

WATER CONTRACT.

CITY OF BAY CITY--HAMPTON TOWNSHIP

BAY COUNTY, MICHIGAN

This agreement, made this *13th* day of *March* AD 1961, by and between the City of Bay City, a municipal corporation of the State of Michigan, hereinafter called "City," and the Township of Hampton, in the County of Bay, a political subdivision of the State of Michigan, by and through its Township Board, hereinafter called "Township;"

W I T N E S S E T H :

A. Whereas, the City of Bay City has constructed and is the owner and operator of a certain water supply system, including plant, pumping stations, transmission mains, and distribution lines and appurtenances, and has offered to make available the excess capacity of its facilities for the use and benefit of the Township and of its residents, in accordance with its policies and stated conditions;

B. And Whereas, the Township of Hampton is desirous of providing water service to all of its Township residents ultimately but initially intends to provide service for only a portion of the area in the Township;

NOW, THEREFORE, IT IS AGREED BY AND BETWEEN THE PARTIES HERETO, For and in consideration of the mutual covenants and agreements herein contained, to be kept and performed, and the benefits to accrue as a result thereof, as follows:

1. For the term of this agreement and any extensions thereof, the City shall sell and the Township shall buy for its inhabitants in the area being served pursuant to this contract potable water of the same quality as is furnished the inhabitants of the City of Bay

City on the terms and conditions herein specified at the City limits, where, by mutual agreement of the parties, points of connection shall be designated for Township lines or mains of stated sizes to be connected to the City's facilities. Service within the area of Hampton Township shall be provided both by the Township and the City in accordance with this agreement only and neither party shall furnish or provide any other water service in said area except in accordance herewith. Nothing herein contained shall be construed as obligating the City to increase its facilities, but the City shall be obligated to provide water service at the City limits for the benefit of the Hampton inhabitants under the same conditions and quality as it furnishes the inhabitants of the City without discrimination. Terms used in this contract shall be defined as in Act 185 of the Public Acts of Michigan of 1957.

2. The City agrees to provide water service to the entire Township area pursuant to this contract; however, initially the Township shall be obligated only to provide water service within the following described area. It is mutually agreed that the area to be served by the initial project is that area as shown by the attached and approved plans and specifications. Development in said area initially shall be in accordance with the plans and specifications originally established and approved as a part of this contract. Service to the balance of the area of the Township may be developed by the Township in units or stages as determined by the Township and as approved by the City from time to time.

In the event of the inability on the part of the City to provide a sufficient quantity of water at the points of delivery at

the City limits so as to adequately serve proposed new stages, the Township shall have the right to elect to obtain water from other sources for said stages; provided, however, that said water supply shall be kept separate from the area being served pursuant to this contract and the areas shall not be gridded together.

3. The Township shall construct or procure at its own expense transmission mains, distribution lines, and other facilities in the Township sufficient for serving the Township and these shall be of such design, construction, size, and location as to permit expansion to meet the requirements of service to the entire Township, when developed. Detailed plans, drawings, and specifications for the initial project area have been initialed by the parties hereto and copies thereof as on file with the respective municipal clerks shall be and are hereby incorporated as a part of this contract and the construction thereof is approved by the City as being suitable for connection to its system. The Township shall not be obligated to commence construction thereof until complete and adequate financing has been arranged, but the failure to let said project within a period of three years hereof shall terminate and void completely this agreement unless an extension be granted by the City. The Township shall complete the construction thereof within a reasonable time from the date it is instituted but in any event within two years from commencement thereof. Upon completion of said project the Township shall file with the City one set of transparencies of the plans and specifications suitable for reproduction purposes, accurately representing the location, details, and construction of all transmission mains, lines, facilities, and structures "as built." It is agreed that the said facilities may

be constructed in approved units or stages until the project is complete. Such units may be provided in the original specifications or by subsequent agreement. The City agrees to accept and service the various units of said project as rapidly as they may be properly completed under these agreements, to the end that the Township residents will receive water service as soon as possible. The approval by the City of Township plans and specifications shall be in the following form: "APPROVED AS BEING IN ACCORDANCE WITH CONTRACT PROVISIONS AND FOR OPERATION AND CONNECTION WITH THE CITY SYSTEM."

4. Unless prevented by law or contract, distribution systems within the Township areas now receiving service from either the City or the Township shall be transferred to the distribution system of the Township and shall receive service pursuant to and subject to the terms and conditions of this agreement. Nothing contained herein, however, shall prevent the City from continuing to provide water and service pursuant to its contract with the Board of Public Works of Bay County, Michigan, entitled "County DPW--Hampton-Wojciechowski System," and referred to therein as being the Hampton Water No. 1; provided, however, that the City agrees and consents to the transfer of said service area to the Hampton system if agreed upon by the Township of Hampton and the other parties to said contract. Other existing mains in Hampton Township are to be considered as distribution mains only and not transmission mains and are to be incorporated into the Township system as distribution mains. In the event that any portion of the Township area is annexed to the City the storage facilities or elevated tanks shall remain the property of the Township and under its

control, and so long as service is provided under this contract the Township shall be entitled to the use of the transmission and distribution mains connecting said facilities with the balance of the Township system unless the parties by mutual agreement decide otherwise. Where distribution systems in existence at the time of formation of the project area in which they lie, and not established for the purpose of transferring to the Township, are transferred to the Township, the Township shall not be obligated to furnish plans and specifications therefor or "as built plans" but shall make available at reasonable times to the City all plans and records as obtained. The City shall also make available to the Township at reasonable times all records of the City appertaining thereto. Provided, however, that if the Township shall make plans for said system, copies thereof shall be filed with the City.

5. Should the Township desire to construct additional mains or facilities for the purpose of extending within the original service area or water service beyond the construction agreed upon pursuant to paragraph 3 above, it shall prepare plans and specifications as approved by the State Health Department to be presented for City approval. Such approval shall be granted in writing within 45 days after receipt thereof or, if for valid engineering reasons the City refuses approval of the plans and specifications as presented, it shall notify the Township of these reasons within said 45 days. In the absence of written approval or disapproval within 45 days the Township may proceed to construct

in accordance therewith. Upon completion of such additional construction the Township shall file with the City a set of transparencies of the "as built" construction, the same as provided for the original construction.

6. During the initial construction project or subsequent major construction projects the inspection of the system shall be by the Township; provided, however, that the City shall have the right also to inspect the project; provided, that said inspection shall not delay the contractor in covering or putting in the system. Any objections by the City to the construction details shall be forthwith brought to the attention of the Township and the construction details shall not be completed until said objections have been disposed of to the mutual satisfaction of the Township and the City. Before any distribution line, transmission main, or other facility is put in service, evidence shall be placed on file with the City to its satisfaction that said facilities have been properly chlorinated and tested.

7. Unless notified by the Township, the City shall maintain the Township water system in accordance with the general specifications. The Township, however, shall have the right to elect to maintain the Township water system either in advance of the system being put into use or upon 30-day notice to the City. In the event of an emergency condition not repaired by the Township forthwith upon notice of the existence of such emergency condition, the City shall have the right to make emergency repairs to the Township water system at the expense of the Township. The cost thereof shall be determined in accordance with the provisions of the general specifications covering maintenance.

8. The general specifications attached hereto, including the policy regulations adopted by the City, shall govern and control the relations of the parties hereto, subject to modification and revision as therein provided. The provisions thereof shall be considered a part of this agreement as though written in the body hereof.

9. Originally, the following rates and charges, including those as now specified by general ordinance of the City, shall apply to the service provided pursuant to this contract, and shall not be increased during an initial period until January 1, 1965, except to reflect any increases in rates adopted by the City which apply to in-City customers, as follows:

A. WATER COMMODITY CHARGE: The rates for water service furnished consumers outside the City shall be as follows:
 First 40,000 cu. ft. 29.5 cents per 100 cu. ft.
 All additional cu. ft. 20 cents per 100 cu. ft.
 Bills are to be rendered quarterly and a penalty of ten percent of the above rates will be added to the charges if not paid on or before the due date shown on bill.

B. READINESS TO SERVE CHARGE: The charge for all water delivered through meters shall consist of a readiness-to-serve charge for the meter of the size specified, plus the charge for water as hereinafter given:

SIZE OF METER	PER QUARTER
5/8 inch-----	\$ 4.00
3/4 inch-----	5.60
1 inch-----	8.00
1 1/4 inch-----	11.00
1 1/2 inch-----	14.00
2 inch-----	22.00
3 inch-----	40.00
4 inch-----	60.00
6 inch-----	120.00
8 inch-----	200.00

Bills are to be rendered quarterly and a penalty of ten percent of the above rates will be added to the charges if not paid on or before the due date shown on bill.

C. SERVICE CONNECTION CHARGE:

SIZE OF METER	SERVICE CONNECTION CHARGE
3/4 inch service-----	\$ 132.00
1 inch service-----	176.00
1 1/4 inch service-----	209.00

1½ inch service-----	\$ 253.00
2 inch service-----	357.50
Over 2 inch service-----	cost plus 10%

On paved streets, roads, or highways where it is necessary to cut the pavement for the installation of the service connection, where said installation is by water department employees, an additional charge of twenty-seven dollars and fifty cents (\$27.50) for blacktop pavements, and fifty-five dollars (\$55) for brick or concrete pavements will be assessed for the cost of cutting and repairing the pavement.

Provided, however, where the work of the service connection shall be performed by other than water department employees as permitted by §44-6 of the Code of Ordinances of the City of Bay City, including "dry taps" the connection charge to be seventy-five percent of the foregoing stated connection charge.

The service connection charge shall not be collected for construction projects establishing systems for a stated project or stage thereof, where the installations are being installed and made in the course of construction by the contractor, and the contractor is acceptable to and approved in writing by the City, or where by consent of the City said service connections are made by the Township or its agent, subject to the inspection of the City. Where the City is able to approve the installation and install the meter on the initial trip it shall be reimbursed only for its actual costs for meter and materials. If an additional trip is required, the City shall be reimbursed for its actual additional costs for labor and transportation.

10. That portion of the charge for water to Township customers as required by the City rates shall not exceed twice the charge to comparable in-City water customers. This shall not apply to general charges to the Township such as maintenance or hydrant charges.

11. The City shall be paid for maintaining the out-City system, when furnished by the City as provided in paragraph 9 of the general specifications, on the basis of reimbursement of actual cost plus 5%. Where the City agrees to construct any facility for the County, including installing fire hydrants, unless otherwise specified, the charge therefor to the Township shall be computed on the same basis. Actual cost shall be determined as follows: cost of materials plus

10% for handling and storage; labor at actual payroll cost plus 20% to cover pensions, fringe benefits, workmen's compensation insurance, and overhead; equipment required for the construction at the City's established rental rates.

12. The Township shall be entitled to make any additional charges to the individual users of the Township system as it deems reasonable and proper, which charges shall be for the sole benefit of the Township.

13. The Township of Hampton shall provide adequate water storage facilities and distribution and transmission mains so as to provide sufficient pressure and volume as required for fire protection purposes. The Township may further provide and install such fire hydrants as it deems necessary at no cost or expense to the City. The Township shall effectively limit the use of such hydrants by ordinance and other regulations to fire fighting purposes only.

14. In the event that any dispute between the parties concerning the interpretation of this contract or procedures, or as to the existence of certain facts, cannot be resolved by negotiations carried on by the parties, then said dispute may be submitted to arbitration upon agreement of the parties.

Arbitration shall not be available for disputes involving rates but such matters shall be governed by the procedures as set forth in paragraph 11 of the general specifications.

The decision of the State Health Department on health matters shall be controlling and any arbitration award shall be subject to such review by that department and voidance of the same if it fails to comply with reasonable or necessary public health requirements.

If a party shall desire that any dispute be arbitrated, that party shall submit to the other party a written proposal for submission to arbitration setting forth concisely the matter to be arbitrated; the manner, method, and procedure of arbitration; and any other limitations or conditions desired. The other party within 10 days of receipt thereof shall either accept the proposal or submit a counter proposal or give reasons why arbitration is not acceptable to said party.

15. The Township shall not be entitled to use the City's collection service as provided by paragraph 15 of the general specifications, but shall make the collections from the Township customers. The City shall furnish the Township with a tabulation within 10 days from the date of billings. The Township shall remit to the City the total amount of the City's share of the tabulated billing within 30 days after receipt of said tabulation.

16. Notice to the Township shall be delivered to the office of the Township Supervisor and to the City shall be delivered to the office of the City Manager; provided, however, that either party may from time to time designate a different official or place for the service of such notices.

17. Service to the Township shall be furnished by the City and purchased by the Township in accordance herewith and pursuant to this contract for a minimum period until fifteen (15) years from date of signing of the contract. Such service shall be continued and the contract automatically continued until either the City or the Township shall serve the opposite party written notice of termination on or after said date five years in advance of the date of termination.

18. This agreement shall become effective upon being approved by the City Commission of the City of Bay City and the Township Board of the Township of Hampton and properly executed by the duly authorized officers. The terms hereof may be modified, altered, changed, or repealed by agreement of the parties.

IN WITNESS WHEREOF, The parties have this day caused this agreement to be executed in quadruplicate and signed by the respective parties herein, pursuant to the attached certified copies of resolutions of their governing bodies.

In the presence of:

Patricia Astorguay
Eugenia Balwinski

THE CITY OF BAY CITY

BY *James L. Turner*
MAYOR
BY *James H. Bates*
CLERK

In the presence of:

Veronica Campbell
Tanya McShane

TOWNSHIP OF HAMPTON

BY *C. L. Goddard*
Ally Walman Jr.
Clerk

BAY CITY -- MICHIGAN

GENERAL WATER CONTRACT SPECIFICATIONS

The following general specifications shall apply to the water contract between the City of Bay City and the Purchaser to which they are attached, but shall be subject to revision and modification by the parties by any general agreement which specifically is made to apply to said contract.

1. SCOPE AND NATURE OF RESPONSIBILITY:

A PURCHASER: The Purchaser shall provide, furnish, install, pay for and be responsible for all the lines, storage tanks, and other facilities and appurtenances necessary and required to transmit, distribute, and deliver at adequate pressure and supply, potable water from the connection point with the City to the individual consumers in the project areas. It shall be the obligation of the Purchaser to provide adequate storage facilities which shall mean facilities holding water in storage and floating on the system or returnable thereto, at service pressure, in an amount equal to 25% of the average daily consumption for the area to be served by said facilities, determined on an annual calendar year basis. The Purchaser shall assume all liability and responsibility for its entire facility outside the corporate limits of the City, and the City shall not be required to participate in the cost thereof, and the Purchaser shall save the City harmless from any and all liability or expense in connection with its system except for the acts or omissions of the City, its agents, or employees. The Purchaser shall serve with City water only individual consumers and only in areas covered by contract and shall not be in any

way obligated to provide service in any area except an area covered by such a contract. The City shall be paid for all water taken from the System by the Purchaser or its customers, and no free service shall be provided either for the Purchaser or its customers. The Purchaser shall adopt and enforce such reasonable ordinances, rules, or regulations required to prevent the taking, diversion, or use of water without payment therefor to the City.

- B. CITY: The City shall be obligated to deliver only its surplus water and to sell water only to the extent available over and beyond the requirements of the City, provided, however, that the inability of the City to provide service shall authorize the Purchaser to procure additional service for the project area from approved supplemental sources. The City shall deliver said water to such points either at the City limits or on its transmission lines as designated in contracts, and shall not be responsible for the transmission, distribution, or delivery of water beyond said points. If the supply of water to the City shall cease or be limited by reason of fire, strike, drought, defects, or defaults in the works, ways, or means of the water system, or the operation thereof, or the freezing, breaking, or damage to or repairing of any pipe, pipe lines, pumps, valves, meters, or other machinery, equipment, or other apparatus necessary for the supply of such water, or for any other reason, where such failure is caused by reason of anything beyond the control of the City, the City shall not be liable for any damages to the Purchaser or its customers. The approval of any project or execution of any contract shall not

obligate the City in any manner to serve any area not provided for in such a contract; provided, however, that by mutual agreement of all parties a contract may be modified to extend the area.

2. APPLICATION OF PURCHASER'S AND CITY REGULATIONS: The furnishing of water service shall be subject to the policy regulations of the City governing the supplying of water service to out-City customers. and subject to the terms and conditions of the applicable general ordinances of the City governing the supplying of water service to out-City customers, except as expressly modified or otherwise provided. A copy of the present rules and regulations and ordinances of the City, dated April 21, 1958, and as amended May 11, 1959, regulating the supplying of water to out-City customers is attached hereto as Exhibit "A" for reference purposes, information, and convenience.

Amendments to the policy regulations and ordinances of the City shall not apply to the Purchaser's project until three months notice thereof shall be given to the Purchaser during which time an opportunity shall be given for consultation or objection thereto. Where objected to by the Purchaser, no amendment shall become effective as to the Purchaser's project which shall alter, amend, contravene, or otherwise change or be in violation, contravention, or derogation of any term or condition of any contract between the City and the Purchaser affecting the project. Such amendments shall not be discriminatory, arbitrary, or capricious, and shall be reasonable and proper, without undue burden upon the Purchaser or its customers.

The general provisions of the policies, regulations, and ordinances of the City governing out-City service shall be applicable to the services rendered pursuant to this contract, except as expressly modified herein. The reiteration, repetition, or restatement in this contract of matters which are set forth in such general provisions shall in no way be construed as deleting any other provisions not so restated.

The Purchaser shall have the right to make rules, policy regulations, and ordinances relative to the operation of its systems, provided that the adoption or amendment thereof of any provision affecting the City shall be subject to the same right of objection for the City as provided above for the Purchaser to City amendments.

3. RIGHTS OF WAY: The City shall, without charge, authorize the use of the required streets or available rights of way for the construction of the required Purchaser's facilities within the corporate limits of the City. All other required rights of way and easements shall be obtained by the Purchaser at its own expense. The City shall assist in the procurement of required rights of way within the City. The Purchaser shall restore all streets and rights of way used within the City to as near their former condition as possible at the completion of installation of the facilities within the City, and shall reimburse the City for any expenses incurred in connection therewith, and shall save the City harmless from any and all liability arising out of or from the construction thereof.

4. TITLE TO PROPERTY: Title to and responsibility for all portions of the Purchaser's system without the corporate limits of the City shall remain in the Purchaser or its subcontracting municipalities. Where the City now has title to any distribution lines within a project area which are used for the purpose of servicing customers within the project area when jointly designated as such by the parties title thereto shall pass to the Purchaser and the cost of maintenance shall be borne by the Purchaser; provided, that title and the cost of maintenance shall remain in the City to all City transmission mains within the project areas, and title and the cost of maintenance shall remain in the City to distribution lines not used for providing service to the project area. In the event that service to the project area shall no longer be provided in accordance with this contract, title to said lines transferred by the City to the Purchaser shall revert with the City and it shall be the obligation of the Purchaser to take whatever legal action is required to revert title in the City. In the event that any area in which a portion of the Purchaser's facility is located is annexed into the corporate limits of the City, title to that portion located therein shall automatically vest in and be transferred to the City and shall be maintained at the City's expense subject to any outstanding bond or other financial requirements.

5. RIGHT OF INSPECTION: The City shall have the right of inspection at all reasonable times of all portions of the Purchaser's facility at the time of construction. No portion of the construction of a project shall be covered or put into use until the final inspection of the City determines that it conforms with the plans

and specifications of the project. All facilities shall be installed in accordance with the requirements set forth in state laws governing such installations and in accordance with the ordinances, rules, and regulations and policies of the City now effective or as modified in accordance with this contract. The City shall have the right of inspection of the entire facility of any project area under contract to the City and of the Purchaser's facilities for the entire time that service therefor shall be provided by the City.

6. SERVICE CONNECTIONS: No service connection within a project area of the Purchaser's water system shall be made or continued without a permit therefor being issued by the Purchaser or its duly designated agent, a copy of which permit shall be forthwith filed with the City. Such connection or installation shall not be covered or service provided thereby until the final inspection and until approved by the City as being in accordance with the rules, regulations, policies, and standards applicable and as being in accordance with the project plans and specifications. Until the Purchaser shall provide inspection service, the customer requesting service shall pay in advance to the City the expenses to be incurred by the City in making inspections. Service charges shall commence from the date of approval by the City.

A complete plumbing inspection by a duly qualified plumbing inspector approved by the Purchaser shall be made of the unit or structure to be supplied, and a copy thereof filed with the City prior to the request for and the furnishing of the service connection inspection as herein required.

7. STANDARDS: Uniformity throughout the systems receiving service from the City being essential, the rules, regulations, policies, and standards, procedures, and techniques as developed and applied by the City shall be followed in all Purchaser's project areas, provided that changes, alterations, or amendments requiring new or additional facilities or equipment need not be complied with by the Purchaser except as to subsequent installations, improvements, extensions, or replacements. Nothing contained herein shall be deemed to alter the provisions of Paragraph 2.

It shall be the duty of the Purchaser to impose and enforce proper standards on its various project areas and nothing contained herein shall make it the duty or the obligation of the City to discharge said duty. The right to inspect and approve provided in this contract for the City shall be imposed for the sole benefit of the City, and the Purchaser and its customers shall have no right thereto or any right of reliance thereon.

8. GRIDDING: All areas and systems receiving water service from the City shall be gridded together and with the City and valved at all common points. Such gridding shall not be construed as causing commingling of water, and such valves shall be left open during the entire time that such areas and systems continue to receive City water service, except that such valves may be closed for repairs or maintenance or to prevent contamination. Such gridding shall not be required to those areas served under master meter contracts of the City except at such points as shall be designated by the City and provided with proper meters and bypasses.

9. MAINTENANCE: So long as rates are based on individual residential users rather than master meters or other systems, the City shall maintain the out-City water system and the cost thereof, as determined on a public utility basis, shall be paid entirely by the out-City customers or the Purchaser, which shall be in addition to the general water rates. It is expressly agreed and understood that the cost of liability insurance covering the City for liability arising out of such out-City maintenance shall constitute an expense of such maintenance.

10. INTERRUPTIONS IN SERVICE: Both parties shall have the right to temporarily discontinue the supply of water to or in any mains of their separate systems whenever said party shall deem such temporary discontinuance necessary for purposes of testing, repairing, replacing, or constructing facilities of their separate systems. Reasonable notice shall be given to the other party prior to the temporary discontinuance of water supply in any part of the other's system, except where prevented by emergency conditions.

11. RATES: The rates and charges for furnishing of water service to the Purchaser by the City shall be set at rates equitable and just to all parties as determined by giving due consideration to the application of public utility rate-making principles which rates shall be set by the general ordinance of the City of Bay City and shall involve no unreasonable discrimination.

In the event of a dispute arising as to rate determination which cannot be resolved by the parties, they agree to submit to the jurisdiction of the Michigan Public Service Commission or its successors for settlement thereof in accordance with the provisions

each shall defend and save the other party harmless from any and all actions or claims for damages resulting therefrom. In the event of a dispute as to existence of contamination or as to the potability of water, the decision of the Commissioner of the State Department of Health as arbiter shall be final.

14. BILLING: So long as rates are based on individual residential users rather than master meters or other systems, the City shall read meters and bill all customers directly, at no additional cost. The City shall include on such bill all other Purchaser water charges as designated by the Purchaser. Billing to individual customers shall be quarterly, and after rendering such quarterly bills to the customers of the Purchaser's system, the City shall bill the Purchaser for the portion thereof due the City from the Purchaser and for such other charges as may be provided by contract, and such sum shall constitute the entire amount due the City from the Purchaser for all water services. The Purchaser shall pay all billings within thirty days. There shall be paid to the City a further charge of 5% on all bills payable by the Purchaser not paid on or before due date and all delinquent balances remaining unpaid for one year or more shall be subject to an additional charge of 6% per annum until paid.

15. COLLECTIONS: Where and when the Purchaser does not have adequate facilities for collections, the City shall act as collection agent for the Purchaser for the project if requested by the Purchaser prior to service being provided under the contract. Accounting to the Purchaser shall be on a quarterly basis. The City shall be reimbursed for such services at the rate of 1% of collections. Either party may terminate the collection service, for the entire areas or for specified project areas, on a six

hereof. If said Commission assumes jurisdiction, except for appeal therefrom, the parties waive all rights to a Circuit Court proceedings.

12. METERS: As service connections are made, the City will furnish and provide the individual meters required, which shall remain the property of the City, and shall be maintained by the City at its expense. The City shall have the right to remove and replace any meter at any time. The ordinances and regulations of the City concerning meters shall apply and the Purchaser and its customers shall conform thereto.

13. COMMINGLING OF WATER: The Purchaser shall not, under any circumstances, permit water from any other source of supply to commingle with water furnished by the City or permit any cross connections except as authorized by the written consent of the City and as approved by the Michigan Department of Health. Areas receiving water from the City shall not be deemed other sources of supply, and nothing herein shall be construed to prevent or relieve the necessity for connections to such areas at common points as provided in Paragraph 8. The Purchaser and the City shall each take all precautions to prevent all forms of contamination within its own system and should any contamination occur therein all service to the affected area or areas shall immediately be shut off until such time as the opposite party shall determine that the water is potable and that the mains within said area may be used for the transmission of water for human consumption. The Purchaser and the City shall each assume any and all liabilities for damage of any nature whatsoever incurred by any contamination attributable to its own water system and

months' written notice. Nothing contained herein shall be construed as obligating the City to provide additional facilities for collection over and beyond those provided for the City needs.

16. ENFORCEMENT OF COLLECTIONS: The parties agree to jointly cooperate in the enforcement of collections for water services rendered to individual customers by either party. Where any individual is in default or has an account delinquent for more than 60 days, for water services rendered either by the City or the Purchaser, upon notice to the other party, said party agrees, to the extent possible and permissible under law, to limit or refuse service to said individual for water service, until said delinquent account is paid or arrangements for payment made that are satisfactory to the other party.

Nothing contained herein shall be construed as relieving the Purchaser from the obligation to pay for all services rendered irrespective of whether or not payment is made therefor by the individual customers.

The City further consents to the Purchaser discontinuing and terminating all water or sewer service to any premises for which payment for water service is in default or delinquent for more than 60 days, and further consents to discontinuing or termination of water or sewer service by the Purchaser in any project area of the Purchaser to any individual in default having an account delinquent for more than 60 days for water service, even though such service may have been rendered in a different project area.

17. EXCLUSIVE SERVICE AREAS: Service within the area of the project shall be provided both by the

Purchaser and the City in accordance with this agreement and neither party shall furnish or provide any other water service in said area except in accordance herewith. Unless prevented by law or contract, distribution systems within a project area receiving service from either the City or the Purchaser at the time of execution of a supplemental contract shall be transferred to the distribution system of the Purchaser and receive service pursuant to and subject to the terms and provisions of this contract and of the supplemental contract. Neither the City nor the Purchaser shall be limited to providing service to the other party or accepting service from the other party to the exclusion of other parties in other areas.

18. **DISCRIMINATION PROHIBITED:** The parties hereto hereby covenant not to discriminate against any employee or applicant for employment to be employed in the performance of this agreement with respect to his hire, tenure, terms, conditions, or privileges of employment, or any matter directly or indirectly related to employment, because of his race, color, religion, national origin, or ancestry, and to require a similar covenant on the part of any subcontractor employed in the performance of this agreement.

19. **ENFORCEMENT:** It shall be the obligation of the Purchaser to enact suitable ordinances, rules, and regulations as may be necessary to enforce the provisions of this agreement and of the City's water regulations, rules, and ordinances and the Purchaser shall effectively enforce their ordinances, rules, and regulations pertaining to project areas. The Purchaser may provide for such regulation by the enactment and enforcement of suitable ordinances by the township or the County in which the project area is located.

It shall be made unlawful for any person to connect to any water pipe or facility subject to the terms of this contract except in compliance with this agreement and the Purchaser shall cause any violator to be prosecuted for such illegal connection and shall enjoin or employ any other lawful means to eliminate any violation and to compel any person, firm, or corporation to comply with the terms of this contract and with any ordinances, rules, or regulations adopted relative to such water system.

20. FAILURE TO COMPLY: It is expressly agreed and understood that it is of the essence of this contract that each party shall fully and completely comply with the terms of this contract and with all existing regulations, policies, and ordinances of the City applicable to out-City service and not in conflict with this contract. In addition to other remedies, the continued failure of any other party to strictly comply herewith shall authorize the City to elect either to terminate this contract or to terminate the service provided by this contract. It is expressly stipulated and agreed that money compensation or damages would not be an adequate remedy for non-compliance, and payment may not be substituted in lieu of such compliance.

21. GENERAL POLICY AGREEMENT: The parties mutually agree that it is in the best interest of the parties and of the Bay County area that all water facilities be most economically developed and used, so that the maximum use and benefit can be derived therefrom, for the greatest number of people and the largest area possible, in order to promote the development of the entire area.

The parties further agree that it is also in the best interest of the parties and of the community that water service be provided

with a minimum of duplication and a maximum use of mains and other facilities and that a unified system of facilities should be promoted and encouraged by the cooperative effort of all governmental units involved.

Accordingly, the Purchaser agrees to cooperate with all governmental units within the County to the extent of its ability, capacity, and facilities to extend water service into all areas wherein such service shall be required and to the extent possible to design and construct the facilities of a given project area so as to permit an expansion of the project area or the extension of service into adjacent areas, provided that such can be done at no cost or expense to the project area or to the Purchaser, or reimbursement therefor shall be provided.