Minutes

YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, February 22, 2005 – 3:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI  48198-9112

Members Present: Larry J. Doe, Edward B. Koryzno, Jr., Philip W. Wagner, and J. Ray Scott.

Members Absent: Mark Namatevs

1. CALL TO ORDER: Doe called the meeting to order at 3:00 p.m.

2. MINUTES OF THE PREVIOUS MEETING: Motion by Wagner to receive and file the minutes of the January 25, 2005 meeting. Support by Scott. In favor: All. Opposed: None. (Motion carried.)

3. NEW BUSINESS:
   A. Request to Approve – Finance Director Position - Larry R. Thomas

   Mr. Thomas reminded the Board that at last month’s meeting, staff was directed by the Board to analyze the auditor’s recommendation to re-institute the position of Finance Director at the Authority. He indicated that the finances of the Authority require the expertise of a Finance Director to head the Finance Department. Mr. Thomas also reminded the Board that they had directed staff not to add additional staff and to remain within the confines of the existing budget in developing this position. Mr. Thomas also explained that this necessitates the elimination of an existing budgeted non-union position and he recommended the elimination of the Purchasing and Planning Director position for this purpose.
Mr. Thomas recommended approval of the request to fill the position of Finance Director and to eliminate the Purchasing and Planning Director position.

As a member of the Personnel Committee, Philip W. Wagner agreed that the recommendation to add a Finance Director position is a good move. He asked that it be added to the motion that members of the Board be invited to sit in on the interview process, provided that the Board members who would like to attend are present at all sessions. Mr. Wagner also requested that the filling of the Finance Director and the elimination of the Purchasing and Planning Director be separated as two different issues.

Edward B. Koryzno, Jr. stated that Board members attending job interviews might conflict with Authority policy. Gwyn Belcher responded that policy does not state that a Board member may sit in on interviews nor does it say that they cannot.

Larry J. Doe inquired as to whether the Board normally sits in on administrative-type interviews. Ms. Belcher responded that normally they do not. She added that the normal procedure for a managerial position of this nature would be to form an interview committee that would narrow the field of applicants down to three top candidates who would be brought back in for a second interview with Larry R. Thomas, T. Michael Jessee, and her. Mr. Doe asked if the Board members attending the interviews would have input into the decision-making process. Mr. Wagner responded that that would not be his recommendation.

Mr. Doe commented that he views the YCUA Board as a policy setting body and not one to be involved in hiring and firing. He inquired as to whether Authority administration sees any problem with that part of the motion. Larry R. Thomas stated that he does not see a problem in and of itself, however, he clarified that YCUA’s founding documents provide that managerial staff report to him and not the Board. Mr. Koryzno commented that he does not favor that portion of the motion and does not want to set a precedent of Board involvement every time an administrative position is filled.

Mr. Wagner then withdrew the part of his motion calling for Board involvement in the Finance Director interview process.
Motion by Wagner to accept Mr. Thomas’s recommendation to fill the position of Finance Director. Support by Scott. In favor: All. Opposed: None. (Motion carried)

Larry J. Doe commented that he would entertain a motion to eliminate the Purchasing and Planning Director position.

Edward B. Koryzno, Jr. stated that there is no recommendation from the Personnel Committee. He went on to comment that, several years ago, the YCUA Board, staff, and the community at large went through an extremely difficult time due to the financial challenges that the Authority faced. He indicated that YCUA was able to weather that storm by making good financial decisions and maintaining the credibility of both the union and non-union employees by treating everyone equally. Mr. Koryzno stated that employees have gone without wage increases and reminded the Board that the Authority is not completely “out of the financial woods” yet, which is why staff was directed to fund the proposed Finance Director position within the current budget. He commented that he had hoped YCUA was past the point of eliminating positions but, unfortunately, it is not. Therefore, Mr. Koryzno indicated, based on staff’s recommendation, he made a motion that the Purchasing and Planning Director position be eliminated. J. Ray Scott supported the motion.

Mr. Wagner commented that he has a problem with eliminating any employee with more than 20 years of experience and that the Authority has a lot invested in the individual. He added that he does not feel that political paybacks are at issue and he feels it is unfortunate that it’s not possible within YCUA’s $30 million budget to keep someone who has been a part of the Authority for so long on board in some other capacity. Mr. Wagner indicated that YCUA should be able to find a position in which to use this experience and expertise.

Mr. Doe responded that, while he also does not like to see someone lose his or her job, it would not be prudent for the Board to not support the administrative staff’s plan of action after having voted unanimously to charge them with the task of adding a Finance Director position within the present budget.

J. Ray Scott commented that it is a difficult but important task to be as dispassionate as possible when dealing with personnel matters. He added that the Board has a fiduciary responsibility to stay out of personnel issues and to trust in the administration.
department that has been assigned those duties. Mr. Scott also stated that it is still important that the Board become involved if it determines that an issue was not handled properly.

Mr. Wagner clarified that he has faith in YCUA’s administration in determining the correct plan of action but that he has a hard time believing that there is no other option. He recommended that staff research other options to bring back to the Board for further consideration.

Gwyn Belcher stated that she wished to reassure the Board that this decision came after many hours of consideration, deliberation, and evaluation. She stated every possible option was examined and that, in administration’s view, it was not an option to act outside of good faith with YCUA’s unions and add a non-union position while eliminating a union position. She indicated that YCUA is faced with a situation similar to the one where staff was informed they would have to take a wage freeze. Ms. Belcher added that it is not necessarily the current budget that should be considered when making this decision but rather whether the projected long-term consumption and revenue will support such an ongoing expense. She reminded the Board that there are still financial concerns regarding the future of the Authority’s largest customers and how that may impact YCUA’s future revenues.

Mr. Wagner added that there have been preliminary discussions that one of the things to help draw in highly qualified candidates is to examine the pension vesting time and that is sends a mixed message that YCUA is offering a shorter time for vesting while, at the same time, telling employees after 23 years that they’re no longer needed.

Larry J. Doe called for a vote.

Motion by Koryzno to accept Mr. Thomas’s recommendation to approve the request to fill the position of Finance Director and to eliminate the Purchasing and Planning Director position. Support by Scott. In favor: Three. Opposed: One. (Motion carried)

B. **Request to Approve – First Amendment of City Revenue Bond Agreement of March 22, 2004** - Larry R. Thomas

Mr. Thomas reminded the Board that last year the Authority entered into an agreement with the City of Ypsilanti under which YCUA contractually agreed to transfer sufficient funds from the YCUA City Division to the City of Ypsilanti to make bond
payments for bonds relating to the water and sewer infrastructure. He indicated that the amendment before them was drafted by YCUA’s attorney, Tom Daniels, and adds one additional bond issue to the agreement, which was sold subsequent to the passage of the original agreement. Mr. Thomas also explained that YCUA collects a surcharge from City customers to finance these debt payments. He pointed out that, since the debt created to finance the infrastructure improvements in the City of Ypsilanti was in the form of revenue bonds, the City of Ypsilanti and not YCUA is responsible for payment of the debt through the bond documents. Mr. Thomas explained that the City entered into a covenant to maintain water and sewer rates at the Authority sufficient to cover the debt payments. He further advised that this agreement and amendment formally arranges for the exchange of funds to the City for repayment of the debt.

Mr. Thomas recommended approval of the First Amendment of City Revenue Bond Agreement of March 22, 2004.

Motion by Koryzno to accept Mr. Thomas’s recommendation to approve the First Amendment of City Revenue Bond Agreement of March 22, 2004. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – YCUA Resolution No. 05-4 re: Contractors’ Retainage Checking Account - Larry R. Thomas

Mr. Thomas reminded the Board that the Authority has been combining bank accounts in order to reduce the number of bank accounts for ease in tracking funds. He indicated that this retainage checking account is being created to hold all retained funds for YCUA construction contracts. Mr. Thomas also explained that the individual retainages will be tracked within the account. He pointed out that, in the past, all construction contracts had individual retainage accounts. Mr. Thomas explained that this will eliminate some of the many superfluous bank accounts that YCUA has had in the past.

Mr. Thomas recommended approval of YCUA Resolution No. 05-4 re: Contractors’ Retainage Checking Account.

Edward B. Koryzno, Jr. inquired as to the reasoning behind having the separate accounts. Mr. Thomas responded that it was based on a misinterpretation of the state codes, which say that there should be retention accounts set aside for construction projects, but not
necessarily that there should be a retention account for each project.

Motion by Koryzno to accept Mr. Thomas’s recommendation to approve YCUA Resolution No. 05-4 re: Contractors’ Retainage Checking Account. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve – Change Order No. 13 re: WWTP Expansion/Improvements Project – T. Michael Jessee

Mr. Jessee directed the Board’s attention to Change Order No. 13 for the Wastewater Treatment Plant Expansion/Improvements Project as well as his memo outlining some of the individual issues contained in the change order. He indicated that staff and consultants have reviewed the change order and are recommending approval of the increase to the contract in the amount of $38,547. Mr. Jessee also explained that change orders through No. 13 total $1,388,972, which is 23.15% of the contingency budgeted.

Mr. Jessee recommended the approval of Change Order No. 13 re: WWTP Expansion/Improvements Project in the amount of $38,547.

Larry J. Doe inquired as to the present percentage of completion. Mr. Jessee responded that the project is approximately 80% complete.

Philip W. Wagner inquired as to whether any big ticket items are anticipated. Mr. Jessee responded that there will probably be one large change order, commonly known in construction as a “final closing change order.”

Motion by Wagner to accept Mr. Jessee’s recommendation to approve Change Order No. 13 re: WWTP Expansion/Improvements Project in the amount of $38,547. Support by Scott. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve – Committee Appointments – Larry R. Thomas

Mr. Thomas reminded the Board that the YCUA bylaws designate the February meeting of every year as the meeting at which the Board chair appoints the Board members to Authority committees. He also reminded them that, in 2004, we revamped several of the committees and, at present, the Finance Committee and the Personnel Committee have Board members. He indicated that the
Finance Committee is chaired by Mark Namatevs and Larry Doe is a member and that the Personnel Committee is chaired by Ed Koryzno and Phil Wagner is a member of the committee.

Larry J. Doe stated that J. Ray Scott expressed to him a desire to participate in the Personnel Committee. He appointed to the Personnel Committee J. Ray Scott and Edward B. Koryzno, Jr. as Chair. He then appointed to the Finance Committee Philip W. Wagner and Mark Namatevs as Chair.

Motion by Doe to approve the 2005 Committee appointments. Support by Scott. In favor: All. Opposed: None. (Motion carried)

F. **Fund Balance Report** - Larry R. Thomas

Mr. Thomas directed the Board’s attention to the Fund Balance Report. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Informational only; no motion from the Board required.

G. **Financial Report – Authority Net Assets** - Larry R. Thomas

Mr. Thomas directed the Board’s attention to the Financial Report – Authority Net Assets Report from October, November, and December as well as a budget comparison from November for the First Quarter. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Edward B. Koryzno pointed out that the City’s net income is always $347,471 on each individual month’s schedule of revenues, expenses, and changes in net assets. Mr. Thomas indicated that he would check into it.

Informational only; no motion from the Board required.


Mr. Thomas directed the Board’s attention to the Usage Report – Consumption Report. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Informational only; no motion from the Board required.

I. **Director’s Report** - Larry R. Thomas

There was no Director’s Report for the month.
4. **OLD BUSINESS:**

**J. Vehicle Purchase** – Philip W. Wagner

Mr. Wagner reminded the Board that last month’s bids for the vehicle purchase were all rejected and the re-bidding closed at 2:00 p.m. that afternoon. He added that YCUA has learned that Ford Motor Company has a deadline of February 25th for ordering 2005 vehicles. Mr. Wagner stated that by examining the initial tabulations, it appears that Ford will be the low bidder providing that all specifications are met and that if YCUA waits past the deadline, several of the vehicles will go up in cost by $2,000 each.

Mr. Wagner recommended a motion to authorize the evaluation and prioritization of bids received today and proceed with the awarding of the bid to the lowest responsible bidder meeting minimum specifications not to exceed the budgeted amount of $225,000. He volunteered to assist in the bid evaluations if necessary.

J. Ray Scott thanked Mr. Wagner for being proactive on this purchase.

Motion by Wagner to authorize the evaluation and prioritization of bids received today and proceed with the awarding of the bid to the lowest responsible bidder meeting minimum specifications not to exceed the budgeted amount of $225,000. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

5. **OTHER BUSINESS:**

There was no other business for the month.

6. **STATEMENTS AND CHECKS:** Motion by Wagner to pay the bills in the amount of $3,029,891.27 plus an addendum in the amount of $1,775,541.25. Support by Koryzno. In favor: All. Opposed: None. (Motion carried.)

7. **PUBLIC COMMENTS:**

There were no public comments for the month.

8. **ADJOURNMENT:** Motion by Wagner to adjourn the meeting at 3:40 p.m. Support by Scott. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

Mark Namatevs, Secretary/Treasurer