
Members Absent: Brenda L. Stumbo.

1. CALL TO ORDER: Mr. Bodary called the meeting to order at 4:02 p.m.

2. MINUTES OF THE PREVIOUS MEETING: Motion by Doe to receive and file the minutes of the July 22, 2015 meeting as presented. Support by Ichescio. In favor: All. Opposed: None. (Motion carried.)

3. NEW BUSINESS:

A. Request to Approve - YCUA Resolution No. 15-9 re: Retirement for Brad W. McCoy – Jeff Castro

Motion by Jason to approve YCUA Resolution No. 15-9 re: Retirement for Brad W. McCoy. Support by Ichescio.

Mr. Castro advised the Board that Brad McCoy, a wastewater treatment operator for the Authority, has requested retirement as of July 21, 2015. He indicated that Mr. McCoy has been a valuable YCUA employee for 28 years and one month and that his experience and work ethic will be missed. Mr. Castro explained that this resolution is fitting at the time of his retirement.

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

B. Request to Approve – Fiscal Year 2015 – 2016 Budget – Jeff Castro

Motion by Doe to approve the Fiscal Year 2015 – 2016 Budget. Support by Ichescio.

Mr. Castro advised the Board that this budget takes effect on September 1, 2015. He indicated that water sales have decreased throughout the region and that staff is projecting that YCUA’s water sales will decrease 6.7% in
Mr. Castro explained that sewer usage between the two divisions will follow the water usage. He pointed out that WTUA’s sewer flow to YCUA has stabilized over the last two years and that staff is projecting their flow will increase from the current 9 – 10 mgd to 12 – 12.5 mgd due to the negotiations that the team put together with implementation of GASB 68.

Mr. Castro also explained that the budget also includes a recommended water rate increase of 8% and a sewer rate increase of 4%. He further advised that the budget produces cash after operating expenses, non-operating items, and bond principal payments of approximately $500,000 in the City Division and $1.1 million in the Township Division, totaling just over $1.6 million. Mr. Castro stated that this cash is available for capital projects not included in the operating budget. He acknowledged that the Authority needs to generate this cash in order to replace various components of its water distribution and sewage collection systems, treatment infrastructure, and to maintain its bond covenant.

Mr. Castro confirmed that, with approval of this budget, the Board will also need to take action on the water and sewer rate increases, which is the next item on the agenda. He explained that the Finance Committee met to review the budget and recommends approval.

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

C. Request to Approve and Recommend – Fiscal Year 2015 – 2016 Water and Sewer Rates – Jeff Castro

Motion by Doe to approve the Fiscal Year 2015 – 2016 Water and Sewer Rates. Support by Ichesco.

Mr. Castro advised the Board that, as stated in the previous agenda item, the budget includes a water rate increase of 8% and a sewer rate increase of 4% in the both City and Township Divisions. He indicated that both divisions will see a combined effect of 6.1%. Mr. Castro explained that the city will also see a 2% decrease in the surcharge rate. He pointed out that the effect of these changes in the City Division on a minimum user’s two-month water and sewer bill will be a $3.72 increase and a $5.85 increase on an average user’s bimonthly water and sewer bill. Mr. Castro also explained that the effect of these changes in the Township Division on a minimum user’s two-month water and sewer bill will be a $3.12 increase and a $4.99 increase on an average user’s bimonthly water and sewer bill.

He further advised that the YCUA Board can increase the Township Division water rate up to the amount of the increase received from the Detroit Water and Sewerage Department for the purchase of water, which was 10.9% this year. Mr. Castro stated that, therefore, the 8% water rate
increase can be approved by the Board. He acknowledged that the Board needs to approve a recommendation to the Township Board of Trustees to increase their sewer rate by 4%.

Mr. Castro confirmed that the YCUA Board also needs to recommend to City Council their water rate increase of 8% and sewer rate increase of 4%.

He explained that most of the water rate increases in nearby communities were higher than YCUA’s and that the Authority still has one of the lowest water rates in the area.

Mr. Jason thanked all of the YCUA staff members who have been working to keep the rate increases as low as possible.

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

D. Request to Approve – Engagement Letter from Rehmann Robson re: Audit – Jeff Castro

Motion by Ichesco to approve the Engagement Letter from Rehmann Robson re: Audit. Support by Jason.

Mr. Castro advised the Board that this is the fifth year of a five-year audit proposal approved in February of 2011. He indicated that the preliminary work for the audit of the current fiscal year ending August 31, 2015 has already begun. Mr. Castro explained that the not-to-exceed fee for the audit is $56,000 for $3,000 for major federal program when a single audit is required.

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

E. Request to Approve – Purchase of 25 Incinerator Tuyere in the Amount of $12,944.75 (O & M Expense Account No. 550-727) – Kevin G. Dupuis

Motion by Doe to approve the Purchase of 25 Incinerator Tuyere in the Amount of $12,944.75 (O & M Expense Account No. 550-727). Support by Ichesco.

Mr. Dupuis advised the Board that staff is requesting to purchase the tuyeres in order to maintain an available stock in inventory. He indicated that a tuyere went down on July 7th, which required the shutdown of the incinerator until it could be replaced. Mr. Dupuis explained that Infilco Degremont is recommending a new style tuyere which has a six-inch longer tube shaft and provides more surface area. He pointed out that the shorter tuyeres are failing more frequently and need to be replaced.

Mr. Dupuis also explained that, when the tuyere was replaced in July, YCUA purchased the last 10 tuyeres in stock.
Mr. Jason asked for a layman’s explanation of what a tuyere is. Mr. Dupuis responded that the tuyeres blow air into the sand contained in the incinerator dome, fluidizing the sand so that the solids can be burned off. He further advised that they tuyeres are made out of a special type of metal that is proprietary information belonging to the manufacturer, making them a sole source item.

Mr. Dupuis stated that there will be major capital improvements project forthcoming that will address the primary heat exchangers along with the dome and the remaining tuyeres.

Mr. Jason inquired as to the life expectancy of the tuyeres. Mr. Dupuis responded that the longer tuyeres are reusable.

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

F. Request to Approve - Authorization to Seek Bids re: 2015 Incinerator Emissions Testing (O & M Expense Account No. 550-815) - Luther D. Blackburn


Mr. Blackburn advised the Board that this is an annual request required by YCUA incinerator air permit. He indicated that stack testing measures the pollutants released by the incinerator. Mr. Blackburn explained that this year’s testing is a little different because it includes additional testing that is required every five years as well as the requirements of new air regulations going into effect in March 2016.

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

G. Request to Approve - Award of Contract re: Olivine Sand in the Amount of $17,812 (O & M Expense Account No. 901-550) - Luther D. Blackburn

Motion by Ichesco to approve the Award of Contract re: Olivine Sand in the Amount of $17,812 (O & M Expense Account No. 901-550). Support by Jason.

Mr. Blackburn advised the Board that olivine sand is difficult to obtain as it is no longer mined in North America and, as a result, only three suppliers are approved by the incinerator manufacturer. He indicated that two of the three approved suppliers responded to the bid request with the low bid from Essix Resources, Inc. in Warren, Ohio.

In favor: All. Opposed: None. (Motion carried.)
H. **Request to Approve - Authorization to Seek Bids re: Interceptor Sanitary Sewers Inspection (Restricted Funds Account No. 902-169) - Scott D. Westover**

Motion by Doe to provide Authorization to Seek Bids re: Interceptor Sanitary Sewers Inspection (Restricted Funds Account No. 902-169). Support by Ichesco.

Mr. Westover advised the Board that this closed-circuit television inspection will involve portions of the Golfside and Martz / Paint Creek interceptors. He indicated that this item was included in the SAW Grant application that was submitted nearly two years ago and that staff has been informed that it is eligible.

Mr. Westover explained that the budget for the two interceptors was $365,000 so, depending on whether this falls within the first or second $1 million of the SAW Grant, YCUA’s portion will be around $36,500 or just over $91,000. He pointed out that the project will include the portion of the Golfside interceptor sewer from Ellis Road to the Washtenaw Sportsmen’s Club to the intersection with the Martz / Paint Creek interceptor, then down I-94 to Merritt Road. Mr. Westover also explained that staff is particularly interested in determining whether there is any infiltration at the several points where Paint Creek crosses that interceptor.

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

I. **Request to Approve – Award of Contract re: Rawsonville Road Sanitary Sewer Lining in the Amount of $43,911.45 (O & M Expense Account No. 560-815) - Scott D. Westover**

Motion by Ichesco to approve the Award of Contract re: Rawsonville Road Sanitary Sewer Lining in the Amount of $43,911.45 (O & M Expense Account No. 560-815). Support by Doe.

Mr. Westover advised the Board that two bids were received on this project after three bidders attended the mandatory pre-bid meeting. He indicated that there was quite a range between the two bids and, as a result, staff contacted the low bidder, Inland Waters Pollution Control, Inc. (IWPC), of Detroit to make sure there were no errors in their bid. Mr. Westover explained that the low bidder confirmed that there was indeed an error. He pointed out that when the low bidder submitted their corrected bid, it was still well under staff’s estimated cost opinion. Mr. Westover also explained that YCUA has worked with Inland Waters in the past and has been happy with their work.

In favor: All. Opposed: None. (Motion carried.)
J. **Request to Approve – Change Order No. 1 re: Willow Run Wastewater Treatment Plant Demolition in the Deduct Amount of $12,588 (Environmental Reserve Fund Account No. 902-392)** - Scott D. Westover

Motion by Doe to approve Change Order No. 1 re: Willow Run Wastewater Treatment Plant Demolition in the Deduct Amount of $12,588 (Environmental Reserve Fund Account No. 902-392). Support by Ichesco.

Mr. Westover advised the Board that the change order includes two items resulting in a net decrease to the original contract and that it extends the duration of the contract by 71 days for a new completion date of September 14th. He indicated that he spoke with YCUA counsel Tom Daniels regarding the factors precipitating the extension. Mr. Daniels then addressed the Board regarding the same.

Mr. Daniels advised the Board that, along with Jeff Castro and Scott Westover, he has been in contact with Adamo’s management and legal counsel regarding how to get this project completed. He indicated that his recommendation based on those discussions would be for the YCUA Board to approve the change order’s deduct amount without approval of any extension date. Mr. Daniels explained that this would allow for more leverage in the completion date in future negotiations. He pointed out that Jeff Castro and Scott Westover concur with his recommendation.

Friendly amendment by Doe to approve the $12,588 deduct portion only of Change Order No. 1 re: Willow Run Wastewater Treatment Plant Demolition but not the 71-day extension (Environmental Reserve Fund Account No. 902-392). Support by Ichesco. In favor: All. Opposed: None. (Motion carried.)

K. **Request to Approve – Change Order No. 1 re: 2015 Road Repairs Phase 1 in the Deduct Amount of $812.44 (O & M Expense Account No. 902-161)** - Scott D. Westover

Motion by Doe to approve Change Order No. 1 re: 2015 Road Repairs Phase 1 in the Deduct Amount of $812.44 (O & M Expense Account No. 902-161). Support by Ichesco.

Mr. Westover advised the Board that this change order accounts for quantities of material actually installed and represents a reduction in the original contract amount.

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

L. **Fund Balance Report** – Dwayne Harrigan

Informational only; no motion from the Board required.
M. **Financial Report – Authority Net Assets** – Dwayne Harrigan

Informational only; no motion from the Board required.

N. **Usage Report – Consumption Report** – Jeff Castro

Mr. Castro 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.

O. **Attorney’s Report** – Thomas E. Daniels

There was no Attorney’s Report for the month.

P. **Environmental Report** – Luther D. Blackburn

There was no Environmental Report for the month.

Q. **Director’s Report** - Jeff Castro

Mr. Castro advised the Board that YCUA staff and counsel have been negotiating with WTUA for quite some time now regarding the required implementation of GASB 68 accounting and financial reporting for pensions beginning with fiscal year ending August 2015. He indicated that GASB will affect the rate that the Authority charges to its contract communities. Mr. Castro explained that the objective is to maintain the status quo for the share of payments that the contract communities contribute to pension and OPEB.

He reminded the Board that, over the past several months, contracts have been renewed with new GASB 68 language and the contracts with Pittsfield, Augusta, York, Sumpter, and Superior townships have been revised to include GASB 68 addenda.

Mr. Castro also explained that he believes that YCUA and WTUA have now reached an agreement regarding GASB 68 and he hopes to present an amendment to the Board at the September meeting. He further advised that Mr. Daniels has been extremely helpful during this challenging time. Mr. Castro stated that this tentative agreement is the driving force behind WTUA’s recent increase in flow to the Authority.

Informational only; no motion from the Board required.

4. **OLD BUSINESS:**

R. **Request to Approve – Emergency Incinerator Repairs in the Amount of $12,675.10** – Kevin G. Dupuis

Mr. Dupuis advised the Board that YCUA contracts with Midwest Industrial to do emergency repairs on its incinerator. He indicated that their inspection identified 20 loose tuyeres, which they subsequently replaced, patched the dome, and then provided some measurements to
YCUA and IDI for future reference. Mr. Dupuis pointed out that the incinerator down time was about six weeks. He then distributed to the Board members Midwest’s report on the complete scope of work in the amount of $12,675.10. Mr. Castro requested the Board’s approval of that amount.

Motion by Doe to approve the Emergency Incinerator Repairs in the Amount of $12,675.10. Support by Ichesco. In favor: All. Opposed: None. (Motion carried.)

5. OTHER BUSINESS: There was no Other Business for the month.

6. STATEMENTS AND CHECKS: Motion by Ichesco to pay the bills in the amount of $4,513,120.61. 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 4:37 p.m. Support by Ichesco. In favor: All. Opposed: None. (Motion carried.)

Respectfully submitted,

[Signature]

JON R. ICHESCO, Secretary - Treasurer
YCUA RESOLUTION NO. 15-9 ANNOUNCING
THE RETIREMENT OF BRAD W. McCOY AND
COMMENDING HIM FOR HIS SERVICE

Minutes of a meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority,
County of Washtenaw, Michigan, held in the Authority, on the 26th day of August 2015 at 4:00 o’clock p.m.,
prevailing Eastern Time.

PRESENT: Commissioners Michael Bodary, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason

ABSENT: Commissioners Brenda L. Stumbo

The following preamble and resolution were offered by Commissioner Jason and supported by
Commissioner Ichesco.

WHEREAS, Brad W. McCoy, an employee of the Ypsilanti Community Utilities Authority, has
completed twenty-eight (28) years and one (1) month of service to the Authority; and

WHEREAS, Brad W. McCoy has requested retirement as of July 21, 2015.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Ypsilanti
Community Utilities Authority commends Brad W. McCoy for his accomplishments and years of service to the
Authority and expresses its appreciation to him.

BE IT FURTHER RESOLVED THAT a suitably inscribed copy of this Resolution of Retirement be sent
to Brad W. McCoy as an expression of the Board’s sincere appreciation for his years of service and the desire to
convey its best wishes for good health and happiness in his retirement.

AYES: Commissioners Michael Bodary, Jon R. Ichesco, Larry J. Doe, and Keith P. Jason

NAYS: Commissioners None

RESOLUTION DECLARED ADOPTED. 

JON R. ICHESCO, Secretary - Treasurer
I hereby certify that the attached is a true and complete copy of a resolution adopted by the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, State of Michigan, at a meeting held on the 26th day of August 2015 and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976 and that minutes of the meeting were kept and will be or have been made available as required by said Act.

JON R.ICHESCO, Secretary - Treasurer