

**INTERLOCAL AGREEMENT FOR NORTH OAKLAND COUNTY WATER  
AUTHORITY (“NOCWA”)**

This Interlocal Agreement (the “Agreement”) is entered into by and among City of Rochester Hills, City of Auburn Hills, Charter Township of Orion, Oakland County through its County Agency, Oakland County Water Resources Commissioner, who manages the City of Pontiac Water System (referred to herein individually as a “Party” and collectively as “Parties”).

**RECITALS**

WHEREAS, the Michigan Constitution of 1963, Article 7, Section 28, and the Urban Cooperation Act of 1967, 1967 PA 7, being MCL 124.501 et seq. (“Act 7”) permit a municipality to exercise jointly with any other municipality any power, privilege, or authority which such municipalities share in common and which each might exercise separately; and

WHEREAS, the Parties desire to enter into this Interlocal Agreement, pursuant to Act 7, for the purpose of providing joint management of their water systems through an authority to be established and known as the North Oakland County Water Authority (“NOCWA”), to negotiate for water services, including those services from the Detroit Water and Sewerage Department (“DWSD”) and other providers (“Water Provider”), to develop the allocation of negotiated fees based on criteria developed by the NOCWA members, and to share best practices for improving system efficiencies and water conservation on behalf of the Parties; and

WHEREAS, each party is a “public agency” as that term is defined in Act 7, with the power to carry out the programs described in this Agreement; and

WHEREAS, the Parties have determined that they will be able to provide the programs described in this Agreement on a more cost-effective basis if the Parties carry out such programs jointly;

THEREFORE, in consideration of the mutual covenants, undertakings, understandings, and agreements set forth herein, the Parties agree as follows:

**AGREEMENT**

1. Joint Management of the Water System. There is hereby established an unincorporated association to be known as the North Oakland County Water Authority (“NOCWA”) for the purpose of administering this Agreement. NOCWA shall have the powers granted in Section 1.6 of this Agreement, subject to the limitations in Section 1.7 of this Agreement.
  - 1.1. Composition of NOCWA. NOCWA shall consist of as many members as there are Parties to this Agreement. Each Party is a Member of NOCWA (“Member”). The Parties will serve as NOCWA’s initial four (4) Members (City of Rochester Hills, City of Auburn Hills, Charter Township of Orion, and Oakland County/Oakland County Water Resources Commissioner, who manages the City of Pontiac Water System). Members shall serve without compensation. Additional Members may be added by

unanimous vote of existing Members. Each Member shall have one (1) equal vote. Any votes for action taken by NOCWA Members must be unanimous.

- 1.2. Addition of New Members. NOCWA will evaluate adding new members, based upon their ability to provide service, required improvements, and to otherwise beneficially impact NOCWA. Addition of new members requires a unanimous approval by NOCWA Members. The addition of a new Member will require a new contract with DWSD and other Water Suppliers.
- 1.3. Duration of NOCWA. NOCWA shall continue in existence until dissolved by action of its Members or by law.
- 1.4. Appointment and Removal of Member Representatives. The governing body of each Member of NOCWA shall appoint one person to serve as a Member Representative for NOCWA. Each Member Representative shall serve at the pleasure of the governing body of the Party that appointed that Member Representative. The governing body of each Party shall also appoint an alternate Member Representative who may act in place of the regular Member Representative in the event of the latter's absence.
- 1.5. Officers. At its first meeting after NOCWA is established by the approval of and entry into this Agreement by the Parties, NOCWA shall select from among its members a chairperson, vice-chairperson, and a secretary. The City of Rochester Hills shall serve as the initial NOCWA fiduciary (the "Treasurer") and handle the financial matters of NOCWA. The initial Treasurer shall serve for at least two (2) years. Thereafter the Treasurer shall be selected in accordance with the Bylaws. The NOCWA Member that serves as the Treasurer shall not be reimbursed for any cost incurred in serving as Treasurer. The Treasurer must be a NOCWA Member, but cannot be Oakland County.
- 1.6. Powers of NOCWA. NOCWA shall have the power to make and enter into contracts with Water Providers, including but not limited to DWSD, on behalf of the Parties in order to optimize the water services to the benefit of the Parties; to negotiate fees with Water Providers; to jointly manage the water system to optimize peak water supply and usage; and to share best practices for improving system efficiencies and water conservation on behalf of the Parties.
- 1.7. Limitations on Powers of NOCWA. NOCWA shall not have the power to acquire, hold, transfer, or dispose of property; incur debts or liabilities; levy any type of tax or issue any type of bond in its own name; nor in any way indebted any Party.
- 1.8. Members Retain Ownership of Existing Infrastructure. Each Member shall continue to own and operate its existing infrastructure whether that infrastructure is used for NOCWA benefits or not. Members are responsible for their own system operation and maintenance expenses. Any connection fees charged by NOCWA Members will remain with the respective Member.

- 1.9. Future Additions or Improvements. Future improvements or additions to Members' existing infrastructure or water systems may be required from time to time, with some of those improvements required for the benefit of NOCWA. The costs for future improvements that solely benefit one Member shall be borne by that Member. Costs for future improvements or additions that are implemented to benefit NOCWA (meaning those improvements needed for water supplier contract negotiations) will be determined on a case by case basis by the NOCWA board.
- 1.10. Revenue Requirement Allocation. Any contract entered into between NOCWA and DWSD or a Water Provider will result in a revenue requirement. Revenue requirement allocation among the NOCWA Members will be in accordance with **Exhibit 1** attached to this Agreement. NOCWA will perform an annual true-up to adjust the revenue requirement paid by each Member to account for actual water volume used. This may result in a Member being required to pay an additional true-up fee or in a Member being credited for overpayment. The Member percentages may be adjusted following the annual true-up analysis.
- 1.11. Billing and Collections. The water supplier invoice will be received by the Treasurer, who will then divide the invoice among the Members pursuant to the percentages calculated in Exhibit 1. Each Member shall be provided with a copy of the water supplier invoice with their calculated amount owing identified. Members are responsible for billing their respective customers, collecting monies, and submitting payment to NOCWA at least fourteen (14) days prior to the supplier due date. The NOCWA fiduciary will make payment to the water supplier.
- 1.12. Contracted Services. From time to time, it may be necessary for NOCWA to contract for services, including but not limited to legal, technical, and clerical services. The NOCWA Board will decide if contracted services will be needed and will enter into resulting contracts only upon a unanimous vote of Members. The cost allocation will be based on Exhibit 1 unless otherwise agreed to via unanimous vote of all Members.
- 1.13. Addition of New Customers. New customers (not NOCWA Members) may be added at any time as long as they are included in the Members' water service area as that service area existed at the time of this Agreement and as depicted in **Exhibit 2** attached to this Agreement. The Members agree that situations may arise in which a Member desires to extend its service area, either temporarily or permanently, beyond the existing service area. Should such situation arise, the Member shall provide written notice to the NOCWA Board explaining the nature, duration, and extent of the requested service area extension. Any expansion of a service area, including the adding of new customers outside of the service area depicted in Exhibit 2, must be unanimously approved by the NOCWA Board.
- 1.14. Annual Report. NOCWA shall prepare an Annual Report for its Members addressing, among other things, technical and financial affairs. To the extent feasible and practical, the Annual Report shall also report of the savings of the NOCWA Members by virtue of NOCWA's operations and compare the NOCWA Members

costs for the provision of water incurred for the report year with the cost of the NOCWA Members would have incurred for the provision of water if provided individually without NOCWA.

2. Manner in Which NOCWA May Enter Into Contracts. All contracts of NOCWA must be approved by the governing bodies of all NOCWA Members. The contracts which may be entered into by NOCWA are limited to contracts with DWSD or its agents other Water Providers or professional services providers for engineering, consulting, insurance, financial, or legal services.
3. Liability. Each NOCWA Member shall be solely responsible for the acts and omissions of its own officials, employees, contractors and agents, the costs associated with those acts and omissions, and the defense thereof. A NOCWA Member shall not be responsible for any liability or costs associated with the acts or omissions of NOCWA or other Members, except that NOCWA Members shall be responsible for NOCWA costs in equal pro rata shares, including but not limited to costs for technological consultants and legal representation.
4. Bylaws. NOCWA shall adopt and adhere to bylaws consistent with this Agreement. Bylaws may only be amended pursuant to a unanimous vote of NOCWA Members. The cost allocation table attached to the bylaws as an exhibit shall be adopted annually and may only be modified with the unanimous consent of NOCWA Members.
5. System Planning. NOCWA shall develop a planning document or master plan that summarizes technical bases for anticipated operation. It shall include short-term and long-term perspectives, including anticipated changes in operation and potential capital improvements.
6. Withdrawal by Member. A Member may withdraw from NOCWA upon eighteen (18) months advance written notice to other Members. No Member may withdraw from NOCWA during its first three (3) years of existence.
7. Terms of Agreement. This Agreement shall continue indefinitely until terminated by the first of the following to occur:
  - 7.1. Fewer than two Members remain; or
  - 7.2. A unanimous vote of termination by all NOCWA Members; or
  - 7.3. DWSD or other Water Provider with whom NOCWA has contracted no longer provides water service.
8. Termination. Upon termination of this Agreement, NOCWA shall dissolve and wind up its affairs. Thereafter, each former NOCWA Member shall be responsible for negotiating separate agreements with DWSD or other Water Provider.

9. Dispute Resolution. If a dispute arises out of or relating to this Agreement or the breach thereof, and if the Parties cannot settle the dispute through negotiation, the Parties agree to first try in good faith to settle the dispute through mediation. If mediation is unsuccessful, the parties shall adjudicate their dispute through binding arbitration before the American Arbitration Association, with arbitration fees split evenly among all NOCWA Members, and each Member bearing its own responsibility for legal fees and other expenses.

10. Effective Date. This Agreement shall be effective as of the date of the last execution by any Party as indicated by the signature of such Party.

11. Notices. All notices, requests, demands, and other communications required by this Agreement shall be in writing and shall be deemed given if personally delivered or mailed to the following addresses:

To City of Rochester Hills:           City Clerk  
  City of Rochester Hills  
  1000 Rochester Hills Drive  
  Rochester Hills, Michigan 48309  
  Cc: Director of the Department of Public Services

To Charter Township of Orion:       Township Clerk  
  Charter Township of Orion  
  2525 Joslyn Road  
  Lake Orion, Michigan 48360  
  Cc: DPW Director

To City of Auburn Hills:           City Clerk  
  City of Auburn Hills  
  1827 North Squirrel Road  
  Auburn Hills, Michigan 48326  
  Cc: Director of Public Works

To Oakland County:                 Water Resources Commissioner  
  1 Public Works Drive  
  Waterford, Michigan 48328  
  Cc: Manager of Regional Systems  
  
  Cc: DPW Director  
  City of Pontiac  
  47450 Woodward Avenue  
  Pontiac, Michigan 48342

12. Invalid Provision. The invalidity or unenforceability of any sections or subsections of this Agreement shall not affect the validity or enforceability of the remainder of this Agreement or the

remainder of any sections or subsections. This Agreement shall be construed in all respects as if any invalid or unenforceable sections or subsections were omitted.

13. Governing Law and Venue. This Agreement shall be construed in accordance with, and subject to, the laws of the state of Michigan.
14. Amendment. This Agreement may not be changed, modified, amended, or altered, except by an agreement in writing, signed by all Parties and then-current NOCWA Members.
15. Succession. This Agreement is binding upon the Parties and shall be binding upon their successive heirs, representatives, administrators, successors, subcontractors, and assigns.
16. Force Majeure. A Party shall be excused from any obligations under this Agreement during the time and to the extent that a Party is prevented from performing due to causes beyond such Party's control. Reasonable notice shall be given to the affected Party of any such event.
17. Reservation of Rights. This Agreement does not, and is not intended to, impair, divest, delegate, or contravene any constitutional, statutory, or other legal right, privilege, power, obligation, duty, or immunity of the Parties.
18. No Implied Waiver. Absent a written waiver, no act, failure, or delay by a Party to pursue or enforce any right or remedy under this Agreement shall constitute a waiver of those rights with regard to any existing or subsequent breach of this Agreement. No waiver of any term, condition, or provision of this Agreement, whether by conduct or otherwise, in one or more instances, shall be deemed or construed as a continuing waiver of any term, condition, or provision of the Agreement. No waiver by a Party shall subsequently affect its right to require strict performance of this Agreement.
19. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

THIS SPACE INTENTIONALLY LEFT BLANK

IN CONSIDERATION OF THE FOREGOING, the Parties acknowledge that they are authorized to execute this Agreement and agree to and accept the terms and conditions in this Agreement.

CITY OF ROCHESTER HILLS

By: \_\_\_\_\_  
\_\_\_\_\_  
[Printed name]

Date \_\_\_\_\_, 2014

Its: \_\_\_\_\_

CITY OF AUBURN HILLS

By: \_\_\_\_\_  
\_\_\_\_\_  
[Printed name]

Date \_\_\_\_\_, 2014

Its: \_\_\_\_\_

CHARTER TOWNSHIP OF ORION

By: \_\_\_\_\_  
\_\_\_\_\_  
[Printed name]

Date \_\_\_\_\_, 2014

Its: \_\_\_\_\_

OAKLAND COUNTY

By: \_\_\_\_\_  
\_\_\_\_\_  
[Printed name]

Date \_\_\_\_\_, 2014

Its: \_\_\_\_\_

## Exhibit 1

### Cost Allocation for Purchasing Water North Oakland County Water Authority

The Detroit Water and Sewerage Department (or its successor) will be the water supplier for the NOCWA member communities. Each NOCWA member will purchase water from the water supplier by applying a percentage to the overall NOCWA invoice. The assigned NOCWA member percentages are shown in Table 1 based on FY data. The percentages will be recalculated each year as directed by the board based on the best available information.

**Table 1: NOCWA Cost Allocation Member Percentages**

NOCWA Member	% of Cost Allocation
City of Auburn Hills	20.7
City of Rochester Hills	47.2
Oakland County Water Resources Commissioner's Office for the City of Pontiac	16.2
Orion Township	15.9
<b>Total</b>	<b>100.0</b>

#### **Cost Allocation Percentages Methodology**

The NOCWA member cost allocation percentages are based on DWSD's revenue requirement calculations. This calculation takes into consideration annual volume of water used, maximum day and peak hour water usage and location and elevation of the member's DWSD service connection(s).

Each member's percentage is calculated by dividing an individual member's DWSD revenue requirement as calculated by NOCWA, by the total revenue requirement that NOCWA pays to the water supplier.

The formula for each community's share of the Revenue Requirements is:

$$\text{Percent } RR_{\text{Community}} = \frac{DWSD \text{ } RR_{\text{Community}}}{\sum DWSD \text{ } RR_{\text{Community}}} \times 100\%$$

Where,

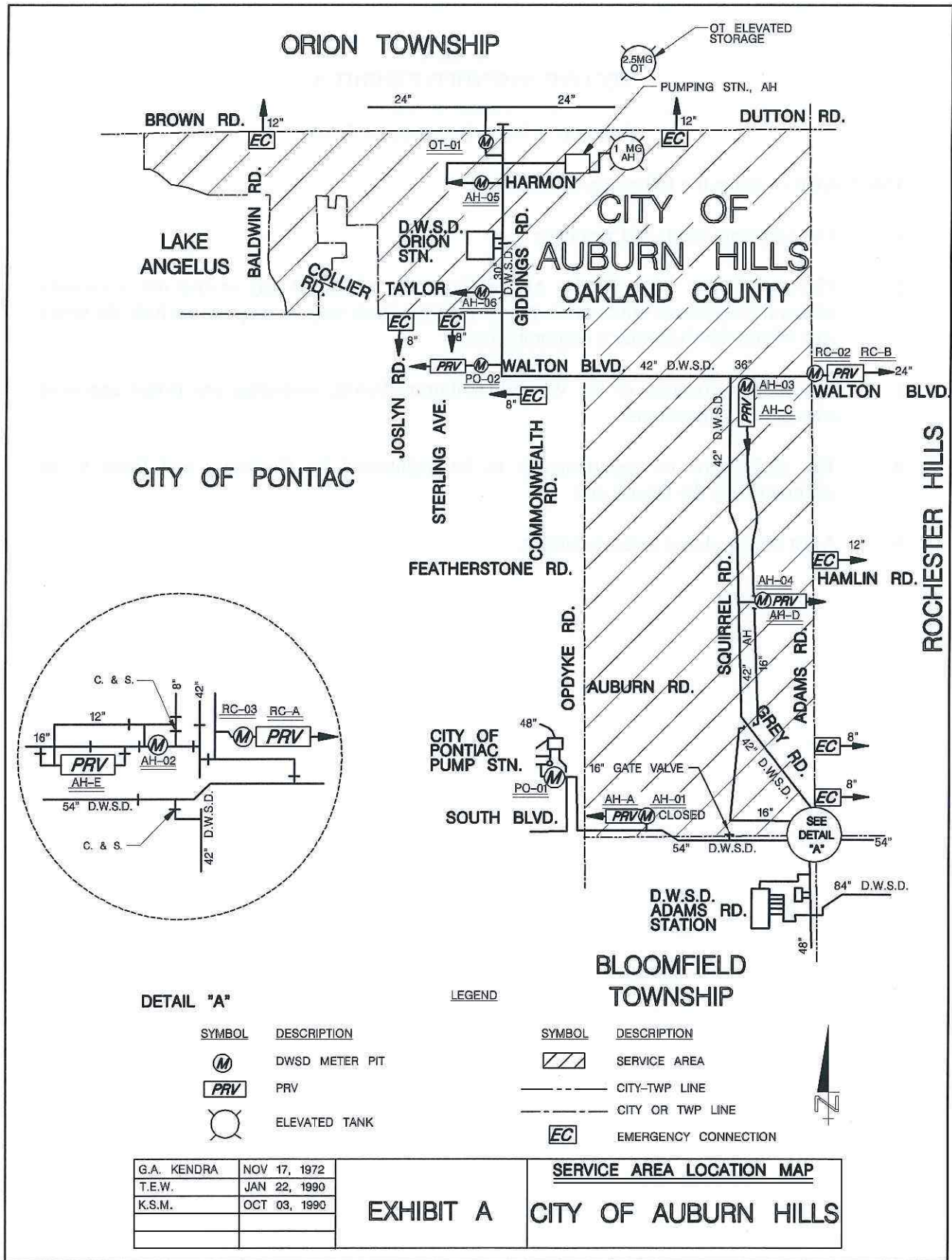
- *Percent RR* = Percentage of NOCWA's DWSD RR that a community is responsible for paying (%)
- *DWSD RR* = Revenue Requirement by the DWSD formula (\$)
- *Community* = One of the NOCWA member communities

The percentage will be applied to the entire NOCWA bill from DWSD.

A true-up will be performed on an annual basis based on actual volume usage.



Exhibit 2



DETAIL "A"

LEGEND

SYMBOL	DESCRIPTION
(M)	DWSD METER PIT
(PRV)	PRV
(Elevated Tank)	ELEVATED TANK

SYMBOL	DESCRIPTION
(Hatched Area)	SERVICE AREA
(Dashed Line)	CITY-TWP LINE
(Dotted Line)	CITY OR TWP LINE
(EC)	EMERGENCY CONNECTION

G.A. KENDRA	NOV 17, 1972
T.E.W.	JAN 22, 1990
K.S.M.	OCT 03, 1990

SERVICE AREA LOCATION MAP

EXHIBIT A

CITY OF AUBURN HILLS

**Exhibit 2**

**City of Auburn Hills Emergency Connections:**

Connection to Orion Twp

12" GV&W in the Baldwin Commons Shopping Center, west of Baldwin Road  
and south of Brown Road

12" GV&W 500 feet east of the intersection of Dutton and Bald Mountain Roads

Connection to Rochester Hills

8" GV&W at 3821 Adams Road

8" GV&W at 3741 Adams Road

12" GV&W at 3900 Hamlin

Connection to Pontiac

8" GV&W south of the intersection of Collier Road and Joslyn Road

8" GV&W at the intersection of Collier Road and Stirling Avenue

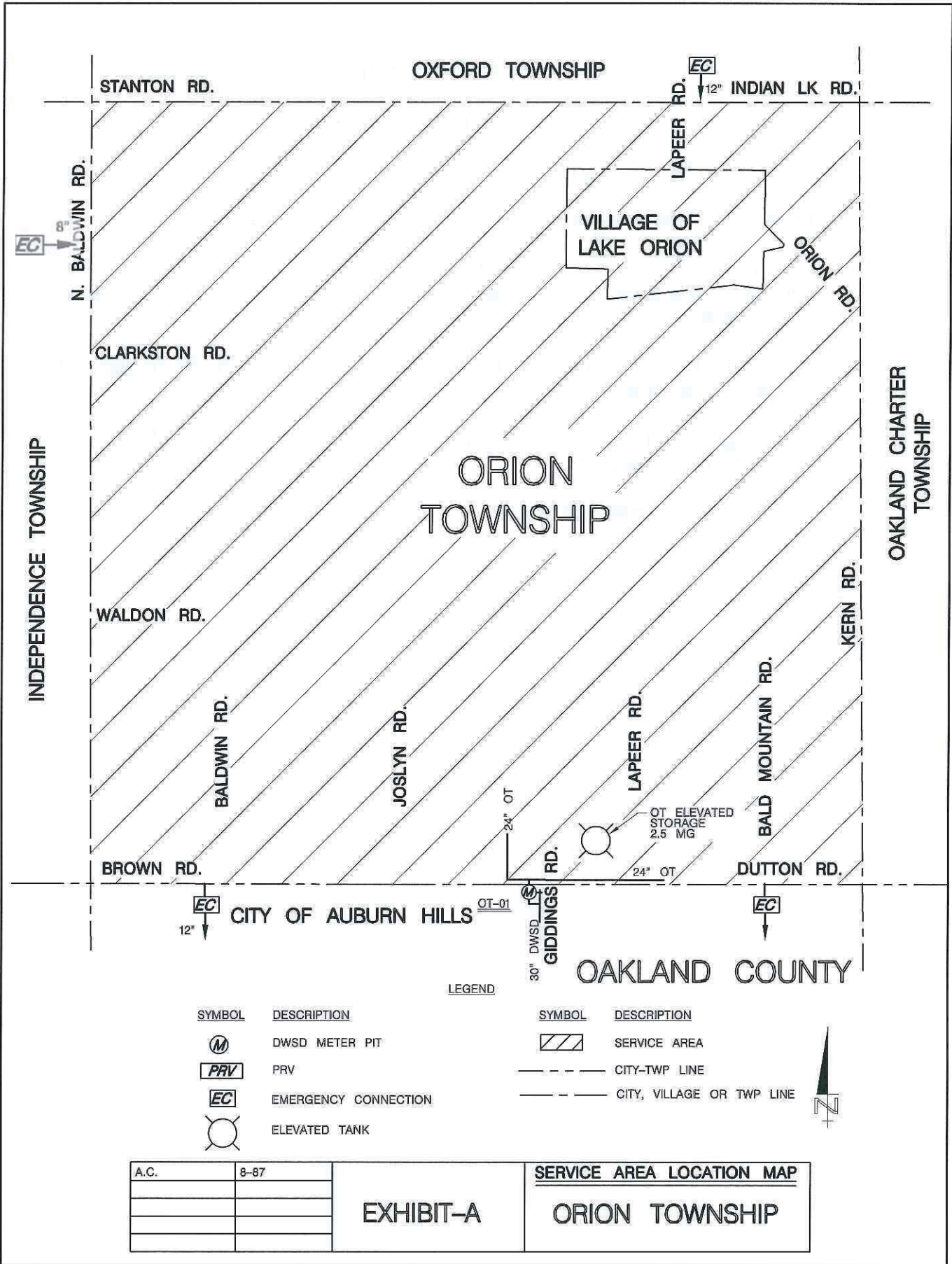
8" GV&W at 1842 Commonwealth

**City of Auburn Hills Water Customers Outside Municipal Limits:**

<b>Rochester Hills</b>	2727 South Adams Road	2731 South Adams Road
<b>Pontiac</b>		
730 Collier	610 Collier	720 Collier
760 Collier	638 Collier	740 Collier
770 Collier	644 Collier	754 Collier
580 Collier	662 Collier	836 Collier
588 Collier	670 Collier	882 Collier
592 Collier	680 Collier	898 Collier
598 Collier	700 Collier	205 North Opdyke
602 Collier	710 Collier	1716 Joslyn

**City of Auburn Hills Master Meter Not In Service:**

AH-01.



LEGEND

SYMBOL	DESCRIPTION
	DWSD METER PIT
	PRV
	EMERGENCY CONNECTION
	ELEVATED TANK

SYMBOL	DESCRIPTION
	SERVICE AREA
	CITY-TWP LINE
	CITY, VILLAGE OR TWP LINE



A.C.	8-87

EXHIBIT-A

**SERVICE AREA LOCATION MAP**  
**ORION TOWNSHIP**

## Exhibit 2

### **Orion Township Emergency Connections:**

#### Connection to Auburn Hills

12" GV&W in the Baldwin Commons Shopping Center, west of Baldwin Road and south of Brown Road

12" GV&W 500 feet east of the intersection of Dutton and Bald Mountain Roads

#### Connection to Oxford Township (Non-DWSD, well supply)

12" GV&W on Indian Lake Road at Lapeer Road

#### Connection to Independence Township (Non-DWSD, well supply)

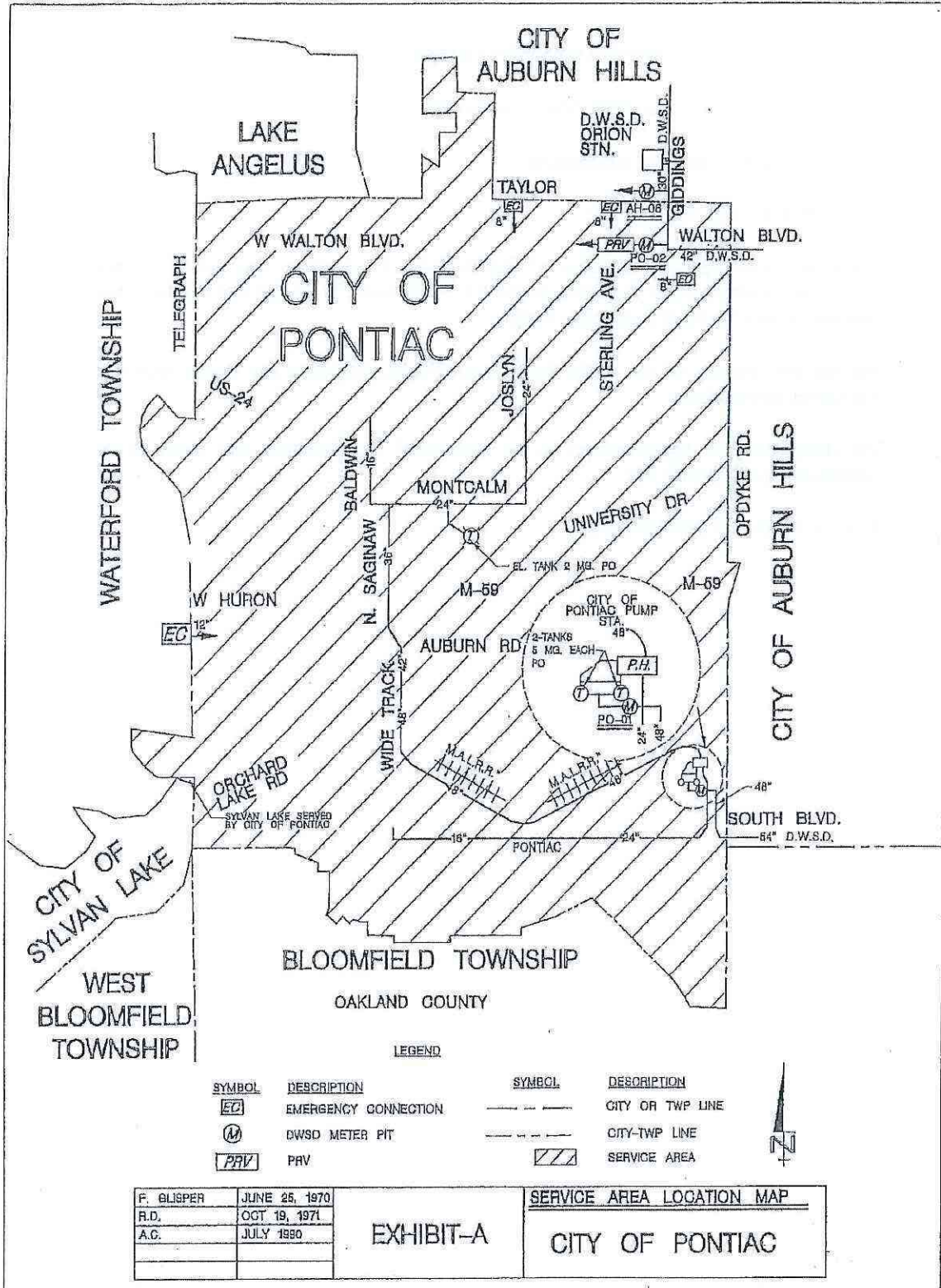
8" GV&W on Klais Road west of Baldwin Road

### **Orion Township Water Customers Outside Municipal Limits:**

None.

### **Orion Township Master Meters Not In Service:**

None.



**Exhibit 2**

City of Pontiac Emergency Connections:

Connections to Auburn Hills

- 8" GV&W south of the intersection of Collier Road and Joslyn Road
- 8" GV&W at the intersection of Collier Road and Stirling Avenue
- 8" GV&W at 1842 Commonwealth

Connection to Waterford Twp

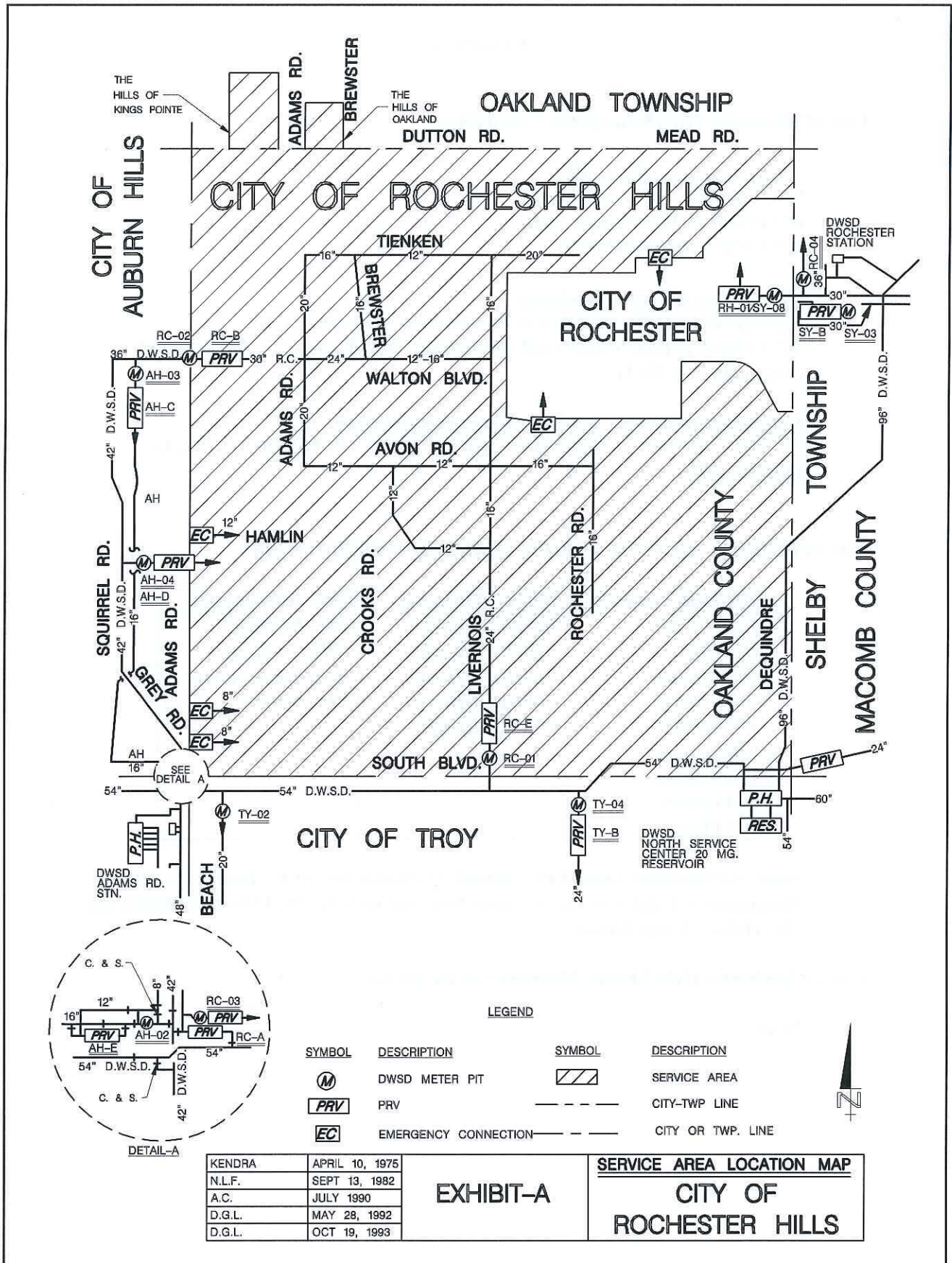
- 12" GV&W at the intersection of Telegraph and M-59

City of Pontiac Water Customers Outside Municipal Limits:

City/Twp.	Street #	Street Name	Street #	Street Name
City of Auburn Hills	365	GALLOGLY		
Bloomfield Twp.	1015	GOLF	1970	ORCHARD LK
	1039	GOLF	1975	ORCHARD LK
	1960	MAWARD	1987	ORCHARD LK
	1791	ORCHARD LK	1991	ORCHARD LK
	1803	ORCHARD LK	1400	TELEGRAPH S
	1821	ORCHARD LK	1400	TELEGRAPH S
	1843	ORCHARD LK	1400	TELEGRAPH S
	1865	ORCHARD LK	1410	TELEGRAPH S
	1950	ORCHARD LK	1501	TELEGRAPH S
City of Sylvan Lake	345	DICK	955	JAMES K
	346	DICK	958	JAMES K
	351	DICK	959	JAMES K
	910	JAMES K	964	JAMES K
	911	JAMES K	969	JAMES K
	915	JAMES K	975	JAMES K
	917	JAMES K	979	JAMES K
	919	JAMES K	980	JAMES K
	920	JAMES K	1782	PONTIAC
	929	JAMES K	1794	PONTIAC
	933	JAMES K	362	TELEGRAPH S
	937	JAMES K	985	JAMES K
	944	JAMES K	999	JAMES K
	949	JAMES K		
Waterford Township	1167	JAMES K	2493	JAMES K
	1171	JAMES K	2500	JAMES K
	1175	JAMES K	1901	TELEGRAPH RD S
	1179	JAMES K	1901	TELEGRAPH RD S
	2487	JAMES K		

City of Pontiac Master Meters Not In Service:

None.



**Exhibit 2**

**City of Rochester Hills Emergency Connections:**

Connections to Auburn Hills

- 8” GV&W at 3821 Adams Road
- 8” GV&W at 3741 Adams Road
- 12” GV&W at 3900 Hamlin

Connections to City of Rochester

- Hydrant to hydrant connection at Cortland and Tienken
- 12” GV&W at Paint Creek Trail and Tienken, near King’s Core (anticipated construction in 2014)

Connection to DWSD South Blvd Transmission Main

- 16” GV connected to supply main of meter RC-01. To be operated only by DWSD staff.

**City of Rochester Hills Water Customers Outside Municipal Limits:**

<b>Oakland Township</b>	<b>Shelby Township</b>	<b>City of Rochester</b>
3500 Dutton	50480 Dequindre	5941 Southgate
3700 Dutton	50870 Dequindre	5969 Southgate
3300 Dutton	50960 Dequindre	5970 Paint Valley
1406 Dutton	50988 Dequindre	685 Canyon
1374 Dutton	49950 Dequindre	
1250 Dutton		
1780 Dutton		
960 Dutton		
794 Dutton		

Note: Subdivisions located in Oakland Township served by Rochester Hills are designated in Exhibit A Service Area Map and include The Hills of Oakland and The Hills of Kings Pointe.

**City of Rochester Hills Master Meter(s) Not In Service:**

None