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

Members Absent: Brenda L. Stumbo.

1. CALL TO ORDER: Mr. Bodary called the meeting to order at 4:00 p.m.

2. MINUTES OF THE PREVIOUS MEETING: Motion by Doe to receive and file the minutes of the July 24, 2013 meeting (open and executive sessions) as presented. Support by Jason. In favor: All. Opposed: None. (Motion carried.)

3. NEW BUSINESS:

A. Request to Approve – Fiscal Year 2013 – 2014 Budget – Jeff Castro

Motion by Doe to approve the Fiscal Year 2013 – 2014 Budget. Support by Cameron. In favor: All. Opposed: None. (Motion carried)

Mr. Castro advised the Board that this budget will take effect September 1, 2013. He indicated that, after a period of substantial decreases, water usage seems to have stabilized in the last few years totaling about 7.9% in the City Division and 24% in the Township Division. Mr. Castro explained that sewer usage is following a similar pattern.

He pointed out that WTUA’s sewage flow has stabilized over the last three years and that staff is projecting that their flow will stay about the same as the current fiscal year, which is approximately 9.8 MGD.

Mr. Castro also explained that the budget also includes a recommended water rate increase of 5% and a sewer rate increase of 4.5%. He further advised that the combination of these two adjustments generates an increase in operating revenue of 2.67% over the current year’s budget and produces cash after operating expenses, non-operating items, and bond
principal payments in the amount of $542,000 in the City Division and $1 million in the Township Division, totaling just over $1.5 million. Mr. Castro stated that this cash is available for capital projects not included in the operating budget, which the Authority needs to replace various components of the water distribution and sewage collection systems and treatment infrastructure and to maintain its bond covenant.

He acknowledged that staff has met with the Finance Committee who has recommended approval of the budget.

B. **Request to Approve and Recommend – Fiscal Year 2013 – 2014 Water and Sewer Rates** – Jeff Castro

Motion by Doe to approve the Fiscal Year 2013 – 2014 Water and Sewer Rates and recommendations relative to the same. Support by Cameron. In favor: All. Opposed: None. (Motion carried)

Mr. Castro advised the Board that, as stated in item 3.A, the budget includes a water rate increase of 5% and a sewer rate increase of 4.5% in both the City and Township Divisions. He indicated that the effect of these changes in the City Division is a $3.01 (4.14%) increase on a minimum user’s two-month water and sewer bill and a $5.87 increase on an average user’s two-month water and sewer bill. Mr. Castro explained that the City Division will also experience a 1% decrease in the surcharge rate, which is used for capital improvements debt.

He pointed out that the effect of these changes in the Township Division is a $2.23 increase on a minimum user’s two-month water and sewer bill and a $4.43 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 YCUA has received from DWSD for the purchase of water, which was 6.3%. He further 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 4.5%.

Mr. Castro stated that the YCUA Board also needs to recommend to City Council a 5% water increase and a 4.5% sewer increase.

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

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

Mr. Castro advised the Board that this engagement letter for the fiscal year 2012-2013 audit is the third in a five-year proposal approved by the Board
in 2011. He indicated that Rehmann Robson decreased their fee schedule as instituted in 2006, which is, in effect, a rollback in cost. Mr. Castro explained that their preliminary work for the audit for the current fiscal year ending August 31, 2013 has already begun. He pointed out that the not-to-exceed fee for the financial statements will be $54,900 plus $3,000 per federal program if a single audit is required.

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

D. Request to Approve – Salem Township Wastewater Disposal Agreement – Jeff Castro

Motion by Doe to approve the Salem Township Wastewater Disposal Agreement. Support by Cameron.

Mr. Castro advised the Board that YCUA staff just received notice the day previous that this item has been put on hold due to the developer pulling out.

Thomas E. Daniels also advised that staff has received written notice from the two attorneys representing Salem Township that the developer, who was to finance most or all of the infrastructure, has placed the matter on hold indefinitely.

Motion by Doe to table this item. Support by Cameron. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve – Sumpter Township Wastewater Disposal Agreement – Jeff Castro

Motion by Cameron to approve the Sumpter Township Wastewater Disposal Agreement. Support by Doe.

Mr. Castro advised the Board that, as discussed at the July Board meeting, Sumpter Township is a present YCUA wastewater collection and treatment customer that wishes to continue as such although their current contract has expired. He indicated that both parties intend to terminate the existing contract and simultaneously enter into a new wastewater conveyance and disposal agreement.

Mr. Castro explained that Sumpter Township has recently requested an additional meeting to discuss disposal limitations and, if the Board so desires, this matter can be tabled until after that meeting takes place. He pointed out, however, that it is his recommendation to approve the contract as is. Mr. Castro also explained that if YCUA and Sumpter Township agree to any subsequent changes, an amendment would be made to that effect with the Board’s approval.
Mr. Doe inquired as to whether there are any items that YCUA is still attempting to negotiate. Mr. Daniels responded that the Authority has received everything it wanted by way of the user charge system in the contract and that staff is quite satisfied with the document. He added that he does not think that the forthcoming topic discussion will result in any substantive changes.

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

F. Request to Approve – Purchase of Clarity Financial Software Upgrade and Conversion Services in the Amount of $26,300 (O & M Expense Account No. 901-596) – Dwayne Harrigan

Motion by Doe to approve the Purchase of Clarity Financial Software Upgrade and Conversion Services in the Amount of $26,300 (O & M Expense Account No. 901-596). Support by Jason.

Mr. Harrigan advised the Board that YCUA upgraded its billing software five or six years ago and that this is the accounting part of it. He indicated that this includes a couple of modules that were not available when the billing software purchase was made. Mr. Harrigan explained that the supplier is providing a discount to integrate to the new software.

Mr. Jason inquired as to whether any more updates are expected in the near future. Mr. Harrigan responded that any subsequent updates will be included as part of the maintenance agreement.

Mr. Doe inquired as to whether this upgrade will save any man hours in the accounting department. Mr. Harrigan responded that there will be some increased efficiencies as a result of the new software.

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

G. Request to Approve - Authorization to Seek Bids re: Sand, Stone and Cold Patch Purchase (O & M Expense Account No. 560-806) – Bob Fry

Motion by Doe to provide Authorization to Seek Bids re: Sand, Stone and Cold Patch Purchase (O & M Expense Account No. 560-806). Support by Cameron.

Mr. Fry advised the Board that these are materials used by the Service Center crews after excavations.

Mr. Doe inquired as to whether all of this material will be delivered at one time. Mr. Fry responded that only a limited amount of material will be kept on hand and that it is ordered on an as-needed basis.

Mr. Cameron inquired as to whether there have been any past delivery issues. Mr. Fry responded that YCUA has been using the same trucking
company for the past three years.

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

**H. Request to Approve - Authorization to Seek Bids re: Wastewater Treatment Plant Bulk Chemicals Purchase (O & M Expense Account No. 550-736) – Perry M. Thomas**

Motion by Jason to provide Authorization to Seek Bids re: Wastewater Treatment Plant Bulk Chemicals Purchase (O & M Expense Account No. 550-736). Support by Cameron.

Mr. Thomas advised the Board that these chemicals are used for odor control, disinfection of the plant effluent system, and supplementing the phosphorus reduction process. He indicated that, last year, the Authority used $55,000 worth of sodium hydroxide, $19,300 worth of sodium hypochlorite, and $95,700 worth of aluminum sulfate.

Mr. Thomas explained that the current contract ends October 31, 2012.

Mr. Doe inquired as to whether biology is still being used in place of alum to remove phosphorus. Mr. Thomas responded affirmatively but indicated that, at times, biology does not work adequately enough to meet the permit, requiring that it be supplemented with alum. Mr. Castro interjected that this usually happens after a heavy rain, so staff tries to be proactive in having an adequate supply of alum on hand.

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


Mr. Thomas advised the Board that YCUA is required to test for mercury and carbon monoxide this year and is electing to test for sulfur dioxide and mercury in a separate study. He indicated that these tests will be conducted before the granular activated carbon absorber and explained in detail how and why the testing will proceed.

In favor: All. Opposed: None. (Motion carried)
J. Request to Approve - Authorization to Seek Construction Bids re: I-94 Sanitary Sewer Siphon Cleaning Improvements (O & M Expense Account No. 902-259) – Scott D. Westover

Motion by Cameron to provide Authorization to Seek Construction Bids re: I-94 Sanitary Sewer Siphon Cleaning Improvements (O & M Expense Account No. 902-259). Support by Doe.

Mr. Westover advised the Board that the packet documents show an access ramp built by Service Center staff in early 2013 where there are a lot of sewer line problems along I-94. He indicated that staff has spent over $44,000 on over 10 different occasions to keep the line clean and flowing. Mr. Westover explained that these issues can be alleviated by adding a manhole or two to give the vactor better access.

Mr. Bodary inquired as to whether the project will likely require funds similar to the preliminary cost opinion. Mr. Westover responded that he feels the project might come in less, particularly if MDOT does not require culverts and drainage.

Mr. Doe inquired as to whether this will result in significant maintenance cost savings. Mr. Westover responded affirmatively, indicating that the simple payback is less than a year.

Mr. Cameron inquired as to whether this has been an ongoing issue. Mr. Westover responded that it has been getting worse over the last two years. Bob Fry then explained the progression of the problem at length.

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

K. Request to Approve - Revision to Construction Phase Agreement with WCRC re: Golfside Drive Improvements in the Amount of $48,442.14 (2011 Bond / Township Division Reserve for Construction Fund Account No. 902-384) – Scott D. Westover

Motion by Doe to approve the Revision to Construction Phase Agreement with WCRC re: Golfside Drive Improvements in the Amount of $48,442.14 (2011 Bond / Township Division Reserve for Construction Fund Account No. 902-384). Support by Cameron.

Mr. Westover reminded the Board that there was a road improvement project on Golfside from Clark to Packard in 2012 and that, as part of that project, YCUA partnered with the road commission to do some water and sanitary sewer improvements in the area. He indicated that a lot of unanticipated problems were encountered and that the effort required
exceeded the contract budget. Mr. Westover explained those problems in greater detail.

Mr. Doe inquired as to the amount of the contingency. Mr. Westover responded that the number that comes to mind is $68,000.

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


Mr. Westover advised the Board that this change order is the result of the permit fee allowance in the bid, which turned out to be considerably less than anticipated.

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

M. Request to Approve - Change Order No. 3 re: Ecorse / Emerick / I-94 Water Main Improvements in the Deduct Amount of $168,663.29 (2012 Ypsilanti Township Water Supply System No. 8 Bonds Account No. 902-346) – Scott D. Westover

Motion by Cameron to approve Change Order No. 3 re: Ecorse / Emerick / I-94 Water Main Improvements in the Deduct Amount of $168,663.29 (2012 Ypsilanti Township Water Supply System No. 8 Bonds Account No. 902-346). Support by Jason.

Mr. Westover advised the Board that Change Orders no. 1 and 2 on this project were approved in a similar fashion in that Board approval is being requested prior to contractor acceptance. He indicated that the contractor has not responded in any way to punch list items or other communication and, at this point, YCUA wants to close out this contract through the bond company.

Mr. Doe inquired as to whether this is the project that had a budget amendment request involving additional crews. Mr. Westover responded affirmatively.

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

N. Fund Balance Report – Dwayne Harrigan

Mr. Harrigan directed the Board’s attention to the Fund Balance Report for July 31, 2013. He then proceeded to give a detailed report of the information contained in the report and answered questions from the
O. Financial Report – Authority Net Assets – Dwayne Harrigan

Mr. Harrigan directed the Board’s attention to the Financial Report – Authority Net Assets Report for July 31, 2013. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Mr. Bodary inquired as to whether the City Division surcharge can be reduced more quickly when there are overages in these funds. Mr. Harrigan responded that the overages are restricted to specific line items and cannot be moved to others. He indicated that the general operating fund is the only one to which this does not apply and, unfortunately, it is the fund that is strained when there is a wet summer like the one experienced this year. Mr. Harrigan explained that there was a 1% decrease in the surcharge this year and that bonds will start coming off in the next few years, which, barring any major projects, will result in some accelerated decreases in the city surcharge. Mr. Bodary commented that there are road projects in the city that need serious attention that will involve water and sewer infrastructure. Mr. Harrigan added that the city just refunded five bonds, which will save about $100,000 per year going forward. Mr. Cameron asked that a document be drafted showing projections for the surcharge over the next four to five years.

Informational only; no motion from the Board required.


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.

Q. Attorney’s Report – Thomas E. Daniels

Mr. Daniels advised the Board that, since the last Board meeting, a final decision was made on the NPDES contested case petition that had been filed with MDEQ. He indicated that Mr. Castro and the YCUA team made the determination to withdraw the petition, which has now been done.

Mr. Daniels explained that the decision was based on their assessment of the likelihood of prevailing in the matter versus the cost involved. He pointed out that the Authority is now meeting its phosphorous limits at a reduced cost due to the success of the biological treatment system.
R. **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 the laboratory staff recently participated in the annual discharge monitoring report quality assurance program, which he outlined in detail. Mr. Thomas explained that the Authority received a score of “acceptable” on the results submitted.

He pointed out that, on August 8, 2013, two MDEQ representatives performed the reconnaissance inspection of the YCUA wastewater treatment plant, which he outlined further. Mr. Thomas also explained that, as a result of the inspection, the Authority received a letter indicating that YCUA is in compliance with the NPDES permit. He congratulated all parties involved for their successful operation of the wastewater treatment plant.

He further advised that Doug Early of MDEQ has advised Authority staff that the letter terminating the District Compliance Agreement is forthcoming shortly.

Mr. Thomas stated that the sulfur dioxide reduction project pilot study is looking very promising. He acknowledged that the study will continue next week with some charges in the operating parameters to determine whether more caustic can be injected successfully into a higher feed rate.

Mr. Thomas confirmed that YCUA received notification from the National Association of Clean Water Agencies (NACWA) that they won a victory in their fight against the EPA’s recently promulgated Maximum Achievable Control Technology Standard for sewage sludge incinerators that goes in effect in 2016. He explained that the judge ruled that obtaining emissions standards from only nine of the top performing incinerators was a flawed process and that the EPA must go back and reevaluate the limits.

The Board congratulated Mr. Thomas on his efforts on behalf of the Authority as well as the efforts of his staff.

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

Mr. Castro advised the Board that AFSCME negotiations have concluded with a mutually satisfactory agreement. He indicated that Teamster negotiations are continuing.

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 Cameron to pay the bills in the amount of $5,695,429.55. Support by Doe. In favor: All. Opposed: None. (Motion carried)

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

8. **EXECUTIVE SESSION:** Mr. Castro recommended adjourning the open session and calling to order a closed session in order to discuss Union negotiations. Motion by Doe to accept Mr. Castro’s recommendation for adjourning the open session and calling to order a closed session in order to discuss Union negotiations. Support by Jason. By roll call vote: Ayes: Michael Bodary, Andrew Cameron, Keith P. Jason, and Larry J. Doe. Nayes: None. (Motion carried)

   (Board then met in closed session.)

Motion by Doe to approve the AFSCME negotiated contract which has been supported by the employees. Support by Cameron. In favor: All. Opposed: None. (Motion carried)

9. **RETURN TO OPEN SESSION AND ADJOURNMENT:** Motion by Doe to adjourn the meeting at 5:18 p.m. Support by Jason. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

ANDREW CAMERON, Secretary - Treasurer