UTILITY ADVISORY BOARD
Monday, November 9, 2026
8:30 – 9:30 am
1300 Market Ave SW
AGENDA

1. Call to Order
2. Approval of Minutes – October 15, 2026
3. Public Comments on Agenda Items
4. Approval of Agenda
5. Updates
    a. Water/Sewer Report (October) – McCaul
    b. Kent County Community Action Contract Renewal – Giffel
    c. SRF Funding Opportunities – Sagorski Munsell
6. Preliminary 2026 Water/Sewer Rate Study – Verbrugge
7. Public Comments
8. Items from Members
9. Next Meeting – December 17, 2026 (EGR Community Center)
10. Adjournment

UTILITY ADVISORY BOARD
Thursday, October 15, 2026
MINUTES

Members Present

Mark Bennett, Mike DeVries, Nick Fisher, Shay Gallagher, Samarhia Giffel, Jared Grabinski, Wayne Jernberg, Doug La Fave, Doug Matthews, James Ouzts, Chad Reul, Lindsay Sagorski Munsell, and Tai Verbrugge

Alternates Present
Alan Avitia, Brad Boomstra, Scott Connors, Wayne Harrall, and Reina Watanabe

Others Present

Kolene Allen, Toby Koenig, and Jessica Wood

Call to Order

Mr. Jernberg called the meeting to order at 8:32 am.

Approval of Minutes – September 17, 2026

Motion to approve the minutes made by Mr. DeVries and seconded by Mr. La Fave.

MOTION CARRIED.

Public Comments on Agenda Items

There were no public comments.

Approval of Agenda

Motion to approve the agenda made by Mr. La Fave and seconded by Mr. Fisher.

MOTION CARRIED.

Updates

Add-to-Tax Winter Tax Option

Ms. Giffel provided a memo outlining the 2026 Add-to-Tax (ATT) Winter Tax option for collecting delinquent water and sewer accounts. She explained that eligible customers have been notified and have until October 30, 2026, to pay their outstanding balances. On November 2, certified delinquent accounts will be transferred to the respective partner communities for collection through their winter property tax rolls.

She also discussed ongoing efforts to address delinquent account collections through agreements with wholesale and reciprocal partner communities. Preliminary figures indicate 775 eligible accounts in Grand Rapids, totaling approximately $228,303.

A copy of the memo is on file.

Kent County Community Action 3rd Quarter

Ms. Giffel reported that no funds were expended through Kent County Community Action (KCCA) during the quarter, as assistance needs were met through other funding sources, including DHHS and additional grants. She noted that only $2,400 in funding has been provided to KCCA so far this year. KCCA reported approximately $95,000 in assistance provided countywide, including plumbing repairs, but the amount was not broken down by municipality or service type. Unused funding will be returned to the rates.

Mr. Jernberg requested that a KCCA representative attend a UAB meeting in 2027 to provide an overview of available services, strengthen partnerships, and help Board members better understand the resources available to residents.

Bloom Sluggett Introduction

Mr. Jernberg introduced attorneys Jessica Wood and Toby Koenig of Bloom Sluggett, the law firm representing the Utility Advisory Board and the Grand Valley Regional Biosolids Authority. Ms. Wood and Mr. Koenig expressed their enthusiasm for working with the Board and encouraged members to reach out if they need any legal assistance.

2026 Water Rate Study Task #30, Fees, Charges and Penalties

Ms. Giffel provided a memo outlining the proposed changes to fees, charges, and penalties as part of Task 30 of the 2026 Water Rate Study, effective January 1, 2027. Recommended adjustments include increases to fire protection, meter installation and service requests, smart meter equipment, meter replacements, and miscellaneous inspection fees to reflect increased costs and support cost recovery. The proposed changes also eliminate non-metered hydrant connection permits and fees for residential customers. All other fees and penalties remain unchanged.

No action was taken. A copy of the memo is on file.

Preliminary FY2026 Financials

Mr. Verbrugge presented a preliminary overview of the FY2026 financials, including the schedule for the 2026 Rate Study. The proposed rates are anticipated to be presented to the City Commission for approval on December 15, 2026, with an effective date of January 1, 2027.

Board members discussed the information presented. No action was taken. A copy of the presentation is on file.

Public Comments

There were no public comments.

Items from Members

- Mr. Ouzts said that the Sewer Use Ordinance changes were emailed out a few weeks before. If anyone has comments or questions, they should get them to him by the end of the day.
- Mr. Fisher gave updates on several projects at the Lake Michigan Filtration Plant. The carbon feed project continues to progress as planned. The generator controls project has been delayed until January 2027 to accommodate updated controller technology. The surge valve project remains scheduled for November and will require a brief shutdown of the new high-lift system, with no anticipated impacts to water operations or service.

  He also reported significant increases in the cost of fluoride, with prices expected to triple by FY2029 due to limited suppliers and supply chain challenges. While some neighboring communities are considering reducing or discontinuing fluoridation, the Water System has secured its full supply allocation and plans to maintain current treatment levels.
- Ms. Allen reminded everyone that the next meeting will be on Monday, November 9.
- Mr. Jernberg provided an update on capital projects and thanked Kentwood representatives for submitting their list of upcoming projects for review by Water System staff. He also reported on a recent meeting with Cascade Township regarding PFAS concerns and potential project funding options, including the Drinking Water State Revolving Fund (DWSRF).

  He encouraged partner communities to submit their anticipated five-year capital improvement and street project plans to the Water System for review. Staff will evaluate existing water and sanitary sewer infrastructure to identify opportunities for improvements and coordinate projects with planned construction activities.

Next Meeting

The next meeting is scheduled for November 9, 2026.

Adjournment

The meeting was adjourned at 9:05 am.

Water/Sewer UAB Report
October 2026

Project Name	Contractor	Award Date	Substantial Completion Date	Final Completion Date	Water Fund Authorized NTE Amt	Sewer Fund Authorized NTE Amt	Est. Year for Rates	Integrated (Y/N)
Substation Replacement at North Primary Control Building at the WATER RESOURCE RECOVERY FACILITY	Bazen Electric Co.	10/6/2026	10/29/2027	12/1/2027	N/A	$2,141,755	2027	Y
Expansion of the Renewable Natural Gas (RNG) Conditioning System at the Water Resource Recovery Facility	Tetra Tech (Design Phase)	10/27/2026			N/A	$230,000	2027	Y

MEMORANDUM
CITY OF GRAND RAPIDS

DATE: November 10, 2026

TO: Utility Advisory Board Members

FROM: Samarhia Giffel, Administrative Services Officer II

SUBJECT: Kent County Community Action - Individual Circuit Breaker Contract Renewal for January 1, 2027- December 31, 2029

In 2007, with the third amendment to the Water and Sanitary Sewer Service Agreement, the City of Grand Rapids (City) and its retail Customer Community partners agreed to include an Individual Circuit Breaker (ICB) for a water/sewer payment assistance program. The program entailed that 12.5% of the estimated penalty fees collected are used to support customers requiring support in paying water/sewer utility bills.

The Water System has contracted with Kent County Community Action (KCCA) to administer the program on the City's behalf. The partnership with KCCA has been very positive, allowing the City to understand the needs of the community and collaborate with other assistance programs. Over the life span of the program, we have helped over 6,500 households within the City of Grand Rapids and its partner communities of Cascade Charter Township, Grand Rapids Charter Township, the City of Kentwood, Tallmadge Charter Township, the City of Walker, and Wright Township.

In collaboration with KCCA, the City reviewed the payment assistance contract and affordability of the services we provide to our customers. The intent of the program is to aid customers in preventing service from being interrupted or to restore service that has been interrupted due to non-payment.
Updates have been made to the agreement to eliminate specific funding amounts and instead, reference the Third Amendment to the Water and Sanitary Sewer Service Agreement with Customer Communities. We recommend these updates when renewing the payment assistance contract for the upcoming term.

The UAB's recommendation will be presented to the Kent County Community Action Governing Board and Grand Rapids City Commission for final approval.

If you have additional questions on the KCCA-ICB contract, please send me an email sgiffel@grcity.us or call (616) 456-4531.

KENT COUNTY COMMUNITY ACTION – INDIVIDUAL CIRCUIT BREAKER CONTRACT

THIS CONTRACT is approved as of January 1, 2027, by and between the CITY OF GRAND RAPIDS, a Michigan Municipal Corporation, whose principal office is located at 300 Monroe Avenue, N.W., Grand Rapids, Michigan, 49503, hereinafter referred to as the "City," and KENT COUNTY COMMUNITY ACTION (KCCA), a Michigan Council, whose principal office is located at 121 Martin Luther King Jr. Street, S.E., Grand Rapids, Michigan 49507, hereinafter referred to as the "Contractor." "Client" is defined as the residential water/sewer customer seeking assistance from the "Contractor."

IT IS AGREED by and between the parties as follows:

I. PERIOD OF PERFORMANCE

The various activities described in this Contract are to begin on January 1, 2027 and are to continue through December 31, 2029, with adjusted funding as determined annually in the Water/Sewer Rate Study. All eligible program activities and related eligible expenses are limited to the above time period.

II. CONTRACT ACTIVITIES AND DEFINITIONS

A. The purpose of this Contract is to provide funding for the Individual Circuit Breaker program. ~~As a part of the~~In accordance with the current ~~Third~~adopted Third Amendment to the Water and Sanitary Sewer Service Agreement with Customer Communities, each calendar year, ~~up to 12.5%~~ a percentage of the penalty fees paid by retail water and sewer customers during the prior fiscal year ~~will~~ may be set aside to support a program to assist retail customers requiring assistance in paying their water and sewer bills. Any balance remaining at the end of the calendar year will be returned to the fund balance to offset the next calendar year's revenue requirements.

B. Intake and Assessment: In collaboration with the C~~c~~lient, the Contractor staff conducts an analysis and a review of the C~~c~~lient's request for assistance with the water and sewer bill and develops a service plan to resolve or ameliorate the issue. An Agency Application for Assistance with the water and sewer bill is completed, the C~~c~~lient is assigned an Agency ID number; income information is verified. Direct assistance with

the water and sewer bill is provided by the Contractor, in addition to being referred to other appropriate resources.

C. The City of Grand Rapids reserves the right to add additional non-operating revenue if available from the Water and Sanitary Sewer Systems to support the program and if all of the funding supplied as part of the Third Amendment to the Water and Sanitary Sewer Service Agreement with Customer Communities, is expended prior to the end of the calendar year. Supplemental funding from non-operating revenue will be handled in the same manner as primary funding pursuant to this Contract with the exception that the original support amount must be expended in order to request additional funds and any balance remaining of the supplemental funding at the end of the year will be carried over for future use as secondary funds.

III. SPECIAL CONDITIONS

A. All ~~c~~Clients served shall meet the poverty level eligibility criteria as provided in Attachment A.

B. Contract funds shall be used for water and sewer bill payment assistance. An administrative fee, in accordance with the current adopted Third Amendment to the Water and Sanitary Sewer Service Agreement with Customer Communities, ~~not to exceed 10% of the available funding~~ will be charged for Contractor's administrative and operational support.

C. The Third Amendment to the Water and Sanitary Sewer Service Agreement with the Retail Customer Community partners~~ies~~ and the Individual Circuit Breaker Assistance Program General Framework become a part of this Contract.

IV. BUDGET AND METHOD OF PAYMENT

A. Funding provided for assistance given to retail customers under this Contract and the administration of this funding, shall be provided by the City to the Contractor on an as requested basis, and based on the available funds, in the amount ~~not to exceed 12.5%~~

~~of the penalty fees paid by retail water and sewer customers during the prior year.~~stipulated by the current adopted Third Amendment to the Water and Sanitary Sewer Service Agreement with Customer Communities.

B. The City shall furnish ~~advances~~ reimbursements to the Contractor on an as requested basis after the submission and approval of required documentation based upon prior request period activities.

C. To request funding, the Contractor shall submit the Request for Payment according to prescribed City procedures.

D. The Contractor shall report quarterly on the program assistance and the number of clients served to the City. The Contractor shall report quarterly on all water and sewer assistance programs provided to Clients who are serviced by the City. ~~This~~ All report~~is~~ are due by the ~~first~~ second Monday at close of business after each quarter.

E. The Contractor shall work with the City on development of program education and marketing outreach materials to be distributed yearly to all retail customers.

V. LIST OF CONTRACT ATTACHMENTS

1. Attachment A – Individual Circuit Breaker Assistance Program General Framework
2. Attachment B – Insurance and/or Indemnity Clause
3. Attachment C – Third Amendment to Water and Sanitary Sewer Service Agreement with Customer Communities

VI. ATTACHMENT PROVISION

Attachment A – Program General Framework may be revised from time to time during the contract period as mutually agreed upon and approved by the Kent County Community Action Governing Board and the Utility Advisory Board at the time of change.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day and year first above written.

CITY OF GRAND RAPIDS, a Michigan Municipal Corporation

By: _____
David LaGrand
Mayor

Attest: _____
Joel Hondorp
City Clerk

KENT COUNTY COMMUNITY ACTION, a Michigan Council

By: _____
Al Vanderberg
County Administrator

Approved as to form:

_____
Sangeeta Ghosh
Assistant Corporate Counsel

ATTACHMENT A:

KENT COUNTY COMMUNITY ACTION

Individual Circuit Breaker Assistance Program General Framework

Effective 1/1/2027

Eligibility Requirements:

- For the amount allocated each year, at least 85% of funds distributed must be to clients at or below 200% of poverty level and up to 15% of funds may be distributed at 250% of poverty level in accordance with annually adjusted Federal Poverty Income Guidelines as established by the Federal Government and implemented on effective date. Income is calculated using gross income for the preceding 30 days, including the date of application. The determination of eligibility must be completed each time a client requests service, providing the client has not been determined eligible within the prior 30 days. Proof of household gross income documentation is required. The applicant must be 100% property owner (100% Principal Residence Exemption on the Tax Bill) or legal tenant and must live at the address for which the water bill is issued.

- Assistance does not apply to non-residential properties.

- Applicants may be sent to the Department of Human Services for Water/Sewer Bill Assistance.

- Applicants must be a user of the Water System and/or Sewer System within the City of Grand Rapids and Customer Communities as described in Third Amendment to the Water and Sanitary Sewer Service Agreement with Customer Communities. "Customer Communities" include the following: Cascade Charter Township (Kent County, Michigan, a Michigan charter township), Grand Rapids Charter Township (Kent County, Michigan, a Michigan charter township), parts of City of Kentwood (Kent County, Michigan, a Michigan municipal corporation), Tallmadge Charter Township (Ottawa County, Michigan, a Michigan charter township), the City of Walker

(Kent County, Michigan, a Michigan municipal corporation), Wright Township (Ottawa County, Michigan, a Michigan general law township).

- The applicant must have a utility payment responsibility. Assistance will be issued on a first come, first serve basis by appointment.

- The applicant must provide a copy of the City of Grand Rapids Water and Sewer Utility bill. Assistance can be provided to clients who may not have the bill in their name but who is responsible for the usage (lease or rental agreement verification).

- The applicant must be in delinquency status ~~and/~~or have disconnected water service.

- If unemployed, the client will be referred to the MI Works Employment Service Center. Proof of registration is not required.

- Funds may be used for households whose emergency needs exceed State Emergency Relief (SER) payment maximums and for households who have not met required payments.

- Funds should be coordinated with local agencies, to the extent possible.

- Assistance may be provided up to $500 for all clients for the program year, for clients at or below 200% of the poverty level according to Federal Poverty Income Guidelines as established by the Federal Government and implemented on effective date per calendar year per single household, with 15% provided to clients at or below 250% FPL for the program year. In special hardship cases a household may be considered for additional funds, which cases shall be reviewed with the City prior to fund distribution.

Eligible Activities: Payment of water and/or sewer bills.

Ineligible Activities: Cannot pay reconnect fees or deposits.

*It is the intent of this program that payments are made only if they resolve the household's emergency. Payment will only be authorized when the payment will restore or continue the household's water service for at least 30 days.

ATTACHMENT B:

INSURANCE AND/OR INDEMNITY CLAUSE

I. INDEMNITY

To the fullest extent permitted by law KCCA agrees to defend, pay on behalf of, indemnify, and hold harmless the City of Grand Rapids, its elected and appointed officials, employees, agents and volunteers, and others working on behalf of the Member against any and all claims, demands, suits, or loss, including all costs connected therewith, and for any damages which may be asserted, claimed, or recovered against or from the Member, by reason of personal injury, including bodily injury or death and/or property damage, including loss of use thereof, which arises out of, or is in any way connected or associated with this contract. ~~The Contractor shall indemnify, defend, and hold harmless the City of Grand Rapids (hereinafter "City"), its officers, agents and employees from any claim, liability, loss, injury or damage arising out of, or in connection with, the negligent performance of this Agreement by Contractor and/or its agents or employees or subcontractors, excepting only loss, injury or damage caused by the negligence or willful misconduct of City employees.~~

II. INSURANCE

1. Without limiting the ~~Contractor's~~ KCCA's indemnification of City, the ~~Contractor~~ KCCA's shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by ~~the Contractor~~KCCA, its agents, representatives, or employees or subcontractors. The cost of such insurance shall be included in the Contractor's bid.

The City of Grand Rapids, all elected and appointed officials, all employees and volunteers, agents, all boards, commissions, and/or authorities and board members, including employees and volunteers thereof shall be named as ***Additional Insureds*** on an endorsement form of the Commercial General Liability Insurance policy with respect to liability arising out of work or operations performed by or on behalf of Contractor.

A. Limits of Insurance

~~Contractor~~ KCCA shall maintain limits no less than:

1. Commercial General Liability Insurance: $1,000,000 combined single limit per occurrence for bodily injury, personal injury, and property damage~~.~~, and $2,000,000 aggregate. ~~If a Commercial General Liability or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.~~

2. Automobile Liability: including Michigan No-Fault Coverages, with limits of liability not less than $1,000,000 combined single limit per accident for bodily injury and property damage.

3. Workers' Compensation and Employers Liability: including Employers' Liability Coverage, Statutory Workers' Compensation limits, in accordance with all applicable statues of the Sate of Michigan, ~~and~~ with Employers Liability limits of $500,000 per accident.

4. Professional Liability: $1,000,000 each occurrence/aggregate minimum limit per claim. Professional Liability, including limited contractual liability coverage, covering liability arising out of any negligent act, error, mistake or omission in the performance of Contractor's services under this Agreement. This coverage shall be maintained for a minimum of ~~two~~ three (3~~2~~) years following completion of this Agreement. This coverage may be written on a "claims made" basis~~, if so, please see special provisions in Section C~~.

~~B. Self-Insured Retention~~

~~Any self-insured retention in excess of $10,000 shall be declared to and approved by the City. To apply for approval for a level of retention in excess of $10,000 the Contractor shall provide a current financial statement documenting the ability to pay claims falling within the self-insured retention. At the option of the City, either: the insurer shall reduce or eliminate such self-insured retention as respects City, its officers, officials, employees and volunteers; or the propose/bidder shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.~~

~~C. Claims Made Provisions~~

~~If coverage is written on a "claims made" basis, the Certificate of Insurance shall clearly state so. In addition to all over coverage requirements, such policy shall provide that:~~

~~1. The policy shall be in effect as of the date of this Agreement and the retroactive date shall be no later than the date of this Agreement.~~
~~2. If any policy is not renewed or the retroactive date of such policy is to be changed, the Contractor shall obtain or cause to be obtained the broadest extended reporting period coverage available in the commercial insurance market. This extended reporting provision shall be of at least two (2) years.~~
~~3. No prior acts exclusion to which coverage is subject that predates the date of this Agreement.~~

~~4. Policy allows for the reporting of circumstances or incidents that might give rise to future claims.~~

~~D. Other Provisions~~

~~The policies are to contain, or be endorsed to contain, the following provisions:~~

~~1. General Liability and Automobile Liability~~

~~a. City, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Contractor, including City's general supervision of the Contractor; products and completed operations of the Contractor and its subcontractors; premises owned, occupied or used by the Contractor; or automobiles owned, leased, hired or borrowed by the Contractors. The coverage shall contain no special limitations on the scope of protection afforded to City, its officers, officials, employees, or volunteers.~~

~~b. The Contractor's insurance coverage shall be primary insurance as respects City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by City, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.~~

~~c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its officers, officials, employees, or volunteers.~~

~~d. The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.~~

~~2. Workers' Compensation and Employers Liability~~

~~The insurer shall agree to waive all rights of subrogation against City, its officers, officials, employees, and volunteers for losses arising from work performed by the Contractor and its subcontractors for City.~~

~~E. Acceptability of Insurers~~

~~Insurance and bonds are to be placed with insurers with a Best's rating of no less than A-, unless specific prior written approval has been granted by City.~~

~~F.~~D. Certificates of Insurance

~~Contractor~~ KCCA shall furnish City with a Certificate of Insurance no later than 30 days before the start of work as it relates to this contract. The certificates for each insurance policy are to be signed by an authorized representative of that insurer. The certificates will be issued on a standard ACORD Form or something substantially similar thereto.

The certificates will (1) identify the underwriters, the types of insurance, the insurance limits and the policy term, (2) specifically list the provisions enumerated for such insurance in Sections B and C. above, and (3) in the "Certificate Holder" box include:

City of Grand Rapids, Michigan
Attention: Risk Management
300 Monroe Avenue NW
Grand Rapids, MI 49503

NOTE: "The City of Grand Rapids is Listed as an Additional Insured", or similar, must be included on the COI.

All certificates are to be received and approved by City before work commences. City reserves the right~~s~~ to require complete, certified copies of all required insurance policies, at any time.

Each insurance policy required by this Exhibit shall provide that if the policy is canceled or coverage reduced, such cancellation or reduction shall not be effective for 30 days, except for non-payment of premium which shall be 10 days, after receipt by the City ~~of~~ with written notice of such cancellation or reduction.

III. MAINTENANCE OF INSURANCE

If ~~Contractor~~ KCCA fails to maintain such insurance as is called for herein, the City, at its option, may suspend payment for work performed and/or may order the Contractor to suspend work at ~~Contractor's~~ KCCA's expense until a new policy of insurance is in effect.

ATTACHMENT C:

EXECUTION COPY
Retail

10/20/06 RAW

THIRD AMENDMENT TO
WATER AND SANITARY SEWER SERVICE AGREEMENT

between the

CITY OF GRAND RAPIDS
(the "City")

and

CASCADE CHARTER TOWNSHIP,
GRAND RAPIDS CHARTER TOWNSHIP,
CITY OF KENTWOOD,
TALLMADGE CHARTER TOWNSHIP,
CITY OF WALKER, and
WRIGHT TOWNSHIP
(individually a "Customer Community" and
collectively the "Customer Communities")

THIRD AMENDMENT TO WATER AND SANITARY SEWER SERVICE AGREEMENT

THIS THIRD AMENDMENT TO WATER AND SANITARY SEWER SERVICE AGREEMENT made and executed as of this 1st day of December, 2006 (hereinafter referred to as the "Third Amendment"), by and between the **CITY OF GRAND RAPIDS,** Kent County, Michigan, a Michigan municipal corporation (hereinafter referred to as the "City"), and **CASCADE CHARTER TOWNSHIP,** Kent County, Michigan, a Michigan charter township, **GRAND RAPIDS CHARTER TOWNSHIP,** Kent County, Michigan, a Michigan charter township, the **CITY OF KENTWOOD,** Kent County, Michigan, a Michigan municipal corporation, **TALLMADGE CHARTER TOWNSHIP,** Ottawa County, Michigan, a Michigan charter township, the **CITY OF WALKER,** Kent County, Michigan, a Michigan municipal corporation, and **WRIGHT TOWNSHIP,** Ottawa County, Michigan, a Michigan general law township (hereinafter referred to individually as a "Customer Community" and collectively as the "Customer Communities").

RECITALS

A. The City and the Customer Communities have entered into a Water and Sanitary Sewer Service Agreement dated as of January 1, 1999 (the "Agreement), for the provision of public water and/or sanitary sewer service to Users within certain designated service areas on a retail basis.

B. The City and the Customer Communities who have executed this Third Amendment have determined to (i) amend Section 2 of the Agreement to permit public water and/or sanitary sewer service to be provided within an Urban Utility Boundary of a Customer Community by another provider if there are good engineering reasons to do so, (ii) amend Section 5 of the Agreement or provide for individual and City/Customer Community circuit

breaker rates and to provide for rate smoothing within the City and/or a Customer Community and (iii) amend Section 21 of the Agreement permitting the extension of the limits of the boundary of the Utility Services District of a Customer Community beyond the limits of the Urban Utility Boundary of the Customer Community into an adjoining municipality if there are good engineering reasons to do so.

NOW, THEREFORE, in consideration of the respective representations and agreements contained herein, the parties hereto agree as follows:

Section 1. Amendment to Section 2 of Agreement. The first sentence of the first paragraph of Section 2 of the Agreement is amended to read as follows:

> Subject to the right of the City and a Customer Community or the right of Customer Communities to enter into a "border-line street" agreement to serve an area along a common border line from one municipality or the other, the City and Customer Communities agree that the City shall be the exclusive provider of public water and sanitary sewer service within the Urban Utility Boundary within each of their boundaries and that such water and sanitary sewer service shall be supplied directly to Users on a retail basis, provided, however, at the request of a Customer Community and approval of the Utility Advisory Board and the City Manager, service may be provided by a provider other than the City upon demonstration that there are good engineering reasons for doing so.

Section 2. Amendment of Section 5 of Agreement. Section 5 of the Agreement is amended by the addition of the following subsections F, G and H:

Section 5.

> **F. Individual Circuit Breaker.** Beginning with the Rate Study for rates and charges to be effective for the 2007 calendar year, the Rate Setting Methodology used to annually establish rates and charges of Users of both the Water System and Sewer System is amended to permit an amount not to exceed 12.5% of the estimated penalty fees to be collected in a Rate Study year for the Water System and Sewer System, respectively, to be used to support a program aimed at addressing those Users of the Water System or Sewer System within the City and retail Customer Communities requiring assistance in paying such rates and charges. Any amount set aside for such program shall not be applied as a credit against the revenue requirement of such Water System and Sewer System in that Rate Study year.

The program to be utilized along with the agency(ies) administering it shall be approved by the Utility Advisory Board. The Utility Advisory Board shall also annually approve the amount of penalty fees of the Water System and Sewer System, respectively, to be made available for the program in a Rate Study year subject to the limitation set forth in the first paragraph of this Section 5.F.

Any penalty fees allocated to the program for a Rate Study year and not utilized shall be applied as a credit against the Water System and Sewer System revenue requirements, respectively, for the immediately succeeding Rate Study year.

G. City and Customer Community Circuit Breaker. Beginning with the Rate Study for rates and charges to be effective for the 2007 calendar year, the Rate Study Methodology used to annually establish rates and charges of Users of both the Water System and Sewer System is amended to permit an amount not to exceed 87.5% of the estimated penalty fees to be collected in a Rate Study year for the Water System and Sewer System, respectively, to be used to reduce the projected rate increase in such Rate Study year of the City and retail Customer Communities (collectively, the "Retail Communities") who in any given Rate Study year exceed the average projected percentage increase (or decrease) in rates for all customer communities (wholesale and retail) in such Rate Study year for the Water System and Sewer System, respectively. Any amount so utilized shall not be applied as a credit against the revenue requirement of such Water System and Sewer System in that Rate Study year.

To the extent penalty fees are available in a Rate Study year, such funds shall be applied as a credit against the revenue requirement of those Retail Communities whose projected percentage increase of Water System rates or Sewer System rates in a Rate Study year exceed the average projected percentage increase (or decrease) in rates of the Water System or Sewer System, respectively, of all customer communities (wholesale and retail) so that the projected percentage rate increase of such affected Retail Communities does not exceed the average projected percentage increase (or decrease) of Water System and Sewer System rates, respectively, of all customer communities (wholesale and retail) in such Rate Study year.

If there are not sufficient penalty fees available in a Rate Study year to reduce the projected percentage increase in rates of all affected Retail Communities of the Water System and Sewer System, respectively, to the average projected percentage rate increase (or decrease) of all customer communities (wholesale and retail) in such year, the credit to be applied to the revenue requirements of the affected Retail Communities shall be on an equal pro rata basis (Example: If $100,000 is available to credit and there are 3 Retail Communities above the average projected percentage increase – one requiring $100,000, one requiring $75,000 and one requiring $50,000 to get down to the average projected rate increase of all Retail Communities; each would be assigned 44.44% of available funds to credit against their respective revenue requirement,

i.e., the first Retail Community is credited with $44,444, the second Retail Community is credited with $33,383 and the third Retail Community is credited with $22,222).

Any penalty fees available for a Rate Study year to reduce projected percentage rate increases and not utilized shall be applied as a credit against the Water System and Sewer System revenue requirement, respectively, for the immediately succeeding Rate Study year.

H. Rate Smoothing. At the request of the City or a retail Customer Community and upon approval of the Utility Advisory Board, the City or retail Customer Community may lessen the impact of future Water System or Sewer System rate increases caused by significant project-specific capital improvement projects of the Water System and Sewer System, respectively, provided certain criteria, as hereinafter set forth, is met. For an approved eligible project, the City or affected retail Customer Community shall be entitled to add to the revenue requirement of the City or the affected retail Customer Community an amount in each applicable Rate Study year equal to the amount such eligible project would add to the revenue requirement of the City or affected retail Customer Community when it is placed in service divided by the number of Rate Study years between the time when such eligible project is scheduled, budgeted or financed as established by the Utility Advisory Board and the date for the eligible project is projected to be placed in service (Example: An eligible project is projected to add $5,000,000 to the City's or other retail Customer Community's revenue requirement in the Rate Study year that it is placed in service. It will take 5 years to complete the project. Upon approval of the Utility Advisory Board, $1,000,000 may be added to the revenue requirement of the City or affected Customer Community in each of the 5 applicable Rate Study years).

The additional amounts collected from Water System or Sewer System Users, respectively, of the City or the affected retail Customer Community shall be separately identified in the accounting records of the Water System or Sewer System and invested in accordance with the investment policies for revenues of the Water System and Sewer System. When the eligible project is completed and placed in service and therefore added to the City's or affected retail Customer Community's rate base in accordance with the Rate Setting Methodology, such collected funds and the investment income thereon shall be applied as a credit against the revenue requirement of the City or affected retail Customer Community in such Rate Study year and subsequent Rate Study years as shall be determined and approved by the Utility Advisory Board to lessen the impact of the increase of rates in such Rate Study year(s).

The following criteria shall be used by the Utility Advisory Board to make a determination that a capital improvement is an eligible project pursuant to this Section 5.H:

1. The project must be specific and identifiable.

2. The project must be estimated to take at least 3 or more years to complete including scheduling, budgeting and financing and place in service.

3. The increase in the revenue requirement caused by the project when it is placed in service must be projected to increase rates of Users by 10% or greater.

4. The project must be one that is being undertaken for environmental or capacity reasons, to address pressure inadequacies, to improve system reliability or to comply with State or federal laws and related regulations and shall not be one which is primarily for the purpose of expanding the service to obtain or attract new users except within a Utility Services District.

Any increase in rates caused by the application of the provisions of this Section 5.H. shall not be taken into consideration in the determination of the projected percentage rate increases of the City and other retail Customer Communities when applying the provisions of Section 5.G. hereof.

Section 3. Amendment to Section 21 of Agreement. Section 21 of the Agreement is amended by adding the following paragraph at the end of such Section:

Upon request of a Customer Community and approval of the Utility Advisory Board and the City Manager, the boundaries of the Utility Services District of such Customer Community may extend beyond the limits of the Urban Utility Boundary of the Customer Community and into an adjoining municipality who may or may not be a Customer Community provided the requesting Customer Community demonstrates that there are good engineering reasons for doing so. For purposes of applying the other provisions of this Agreement such area once approved shall be deemed to be a part of such Customer Community's Utility Services District.

Section 4. Definitions. All terms not specifically defined in this Third Amendment shall have those meanings as defined in the Agreement.

Section 5. Ratification of Agreement. Except as amended by this Third Amendment and a First Amendment to Water and Sewer Service Agreement dated as of March 28, 2000, and a Second Amendment to Water and Sewer Service Agreement dated as of July 1, 2002, both between the City and the Customer Communities, the Agreement is in all other respects hereby ratified and confirmed.

Section 6. Effective Date. This Third Amendment shall be effective as of the date set forth in the first paragraph hereof.

IN WITNESS WHEREOF, the City and the Customer Communities have caused these presents to be signed by their respective duly authorized officers as of the day and year first written above.

CITY OF GRAND RAPIDS
"City"

Executed: 2/28/07, 2006

George K. Heartwell, Mayor

Attest: Mary Therese Hegarty
Mary Therese Hegarty, City Clerk

CASCADE CHARTER TOWNSHIP
"Customer Community"

Executed: _____, 2006

Michael Julian, Supervisor

Ron Goodyke, Township Clerk

GRAND RAPIDS CHARTER TOWNSHIP
"Customer Community"

Executed: _____, 2006

Michael J. DeVries, Supervisor

Janice K. Hulbert
Janice K. Hulbert, Township Clerk

GRAPIDS 60855-106 192654v1

APPROVED FOR MAYOR'S SIGNATURE
Stanley Bakita 2/26/07
DEPARTMENT OF LAW

CITY OF KENTWOOD
"Customer Community"

Executed: 1/31/07, 2006

Richard Root, Mayor

Dan Kasunic, City Clerk

TALLMADGE CHARTER TOWNSHIP
"Customer Community"

Executed: 2-8-07, 2006

William Wiersma, Supervisor

Lenore Cook, Township Clerk

CITY OF WALKER
"Customer Community"

Executed: 2-17-07, 2006

Robert VerHeulen, Mayor

Sandra A. Wisniewski, City Clerk

WRIGHT TOWNSHIP
"Customer Community"

Executed: 2/11/07, 2006

JoAnn Becker, Supervisor

Linda Way, Township Clerk



City of Grand Rapids Water & Sewer Systems

50th Annual Preliminary Rate Study

Building Blocks of the Revenue Requirement

Operations & Maintenance Expense

+

Assets:
Depreciation & Return on Investment (ROI)

−

Revenue Credits (Other Operating Revenue)

−

City and Customer Community Circuit Breaker (CCCCB) (Penalty Revenue)

=

Revenue Requirement

Billed Volume

×

Current Rates (CY2026)

=

Projected Revenue

2027 Rate Impact by Community

Retail Communities: charges assessed directly to User based on water consumption (except for Wright Twp – REUs). Readiness to Serve (RTS) based on meter size and Commodity based on volume. City of GR maintains assets and bills users directly.

Wholesale Communities: charges assessed directly to Wholesale Community based on water consumption measured through a master meter at the point of service in the customer community. Readiness to Serve (RTS) based on non-integrated system requirements and Commodity based on volume. Customer community maintains assets and bills users directly.

		WATER (1)		SEWER (1)	
		AMOUNT	PERCENT	AMOUNT	PERCENT
RETAIL COMMUNITIES	GRAND RAPIDS	$ 2,020,916	5.59%	$ 970,692	2.26%
	WALKER	5,928	0.12%	219,849	3.78%
	KENTWOOD	131,013	2.44%	199,386	3.67%
	CASCADE TWP	337,109	7.19%	128,044	3.80%
	GRAND RAPIDS TWP	57,488	1.72%	144,402	4.42%
	TALLMADGE TWP	(12,525)	-5.81%	20,927	3.63%
	WRIGHT TWP	N/A	N/A	14,034	5.38%
WHOLESALE COMMUNITIES	EAST GRAND RAPIDS	(5,984)	-0.67%	55,093	5.20%
	ADA TWP	80,252	4.64%	(26,191)	-1.69%
	OTTAWA COUNTY	220,150	7.01%	NA	N/A
	GAINES TWP	N/A	N/A	683	0.19%
	CALEDONIA TWP	(27,444)	-2.26%	5,016	2.18%
	SYSTEM	$ 2,806,904	4.55%	$ 1,731,935	2.67%

(1) Change in revenue requirements based on revenues currently generated from rates, customer base and volumes reported in the preliminary rate study (includes consideration for relief from CCCCB).

15-Year Historical Rate Changes

Rate Study Year	Water Supply System			Sewage Disposal System		
	Revenue Requirements	% change in RR over prev year	% gross rate incr (decr) **	Revenue Requirements	% change in RR over prev year	% gross rate incr (decr) **
2012	39,247,442	-6.11%	-4.41%	48,183,681	-3.79%	-2.46%
2013	38,646,748	-1.53%	-4.30%	48,946,212	1.58%	2.46%
2014	40,055,985	3.65%	2.50%	49,962,043	2.08%	2.81%
2015	40,178,439	0.31%	1.00%	49,868,027	-0.19%	0.30%
2016	41,187,517	2.51%	3.63%	50,400,344	1.07%	0.36%
2017	42,828,972	3.99%	2.45%	52,319,981	3.81%	3.08%
2018	43,868,464	2.43%	2.71%	54,611,300	4.38%	3.28%
2019	45,752,997	4.30%	2.47%	56,969,417	4.32%	3.49%
2020	45,501,943	-0.55%	0.62%	61,242,290	7.50%	7.92%
2021	47,692,896	4.82%	4.08%	62,943,059	2.78%	4.00%
2022	50,122,073	5.09%	5.68%	63,232,742	0.46%	1.07%
2023	54,408,787	8.55%	6.50%	64,540,737	2.07%	1.33%
2024	55,750,731	2.47%	2.80%	66,702,105	3.35%	2.91%
2025	60,787,035	9.03%	6.38%	64,932,745	-2.65%	-3.09%
2026*	64,474,849	6.07%	4.55%	66,678,595	2.69%	2.67%
AVG	47,366,992	3.00%	2.44%	57,435,552	1.96%	2.01%

* Revenue Requirements per the 2026 Preliminary Rate Study.

** The percentage gross rate increase (decrease) differs from the annual percentage change in Revenue Requirements due to differences in usage volumes/customers/application of Circuit Breaker - Annual inflation for the 12 months ending September 2026 was 3.35%

Avg Bill Change by Community (Retail)

	APPROXIMATE QUARTERLY BILL		CHANGE	
	2026	2027	DOLLARS	PERCENT
GRAND RAPIDS				
WATER	$ 104.50	$ 110.32	$ 5.82	5.57%
SEWER	113.61	114.80	1.19	1.05%
	$ 218.11	$ 225.12	$ 7.01	3.21%
WALKER				
WATER	$ 100.63	$ 100.78	$ 0.15	0.15%
SEWER	143.97	149.68	5.71	3.97%
	$ 244.60	$ 250.46	$ 5.86	2.40%
KENTWOOD				
WATER	$ 97.50	$ 99.83	$ 2.33	2.39%
SEWER	79.26	82.46	3.20	4.04%
	$ 176.76	$ 182.29	$ 5.53	3.13%
CASCADE TWP				
WATER	$ 136.23	$ 146.23	$ 10.00	7.34%
SEWER	173.36	180.28	6.92	3.99%
	$ 309.59	$ 326.51	$ 16.92	5.47%
GRAND RAPIDS TWP				
WATER	$ 115.64	$ 117.63	$ 1.99	1.72%
SEWER	141.26	147.67	6.41	4.54%
	$ 256.90	$ 265.30	$ 8.40	3.27%
TALLMADGE TWP				
WATER	$ 66.19	$ 62.71	$ (3.48)	-5.26%
SEWER	195.95	203.30	7.35	3.75%
	$ 262.14	$ 266.01	$ 3.87	1.48%

These comparisons are based on the quarterly consumption of the average domestic household across the system:

Water	22.00 HCF	16,456 gal
Sewer	14.00 HCF	10,472 gal
# of Months	3	

Rate Impact Factors - Water

2026 Water Rate Study Rate Drivers	% Impact
Increases:	
Operations & Maintenance Total growth of $4.9M (15%)	7.93%
Assets – Return on System Investment & Depreciation $45M new assets in service Bond refunding in Nov 2025	1.33%
Fewer Community Affordability funds ($540k → $504k)	0.06%
Decreases:	
Other Revenue Streams (connection fees, insurance, settlements)	(3.35%)
Revenue Expectation (3-yr avg water billed volume up)	(1.43%)
Proposed System Average Rate Increase	**4.55%**

Operational Expense Growth (Water)

TOTAL EXPENSES FY26 adjusted

$36.5M

YoY Change ($) vs FY25 adjusted

$4.9M

YoY Change (%) vs FY25 adjusted

15.47%

Expense Category	FY25 Adj.	FY26 Adj.	$ Change	% Change	Notes
Personnel (plant operators, customer service, field staff)	$14.01M	$15.21M	$1.2M	8.57%	• 3.5 positions added • Contractual raises (5% and 4%)
Supplies (meters, hydrants, replacement parts)	$2.31M	$2.67M	$360k	15.58%	• Price for avg residential meter increased 9.33%
Process chemicals (fluoride, phosphate, alum)	$1.52M	$1.81M	$290k	19.08%	• Market shortages for some chemicals • Some prices projected to double over the next year
Fleet (gas, vehicle maintenance)	$1.54M	$1.77M	$230k	14.94%	

Rate Impact Factors - Sewer

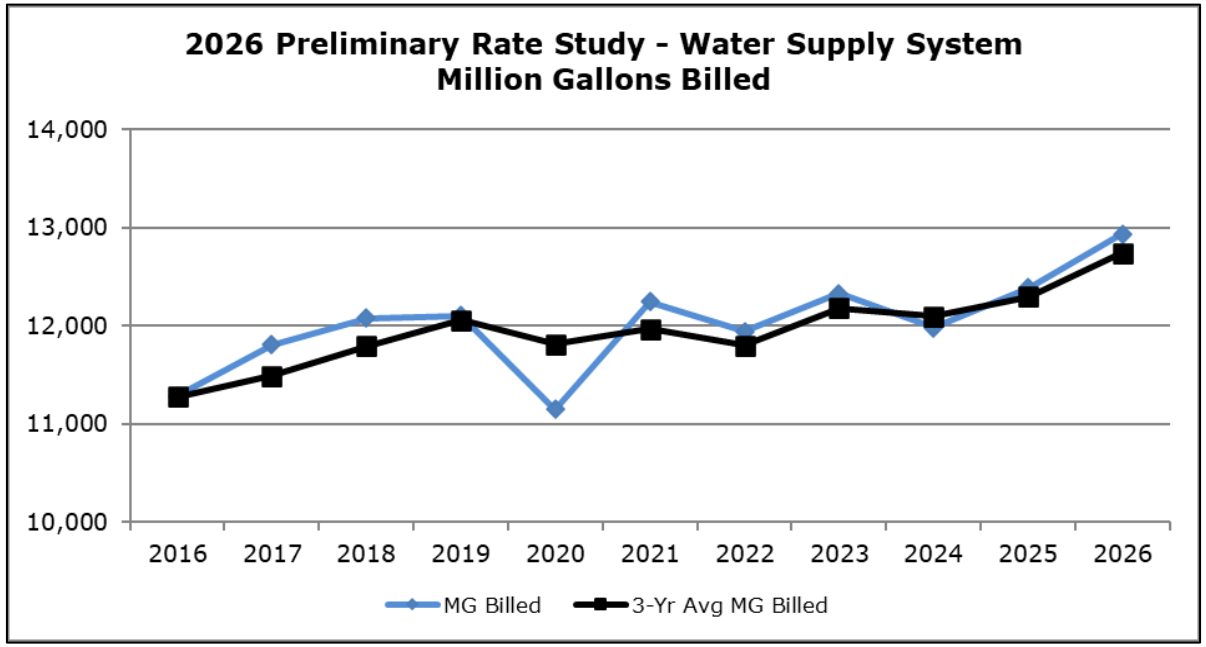
2026 Sewer Rate Study Rate Drivers	% Impact
Increases:	
Operations & Maintenance Total growth of $3.9M (10%) Wyoming Sludge Partnership – Sept 2025	5.97%
Assets – Return on System Investment & Depreciation $11.8M of new assets Bond refunding in Nov 2025	1.04%
Decreases:	
Other Revenue Streams Total growth of $2.5M (49%) Wyoming Sludge cost recovery Natural gas sales stabilized	(3.83%)
Community Affordability Program (i.e., Circuit Breaker)	(0.49%)
Revenue Expectation (3-yr avg sewer billed volume up)	(0.02%)
Proposed System Average Rate Decrease	**2.67%**

Billed Volume

Water Supply System

2026 water volume up 4.40% over 2025

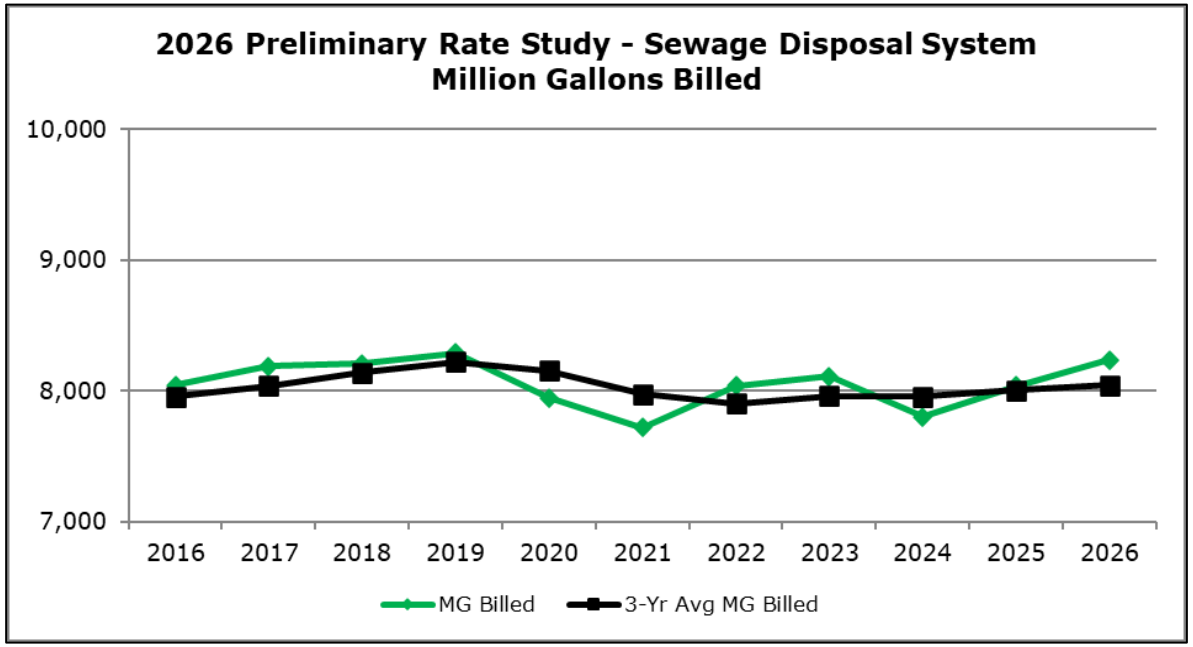
3-Yr Avg water volume **up** 3.58%



Sewer Disposal System

2026 sewer volume up 2.50% over 2025

3-Yr Avg sewer volume **up** 0.51%



Partner Communities Water Billed Volume

MUNICIPALITY	FY22 VOL BILLED	FY23 VOL BILLED	FY23 % CHANGE	FY24 VOL BILLED	FY24 % CHANGE	FY25 VOL BILLED	FY25 % CHANGE	FY26 VOL BILLED	FY26 % CHANGE	FY22 - FY26 % CHANGE
GRAND RAPIDS	6,151,371	6,325,990	2.84%	6,131,530	-3.07%	6,336,944	3.35%	6,469,375	2.09%	5.17%
WALKER	923,869	943,276	2.10%	925,908	-1.84%	983,212	6.19%	1,032,062	4.97%	11.71%
KENTWOOD	1,270,170	1,270,658	0.04%	1,267,574	-0.24%	1,248,752	-1.48%	1,275,846	2.17%	0.45%
CASCADE TWP	697,931	716,807	2.70%	739,534	3.17%	749,910	1.40%	797,851	6.39%	14.32%
GRAND RAPIDS TWP	528,741	579,069	9.52%	532,514	-8.04%	568,223	6.71%	606,336	6.71%	14.68%
TALLMADGE TWP	52,057	53,593	2.95%	59,974	11.91%	61,124	1.92%	61,446	0.53%	18.04%
EAST GRAND RAPIDS	429,664	479,864	11.68%	409,223	-14.72%	416,597	1.80%	430,365	3.30%	0.16%
OTTAWA COUNTY	1,426,225	1,471,115	3.15%	1,465,108	-0.41%	1,567,717	7.00%	1,751,916	11.75%	22.84%
CALEDONIA TWP	0	0	N/A	0	N/A	0	N/A	50,834	N/A	N/A
ADA TWP	461,794	487,813	5.63%	450,435	-7.66%	455,840	1.20%	457,443	0.35%	-0.94%
TOTAL	**11,941,820**	**12,328,184**	**3.24%**	**11,981,799**	**-2.81%**	**12,388,319**	**3.39%**	**12,933,474**	**4.40%**	**8.30%**

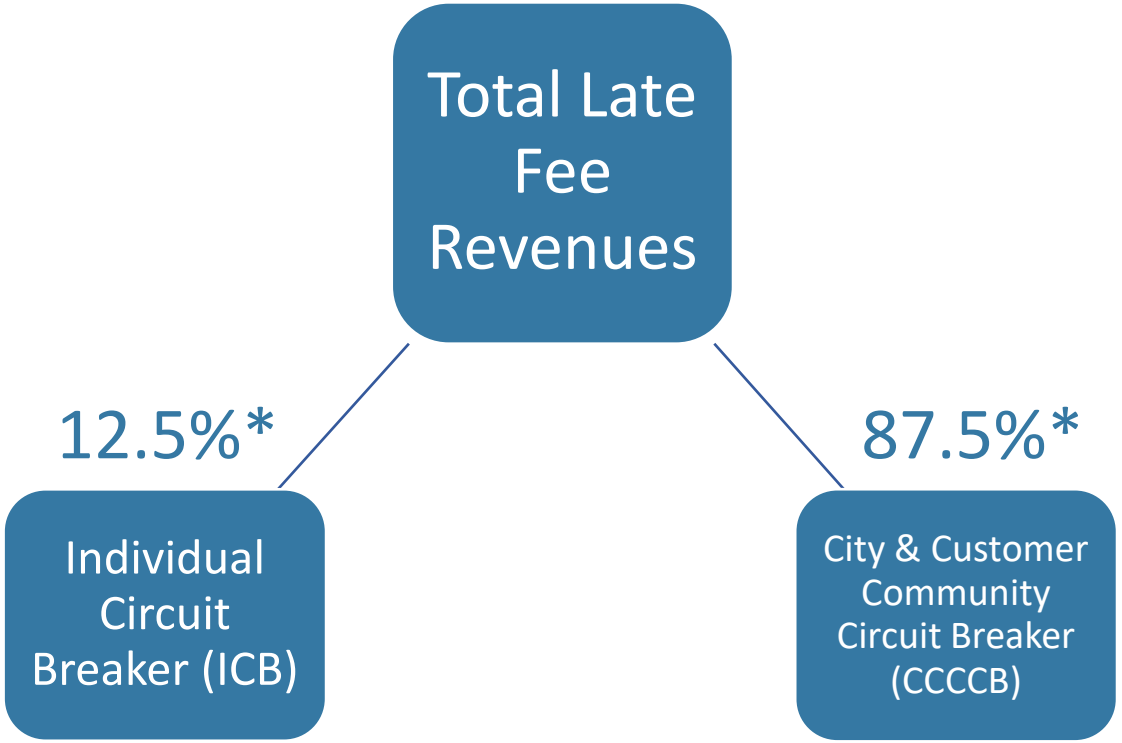
*Volumes shown in thousands of gallons

Partner Communities Sewer Billed Volume

MUNICIPALITY	FY22 VOL BILLED	FY23 VOL BILLED	% CHANGE	FY24 VOL BILLED	% CHANGE	FY25 VOL BILLED	% CHANGE	FY26 VOL BILLED	% CHANGE	FY22 - FY26 % CHANGE
GRAND RAPIDS	4,848,898	4,889,314	0.83%	4,795,951	-1.91%	4,924,883	2.69%	5,025,793	2.05%	3.65%
WALKER	628,004	634,824	1.09%	613,225	-3.40%	653,116	6.51%	665,762	1.94%	6.01%
KENTWOOD	991,359	999,662	0.84%	963,578	-3.61%	961,137	-0.25%	983,798	2.36%	-0.76%
CASCADE	351,062	358,418	2.10%	358,140	-0.08%	369,868	3.27%	379,441	2.59%	8.08%
GRAND RAPIDS TWP	291,121	301,740	3.65%	285,954	-5.23%	306,603	7.22%	313,197	2.15%	7.58%
TALLMADGE	29,628	36,870	24.45%	37,119	0.67%	38,753	4.40%	39,479	1.87%	33.25%
WRIGHT TWP	15,037	17,363	15.47%	12,984	-25.22%	17,149	32.07%	16,877	-1.58%	12.24%
EAST GRAND RAPIDS	459,754	447,512	-2.66%	358,522	-19.89%	335,428	-6.44%	388,199	15.73%	-15.56%
ADA TWP	276,776	276,304	-0.17%	274,399	-0.69%	269,353	-1.84%	269,707	0.13%	-2.55%
CALEDONIA TWP	30,777	31,098	1.04%	29,841	-4.04%	36,407	22.00%	34,972	-3.94%	13.63%
GAINES TWP	116,742	116,500	-0.21%	74,400	-36.14%	125,444	68.61%	121,764	-2.93%	4.30%
TOTAL	**8,039,158**	**8,109,605**	**0.88%**	**7,804,112**	**-3.77%**	8,038,141	**3.00%**	8,238,990	**2.50%**	2.49%

*Volumes shown in thousands of gallons

Assistance/Affordability Programs - Overview



**Methodology, including % split, dictated by 3rd Amendment to Service Agreement w/ Retail Communities. Effective 2007.*

Used for individual utility assistance. Administered by the Kent County Community Action (KCCA).

Used to lower retail community rates that are higher than the system average. Built into rate study.

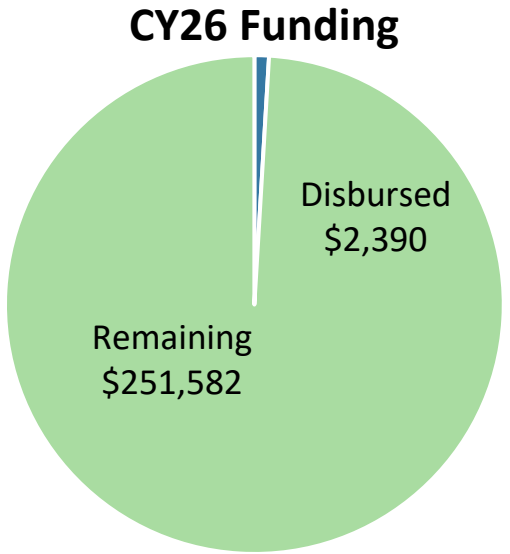
Individual Assistance Program (ICB)

	Water/Sewer
Total Penalty Revenue (FY26)	**$1,260,767**
Individual Circuit Breaker (ICB):	
Penalty Revenue (12.5%)	157,596
Other Non-op Revenue	80,000
Total ICB for CY27	**$237,596**

Previous Rate Study set aside **$253,972** for CY26

Current figures reflect draws thru Sep'26

Unused funds lower rates in the next study



Community Affordability Program (CCCCB)

	Water/Sewer
Total Penalty Revenue (FY26)	**$1,260,767**
City & Customer Community Circuit Breaker (CCCCB):	
Penalty Revenue (87.5%) – Total Available CCCCB	**1,103,171**
CCCCB Funds Applied in 2026 Rate Study*	1,103,171
Remaining CCCCB Funds (rolled to next year)	0

*CCCCB Funds are only applied to reduce rates when a retail community projects a rate increase greater than the system-wide average. Remaining funds reduce system-wide rates the next year.

2026 Water & Sewer Rate Study Schedule





Thank you

CITY OF GRAND RAPIDS