

Utility Advisory Board Contractual History

February 19, 2026

History Leading to the Utility Advisory Board

Original Contracts

- 1962 – City of Kentwood (Retail Water only)
- 1963 – City of East Grand Rapids (Wholesale Water and Sewer)
- 1965 – Ada Township (Wholesale Sewer only)
- 1966 – City of Walker (Retail Water and Sewer)
- 1967 – Cascade Township (Retail Water and Sewer)
- 1967 – City of Kentwood (Retail Sewer only)
- 1967 – Grand Rapids Township (Retail Water and Sewer)
- 1967 – North Kent (Wholesale Sewer only)
- 1978 – Ada Township (Wholesale Water only)
- 1999 – Wright Township (Retail Sewer only)
- 1999 – Tallmadge Township (Retail Water and Sewer)
- 2014– Caledonia Township (Wholesale Sewer only)
- 2025 – Caledonia Township (Wholesale Water only)

Non-UAB Member Contracts

- 1988 – Gaines Township (Wholesale Sewer only)
- 1989 – Ottawa County (Wholesale Water only)

History Leading to the Utility Advisory Board

In 1976, the initial Rate Study was implemented

- Rates developed using Rate Study unilaterally by City, without community input or transparency (Transactional basis, not relationship based)

1980's-1990's Water Expansion and CSO cost allocations created tension

- City of GR believed CSO costs were an integrated system cost because it would reduce load on WRRF and increase capacity for all communities, but customer communities disagreed
- Arbitration Case followed; Customer communities won and City of GR paid 100% of CSO costs

In 1994, the Grand Valley Metro Council (GVMC) completed a regional plan called the Metropolitan Blueprint and convened several conferences of its members

- Focus was on regional collaboration and GVMC brought in national speakers to help facilitate
- Through the GVMC, a City-Township Cooperation Committee was formed in 1996

Around the same time, numerous individual 30-year utility contracts were poised to expire and needed to be renewed

- GR Township's Marsha Bouwkamp suggested inviting all of the communities to join the discussion on the new contracts all at the same time, and GR agreed
- All other communities agreed to join as well
- Leadership group included Walker Mayor Knottnerus, Ada Supervisor Haga, GR Township Supervisor Bouwkamp, GR Mayor Logie and GR City Commissioner's Samuelson and Heartwell to set framework principles for a future regional partnership (3 GR officials and 3 customer community officials)
- Leadership group established staff work group that included Brian Donovan (City of East Grand Rapids), James Hatch (City of Walker) and Eric DeLong (City of GR) to create new form of agreement

History Leading to the Utility Advisory Board

Key meetings occurred that resulted in key partnership principles and critical contractual topics being developed

- Each team of the staff work group had their own attorney (City had Dickinson Wright and Communities had Varnum) to develop framework for contractual agreement
- Took many meetings to develop agreement that used portions of the original contracts as the basis of the new contract and rate model but created a partnership relationship and incorporated new approaches to urban development
- All partners had equal opportunity for input and feedback
- All parties listened and worked to achieve joint interests

Contracts developed for the business side and included formation of UAB in contracts

- Equal representation
- Stewards and Custodians of a utility partnership
- Do as we say

Continuous Improvement through contractual reviews

- Addendums, Policies and Subcommittees

History Leading to the Utility Advisory Board

In 1999, the City-Township Cooperation would lead to an Urban Cooperation Agreement for all partner communities that stated:

- *“The City and Municipalities recognize that they are mutually interdependent and that it is in their mutual best interest and the best interest of their residents to promote and use their best efforts to achieve the management of urban growth to prevent urban sprawl; regional economic development; the planning of land use and infrastructure extension on a metropolitan-wide basis; the establishment and maintenance of minimum standards for urban services; the support of regional cultural services regionally; addressing area-wide human needs on a metropolitan-wide basis; housing opportunities for all income levels within every community in the metropolitan area; and the cost sharing of providing regional services and meeting regional needs on a metropolitan-wide basis.”*

Formal UAB established in 1999 with new utility contracts

History Leading to the Utility Advisory Board, Cont.

Communities in the North Kent wholesale sewer area (KCBPW) were not supportive of the proposed partnership agreement

- Group broke away from County due to poor asset management and proposed contracts with County and formed their own sewer authority to manage their infrastructure
- They filed an EPA Rate Case against the City
 - Focused on integrated system costs/revenues and inclusion in rates
 - EPA found that the new agreement and Rate Study fully conformed with the EPA user charge system
- They also filed a lawsuit against the City, which also failed
- This led to the decision to build their own sewage treatment plant
- The communities of the UAB partnership absorbed the rate impact of their changes and now use that WRRF treatment capacity (additional positive of less PFAS to treat at the WRRF)

Formation of UAB Partnership & Current Agreements

Built on joint interests and built to last

Structure of agreements: 30 years, 5-year rolling extensions

- Fifth extension signed in 2024, will expire Dec 31st, 2053
- Sixth extension planned for 2029

Regular addendums in first 10 years of contracts, to correct potential new issues

- Critical input from legal counsel to ensure EPA Rate Requirements are maintained

Record of 25 plus years of understanding each other's needs and different issues we all face

History of Contract Amendments

Year	Amendment #	Key Changes
2000	1 st Amendment	Minor changes to integrated connection fee adjustments based on parcel size
2002	2 nd Amendment	Updated the allocation of integrated revenues & expenses; account for I&I in billed flow vs plant flow; exclusion of non-developable land for connection fees
2006	3 rd Amendment	Creation of circuit breaker programs; rate-smoothing to account for large, multi-year capital projects
2010	4 th Amendment	3-year average for billed volume; prepaying for capital revenue requirements; ROI premium for zonegated assets
2018	5 th Amendment	New calculation for integrated connection fees; changes to how USD and UUB are updated

Integrated Connection Fees

Original Agreements (1997)

- Applied against integrated system costs in the rate study
- Gave specific fee amounts until 2005, at which point they would increase annually in line with CPI
- Fees were adjusted for single-family & multi-family dwellings based on parcel size

1st Amendment (2000)

- Removed parcel-size upward adjustments for single-family dwellings permitted & built before 2000

2nd Amendment (2002)

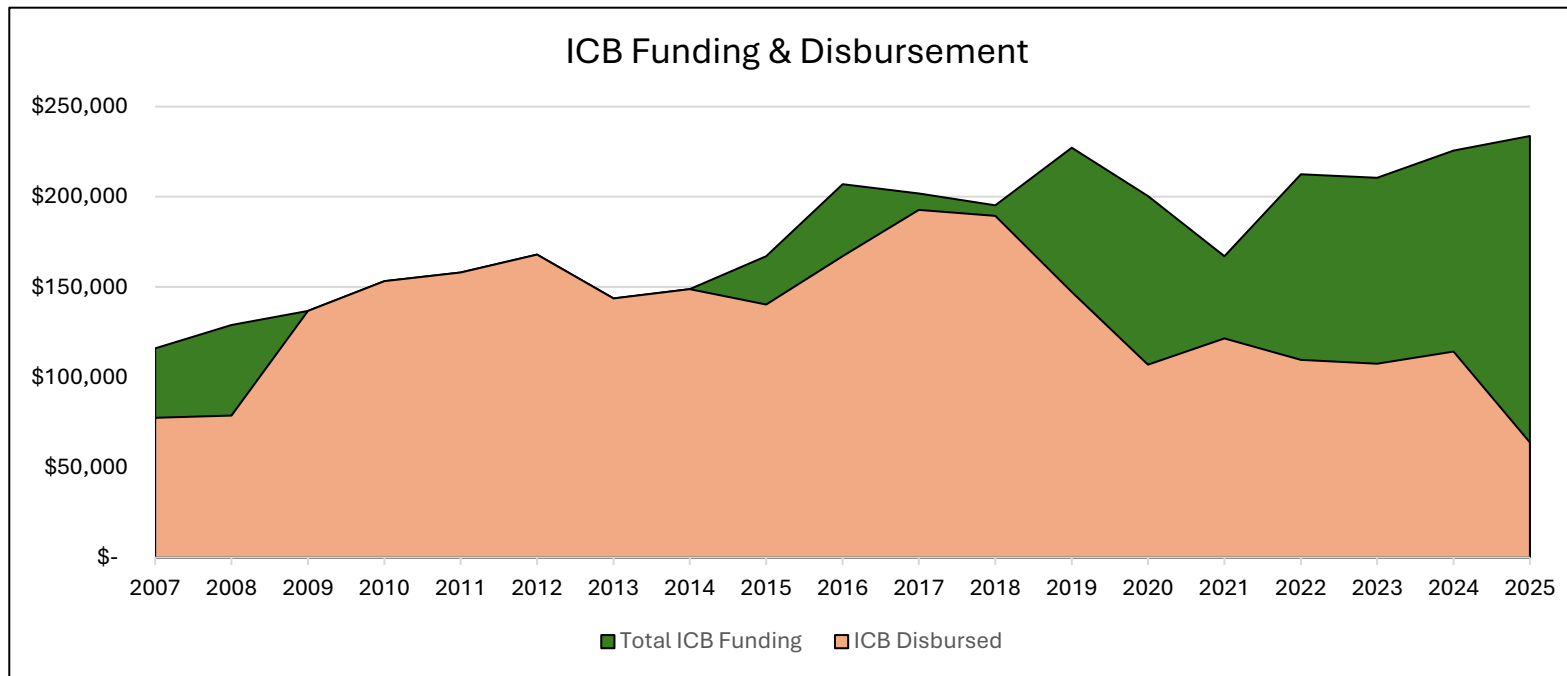
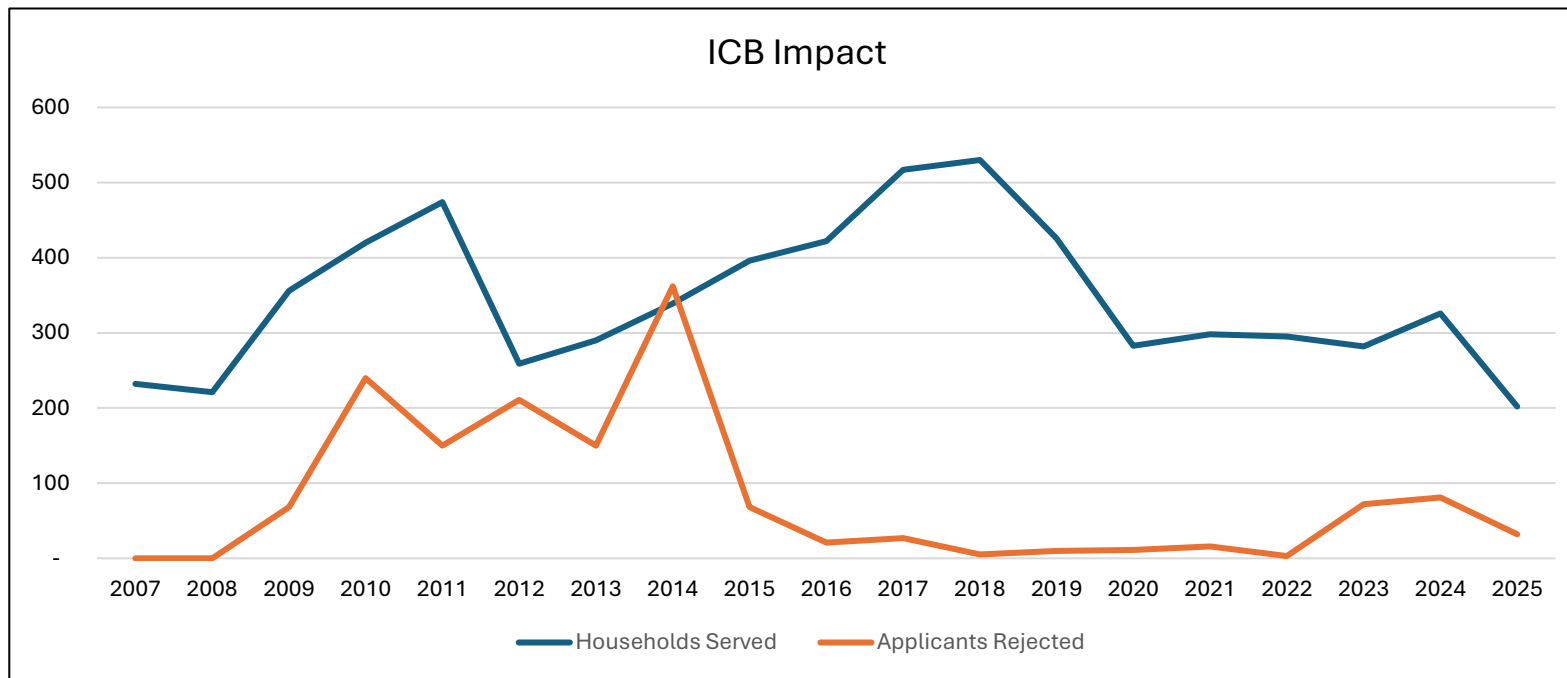
- Changed fee calculation to exclude non-developable land (wetland, lakes, steep grade)

5th Amendment (2018)

- Replaced old fee schedule & annual CPI adjustment with Task 15a calculation
- Broke the fee into clear components (Administrative Costs, Hydraulic Engineer Cost, Meter Capacity Cost for the meter itself, etc)
- ¾ inch water connection went from \$3,000 → \$<\$1,000

Individual Circuit Breaker

- Up to 12.5% of annual penalty fees
- Used to support individual users who require assistance with paying Water & Sewer rates
- Does not specify how these funds will be administered. We have partnered with Kent County Community Action (KCCA) since the ICB's inception
- Unused ICB funds are to be applied as credits in the following year's Rate Study
- Supplemented with non-operating revenue from facility rentals since 2016

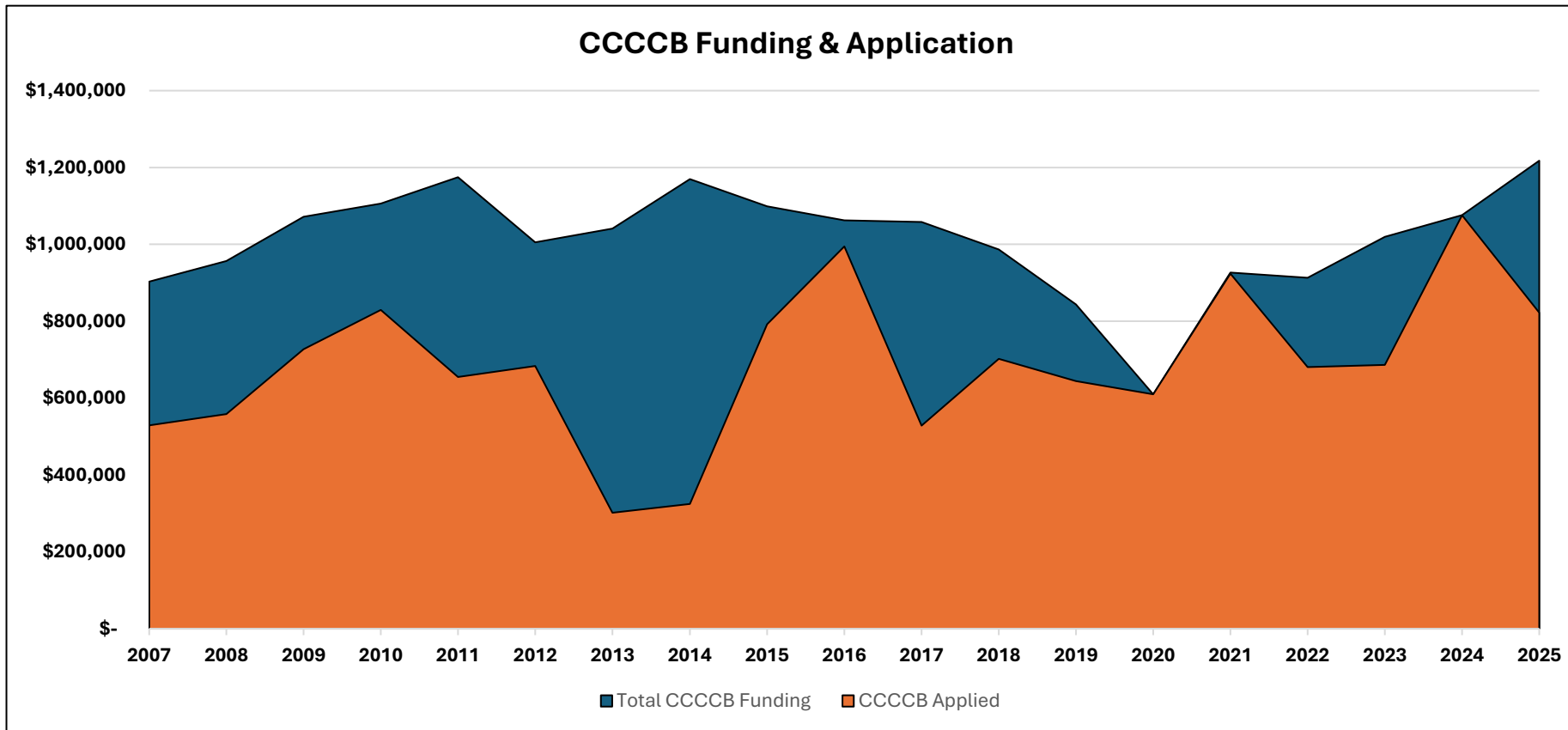


\$170k unused in CY2025

- Of the \$3.4M set aside for ICB since 2007, \$2.3M has been awarded to individuals seeking assistance
- That represents 67% of ICB funding
- \$238k paid as administrative fees to KCCA (7%)

City & Customer Community Circuit Breaker

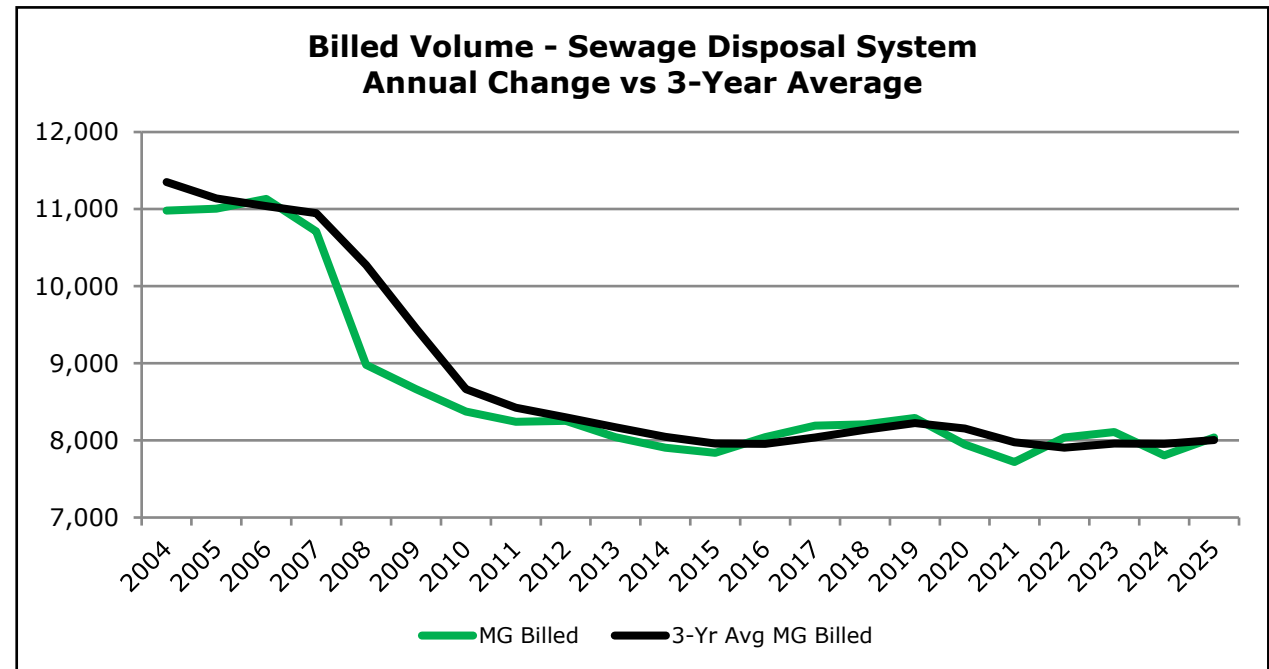
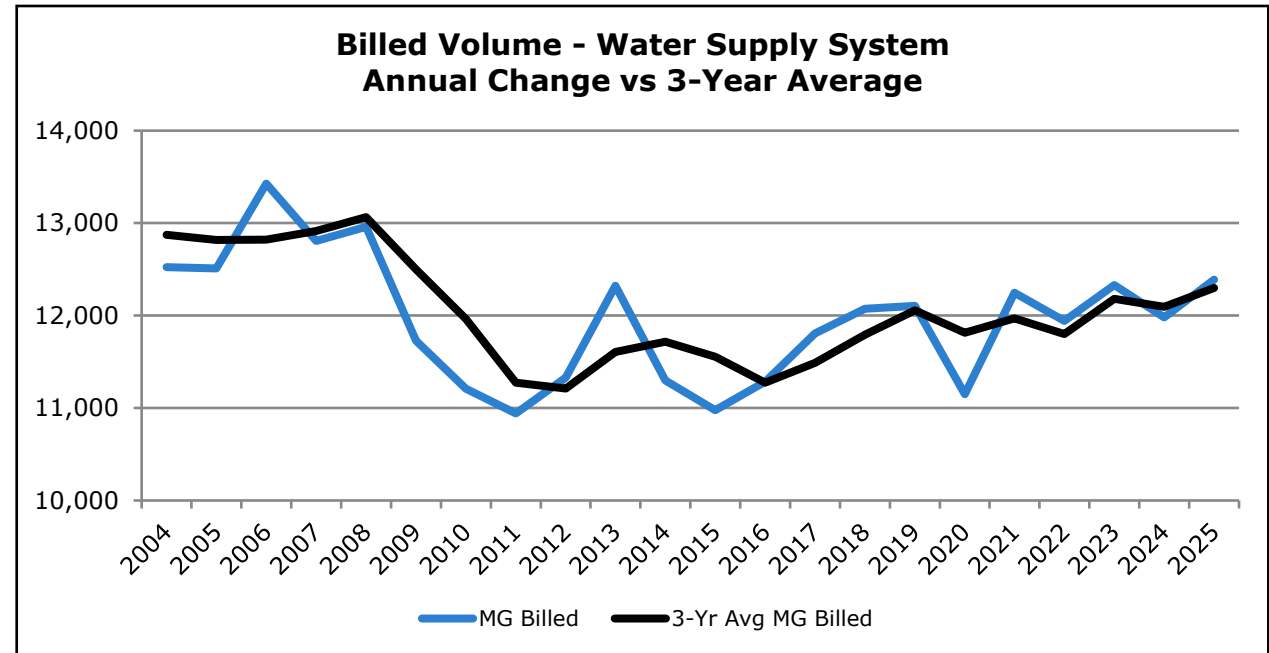
- Up to 87.5% of annual penalty fees
- Used to reduce rate increases of retail communities that exceed the average percentage increase for all communities
- Aim is to bring each community's rate increase down to the system-wide average. If funds are insufficient to do so, credits are applied on an "equal pro rata basis"
 - Communities receive a portion of the available assistance based on their share of the overall need
- Unused CCCCB funds are to be applied as credits in the following year's Rate Study



- Of the \$19.24M in late fees set aside for CCCCB since 2007, \$13.07M has been applied to communities with above-average rate increases
- That represents 68% of CCCCB funding

Billed Volume Smoothing

- Introduced in 4th Amendment (2010)
- Provides more accurate forecast of anticipated revenues in the coming FY
- Also meant to cushion impact of economic shocks on annual rate changes



Summary

Utility Advisory Board principles:

- Trust
- Transparency
- Partnership with a focus on consensus
- Collaboration

Recognizing opportunities to enhance our services and value through our contracts

Carrying the partnership forward – we all have a responsibility to educate those we represent now and in the future.

25+ years and still strong!

grandrapidsmi.gov/UAB