Minutes

YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, December 21, 2004 – 3:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI  48198-9112

Members Present:  Larry J. Doe, Mark Namatevs, Philip W. Wagner, and J. Ray Scott.

Members Absent:  Edward B. Koryzno, Jr.

1.  CALL TO ORDER:  Doe called the meeting to order at 3:05 p.m.

2.  MINUTES OF THE PREVIOUS MEETING:  Motion by Namatevs to receive and file the minutes of the November 23, 2004 meeting.  Support by Scott.  In favor: All.  Opposed: None.  (Motion carried.)

3.  NEW BUSINESS:

   A.  Request to Approve – Televising and Cleaning of Back Yard Sanitary Mains - Larry R. Thomas

   Mr. Thomas directed the Board’s attention to a memo from Mike Jessee regarding the contract with Inland Waters to televise and clean the backyard sanitary sewer mains in the West Willow area of Ypsilanti Township.  He indicated that YCUA entered into a contract in the amount of $38,218.50.  Mr. Thomas also explained that the West Willow area is one of the older areas of the Township.  He pointed out that the mains are not in the road right-of-ways and Authority blueprints of the area are not accurate.

   Mr. Thomas explained that, due to these factors, many problems were discovered as work progressed and that conditions substantially different from what had been anticipated from the bidding process resulted in
additional work. He further advised that manholes and sewers mains were discovered that were not on the prints, manholes were discovered to be not located correctly on the prints and inaccurate pipe footage was shown on the blueprints. He acknowledged that all of these things resulted in additional costs being requested by the contractor for the project.

Mr. Thomas confirmed that, in one of the sewer mains, a hardened black substance believed to be tar was found, which Inland Waters removed. He explained that the result of these problems was an additional $20,444.63 of work needed to complete the project.

Mr. Thomas pointed out that staff met with Inland Waters on several occasions to negotiate the increases and that they concur that the agreed upon number is a fair value for the work that was done. He also stated that the memo from Mike Jessee goes into more detail regarding each item. He indicated that this project is being funded through the O & M budget and that funds are available.

Mr. Thomas recommended approval of an additional $20,444.63 to the Inland Waters contract for televising and cleaning of back yard sanitary mains in the West Willow area for a total of $59,257.13 to be funded out of the O & M Budget.

Mark Namatevs inquired as to whether this is a budgeted item. Mr. Thomas responded affirmatively.

Motion by Namatevs to accept Mr. Thomas’s recommendation for approval of an additional $20,444.63 to the Inland Waters contract for televising and cleaning of back yard sanitary mains in the West Willow area for a total of $59,257.13 to be funded out of the O & M Budget. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve – Change Order No. 10 re: Wastewater Treatment Plant Expansion/Improvements Project – Larry R. Thomas

Mr. Thomas directed the Board’s attention to a memo from Mike Jessee regarding Change Order No. 10 for the wastewater treatment plant expansion/improvements project. He indicated that Change Order No. 10 deals with 19 items and that the memo details several of them. Mr. Thomas also explained that the total amount of the change order is $165,843. He pointed out that these items have gone through the negotiation process with Christman, Tetra Tech, and staff. Mr. Thomas explained that staff concurs
that the sum is a fair value for the work that was done. He further advised that this change order addresses changes in conditions and adds certain items that had been omitted from the bidding documents. Mr. Thomas stated that, with this item, total change orders for the project total $1,861,019. He acknowledged that YCUA has budgeted $6 million dollars for contingencies, therefore, 31% of the budgeted contingencies have been used. Mr. Thomas confirmed that the project is 80% complete and on schedule.

Mr. Thomas recommended approval of Change Order No. 10 regarding the Wastewater Treatment Plant Expansion/Improvements Project in the amount of $165,843.

Philip W. Wagner inquired as to whether the early completion will have an impact on the interest earned on borrowed funds. Mr. Thomas responded that the interest is going into the contingency fund and explained that, when the bonds were sold, 6% was allocated for that fund and 3% over the contract price was actually borrowed with the expectation that 3% worth of interest would be received. He further explained that while YCUA will earn less interest with the early completion, the Authority will begin receiving revenue from the plant sooner than expected.

Larry J. Doe asked, assuming there is $1 million of YCUA’s contingency left at the time of completion, if the Authority could use those funds to pay the bond. Mr. Thomas responded affirmatively, indicating that YCUA would put those funds toward the first bond payment.

Motion by Wagner to accept Mr. Thomas’s recommendation for approval of Change Order No. 10 regarding the Wastewater Treatment Plant Expansion/Improvements Project in the amount of $165,843. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

C. **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.


There was no Financial Report – Net Assets Report for the month.

Mr. Thomas directed the Board’s attention to the Usage Report – 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.

F. **Director’s Report** – Larry R. Thomas

Larry R. Thomas directed the Board’s attention to an email from Charlie Needham, an engineer for DWSD, who is heading up a task force that he has participated with a director of a Tier One DWSD water customer. He indicated that Mr. Needham is soliciting the participation of a YCUA Commissioner in a new group to be called the DWSD Elected Official Task Force. Mr. Thomas then asked for a volunteer to join the task force for quarterly meetings. Philip W. Wagner volunteered for the position and Larry J. Doe recommended the same for a motion by the Board.

Motion by Namatevs to accept the recommendation for Philip W. Wagner’s participation in DWSD Elected Official Task Force. Support by Scott. In favor: All. Opposed: None. (Motion carried)

Mr. Thomas updated the Board on York Township’s request to purchase water and sewer services from YCUA. He indicated that the project with Toyota is going slower than anticipated but that they are also looking at additional capacity for other areas in their township. Mr. Thomas stated that YCUA staff is working with them on those additional areas and that he anticipates exchanging contract language in the near future regarding the same. He added that, if they were indeed to proceed with such a contract, they would be responsible for financing a portion of an additional expansion to the wastewater treatment plant at some time in the future.

Mr. Thomas then advised the Board that there is a parcel of approximately two acres of land for sale on Snow Road in Ypsilanti Township that is directly west of a very large sewage pump station owned by YCUA. He indicated that the Authority is interested in purchasing this property through a tax sale in the amount of approximately $5,000 and that he is in the process of gathering information on the same and hopes to have a proposal ready for their consideration at the January Board meeting. Mr. Thomas added that the property is a valuable investment to YCUA in terms of the potential expansion of the pump station in the future as well as for the containment of
occasional odor that emanates from the pump station.

4. OLD BUSINESS:

Philip W. Wagner requested a progress report on the new line across Merritt Road in Pittsfield Township for their storage facility. Mr. Thomas responded that there is work being done but suggested that Robert Czachorski may be better equipped to report on the same. Mr. Czachorski responded that the stretch of Merritt Road between Munger and US 23 is scheduled to be completed by May and the stretch on Textile leading to US 23 is now finished.

5. OTHER BUSINESS:

Mr. Thomas advised the Board that YCUA met with officials from General Motors Powertrain two weeks previous as they are interested in using the Authority’s effluent force main to the Rouge River in order to dispose of their storm water, which contains treated non-contact cooling water from the plant. He stated that that storm water is water purchased from YCUA. Mr. Thomas explained that it contains phosphorous, which is added to the water to prevent corrosion inside the pipes, at about .3 to .4 mpl, which is too great to be discharged into the Huron River, where it is presently flowing. He stated that Powertrain will be in violation of their NPDES permit when their new permit goes into effect in 2006, so they are asking YCUA to pump their storm water to the Rouge. Mr. Thomas indicated that there is adequate capacity in the force main to accommodate their request for the time being at the main was sized for the ultimate plant capacity of 58 mgd. He reminded the Board that, when the present expansion in complete, capacity will increase to 46 mgd, making it potentially feasible to entertain the possibility of Powertrain’s request to use the force main for five years. He directed their attention to a feasibility study proposal from Tetra Tech MPS regarding the same.

Philip W. Wagner inquired as to why the effluent can be discharged into the Rouge River and not the Huron River. Mr. Thomas responded that the Huron River has an impoundment on it, therefore the phosphorous limits are much more stringent. He added that the Huron River’s phosphorous limit is .03 mgl and that YCUA’s drinking water has .3 to .4 mgl of phosphorous. Perry M. Thomas interjected the limits for the Rouge River are .6 mgl four months out of the year and .8 the other eight months.

Mr. Thomas recommended approval of only items 1 through 4 of Tetra Tech’s proposal in the amount of $8,000, contingent upon a written commitment by GM Powertrain to pay for the same.

Philip W. Wagner inquired as to what Powertrain’s alternative is. Mr. Thomas
responded that they would have to install their own line to the Rouge River or a treatment system to remove the phosphorous before it goes to the Huron River.

Motion by Namatevs to accept the recommendation for approval of only items 1 through 4 of Tetra Tech’s feasibility study proposal in the amount of $8,000, contingent upon a written commitment by GM Powertrain to pay for the same. Support by Scott. In favor: All. Opposed: None. (Motion carried)

6. STATEMENTS AND CHECKS: Motion by Namatevs to pay the bills in the amount of $2,249,083.69 plus an addendum in the amount of $2,838,219.27. Support by Scott. In favor: All. Opposed: None. (Motion carried.)

7. PUBLIC COMMENTS:

Attorney Richard Hollifield spoke on behalf of Omar Skaf regarding his attempt to get a sewer tie in approved for his commercial property on the east side of Rawsonville Road that lies entirely in Van Buren Township. He added that the sewer main is under the jurisdiction of Sumpter Township. Mr. Hollifield reminded the Board that Mr. Skaf, Sumpter Township, and Van Buren Township have already entered into a written agreement as to how to proceed with the requested connection but that, for whatever reason, YCUA will not sign off on the same even though he understands YCUA’s participation to be somewhat proforma. He indicated, however, that without YCUA’s approval, Mr. Skaf cannot open his business and is losing money on a daily basis. He reminded the YCUA Board that he is not asking for any extraordinary consideration, but that he is only asking that his property be treated like any other commercial property also located on the east side of Rawsonville Road and be allowed to connect to the sewer. Mr. Hollifield then requested approval of the request or a statement specifically as to why the approval will not be given.

Larry J. Doe responded that YCUA is not prepared to give an answer at the present time. Mr. Hollifield asked when the Authority would be prepared to respond. Mr. Doe indicated that YCUA has hoped the matter to be settled on December 15th but that the Authority is still waiting for a few items from the engineering firm that is reviewing the blueprints on an issue on the opposite side of the property. He added that he hoped that information would be made available during the first and second week of January. Mr. Hollifield then asked the YCUA Board to outline a plan that Mr. Skaf could follow to bring this issue to a close. Mr. Doe responded that YCUA cannot provide such a plan; that the site plan must come from the engineering firm LSL to Ypsilanti Township for approval. He added that YCUA will either lose or drop its lawsuit against the Township at that time but that it has been advised by its attorneys not to act on Mr. Skaf’s request until the issues with the Township are resolved.

Mr. Doe then reminded Mr. Hollifield that this time is to be used for public comment not to debate or give progress reports on issues not on the agenda.
8. **ADJOURNMENT:** Motion by Wagner to adjourn the meeting at 4:00 p.m. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

MARK NAMATEVS, Secretary/Treasurer