin flushing.
4. Abandonment of sludge drying beds to accept retention basin excavation material.
5. Site grading and landscaping.

Proposed Contract

Bids were received for the Walled Lake – Novi WWTP Upgrades on June 12, 2014, with Reliance Building Company submitting the lowest, qualified bid of \$1,298,000. The total project cost, based on the low bid provided by Reliance Building Company is \$1,750,000. These project costs include construction costs, construction engineering/administration costs, inspection costs, and contingency costs. A copy of the construction bid and summary of the total project costs is provided as an attachment. It should be noted that the Walled Lake – Novi WWTP was a recent awardee of a Stormwater, Asset Management, and Wastewater (SAW) grant from the

State of Michigan. The SAW grants are expected to reduce the total project costs, as the grant covers some planning and design activities that were necessary for the proposed improvements.

The proposed capacity improvements contract provided by OCWRC includes a cost allocation based on the total project cost outlined in Exhibit B of the attached contract. The cost allocation provides that \$446,809 (25.5%) of the project costs will be paid directly by the City of Novi to meet the future growth needs within the Novi portion of the service district, as this is the proportion of the tank volume needed to handle those future growth needs. The remainder of the project costs, \$1,303,191, will be paid by OCWRC from the Walled Lake-Novı WWTP capital reserve fund. The City of Novi DPS staff has reviewed the improvements contract and we do not have any objections to the proposed cost split between Novi and Walled Lake. However, we provided the proposed contract to the City's municipal attorney, Johnson, Rosati, Schultz & Joppich, P.C. (JRSJ), for review. JRSJ provided several comments relating to the contract language that Oakland County has addressed, as follows:

1. The proposed contract would assign all costs for lawsuits or damages to Walled Lake and Novi (indemnity language), even if the County solely caused the damages. The language should be modified so the County and/or its contractors are responsible for actions that are not within the City's control. OCWRC agreed to delete this language from the contract.
2. Despite the deletion of the indemnity language, the Intergovernmental Agreement between Novi and OCWRC still makes Novi responsible for all project damages, including those caused by County employees. The County does not carry municipal liability insurance; therefore, any damages caused by County employees would likely be paid out of the Walled Lake – Novi WWTP reserve fund as a project cost. In order to mitigate this risk, OCWRC increased the general liability coverage from \$3M to \$5M and increased the Worker's Compensation coverage to \$1M. In addition, the County will be added as an additional insured to the City of Novi's municipal policy which will limit liability to the City.

The JRSJ letter also indicates that the City Insurance Risk Manager has indicated that additional coverage for OCWRC employees is not necessary at this time. A copy of the JRSJ review letter is provided as an attachment to this memorandum. Subject to the City's acceptance of the insurance as provided, DPS staff recommends approval of the proposed contract, especially because the project is required to meet the DCA with the MDEQ.

Please let me know if you have any questions or comments regarding this memorandum.

cc: Victor Cardenas, Interim City Manager
Brian Coburn, Engineering Manager

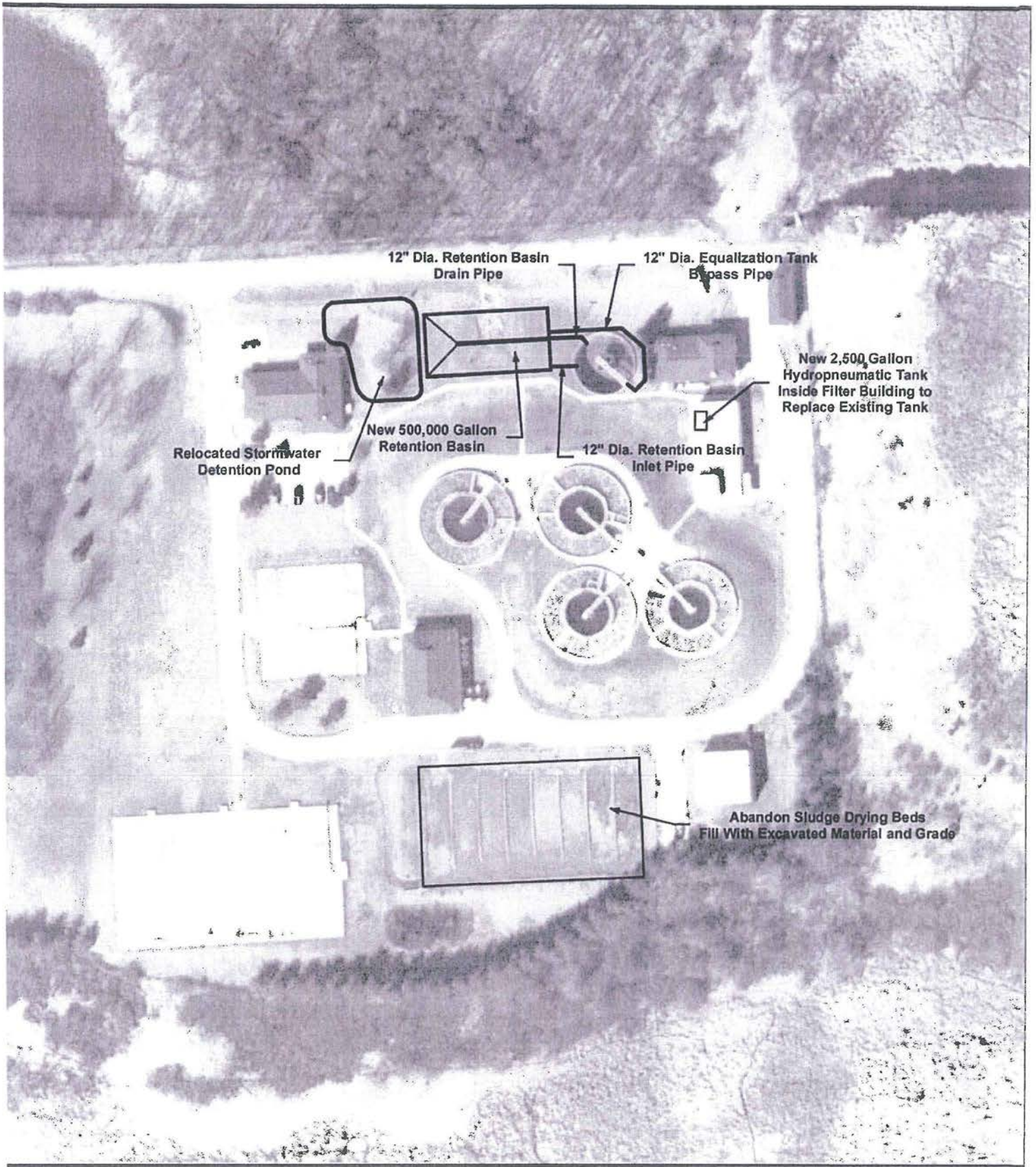


Figure 1
Walled Lake - Novi WWTP
2014 Retention Basin and Capacity Improvements



0 50 100 200
 Feet

BID OPENING FORM

ENGINEERS EST - 1,739,000
 34% HIGHER THAN LOW BID



PROJECT NAME Walled Lake-Novu WWTP
2014 Retention Basin and Capacity Improvements PROJECT NO. G130055CD

BID DATE Thursday, June 12, 2014 TIME OF BID 2 P.M.

BIDDERS	BID BOND/ SECURITY	ADDENDA		SIGNED	BID AMOUNT
		1	2		
- A. Z. Shmina, Inc.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1,458,000
Blaze Contracting, Inc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
✓ Brencal Contractors, Inc.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1,712,000
L. D'Agostini & Sons, Inc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
- (The) Lasalle Group, Inc.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1,683,000
- RLC Construction Co, Inc.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1,306,500
Reliance Building Co.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1,298,000
- Sorensen Gross Construction	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1,389,000
- Spence Brothers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1,439,000
- Toebe Construction, LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
- Trojan Development Co.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1,464,000
Van Laan Concrete Construction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
- Walsh Construction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
- Z Contractors, Inc.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1,533,200
Lawrence M. Clarke	X	X	X	X	1,725,000

EXHIBIT - B
Walled Lake - Novi Wastewater Treatment Plant
2014 Retention Basin and Capacity Improvements

	Costs
1) Contracted Services - Construction	
Low Bid Received on 6/12/14	\$ 1,298,000
Subtotal	\$ 1,298,000
2) Contracted Services - Consulting/Testing	
Consulting Engineering - Construction Administration	\$ 95,000
Testing Services	\$ 17,000
Subtotal	\$ 112,000
3) County Services	
Engineering	\$ 70,000
Inspection	\$ 80,000
Indirect Costs	\$ 15,000
Subtotal	\$ 165,000
4) Contingency	\$ 175,000
 Estimate of Probable Cost	 <u>\$ 1,750,000</u>

Capacity & Cost Allocations

Community	1989 REU Capacity	Novi Additional REU Capacity	2014 REU Capacity	Novi Payment for Additional Capacity (1)	Payment from Existing WWTP Fund Balance (2)	Total Cost Estimate
Novi	5,800	2,121	7,921	\$446,809		
Walled Lake	4,200	0	4,200			
Total	10,000	2,121	12,121	\$446,809	\$1,303,191	\$1,750,000

- (1) Novi's cash payment for the extra 2,121 REU capacity tank: $(120 \div 470 \times \$1,750,000) = \$446,809$.
 2,121 REU tank volume = 120,000 gallons, 12,121 REU tank volume = 470,000 gallons
 Payment due to WRC before 10/15/14. Payment will be adjusted based on actual costs at project close.
- (2) Remaining project costs will be paid entirely from the existing Walled Lake-Novı WWTP fund balance:
 $\$1,750,000 - \$446,809 = \$1,303,191$. This amount represents the cost for the necessary 10,000 REU capacity tank.

Note - Residential Equivalent Unit (REU)

I hereby certify the period of usefulness of these facilities to be thirty (30) years and upwards.

By: _____
James A. Wineka, P.E., Assistant Chief Engineer



JOHNSON ROSATI SCHULTZ JOPPICH PC

27555 Executive Drive Suite 250 ~ Farmington Hills, Michigan 48331
Phone: 248.489.4100 | Fax: 248.489.1726

Elizabeth Kudla Saarela
esaarela@jrsjlaw.com

www.jrsjlaw.com

September 22, 2014

Timothy Kuhns, P.E., Water and Sewer Engineer
CITY OF NOVI
Department of Public Services
Field Services Complex
26300 Lee BeGole Drive
Novi, MI 48375

Re: Huron-Rouge Sewage Disposal System – Walled Lake-Novı Wastewater
Treatment Plant – 2014 Retention Basin and Capacity Improvements Contract

Dear Mr. Kuhns:

We have received and reviewed an updated version of the Huron-Rouge Sewage Disposal System – Walled Lake-Novı Wastewater Treatment Plant – 2014 Retention Basin and Capacity Improvements Contract from the Oakland County Water Resource Commissioner's Office (WRC). As you know, the WRC no longer proposes to bond for the project and WWTP fund balance will be used to pay Novi and Walled Lake's proportionate shares of the improvements required by the Michigan Department of Environmental Quality pursuant to the District Compliance Agreement in place for the Plant.

The primary change from the last version of the Contract is an update to the costs to be paid by the City of Novi for the additional tank capacity requested by the City. Pursuant to discussions with the City of Walled Lake, the County recalculated Novi's portion of the overall cost based on tank volume ratio that will be attributed to each party rather than REU ratios. The justification for the change is that the revised calculation more accurately represents the proportionate costs for the project improvements.

The remainder of the Contract is unchanged.

With respect to liability, as previously discussed, the County modified the Agreement to delete Paragraph 18 requiring the City to indemnify the County for damages arising out of the project. Despite this change, the Intergovernmental Agreement still makes the cities of Novi and Walled Lake responsible for all project damages, including those caused by County employees.

In order to alleviate some of the risk, the County's Corporation Counsel previously recommended increased policy limits for the project, increasing general liability from \$3,000,000 to \$5,000,000 and increasing Worker's Compensation coverage to \$1,000,000. The County's corporation counsel and insurance agent find that these increased limits are satisfactory for a project of this scope.

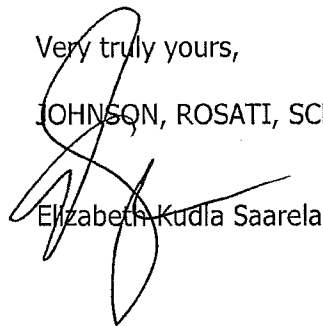
Additionally, the County will be added as an additional insured to the City of Novi's municipal policy with respect to liability attributable to the City. Though we note that we still have some concern regarding the actions of Oakland County employees at the project site that may be passed on as project costs to be paid by the City, the risk of liability to the City is limited by the contractor's insurance. Additionally, the City insurance Risk Manager has indicated that it is his opinion that the additional coverage for these actions is *not* necessary.

Subject to your approval of the basis for the revised cost allocations set forth in Exhibit B to the Contract, and the City's acceptance of the insurance as provided, we see no legal impediment to approval of the Contract as presented.

Please feel free to contact me with any questions or concerns in regard to this matter.

Very truly yours,

JOHNSON, ROSATI, SCHULTZ & JOPPICH, P.C.



Elizabeth Kudla Saarela

EKS

C: Maryanne Cornelius, Clerk
Peter Auger, City Manager
Victor Cardenas, Assistant City Manager
Rob Hayes, Public Services Director
Thomas R. Schultz, Esquire

HURON-ROUGE SEWAGE DISPOSAL SYSTEM
WALLED LAKE-NOVI WASTEWATER TREATMENT PLANT
2014 RETENTION BASIN AND CAPACITY IMPROVEMENTS CONTRACT

THIS CONTRACT, made and entered into as of the 1st day of September, 2014, by and among the COUNTY OF OAKLAND, a county corporation in the State of Michigan (hereinafter sometimes referred to as the "County"), by and through its Water Resources Commissioner, County Agency, and the CITY OF WALLED LAKE, a Michigan home rule city, and the CITY OF NOVI (formerly the Village of Novi), a Michigan home rule city, both located in the County of Oakland, State of Michigan, (together, the "Municipalities" or individually, a "Municipality").

WITNESSETH:

WHEREAS, pursuant to Act No. 185, Public Acts of Michigan, 1957, as amended, the Board of Commissioners (formerly the Board of Supervisors) of the County has established a county system of sewage disposal improvements and services to serve the Municipalities, said system being known as the "Huron-Rouge Sewage Disposal System;" and

WHEREAS, the County acquired and constructed the Huron-Rouge Sewage Disposal System Walled Lake Arm (the "Walled Lake Arm") pursuant to the Huron-Rouge Sewage Disposal System Walled Lake Arm Agreement dated as of September 1, 1966, among the County, the City of Walled Lake and the Village of Novi and amendments to said agreement dated February 1, 1969 and April 1, 1969 (said agreement as so amended hereinafter referred to as the "Base Agreement"); and

WHEREAS, the Walled Lake Arm consists in part of a wastewater treatment plant to serve the Municipalities, said wastewater treatment plant being designated as the "Walled Lake-Novi Wastewater Treatment Plant"; and

WHEREAS, pursuant to Act No. 342, Public Acts of Michigan, 1939, as amended (hereinafter sometimes referred to as "Act 342"), the County and the Municipalities entered into the Huron-Rouge Sewage Disposal System Walled Lake-Novi Wastewater Treatment Plant 1989 Enlargement Contract, as amended by the First Amendment to Huron-Rouge Sewage Disposal System Walled Lake-Novi Wastewater Treatment Plant 1989 Enlargement Contract and the Second Amendment to Huron-Rouge Sewage Disposal System Walled Lake-Novi Wastewater Treatment Plant 1989 Enlargement Contract (collectively referred to as the "Contract") to improve and enlarge the Walled Lake-Novi Wastewater Treatment Plant to address capacity issues, and the County has designated the Oakland County Drain Commissioner (now the Oakland County Water Resources Commissioner) as the county agency for the Walled Lake Arm with all powers and duties with respect thereto as are provided by Act 342 (said Water Resources Commissioner being hereinafter sometimes referred to as the "County Agency"); and

WHEREAS, there is an urgent need to meet certain wet weather sanitary sewer overflow requirements as established by the Michigan Department of Environmental Quality in order to promote the health and welfare of the residents of the Municipalities, which improvements would likewise benefit the County and its residents, and the parties hereto have concluded that such improvements can be provided and financed most economically and efficiently by the County through the exercise of the powers conferred by Act 342, and especially section 5 thereof; and

WHEREAS, under and subject to the terms of Act 342, the County is authorized, through the County Agency, to acquire and construct the improvements to the Walled Lake-Novi

Wastewater Treatment Plant hereinafter described (the "Project"), the County and the Municipalities are authorized to enter into a contract, as hereinafter provided, for the acquisition and construction of the Project by the County and for the payment of the cost thereof by the Municipalities in cash from available funds; and

WHEREAS, preliminary plans for the Project and estimates of the cost and period of usefulness thereof have been prepared, all of which have been submitted to and approved by the Board of Commissioners of the County and the governing bodies of the Municipalities and placed on file with said Board of Commissioners in the office of the County Agency, said estimates being set forth in Exhibit B hereunto attached; and

WHEREAS, in order to provide for the acquisition and construction of the Project by the County and for other related matters, it is necessary for the parties hereto to enter into this contract.

THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE COVENANTS OF EACH OTHER, THE PARTIES HERETO AGREE as follows:

1. The parties hereto approve and agree to the acquisition, construction and financing of the Project as herein provided, under and pursuant to Act 342. The Municipalities by way of compliance with Section 29, Article VII, Michigan Constitution of 1963, consent and agree to the establishment and location of the Project within their corporate boundaries and to the use by the County of their streets, highways, alleys, lands, rights-of-way or other public places for the purpose and facilities of the Project and any improvements, enlargements or extensions thereof, and the Municipalities further agree that, in order to evidence and effectuate the foregoing agreement and consent, they will execute and deliver to the County such grants of easement, right-of-way, license, permit or consent as may be requested by the County.

2. The Project shall consist of additions and improvements to the Walled Lake-Novu Wastewater Treatment Plant shown and described on Exhibit A which is attached hereto and is made a part hereof, and as are more particularly set forth in the preliminary plans which have been prepared and submitted by the consulting engineers which plans are on file with the County Agency and are approved and adopted. The Project shall be acquired and constructed substantially in accordance with said preliminary plans and in accordance with final plans and specifications to be prepared and submitted by the consulting engineers, but variations therefrom that do not materially change the location, capacities or overall design of the Project, and that do not require an increase in the total estimated cost of the Project, may be permitted on the authority of the County Agency. Other variations or changes may be made if approved by the County Agency and by resolution of the governing body of each Municipality and if provisions required by paragraph 4 hereof are made for payment of any resulting increase in the total estimated cost. The estimate of the cost of the Project and the estimate of the period of usefulness thereof as set forth in Exhibit B are approved and adopted.

3. The County Agency has obtained construction bids for the Project and, subject to the receipt of cash payments to be made under this contract by the Municipalities, shall enter into construction contracts with the lowest responsible bidder or bidders, procure from the contractors all necessary and proper bonds, cause the Project to be constructed within a reasonable time, and do all other things required by this contract and the laws of the State of Michigan. The County Agency may, in its sole discretion, retain the services of a third-party engineering firm to perform contract administration of the Project, and payment for such services shall be the responsibility of the Municipalities as part of the cost of the Project as described in paragraph 5 hereof. All certificates for required payments to contractors shall be approved by the consulting engineers before presentation to the County Agency and the latter shall be entitled to rely on such approval in making payments.

4. Except as otherwise provided herein, in the event that it shall become necessary to increase the estimated cost of the Project for any reason, or if the actual cost of the Project shall exceed the estimated cost, whether as the result of variations or changes made in the approved plans or otherwise, then the County Agency shall not be obligated to pay such increased or excess cost unless the governing body of both Municipalities shall have adopted a resolution approving such increase or excess and agreeing that the same (or such part thereof as is not available from other sources) shall be defrayed by increased or additional payments to be made by the Municipalities to the County in the manner hereinafter provided.

5. The Municipalities shall pay to the County their respective shares of the entire cost of the Project not defrayed by grants and funds available from other sources in cash on the date or dates as specified in Exhibit B. The Municipalities hereby acknowledge that no County general funds shall be appropriated or pledged pursuant to this contract or for the Project. The County's role in the Project is strictly limited to that set forth in Act 342, and the Municipalities shall be solely responsible for all administration and construction costs (including attorney fees and all dispute resolution costs), all costs of operation and maintenance of the Project, all costs and expenses relating to lawsuits as described in paragraph 11 hereof and all items of cost described in paragraph 6 hereof. The cost of the Project is hereby allocated to the Municipalities in accordance with the percentages and amounts set forth in Exhibit B. Payments shall be made by each Municipality when due whether or not the Project has then been completed or placed in operation.

6. The County Agency is hereby authorized, but not required, to utilize County personnel for the administration of the Project. The Municipalities agree that the costs of contract administration, auditing and financial services shall be part of the cost of the Project for purposes of paragraph 5 hereof, whether such services are provided by County personnel or third parties. In the case of County personnel, the costs attributed to the Project shall include the

allocable share of such personnel's salary and fringe benefits to the Project as determined by the County Agency.

7. If the Project is abandoned for any reason, the Municipalities shall pay, or reimburse the County for the payment of, all engineering, legal and other costs and expenses incurred by the County Agency in connection with the Project in the percentages set forth in Exhibit B and the Municipalities shall be entitled to all plans, specifications and other engineering data and materials.

8. After completion of the Project the operation and maintenance of the Project shall be in accordance with applicable agreements between the County and the Municipalities. The Base Agreement and the Contract are hereby amended to provide that the maximum number of units to be served within each Municipality shall be as set forth in Exhibit A hereto.

9. It is understood and agreed by the parties hereto that the Project is to serve the Municipalities and not the individual property owners and users thereof, unless by special arrangement between the County Agency and the Municipalities. The responsibility of requiring connection to and use of the Project and/or providing such additional facilities as may be needed shall be that of the Municipality wherein such property is located and such Municipality shall cause to be constructed and maintained, directly or through the County, any such necessary additional facilities. The County shall not be obligated to acquire or construct any facilities other than those designated in paragraph 2 hereof.

10. The County shall have no obligation or responsibility for providing facilities except as herein expressly provided with respect to the acquisition and construction of the Project or as otherwise provided by contract. The Municipalities shall have the authority and the responsibility to provide such other facilities and shall have the right to expand the facilities of

the Walled Lake Arm by constructing or extending sewers or related facilities, connecting the same to the Walled Lake Arm, and otherwise improving the Walled Lake Arm. It is expressly agreed, nevertheless, that no such connection shall be made to the Walled Lake Arm and no improvements, enlargements or extensions thereof shall be made without first securing a permit therefor from the County. Any such permit may be made conditional upon inspection and approval of new construction by the County.

11. The parties hereto agree that the costs and expenses of any lawsuits or Claims (as hereinafter defined) arising directly or indirectly out of this contract or the construction or financing of the Project, to the extent that such costs and expenses are chargeable against the County or the County Agency, shall be deemed to constitute a part of the cost of the Project and shall be paid by the Municipalities in the same manner as herein provided with respect to other costs of the Project. In the event of such litigation or claims, the County Agency shall consult with the Municipalities and shall retain legal counsel agreeable to the County and the Municipalities to represent the County; provided that if the County and the Municipalities cannot agree as to such representation within a reasonable time, the County Agency shall exercise its discretion as to the retention of such counsel. In this contract, "Claims" means any alleged losses, claims, complaints, demands for relief or damages, liability, penalties, costs, and expenses, including, but not limited to, reimbursement for reasonable attorney fees, witness fees, court costs, investigation expenses, litigation expenses, amounts paid in settlement, and/or other amounts or liabilities of any kind which are imposed on, incurred by, or assessed against the County, County Agency or Municipalities, or for which the County, County Agency or Municipalities may become legally and/or contractually obligated to pay or defend against, whether direct, indirect or consequential, whether based upon any alleged violation of the federal or the State constitution, any federal or State statute, rule, regulation, or any alleged violation of federal or State common law, whether any such claims are brought in law or equity, tort, contract, or otherwise, and/or whether commenced or threatened. This paragraph shall not apply

to a lawsuit instituted by any of the Municipalities to enforce their respective rights under this contract.

12. All powers, duties and functions vested by this contract in the County shall be exercised and performed by the County Agency, for and on behalf of the County, unless otherwise provided by law or in this contract.

13. In the event that any one or more of the provisions of this contract for any reason shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, but this contract shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

14. This contract shall become effective after its execution by each party hereto. This contract shall terminate one (1) year from the date of completion of construction of the Project, unless terminated earlier by mutual agreement of the parties hereto in writing; provided, however, that the amendments to the Base Agreement and the Contract as provided in paragraph 8 hereof shall remain in full force and effect unless and until modified by mutual agreement of the parties hereto in writing. This contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This contract may be executed in any number of counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed and delivered by the undersigned, being duly authorized by their respective governing bodies.

COUNTY OF OAKLAND

Executed on _____, 2014

By: _____
County Water Resources Commissioner
(County Agency)

CITY OF NOVI

By: _____
Mayor

Executed on _____, 2014

And: _____
Clerk

CITY OF WALLED LAKE

By: _____
Mayor

Executed on _____, 2014

And: _____
Clerk

EXHIBIT-A
Walled Lake-Novı Wastewater Treatment Plant
2014 Retention Basin and Capacity Improvements
Project Description

On February 9, 2001 a Sanitary Sewer Overflow (SSO) occurred at the Walled Lake-Novı Wastewater Treatment Plant (WWTP) prompting the Michigan Department of Environmental Quality (MDEQ) to require that a capacity study be completed at the WWTP. This capacity study documented that the WWTP does not have sufficient wet weather capacity to meet the State's December 2002 SSO policy.

Because of this capacity shortfall, the Water Resources Commissioner's Office and MDEQ entered into a District Compliance Agreement (DCA) on June 11, 2012 outlining a schedule and list of required WWTP capacity improvements. On November 1, 2012 the DCA requirements were included in the WWTP's new permit. The 2014 Retention Basin and Capacity Improvements include the following items: construction of a 470,000 gallon wet weather retention tank, valves, and underground piping; relocation of an existing stormwater detention pond; installation of a new hydro-pneumatic tank for basin flushing; abandonment of sludge drying beds to accept retention basin excavation material; site grading and landscaping; and associated electrical, instrumentation and control work. Project plans and specifications were prepared by the consultant, Fishbeck, Thompson, Carr & Huber and competitive bids were received on June 12, 2014. The attached Figure 1 shows the location of improvements at the WWTP site.

Table 1 summarizes the changes in community REU capacity allocations resulting from this improvement project. Previously, as outlined in the First Amendment to the 1989 Enlargement Contract, a total of 10,000 REU's were allocated at the WWTP, consisting of 4,200 REU's for Walled Lake and 5,800 REU's for Novi. In December 1991 Novi and Commerce Township executed the agreement titled "Contract for Exchange of Sanitary Sewer Capacity" which allowed Novi 2,000 REU's of capacity in the Commerce Township WWTP, and similarly, allowed Commerce Township 2,000 REU's of capacity in the Walled Lake-Novı WWTP. Table 1 shows Novi's request for an additional capacity of 2,121 REU's resulting from the June 14, 2012 abandonment of the diversion of flows to the Huron-Rouge Sewage Disposal System. Novi's additional 2,121 REU's increases the WWTP capacity from 10,000 REU's to 12,121 REU's and Novi's capacity from 5,800 REU's to 7,921 REU's. Since the WWTP capacity is restricted by wet weather flows, building a larger sized retention basin will accommodate the increase in WWTP capacity to 12,121 REU's.

Table 1- REU Capacity Allocations by Community

Community	1989 Enlargement Contract REU Capacity	Additional REU Capacity Requested	2014 REU Capacity	2014 REU Capacity (%)
City of Novi (1)	5,800	2,121	7,921	65.35
City of Walled Lake	4,200	0	4,200	34.65
Total	10,000	2,121	12,121	100

(1)-2,000 REU's of Novi's capacity is designated for Commerce Township properties as outlined in the 1991 Contract for Exchange of Sanitary Sewer Capacity

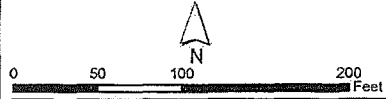
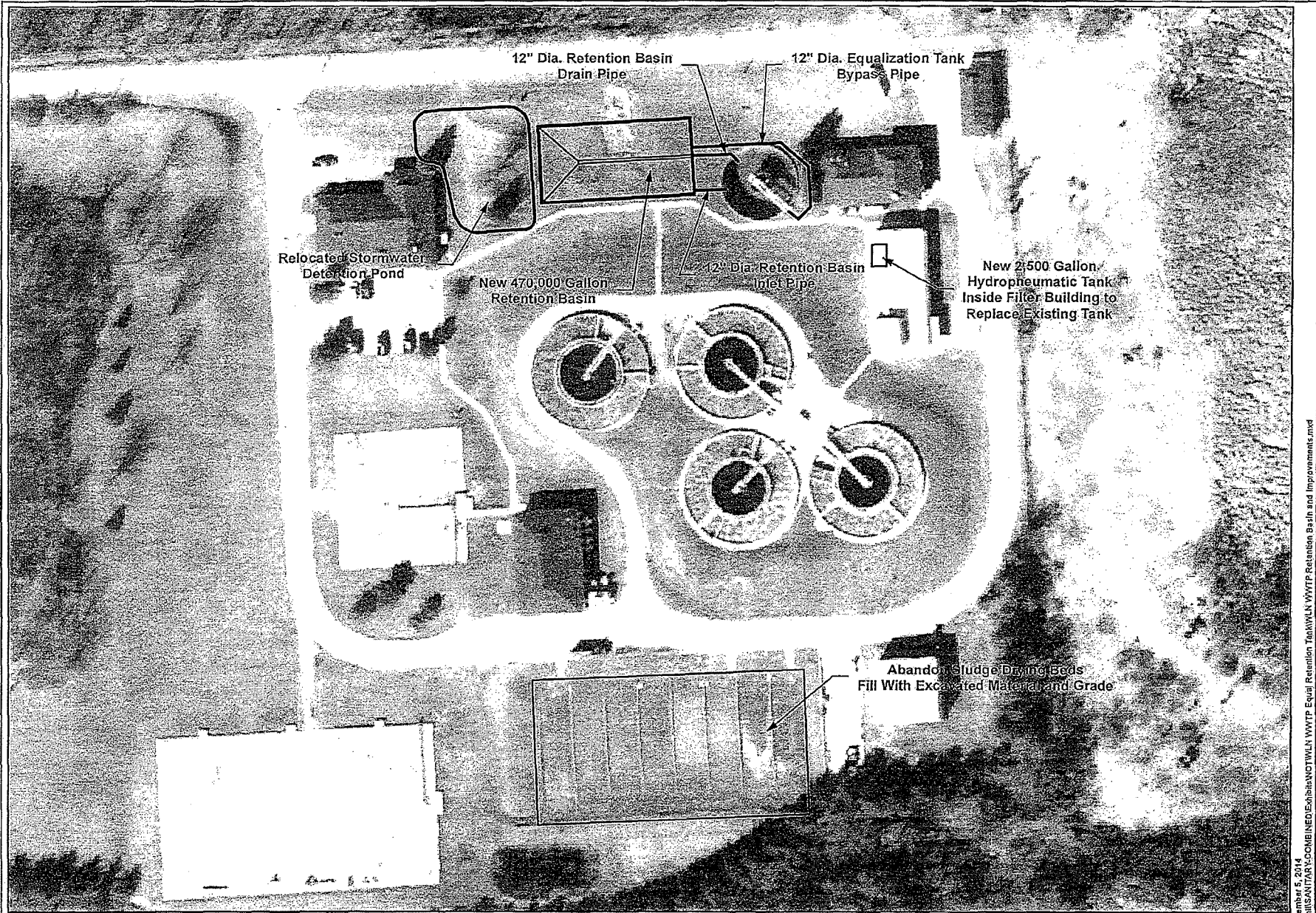


Figure 1
 Walled Lake - Novi WWTP
 2014 Retention Basin and Capacity Improvements

EXHIBIT - B
Walled Lake - Novi Wastewater Treatment Plant
2014 Retention Basin and Capacity Improvements

	Costs
1) Contracted Services - Construction	
Low Bid Received on 6/12/14	\$ 1,298,000
Subtotal	\$ 1,298,000
2) Contracted Services - Consulting/Testing	
Consulting Engineering - Construction Administration	\$ 95,000
Testing Services	\$ 17,000
Subtotal	\$ 112,000
3) County Services	
Engineering	\$ 70,000
Inspection	\$ 80,000
Indirect Costs	\$ 15,000
Subtotal	\$ 165,000
4) Contingency	\$ 175,000
 Estimate of Probable Cost	 <u>\$ 1,750,000</u>

Capacity & Cost Allocations

Community	1989 REU Capacity	Novi Additional REU Capacity	2014 REU Capacity	Novi Payment for Additional Capacity (1)	Payment from Existing WWTP Fund Balance (2)	Total Cost Estimate
Novi	5,800	2,121	7,921	\$446,809		
Walled Lake	4,200	0	4,200			
Total	10,000	2,121	12,121	\$446,809	\$1,303,191	\$1,750,000

- (1) Novi's cash payment for the extra 2,121 REU capacity tank: $(120 \div 470 \times \$1,750,000) = \$446,809$.
 2,121 REU tank volume = 120,000 gallons, 12,121 REU tank volume = 470,000 gallons
 Payment due to WRC before 10/15/14. Payment will be adjusted based on actual costs at project close.
- (2) Remaining project costs will be paid entirely from the existing Walled Lake-Novı WWTP fund balance:
 $\$1,750,000 - \$446,809 = \$1,303,191$. This amount represents the cost for the necessary 10,000 REU capacity tank.

Note - Residential Equivalent Unit (REU)

I hereby certify the period of usefulness of these facilities to be thirty (30) years and upwards.

By: _____
James A. Wineka, P.E., Assistant Chief Engineer