



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, March 28, 2006 – 4:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

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

Members Absent: Edward B. Koryzno, Jr.

1. **CALL TO ORDER:** Doe called the meeting to order at 4:02 p.m.
2. **MINUTES OF THE PREVIOUS MEETING:** Motion by Wagner to receive and file the minutes of the February 28, 2006 meeting. Support by Scott. In favor: All. Opposed: None. (Motion carried.)

3. **NEW BUSINESS:**

A. Contract with Miller Consultants, Inc. - Larry R. Thomas

Mr. Thomas advised the Board that he and Gwyn Belcher have been in contact with Miller Consultants and have resolved the various issues with timing, scope of work, and contractual language for the organization study to be done. He directed the Board's attention to the contract for their services. Mr. Thomas also explained that YCUA's attorney, Tom Daniels has reviewed the contract and it meets with his approval.

He pointed out that the organization study is an item that staff has been working toward for almost a year. Mr. Thomas explained that, with the signing of this contract, the Authority is ready to proceed.

He further advised that this item was not budgeted, as the cost was unknown at budgeting time. Mr. Thomas stated that funds are available in the G & A budget through operating expenses. He indicated that, should the contract meet the approval of the Board, a budget amendment of \$133,950 will be required as part of their motion.

Mr. Thomas recommended approval of the request for authorization to enter into the organization analysis contract with Miller Consultants and an accompanying budget amendment in the amount of \$133,950.

J. Ray Scott commented for the record that the selection of this vendor was made with the input and concurrence from YCUA's labor unions.

Motion by Namatevs to approve the request for authorization to enter into the organization analysis contract with Miller Consultants and an accompanying budget amendment in the amount of \$133,950. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve Purchasing Policy - Larry R. Thomas

Mr. Thomas directed the Board's attention to a draft purchasing policy for the Authority. He indicated that the changes from the current policy are:

- The directors from each department are authorized to purchase up to \$1,000 items without pre-approval of the director.
- The request for proposals procedure is clarified.
- Advertising of requests for bids and requests for purchases is stipulated.
- The processes for generating purchase requisitions and purchase orders are detailed.
- A petty cash policy is included.

Mr. Thomas recommended approval of Approval of the purchasing policy.

Mark Namatevs commented that the Board previously made the suggestion that YCUA give some type of preferential treatment to vendors within the Authority's service area. He inquired as to whether such language should be considered. Philip W. Wagner added that the language could provide for the Board discretion in such cases. He stated that when local vendor provisions call for a percentage, the vendors can automatically mark their bids up. Mr. Wagner also asked that a language change be considered regarding the 10 day bid period, specifying business days rather than calendar days.

Mr. Namatevs suggested a motion to table this item pending research on the items discussed.

Motion by Namatevs to table the request for approval of the purchasing policy. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve YCUA/York Township Water Supply Contract - Larry R. Thomas

Mr. Thomas directed the Board's attention to a water service contract for the Charter Township of York. He indicated that this contract is for service to the Toyota property only. Mr. Thomas also explained that,

presently, YCUA has a water main on Bemis Road immediately adjacent to the property in question.

He pointed out that Tom Daniels drafted this contract and it is a standard water service contract. Mr. Thomas explained that the rates for York Township are and will be determined using the utility basis rate setting method developed recently by Rehmann Robson. He further advised that York Township approved this contract at a special meeting on March 23rd. Mr. Thomas stated that Toyota is anxious to have this contract in place prior to March 31st. He acknowledged that, on March 31st, they are scheduled to close on the property.

This contract allows us to supply water to York Township. At this point, we will supply water to only a small portion of the township estimated at 130,000 gpd. In the future, the service area may be enlarged to encompass other portions or the entire township.

Thomas E. Daniels clarified that this utility-based commodity rate is now required by statute and that it builds in a rate of return.

Mr. Thomas recommended approval of the water supply contract with York Township.

Philip W. Wagner inquired about the agreement with Washtenaw County that he read York Township is entering into relating to water and sewer services. Mr. Thomas responded that the county is going to sell bonds for the township.

Motion by Scott to approve the water supply contract with York Township. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve YCUA/York Township Wastewater Collection and Treatment Contract - Larry R. Thomas

Mr. Thomas directed the Board's attention to a wastewater collection and treatment contract for the Charter Township of York. He indicated that this contract is for service to the Toyota property only. Mr. Thomas also explained that York Township will be constructing a force main from the Toyota property in York Township east on Bemis Road and north on Munger Road to our nearest sewer main near Textile Road. He pointed out that Tom Daniels drafted this contract.

Mr. Thomas explained that the contract differs from the recent lease agreement with Augusta Township in that the capacity for York is being purchased outright rather than leased. He further advised that York Township will make a cash payment, which is the present day value of the future debt owed on the outstanding treatment and collection bonds as well as the cost of constructing an additional six gpd of capacity at the wastewater treatment plant. Mr. Thomas stated that this cash payment is

not due until July 6th. He acknowledged that this is to give York Township time to complete financing activities, which may allow them to increase the size of the service area as well as the capacity amount specified in the contract.

Mr. Thomas confirmed that the rates for York Township will be determined using our standard wastewater rate setting method for contract customers. He explained that that York Township approved this contract at a special meeting on March 23rd. Mr. Thomas pointed out that Toyota is anxious to have this contract in place prior to March 31st. He also stated that, on March 31st, they are scheduled to close on the property.

Mr. Thomas advised the Board that this contract allows YCUA to provide wastewater collection and treatment services to York Township. He indicated that, at this point, the Authority will serve only a small portion of the township estimated at 130,000 gpd. In the future, the service area may be enlarged to encompass other portions or the entire township.

Mr. Thomas recommended approval of the wastewater collection and treatment contract with York Township.

Motion by Namatevs to approve the wastewater collection and treatment contract with York Township. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve Blowers No. 2 and No. 3 Upgrades - T. Michael Jessee

Mr. Jessee directed the Board's attention to a memo from John Nowling regarding the upgrade of two aeration blowers at the wastewater treatment plant. He indicated that the upgrade will increase the air volume that can be delivered to the aeration tanks, which is necessary due to the expansion. Mr. Jessee also explained that Dresser / Roots, the original manufacturer of the equipment, is the only provider of this upgrade. He pointed out that total cost is \$331,210. Mr. Jessee explained that this item is budgeted and funds from the Wastewater Treatment Plant Improvement fund will be used.

Mr. Jessee recommended approval of the Dresser / Roots proposal in the amount of \$331,210.

J. Ray Scott inquired as to how much of the total budget this will require. Mr. Jessee responded he would have to check and get back with him with the information.

Motion by Namatevs to approve the Dresser / Roots proposal in the amount of \$331,210. Support by Scott. In favor: All. Opposed: None. (Motion carried)

F. Request to Approve Holmes Road Water Main Replacement - T. Michael Jessee

Mr. Jessee advised the Board that Washtenaw County is preparing to repave Holmes Road between Prospect and Rue Deauville this construction season. He indicated that staff has been working with the county regarding replacement of the water main in conjunction with their project. Mr. Jessee directed the Board's attention to a standard agreement between the Washtenaw County Road Commission and YCUA. He pointed out that the county will hire one contractor for all work relating to this project. Mr. Jessee explained that YCUA will then reimburse the county's water main related expenses. He further advised that contract specified that the estimated cost to YCUA will be \$672,000.

Larry R. Thomas stated that this project is budgeted. He acknowledged that the township's portion of the project is covered through the DWRP funding process and that the city's portion will be paid through City Division funds.

Mr. Jessee recommended approval of the Holmes Road Water Main Replacement agreement with the Washtenaw County Road Commission in an amount not to exceed \$672,000.

Motion by Scott to approve the Holmes Road Water Main Replacement agreement with the Washtenaw County Road Commission in an amount not to exceed \$672,000. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

G. Request to Approve Magnetic Flow Meter Purchases - T. Michael Jessee

Mr. Jessee directed the Board's attention to his memo regarding the purchase of six magnetic flow meters from Dillin Controls. He indicated that Dillin is a subcontractor on the expansion / improvements project and had purchased these flow meters as a part of that project. Mr. Jessee also explained that the meters were not used. He pointed out that Dillin has offered to sell us the meters at a reduced cost of \$16,075. Mr. Jessee explained that staff requested a quote on the cost of the meters from a supplier of this equipment, Midwest Municipal, and they responded with a cost of \$25,750. He further advised that purchasing the meters from Dillin is a savings of \$9,675. Mr. Jessee stated that the meters will be used as replacements for existing meters at the wastewater plant as needed.

He acknowledged that these meters can be purchased through the O & M budget.

Mr. Jessee recommended approval of the purchase of six magnetic flow meters from Dillon Controls in the amount of \$16,075.

Mark Namatevs inquired as to whether these will be used to replace existing meters. Mr. Jessee responded that there is a 16" flow meter that will replace the existing backwash flow that was omitted from the expansion contract documents, one to be used for the backwash drain and circulation flow as a spare, and the remaining 6" and 4" meters as spares as well.

Larry J. Doe inquired as to whether the transmitters will fit any of these flow meters. Mr. Jessee responded that they will fit all meters up to 16", indicating that they are programmable.

Motion by Namatevs to approve the purchase of six magnetic flow meters from Dillon Controls in the amount of \$16,075. Support by Scott. In favor: All. Opposed: None. (Motion carried)

H. Request to Approve – Budget Amendment re: Manhole 37A Project - T. Michael Jessee

Mr. Jessee directed the Board's attention to his memo regarding a budget amendment for the project to replace manhole 37A in the Golfside interceptor. He indicated that manhole 37A is badly deteriorated and in need of major rehabilitation. Mr. Jessee also explained that the Board had previously approved \$15,000 to evaluate a coating or lining rehabilitation of the manhole. He pointed out that coating or lining is no longer a feasible option for the rehabilitation and we are now in the process of preparing to install two new manholes to totally replace manhole 37A. He further advised that this is a budgeted project. He acknowledged that construction costs are estimated at about \$400,000.

Mr. Jessee recommended approval of the budget amendment for Tetra Tech MPS in the amount of \$38,500, increasing the original \$15,000 budget to \$53,500.

Motion by Wagner to approve the budget amendment for Tetra Tech MPS in the amount of \$38,500, increasing the original \$15,000 budget to \$53,500. Support by Scott. In favor: All. Opposed: None. (Motion carried)

I. Request to Approve – Ten-Year Capital Plan - T. Michael Jessee

Mr. Jessee directed the Board's attention to the ten-year capital plan for the Authority for the various capital projects that we would like to accomplish. He indicated that this is a document that is intended to be updated at least annually. Mr. Jessee also explained that the timing of projects as well as additions and deletions of projects will occur as needs and fund availability change. He pointed out that the ten-year capital plan gives us a snapshot of the needs of the Authority for our future.

Mr. Jessee recommended approval of the ten-year capital plan.

Motion by Scott to approve the ten-year capital plan. Support by Wagner.
In favor: All. Opposed: None. (Motion carried)

J. Request to Approve Change Order No. 26 re: Wastewater Treatment Plant Expansion/Improvements Project - T. Michael Jessee

Mr. Jessee directed the Board's attention to Change Order No. 26 for the WWTP expansion/improvements project as well as his memo 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 \$114,133. Mr. Jessee also explained that this change order brings total changes to \$3,813,718. 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 funds in the contingency fund to cover this increase.

Mr. Jessee recommended approval of Change Order No. 26 in the amount of \$114,133.

Motion by Namatevs to approve Change Order No. 26 in the amount of \$114,133. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

K. Informational Item - Water Distribution System Security Update - T. Michael Jessee

Mr. Jessee reminded the Board that, at last month's meeting, they requested a report on YCUA's security efforts relative to water distribution. He directed the Board's attention to his memo prepared in response to this request. He then gave a brief presentation and addressed questions from the Board.

Philip W. Wagner interjected that he is attending a critical infrastructure conference sponsored by Homeland Security later that week. He indicated that there is a portion of the program dedicated to water services. Mr. Wagner indicated that he would fax the information to YCUA management.

Informational only; no motion from the Board required.

L. 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.

M. Financial Report – Authority Net Assets - Larry R. Thomas

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

N. Usage Report – Consumption Report - Larry R. Thomas

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.

Mark Namatevs inquired as to whether WTUA is close to resolving its situation with Detroit. Mr. Thomas responded that there is a meeting on April 17th at which time they hope to have a time frame in place.

Mr. Namatevs then inquired as to whether there is a way to recoup monies lost when meters are over and under read. Mr. Thomas responded that there is a system in place to do that but that it is not as reliable as he would like in the sense that there is usually some disagreement between the two parties as to when the event occurred that is causing the misread.

Informational only; no motion from the Board required.

O. Director's Report - Larry R. Thomas

Mr. Thomas presented to the Board an updated organizational chart that changes the reporting requirements of the project supervisor from director of services to the engineering manager. He indicated that the chart also reflects the recent contract negotiations, which call for the IPP supervisor to supervise the chemist.

Mr. Thomas advised the Board that the detailed engineering for DWRP water main replacement projects in three areas as planned for the Township Division this summer are almost completed and that estimates for construction can be determined. He indicated that the Authority budgeted an amount of \$6.2 million for the three projects and that the estimates are now over \$10 million. Mr. Thomas advised that he is of the opinion that YCUA should not proceed at this time and that he has instructed staff and consultants to cease work on the Bradley / Snow / I-94 and put on the shelf with little updating effort in the future. He added that the remaining two projects, Ecorse / Emerick and Valley Drive to Hewitt will proceed in an amount not to exceed \$6 million.

4. OLD BUSINESS:

J. Ray Scott indicated that he recently received an email from Dr. Graves and inquired as to whether there was any validity to the communication. Mr. Thomas responded that there is none. Mr. Scott inquired as to whether there is any other possible legal action that the Board should be aware of. Mr. Thomas responded that the only matter at hand is a suit between ABC Paving Company and the

Washtenaw County Road Commission, wherein YCUA has been named a party. He added that the Authority's attorney, Tom Daniels, has responded.

5. OTHER BUSINESS:

There was no other business for the month.

- 6. STATEMENTS AND CHECKS:** Motion by Namatevs to pay the bills in the amount of \$4,459,800.35 plus an addendum in the amount of \$784,975.34. Support by Wagner. 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 5:15 p.m. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,



MARK NAMATEVS, Secretary/Treasurer

