Members Present: Michael Bodary, Larry J. Doe, and Keith P. Jason.

Members Absent: Brenda L. Stumbo and Andrew Cameron.

1. CALL TO ORDER: Mr. Bodary called the meeting to order at 4:01 p.m.

2. MINUTES OF THE PREVIOUS MEETING: Motion by Doe to receive and file the minutes of the July 23, 2014 meeting as presented. Support by Jason. In favor: All. Opposed: None. (Motion carried.)

3. NEW BUSINESS:

A. Request to Approve - YCUA Resolution No. 14-7 re: Amendment to 457B Retirement Plan to Permit Loans – Kimberly Robinson

Motion by Doe to approve YCUA Resolution No. 14-7 re: Amendment to 457B Retirement Plan to Permit Loans. Support by Jason.

Ms. Robinson advised the Board that YCUA’s 457B retirement plan is completely funded by its employees and that there is no risk to the Authority to add this benefit to the plan. She indicated that it is a goal to obtain 100% participation in the plan since it is a very good benefit.

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

B. Request to Approve – Fiscal Year 2014 – 2015 Budget – Jeff Castro

Motion by Jason to approve the Fiscal Year 2014 – 2015 Budget. Support by Doe.

Mr. Castro advised the Board that, if approved, the budget will take effect on September 1, 2014. He indicated that water usage has stabilized after substantial decreases in previous years. Mr. Castro explained that staff projects that City and Township Division water sales will remain the same as the last two years. He pointed out that sewer usage in the two divisions...
will follow the water usage. Mr. Castro also explained that WTUA’s sewage flow to YCUA has stabilized over the last three years and that it is projected that the flow will remain about the same as the current fiscal year, which is approximately 9 to 10 MGD.

He further advised that the budget recommends a water rate increase of 3.5% and a sewer rate increase of 3.5% in both the City and Township Divisions. Mr. Castro stated that the combination of these adjustments generates an increase in operating revenue of 2.1% over the current year’s budget as well as cash after operating expenses, non-operating items, and bond payments of about $675,000 in the City Division and $880,000 in the Township Division, totaling just over $1.5 million in cash that is available for capital projects not included in the operation budget. He acknowledged that the Authority needs to generate this cash in order to replace various components in its water distribution and sewage collection system treatment infrastructure and to maintain its bond covenant.

Mr. Castro confirmed that, with approval of this budget, the Board also must take action on the rate increase, which is the next item on the agenda. He explained that the Finance Committee has met on the proposed budget and recommends approval.

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

C. Request to Approve and Recommend – Fiscal Year 2014 – 2015 Water and Sewer Rates – Jeff Castro

Motion by Doe to approve and recommend the Fiscal Year 2014 – 2015 Water and Sewer Rates. Support by Jason.

Mr. Castro advised the Board that the budget approved in the previous item includes a water rate increase of 3.5% and a sewer rate increase of 3.5% in both the City and Township Divisions. He indicated that the city will also see a 2% decrease in its surcharge from 67% to 65%. Mr. Castro explained that the effect of these changes on the Authority’s City Division customers is a 2.3% increase, which amounts to a $1.71 increase on a minimum user’s two-month water and sewer bill and a $3.41 increase on an average user’s two-month water and sewer bill. He pointed out that the effect of these changes on the Authority’s Township Division customers is a 3.5% increase, which amounts to a $1.71 increase on a minimum user’s two-month water and sewer bill and a $3.42 increase on an average user’s two-month water and sewer bill. Mr. Castro also explained that the YCUA Board can increase the Township Division water rate up to the amount of the increase that YCUA has received from DWSD for the purchase of water, which was 5.2% this year; therefore, the 3.5% water increase can be approved by a vote of the YCUA Board. He further advised that this approval needs to include a recommendation to the Township Board of Trustees to increase the sewer rate by 3.5% in the
Township Division and a recommendation to the Ypsilanti City Council to increase the water rate by 3.5% and the sewer rate by 3.5% in the City Division.

Mr. Bodary commented that questions are bound to arise at the City Council meetings about why the increases are necessary as well as a possible change in the minimum usage rate. Mr. Castro responded that the increases are necessary due to the increase by DWSD to YCUA in the amount of 5.2%. He indicated that the Authority has no control over DWSD’s water rate increase and that YCUA cannot absorb it all. Mr. Castro explained that, due to the Authority’s financial efforts over the last years, YCUA has some of the lowest water rate in Washtenaw County and is only passing on 3.5% of DWSD’s increase compared to other communities, such as 4.2% in Ann Arbor, 5% in Canton, 4.9% in Saline, 8.2% in Northville, 12% in Milan, and 8.4% in Detroit. He pointed out that the sewer rate increase is required due to new EPA sulfur dioxide reduction guidelines that are resulting in increased wastewater operations costs. Mr. Castro also explained that DWSD has increased its water rates annually for the last thirty years and that YCUA will continue to do its best to minimize the impact of these increases on its customers.

He further advised that YCUA staff is working with water rate experts to analyze the minimum use charge and is currently waiting on raw data from the new wastewater metering program, which he reviewed in detail. Mr. Castro stated that this program should identify 25% of lost revenue which will allow the Authority to re-examine the minimum use charge and provide a presentation to the city and township officials.

Mr. Bodary thanked Mr. Castro for being so well prepared with his information, which will be very helpful in communicating the need to the citizenry, the elected officials, and the media. He also commended YCUA staff for their efforts in keeping these costs at a minimum.

Mr. Jason also thanked the YCUA staff at every level for their efforts in making this possible.

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

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

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

Mr. Castro advised the Board that this is the fourth year of a five-year proposal approved by the Board in February of 2011, when Rehmann Robson decreased their fee schedule instituted in 2006. He indicated that the preliminary work for the current fiscal year audit has already begun.
Mr. Castro explained that the not-to-exceed fee is $55,400 plus $3,000 for federal programs.

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


Mr. Blackburn advised the Board that the annual stack performance testing is required by the Authority’s air permit.  He indicated that staff is also asking for additional testing for sulfur dioxide and mercury upstream of the carbon bed, the final pollution-control device on the incinerator, which can be used on the caustic system design and regulatory requirements that are forthcoming.

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

F. Request to Approve - Spicer Group Engineering Proposal re: Tyler Pond Trestle Replacement in the Not-to-Exceed Amount of $79,500 (O & M Account No. 902-386) - Scott D. Westover

Motion by Jason to approve the Spicer Group Engineering Proposal re: Tyler Pond Trestle Replacement in the Not-to-Exceed Amount of $79,500 (O & M Account No. 902-386).  Support by Doe.

Mr. Westover reminded the Board that, at the previous month’s meeting, they approved the solicitation of a sole proposal from Spicer Group given their previous work on the trestle project.  He indicated that their proposal is in line with staff’s expectations.

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

G. Request to Approve - Authorization to Seek Construction Bids re: WWTP Incinerator SO2 Reduction (O & M Account No. 902-167) - Scott D. Westover

Motion by Doe to provide Authorization to Seek Construction Bids re: WWTP Incinerator SO2 Reduction (O & M Account No. 902-167). Support by Jason.

Mr. Westover advised the Board that staff is hoping to have Tetra Tech complete the design in the next few weeks and then bid the project in time for a recommendation at the October meeting.

In favor: All.  Opposed: None.  (Motion carried)
H. Request to Approve - Authorization to Seek Bids re: Rear Yard Sanitary Sewers Chemical Root Treatment (O & M Account No. 901-560) - Scott D. Westover

Motion by Doe to provide Authorization to Seek Bids re: Rear Yard Sanitary Sewers Chemical Root Treatment (O & M Account No. 901-560). Support by Jason.

Mr. Westover advised the Board that chemical root treatment is a procedure that was first used about two years ago on sewers located in rear and side residential yards. He indicated that the sewer mains in these areas were lined within the last eight to 10 years, which restored the integrity of the pipes but did not address root intrusion at the connection points to the laterals. Mr. Westover explained that lining the laterals has not proven to be cost-effective and, therefore, the chemical root treatment, which is guaranteed for about two years, is the best option.

Mr. Jason inquired as to the projected cost to line the laterals. Mr. Westover responded that it is in the area of about $2,500 per lateral and that there are 340 laterals in the West Willow area alone. Mr. Jason also inquired as to whether there is any concern of possible damage from the chemicals. Mr. Westover responded that there is none.

Mr. Bodary indicated that he is under the impression that infrastructure inside the property line is the responsibility of the homeowner. Mr. Westover responded that these are public sewer mains and that the easement is 10 to 12 feet, which designates YCUA’s responsibility within the right-of-way.

Mr. Doe inquired as to whether customers are advised in the event that there is an issue with the lateral in the easement area. Mr. Castro responded that YCUA will indeed advise a customer if Authority crews identify a lateral that is severed or collapsed near the main.

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

I. Request to Approve - Authorization to Seek Bids re: Willow Run Wastewater Treatment Plant Demolition (Environmental Reserve Fund Account No. 902-392) - Scott D. Westover

Motion by Jason to provide Authorization to Seek Bids re: Willow Run Wastewater Treatment Plant Demolition (Environmental Reserve Fund Account No. 902-392). Support by Doe.

Mr. Westover advised the Board that the schedule for this work will coincide with the incinerator sulfur dioxide project with competitive bidding in the next couple of weeks and a recommendation to the Board at the October meeting. He indicated that he is optimistic that this project will come in under $1 million.
Mr. Doe inquired as to how much money is in the Environmental Fund. Mr. Harrigan responded that the fund is in the amount of $1.9 million.

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

J. Request to Approve - Change Order No. 1 re: 2014 Road Repairs Phase 1 in the Deduct Amount of $27,246.62 (O & M Expense Account No. 902-161) - Scott D. Westover

Motion by Doe to approve Change Order No. 1 re: 2014 Road Repairs Phase 1 in the Deduct Amount of $27,246.62 (O & M Expense Account No. 902-161). Support by Jason.

Mr. Westover advised the Board that Best Asphalt did a great job on this project, as indicated in part by this change order.

Mr. Doe inquired as to whether this is the company that was not originally awarded the bid. Mr. Castro responded affirmatively.

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

There was no Attorney’s Report for the month.

O. Environmental Report – Luther D. Blackburn

There was no Environmental Report for the month.

P. Director’s Report - Jeff Castro

Mr. Castro advised the Board that YCUA was one of the few communities of its size that did not experience any sewer backups or basement floods during the major rain that occurred on August 11th and 12th, dropping between three and six inches of rain. He indicated that he is proud of YCUA’s very aggressive sewer main preventative maintenance program that has resulted in considerable savings to its customers. Mr. Castro explained that the service, wastewater, and maintenance departments have all worked diligently since the implementation of the program in 2011 and he commended them for their efforts.

Mr. Bodary thanked the entire YCUA staff.
Mr. Castro also advised the Board that there has been some discussion regarding the status of an Ypsilanti Township West Michigan water main that crosses Paint Creek just west of Mansfield Street, which was installed around 1960. He indicated that, during a water main installation in 1983, it was decided not to bore and jack under Paint Creek and, instead, to tie into each side of the existing water main running under the creek. Mr. Castro explained that, in the early 1990s, there was a water main break at Paint Creek Crossing involving the area that was not replaced in 1983. He pointed out that, at that time, YCUA decided to isolate the water main break inside the creek which eliminated redundancy. Mr. Castro also explained that this needs to be reconnected and that today’s lining technologies versus bore and jack would be a much better solution. He further advised that, if there are issues, the Congress interconnect can be opened to supply water from the city to the township. Mr. Castro stated that a cost analysis and prints are available but that there are areas of greater need at this time such as the water main on Michigan Avenue between Prospect and Grove Roads.

Mr. Bodary commented that the subject came up in discussion with a local resident and that he agrees with the higher priority repairs.

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 $2,912,294.44. Support by Jason. In favor: All. Opposed: None. (Motion carried)

7. PUBLIC COMMENTS: There were no Public Comments for the month.

8. ADJOURNMENT: Motion by Doe adjourn the meeting at 4:36 p.m. Support by Jason. In favor: All. Opposed: None. (Motion carried)
YCUA RESOLUTION NO. 14-7
FOR A LEGISLATIVE BODY RELATING TO
AMENDING A 457 DEFERRED
COMPENSATION PLAN TO PERMIT LOANS

457 Deferred Compensation Plan # 30-6023

Name of Employer: YPSILANTI COMMUNITY UTILITIES AUTHORITY State: MICHIGAN

Title of Program Coordinator: Director

Resolution of the above name Employer (“Employer”)

WHEREAS, the Employer has employees rendering valuable services; and

WHEREAS, the Employer has established a deferred compensation retirement plan (the “Plan”) for such employees which serves the interest of the Employer by enabling it to provide reasonable retirement security for its employees, by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, the Employer has determined the deferred compensation plan continue to be administered by the ICMA Retirement Corporation to serve the above objectives; and

WHEREAS, the Employer desires that some or all of the funds held under such plan be invested in the Vantage Trust Company, a trust established by public employers for the collective investment of funds held under their retirement and deferred compensation plans; and

WHEREAS, the Employer has determined that permitting participants in the retirement plan to take loans from the Plan will serve these objectives;

NOW THEREFORE BE IT RESOLVED that the deferred compensation plan (the “Plan”) will permit loans.

I, MICHAEL BODARY, Vice-Chair of the Ypsilanti Community Utilities Authority Board of Commissioners, do hereby certify that the foregoing resolution, proposed by Larry J. Doe and supported by Keith P. Jason, Commissioners of Ypsilanti Community Utilities Authority, was duly passed and adopted by the Board of Commissioners of the Ypsilanti Community Utilities Authority at the regular meeting thereof assembled this 27TH day of August, 2014, by the following vote:

AYES: Michael Bodary, Larry J. Doe, and Keith P. Jason.

NAYS: None.

ABSENT: Brenda L. Stumbo and Andrew Cameron.

MICHAEL BODARY, Vice-Chair