Members Present: Deedra Climer Bass, Gregory A. Peoples, and Larry J. Doe.

Members Absent: J. Ray Scott and Mark Namatevs.

1. CALL TO ORDER: Ms. Bass called the meeting to order at 9:12 a.m.

2. MINUTES OF THE PREVIOUS MEETINGS: Motion by Doe to receive and file the minutes of the January 25, 2011 meeting as presented. Support by Peoples. In favor: All. Opposed: None. (Motion carried.)

3. NEW BUSINESS:


Mr. Thomas advised the Board that the CAFR for fiscal year 2009 -2010 has been completed and is included in the Board materials. He indicated that the CAFR is a requirement of state statute. Mr. Thomas explained that Mark Kettner from Rehmann Robson was in attendance to give a brief overview and answer any questions that they may have.

Mr. Kettner advised the Board that he met with the YCUA Finance Committee the week previous and reviewed the report in detail. He indicated that there are a couple of items to highlight.

Mr. Kettner explained that the first and most important is the opinion on the financial statements. He pointed out that this opinion states that Rehmann Robson is of the opinion that the financial statements are fairly presented in accordance with Generally Accepted Accounting Principles. Mr. Kettner also explained that this is an opinion on the financial
statement only and does not constitute an opinion on financial controls or financial condition.

He further advised that change in net assets shows an overall reduction that largely comes from the township and wastewater as well as a great deal of depreciation. Mr. Kettner stated that the increase in depreciation comes from the expansion.

He acknowledged that the manner in which the Authority handled expenses in response to the lower than projected revenues speaks well to YCUA’s planning and management.

Mr. Kettner confirmed that also included are the Single Audit and the Management Letter, neither of which contain any major issues. He explained that the audit was delayed pending completion of bank reconciliations, a problem which was caused by a change in the electronic payment provider and which has been addressed with some new management procedures.


Larry J. Doe advised the Board that the Finance Committee met the week previous to review the CAFR and that the committee concurs with Mr. Thomas’s recommendation.

Deedra Climer Bass inquired as to whether the Authority has any data security controls in place or if an SAS 70-type audit is done to test controls. Mr. Kettner responded that, in accordance with the financial audit, the auditor is required to have an understanding of those controls but not to provide an opinion on the same. He added that a SAS 70 audit is not done because that would constitute an opinion on those controls. Dwayne Harrigan interjected that data security control auditing is done from within the Authority. Mr. Kettner indicated that the Single Audit is required because of the ARRA Federal funds received by YCUA and that it includes an opinion of the controls over the Federal monies.

Gregory A. Peoples commented that Gwyn Belcher and the rest of the YCUA staff should be commended for the outstanding job managing and monitoring the finances of the Authority.

Motion by Peoples to approve the Comprehensive Annual Financial Report (CAFR) For Fiscal Year 2009 – 2010. Support by Doe. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve – Annual Officer and Committee Member Appointments – Larry R. Thomas
Mr. Thomas advised the Board that the bylaws of the Authority require that Board, committee, and hearing officer appointments be made each year at the February meeting. He indicated that the Board can also vote to leave them as they presently are.

Mr. Peoples recommended leaving the slate of officers and committee appointments as they stand. Deedra Climer Bass expressed her willingness to step down as Secretary – Treasurer if another Board member would like to assume the position.

Motion by Peoples to approve leaving the slate of officers and committee appointments as they stand. Support by Doe. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – Extension of Auditor’s Engagement – Larry R. Thomas

Mr. Thomas advised the Board that YCUA requested and received a proposal from Mark Kettner at Rehmann Robson to continue to do the Authority’s CAFR for the next five years. He indicated that the annual cost for the engagement is included in the Board materials.

Mr. Thomas explained that Mr. Kettner has proposed the same price schedule that was instituted in 2006, which is, in effect, a rollback in prices. He pointed out that this was discussed with the Finance Committee, which concurs with his recommendation.

Mr. Thomas recommended approval of the Extension of Auditor’s Engagement.

Larry J. Doe advised the Board that the Finance Committee met the week previous to review the Extension of Auditor’s Engagement and that the committee concurs with Mr. Thomas’s recommendation.

Motion by Doe to approve the Extension of Auditor’s Engagement. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve - Ford Blvd. Water Main Replacement Project – T. Michael Jessee

Mr. Jessee reminded the Board that YCUA is prepared to replace the water main on Ford Blvd. approximately from Russell Street to north of Ecorse. He indicated that OHM went through the bidding procedure and had over 20 prospective bidders. Mr. Jessee explained that 10 proposals were received. He pointed out that the bids ranged in price from $279,212.20 to $432,000. Mr. Jessee also explained that the low bid was received from Pamar Enterprises, which the Authority has received satisfactory work from before, in the amount of $279,212.20. He further
advised that OHM is recommending a contingency in the amount of $27,000 for a total project budget of $306,212.20.

Mr. Jessee recommended approval of Ford Blvd. Water Main Replacement Project in the amount of $306,212.20.

Mr. Doe inquired as to whether this project will be done with pipe bursting. Mr. Jessee responded that some will be pipe burst and some will be dug. Mr. Doe then inquired as to when the project will begin. Mr. Jessee responded that it will begin as soon as possible and that there is a two-month window to get the work done before the road commission comes in. Matt Parks interjected that the road commission is not due to arrive until June 1st. Mr. Doe inquired as to whether residents have been properly informed. Mr. Jessee responded affirmatively and indicated that a piggy back meeting with the road commission will take place so that both portions of the project can be explained to local residents.

Mr. Peoples inquired how long both phases of the project will take. Mr. Jessee responded that YCUA’s work will take about a month and the road commission's portion about three weeks.

Motion by Peoples to approve the Ford Blvd. Water Main Replacement Project in the amount of $306,212.20. Support by Doe. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve - Ford Blvd. Water Main Construction Engineering OHM Proposal – T. Michael Jessee

Mr. Jessee advised the Board that YCUA asked OHM to provide a proposal for the construction engineering services for the referenced project. He indicated that they will be onsite every day to assure that the contractor installs everything pursuant to the specifications and plans. Mr. Jessee explained that OHM responded with a not-to-exceed amount of $67,700.

Mr. Jessee recommended approval of the Ford Blvd. Water Main Construction Engineering OHM Proposal in the not-to-exceed amount of $67,700.

Motion by Peoples to approve the Ford Blvd. Water Main Construction Engineering OHM Proposal in the not-to-exceed amount of $67,700. Support by Doe. In favor: All. Opposed: None. (Motion carried)

F. Request to Approve - Tertiary Filter Cleaning Budget Adjustment – T. Michael Jessee

Mr. Jessee reminded the Board that, at the August meeting, they approved a $95,000 budget to chemically clean the 12 westside filters. He indicated
that YCUA staff was not happy with the level of performance after the work was completed on the first filter and discussed the matter with the contractor, who agreed to do a second cleaning. He pointed out that this resulted in a more favorable outcome but that the filter was still not performing at the level needed.

Mr. Jessee also explained that a third cleaning then took place, which resulted in the performance level needed. He further advised that the triple-cleaning was then ordered for three more filters and that these four filters can now be operated for 25 – 30 hours at a flow rate of 3.5 mgd without backwashing, which is what they are rated for.

Mr. Jessee stated that it would cost approximately $3.5 million to rebuild these filters. He acknowledged that the cleaning project budget has been expended with only a third of the filters triple-cleaned but that proceeding with triple-cleaning the remaining filters is a much more economic solution to rebuilding the filters. Mr. Jessee confirmed that the contractor can triple-clean the remaining filters for a cost of $161,732. He explained that they offered an option that, if YCUA could supply some of the manpower to assist them, the price could be dropped to $142,532.

Mr. Jessee pointed out that, after much internal discussion, it was decided that using YCUA’s labor force for this project was not acceptable due to the chemicals being used as well as the fact that the duration of the project would cause a drain on manpower.

He also stated that, when the Authority is under normal flow, only three to five of the filters are needed at a given time but, when there is a high-flow situation, all 12 filters need to be available.

Mr. Doe inquired as to how the filters can be cleaner after three cleanings if they were not adequately cleaned the first time. Mr. Jessee responded that the filters consist of varying layers, which starts out with very large rocks, goes to smaller rocks, sand, and then coal. He indicated that, when they did the three-by-three excavation with the Plexiglas so they could see down in there, there was a thirty-year build up of solids in the large and small rocks in the lower layers. Mr. Jessee explained that, in order to get that buildup removed, the biosolids had to be broken down with three cleanings in order to bring them to the top. He pointed out that, if this item is approved, YCUA will be putting the filters on a preventative maintenance plan for a chemical washing every three to five years so that the condition of the filters is not allowed to deteriorate again as it did over the last 20 years.
Mr. Peoples inquired as to whether the contractor provided any discount for each time they came back for another cleaning. Mr. Jessee responded that they didn’t change the Authority for coming back that they did charge $2,300 to excavate the filters. He further advised that YCUA is very comfortable with this company and staff does not feel that they are taking advantage of the situation in any way. Mr. Jessee stated that the contractor understands the budget constraints that the Authority must operate under and that they have done a good job working within them.

Ms. Bass inquired as to what happens to the biosolids after the come to the top. Mr. Jessee responded that they are washed out and passed through a drain where they enter a clear well tank, pumped back to the head of the plant, and it is all treated again.

Mr. Jessee recommended approval of the Tertiary Filter Cleaning Budget Adjustment in the amount of $161,732.

Deedra Climer Bass inquired as to whether the future cleanings can be bid out. Mr. Jessee responded affirmatively.

Motion by Doe to approve the Tertiary Filter Cleaning Budget Adjustment. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

G. Request to Approve - Change Order No. 1 re: Energy Optimization Project – T. Michael Jessee

Mr. Jessee advised the Board that this change order is relative to the energy optimization work done at the wastewater plant and the big four pump stations and that it addresses five items. He indicated that the total of the change order is $8,574.88 and that the largest item was a blower coupling. Mr. Jessee proceeded to give a detailed report on the individual items contained in the change order.

Mr. Jessee recommended approval of Change Order No. 1 re: Energy Optimization Project in the amount of $8,574.88.

Motion by Peoples to approve Change Order No. 1 re: Energy Optimization Project in the amount of $8,574.88. Support by Doe. In favor: All. Opposed: None. (Motion carried)

H. Informational Item – DWSD Control Strategies - Larry R. Thomas

Mr. Thomas advised the Board that one of the Board members requested that this item be added to the day’s agenda for discussion in order to determine whether the Authority wants to have a stance on the issue of DWSD control. He indicated that that, for several years, there has been some vocal dissatisfaction from many of the suburban communities that
receive water and/or wastewater services. Mr. Thomas explained that the suburban communities make up the majority of DWSD’s system. He pointed out that some of these customers feel that they should have more control over the DWSD operations.

Mr. Thomas also explained that the controversy had died down in recent years as Detroit was listening and communicating very openly with the suburban customers through the Technical Advisory Committee (TAC). He further advised that he serves on the main TAC as well as a rates subgroup and that he is of the opinion that the TAC has worked very well.

Mr. Thomas stated that the dissatisfaction recently resurfaced following the indictments of the former mayor and others including the former DWSD Director Victor Mercado. He acknowledged that the indictments involved the improper awarding of certain contracts.

Mr. Thomas confirmed that Mayor Bing has allowed three of the largest suburban counties to have seats on the DWSD water board, which the communities can select at their discretion. He explained that Mayor Bing has also established a policy that any financial issues that come before the water board, such as rate increases and contract awards, will require a super majority of five affirmative votes to pass. Mr. Thomas pointed out that these changes have not been well received by Detroit City Council but that, with the possible exception of Oakland County, the suburban communities seem to be satisfied.

He also stated that there is also a bill before the state house that would create a regional system from the DWSD service area but that he does not know what the future of that legislation will be. Mr. Thomas advised the Board that a similar bill has been introduced at each session for the past several years but has never passed.

He indicated that the Authority’s significant storage capability, together with employee skill level, the management operating procedures in place, and the manner in which the water storage is filled and utilized allow YCUA to enjoy a significantly lower rate from DWSD than many of the surrounding communities. Mr. Thomas explained that YCUA has been very successful over the years utilizing this strategy, primarily due to the skilled water distribution staff and the amount of storage capacity the Authority owns.

Ms. Bass indicated that she asked this item to be discussed because her thought was that the smaller counties in the DWSD service area should be allowed an opportunity to band together and have a presence on the DWSD water board the same as the larger counties. She added that the
public’s consensus is that YCUA is “being lead around by a ring through its nose” by DWSD and that, to some extent, this is accurate and that she feels it is important to appear to be representing the interests of its constituencies to the extent possible.

Mr. Doe interjected that he too has been asked why YCUA does not have a presence on the DWSD water board. Mr. Thomas responded that this presence can be pursued if the YCUA Board so desires but that the underlying issue is that this could be opening the door for YCUA’s contract communities to request similar control over YCUA’s operations.

Thomas E. Daniels advised the Board that the TAC is a contracted entity that provides YCUA and the other smaller communities a substantive opportunity to have input on issues of policy and procedure.

Ms. Bass suggested that the YCUA Board be kept regularly apprised of the discussions that occur at the TAC so that they can provide a knowledgeable response when they are asked by the public what is going on and how their interests are being protected.

Informational only; no motion from the Board required.

I. Fund Balance Report

Mr. Thomas directed the Board’s attention to the Fund Balance Report for January 31, 2011. 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.

J. Financial Report – Authority Net Assets

Mr. Thomas directed the Board’s attention to the Financial Report – Authority Net Assets Report for January 31, 2011. 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.

K. Usage Report – Consumption Report

Mr. Thomas directed the Board’s attention to the 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.

L. Attorney’s Report – Thomas E. Daniels

There was no Attorney’s Report for the month.
M.  **Director’s Report** - Larry R. Thomas

There was no Director’s Report for the month.

4.  **OLD BUSINESS:**

There was no old business for the month.

5.  **OTHER BUSINESS:**

There was no other business for the month.

6.  **STATEMENTS AND CHECKS:** Motion by Bass to pay the bills in the amount of $2,824,283.31. Support by Doe. In favor: All. Opposed: None. (Motion carried)

7.  **PUBLIC COMMENTS:**

There were no public comments for the month.

8.  **ADJOURNMENT:** Motion by Doe to adjourn the meeting at 10:08 a.m. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

DEEDRA CLIMER BASS, Secretary - Treasurer