

AGREEMENT  
BETWEEN  
THE CITY OF ANN ARBOR  
AND  
SCIO TOWNSHIP  
REGARDING COST ALLOCATION FOR  
THE WEST HIGH SERVICE PUMP STATION PROJECT

This Agreement (“Agreement”) is made and entered into this \_\_\_\_\_ date of \_\_\_\_\_, 2012, by and between Scio Township, a Michigan municipal corporation, hereinafter referred to as “Township,” and the City of Ann Arbor, a Michigan municipal corporation, hereinafter referred to as “City,” for the purpose of fixing the rights and obligations of the parties relative to the West High Service Pump Station Project, ITB No. 4221. The project is hereinafter referred to as the “Project.” Relevant details of the Project are set forth on Exhibit A, which is attached hereto and incorporated herein by reference.

Whereas, in 1993, the Township expressed interest in obtaining additional water from the City;

Whereas, a 1993 study by Black & Veatch calculated the expected future needs of the Township and the City and determined that the City of Ann Arbor would supply up to 4.4 million gallons per day (MGD) to the Township;

Whereas, the City of Ann Arbor and Scio Township entered into a Water Agreement on or about June 9, 1994 (“Water Agreement”), that addresses the responsibilities of the City and the Township relative to the construction and funding of the Increased Pump Capacity Improvement;

Whereas, “Increased Pump Capacity” referred to in the Water Agreement constitute the West High Service Pump Station Project, ITB No. 4221;

Whereas, Paragraph 10 of the Water Agreement provides, in part,

“The improvements which have 100% benefit to Scio Township, namely Pipe I, Pipe II, Pipe III and Increased Pump Capacity, will be designed and constructed by the City or its consultants and contractors. For these projects the Township is responsible for any debt financing. An estimate of project costs will be provided to the Township 60 days prior to the start of design on an improvement. The Township will be invoiced monthly for the engineering, inspection, construction and other related costs as the improvement is undertaken. The City will provide the Township with a final cost accounting at the completion of an improvement.”

Whereas, the City desires to building the West High Service Pump Station and associated improvements to benefit Scio Township and customers within the City;

Whereas, the City will be responsible for a portion of the cost of the Project as established in Exhibit B; and

Whereas, the City and the Township have reached an understanding with each other regarding the performance of and payment for the Project and desire to enter into this Agreement to implement the provisions of Paragraph 10 of the Water Agreement and to memorialize the details of that understanding that are not addressed in Paragraph 10 of the Water Agreement.

Therefore, in consideration of the premises and of the mutual undertakings of the parties and in conformity with applicable law, the City and Township agree:

1. The City and the Township shall undertake and complete the Project in accordance with the terms of this Agreement. Exhibit A to this Agreement provides reference to the Project Bid Documents which details the complete scope of the improvements. Exhibit B to this Agreement lists the engineer's estimate for each cost sharing category and the allocation of costs between the Scio Twp. and City of Ann Arbor for each component. As set forth on Exhibit B, the dollar amount of the engineer's estimate of Scio Township's share of the Project, including costs for architectural and design engineering services, is \$4,465,630, not including the debt financing costs. Once the Contract is awarded and a Schedule of Values is provided to the City by the General Contractor, the City will provide to Scio Township a revised cost estimate based on the agreed percentages included in Exhibit B.
2. The City provided the Township with a pre-design estimate of the Project costs and has provided the Township with updated estimates.
3. The City will select the construction contractor and enter into a construction contract with the contractor for construction of the West High Service Pump Station improvements. The City will administer the construction contract and related work, including construction engineering and inspection services necessary for the completion of the Project.
4. The Township is responsible for funding its share of the Project.
5. For payment of the design engineering costs, the Township contracted directly with the Consultant, Stantec Consulting Michigan, Inc., and financed the complete cost of design engineering including the City's portion of these costs. Exhibit B provides the estimated cost breakdown of engineering costs and the amount due Scio Township. The City will deduct the amount due Scio Township from the initial Construction draws until the full amount due to Scio Township is met.
6. As the City pays for construction and related services and incurs costs on the Project, the City will invoice Scio Township at a frequency no more than monthly. Scio Township shall reimburse the City for its portion of incurred costs within 30 days of receipt of invoice from the City.
7. Notwithstanding the Township's funding of a share of the Project, the parties agree that ultimate responsibility and control over the Project rests with the City.
8. The parties understand and agree that the dollar amounts in Exhibit B are engineer's estimates of Project costs and that the actual costs may differ. However, the percentages for each

category of costs identified in Exhibit B are agreed to between the parties and cannot be changed except by Amendment to this Agreement. The Township's obligation to fund its share of the Project includes the obligation to fund change orders for its share of the Project. The parties agree that any change order that affects shares of the Project of both parties will be paid in proportion to those percentages agreed to by the Township and the City identified in Exhibit B, including both increases and decreases in Project costs.

9. In the event any claims are brought against the City and/or the Township by the contractor, subcontractors, vendors or suppliers as a result of the City's award of the construction contract for the Project or arising out of the construction or related work on the Project, costs incurred by the City in defending or resolving such claims shall be considered Project costs and will be funded in the same manner and proportion as the work to which the claims pertain. Any change order that results from a claim shall be funded as provided in Paragraph 6.

10. This Agreement is intended by the parties to implement the terms of the Water Agreement. If there is an inconsistency between the Water Agreement and this Agreement, the terms of the Water Agreement shall control.

11. Each of the persons signing this Agreement represents and warrants that he or she has authority to sign this Agreement on behalf of Scio Township or the City of Ann Arbor, respectively.

CITY OF ANN ARBOR, a Michigan  
municipal corporation

SCIO TOWNSHIP, a Michigan  
municipal corporation

By: \_\_\_\_\_  
John Hieftje, Mayor

By: \_\_\_\_\_  
Spaulding Clark, Township Supervisor

By: \_\_\_\_\_  
Jacqueline Beaudry, City Clerk

By: \_\_\_\_\_  
\_\_\_\_\_, Township Clerk

Approved as to substance:

\_\_\_\_\_  
Steven D. Powers, City Administrator

\_\_\_\_\_  
Craig Hupy, Interim Public Services Area  
Administrator

Approved as to form:

\_\_\_\_\_  
Stephen K. Postema, City Attorney

## **EXHIBIT A**

By reference Exhibit A includes bid documents for the West High Service Pump Station Project, ITB No. 4221.

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**EXHIBIT B**  
**WHS Pump Station Design and Construction Costs Engineers Estimate**

Category Number	Cost Category	Project Costs	Project Costs (after Green Funding)	100% City Costs (Note 2)	Shared Project Costs	City Share	City Share	City Total Cost	Percent Share for Scio	Notes
1	General	\$ 176,000	\$ 143,185	\$ 143,185	\$ 87,343	\$ 55,842	\$ 55,842	\$ 55,842	61%	1
2	Site Work	\$ 1,293,000	\$ 1,051,925	\$ 156,000	\$ 895,925	\$ 447,963	\$ 447,963	\$ 603,963	50%	
3	Structural	\$ 725,000	\$ 589,827	\$ 16,000	\$ 573,827	\$ 286,913	\$ 286,913	\$ 302,913	50%	
4	Architectural	\$ 383,000	\$ 311,591	\$ 10,000	\$ 301,591	\$ 150,796	\$ 150,796	\$ 160,796	50%	
5	Process	\$ 1,435,000	\$ 1,167,450	\$ 10,000	\$ 1,157,450	\$ -	\$ -	\$ 10,000	100%	
6	Mechanical	\$ 517,000	\$ 420,607	\$ 307,500	\$ 113,107	\$ 56,554	\$ 56,554	\$ 364,054	50%	
7	Electrical	\$ 2,137,000	\$ 1,738,565	\$ 232,000	\$ 1,506,565	\$ 1,129,923	\$ 376,641	\$ 608,641	75%	
8	Construction Contingency	\$ 667,000	\$ 542,640	\$ 542,640	\$ 331,893	\$ 210,747	\$ 210,747	\$ 210,747	61%	1
9	Engineering - Design	\$ 426,500	\$ 346,981	\$ 346,981	\$ 212,223	\$ 134,758	\$ 134,758	\$ 134,758	61%	1
10	Engineering - Design of Boiler System	\$ 89,778	\$ 73,039	\$ 73,039	\$ -	\$ -	\$ -	\$ 73,039	0%	
11	Construction Services	\$ 750,000	\$ 610,165	\$ 610,165	\$ 373,193	\$ 236,972	\$ 236,972	\$ 236,972	61%	1
12	Bonds	\$ 215,000	\$ 174,914	\$ 174,914	\$ 106,982	\$ 67,932	\$ 67,932	\$ 67,932	61%	1
13	City Administration	\$ 250,000	\$ 203,388	\$ 203,388	\$ 124,398	\$ 78,991	\$ 78,991	\$ 78,991	61%	1
	Total	\$ 9,064,278	\$ 7,374,278	\$ 804,539	\$ 6,569,739	\$ 4,465,630	\$ 2,104,109	\$ 2,908,648		
	Green Funding	\$ 1,690,000								
	Balance	\$ 7,374,278	\$ 7,374,278							
	Percent reduction for Green Funding			81%						
	Debt Financing 20 yrs @ 2.5% - Estimate	\$ 1,900,000								(Scio share to be based on calculated weighted share of total project.)

Notes:

- 1 This percentage is calculated based on the weighted average of construction costs from Cost Categories 2 thru 7.
- 2 Specific items addressed in this table that are to be calculated as 100% City costs include: asphalt paving, dumpster enclosure, lab improvements 6" mag meter on plant water, boiler improvements, dewatering MCC replacement, Cistern Pumps #5 and #6 electrical improvements, and MCC-2 starter disconnects in Pump Room #2.