



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, June 26, 2007 – 4:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

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

Members Absent: None.

1. **CALL TO ORDER:** Doe called the meeting to order at 4:01 p.m. Mr. Doe welcomed new Board member Deedra Climer Bass.
2. **MINUTES OF THE PREVIOUS MEETINGS:** Motion by Namatevs to receive and file the minutes of the May 22, 2007 and June 22, 2007 meetings. Support by Peoples. In favor: All. Opposed: None. (Motion carried.)

Mr. Namatevs commented that he is pleased that the Attorney's Report has been instituted and that he appreciates being able to review the outstanding issues in the Board meeting minutes.

3. **NEW BUSINESS:**

- A. **Request to Approve – Lease of Shadford Tower Space to MetroPCS -**
Larry R. Thomas

Mr. Thomas reminded the Board that MetroPCS has requested to lease space on the Shadford Tower water storage facility in the City of Ypsilanti. He indicated that Tom Daniels is in the final stages of negotiation with MetroPCS and the Ypsilanti public school system and that a draft lease is being presented for their consideration.

Mr. Thomas also explained that the space on the top of the Shadford Tower water storage facility is valuable to communication companies and

its utilization for this purpose poses no problems with YCUA's use of the tower. He pointed out that the annual lease payment represents revenue to the Authority that is shared 50 / 50 with the Ypsilanti public school system. Mr. Thomas explained that Tom Daniels wished to address the Board with further information.

Mr. Daniels advised the Board that the critical details are that the contract has a 30-year term with 5-year renewals, which is standard in the industry. He indicated that the contract starts out with a rental rate of \$1,700 per month with that amount increasing by 18% at every renewal term. Mr. Daniels also explained that YCUA staff has felt out of its element trying to assess whether those rental rates that were being offered for this kind of contract were adequate and, therefore, an expert in California was consulted. He pointed out that the consultant advised that this amount is one of the highest he has experienced in the present market.

Mr. Daniels explained that the other terms and conditions of the lease are standard. He further advised that, in the past, the Authority has shared the rental from the Shadford Tower 50 – 50 with the Ypsilanti School District because they have an interest in property where YCUA has an easement for the tower access. Mr. Daniels stated that the Authority will propose the same sharing arrangement to the school district for this contract that he has every reason to believe that they will approve the same. He acknowledged that this contract is in line with the last similar contract recently entered into.

Mr. Thomas recommended approval of the Shadford Tower lease with MetroPCS as presented.

Mr. Namatevs inquired as to how many more communications antennae can fit on the Shadford Tower. Daniels responded that he does not know if there is a space limitation. He indicated that MetroPCS will bring the total renters to three and that a fourth company is very serious about renting space as well. Mr. Daniels advised that the fourth company is an Internet provider rather than a cell phone company and will use less space.

Motion by Peoples to approve the Shadford Tower lease with MetroPCS as presented. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve- BioRem Pilot Project - T. Michael Jessee

Mr. Jessee reminded the Board that, originally in the plant expansion / improvements project, which is entering into its final phases, a biofilter was designed to handle the odors generated as part of YCUA's treatment process. He pointed out that, during the project, the biofilter was eliminated and replaced with an air ionization system, which has proven to be inadequate for YCUA's needs. He indicated that the Authority has informed Bioclimatic, the air ionization equipment provider, that they failed to meet the contract requirements and has requested a refund.

Mr. Jessee also explained that YCUA is again reviewing the technology associated with biofiltration and that Authority staff and Tetra Tech's consulting engineers are proposing to pilot a portable biofilter unit for a three-month period to determine its effectiveness in dealing with the odors generated at the wastewater facility. He further advised that BioRem provided YCUA with a presentation that was highly received by YCUA staff. Mr. Jessee stated that a portable biofilter will be staged on the north side of the sludge building and that odorous air will be fed from the different areas of treatment process into the biofilter to measure the results. He acknowledged that a third party will also be retained to do the performance testing.

Mr. Jessee confirmed that the unit will be supplied by BioRem at a cost of \$22,900 and that YCUA will also need Tetra Tech's assistance in engineering design and performance testing during the pilot project at a cost of \$8,000, for a total expense for the project is the two proposals at a total cost of \$30,900.

Mr. Jessee recommended approval of the BioRem Pilot Project and authorization to sign the two proposals in the amount of \$30,900.

Mr. Namatevs inquired as to whether this equipment will be used to supplement the current air ionization program or if it will be utilized in its place. Mr. Jessee responded that, if the test results from the pilot program prove successful, this will be primary means of odor control. He advised that air ionization may still be used in one or two areas.

Mr. Peoples inquired as to what the additional cost will be after this pilot study is completed. Mr. Jessee responded that the actual permanent installation of a biofilter system is likely to run will be between \$3 million and \$4 million. Mr. Namatevs inquired as to whether there is enough money in the project budget for this expenditure. Mr. Jessee responded that the historical aspect of the expansion project is that the elimination of

the original biofilter was budgeted at just over \$2 million and that a credit was received for \$1.7 million when it was eliminated. He stated that YCUA then entered in an agreement with Meade Westvaco for air ionization equipment in the amount of approximately \$1 million, for which the Authority has been credited \$750,000.

Larry R. Thomas interjected that there is in excess of \$4 million reserved in lease funds for potential use on this project. He indicated that these funds are not specifically earmarked for this project but can be used if necessary. He added that WTUA will pay a portion of the cost as well.

Mr. Jessee stated that the original project budget was approximately \$92,400,000 with a contingency of \$6 million, of which \$3.7 million has been spent. Mr. Namatevs commented that he is in favor of making the smells go away but that he is concerned about the bottom line. He asked for a report on all figures at the next meeting.

Ms. Bass inquired as to whether there are outstanding expenses or other potential contingencies that these funds may be needed for in the future. Mr. Jessee responded that there are none that he knows of. Mr. Doe inquired as to whether there are any outstanding or forthcoming change orders that the \$3 million left in the contingency budget may be needed for. Mr. Jessee responded that there is presently approximately \$100,000 in outstanding change orders with the exception of the IDI and Bioclimatic issues, which are still on the table, but that he does not anticipate any other others issues to occur. He indicated that IDI is still expecting payment in the amount of approximately \$200,000 but that that issue is still in negotiation.

Motion by Peoples to approve the BioRem Pilot Project and authorization to sign the two proposals in the amount of \$30,900. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve - Snow Road Header Replacement Project - T. Michael Jessee

Mr. Jessee reminded the Board that they recently authorized a header replacement project at the Factory Street pump station in the City of Ypsilanti. He indicated that YCUA also owns a large sanitary pumping station on Snow Road near Huron River Drive and Rawsonville Road. Mr. Jessee also explained that, 10 years ago, YCUA staff discovered that the discharge piping within the station is very thin. He pointed out that the

station has a capacity of approximately 21 million gallons per day and that the station has five pumps that can receive continuous flows on average of about 6 million gallons per day.

Mr. Jessee explained that a proposal for engineering services was requested from Tetra Tech and that they responded with a figure of \$47,500. He further advised that the previously approved project at Factory Street is similar to the proposed project at Snow Road because the stations are of nearly identical design, were built at the same time, and have suffered the same problems. Mr. Jessee stated that the design cost on the Factory Street project was \$70,000 with construction engineering totaling \$60,000, making the \$47,500 proposal for the Snow Road header replacement a reasonable cost.

Mr. Jessee recommended approval of Tetra Tech proposal for the Snow Road Header Replacement Project in the amount of \$47,500.

Motion by Namatevs to approve the Tetra Tech proposal for the Snow Road Header Replacement Project in the amount of \$47,500. Support by Scott. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve - OHM Proposal re: Mansfield Water Main Replacement Project - T. Michael Jessee

Mr. Jessee advised the Board that YCUA received notification about five weeks ago that the City of Ypsilanti will be improving a section of Mansfield Street between Washtenaw and Westmorland next year. He indicated that, as has been Authority policy, YCUA will replace the water main during this project and that OHM was requested to provide an engineering design proposal. Mr. Jessee also explained that the cost of their proposal is \$33,700. He pointed out that this project is included in the Authority's DWRF plan and these costs will qualify for DWRF financing if the project proceeds to the construction phase.

Mr. Jessee recommended approval of the OHM proposal for the Mansfield Water Main Replacement Project in the amount of \$33,700.

Motion by Peoples to approve the OHM proposal for the Mansfield Water Main Replacement Project in the amount of \$33,700. Support by Scott. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve - OHM Proposal for Whittaker Road Construction Services - T. Michael Jessee

Mr. Jessee advised the Board that the Washtenaw County Road Commission is in the process of aligning the Whittaker Road Bridge south of Textile. He indicated that the project requires the relocation of 155 feet of 16-inch water main and 185 feet of 8-inch sewer main. Mr. Jessee also explained that the matter was negotiated so that the Washtenaw County Road Commission has agreed to pay the construction costs associated with the project. He pointed out that YCUA had agreed to pay for engineering and design costs for the project so that the Authority's independent engineering firm can do the inspection.

Mr. Jessee explained that construction will proceed this construction season. He further advised that the Authority requested a proposal from OHM to provide construction activities on the project including construction observation, construction engineering, and contract administration. Mr. Jessee stated that OHM responded with a proposal in the amount of \$17,900.

Mr. Jessee recommended approval of OHM proposal for construction activities for Whittaker Road Water and Sanitary Realignment Project in the amount of \$17,900.

Mr. Peoples inquired as to the rationale for realigning the bridge. Mr. Jessee responded that it is related to traffic safety issues, specifically a blind spot on the turn, as well as a desire to increase traffic capacity. Mr. Doe added that the county is in the process of replacing a lot of bridges in response to vehicle safety issues. Mr. Scott also stated that the bridge will be wider, which will allow for foot and bicycle traffic.

Motion by Scott to approve approval of OHM proposal for construction activities for Whittaker Road Water and Sanitary Realignment Project in the amount of \$17,900. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

F. Request to Approve – Change Order No. 1 re: Leforge Villa - T. Michael Jessee

Mr. Jessee reminded the Board that, in February, they approved a renovation project for the Leforge Villa pump station located near the intersection of Leforge and Clark Roads in Ypsilanti Township. He

indicated that the approved project included the removal of the old pumps and the installation of new submersible pumps, a partial force main, bypass piping, and an emergency generator in the amount of \$204,700.

Mr. Jessee also explained that the project has progressed well until it came time to use the manhole just west of the station wet well as a temporary bypass, which has proved to be inadequate. He pointed out that there are lateral sewer services coming into the main between the manhole and the wet well that were being surcharged with sewage and work was stopped in order for investigation to take place.

Mr. Jessee explained that the investigation showed that the bottom of the wet well has deteriorated to the point that there is hardly anything left. He further advised that the 3.5 feet of the walls of the wet well under water had also deteriorated, which is very unusual for sanitary lift stations. Mr. Jessee stated that in order to insure that there are no basement backup incidents or sanitary sewer overflows during construction, a new wet well and valve wall must be constructed and that the contractor, Midwest Power System, responded with a proposed amount of \$69,900. He acknowledged that the contractor was given the go ahead so that there would be no delay costs on the project.

Mr. Jessee confirmed that wet well, value wall, pumps, and pipe work have been installed and that the facility will be back in full operation on Thursday.

Mr. Jessee recommended approval of Change Order No. 1 for the Leforge Villa in the amount of \$69,900.

Mr. Peoples commented that \$70,000 seems to be a lot of money for a change order. He inquired as to whether there was an opportunity to explore these possible contingencies before the project began. Mr. Jessee responded that the conditions in the area are very abnormal because it is full of hard Michigan gray clay, which absorbs all of the moisture in the concrete. He stated that these conditions are not anticipated under normal circumstances. Mr. Jessee indicated that YCUA did not have access to blueprints of the apartment building, so there was no way of knowing that there were three lateral mains that connected to the sanitary system between the manhole to be used for bypass pumping and the wet well. He advised that the Authority could have forced the issue and tried to continue but that if it resulted in backups to basements of the apartment building, it would have cost YCUA an enormous amount of money.

Mr. Scott agreed that this is a significant amount for a change order and that more research and preparation is in order to avoid these situations in the future. He suggested that anything over \$50,000 should be presented to the Board prior to the meeting so they can be more up to speed on the reasons for the change order and have time to do any research necessary.

Mr. Doe inquired as to whether the \$26,000 in contingency for this project was used. Mr. Jessee responded that it was not. Mr. Doe suggested that the contingency should be used to help cover this change order. Mr. Jessee stated that this could be done.

Mr. Doe state that if there are any other similar pumping stations to be worked on in the future, the pits should be very carefully examined before bids are completed. Mr. Jessee responded that YCUA staff has learned from these experiences and that future projects will be more carefully scrutinized.

Mr. Doe added that some sort of aggregate should be added so that the concrete does not come into contact with the clay. Mr. Jessee responded that the new wet well will be coated with a special material to prevent any future corrosion.

Mr. Jessee indicated that he will prepare for the Board a final report on the project which will outline what has been expended from the original proposal including all contingencies and exactly how far over the contingency budget it has gone.

Ms. Bass inquired as to whether a written guarantee will be provided on the future performance of the new wet well coating. Mr. Jessee responded that there is no such guarantee.

Mr. Namatevs commented that if the Board is to receive advance reporting on any project overages, it should be tied to a dollar number rather a percentage. Mr. Scott responded that he has no personal preference in the type of reporting but rather the timing. He indicated that, by the time Board packets are received, it is generally too late in the game to make an informed decision and that the citizenry would be more comfortable with these kinds of expenditures knowing that the YCUA Board was been given the opportunity to do its due diligence.

Mr. Namatevs suggested that if any project runs \$10,000 or more over budget and 25 - 30% over contingency, an email report should be presented to the Board in advance.

Mr. Doe commented that if everyone is doing their jobs right, there should be no contingency costs. Mr. Jessee responded that, historically, road repairs generally do go over because it is very difficult to estimate how deep the cuts will go. He stated that other projects generally finish within 10 – 12% of the original budgeted amount. Mr. Jessee advised that it is impossible for engineers, either in house or outside firms, to hit the nail exactly on the head every time.

Motion by Namatevs to approve approval of Change Order No. 1 for the Leforge Villa in the amount of \$69,900. 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.

H. 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. 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.

I. 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.

J. Attorney's Report – Thomas E. Daniels

Mr. Daniels advised the Board that he has three items to report on, two of which are follow-up from the previous month.

He indicated that the relationship with IDI, the incinerator contractor, was reported on last month. Mr. Daniels also explained that the Authority is

waiting on completion of the overall project. He pointed out that the punch list items are being addressed at a slightly more rapid pace but that there is still no written plan for completion and that IDI has expressed its plan by virtue of an exchange of letters that has occurred over the past two weeks between Larry Thomas and IDI's CEO Joe Gianonne.

Mr. Daniels explained that the technical engineers most closely involved in the punch list completion will meet the week of July 9th, at which time a final settlement negotiation will take place which will include Mr. Gianonne and representatives from tetra Tech, the Christman Company, IDI, and YCUA. He further advised that the outlook is more encouraging than 30 days ago, as solid progress is being made in terms of establishing deadlines and the completion of face-to-face meetings.

Mr. Daniels stated that the second item related to the situation with MDOT and CA Hull, the contractor that cracked open a YCUA sewer main and filled it with cement. He acknowledged that, last month, it was reported that the Authority was prepared to file suit but decided not to because the contractor contacted YCUA and scheduled a negotiation meeting. Mr. Daniels confirmed that the meeting took place and that the Authority was promised follow-up from the contractor that did not occur.

He explained that the Authority sent a final notice letter to the contractor's insurer and, when no response was received, a lawsuit was filed this morning. Mr. Daniels pointed out that notification of the suit would be received via certified mail to their registered agent tomorrow and, hopefully, will elicit a better response.

Mr. Namatevs inquired as to the damages that are being claimed. Mr. Daniels responded that the suit calls for the full amount of all damages and overhead, approximately \$272,000, and cites negligence on the part of CA Hull. He also stated that URS, the project manager, is also included as a defendant in the lawsuit, but that while it presently appears that they did have some reasonable control over what was going on, this claim may be dismissed if it is determined that they had no particular involvement in this specific incident.

Mr. Daniels advised the Board that the third item is a new lawsuit that was passed on this week by Gwyn Belcher. He indicated that YCUA does not have insurance coverage for this matter and that, while it is not significant in the long run, it is certainly something the Board should be aware of.

Mr. Daniels explained that the City of Ypsilanti has filed a lawsuit against YCUA and numerous other parties that have some interest or connection to the Water Street Project. He pointed out that the Authority's connection is some utility easements that it owns in the area. Mr. Daniels explained that this is a lawsuit in which the city is primarily focusing on other defendants and resolves around clearing up titles and other issues relative to the project. He further advised that YCUA's position on the suit is that it simply needs to maintain its easements in the event that mains need to be relocated in the future. Mr. Daniels stated that he has spoken with the city's representatives, who have assured him that the Authority was included in the suit only because those recorded interests in the property compel them to do so. He acknowledged that this matter is likely to be resolved easily and that YCUA has no liability in the matter whatsoever. Mr. Daniels confirmed that the suit is not seeking any damages, only equitable or injunctive relief primarily against other defendants.

Informational only; no motion from the Board required.

K. Director's Report - Larry R. Thomas

Mr. Thomas advised the Board that he is aware that they occasionally receive phone calls from residents with complaints about YCUA and wanted to make sure they are aware that not all customer communications are negative. He then distributed several letters recently received from customers who are appreciative and complimentary of YCUA's work.

Informational only; no motion from the Board required.

4. OLD BUSINESS:

There was no old business for the month.

5. OTHER BUSINESS:

H. Board Appointments – Larry J. Doe

Mr. Doe advised the Board that there are YCUA committee vacancies to fill. He announced the appointment of Gregory A. Peoples to the YCUA Finance Committee, Deedra Climer Bass to the YCUA Personnel Committee, Mark Namatevs as Ypsilanti Township hearing officer, and himself as City of Ypsilanti hearing officer. He concluded by appointing J. Ray Scott to the position of Vice Chair for the YCUA Board of Commissioners.

Motion by Peoples to approve the Chair's appointments as presented.
Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

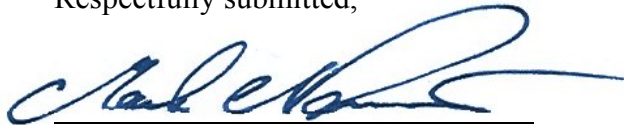
6. **STATEMENTS AND CHECKS:** Motion by Namatevs to pay the bills in the amount of \$2,933,255.15. Support by Scott. In favor: All. Opposed: None. (Motion carried.)

7. **PUBLIC COMMENTS:**

There were no public comments for the month.

8. **ADJOURNMENT:** Motion by Namatevs to adjourn the meeting at 4:54 p.m. Support by Scott. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,



MARK NAMATEVS, Secretary/Treasurer

