Minutes

YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, December 19, 2006 – 4:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112


Members Absent: None.

1. CALL TO ORDER: Doe called the meeting to order at 4:08 p.m.

2. MINUTES OF THE PREVIOUS MEETING: Motion by Namatevs to receive and file the minutes of the November 28, 2006 meeting. Support by Koryzno. In favor: All. Opposed: None. (Motion carried.)

3. NEW BUSINESS:

A. Request to Approve – 2006 – 2007 Budget Amendment - Larry R. Thomas

Mr. Thomas reminded the Board that, at last month’s meeting, he informed them that he had changed the title of the Director of Human Resources to the Director of Administrative Services as recommended by Miller Consultants. He indicated that, at that time, he had advised that he would be reviewing salaries at similar organizations to determine if a market adjustment for this change would be appropriate. Mr. Thomas also explained that he has recommended a market increase of $3,890 per year for this position retroactive to September 1, 2006.

He pointed out that the YCUA Personnel Committee is in agreement with this recommendation. Mr. Thomas explained that, at this time, the budget should be amended with an increase in the salary line item for this department. He further advised that the bottom line for the department will not change, as the line item for disability insurance for the department can be reduced by the $3,890 to compensate for the increase in the salary line item.
Mr. Thomas stated that, since the budget was approved, YCUA has marketed the disability insurance of the Authority and will realize a decrease in this item of about $22,500. He acknowledged that a market adjustment for this position is appropriate.

Mr. Thomas recommended approval of a 2006 – 2007 fiscal year budget amendment to reflect the market increase of $3,890 per year for the Director of Administrative Services position retroactive to September 1, 2006.

Motion by Koryzno to approve a 2006 – 2007 fiscal year budget amendment to reflect the market increase of $3,890 per year for the Director of Administrative Services position retroactive to September 1, 2006. Support by Scott. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve – Sanitary and Water Services Policy – T. Michael Jessee

Mr. Jessee advised the Board that Henry Gerst, Keenen Crump, and he have been working on the sanitary and water services policy. He indicated that this effort is a clarification of the various policies that YCUA has in effect covering these situations. Mr. Jessee also explained that, in an effort to make the policy more understandable and easier to work with, it is being re-written for the Board’s consideration.

He further advised that the policy revision increases the plumber’s reimbursement fee from $125 to $150. Mr. Jessee stated that today’s plumbers are charging in excess of $125 and many customers are not being reimbursed for the full amount when the issue is found to be on YCUA’s side of the property line.

He acknowledged that the revision also calls for a $300 reimbursement fee for cleaning in the event that the plumber determines that there has been damage to the Authority’s side of the sanitary lead that would require excavation.

Mr. Jessee recommended approval of a clarification of existing sanitary and water services policies as presented.

Motion by Scott to approve a clarification of existing sanitary and water services policies as presented. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – Amendment No. 5 to Tetra Tech MPS Engineering Contract - T. Michael Jessee

Mr. Jessee directed the Board’s attention to Budget Amendment No. 5 for the Tetra Tech engineering contract for the wastewater treatment plant. He indicated that Tetra Tech is requesting an additional $30,800 for the continuing negotiations and punch list issues with the incinerator and IDI
and an additional $22,500 for extended project closeout costs. Mr. Jessee also explained that staff has reviewed the proposal and is recommending approval.

He pointed out that issues continue to require construction engineering work on the wastewater treatment plant project. Mr. Jessee explained that a total of $53,300 will be added to the project costs and charged to the contingency fund, bringing the total contingencies expended to $4,553,516, which represents 75.5% of the $6 million contingency budget.

Mr. Jessee recommended approval of Budget Amendment No. 5 for the Tetra Tech engineering contract in the amount of $53,300.

Mark Namatevs inquired as the status of negotiations with IDI for reimbursement of expenses such as this. Mr. Jessee responded that Tetra Tech staff along with Director Larry R. Thomas and attorney Tom Daniels met with IDI officials two weeks ago but that he was not present to comment on the results.

Mr. Daniels advised the Board that the entire afternoon was spent in discussion with the IDI team, including their CEO, and that, while no resolution was made, YCUA was able to make it clear that it had plenty of resources available to exhaust all avenues in obtaining relief in this matter. He indicated that the punch list items were reviewed and that IDI offered a system whereby the Authority will be assured that the items will be addressed as promptly as possible. Mr. Daniels also explained that no specific completion date was given but that he anticipates the punch list items to be addressed within 30 days tops. He pointed out that it was agreed that, after a period of time to allow for significant progress on the punch list, there will be a final session to come to a conclusion. Mr. Daniels explained that it was made clear that YCUA is holding a little less than $250,000 until the issues are resolved. He further advised that IDI still maintains issues of its own in excess of $200,000, some of which YCUA has acknowledged and others that the Authority has disputed. Mr. Daniels stated that the odds are better than 50% that the situation will be resolved in YCUA’s favor.

Motion by Namatevs to approve Budget Amendment No. 5 for the Tetra Tech engineering contract in the amount of $53,300. Support by Koryzno. In favor: Four. Opposed: One. (Motion carried)

**D. Request to Approve – Factory Street Header Replacement Project - T. Michael Jessee**

Mr. Jessee reminded the Board that, at last month’s meeting, they approved the Factory Street pump station modification contract award to Goyette Mechanical in the amount of $699,000. He indicated that, the following day, Goyette Mechanical informed the Authority that they had
discovered an error in their bidding documents and requested to be withdrawn from consideration.

Mr. Jessee directed the Board’s attention to a letter from Tom Allbaugh at Tetra Tech recommending that YCUA honor Goyette’s request and recommending that the project be awarded to Titus Welding Company in the amount of $719,600 with a contingency of $90,000 for the project. He pointed out that staff concurs with the recommendation that awarding the contract to the next lowest bidder is appropriate. Mr. Jessee explained that this will increase the cost of the project by $20,600.

Mr. Jessee recommended approval of the contract award to Titus Welding Company in the amount of $719,600 with a $90,000 contingency.

Philip W. Wagner commented that perhaps the Board should rescind the previous award to Goyette before awarding it to Titus.

Motion by Wagner to approve Goyette’s request to withdraw their bid Support by Scott. In favor: All. Opposed: None. (Motion carried)

Motion by Wagner to approve the contract award to Titus Welding Company in the amount of $719,600 with a $90,000 contingency. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve – Bridge Road Water Pumping Facility Project - T. Michael Jessee

Mr. Jessee directed the Board’s attention to his memo regarding the Bridge Road pump station and water main improvement project for the Bridge Road water storage and pumping facility. He indicated that this project is scheduled for 2008 in YCUA’s capital improvements plan. Mr. Jessee also explained that the project will allow the Authority more flexibility in using the reservoirs and the pump station located at Bridge Road.

He pointed out that the proposal from OHM is a lump sum of $98,000 with two optional tasks. Mr. Jessee explained that, since both MDEQ and DWSD must approve YCUA’s plans, the first option is for additional MDEQ – DWSD meetings and coordination. He further advised that the second option is for structural and / or architectural assistance if it is determined that the present building is not large enough to accommodate the needed improvements. Mr. Jessee stated that the cost of the options is $20,000 and engineering costs for the project total $118,000. He acknowledged that, as significant improvements are necessary for this project to proceed, beginning engineering early will allow the Authority to proceed on schedule with construction. Mr. Jessee confirmed that engineering for this project will be funded from the Benefit Construction Fund.
Mr. Jessee recommended approval of OHM proposal in the amount of $118,000 for assistance with the Bridge Road pump station and water main improvement project.

Motion by Koryzno to approve the OHM proposal in the amount of $118,000 for assistance with the Bridge Road pump station and water main improvement project. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

F. Request to Approve – Tetra Tech MPS Air Permit Compliance Support Proposal - T. Michael Jessee

Mr. Jessee directed the Board’s attention to a proposal from Tetra Tech regarding air permit compliance support as well as his memo regarding the same. He indicated that the proposal in the amount of $24,000 is to assist YCUA in finalizing the requirements to the State of Michigan air permit. Mr. Jessee also explained that YCUA staff needs assistance in completing the requirements of the State of Michigan air permit and that Tetra Tech’s expertise is necessary to accomplish this. He pointed out that this will be funded through the O & M budget.

Mr. Jessee recommended approval of the Tetra Tech proposal for professional services and change authorization proposal in the amount of $24,000.

Edward B. Koryzno, Jr. inquired as to why the amount of SO2 emissions almost doubled between the estimated value that was in the air permit application and the emissions testing. Valerie Lochocki of Tetra Tech responded that, during the design phase of the project, there was an analysis done of the sludge that indicated there was a certain percentage of sulfur, around which the entire design was based. She indicated that, when the actual stack test was done, it came out to be literally double what the assumption was. Ms. Lochocki also explained that part of this project is an analysis and further documentation was to why that change occurred and what the implications are going forward. She pointed out that the good faith assumptions made in the beginning, for reasons that are yet to be determined, have been demonstrated to be inaccurate. Ms. Lochocki explained that the budget amendment will allow Tetra Tech to address some of the chemical additives being introduced as well as what the implications are for the air permit in showing that there are no adverse ambient impacts that will create a significant change in that matter. She further advised that there is no chance of YCUA’s permit being revoked and it is not anticipated that there will be additional permit conditions.

Mr. Jessee interjected that recently a notice was received from MDEQ regarding a possible notice of violation regarding the SO2 issue, which, with Tetra Tech’s assistance, was reduced to a letter of violation, and, in turn, the letter of violation was later rescinded.
Mark Namatevs asked for clarification on the environmental impact on the increased SO2 emissions. Mr. Jessee responded that Tetra Tech is presently completing additional modeling and that the Authority is still well under the MDEQ’s and the EPA’s judicial pollutant zoning thresholds for the area. Ms. Lochocki concurred.

Motion by Wagner to approve the Tetra Tech proposal for professional services and change authorization proposal in the amount of $24,000. Support by Scott. In favor: All. Opposed: None. (Motion carried)

G. **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.

Informational only; no motion from the Board required.


Mr. Thomas directed the Board’s attention to the Financial Report – Authority Net Assets Reports for November. 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.

J. **Director’s Report** - Larry R. Thomas

Mr. Thomas reminded the Board that the Township Division refunding bonds was completed the week previous and that net savings on the sale is $570,000 over the life of bonds or 25 years. Edward B. Koryzno, Jr., interjected that the City Division will be completed next week.

Mr. Thomas also advised the Board that Tetra Tech has applied for an engineering award relative to the YCUA replacement incinerator, which will make it eligible to compete nationally in Washington, D.C. in that it is the cleanest incinerator in the United States. Mark Namatevs commented that the Authority should publish a press release to this effect. J. Ray Scott concurred.

Informational only; no motion from the Board required.

4. **OLD BUSINESS:**

There was no old business for the month.
5. **OTHER BUSINESS:**

T. Michael Jessee advised the Board that YCUA staff has prepared a letter to residents regarding odor control efforts currently underway at the Authority. He indicated that it will be sent to 2,900 resident homes, mainly in the West Willow area, south along Textile and Grove Roads, to the city limits.

6. **STATEMENTS AND CHECKS:** Motion by Namatevs to pay the bills in the amount of $2,669,238.78 plus an addendum in the amount of $72,282.56. Support by Koryzno. In favor: All. Opposed: None. (Motion carried.)

7. **PUBLIC COMMENTS:**

There were no public comments for the month.

8. **ADJOURNMENT:** Motion by Namatevs to adjourn the meeting at 4:50 p.m. Support by Scott. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

MARK NAMATEVS, Secretary/Treasurer