



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, July 25, 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 Namatevs to receive and file the minutes of the June 27, 2006 meeting. Support by Scott. In favor: All. Opposed: None. (Motion carried.)

3. **NEW BUSINESS:**

- A. **Request to Approve - Fiscal Year 2006 – 2007 Draft Budget** - Larry R. Thomas

Mr. Thomas reminded the Board that, at last month's board meeting a draft of the fiscal year 2006 - 2007 budget was provided to Board members. He indicated that a new version was included in their packets. Mr. Thomas also explained that the new version is somewhat more condensed and contains an explanatory management letter to explain the budget, the differences from the previous year, and the forces driving the need for the rate increase request. He pointed out that the budget is a spending plan for the Authority for the coming year. Mr. Thomas explained that state statute requires approval of a budget prior to the beginning of the fiscal year. He further outlined fiscal year 2006 - 2007 revenue and expenditure estimates with detail.

Mr. Thomas recommended approval of the Fiscal Year 2006 – 2007 Budget.

J. Ray Scott asked for clarification that the budget is based on a compilation of information including a water rate increase from DWSD and decreased usage. Mr. Thomas responded affirmatively and reiterated the background information relative to those matters.

Motion by Namatevs to approve the Fiscal Year 2006 – 2007 Budget. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve – New Meter Rate Schedule - Larry R. Thomas

Mr. Thomas advised the Board that the costs YCUA charges for new water meters were last adjusted in 2004. He indicated that, since that time, the Authority's cost for the meters has increased along with the cost of labor. Mr. Thomas also explained that staff is requesting to increase the cost for customers wishing an additional meter for outside water use and for meter replacement due to freezing damage. He pointed out that there is no charge to current customers whose existing meters are exchanged unless the exchange is required due to their neglect. Mr. Thomas explained that the Finance Committee has considered this and concurs with the recommendation.

Mr. Thomas recommended approval of the recommended rate schedule for new water meters.

Mark Namatevs inquired as to whether the overhead charge includes YCUA's indirect costs. Mr. Thomas responded that it does.

Motion by Wagner to approve the meter rate schedule as presented. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – Amendment No. 4 to Tetra Tech MPS Engineering Contract - T. Michael Jessee and Tom Allbaugh

Mr. Jessee advised the Board that Tetra Tech has requested supplemental compensation due to the additional time required dealing with the incinerator, additional RPR time needed due to the contractor's continuing work at the site, and additional time for SCADA issues. He indicated that the Finance Committee has met with Tetra Tech staff twice regarding the request and has concurred with their request. He pointed out that Tetra Tech will be continuing in its efforts on the project through September. Mr. Jessee explained that additional compensation is justified. He further advised that the trust fund, which is used for payments for the project, will be inadequate for this expense and additional funds will need to be transferred into the account. Mr. Jessee stated that item D deals with that issue.

Mr. Jessee recommended approval of Amendment No. 4 to the Tetra Tech MPS Engineering Contract.

J. Ray Scott asked for clarification that the Finance Committee is in agreement with the request. Mark Namatevs responded affirmatively and advised that the committee met with Tetra Tech representative on three occasions to discuss the details.

Motion by Wagner to approve the Amendment No. 4 to the Tetra Tech MPS Engineering Contract. Support by Scott. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve – Wastewater Treatment Plant Trust Fund Transfer - Larry R. Thomas

Mr. Thomas advised the Board that, as of June 30, 2006 the trust fund created to make payments for the plant expansion/improvements project had assets of \$265,161.27. He indicated that to complete the project, an additional \$218,641 will need to be transferred into the trust. Mr. Thomas also explained that he recommends transferring \$225,000 from the lease funds into the trust fund in the event at there are any forthcoming unforeseen contingencies. He pointed out that, if there is any money left over when the project is completed, those funds can be reassigned to the lease fund or used for bond payments.

Mr. Thomas explained that the YCUA lease fund is also holding funds that are restricted for the wastewater plant and this project. He further advised that the lease funds were used for the Authority's portion of the design costs as well. It is an appropriate use of the lease funds for this project.

Mr. Thomas recommended approval to transfer \$225,000 from the lease fund to the trust fund.

Mark Namatevs inquired as to whether there are any outstanding change orders on the project. Mr. Thomas responded affirmatively and indicated that the transfer is intended to cover the amounts still outstanding.

Motion by Wagner to approve the transfer of \$225,000 from the lease fund to the trust fund. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve – River Street Water Main Replacement Project - T. Michael Jessee

Mr. Jessee advised the Board that the city of Ypsilanti will be resurfacing River Street this year from Forest Street north to the city boundary. He indicated that the water main there will be replaced as part of the project. Mr. Jessee also explained that, although the city will be bidding and entering into contracts for the work, YCUA will contract for engineering construction and inspection services for the water main replacement portion of the project. He directed the Board's attention to a proposal from OHM for those services. Mr. Jessee explained that the proposal is a not-to-exceed amount of \$58,000. He further advised that city bond funds are expected to pay the total cost of the project and engineering services.

Mr. Jessee recommended approval of OHM's River Street Water Main Replacement Project proposal for \$58,000.

Motion by Namatevs to approve OHM's River Street Water Main Replacement Project proposal for \$58,000. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

F. Request to Approve – EMU Double-Check Valve Installation Project - T. Michael Jessee

Mr. Jessee advised the Board that, as part of the Authority's efforts to keep the Eastern Michigan University water distribution system a private system, YCUA is installing check valves in the mains that supply the EMU system. He indicated that this prevents any backflow from their system to the Authority's. Mr. Jessee also explained that YCUA is ready to proceed with two installations this year and is taking bids. He pointed out that the project was advertised per the Authority's policy and bids were due July 18, 2006. Mr. Jessee explained that one bid was received from CI Contracting, Inc. in the amount of \$89,864. He further advised that the project was budgeted at \$100,000.

Mr. Jessee recommended approval of the EMU Double-Check Valve Installation Project in the amount of \$89,864 with a contingency of \$10,136.

Mark Namatevs commented that he is of the opinion that the contingency amount seems high for what appears to be a relatively easy project. Mr. Jessee responded that the engineering staff's concern is the maturity of the area and the uncertainty of what is in the ground there.

Motion by Wagner to approve the EMU Double-Check Valve Installation Project in the amount of \$89,864 with a contingency of \$10,136. Support by Scott. In favor: All. Opposed: None. (Motion carried)

G. Request to Approve – Purchase of Floor Scrubber for Wastewater Treatment Plant - T. Michael Jessee

Mr. Jessee advised the Board that a large walk-behind floor scrubber is used to clean floors in the wastewater treatment plant and that a new unit is needed. He indicated that bidding documents were prepared and advertised per policy as well as being forwarded to the known suppliers. Mr. Jessee also explained that two bids were received. He pointed out that the low bid was from Kellermeyer Bockstanz Co. for \$11,900. Mr. Jessee explained that \$15,000 was budgeted for the purchase to be paid from the Wastewater Treatment Plant Improvement Reserve.

Mr. Jessee recommended approval of the purchase of the floor scrubber form Kellermeyer Bockstanz for \$11,900.

Motion by Namatevs to approve the purchase of the floor scrubber form Kellermeyer Bockstanz for \$11,900. Support by Wagner. In favor: All. Opposed: None. (Motion carried)

H. Request to Approve Change Order No. 30 re: Wastewater Treatment Plant Expansion/Improvements Project - T. Michael Jessee

Mr. Jessee directed the Board's attention to Change Order No. 30 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 \$31,891. Mr. Jessee also explained that this change order brings total changes to \$3,922,908. 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 dollars budgeted in the contingency budget to cover this increase.

Mr. Jessee recommended approval of Change Order No. 30 in the amount of \$31,891.

Motion by Wagner to approve Change Order No. 30 in the amount of \$31,891. Support by Scott. In favor: All. Opposed: None. (Motion carried)

I. Informational Item - Third Quarterly Production Report - T. Michael Jessee

Mr. Jessee directed the Board's attention to the third quarterly production report. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board, paraphrased as follows:

Wastewater Treatment Plant

The third quarter has proven to be a positive, although difficult period for the WWTP staff. The work force operated the plant within all parameters of the National Pollutant Discharge Elimination System (NPDES) permit. The WWTP staff continues to address the issues associated with the plant expansion with minimal disruption to the operational procedures. This can be attributed to the expertise of the WWTP staff and the direct supervision contributed by Alan Shock, WWTP Supervisor. Alan has done a superb job keeping up with operations during a very long, difficult construction process.

Fourteen (14) of the twenty-three (23) WWTP operators took the MDEQ Operators license exam. As you may recall, there were fourteen operators that participated in the Sacramento Waste Water Treatment Volume I course during the second quarter. With this training completed, YCUA staff anticipates success for all that participated in the examination. Continuing education is the key to a well-versed operational staff. Good job to all and good luck. It is anticipated that the MDEQ examination results will be forth coming in the month of July.

The wastewater treatment plant treated 2,189,483,000 gallons of wastewater during the third quarter, compared to 2,000,150,000 gallons during the third quarter of the fiscal year 2004/2005. This represents an increase of 189,333,000 gallons or 9.4 %.

The solids treatment process produced 6,392.96 tons of sludge during the third quarter; compared to 6,319.5 tons of sludge produced during the third quarter of the previous fiscal year. This represents an increase of 73.46 tons or 1.1%. YCUA has received and processed 491,900 gallons of septic sewage for which \$34,433 has been invoiced.

The wastewater treatment department has incurred \$59,921.60 in overtime expenditures during the fiscal year; this represents 50.11% of the budgetary amount of \$119,581. The overtime expenditures are well within parameters given the additional tasks that can be associated with the expansion process.

Maintenance Department

The maintenance department completed 3,131 work orders during the reporting period. This is an increase of 704 work orders, or 29%, in comparison to the third quarter of the previous fiscal year. This can be attributed to an increase in production by our work force and an improved completed work order tracking procedure by the maintenance management team.

The maintenance department completed multiple projects during the third quarter. Included are: the completion of the installation of the variable frequency drive unit at our Bridge Road water storage and pumping facility; increased security measures at Detroit Water and Sanitary department water service connections; the installation of sanitary station wet well safety hatches for the Ford Lake and Rambling Road facilities; an ash lagoon underdrain pumping station; the solids processing sodium permanganate injection system; containment walls for the WWTP generator fuel storage day tank and the polymer bulk storage tank; and the modification to the WWTP screening compactor and discharge chute. These projects were completed in addition to the normal repair and preventative maintenance tasks that are required.

The information and technology (IT) employees were instrumental in relocating multiple pieces of equipment: the communication equipment for the supervisory control and data acquisition (SCADA) for the remote water and sanitary facilities; the WWTP gate controls and communication; customer service security cameras; and base radio system (truck to base, truck to truck). This was necessary due to the plant expansion modification and remodeling of the WWTP control room. Additionally, the IT employees completed the installation of the disaster recovery system as a portion of the new server installation. The backup

servers are now stored off site to ensure security and disaster protection. It should be noted; the IT area is comprised of Wayne Dudley, Maintenance Supervisor, and Steve Vass, Information Systems Officer, and Kevin Dupuis, Maintenance Mechanic. Many of the larger tasks are completed with the supporting staff of the maintenance department personnel. We are in the process of exploring the feasibility and conducting a cost/benefit analysis of forming an independent IT department within the Authority.

The maintenance department has incurred \$57,794.13 in overtime expenditures during the third quarter; this represents 38.41% of the budgetary amount of \$150,466. YCUA is proud of the efforts to maintain the Authority's assets exhibited by the maintenance department with minimum use of overtime resources.

Customer Service Department

The customer service department continues its efforts to successfully manage YCUA's 20,000 plus customer accounts. Utility billing aging percentages for balances 90 days and over are down from last quarter, which is the seasonal trend we expect to see.

With the success in the collection of delinquent accounts and the collection threshold recently being lowered to \$175, the amount of paperwork generated by the one collections clerk position has increased. Cathy Moorman, Customer Service Manager, will be working with Civic systems to explore opportunities to streamline the collections process and increase efficiency in that area. Additionally, of the \$123,801.23 that was transferred to the City tax roll, Parkview Apartments represented \$91,831.44. The net transfer to the tax roll was \$31,969.79, down slightly from last year.

The billing area discovered a few significant bugs in the utilization of the billing software in April and May. The billing clerks, the accounts receivable clerk, and the accountant, Venita Terry, worked diligently to correct the problems and minimize the impact on reporting in the system. Department training and procedure manuals have been updated to ensure the problems are avoided in the future.

Each of the employees in the customer service department deserves a note of appreciation for stepping up during unforeseen absences of members of the department. Gail Thomas and Pam Neigum worked especially hard to assist during the unexpected absence of the department manager. They are just two examples of the exceptional employees working at YCUA.

Through the third quarter, the customer service department expended \$677.48 in overtime expenditures; this represents 11.05% of the budgetary amount of \$6,131. The customer service management team addresses the use of overtime resources with effectiveness and efficiency.

Engineering Department

The operation of the engineering department continues to improve. With the addition of a second engineer, Sree Mullapudi, we have enjoyed an estimated savings of \$77,000 for the third quarter. This can be attributed to the in-house design work performed on the following projects: River Street Water main replacement; Textile Road water main replacement; Southeast Transmission water main replacement; and the Pine View pump station by-pass piping. In addition to the estimated savings the engineering department has invoiced \$19,795.23 for community development review fees. The resulting contribution of the engineering department to the Authority is \$96,795.23 for the third quarter. With consideration given to the multiple projects that are scheduled for the upcoming fiscal year we anticipate that those savings will continue.

The engineering department has incurred \$874.17 in overtime expenditures. This represents 14.12% of the \$6,192 budgeted.

Service Department

The service department completed 10,498 tasks and cleaned 224,825 feet of sanitary mains during the third quarter. This would include 8,934 manhole inspections and 1,081 location of service requests. The preventative maintenance of the sanitary mains is a priority for our service department. They continue to meet or exceed the 80,000-foot per month goal. As you may recall, there were difficulties in achieving this goal in the recent past. The Service Center Foremen, Supervisor, and Director addressed the issue and revised the scheduled routes and timelines, which have proven to correct the situation.

The summer weather brings on the tasks of repairing the sidewalks, curbs, and lawns that were damaged during winter repair work. The Service Center crews have utilized 27.25 cubic yards of concrete and are progressing well in addressing those repairs.

It should be noted, Keenen Crump, Transmission and Distribution Supervisor, and Harold (Sean) Knapp, Line Service Technician, were successful in passing the examination for the Water Distribution System Operator Certification S-3. Congratulations.

The overtime expenditures for the Service Center are within budgetary limitations. There was \$116,110.52 expended for overtime, which represents 59.53% of the \$195,045 budgeted.

Water Distribution Department

The water distribution department has operated the distribution system with effectiveness and efficiency. The Geddes Road DWSD connection has been placed on line and is performing well. This allows less flow to be transferred to Superior Township through the Dawn Street connection.

Additionally, Superior Township is preparing to activate the LeForge and Clark booster station. We anticipate this to occur in the month of June.

YCUA purchased 1,060,647,544 gallons of water from the Detroit Water and Sewer department of which 179,844,076 gallons were distributed in the City division and 880,803,468 gallons in the Township division. The year to date DWSD water purchase is 3,315,575,076 gallons, compared to 3,482,684,804 gallons last fiscal year. This represents a decrease of 4.8%.

The water distribution department has incurred \$16,172.17 in overtime expenditures through the third quarter. This represents 32.07% of the budgetary amount of \$50,426.

Meter Department

The meter department has successfully completed the calibration of the large meters for the supply to Pittsfield Township. This has been an excellent opportunity for the large meter technicians to observe alternate calibration techniques. As you are aware, there has been a discrepancy with the volume of water being supplied to Pittsfield Township when current fiscal year consumption is compared to the previous year consumption. Jeff Castro, Water Distribution Supervisor, and Bob Fry, Meter department Foreman, began an investigation, which included the corporation of Pittsfield Township personnel. It was discovered that the metering issue began with the new Merritt Road booster station start-up. Further investigation activities discovered that a valve on the supply line was partially closed and a by-pass valve may have been partially open. With the assistance of the Water Distribution staff, Gary Bondie, Meter Service Technician, has been monitoring and recording the Pittsfield consumption. This procedure has verified the problem did exist at Merritt Road and it appears that the consumption has returned to an expected volume. Thank you, water distribution operators and meter department staff.

The meter department completed 3,417 tasks during the third quarter, which is an increase of 376 tasks from the second quarter. Under the leadership of Bob Fry, Meter department Foreman, the efficiency of the operations and production rates of the meter department continues to improve.

The meter department incurred \$5,606.40 in overtime expenditures through the third quarter. This represents 52.66% of the \$10,646 budget.

Compliance Department

The compliance department has seen a employee turn over in the Industrial Pretreatment Program Supervisor (IPP) and the chemist positions. Luke Blackburn has accepted the IPP Supervisor position and

Steve Wyzgoski accepted the chemist position. Both employees enter their new positions with high qualifications and standards. Perry Thomas is directing the department with modified standard operating procedures for the requirements of regulatory reporting and self-monitoring of production. With these changes we anticipate a smooth transition in the management staff.

The compliance department performed 8,450 analyses and submitted three Monthly Discharge reports, a Michigan Air Emissions Report, Industrial Pretreatment Program annual report, WWTP Comprehensive Scan report, and a WWTP Whole Effluent Toxicity report.

The compliance department expended \$3,477.55 in overtime during the third quarter. The expenditures represent 21.82% of the budgeted amount of \$15,940.

State of the Authority

I am happy to report that the Authority stands on solid ground; production continues to rise and labor expenditures are well within operating parameters. The large interest exhibited by the employees for continued education and State of Michigan Certifications are a welcomed activity. This demonstrates the willingness of the work force to improve their skills and knowledge to enhance their job performance for the benefit of the Authority. We have received multiple compliments on the public relation skills that have been demonstrated by our staff. In the past, we have received complaints in the area of professionalism when members of the work force communicated with the customers. This is no longer the case and can be attributed to the management staff of YCUA placing the customers and their concerns as a number one priority.

The WWTP expansion is nearing completion with few issues waiting to be addressed. The largest of which is the incinerator. Incinerator operation is expected to resume in late July; this will include operation certification testing. Odor control is a concern for the Authority. The scheduling of performance testing for the air ionization units is being developed with an anticipate time line of August. This will allow a unit-by-unit evaluation to be performed and operation issues to be addressed.

As stated previously, the Authority is doing well and the departments are functioning as teams. There has been a marked improvement in the area of communication and cooperation between the departments. This is a high priority for the Authority; by working as a single unit great things are accomplished.

J. Ray Scott commended Mr. Jessee for his excellent work controlling overtime costs.

Philip W. Wagner inquired as to whether seven-day operations have begun for the service technicians. Mr. Jessee indicated that, during negotiations, it was indicated that this will take place after one year with a 90-day notice. Mr. Jessee added that it is presently discussed and steps are being made in that direction. Mr. Wagner also commented that he is glad to see so many operators taking advantage of the opportunities to receive certification. Mr. Jessee added that management whole-heartedly agrees and mentioned that the budget for training and education budget was increased this year.

Informational only; no motion from the Board required.

J. 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.

During discussion of the Fund Balance Report, the subject of the West Willow Relining Project was touched upon and a recommendation was made to pay the same from the Reserve for Construction Fund.

Motion by Wagner to pay for the Willow Relining Project out of Reserve for Construction assets and to present the same to the Ypsilanti Township Board of Trustees for approval to the Pineview project approved the previous month. Support by Namatevs.

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

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

L. 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.

Informational only; no motion from the Board required.

M. Director's Report - Larry R. Thomas

Mr. Thomas directed the Board to a letter from Rehmann Robson regarding their understanding of objectives of the audit and what service they will provide. He indicated that this is a standard letter that they present to the Authority each year. Mr. Thomas advised that, unless there

are objections or a request for additional information, he will sign and return the letter to Rehmann Robson.

4. OLD BUSINESS:

Philip W. Wagner inquired as to whether the results of the organization analysis will be made available any time soon. Larry R. Thomas responded that the Personnel Committee and staff would be meeting with Miller and Associates in early August and that a special Board meeting is expected to be scheduled in September in order to present the Board with a full report.

5. OTHER BUSINESS:

T. Michael Jessee advised the Board that the West Willow change order as included in their Board packets will not be addressed until the August meeting.

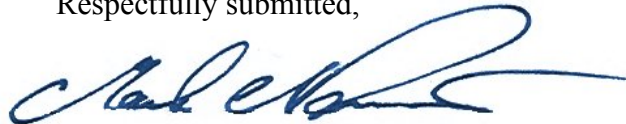
6. STATEMENTS AND CHECKS: Motion by Doe to pay the bills in the amount of \$2,261,568.71 plus an addendum in the amount of \$341,542. Support by Wagner. In favor: All. Opposed: None. (Motion carried.)

7. PUBLIC COMMENTS:

There were no public comments for the month.

8. ADJOURNMENT: Motion by Wagner to adjourn the meeting at 5:00 p.m. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,



MARK NAMATEVS, Secretary/Treasurer

