Minutes

YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, September 26, 2006 – 4:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112

Members Present: Larry J. Doe, Edward B. Koryzno, Jr., Mark Namatevs, and Philip W. Wagner.

Members Absent: J. Ray Scott.

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

2. MINUTES OF THE PREVIOUS MEETINGS: Motion by Koryzno to receive and file the minutes of the August 22, 2006 and September 12, 2006 meetings. Support by Wagner. In favor: All. Opposed: None. (Motion carried.)

3. NEW BUSINESS:


   Mr. Thomas directed the Board’s attention to the report of the actuarial valuation as of August 31, 2005 of YCUA’s retiree health care plan. He indicated that, beginning in 2008, the Authority will need to report the liability associated with its retired employee health care benefits. Mr. Thomas also explained that, last fiscal year, YCUA created a retired employee health care trust to address this liability, which is administered by MERS. He pointed out that the Authority has based its contributions into this trust on an estimation done by YCUA’s auditor, knowing that it was not done on an actuarial basis. Mr. Thomas explained that an actuarial firm completed the valuation as presented and the results compare favorably with the estimation.

   He further advised that the Authority’s annual contribution to the program is slightly less than the contribution indicated in the report, however, the amount of yearly health care claims for retired employees is a variable. Mr. Thomas stated that he believes that the final analysis of the year will indicate that YCUA has met its goal of funding the trust.
Mr. Thomas recommended keeping the contributions to the retired employees health trust fund at the current level for this fiscal year.

Motion by Namatevs to approve the recommendation of keeping the contributions to the retired employees health trust fund at the current level for this fiscal year. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve - Budget Amendment for Harris Road Sanitary Sewer Repair - T. Michael Jessee

Mr. Jessee reminded the Board that, at last month’s Board meeting, the emergency repair on the Harris Road sewer was discussed and $75,000 was authorized for the repair. He indicated that that number was based on the situation that was known immediately prior to the Board meeting. Mr. Jessee also explained that, after the original repair was completed, it was discovered that additional footage of pipe needed replacement, as the contamination from the cement continued on for an additional sixty feet. He pointed out that the repair was authorized since it remained an emergency as the sewer was plugged. Mr. Jessee explained that the repair has now been completed and the sewer is flowing normally. He further advised that the total cost of the contractor retained for the replacement was $168,332.40.

Mr. Jessee stated that staff is now requesting authorization to pay the cost of the repair. He acknowledged that the repair was done under emergency conditions since the neighborhood in the Harris Road / Share area was without an operating sewer. Mr. Jessee confirmed that continuous bypass pumping was necessary to maintain service to the area. He explained that staff has met with MDOT, as it was their contractor that caused the problem. Mr. Jessee pointed out that YCUA is in the process of submitting a claim of reimbursement to their contractor.

Mr. Jessee recommended approval of the project in the amount of $168,332.40 and the use of Benefit Construction funds to pay the costs, with any monies received from the Authority’s claim for reimbursement being reinstated to the Benefit Construction Fund.

Mark Namatevs inquired as to how likely it is that the reimbursement will be received. Mr. Jessee responded that staff feels that it is very cut and dry as to whom is responsible for the damage and that they will exhaust every possible option in order to prevail in the matter. He indicated that YCUA attorney Thomas E. Daniels in assisting in the preparation of the documents as well as the negotiations. Mr. Jessee also stated that YCUA staff has met with MDOT, URS Engineering, and C.A. Hull and has clearly communicated the Authority’s position that they are responsible. He indicated that MDOT, URS Engineering, and C.A. Hull have attempted to make the claim that the sanitary sewer was already damaged
but previous inspection reports prove that this is not the case. Mr. Jessee also advised that the main was clearly marked before the excavation.

Larry J. Doe inquired as to how close the excavation came to the expressway. Mr. Jessee responded that it was on the shoulder under the viaduct.

Motion by Koryzno to approve the project in the amount of $168,332.40 and the use of Benefit Construction funds to pay the costs, with any monies received from the Authority’s claim for reimbursement being reinstated to the Benefit Construction Fund. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve - Bridge Road Demolition Budget - T. Michael Jessee

Mr. Jessee advised the Board that bidding documents were prepared and RFPs advertised in compliance with YCUA’s purchasing policy by the Authority’s consultant, Stantec, for the demolition of the Bridge Road water treatment plant. He indicated that bids were received on September 7, 2006. Mr. Jessee also explained that five companies submitted bids and Adamo Demolition was the low bid at $495,000. He pointed out that Stantec has reviewed the bids received and is recommending that Adamo Demolition Company be awarded the project.

Mr. Jessee explained that staff is also recommending that a substantial contingency fund of 50% of the bid amount or $247,500 be established due to the potential additional costs for certain unknowns. He further advised that, in particular, there are hazardous materials on the site and the exact quantities are not known. Mr. Jessee stated that there is also conflicting information dealing with utilities on the site.

Larry R. Thomas acknowledged that the process of the demolition of Bridge Road has been in the planning stages for several years and that various issues have delayed the project. He confirmed that the site is an attractive nuisance and the Authority’s insurance carrier has recommended for years that it be demolished. Mr. Thomas explained that this project should be financed from the Township Division Environmental Reserve Fund and that it qualifies for usage of those funds. He pointed out that the reserve will continue to be sufficiently funded to cover the liability of the Authority for the Willow Run Creek Area cleanup.

Mr. Jessee recommended approval of the award of the demolition contract to Adamo Demolition Company in the amount of $495,000 and the establishment of a $247,500 contingency fund, for a total of $742,500, and a recommendation to the Ypsilanti Township Board of Commissioners for authorization to use Township Division Environmental Reserve Fund assets to finance the project.
Larry J Doe inquired as to whether staff is sure that the contingency is necessary, considering that AKT Peerless found no contaminants when it did its evaluation of the property. Mr. Jessee responded that he is confident that the soil in the area contains fluoride, oil, septic residue, and PCBs but that the exact amounts will not be known until after the project commences.

Edward B. Koryzno, Jr. inquired as to the extent of AKT Peerless’s evaluation and why they did not report these findings. Mr. Jessee advised that AKT Peerless sent GeoTrans to the site for an assessment and that they cited asbestos, lead, fluoride, and oil. He indicated that they did not quantify the findings but simply listed them as possible issues.

Philip W. Wagner inquired as to whether these contaminates can be taken somewhere else for treatment and/or disposal if they are, indeed, found to be present, or if we have the ability to treat and dispose of the material since we have state-of-the-art operations here we may be able to take care of it ourselves. Mr. Jessee responded that YCUA will request that all of the testing be done prior to disposal, that way the Authority can get involved at that point rather than allow it to go elsewhere if we can treat it.

Motion by Namatev to approve the award of the demolition contract to Adamo Demolition Company in the amount of $495,000 and the establishment of a $247,500 contingency fund, for a total of $742,500, and a recommendation to the Ypsilanti Township Board of Commissioners for authorization to use Township Division Environmental Reserve Fund assets to finance the project. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve - Change Order No. 31 re: Wastewater Treatment Plant Expansion/Improvements Project - T. Michael Jessee

Mr. Jessee directed the Board’s attention to Change Order No. 31 for the WWTP expansion/improvements project as well as a memo from Mike Jessee regarding the change order. He indicated that the change order covers several items addressed in his memo and represents an increase in the project cost in the amount of $27,909. Mr. Jessee also explained that this change order brings total changes to $4,485,817. He pointed out that the change order addresses items that were discovered during the project as well as changes that staff requested. Mr. Jessee explained that there are sufficient dollars budgeted in the contingency budget to cover this increase.

Mr. Jessee recommended approval of Change Order No. 31 in the amount of $27,909.

Philip W. Wagner inquired as to how many more change orders are expected on this project and whether any will be substantial. Mr. Jessee responded that he anticipates two more estimated at about $200,000. Tom
Allbaugh interjected that the remaining change order amounts hinge on what happens with Infilco Degremont but that, at the present time, he does not anticipate any large claims.

Mark Namatevs asked for an overview on the situation with Infilco Degremont. Mr. Jessee responded that IDI wants to be paid down to $10,000 after retainage, which the Authority feels, is unacceptable. He indicated that there is approximately $150,000 - $200,000 in punch list items and O &M manuals and that, along with the delays they have caused in the project, constitute the main source of contention. Thomas E. Daniels interjected that a meeting is taking place on Friday. He added that IDI has asserted $300,000 of extras but that they have not provided any documentation to back this claim.

Motion by Koryzno to approve Change Order No. 31 in the amount of $27,909. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

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

Mr. Thomas directed the Board’s attention to the Fund Balance Report. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Philip W. Wagner inquired as to whether using the environmental cleanup fund balance to pay for the demolition project would have an impact on these statements. Mr. Thomas responded that, once the pay request for the entire amount of $742,500 of the requirement comes in from Adamo, YCUA will take the money out of the cash for the environmental reserve but the requirement will go down by the same amount. He added that, if the environmental clean up fund is not used, then that money would need come out of the O & M fund, which would reduce the amount of cash available.

Informational only; no motion from the Board required.

F. **Financial Report – Authority Net Assets** - Larry R. Thomas

Mr. Thomas directed the Board’s attention to the Financial Report – Authority Net Assets Reports for August. He then proceeded to give a detailed report of the information contained in the reports and answered questions from the Board.

Informational only; no motion from the Board required.


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 reports and answered questions from the Board.
Informational only; no motion from the Board required.

H. Director’s Report - Larry R. Thomas

Mr. Thomas advised the Board that MDOT will be resurfacing Ecorse Road from Michigan Avenue to the bypass just east of Ford Blvd. He indicated that YCUA is planning to replace the water main in that area as part of that project and, due to the cost, it will be necessary to bond that amount, which is approximately $1.7 million. Mr. Thomas advised that he has initiated the bond process with Dennis Neiman of Miller Canfield and some information has been submitted to Ypsilanti Township in order to place the bond issue before the Board of Trustees and start the 45-day referendum period. He stated that this project was not anticipated when the DWRF application was submitted, so it is not eligible for those funds.

Mr. Thomas advised the Board that the YCUA management staff has begun implementing some of the recommendations contained in the Miller Consultants organization analysis report. He indicated that he and Mr. Jessee have spoken at all the departmental meetings and are in the process of reorganizing one of the interdepartmental committees in order to address some of the communications issues that were brought forth in the study.

Mr. Thomas advised the Board of an update regarding the York Township sewer agreement that was entered into recently dealing particularly with the Toyota facility. He indicated that staff has determined the need for a force main leading from this property and a pump station in the area of Bemis and Munger.

Mr. Thomas stated that staff is recommending an increase in the size of the wet well at that pump station slightly so that the customers in Ypsilanti Township will be able to use the pump station at some time in future when YCUA elects to offer sewer service to that area. He advised that there is no sewer capability in that area of the township at the present time because there is no pump station to get the sewage where it needs to go. Mr. Thomas indicated that this will be a good way to move forward with offering that ability into that area of the township, it would be of fairly minimal cost to the Authority (less than $100,000), and that it would be an investment in the future. He stated that he anticipates a formal recommendation in time for the next Board meeting but wanted to bring the issue forward now in the event that the Board had any general issues with the project.

Philip W. Wagner inquired as to whether the YCUA has determined a site for the pump station. Mr. Thomas responded that it will be constructed on the property owned by Rolling Hills Meadows condominiums on the northeast corner of Bemis and Munger. He stated that he is unaware of whether the location has been cited but that the developer has agreed
verbally to an easement large enough to accommodate the main as well as the pump station.

Edward B. Koryzno, Jr. asked for clarification that what will be recommended is a policy decision that will allow YCUA to pursue this venture because the incremental increase in the project cost will be outweighed by the long-term financial benefits. Mr. Thomas responded affirmatively. Mr. Koryzno indicated that he is in support of the recommendation.

Larry J. Doe inquired as to whether there is sewer service in that area at the present time. Mr. Thomas responded that customers can’t tap into a force main and that the only way to solve that would be to put in another gravity sewer paralleling the force main and discharging into the pump station. Mr. Doe indicated that this is something that Rolling Meadows may want to do because their project is held up in review due to sewer service issues, they lost five or six sites because of sewer issues, so they could very well be interested in participating financially.

Joh Kang suggested that, every time a force main ends, there is a release of odorous gas and that the plans must include a provision to deal with those odors.

4. OLD BUSINESS:

There was no old business for the month.

5. OTHER BUSINESS:

I. Request to Approve - Factory Street Pump Station Repairs – T. Michael Jessee

Mr. Jessee directed the Board’s attention to a budget amendment for the Factory Street pump station improvements. He indicated that this is a large pump station located on Spring Street across from the old Ford facility that serves all of the City of Ypsilanti. Mr. Jessee also explained that, back in late 90s, a ruptured pipe burst in one of the discharge headers at the station, which was repaired and later determined to be dangerously thin throughout. He indicated that sheet metal was welded over the pipe to increase the strength of the wall.

Mr. Jessee explained that, in the early 00s, Tetra Tech MPS presented a budget for replacing the header and the installation of a duplication discharge header to provide redundancy at the station and that, in 2002, the project plans were finalized, the budget was approved, and work began. He further advised that the project was suspended in 2003 during the financial crisis at YCUA. Mr. Jessee stated that the project has recently been reinstated and Tetra Tech was brought back in to update the plans to allow the two discharge heads to come together outside the station and also to allow the existing meter to be replaced and second meter
installed. He acknowledged that the five pumps in that location are controlled by a series of large ball valves that was installed in 1978 that need to be replaced as well.

Mr. Jessee confirmed that, based on these project updates, Tetra Tech has prepared a budget amendment request of $80,500, which includes $5,000 for subsurface investigation and testing which will be necessary because the large mount of ground water present will make it necessary to expose the discharge force main outside the station, requiring a great deal of evaluation prior to determining how much pumping of the ground water will be necessary. He explained that exterior pipe work modifications outside the station are also necessary with a live-stop valve installation.

Mr. Jessee pointed out that also included are piping for CAD drawings, added structural / mechanical drawings for CAD, valve replacement, submittals and pay certificates, and onsite observation result in the remaining $75,500. He also stated that YCUA is highly motivated to complete this project due to the liability it presents. He advised the Board that staff is hoping to get bids out on the project as a whole and have a recommendation available for consideration at the November Board meeting.

Mr. Jessee recommended approval of the Factory Street pump station budget amendment in the amount of $80,500.

Motion by Namatevs to approve the Factory Street pump station budget amendment in the amount of $80,500. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)


Mr. Koryzno advised the Board that now that the Miller Consultants organization analysis is complete, it is time for the annual evaluation of the YCUA director. He directed their attention to a proforma memo explaining the process as well as a CD-R containing the applicable documents. Mr. Koryzno indicated that Mr. Thomas’s self assessment and goal updates for the fiscal year will be emailed to them within the next two weeks in anticipation of a closed session at the October Board meeting. He asked that each Board member submit along with the evaluation their individual goals for the coming year so that a conclusive list can be compiled.


Mr. Koryzno reminded the Board that now that the Miller Consultants organization analysis has provided some excellent recommendations for the continued improvement of operations at the Authority that include the
creation of a policy whereby former YCUA employees will be prohibited from serving on the Authority’s Board of Commissioners. Mr. Koryzno expressed his opinion that this is an important policy and asked that Board support a plan for staff to work with YCUA’s legal council in draft a policy for the Board’s consideration.

6. STATEMENTS AND CHECKS: Motion by Namatevs to pay the bills in the amount of $5,779,441.04 plus an addendum in the amount of $1,630,571.94. Support by Wagner. In favor: All. Opposed: None. (Motion carried.)

7. PUBLIC COMMENTS:

Stewart Farber, member of Grove Road, LLC, addressed the Board at great length regarding issues related to the engineering approval process for the West Grove condominium project in Ypsilanti Township.

8. ADJOURNMENT: Motion by Namatevs to adjourn the meeting at 5:01 p.m. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

MARK NAMATEVS, Secretary/Treasurer