Minutes

YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, May 24, 2011 – 9:00 a.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112

Members Present: Mark Namatevs, Larry J. Doe, and Gregory A. Peoples.

Members Absent: J. Ray Scott and Deedra Climer Bass.

1. CALL TO ORDER: Mr. Namatevs called the meeting to order at 9:05 a.m.

2. MINUTES OF THE PREVIOUS MEETINGS: Motion by Doe to receive and file the minutes of the April 26, 2011 meeting as presented. Support by Peoples. In favor: All. Opposed: None. (Motion carried.)

3. NEW BUSINESS:

A. Request to Approve – Fiscal Year 2011 – 2012 Budget – Larry R. Thomas

Mr. Thomas directed the Board’s attention to the proposed budget for fiscal year 2011 – 2012 as well as a budget highlights document, which provides some background information on some of the details in the budget. He indicated that, if approved, this budget will take effect on September 1, 2011.

Mr. Thomas explained that the good news is that water usage seems to have stabilized in the last two years after substantial drops in previous years totaling about 10% in the City Division and 14% in the Township Division. He pointed out that sewer usage in the two divisions follows the water usage.

Mr. Thomas also explained that he has decreased the anticipated flow from WTUA by 23% from last year’s budget. He further advised that at last year’s budget prep time, it was anticipated that WTUA would be back to their normal usage levels with the completion of the work at their Haggerty Road retention and pumping facility but that problems with the contract have resulted in their continued inability to pump sewage to YCUA at the pre-construction levels. Mr. Thomas stated that as WTUA
presently in the midst of a legal dispute with the contractor, he does not know when they will be back to their normal levels.

He acknowledged that the highlights document shows some detail of the operating expense increases and decreases in the budget and that the budget includes a recommended water rate increase of 7% and a sewer rate increase of 3.5% as well as a 3% decrease in the city surcharge rate. Mr. Thomas confirmed that the combination of these adjustments generates an increase in operating revenue of 6.5% over the current year’s budget. He explained that this is a 1% increase in the water rate increase that was discussed at the Finance Committee meeting, as there was discussion at the meeting concerning the continuation of the township moratorium on the benefit charges and T&T fees. Mr. Thomas pointed out that he has subsequently met with the fulltime township officials and that they have not approved the moratorium continuation past the September 30th date.

He also stated that the draft budget produces cash after operating expenses, non-operating items, and bond principal payments of about $506,000 in the City Division and $261,000 in the Township Division, totaling just under $770,000 for the Authority. Mr. Thomas advised the Board that this is cash available for capital projects not included in the operating budget. He indicated that the Authority needs to generate this cash to replace various components in its water distribution and sewage collection systems and treatment infrastructure. Mr. Thomas explained that the audit for the year ending August 31, 2010 showed these numbers to be negative, which is, of course, unsustainable.

He pointed out that, with the approval of this budget, the Board will need to take action on the rate increases, which is the next item on the agenda. Mr. Thomas also explained that the Finance Committee met on the proposed budget and has recommend approval pending his meeting with the township officials.

Mr. Thomas recommended approval of the Fiscal Year 2011 – 2012 Budget.

Motion by Doe to approve the Fiscal Year 2011 – 2012 Budget. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve and Recommend – Fiscal Year 2011 – 2012 Water and Sewer Rates – Larry R. Thomas

Mr. Thomas advised the Board that, as stated under agenda item 3.A, the budget includes a water rate increase of 7% and a sewer rate increase of 3.5% in both divisions and a city surcharge rate decrease of 3%. He indicated that the effect of these changes on the Authority’s customers in the City Division is a 3.4% increase. On a minimum user’s two-month bill it is a $2.31 increase and a $4.49 increase on an average user’s two-
month bill. Mr. Thomas explained that the effect of these changes on YCUA’s customers in the Township Division is a 5.3% increase. On a minimum user’s two-month bill it is a $2.27 increase and a $4.52 increase on an average user’s two-month bill.

He pointed out that the YCUA Board can increase the Township Division water rate up to the amount of the increase that YCUA received from DWSD for the purchase of water, which was 9.2%, therefore the 7% water rate increase can be approved by a vote of the YCUA Board today.

Mr. Thomas also explained that the sewer rate increase in the Township Division needs to include a recommendation to the Township Board of Trustees to increase their sewer rate by 3.5%. He further advised that the YCUA Board also needs to recommend to City Council the water rate increase of 7%, sewer rate increase of 3.5% and the surcharge rate decrease of 3% to 68%.

Mr. Thomas recommended approval of Fiscal Year 2011 – 2012 Water and Sewer Rates.

Motion by Peoples to approve the Fiscal Year 2011 – 2012 Water and Sewer Rates. Support by Doe. In favor: All. Opposed: None. (Motion carried)

C. **Request to Approve – Grit Tank and Splitter Flume Concrete Repair Project** – T. Michael Jessee

Mr. Jessee advised the Board that there has been some late development with this project. He indicated that the proper bidding procedures resulted in four bids ranging from $127,054.10 to $529,000. Mr. Jessee explained that, through further discussions with the low bidder, Royal Restoration, it was discovered that there may be other areas that have coating on them that will need to be removed. He pointed out that Royal Restoration has requested an additional amount of $23,174 to remove the old coating and apply a new layer.

Mr. Jessee also explained that the staff is also recommending a 6% contingency in the amount of $9,771.90, bringing the new project total to $160,000. Mr. Jessee stated that these issues were also discussed with two other bidders, who concurred that the work needs to be done.

Mr. Jessee recommended approval of Grit Tank and Splitter Flume Concrete Repair Project.

Motion by Doe to approve the Grit Tank and Splitter Flume Concrete Repair Project. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

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

Mr. Thomas directed the Board’s attention to the Fund Balance Report for
April 30, 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.


Mr. Thomas directed the Board’s attention to the Financial Report – Authority Net Assets Report for April 30, 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.

F. Usage Report – Consumption Report - Larry R. Thomas

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.

G. Attorney’s Report – Josh Fink attending for Thomas E. Daniels

There was no Attorney’s Report for the month.

H. 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:

I. Request to Approve – Construction Phase Depot Town Streetscape – Water Supply Improvements – T. Michael Jessee

Mr. Jessee advised the Board that the City of Ypsilanti would like to have fire and domestic water service tapped into the area of Cross Street by the railroad tracks to service the freight house in the future. He indicated that the job was bid by the city and awarded to Barnett Paving in the amount of $17,363.33. Mr. Jessee explained that staff is recommending a contingency of $886.67 for a total construction budget of $18,250. He pointed out that, additionally, OHM provided a quote to oversee the installation of the tap in the amount of $4,750.

Mr. Jessee also explained that the City Division Reserve for Construction Fund can be utilized to cover this work. He further advised that the city needs YCUA Board approval to move forward on this project, which includes the installation a 3-4” fire service line and a 3/4” domestic service
line. Mr. Jessee stated that it is his understanding that the City of Ypsilanti has plans for the freight house in the future.

Mr. Jessee recommended approval of the Construction Phase Depot Town Streetscape – Water Supply Improvements Project in the amount of $23,000.

Motion by Doe to approve the Construction Phase Depot Town Streetscape – Water Supply Improvements Project in the amount of $23,000. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

6. STATEMENTS AND CHECKS: Motion by Doe to pay the bills in the amount of $2,409,420.10. Support by Peoples. 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 9:26 a.m. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

DEEDRA CLIMER BASS, Secretary - Treasurer