Minutes

YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Wednesday, June 26, 2013 – 4:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI  48198-9112

Members Present: Brenda L. Stumbo, Michael Bodary, Andrew Cameron, Larry J. Doe, and Keith P. Jason.

Members Absent: None.

1. CALL TO ORDER: Ms. Stumbo called the meeting to order at 3:58 p.m.

2. MINUTES OF THE PREVIOUS MEETING: Motion by Doe to receive and file the minutes of the May 22, 2013 meeting as presented. Support by Bodary. In favor: All. Opposed: None. (Motion carried.)

3. NEW BUSINESS:


      Motion by Doe to approve YCUA Resolution No. 13-11 re: Creation of New Account at PNC Bank for Ypsilanti Township Water Supply System and Refunding Bonds, Series 2013B. Support by Cameron. In favor: All. Opposed: None. (Motion carried)

   B. Request to Approve – Purchase of Replacement Aeration Mixer in the Amount of $12,250 (EPA Fund Expense Account No. 901-550) – Kevin G. Dupuis

      Motion by Doe to approve the Purchase of Replacement Aeration Mixer in the Amount of $12,250 (EPA Fund Expense Account No. 901-550). Support by Bodary.

      Mr. Dupuis advised the Board that this is the third mixer to fail recently and that the first two were approved for replacement at last month’s Board meeting. He indicated that the low bid on the previous two was from KSB
and the low bid on this mixer is from Flyte. Mr. Dupuis explained that by keeping the bidding competitive, the pricing is going down. He pointed out that this purchase will keep the full complement of passes in the plant.

Mr. Doe inquired as to whether these units are repairable. Mr. Dupuis responded that they are not, due to their age and the lack of available parts.

Mr. Cameron inquired as to how many mixers are in the plant. Mr. Dupuis responded that there are 10 passes with three mixers each for a total of 30.

Ms. Stumbo inquired as to whether it would be better to purchase a few extras to have them on hand. Mr. Dupuis responded that it would not be his recommendation to do so as there are already nine extra mixers in three passes that are used for high flows.

Mr. Jason inquired as to the life expectancy of these units. Mr. Dupuis responded that he is not sure but that there is a one-year warranty on them.

In favor: All. Opposed: None. (Motion carried)

C. Request to Approve - Purchase of Replacement Granular Activated Carbon Absorber (GACA) Cassettes in the Amount of $105,930 (O & M Expense Account No. 550-727) – Perry M. Thomas

Motion by Bodary to approve the Purchase of Replacement Granular Activated Carbon Absorber (GACA) Cassettes in the Amount of $105,930 (O & M Expense Account No. 550-727). Support by Jason.

Mr. Thomas advised the Board that the cassettes make up the walls in the GACA that separate the three types of media. He indicated that the existing cassettes are showing signs of wear and it is prudent to have a set of cassettes and a supply of carbon in stock.

Mr. Thomas explained that the GACA is a crucial pollution control component to the incinerator. He pointed out that YCUA’s backup means of residuals management is landfilling, which is very expensive particularly because the nearest landfill that will accept the odorous sludge is near Flint; therefore, it is important to keep the incinerator online at all times.

Ms. Stumbo inquired as to why the Wayne Disposal next door won’t take YCUA’s sludge. Mr. Thomas responded that it is a hazardous waste facility and, as such, hasn’t been considered as a potential source for landfilling YCUA’s sludge. He indicated that he would nonetheless look into the possibility.
Mr. Bodary inquired as to whether Carlton Farms has rejected YCUA’s sludge. Mr. Thomas responded affirmatively, indicating that Wayne County’s odor restrictions greatly limit what they can accept.

Ms. Stumbo inquired as to whether the Authority previously took its sludge to the Montrose facility. Mr. Thomas responded that, in the past, YCUA has utilized Veolia in Salem Township, Carlton Farms, Pine Creek in Lenox Township, and the Jackson County landfill.

Mr. Bodary inquired as to the life expectancy of these backup units. Mr. Thomas responded that the life expectancy is about two years but that a team is working on reducing sulfuric acid production from sulfur dioxide, which is prematurely deteriorating the fiberglass materials contained in the cassettes. He explained the procedure in greater detail. Mr. Castro interjected that the goal is to increase the life span to four years.

In favor: All. Opposed: None. (Motion carried)

D. Request to Approve – Authorization to Seek Bids re: 2013 Spoils Disposal (O & M Expense Account No. 901-560) – Scott D. Westover

Motion by Doe to approve the Authorization to Seek Bids re: 2013 Spoils Disposal (O & M Expense Account No. 901-560). Support by Jason.

Mr. Westover advised the Board that the last removal project was about two years ago and that spoils pile at the Service Center is becoming unwieldy again, particularly in the winter months. He indicated that staff would like to remove about 6,000 yards.

Ms. Stumbo inquired as to whether the spoils can be taken to the township compost site. Mr. Westover responded that they would not accept it as there is too much non-organic debris contained in the spoils such as concrete and water main remnants.

In favor: All. Opposed: None. (Motion carried)

E. Request to Approve – Authorization to Seek Engineering Proposals re: SAW Program (SAW Grant Funding) – Scott D. Westover

Motion by Cameron to approve the Authorization to Seek Engineering Proposals re: SAW Program (SAW Grant Funding). Support by Bodary.

Mr. Westover advised the Board that this is a $450 million grant and loan program which was enacted into law by the State of Michigan in December of 2012. Mr. Westover explained that applications are due in December and that the monies will be made available in April of 2014. He pointed out that YCUA can get up to $2 million in grant money for a
total of $350,000 in local match. He then outlined in more detail the
projects that staff has identified for pursuing these grant funds.

Mr. Westover also explained that OHM, Tetra Tech, and Stantec have all
been involved in the state-level work groups that put this program together
and, as such, YCUA staff wishes to approach all three firms, each of
which will have a unique approach and some insider information.

Mr. Doe inquired as to whether the funds have to be paid back if a
program is not implemented within a given time frame. Mr. Westover
responded that he is fairly certain that this would not apply to the types of
projects that YCUA has identified. He added that there would be a three-
year time limit on capital improvement-type projects.

In favor: All. Opposed: None. (Motion carried)

F. Request to Approve - Authorization to Seek Engineering Proposal re:
Metering for Sewer Billing (SAW Grant Funding) – Scott D. Westover

Motion by Bodary to approve the Authorization to Seek Engineering
Proposal re: Metering for Sewer Billing (SAW Grant Funding). Support by
Cameron.

Mr. Westover advised the Board that the Authority is potentially losing up
to $1 million in annual revenue due to the way it bills sewer usage to its
contract communities. He indicated that moving to a permanent sewer
metering program instead of estimating based on water usage will allow
YCUA to realize these funds.

Dwayne Harrigan interjected that inflow and infiltration (I & I) is another
source of lost sewer revenue that can be corrected through the use of
sewer meters.

Mr. Castro interjected that, by placing sewer meters at the discharge points
of the system, the Authority will be able to allocate I & I charges to the
appropriate sources.

Ms. Stumbo inquired as to whether a camera can be sent down to look for
sources of I & I. Mr. Castro responded that televising along with pipe
patching and grout maintenance activities do eliminate I & I that has been
identified. Mr. Westover interjected that some troublesome areas cannot
be identified for various reasons, such as pipe diameters too large for the
camera light to illuminate, and that the grant program funds have the
potential to allow YCUA to hire a contractor that has the proper
equipment.
Mr. Westover explained that OHM is involved in similar metering programs for Oakland County and DWSD and that staff would like to engage them to assist in YCUA’s program.

Mr. Doe inquired as to how many meters would be installed. Mr. Westover responded that 10 meters should be adequate, although Superior Township is the most challenging area with over 20 sewer connections. He pointed out that it is hoped that four permanent meters can be installed there with some sort of rotation through the other connections.

Mr. Doe also inquired as to the cost for each meter. Mr. Westover responded that he has a cost in mind of $25,000 per location for a permanent meter but there is also the option of having contract communities rent their meters. He also explained that the overall capital investment would be in the area of $250,000 to $300,000, which sounds high until you consider the annual lost revenue in the area of $1 million.

Mr. Bodary commented that the generalization that a gallon of water equals a gallon of waste doesn’t account for losses for customers who are using water on their lawns. Mr. Harrigan responded that this is part of the problem in that communities are receiving credits for estimated sprinkler usage but the Authority doesn’t know how much I & I they are creating.

Mr. Bodary also commented that there are maintenance and service costs that need to be considered as well. Mr. Westover responded that an annual maintenance contract is likely to be around $50,000 - $60,000 but that, even with those costs, the meters will still pay for themselves in a year. He added that there is an option of requiring that the contract communities install the meters at their own cost, something which YCUA would probably want to avoid.

Mr. Castro interjected that a program of this nature would also provide the contract communities with incentive to begin repairing some of those infiltration issues whereas now all of the responsibility falls on YCUA.

Mr. Harrigan explained another side of the equation in that decreased flows as a result of repaired I & I issues would result in increased revenues.

Mr. Cameron inquired as to whether the contract communities have been made aware that this program is being considered. Mr. Westover responded that it has been discussed with Superior Township during their wastewater contract renewal negotiations. He indicated, however, that it would not be sprung on anyone and that the project would be a collaborative effort of all parties involved.
Ms. Stumbo inquired as to whether the project will move forward if the SAW Grant monies are not there. Mr. Westover responded that he feels it makes sense to pursue either way.

In favor: All. Opposed: None. (Motion carried)

G. Request to Approve - Authorization to Reissue Bid Requests re: 2013 Manhole Rehabilitation (O & M Expense Account No. 902-162) – Scott D. Westover

Motion by Doe to approve the Authorization to Reissue Bid Requests re: 2013 Manhole Rehabilitation (O & M Expense Account No. 902-162). Support by Bodary.

Mr. Westover advised the Board that this bid request, which is designed to identify some of the aforementioned I & I sources, resulted in only one bid. He indicated that the bid was approximately 4.5 times higher than anticipated, which staff believes is the result of too wide a scope of work as well as poor timing due to lack of materials and manpower. Mr. Westover explained that the excavation portions will be removed and bid separately and the project will be delayed until later this year.

Mr. Doe inquired as to how much other communities are spending on items like this. Mr. Westover responded that he will look into it.

Ms. Stumbo requested a friendly amendment to the motion that the bid from Kim Construction, Inc. be rejected and the project rebid. Motion by Doe. Support by Bodary. In favor: All. Opposed: None. (Motion carried)

H. Request to Approve - Tetra Tech Proposal re: WWTP Aeration Blower in the Not-to-Exceed Amount of $58,700 (EPA Account No. 902-163) – Scott D. Westover

Motion by Bodary to approve the Tetra Tech Proposal re: WWTP Aeration Blower in the Not-to-Exceed Amount of $58,700 (EPA Account No. 902-163). Support by Doe.

Mr. Westover advised the Board that this proposal will provide design work for a smaller and more energy efficient blower for the wastewater treatment plant aeration system, which will most likely replace one of the existing four blowers.

Mr. Doe inquired as to whether there is an energy payback for this. Mr. Westover responded affirmatively, if the project is completed within two years.

In favor: All. Opposed: None. (Motion carried)
I. Request to Approve - Award of Contract re: 2013 WWTP Solids Process Building Roof Replacement in the Amount of $60,935 (EPA Expense Account No. 901-550) – Scott D. Westover


Mr. Westover advised the Board that this project will replace a section of damaged roof on the solids building. He indicated that six bids were received with the low bid from Molnar Roofing, with whom YCUA has worked before and whose bid was slightly lower than staff’s low-end estimate.

In favor: All. Opposed: None. (Motion carried)

J. Request to Approve - Change Order No. 1 re: Smokler - Textile Subdivision Water Supply Improvements in the Amount of $19,927.91 (DWRF Loan Account No. 902-389) – Scott D. Westover

Motion by Cameron to approve Change Order No. 1 re: Smokler - Textile Subdivision Water Supply Improvements in the Amount of $19,927.91 (DWRF Loan Account No. 902-389). Support by Jason.

Mr. Westover advised the Board that there are seven items included in this change order as the result of unanticipated but justified issues. He indicated that the change order also extends the project by 10 days, with all work being completed by August 30th.

Mr. Doe inquired as to whether there is a contingency on this project. He was advised that there is a 6% contingency and that this change order represents just over 1%. Mr. Westover explained that these costs will very likely be eligible for an SRF loan.

Ms. Stumbo asked for a friendly amendment to reflect the time extension. Motion by Cameron. Support by Jason. In favor: All. Opposed: None. (Motion carried).

K. Fund Balance Report – Dwayne Harrigan

Informational only; no motion from the Board required.


Informational only; no motion from the Board required.


Informational only; no motion from the Board required.

N. Attorney’s Report – Thomas E. Daniels
Mr. Daniels reminded the Board that, a few weeks ago, they received a letter from Mr. Castro advising them that, on June 3rd, the final settlement payment was received in the Meade Westvaco litigation and the case is now closed.

Mr. Castro thanked Mr. Daniels for applying the proper verbiage that allowed YCUA to be a little bit aggressive when Bioclimatic defaulted on their promissory note.

O. Environmental Report – Perry M. Thomas

Mr. Thomas advised the Board that YCUA submitted its monthly discharge monitoring and operating reports and is in compliance with all permit requirements and limitations.

He indicated that contested case involving the phosphorus limits in YCUA’s NPDES permit has been placed in front of an administrative law judge and that attorney Daniels is heading up YCUA’s negotiation with MDEQ in an attempt to get the matter resolved. He explained the issue in detail.

Mr. Daniels advised that two of the three facets of the contested case were settled with MDEQ rather quickly but that the third issue remains. He indicated that YCUA now needs to decide, based on a cost benefit analysis, whether it will continue to pursue the case, which is likely to take several months.

Mr. Bodary inquired as to which court would hear such a case. Mr. Daniels responded that it would be heard in a special administrative law section at the state level where there is no jury and proceedings are much more informal. Mr. Bodary also inquired as to whether there is an appeals process. Mr. Daniels responded affirmatively.

Ms. Stumbo inquired as to whether there are communities with lower phosphorous levels than YCUA’s. Mr. Thomas responded affirmatively and explained at length how the limits are applied and how YCUA treats phosphorous at the wastewater facility.

Mr. Thomas stated that YCUA is expecting to receive a response from MDEQ any time now regarding the Authority’s request to have the SSO Notice of Violation rescinded.

Mr. Thomas explained that the District Compliance Agreement is now closed out and that staff is awaiting MDEQ’s acknowledgement of this as well.
Mr. Thomas also explained that the sulfur dioxide emission reduction pilot study, which involves the addition of caustic to the Venturi scrubber in the incinerator, will begin in a week or two.

P. Director’s Report - Jeff Castro

Mr. Castro advised the Board that AFSCME negotiations are continuing to move forward and that the Personnel Committee has met and approved an updated organizational structure due to current and anticipated retirements. He indicated that he is pleased with the manner in which the various departments are collaborating.

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 Doe to pay the bills in the amount of $4,112,155.60. Support by Cameron. In favor: All. Opposed: None. (Motion carried)

7. PUBLIC COMMENTS: There were no public comments for the month.

8. ADJOURNMENT: Motion by Bodary to adjourn the meeting at 4:57 p.m. Support by Jason. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

ANDREW CAMERON, Secretary - Treasurer
Company Name: **YPsilanti Community Utilities**

Authorization to Open the New Deposit Account(s) Listed Below:

These New Deposit Accounts should be tied to the Existing Resolution on File:

**Supplemental Part D - Bank Accounts To Which Resolutions & Authorizations Apply**

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<tr>
<th>Account Number</th>
<th>Account Title</th>
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Authorization to Close the Deposit Account(s) Listed Below:

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Residual Funds in the Account should be remitted by:

- [ ] Cashiers Check
- [ ] Credit PNC Deposit Account
- [ ] Wire Transfer (Please attach a Single Wire Authorization Form)

**Authorized Signature:**

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<th>Print Name</th>
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<tr>
<td>JEFF CASTRO, Director</td>
<td>[Signature]</td>
<td>June 26, 2013</td>
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Authorized Representative per Part 3A of the PNC Master Resolution