



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, August 25, 2009 – 9:00 a.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

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

Members Absent: None.

1. **CALL TO ORDER:** Scott called the meeting to order at 9:11 a.m.
2. **MINUTES OF THE PREVIOUS MEETINGS:** Motion by Peoples to receive and file the minutes of the July 28, 2009 meeting as presented. Support by Doe. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
 - A. **Request to Approve – Amendment to Minutes of June 23, 2009 Meeting** – Larry R. Thomas

Mr. Thomas advised the Board that YCUA received an inquiry from the accountant at WTUA asking if a discussion quoted in the minutes of June 23, 2009 was correct. He indicated that the discussion in question was:

“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. Thomas also explained that it was determined that the minutes did not reflect the actual question and answer. He pointed out that the correct exchange was:

“Larry J. Doe inquired as to whether employees pay toward their health benefits. Gwyn Belcher responded that employees hired after October 1,

2005 contribute toward their health insurance premiums, which was negotiated in the last contract four years ago.”

Mr. Thomas recommended approval of the Amendment to Minutes of June 23, 2009 Meeting.

Motion by Peoples to approve the Amendment to Minutes of June 23, 2009 Meeting. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve - Aeration Based Odor Control Tetra Tech Proposal – T. Michael Jessee

Mr. Jessee advised the Board that YCUA has been conducting a pilot project in which the foul air from the solids processing operations has been carried to the intake of aeration tank six. He indicated that this project has proved to be very successful by means of the biological process removing the hydrogen sulfite, which is a major odor-causing agent. Mr. Jessee also explained that the Michigan Department of Environmental Quality (MDEQ) approved the pilot project and that the Authority is preparing to construct the necessary structures, ventilation equipment, and ducts for a permanent odor control solution.

He pointed out that, in order to prepare for the bidding procedure, YCUA requested a design proposal from Tetra Tech, which will include all design work and bidding procedure preparation. Mr. Jessee explained that Tetra Tech responded with a not-to-exceed amount of \$57,000. He further advised that Authority staff has reviewed the proposal and recommends acceptance.

Mr. Jessee stated that, if approved, this project will allow YCUA to mitigate a substantial amount of odor causing agents without the use of chemical scrubbers and / or a biofilter. He acknowledged that this will reduce the Authority's operating costs and provide an environmental friendly process for odor control.

Mr. Jessee recommended approval of the Aeration Based Odor Control Tetra Tech Proposal in the amount of \$57,000.

Larry J. Doe inquired as to whether the Board stands together in agreement that there is a concern with the number of failed projects in the area of odor control.

J. Ray Scott interjected that he is in agreement and that the Board has discussed in the past a concern over the frequency of change orders from Tetra Tech in general.

Gregory A. Peoples suggested that this item be approved but that YCUA staff should discuss with Tetra Tech the concerns of the Board regarding project cost over-runs.

Mark Namatevs interjected that he concurs and that, while the YCUA Board has not lost faith in Tetra Tech at this point in time, the matter should be addressed.

Motion by Namatevs to approve the Aeration Based Odor Control Tetra Tech Proposal in the amount of \$57,000. Support by Bass. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – Perrin Street Sanitary Sewer Replacement – T. Michael Jessee

Mr. Jessee reminded the Board that the sanitary sewer on Perrin Street south of Cross Street was identified as exfiltrating sewage to the adjacent storm sewer pipe. He indicated that the existing sanitary sewer is a 6-inch diameter vitrified clay pipe that provides service to seven properties along Perrin Street. Mr. Jessee also explained that Perrin Street was reconstructed as part of the Central Business District project completed by the City of Ypsilanti approximately five years ago. He pointed out that it is YCUA's intent to upsize the pipe and solve the exfiltration problem by installing 8-inch diameter plastic pipe via the pipe-bursting method.

Mr. Jessee explained that the project advertisement was posted on the Authority website, provided to potential bidders via Authority electronic RFP notification process, posted on the Michigan Intergovernmental Trade Network, and provided to several statewide project clearing houses. He further advised that bid documents for the project were obtained by eight prospective bidders and that seven prospective bidders attended the mandatory pre-bid conference conducted on August 4, 2009.

Mr. Jessee stated that sealed bids for the project were received and publicly read aloud at 2:30 p.m. on August 13, 2009 at the Eldon P. Ahles Administration Building. He acknowledged that five bidders submitted a proposal and he directed the Board's attention to the Tabulation of Bids attached to his memorandum. Mr. Jessee confirmed that the low, responsible bid was received from Utility Services Authority, LLC of Belleville, Michigan in the amount of \$41,176.00. He explained that YCUA has worked with Utility Services Authority, LLC in the past and that staff feels that they are capable of performing the work.

Mr. Jessee pointed out that it is also recommended that a construction contingency of \$8,824.00 (approximately 21% of the bid amount) be included in the authorization for a total project budget of \$50,000.

Mr. Jessee recommended approval of the Perrin Street Sanitary Sewer Replacement Project in the amount of \$50,000.

Larry J. Doe inquired as to whether a 22% contingency is high. Mr. Jessee responded that it is high but that it is not unusual in an area such as this where there are so many possibly unforeseeable factors in the underground environment.

Deedra Climer Bass inquired as to how the pipe-bursting process works. Mr. Jessee responded that the procedure involves a line being pulled into the existing pipe, a device attached to the line, and then a new pipe attached to the device. He indicated that the device is then pulled through the existing pipe – which bursts the existing pipe and the new pipe is pulled in as well.

Motion by Namatevs to approve the Perrin Street Sanitary Sewer Replacement Project in the amount of \$50,000. Support by Doe. In favor: All. Opposed: None. (Motion carried)

D. Fund Balance Report - Larry R. Thomas

Mr. Thomas directed the Board's attention to the Fund Balance Report for July 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.

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

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

F. 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.

G. Attorney's Report – Andrew Eggan

Andrew Eggan, Tom Daniels' partner, reported that Mr. Daniels was not in attendance because of a death in the family. Mr. Eggan reported on three items:

Mr. Eggan advised the Board that the status of the C.A. Hull litigation remains as reported in counsel's August 14, 2009 confidential letter to the Board. He indicated that the court's written verdict and decision in YCUA's favor was received on August 10, 2009. Mr. Eggan also explained that action will be taken to have a judgment entered against C.A. Hull, including appropriate judgment interest accrued from the date of filing the complaint (June 2007), taxable costs, and attorney fees. Mr. Eggan also explained that YCUA has a right to recover attorney fees spent on the case from the case evaluation through the verdict (October 2008 to August 10, 2009) because C.A. Hull rejected the case evaluation award and did not improve its position at trial. He pointed out that, in fact, the court's verdict in YCUA's favor significantly exceeded the case evaluation award, previously rejected by C.A. Hull.

Mr. Eggan advised the Board that the status of the WTUA Arbitration Appeal remains as reported in counsel's August 14, 2009 confidential letter to the Board. He indicated that WTUA's appeal was dismissed by the Washtenaw County Circuit Court on August 13, 2009. Mr. Eggan also explained that judgment on the Arbitration Award in YCUA's favor and against WTUA will now be entered on YCUA's motion and a request for attorney fee sanctions is under consideration and will be presented to Larry Thomas and administrative staff in the next several weeks.

Mr. Eggan advised the Board that the MeadWestvaco litigation continues to progress, with the parties agreeing to participate in settlement efforts through a facilitative mediation process, now set to occur on September 9th. He indicated that this will be preceded by each party's preparation and submission of a written mediation summary to the selected mediator and the opposing parties no later than September 3rd. Mr. Eggan also explained that these summaries present each side's position on the facts developed during pre-trial discovery and the legal issues in the case. He pointed out that facilitative mediation involves discussions between the parties in the mediator's presence and separate conferences with the mediator, generally taking a full day, designed to see if there is common ground for settlement purposes. Mr. Eggan explained that the ultimate question in this case is how much Bioclimatic and MeadWestvaco, jointly or individually, are prepared to pay to settle the case. He further advised that Mr. Daniels will attend the mediation with John Herrygers for The Christman Company and Larry Thomas as the client representative for YCUA.

Mr. Doe inquired as to whether it is likely that WTUA will file an appeal again. Mr. Eggan responded that he did not know.

Informational only; no motion from the Board required.

H. Director's Report - Larry R. Thomas

Mr. Thomas advised the Board that he has two items to report.

He directed the Board's attention to a letter in their packets from Augusta Township Supervisor Pete Hafler. He indicated that Mr. Hafler had written to commend three YCUA employees: Gail Thomas, Dwayne Harrigan, and Mike Jessee.

Mr. Thomas also explained that these three individuals went above the "typical" boundaries of customer service when, on July 23, 2009, they agreed to meet with Mr. Hafler on very short notice in order to assist him in gathering information urgently needed for the July 28th Augusta Township Board meeting. He pointed out that Mr. Hafler wrote that the employees were courteous and knowledgeable and that he was able to gather all of the information he needed.

Mr. Thomas explained that, during the subsequent Augusta Township Board meeting on July 28th, questions arose regarding the YCUA rate increase and that, at 8:00 p.m., Mr. Jessee was contacted at his home. He further advised that Mr. Hafler reported that Mr. Jessee answered all of the Augusta Township Board's questions and concerns "without regard that this was surely an inconvenience to him."

Mr. Thomas stated that Mr. Hafler concluded his letter by stating:

"Ms. Thomas, Mr. Harrigan, and Mr. Jessee went out of their way to help our small community. All three made themselves available at a moment's notice and each assured me that I could contact them whenever I may need their assistance. The level of knowledge, politeness, and professionalism that these three outstanding employees showed was extraordinary. I am thankful to have had the chance to have contact with each of these individuals, as they truly went above and beyond the normal spectrum of customer service."

Mr. Thomas advised the Board that Ypsilanti Township Supervisor Karen Lovejoy Roe sent an email to him recently, paraphrased as follows:

"Please share with the YCUA Board my appreciation on behalf of our residents for the work the board is doing to keep our rates low. During these hard economic times it is great to know that we can count on YCUA to work diligently to find ways to reduce costs at the Authority. Your cost reduction measures are greatly appreciated."

Mr. Scott commented that the Board is always grateful to hear such positive words about the Authority and its employees and commended YCUA staff on their continued hard work and dedication.

Informational only; no motion from the Board required.

4. OLD BUSINESS:

There was no other business for the month.

5. OTHER BUSINESS:

I. Heath Care Reform and Cost Issues – Larry J. Doe

Mr. Doe commented that health care reform is a timely issue and inquired as to what role YCUA intends to play in this matter. A lengthy discussion then took place regarding this issue. Mr. Namatevs commented that it is generally too early to know in which direction health care reform will go as public support for certain aspects of the plan seems fairly uncertain at the present time.

Mr. Thomas reassured the Board that the Authority has been proactive in procuring and maintaining cost-effective long-term health care benefit solutions for its employees and retirees.

Informational only; no motion from the Board required.

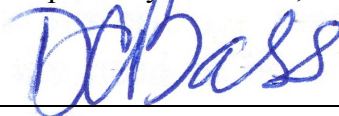
6. STATEMENTS AND CHECKS: Motion by Bass to pay the bills in the amount of \$4,087,445.91 with an addendum in the amount of \$21,094.73. Support by Doe. In favor: All. Opposed: None. (Motion carried)

7. PUBLIC COMMENTS:

There were no public comments for the month.

8. ADJOURNMENT: Motion by Namatevs to adjourn the meeting at 10:00 a.m. Support by Bass. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,



DEEDRA CLIMER BASS, Secretary - Treasurer

