

STATE OF MICHIGAN
COURT OF APPEALS

NL VENTURES VI FARMINGTON, LLC,

Plaintiff-Appellee,

UNPUBLISHED
December 22, 2015
APPROVED FOR
PUBLICATION
January 28, 2016
9:00 a.m.

v

CITY OF LIVONIA,

No. 323144
Wayne Circuit Court
LC No. 13-004863-CZ

Defendant-Appellant.

Advance Sheets Version

Before: SAWYER, P.J., and BECKERING and BOONSTRA, JJ.

PER CURIAM.

Defendant appeals the order granting summary disposition in favor of plaintiff, which invalidated accumulated water and sewer charges and liens against plaintiff's real property. Defendant further appeals the trial court's denial of its motion for summary disposition on plaintiff's remaining tort claims. Defendant's motion for summary disposition was premised on governmental immunity and the failure to state a viable claim. We vacate the trial court's order and remand for further proceedings.

The factual and procedural history of this litigation is not disputed. Rather, this appeal is focused on the interpretations of, and interrelationships among, various statutory schemes including (1) MCL 123.161 *et seq.*, municipal water and sewage liens, (2) MCL 141.101 *et seq.*, the Revenue Bond Act of 1933, and (3) Livonia Ordinances, § 13.08.010 *et seq.*, the city of Livonia's water rate ordinance chapter.

Defendant first contends that the trial court erred by granting summary disposition in favor of plaintiff, which resulted in voiding and dismissing defendant's liens for unpaid water bills incurred by Awrey Bakeries, LLC (Awrey) while Awrey was a tenant on plaintiff's real property. Defendant argues that the trial court misconstrued and misinterpreted the meaning and interactions of the relevant statutory provisions in reaching its erroneous decision. Predictably, plaintiff lauds the trial court's decision and reasoning, emphasizing the correctness of the trial court's determination that defendant's failure to abide by or follow its own ordinance regarding the placement of water arrearages on the tax rolls necessitated voiding the liens, rendering them unenforceable.

Questions of statutory interpretation are reviewed de novo. *Omelenchuk v City of Warren*, 466 Mich 524, 527; 647 NW2d 493 (2002), overruled in part on other grounds *Waltz v Wyse*, 469 Mich 642; 677 NW2d 813 (2004). A trial court's decision on a motion for summary disposition under MCR 2.116(C)(7) is also reviewed de novo. *Fingerle v City of Ann Arbor*, 308 Mich App 318, 343; 863 NW2d 698 (2014), affirmed for reasons stated in concurring opinion (O'CONNELL, J.), majority opinion vacated 498 Mich 910 (2015).

When reviewing a motion under MCR 2.116(C)(7), a reviewing court must consider all affidavits, pleadings, and other documentary evidence submitted by the parties and construe the pleadings and evidence in favor of the nonmoving party. To overcome a motion brought under MCR 2.116(C)(7), the plaintiff must allege facts warranting the application of an exception to governmental immunity. If no facts are in dispute, or if reasonable minds could not differ regarding the legal effect of the facts, the question whether the claim is barred by governmental immunity is an issue of law. [*Id.* (quotation marks and citations omitted).]

“A motion for summary disposition brought under MCR 2.116(C)(8) tests the legal sufficiency of the complaint on the basis of the pleadings alone.” *Beaudrie v Henderson*, 465 Mich 124, 129; 631 NW2d 308 (2001). “The purpose of such a motion is to determine whether the plaintiff has stated a claim upon which relief can be granted. The motion should be granted if no factual development could possibly justify recovery.” *Id.* at 129-130. “When deciding a motion for summary disposition under MCR 2.116(C)(10), a court must consider the pleadings, affidavits, depositions, admissions, and other documentary evidence submitted in the light most favorable to the nonmoving party.” *Ernsting v Ave Maria College*, 274 Mich App 506, 509; 736 NW2d 574 (2007). All reasonable inferences are to be construed in favor of the nonmoving party. *Dextrom v Wexford Co*, 287 Mich App 406, 415; 789 NW2d 211 (2010). “Summary disposition is proper under MCR 2.116(C)(10) if the documentary evidence shows that there is no genuine issue regarding any material fact and the moving party is entitled to judgment as a matter of law.” *Ernsting*, 274 Mich App at 509. “This Court is liberal in finding genuine issues of material fact.” *Jimkoski v Shupe*, 282 Mich App 1, 5; 763 NW2d 1 (2008). “A genuine issue of material fact exists when the record, giving the benefit of any reasonable doubt to the opposing party, leaves open an issue on which reasonable minds could differ.” *Ernsting*, 274 Mich App at 510. Because the trial court's ruling in this case is not premised on defendant's claim of governmental immunity and instead, appears to rely on information garnered extraneous to the pleadings, we review the motion under MCR 2.116(C)(10).

There is a dearth of published caselaw discussing the statutory provisions relevant to this matter. The most efficacious approach to unraveling the complexities of this case requires a study of the actual statutory language involved in an attempt to determine how the provisions are to be applied to the circumstances of this case. The starting point is the recognition of certain, basic tenets of statutory construction.

The primary goal of statutory interpretation is to give effect to the intent of the Legislature. This determination is accomplished by examining the plain language of the statute itself. If the statutory language is unambiguous, appellate courts presume that the Legislature intended the meaning plainly expressed and further judicial construction is neither permitted nor required. Under the plain-meaning

rule, courts must give the ordinary and accepted meaning to the mandatory word “shall” and the permissive word “may” unless to do so would frustrate the legislative intent as evidenced by other statutory language or by reading the statute as a whole. [*Atchison v Atchison*, 256 Mich App 531, 535; 664 NW2d 249 (2003) (citations omitted).]

The statutory provisions pertaining to municipal water and sewage liens appear in 1939 PA 178, MCL 123.161 *et seq.*¹ The purpose of MCL 123.161 *et seq.* is “to provide for the collection of water or sewage system rates, assessments, charges, or rentals; and to provide a lien for water or sewage system services furnished by municipalities as defined by this act.” The following provisions of the 1939 Act are relevant:

A municipality which has operated or operates a water distribution system or a sewage system for the purpose of supplying water or sewage system services to the inhabitants of the municipality, shall have as security for the collection of water or sewage system rates, or any assessments, charges, or rentals due or to become due, respectively, for the use of sewage system services or for the use or consumption of water supplied to any house or other building or any premises, lot or lots, or parcel or parcels of land, a lien upon the house or other building and upon the premises, lot or lots, or parcel or parcels of land upon which the house or other building is situated or to which the sewage system service or water was supplied. This lien shall become effective immediately upon the distribution of the water or provision of the sewage system service to the premises or property supplied, but shall not be enforceable for more than 3 years after it becomes effective. [MCL 123.162 (emphasis added).]

In accordance with MCL 123.163, “The lien created by this act may be enforced by a municipality in the manner prescribed in the charter of the municipality, by the general laws of the state providing for the enforcement of tax liens, or by an ordinance duly passed by the governing body of the municipality.” In turn, MCL 123.164 addresses the issue of notice with regard to liens created under this statutory scheme, stating: “The official records of the proper officer, board, commission, or department of any municipality having charge of the water distribution system or sewage system shall constitute notice of the pendency of this lien.”

Prioritization of liens created within this statutory scheme and a mechanism for lessors to avoid liability for the imposition of liens are discussed in MCL 123.165. The enforcement and collection of liens is addressed in MCL 123.166 as follows:

A municipality may discontinue water service or sewage system service from the premises against which the lien created by this act has accrued if a person fails to pay the rates, assessments, charges, or rentals for the respective service, or may institute an action for the collection of the same in any court of competent jurisdiction. However, a municipality’s attempt to collect these

¹ As amended by 1981 PA 132, effective October 7, 1981.

sewage system or water rates, assessments, charges, or rentals by any process *shall not invalidate or waive the lien upon the premises.* [Emphasis added.]

Finally:

This act shall not repeal any existing statutory charter or ordinance provisions providing for the assessment or collection of water or sewage system rates, assessments, charges, or rentals by a municipality, but shall be construed as an additional grant of power to any power now prescribed by other statutory charter or ordinance provisions, or as a validating act to validate existing statutory or charter provisions creating liens which are also provided for by this act. [MCL 123.167 (emphasis added).]

Under the statutory provisions of 1939 PA 178, the trial court erred by dismissing and invalidating defendant's liens on plaintiff's real property for the unpaid water charges. Initially, the wording of MCL 123.162 is mandatory through the use of the term "shall." "A necessary corollary to the plain meaning rule is that courts should give the ordinary and accepted meaning to the mandatory word 'shall' and the permissive word 'may' unless to do so would clearly frustrate legislative intent as evidenced by other statutory language or by reading the statute as a whole. Thus, the presumption is that 'shall' is mandatory." *Browder v Int'l Fid Ins Co*, 413 Mich 603, 612; 321 NW2d 668 (1982) (citations omitted). As a consequence, MCL 123.162 establishes a lien on the real property receiving service "as security" for the collection of rates and fees incurred for water usage. In addition, the lien is "effective immediately upon the distribution of the water," but with enforceability limited to "[not] more than 3 years after it becomes effective," or from the date the service was received. MCL 123.162. Notice of the existence of the lien is deemed constructive through the language of MCL 123.164.

Importantly, a municipality is granted discretion in the manner of collection; in accordance with MCL 123.163, such liens "may be enforced . . . in the manner prescribed in the charter of the municipality, by the general laws of the state providing for the enforcement of tax liens, *or* by an ordinance duly passed by the governing body of the municipality." (Emphasis added.) As defined in *Merriam-Webster's Collegiate Dictionary* (11th ed),² the term "or" is "used as a function word to indicate an alternative . . ." This is reinforced through the language of MCL 123.166, which provides a municipality with the authority to discontinue water service when arrearages exist "or [to] institute an action for the collection of the same in any court of competent jurisdiction." Of significance is the further provision within MCL 123.166, indicating that collection efforts "shall not invalidate or waive the lien upon the premises." In addition, 1939 PA 178 must be "construed as an additional grant of power . . . or as a validating act . . ." MCL 123.167. Such language serves to obviate the trial court's determination that defendant's

² It is a well-recognized precept that this Court may use and rely on a dictionary to determine the plain and ordinary meaning of a term. *Ryant v Cleveland Twp*, 239 Mich App 430, 433; 608 NW2d 101 (2000) ("Unless defined in the statute, every word or phrase of a statute should be accorded its plain and ordinary meaning, taking into account the context in which the words are used.").

failure to strictly conform to its own ordinance negated the lien mandated by the statutory scheme of 1939 PA 178.

This is not to suggest that defendant is entitled to the entirety of the amount indicated by its liens. As noted in MCL 123.162, the enforceability of the lien cannot extend “for more than 3 years after it becomes effective.” At the very least, however, defendant is entitled to payment for those arrearages that are within the timeframe designated by MCL 123.162.

The other statutory scheme relied on by the litigants is the Revenue Bond Act of 1933 (Bond Act), MCL 141.101 *et seq.* Construction of the Bond Act is governed by MCL 141.102, which states that “the purpose and intention of this act [is] to create full and complete additional and alternate methods for the exercise of such powers. The powers conferred by this act shall not be affected or limited by any other statute or by any charter, except as otherwise herein provided.” The Bond Act provides municipalities with discretion to “adopt an ordinance relating to the exercise of the powers granted in this act and to other matters necessary or desirable to effectuate this act, to provide for the adequate operation of a public improvement established under this act, and to insure the security of bonds issued.” MCL 141.106. In turn, MCL 141.108 creates a lien for the benefit of bondholders, stating:

There shall be created in the authorizing ordinance a lien, by this act made a statutory lien, upon the net revenues pledged to the payment of the principal of and interest upon such bonds, to and in favor of the holders of such bonds and the interest coupons pertaining thereto, and each of such holders, which liens shall be a first lien upon such net revenues, except where there exists a prior lien or liens then such new lien shall be subject thereto.

The Bond Act clearly prohibits providing services without charge: “free service shall not be furnished by a public improvement to a person, firm, or corporation, public or private, or to a public agency or instrumentality.” MCL 141.118(1). As a result:

Charges for services furnished to a premises *may be a lien on the premises*, and those charges delinquent for 6 months or more *may be certified annually to the proper tax assessing officer or agency* who shall enter the lien on the next tax roll against the premises to which the services shall have been rendered, and the charges shall be collected and the lien shall be enforced in the same manner as provided for the collection of taxes assessed upon the roll and the enforcement of the lien for the taxes. The time and manner of certification and other details in respect to the collection of the charges and the enforcement of the lien shall be prescribed by the ordinance adopted by the governing body of the public corporation. However, in a case when a tenant is responsible for the payment of the charges and the governing body is so notified in writing, the notice to include a copy of the lease of the affected premises, if there is one, then the charges shall not become a lien against the premises after the date of the notice. In the event of filing of the notice, the public corporation shall render no further service to the premises until a cash deposit in a sum fixed in the ordinance authorizing the issuance of bonds under this act is made as security for the payment of the charges. In addition to any other lawful enforcement methods, the payment of

charges for water service to any premises may be enforced by discontinuing the water service to the premises and the payment of charges for sewage disposal service or storm water disposal service to a premises may be enforced by discontinuing the water service, the sewage disposal service, or the storm water disposal service to the premises, or any combination of the services. The inclusion of these methods of enforcing the payment of charges in an ordinance adopted before February 26, 1974, is validated. [MCL 141.121(3) (emphasis added).]

The Bond Act provides that it “shall be liberally construed to effect the purposes hereof.” MCL 141.134.

In contrast to 1939 PA 178, the Bond Act is discretionary in areas or procedures relevant to this appeal. Specifically, MCL 141.121(3), through use of the term “may,” makes it discretionary for a municipality such as defendant to effectuate a lien for delinquent payments or accumulated arrearages beyond a six-month period and permits, as an option, annual certification for placement on the tax rolls for purposes of collection. The details of the method adopted is relegated to the local authority to determine “[t]he time and manner of certification and other details in respect to the collection of the charges and the enforcement of the lien” through adoption of an ordinance. MCL 141.121(3). This appears to be where the confusion ensues based on defendant’s adoption of the following ordinance language, as permitted by MCL 141.121(3):

Charges for water service constitute a lien on the property served, and during March of each year the person or agency charged with the management of the system shall certify any such charges which as of March 1st of that year have been delinquent six (6) months or more to the city assessor, who shall enter the same upon the city tax roll of that year against the premises to which such service shall have been rendered; and said charges shall be collected and said lien shall be enforced in the same manner as provided in respect to taxes assessed upon such roll. [Livonia Ordinance § 13.08.350(A).]

MCL 141.121(3) provides a municipality with the discretion to treat water service arrearages as liens, with the option of placing on the municipality’s tax rolls charges that are delinquent for more than six months. Although MCL 141.121(3) provides for “[t]he time and manner of certification” along with “details in respect to the collection of the charges and the enforcement of the lien” to be “prescribed by the ordinance adopted by the governing body,” there is no language mandating immediate placement on the tax rolls. Similarly, defendant’s ordinance, while requiring yearly certification of delinquencies, implies that a municipality has a level of discretion in the certification of delinquencies because the ordinance does not require immediate certification of a delinquency of six months, but rather, certification of delinquencies that have existed for “six (6) months or more.” Livonia Ordinance § 13.08.350(A). In other words, MCL 141.121(3) authorizes the creation of liens for delinquent water usage charges and establishes minimal delinquency criteria for initiating collection efforts, while the defendant’s ordinance provides a municipality with the methodology and authority to proceed once the municipality has decided to pursue enforcement or collection efforts.

This interpretation of MCL 141.121(3) and Livonia Ordinance § 13.08.350(A) provides a more reasoned and fair result and is in accordance with the rules of statutory construction. As discussed by Justice CAVANAGH in *Waltz v Wyse*, 469 Mich 642, 665-666; 677 NW2d 813 (2004) (CAVANAGH, J., dissenting):

The primary goal of statutory interpretation is to give effect to the intent of the Legislature. To reach this goal, this Court has recognized the rule that statutes relating to the same subject matter should be read and construed together to determine the Legislature's intent. Further, it is a maxim of statutory construction that *every word* of a statute should be read in such a way as to be given meaning

As detailed above, the . . . provisions . . . are interconnected and are part of a common legislative framework. Because the various statutory provisions implicated in this case relate to the same subject matter, the terms of the provisions should be read *in pari materia*. The object of the rule *in pari materia* is to carry into effect the purpose of the legislature as found in harmonious statutes on a subject. [Quotation marks and citations omitted.]

Statutes *in pari materia* are defined as “ ‘those which relate to the same person or thing, or the same class of persons or things, or which have a common purpose. It is the rule that in construction of a particular statute, or in the interpretation of its provisions, all statutes relating to the same subject, or having the same general purpose, should be read in connection with it, as together constituting one law, although enacted at different times’ ” *Id.* at 666, quoting *Detroit v Mich Bell Tel Co*, 374 Mich 543, 558; 132 NW2d 660 (1965), abrogated in part on other grounds *City of Taylor v Detroit Edison Co*, 475 Mich 109; 715 NW2d 28 (2006).

All of the cited statutory provisions or schemes seek, at least in part, to provide mechanisms for collecting payment for water service rendered when payment for the service has fallen into arrears. All of the statutory provisions are clear that the provision of such service is not “free,” and there is a need to provide “security” for payment. See MCL 123.162; MCL 141.118(1); Livonia Ordinance § 13.08.300 (“No free service shall be furnished by said system to any person, public or private, or to any public agency or instrumentality.”). While 1939 PA 178 is the most adamant regarding liens for water arrearages, it also provides wide discretion to the water service provider regarding the means of collection and enforcement. While permitting liens for delinquent water charges, the Bond Act provides municipalities with greater discretion in electing methods of collection, MCL 141.121(3).

The trial court erred by reading the statutory provisions as unrelated and by elevating the local ordinance to a position that would supersede 1939 PA 178 and MCL 141.101 *et seq.*, rather than viewing all of the statutory schemes in a comprehensive and cohesive manner. In this instance, MCL 123.162 provided for the immediate effectuation of a lien on plaintiff's property for any water charges incurred. Notice of a lien was constructive, in accordance with MCL 123.164, and the lien's validity did not require defendant to give actual notice to plaintiff. The method of enforcing the lien was discretionary; MCL 123.163 permits defendant to elect methods prescribed “in the charter of the municipality, by the general laws of the state providing for the enforcement of tax liens, or by an ordinance duly passed by the governing body of the

municipality.” Other than the limitations on initiating enforcement or collection actions, MCL 141.121(3), and the length of time available for enforcement, MCL 123.162, the validity of liens is sacrosanct, even when a municipality pursues collection of the arrearages. Defendant, or any other similarly situated municipality, is not constrained in the manner in which it may collect arrearages.

In addition, in the context of a lighting utility, this statutory scheme has been addressed by a federal court.³ See *Brown Bark I, LP v Traverse City Light & Power Dep’t*, 736 F Supp 2d 1099 (WD Mich, 2010), aff’d 499 F Appx 467 (CA 6, 2012). A municipal authority or government utility is not required “to file a specific lien . . . before the unpaid charges will cause the formation of a lien,” the court, citing an unpublished decision of this Court,⁴ opined:

So long as the municipality’s governing body has enacted an ordinance exercising its § 141.121(3) authority, . . . the lien automatically comes into being as soon as the private party incurs the “charges for services furnished to [its] premises.” Thus, by operation of the statute and the municipal implementing ordinance, [the] lien against the . . . property came into being each time [the municipality] furnished [the utility service] to that property. [*Brown Bark*, 736 F Supp 2d at 1118-1119 (first alteration in original).]

The *Brown Bark* Court noted that delinquent charges exceeding six months “are to be *treated like* unpaid taxes.” *Id.* at 1119, citing MCL 141.121(3). “[T]o ascertain the ‘manner provided for collection of taxes assessed upon the roll,’ ” the court found it necessary to consult other Michigan statutes, including Michigan’s General Property Tax Act, MCL 211.55 *et seq.*, which was noted to provide, in relevant part:

The people of this state have a valid lien on property returned for delinquent taxes, with rights to enforce the lien as a preferred or first claim on the property. The right to enforce the lien is the *prima facie* right of this state and shall not be [set] aside or annulled except in the manner and for the causes specified in this act. [*Brown Bark*, 736 F Supp 2d at 1119, quoting MCL 211.60a(4) (quotation marks omitted).]

This further serves to support the contention that the trial court erred by invalidating the liens in their entirety, because the trial court’s ruling does not comport with the cited statutory schemes or the recognized statutes relevant to enforcement.

³ “[F]ederal case law can only be persuasive authority, not binding precedent, in resolving the present case, which involves only questions of state law.” *Sharp v City of Lansing*, 464 Mich 792, 803; 629 NW2d 873 (2001).

⁴ *Saginaw Landlords Ass’n v City of Saginaw*, unpublished opinion per curiam of the Court of Appeals, issued November 2, 2001 (Docket No. 222256).

Therefore, we vacate the trial court's ruling and remand this matter to the trial court to reinstitute the liens, subject to determining whether any of the charges incurred has exceeded the time limitations for enforcement.

Our ruling is not altered by plaintiff's contention that because of various negotiations and agreements entered into between defendant and Awrey, defendant was aware that plaintiff's tenant was the user of the services provided. Plaintiff claimed that notice of the tenant constituted the landlord's disavowal of liability for the changes. This claim is without merit. Specifically, MCL 123.165 provides a method for a landowner to avoid liability for a tenant's water arrearage accrual:

[T]his act shall not apply if a lease has been legally executed, containing a provision that the lessor shall not be liable for payment of water or sewage system bills accruing subsequent to the filing of the affidavit provided by this section. An affidavit with respect to the execution of a lease containing this provision *shall be filed* with the board, commission, or other official in charge of the water works system or sewage system, or both, and 20 days' notice shall be given by the lessor of any cancellation, change in, or termination of the lease. The affidavit shall contain a notation of the expiration date of the lease. [Emphasis added.]

A similar provision exists within MCL 141.121(3), which provides in relevant part:

However, in a case when a tenant is responsible for the payment of the charges and the governing body is so notified in writing, the notice to include a copy of the lease of the affected premises, if there is one, then the charges shall not become a lien against the premises after the date of the notice. In the event of filing of the notice, the public corporation shall render no further service to the premises until a cash deposit in a sum fixed in the ordinance authorizing the issuance of bonds under this act is made as security for the payment of the charges.

It is undisputed that plaintiff did not provide an affidavit in accordance with MCL 123.165 or provide written notification as required in MCL 141.121(3). Plaintiff cannot escape the mandatory nature of the directives delineated in MCL 123.165 by use of the word "shall." MCL 141.121(3), when viewed in conjunction with MCL 123.165, indicates the necessity of an affirmative act by plaintiff to avoid liability. The fact that defendant was aware of Awrey's tenant-status does not relieve plaintiff of its responsibility to engage in an affirmative act to avoid liability as a landlord.

Next, defendant takes issue with the trial court's failure to grant summary disposition to defendant on plaintiff's remaining tort and equitable claims. We agree that the trial court shirked its responsibilities by failing to address these issues, and instead, indicated that they were moot or premature due to the ongoing nature of discovery. Although plaintiff contends that if this Court deems error occurred, the claims should be remanded to the trial court for the completion of discovery, a remand is unnecessary. This Court reviews a trial court's decision regarding the applicability of governmental immunity de novo. *Roby v Mount Clemens*, 274 Mich App 26, 28; 731 NW2d 494 (2007). "A motion under MCR 2.116(C)(10) is generally premature if discovery

has not been completed unless there is no fair likelihood that further discovery will yield support for the nonmoving party's position." *Liparoto Constr, Inc v Gen Shale Brick, Inc*, 284 Mich App 25, 33-34; 772 NW2d 801 (2009). In this instance, the claims are subject to dismissal as matters of law under MCR 2.116(C)(7) and MCR 2.116(8), rendering remand to permit additional discovery unnecessary.

Plaintiff's complaint is cursory in the exposition of these claims. In support of its claim of estoppel or waiver, plaintiff asserts that defendant's entry into the subordination agreement precluded enforcement of the unpaid water charges and tax liens. It contends that defendant's agreement to subordinate its liens in favor of Awrey's lender improperly diverted funds that could have been used to pay the outstanding charges, and therefore, should be deemed a waiver. Plaintiff fails to identify the type of estoppel specifically asserted, leading this Court to assume, based on its pairing with an assertion of waiver, that plaintiff is asserting equitable estoppel. *Huhtala v Travelers Ins Co*, 401 Mich 118, 132; 257 NW2d 640 (1977) ("Equitable estoppel is essentially a doctrine of waiver.").

"Equitable estoppel arises where a party, by representations, admissions, or silence intentionally or negligently induces another party to believe facts, the other party justifiably relies and acts on that belief, and the other party will be prejudiced if the first party is allowed to deny the existence of those facts." *Van v Zahorik*, 460 Mich 320, 335; 597 NW2d 15 (1999) (citation omitted), implicit overruling on other grounds recognized by *Stankevich v Milliron (On Remand)*, 313 Mich 233, 239-240; 882 NW2d 194 (2015). Plaintiff's claim is deficient as it lacks any assertion, or evidence, that defendant made any representations to plaintiff. Any representations made were to Awrey and Cole Taylor Bank, entities that are not parties to this case. Hence, plaintiff's assertions of estoppel or waiver do not constitute viable claims.

Next, plaintiff claims unjust enrichment and quantum meruit, making the broad assertion that entry into the subordination agreement improperly diverted monies and enriched defendant to the detriment of plaintiff. "The theory underlying quantum meruit recovery is that the law will imply a contract in order to prevent unjust enrichment . . ." *Morris Pumps v Centerline Piping, Inc*, 273 Mich App 187, 194; 729 NW2d 898 (2006). As such, claims for unjust enrichment and quantum meruit have historically been treated in a similar manner. See *id.* at 195; see also *Roznowski v Bozyk*, 73 Mich App 405, 409; 251 NW2d 606 (1977). To establish a claim of unjust enrichment, plaintiff must demonstrate: "(1) the receipt of a benefit by the other party from the complaining party and (2) an inequity resulting to the complaining party because of the retention of the benefit by the other party." *Karaus v Bank of New York Mellon*, 300 Mich App 9, 22-23; 831 NW2d 897 (2013). Plaintiff has failed to demonstrate that defendant received a benefit from plaintiff according to the subordination agreement. Any potential benefit received by defendant was through Awrey, not plaintiff. That a person benefits from another is not alone sufficient to require the person to make restitution for the benefit. *In re McCallum Estate*, 153 Mich App 328, 335; 395 NW2d 258 (1986). "Even where a person has received a benefit from another, he is liable to pay therefor only if the circumstances of its receipt or retention are such that, as between the two persons, it is unjust for him to retain it." *Id.* Plaintiff's complaint is also internally inconsistent. It asserts that defendant received a benefit from the subordination agreement, and it concurrently asserts that by agreeing to subordinate to Cole Taylor Bank its liens on Awrey's personal property, defendant voluntarily relinquished any benefit it would have been entitled to receive. This claim also lacks merit.

Plaintiff also asserts that defendant breached its ordinance and that plaintiff suffered damage as a proximate result of the breach. Based on our analysis of the statutory schemes pertaining to delinquent water charges, plaintiff's claim is rendered moot. "[A] moot case is one which seeks to get a judgment on a pretended controversy, when in reality there is none, or a decision in advance about a right before it has been actually asserted and contested, or a judgment upon some matter which, when rendered, for any reason, cannot have any practical legal effect upon a then existing controversy." *Parsons Investment Co v Chase Manhattan Bank*, 466 F2d 869, 871 (CA 6, 1972) (quotation marks and citation omitted). We further note that plaintiff mistakenly pleaded this claim as suggestive of strict liability or having been established as a matter of law, which is incorrect. "[B]reach of an ordinance is evidence of negligence, not negligence *per se*." *Rotter v Detroit United R*, 205 Mich 212, 231; 171 NW 514 (1919). The claim is not sustainable.

Plaintiff's remaining claims encompass tortious interference and civil conspiracy. The tortious interference claim is premised on plaintiff's assertions that defendant improperly interfered in its lease with Awrey by entering into the subordination agreement, which failed to comport with defendant's ordinance, and which diverted funds from payment of the water arrearages. The civil conspiracy claim is intrinsically related to the tortious interference claim because it relies on the same alleged behaviors between Awrey, Cole Taylor Bank, and defendant. Defendant asserts governmental immunity as its defense to these claims.

As discussed in *Laurence G Wolf Capital Mgt Trust v City of Ferndale*, 269 Mich App 265, 269; 713 NW2d 274 (2005), "Generally, governmental agencies engaged in the exercise or discharge of a governmental function, i.e., an activity that is expressly or impliedly mandated or authorized by constitution, statute, local charter or ordinance, or other law, are immune from tort liability." (Quotation marks and citations omitted.) There is no intentional tort exception to governmental immunity. *Harrison v Director of Dep't of Corrections*, 194 Mich App 446, 450; 487 NW2d 799 (1992).

At the outset, plaintiff's complaint makes no reference or mention of governmental immunity with respect to these claims. Specifically, plaintiff failed to allege that the tortious interference occurred during the exercise of a nongovernmental function or that a statutory exception to immunity was applicable. Plaintiff never discussed or alleged in its complaint the question whether the collection or enforcement of charges for water service constituted a governmental function. Neither did plaintiff assert a pecuniary benefit, nor point out a proprietary function. Because plaintiff failed to state a claim that falls within a statutory exception to governmental immunity or to assert facts in its pleadings demonstrating that the alleged tortious action occurred during the exercise of a nongovernmental or proprietary function, plaintiff failed to plead in avoidance of governmental immunity and its claims are subject to dismissal pursuant to MCR 2.116(C)(8).

Even if plaintiff's pleadings were deemed adequate, summary disposition would still be appropriate. To survive a summary disposition motion premised on governmental immunity, a plaintiff must allege facts sufficient to demonstrate that governmental immunity is inapplicable or that the application of an exception is warranted. *Tarlea v Crabtree*, 263 Mich App 80, 87-88; 687 NW2d 333 (2004); *Summers v City of Detroit*, 206 Mich App 46, 48; 520 NW2d 356 (1994).

Plaintiff implies that defendant's effort to collect overdue water charges for services provided is not a governmental function. A "governmental function" is defined as an activity "expressly or impliedly mandated or authorized by constitution, statute, local charter or ordinance, or other law." MCL 691.1401(b); *Maskery v Univ of Mich Bd of Regents*, 468 Mich 609, 613-614; 664 NW2d 165 (2003). "The term 'governmental function' is to be broadly construed" *Id.* at 614. Whether an activity is a governmental function must be determined by the general activity and not the specific conduct involved at the time of the tort. *Tate v Grand Rapids*, 256 Mich App 656, 661; 671 NW2d 84 (2003).

It cannot be reasonably asserted or maintained that defendant's operation of a municipal water supply did not constitute a governmental function. It is routinely acknowledged that "[t]he operation of a municipal water supply system is a governmental function" *Citizens Ins Co v Bloomfield Twp*, 209 Mich App 484, 487; 532 NW2d 183 (1995), citing MCL 41.331 *et seq.*, and MCL 41.411 *et seq.* As such, plaintiff's claims of tortious interference and civil conspiracy cannot be sustained.

We vacate the trial court's ruling and remand for further proceedings consistent with this opinion. We do not retain jurisdiction. Defendant may tax costs.

/s/ David H. Sawyer
/s/ Jane M. Beckering
/s/ Mark T. Boonstra