



# Minutes

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**YPSILANTI COMMUNITY UTILITIES AUTHORITY  
BOARD OF COMMISSIONERS MEETING  
Tuesday, June 23, 2009 – 9:00 a.m.  
YCUA Administration Building  
2777 State Road  
Ypsilanti, MI 48198-9112**

**Members Present:** J. Ray Scott, Mark Namatevs, Deedra Climer Bass, Larry J. Doe, and Gregory A. Peoples.

**Members Absent:** None.

1. **CALL TO ORDER:** Scott called the meeting to order at 9:35 a.m.
2. **MINUTES OF THE PREVIOUS MEETINGS:** Motion by Doe to receive and file the minutes of the May 26, 2009 meeting as presented. Support by Peoples. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
  - A. **Informational Item – Personnel Policies – Deedra Climer Bass**

Ms. Bass advised the Board that the Personnel Committee met recently after a review of YCUA personnel policies. She indicated that it was discovered that a few policies had been randomly approved by the Board over the years. Ms. Bass also explained that most of the policies were not approved by the Board and that, in fact, it is the position of the Board to allow administration to handle personnel issues. She pointed out that the Personnel Committee is recommending to the YCUA Board of Commissioners that the Board move back to the practice of having YCUA management staff write, approve, and administer personnel policies without being required to obtain Board approval.

Ms. Bass explained that this recommendation is being made because some of the past YCUA human resource directors sought Board approval on personnel matters even though it has always been Board policy not to be involved in personnel issues.

Larry J. Doe inquired as to why some of the policies came to the Board and some didn't. Gwyn Belcher responded that her understanding of why this was done was because of the personalities of the Board members at the time and the amount of oversight they wanted.

J. Ray Scott further advised that this discussion was previously held relative to previous matters including a major issue some years back. Mr. Scott stated that it was decided then that the Board's confidence was in the director and his management staff to administer personnel policies. He acknowledged that the YCUA Board of Commissioners maintains its oversight and that there remains a procedure for discussing items through the director if a problem arises. Mr. Scott confirmed that the overall idea was to not burden the Board with routine personnel matters or put the Authority in a position where it is being micromanaged.

Larry J. Doe indicated that he would like to assure that the Board is at least made aware of changes in personnel policies through a memo.

Gregory A. Peoples concurred, indicating that the Board is ultimately responsible for the policies of the Authority and need to be kept informed.

Gwyn Belcher made the suggestion that any potential policy changes be initially presented to the Personnel Committee and then, based on their approval, present the same to the Board for their information. Deedra Climer Bass concurred, indicating that personnel policy changes can be brought to the Board as an informational item after they have been addressed and approved by the Personnel Committee.

Informational only; no motion from the Board required.

**B. Information Item – Fats, Oils, and Grease Policy Update – Luther Blackburn**

Mr. Jessee advised the Board that the YCUA Industrial Pretreatment Program Supervisor Luke Blackburn was present to give the Board an update on the Fats, Oils, and Grease (FOG) Policy in progress.

Mr. Blackburn reminded the Board that Perry M. Thomas, Chief Compliance Officer for YCUA, had brought the FOG Policy before them at the previous month's meeting and that it was tabled pending more information including a report on the compliance ratio of the food service establishments in YCUA's service area, an informational mailing to those businesses, research beyond just the range of cost for interceptor installations, the consideration of a public forum regarding the policy, and the development of a timeline for compliance. He indicated that he was prepared to present an update on the progress being made on these goals.

Mr. Blackburn also explained that he has identified 306 food service establishments in the YCUA service area and that approximately 60% of those would either be exempt from the policy due to their food servicing practices or would already have an interceptor installed. He pointed out that this estimate is based on his prior experience inspecting these establishments.

Mr. Blackburn explained that the 2006 Michigan Plumbing Code increased the requirements regarding FOG interceptor installations and basic corporate franchise practices require such installations as well. He further advised that this leaves about 120 food service establishments that would require some type of compliance effort to install such an interceptor.

Mr. Blackburn stated that the YCUA compliance department is prepared to send out an adopted policy and that it has a number of informational items that it can make available to the effected businesses at a series of three to four public forums during both daytime and evening hours. He acknowledged that he contacted a number of vendors to research the costs associated with the installation of various interceptors. Mr. Blackburn confirmed that a basic interceptor installation will run about \$800 to \$1,100 and that a little larger unit will range from \$1,100 to \$1,400. He explained that some facilities will choose to have their unit automatically cleaned, which is an option that increases the price to about \$4,400 to \$4,700.

Mr. Blackburn pointed out that several vendors expressed willingness to attend the public forums in order to complement the presentation by YCUA. He also stated that his department is also prepared to extend the compliance schedule from 180 days to one year from the date of notification.

Larry J. Doe inquired as how long it takes to clean one of the manual interceptors. Mr. Blackburn responded that it normally requires about an hour once per week but that it if there is a garbage disposal upstream from the interceptor, it needs to be done more often. Deedra Climer Bass inquired as to what is done with the waste matter after the interceptor is cleaned. Mr. Blackburn responded that it is typically recycled but sometimes it is disposed of as solid waste as long as it is properly contained. He added that this is typically done at no extra charge to the business owners as it is included along with their existing services. Larry R. Thomas interjected that this material is what biodiesel fuel is made from.

Mr. Doe inquired as to what the penalty will be if businesses do not comply within that year. Mr. Jessee responded that there would be no interruption in service but that there would be an ordinance violation of the City of Ypsilanti and Ypsilanti Township as well as of the policy itself.

Ms. Bass inquired as to whether putting this policy into place will require additional staff in order to monitor it. Mr. Blackburn responded that YCUA has been training its existing staff for the last six months to conduct these inspections. Mr. Jessee added that this policy will not result in an increase in workload for existing staff nor will it require additional staff members.

Mr. Doe inquired as to the estimated savings to the community as a result of the installation of these units, particularly in terms of fewer sewer backups. Mr. Jessee responded that he would put some cost savings figures together.

Mr. Blackburn interjected that the existing ordinances already provide for the enforcement of this policy. Mr. Jessee commented that this will have to go before the city council and township trustees because there are some new loading rates for the wastewater treatment facilities for industrial users. Mr. Thomas interjected that the ordinance is scheduled to go to the city and township for a variety of reasons not related to the FOG policy because it must be updated per MDEQ requirements. He concurred that the present ordinance already gives YCUA the authority to implement this policy but that the Authority has not done so other than on a case by case basis when problems have occurred.

Larry J. Doe indicated that his main concern that enforcement of this policy will place a burden on township staff, particularly the ordinance officer. Mr. Blackburn responded that the sewer use ordinance contains an enforcement response plan which does not utilize the ordinance officers from the township or the city. He indicated that all of the enforcement would be handled by YCUA. Mr. Blackburn also advised that there is a step procedure recommended by the state that allows for a fine as a final resort. Mr. Thomas interjected and stated that if a monetary fine becomes necessary, it is handled by the YCUA attorney through the court system.

Mr. Scott interjected that the good news is that the majority are already in compliance. He indicated that there is a great deal of information to be gleaned from the 180 who are in compliance that can greatly assist in the attempt to secure compliance from the other 120.

Larry J. Doe inquired as to whether the 180 businesses that are in compliance are new businesses that were required to do so by plumbing

codes or existing businesses that did so as a result of the request from YCUA. Mr. Blackburn responded that he does not have a specific breakdown on the number of new businesses versus existing businesses that are in compliance.

Mr. Jessee interjected that he anticipates this project being very successful and that he does not foresee any major ramifications. Mr. Namatevs concurred and indicated that if the Authority fulfills its obligations in educating the public and providing a positive spin on the public relations of the project that compliance will be voluntary.

Ms. Bass suggested that some of the businesses that are already in compliance be invited to the public hearings along with the interceptor vendors so that the business owners can ask questions from a users' perspective.

Informational only; no motion from the Board required.

**C. Request to Approve – YCUA Resolution No. 09-7 re: Retirement of Alan Troy – Larry R. Thomas**

Mr. Thomas advised the Board that Alan Troy is a Lab / Industrial Surveillance Technician at the Authority. He indicated that Mr. Troy has completed 26 years of service and has requested retirement as of July 24<sup>th</sup> of this year. Mr. Thomas also explained that this is the standard retirement resolution, which commends Mr. Troy for his service.

Mr. Thomas recommended approval of YCUA Resolution No. 09-7 re: Retirement of Alan Troy.

Motion by Doe to approve YCUA Resolution No. 09-7 re: Retirement of Alan Troy. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

**D. Request to Approve – Fiscal Year 2009 – 2010 Authority Budget – Larry R. Thomas**

Mr. Thomas advised the Board that staff has prepared a budget for the Board's review for the fiscal year beginning September 1, 2009. He indicated that, in this coming year, YCUA is preparing for another year of significant decrease in usage as the Powertrain facility in Ypsilanti Township has announced it will close at the end of 2010. Mr. Thomas also explained that it is now anticipated that production activities at Powertrain will cease by the end of calendar year 2009. He pointed out that the budget assumption is that the Authority will experience an approximately 75% reduction in Powertrain's flow for the entire fiscal year, which equates to a little over \$1 million.

Mr. Thomas explained that usage of all customer groups is projected to remain depressed for the next fiscal year and the flow that has been projected for next fiscal year is 11.5% down from the current budget. He further advised that this reflects a decrease in YCUA's revenue of approximately \$1.75 million.

Mr. Thomas stated that, in addition to the decrease in usage and revenue, the Authority is projecting an increase in expenses that it cannot control such as utility costs. He acknowledged that staff has been working diligently to control and reduce the expenses it can control such as operating materials and supplies.

Mr. Thomas confirmed that staff has prepared several iterations of the budget in order to reduce expenses as much as possible. He explained that almost every operating expense line item in the proposed budget has been reduced compared to the current budget and that \$2.25 million has been cut from the operating expenses overall.

Mr. Thomas pointed out that the big increase for the year is in benefits, which is due primarily to the required contributions to the Retired Employees Trust Fund, which is going up \$400,000, as well as increases in health care benefits.

Larry J. Doe inquired as to whether employees pay toward the Retired Employees Trust Fund. Gwyn Belcher responded that employees hired after October 1, 2005 pay into this fund, which was negotiated in the last contract four years ago. Mr. Doe inquired as to whether all employees should be paying into it. Ms. Belcher responded that this issue is being discussed in the current negotiations and cannot be commented on at this time.

Mr. Doe inquired as to how much the 10% increase in water from Detroit will actually cost YCUA. Mr. Thomas responded that the cost of purchased water in this budget is actually decreasing by about \$600,000 because the Authority is purchasing less water. He also stated that YCUA's distribution department is able to control the affect of this rate increase to some extent with its ability to store and use water in a manner that minimizes the cost.

Mr. Thomas advised the Board that YCUA is also attempting to control costs through reduction in staff as a result of attrition. He indicated that, through the several iterations of the budget, expenses have been reduced to the point that the next cuts will need to come in the form of layoffs or wage cuts or some combination thereof.

Mr. Thomas also explained that, even with these significant cuts, the Authority does require a rate increase in the next fiscal year in order to maintain the level of personnel at the Authority and the quality of service to its customers. He pointed out that he is recommending a 5.75% water increase and a 4% sewer increase in the Township Division, which is a combined increase of 4.9% on a user's bill. Mr. Thomas explained that he recommends these increases to become effective as of September 1<sup>st</sup>.

He further advised that, for the City Division, he is recommending a 5.5% water increase, 4 % sewer increase, and a 2% surcharge decrease also effective September 1<sup>st</sup>, which will result in an overall 3.9% increase for a City Division customer's water and sewer bill.

Mr. Thomas stated that the YCUA Board has the authority to increase the Township Division water rate by its own vote but that they will need to recommend the 4% sewer rate increase to the Township Board of Trustees and that the aforementioned rate changes in the City Division will need to be voted on and approved by City Council.

He acknowledged that the typical increase a township customer will see in their monthly bill is \$1.93 and \$2.22 for a city customer. Mr. Thomas confirmed that minimum users in the township will see a 42 cent increase per month and minimum users in the city will see an increase of \$1.14.

Mark Namatevs advised the Board that the Finance Committee examined this proposed budget the week before and that it looks as though things have been cut to the point that they can't be cut any more. He indicated that it is in the best interest of the long-term health of the Authority to get these increases passed, particularly since YCUA is still absorbing a lot of the nearly 10% water rate increase from Detroit. Mr. Namatevs also explained that, between what has been cut and what has been economized upon there is not much else that can be done.

Mr. Thomas recommended approval of the Fiscal Year 2009 – 2010 Authority Budget along with the Ypsilanti Township Division water increase and recommendations to the Township Board of Trustees and Ypsilanti City Council as presented.

Larry J. Doe inquired as to how much has been budgeted for capital improvements. Mr. Thomas responded that there are no capital improvements budgeted in this proposed budget. He pointed out that there will be no capital improvements made unless the sales figures are better than projected. Mr. Doe inquired as to how long the Authority can continue to operate without a capital improvements budget. Mr. Thomas responded that certainly it cannot go on indefinitely. Dwayne Harrigan

interjected that there are some projects that will be completed through the DWRF or SRF with 40% principal forgiveness through the ARRA. Mr. Thomas added that YCUA is also looking at some green projects which have the potential to be at an even higher principal forgiveness. He indicated that the budget does not prevent these projects since the monies will be obtained through bond issues. Mr. Jessee added that staff is working very diligently to get all the projects submitted for the first quarter so that the majority of that stimulus money can be allocated.

Mr. Doe inquired as to how much money is in the fund balance. Mr. Thomas responded that this budget shows that the Authority will generate approximately \$111,000 in cash to maintain what it has now which is \$20 million counting reserves and restricted funds.

Mr. Scott inquired as to whether there will be any return on the completion of the jobs being done on the east side of Detroit since this was one of the reasons DWSD raised the suburbs' rates so much. Mr. Thomas responded that those kinds of projects are done through bond issues, which are paid back over very long periods of time and don't allow for any credit to YCUA. He stated, however, that it is still good to treat the customer base as a consortium because if YCUA had been the only community charged when Detroit installed a new 36-inch main all the way from Wiard Road by the airport to YCUA's pump station two years previously, it would have cost the Authority somewhere around \$80 million.

Mr. Doe indicated his concern that this budget is being proposed before negotiations are completed and inquired as to whether the budget needs to be approved today. Mr. Thomas responded affirmatively and indicated that it takes time to get the rate increases before the city and township officials in order for them to be in effect by September 1<sup>st</sup>.

Gwyn Belcher responded that this budget is being presented in the same way as it is every budget year that negotiations are taking place with a zero increase for employee wages across the board. She indicated that the union is well aware of where the Authority stands financially and is very cooperative and reasonable in its expectations. Ms. Belcher added that the AFSCME negotiations will not be completed in a timely enough manner to allow the Board to wait before approving next year's budget.

Motion by Peoples to approve the Fiscal Year 2009 – 2010 Authority Budget along with the Township Division water increase and recommendations to the Ypsilanti Township Board of Trustees and Ypsilanti City Council as presented. Support by Bass. In favor: Namatevs, Bass, and Peoples. Opposed: Doe. (Motion carried)

**E. Request to Approve – YCUA User Fees Update – Larry R. Thomas**

Mr. Thomas reminded the Board that, at a workshop that YCUA staff had with them last year, the Board directed staff to look for other methods to increase revenue. He indicated that the customer service group met and is recommending the institution of several new fees charged to customers that require unusual services in order to address specific issues or circumstances. Mr. Thomas also explained that, additionally, they are recommending the increase of several fees that are already in place which have not been updated in some years. He pointed out that YCUA's Finance Director Dwayne Harrigan and Customer Service Manager Cathy Moorman were present at the meeting to explain the fees more thoroughly.

Mr. Thomas recommended approval of the YCUA User Fees Update.

Mr. Harrigan advised the Board that 15 user charges were examined with 10 being new charges and five updates to existing charges. He indicated that Cathy Moorman called around to other communities to determine what they charge for various special services and that what is being proposed is in line with the surrounding communities charge. Mr. Harrigan also explained that some of these charges involve work that is beyond the normal course of duty. He pointed out that Cathy Moorman and Venita Terry did the bulk of the work on this presentation.

Mark Namatevs interjected that this information was examined in detail by the Finance Committee and that these suggested amounts put YCUA squarely in the middle with what other communities are charging. He indicated that it makes sense for the Authority to recoup its actual cost on work that is done at customers' requests.

Deedra Climer Bass interjected that this also discourages arbitrary use of services available to customers of YCUA. She inquired as to whether any studies were made to determine the impact that these fee changes will have. Mr. Harrigan responded that it is hard to accurately determine an effect because the fees will not only generate income but they will also deter a lot of unnecessary service requests. He added, however, that if YCUA would have implemented all of these fees last year, the Authority would have realized approximately \$100,000 in income. Mr. Harrigan indicated that placing unpaid water charges on property taxes will be less burdensome on YCUA because a fee will deter people from moving outstanding balances over to their taxes.

Mr. Peoples interjected that he would not suggest marketing these fee changes as something that is designed to correct undesirable behavior but

instead as a method of decreasing expenses relatively to unnecessary expenditure of man hours.

Mr. Doe inquired as to whether plumbers are permitted to turn off the water at the curb box. Mr. Thomas responded that they are not.

Mr. Scott commented that, given the economic times, the success of this program all comes down to how it will be communicated to the public. He inquired as to what plan is in place to this end. Mr. Harrigan responded that this item will need to go through the normal ordinance revision process, which will be accompanied by due diligence by YCUA staff in communicating the changes in local media and on its website.

Ms. Bass commented that these are discretionary fees that not every single homeowner will incur. Cathy Moorman advised the Board that fee changes are required to be published in the local newspaper and that an informational insert can be put in with the customers' bills as well. Mr. Namatevs suggested that staff also craft a direct mail piece as well.

Mr. Doe interjected that what he has a problem with is the timing of this item. Mr. Harrigan, Mr. Namatevs, and Ms. Bass all responded that this item is a result of discussions that took place regarding revenue-generation that is needed in this fiscal year's budget.

Mr. Peoples inquired as to whether it is worth the potential negative public relations to collect \$100,000 through these additional fees. Ms. Bass responded that \$100,000 is an FTE. Mr. Doe interjected that he would rather see this \$100,000 be deducted from the amount of the rate increases.

Mr. Scott commented that what he is hearing is that this is public relations overkill if the Authority adds this on top of a rate increase. Ms. Bass and Mr. Namatevs disagreed. Mr. Namatevs commented that YCUA's primary responsibility is to ensure the overall long-term health of the Authority and that this user fee increase is based on items that are controllable by the customer and will not affect very many people. He acknowledged that it is a matter of timing and that perhaps it may be too much politically in terms of getting everything through city council and the township board. Mr. Scott concurred and indicated that if one of the layers can be removed or delayed, things may be more palatable.

Ms. Bass suggested that policy of doing a phased-in implementation so that not all of the fees are activated at once. Mr. Jessee interjected that if he were to get one notice after another regarding a new fee, it would be worse than to receive the news all in one fell swoop. Mr. Harrigan commented that, from a timing standpoint, the rollover of taxes item, one of the biggest fees, won't even go in effect until next year anyway.

Mr. Namatevs advised the Board that his recommendation would be to table this item until a later date to determine how the other items will impact the community from a political standpoint. Mr. Peoples concurred.

Ms. Bass expressed her excitement to see this kind of work coming out of the customer service department.

Motion by Namatevs to table the YCUA User Fees Update item until the December Board meeting. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

**F. Request to Approve – Property and Liability Insurance Proposal – Larry R. Thomas**

Mr. Thomas advised the Board that RFPs were recently advertised for a new property and liability insurance policy for the Authority. Mr. Thomas explained that the proposals from Meadowbrook / Michigan Municipal League and The Alliance Group were compared in great detail by Gwyn Belcher with Meadowbrook coming in slightly less expensive. He pointed out that Meadowbrook MML is YCUA's current insurance provider and that their new proposal came in lower than the existing policy in addition to being \$600 less than Alliance.

Mr. Thomas explained that the Judy Thomson Torosian from Meadowbrook was present to answer any questions that the Board may have.

Mr. Thomas recommended approval of the Property and Liability Insurance Proposal from Meadowbrook / Michigan Municipal League.

Larry J. Doe inquired as to whether YCUA is currently covered for basement sewer backups. Gwyn Belcher responded that it is not but that the carriers are beginning to offer this coverage again so it is being offered in the new policy with a \$10,000 deductible. Mr. Doe inquired how many backups typically occur in a year. Ms. Belcher responded that there were more this year because of the heavy rain situation in March but that the average is about five per year. She added that Alliance did not ask for a backup history for its underwriters whereas Meadowbrook did, which means that Alliance may likely come back with a caveat as to their coverage and premium in this area.

Mr. Namatevs commented that the Finance Committee examined this proposal and it appeared to be a no-brainer. Ms. Belcher concurred and indicated that her experience with Meadowbrook over the past seven years is that they have always been very forthcoming as the market allows to decrease their premiums from year to year.

Motion by Namatevs to approve the Property and Liability Insurance Proposal from Meadowbrook / Michigan Municipal League. Support by Doe. In favor: All. Opposed: None. (Motion carried)

**G. Request to Approve – McKenny Double Check Valve Assembly Change Order No. 1 – T. Michael Jessee**

Mr. Jessee reminded the Board that YCUA is in the process of installing a double-check valve at the McKenny Union at Eastern Michigan University. He indicated that, unfortunately, some serious situations have been encountered there with unforeseen underground infrastructure. Mr. Jessee also explained that, when the contractor began excavating for the installation of the double-check valve, it came across five one-inch conduits that provide electrical services to some of the buildings there. He pointed out that this was discussed with EMU and it was requested that YCUA not splice the wires or move the conduit without a full-blown replacement of the conduit and wire throughout the project, which would have been very cost-prohibitive at about \$45,000.

Mr. Jessee explained that options were discussed with YCUA engineering staff and the contractor and it was decided to move the double-check valve back about 25 feet, extend an eight-inch water main off of the existing 12-inch main and run that to the new double-check and tie that into the existing six-inch main that belongs to EMU. He further advised that this option was selected because it was the least expensive at \$18,121.25.

Mr. Jessee stated that the Board had previously approved a \$31,000 budget for this project with a \$4,000 contingency for a total budget of \$35,000. He acknowledged that, with this change order, the total project cost will be \$49,101.25. Mr. Jessee confirmed that \$52,000 was budgeted for this project for this fiscal year so, in reality, the Authority is still within the original budgeted amount even with this relatively large change order. He explained that the Board should also be aware that this will provide YCUA with ownership of approximately 60 feet of eight-inch main on EMU's property, which staff feel is a better option rather than trying to deal with the conduits and the old six-inch main.

Mr. Jessee recommended approval of McKenny Double Check Valve Assembly Change Order No. 1 in the amount of \$18,125.25.

Mr. Peoples inquired as to where this is located on the EMU campus. Mr. Jessee responded that it is located in front of McKenny Union coming up from Cross and turn right into the driveway and enter the parking lot.

Motion by Doe to approve McKenny Double Check Valve Assembly Change Order No. 1 in the amount of \$18,125.25. Support by Bass. In favor: All. Opposed: None. (Motion carried)

**H. Request to Approve – Wastewater Treatment Plant Sidewalk Replacement Project Change Order No. 1 – T. Michael Jessee**

Mr. Jessee reminded the Board that they had previously approved a construction budget of \$16,110 with a contingency of \$2,290 for a total project budget of \$18,400. He indicated that, as staff began to remove the sidewalk, there was 14 feet of curb that was discovered to have deteriorated. Mr. Jessee also explained that the contractor was instructed to replace the curb, which added \$490 to the job and took the total project cost from \$16,110 to \$16,600. He pointed out that the Authority is still well within the contingency amount of \$2,390 and the job has been completed and signed off on.

Mr. Jessee recommended approval of Wastewater Treatment Plant Sidewalk Replacement Project Change Order No. 1 in the amount of \$490.

Motion by Doe to approve Wastewater Treatment Plant Sidewalk Replacement Project Change Order No. 1 in the amount of \$490. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

**I. Request to Approve – Pressure Regulating Valve Replacement re: DWSD Connection – T. Michael Jessee**

Mr. Jessee advised the Board that this project involves the original DWSD water supply connection for the Authority. He indicated that the valve that is being replaced was originally installed in the late 1960s or early 1970s. Mr. Jessee also explained that YCUA undertook this project in-house and has purchased the valve that the Board approved three or four months ago. He pointed out that the valve is scheduled to be delivered within the week.

Mr. Jessee explained that contractors were sought out to replace the piping associated with the installation of the valve. He further advised that nine prospective bidders attended the pre-bid conference and three bids were submitted. Mr. Jessee stated that the low bid was from Process Piping and Equipment in Milford, Michigan in the amount of \$46,800. He acknowledged that staff is also requesting a contingency amount of \$7,200 for a total project budget of \$54,000.

Mr. Jessee recommended approval of the Pressure Regulating Valve Replacement re: DWSD Connection in the amount of \$54,000.

Mr. Doe inquired as to why there was such a large difference between the bids. Mr. Jessee responded that he is not sure but that perhaps Boon and Darr is bidding up because they have a lot of work.

Motion by Bass to approve the Pressure Regulating Valve Replacement re: DWSD Connection in the amount of \$54,000. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

**J. Request to Approve – YCUA Resolution No. 09-8 to Adopt the 2009 State Revolving Fund Plan Update – T. Michael Jessee**

Mr. Jessee advised the Board that this project plan update is required by MDEQ to be submitted by July 1<sup>st</sup>. He indicated that staff reviewed the plan and included the energy and optimization program activities as well as the Willow Run and Martz Road pump station projects and the four ejector station projects. Mr. Jessee also explained that this resolution gives YCUA the authority to proceed with the application with Larry Thomas as the authorized signatory in State Revolving Fund processing.

Mr. Jessee recommended approval of the YCUA Resolution No. 09-8 to adopt the 2009 State Revolving Fund Plan Update.

Motion by Doe to approve the YCUA Resolution No. 09-8 to adopt the 2009 State Revolving Fund Plan Update. Support by Bass. In favor: All. Opposed: None. (Motion carried)

**K. Request to Approve – Energy and Process Optimization Design Proposal from Tetra Tech – T. Michael Jessee**

Mr. Jessee advised the Board that Tetra Tech was contracted to do an energy and process optimization evaluation study and that they identified ten specific projects that can help YCUA reduce its costs and also qualify for ARRA stimulus monies. He indicated that those ten projects are listed on the first page of the proposal in the Board's packet materials.

Mr. Jessee also explained that, in order to proceed with the projects, the Authority requires bidding documentation and engineering specifications to be prepared. He pointed out that Tetra Tech responded with a proposed budget of \$115,000. Mr. Jessee explained that, if the Authority proceeds with all ten projects, it will have an investment of \$650,000 with an estimated annual savings of \$354,500 per year once the projects are completed. He further advised that this equates to a one year, nine month return on investment.

Mr. Jessee stated that, as a point of interest, the budget that was just approved included a 22% increase for electricity but that that natural gas was reduced by locking in a price.

Mr. Jessee recommended approval of the Energy and Process Optimization Design Proposal from Tetra Tech in the amount of \$115,000.

Mr. Doe inquired as to whether these savings are being guaranteed in any way by Tetra Tech. Mr. Jessee responded that they are not. He acknowledged that he has looked into vendors in the past who do guarantee certain savings such as Johnson Controls but that YCUA is not able to take advantage of their guarantee because they require the Authority to relinquish control over its equipment. Mr. Jessee indicated that the energy management system upgrade and schedule modifications will include the installation of a consumption meter to allow operators to monitor when the usage is approaching demand rate and turn back some equipment to avoid violating that peak standard. He stated that this will result in substantial savings.

Mr. Namatevs commented that this is a sound investment for the future. Ms. Bass indicated that it is a good idea to let the community know that YCUA is taking steps to improve its environmental sustainability. Mr. Jessee responded that he would prepare something for the *Mainstream* newsletter and the *www.ycua.org* website.

Mr. Namatevs added that it might be a good idea to also host a public meeting on these matters in order to make sure the rate payers understand that YCUA is making the most of the federal stimulus dollars. Mr. Jessee responded that he would recommend waiting until the fall when the Authority will have full approval from the Drinking Water Revolving Fund and State Revolving Fund. Ms. Bass also suggested utilizing the services of a public relations or marketing graduate student at EMU for assistance.

Motion by Namatevs to approve the Energy and Process Optimization Design Proposal from Tetra Tech in the amount of \$115,000. Support by Bass. In favor: All. Opposed: None. (Motion carried)

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

Mr. Thomas directed the Board's attention to the Fund Balance Report for May 31, 2009. 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 Report for May 31, 2009. 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.

**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 report and answered questions from the Board.

Informational only; no motion from the Board required.

**O. Attorney's Report – Thomas E. Daniels**

Mr. Thomas advised the Board that Mr. Daniels was not able to attend the meeting due to a personal emergency but that he has prepared his report in writing. He indicated that there are three items contained in the report:

*CA Hull Litigation: Continued progress has been made, including the last day trial testimony and presentation of evidence on May 29, 2009 (including testimony from T. Michael Jessee). The final and fifth day of trial was on June 5, 2009, for closing argument of counsel only. This was followed by submission of YCUA's Written Summation and Proposed Findings of Fact and Conclusions of Law to the judge. That written submission was timely filed on Friday, June 19. CA Hull's attorney now has 14 days, from that date, to submit CA Hull's written summation. YCUA, because it has the plaintiff's burden of proof in this case, may then submit, at YCUA's option, a written reply within 7 days. The judge has stated she will render her written decision and verdict no later than 30 days thereafter.*

*Bioclimatic—MeadWestvaco Litigation: Pretrial discovery continues. More depositions have been taken, including the deposition of one of the project engineers from Tetra Tech. Additional depositions will be completed. As a result of information learned during depositions of MeadWestvaco and Bioclimatic witnesses, YCUA has submitted additional requests for production of documents to the defendants, which remain pending. As a result of ongoing and necessary discovery, such as depositions and document exchanges, the court has extended discovery to the end of July, on stipulation of all parties. Also, we have informed opposing counsel that, as a result of information gained in discovery, YCUA and TCC will amend their complaint to add additional counts. The motion to amend will be filed in the next week.*

*WTUA Arbitration Appeal: The answer to the WTUA appeal was timely filed on June 1, 2009. We reported last month that we planned to follow*

*the answer with a motion to dismiss within a week to 10 days. We did not meet that self imposed deadline due to ongoing research and our effort to fully prepare and properly support that motion and a brief in support. That work, however, will be complete and filed with the court this week.*

Informational only; no motion from the Board required.

**P. Director's Report - Larry R. Thomas**

There was no director's report for the month.

**4. OLD BUSINESS:**

There was no old business for the month.

**5. OTHER BUSINESS:**

**Q. Request to Approve – YCUA Resolution No. 09-9 re: Retirement of Ray Casey – Larry R. Thomas**

Mr. Thomas advised the Board that Ray Casey, a maintenance employee at the Authority, announced the day before that he will be retiring from YCUA after 30 years of employment. He indicated that Mr. Casey's retirement will be effective before the next Board meeting so the approval of a typical retirement resolution commending Mr. Casey for his years of service would be in order.

Mr. Thomas recommended approval of YCUA Resolution No. 09-9 re: Retirement of Ray Casey.

Motion by Doe to approve YCUA Resolution No. 09-9 re: Retirement of Ray Casey. Support by Bass. In favor: All. Opposed: None. (Motion carried)

**6. STATEMENTS AND CHECKS:** Motion by Peoples to pay the bills in the amount of \$2,308,278.49 with an addendum in the amount of \$9,484.80. Support by Bass. 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 11:45 a.m. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

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DEEDRA CLIMER BASS, Secretary - Treasurer