



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, October 23, 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 4:05 p.m.
2. **MINUTES OF THE PREVIOUS MEETINGS:** Motion by Peoples to receive and file the minutes of the September 25, 2007 meeting. Support by Scott. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
 - A. **Organizational Chart** – Larry R. Thomas

Mr. Thomas advised the Board that, twice each year, they are provided with an organizational chart. He indicated that it is being provided this month as it contains one structural change. Mr. Thomas also explained that it calls for the elimination of the Office Manager position and the addition of the Administrative Manager position. He pointed out that this change is recommended in order to more fully and effectively utilize the budgeted number of Full-Time Equivalents (FTEs). Mr. Thomas explained that, in addition, this new structure will allow progress to be made in implementing the key strategy identified in the Miller Report: Organizational and Leadership Development. He further advised that the YCUA Personnel Committee has reviewed the structure and is recommending its approval by the Board.

As representative of the Personnel Committee, J. Ray Scott advised the Board that this change is something that will greatly enhance the structure of the Authority and that the committee recommends it.

Motion by Peoples to accept the Organizational Chart as presented. Support by Scott. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve - Change Order No. 1 re: Golfside Interceptor Manhole 37-A – T. Michael Jessee

Mr. Jessee reminded the Board that this project began four to five months ago. He indicated that two new manholes were constructed to accommodate the flow from Pittsfield Township. Mr. Jessee also explained that this project also gave YCUA the opportunity to rebuild manhole 37-A. He pointed out that this project has now been completed.

Mr. Jessee explained that this change order reflects a reduction of \$44,000 from the contract amount. He further advised that one of the large deductions was for the bypass pumping. Mr. Jessee stated that the original plans called for 12 bypass pumps but that, once the flow was reevaluated, it was determined that only 2/3 of the budgeted pumps were needed. He acknowledged that this change resulted in a \$20,000 reduction.

Mr. Jessee confirmed that another original concern was that a customer located at the intersection of Michigan and Munger might require a grinder pump because of the elevation of his sanitary compared to the elevation of the main. He explained that it was later determined that the original manhole 37-A would not have to be eliminated and, therefore, YCUA was able to tie the customer's sanitary lead back into a lower elevation in the original manhole, resulting in a \$5,000 savings.

Mr. Jessee pointed out that the manhole 37-A project was originally estimated at \$42,000 because it was going to be eliminated and a sleeve inserted into the bottom of the manhole. This would serve as a pipe while the manhole was demolished to an appropriate level and filled in. He also stated that, once the other two manholes were constructed and flow was bypassed from Pittsfield Township, it was discovered that this would not be necessary and, instead, the manhole was relined and repaired, resulting in a \$12,000 savings.

Mr. Jessee advised the Board that manhole 37-B is the manhole that intercepts the Pittsfield sewage before it is diverted to the south to manhole 37-C. He indicated that manhole 37-B represents a \$5,000 savings due to the contractor's expense. Mr. Jessee also explained that the contractor had an allowance to bid out for that manhole and YCUA allotted him \$55,000 but the cost came in at \$50,000.

Mr. Jessee recommended approval of Change Order No. 1 re: Golfside Interceptor Manhole 37-A in a credit amount of \$44,000.

Motion by Peoples to approve Change Order No. 1 re: Golfside Interceptor Manhole 37-A in a credit amount of \$44,000. Support by Scott. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve - Change Order No. 2 re: Golfside Interceptor Manhole 37-A – T. Michael Jessee

Mr. Jessee advised the Board that this is the last change order for the Golfside Interceptor Manhole 37-A project and represents a deduction of \$50,222. He indicated that there was a \$35,000 allowance in the contract for the contractor in the event that there were any unknown soil issues on the site. Mr. Jessee also explained that this allowance was not used, which resulted in a \$35,000 savings. He pointed out that there was also a \$60,000 allowance for the mobilization of the bypass pumps as stated in Change Order No. 1. Mr. Jessee explained that this resulted in a \$20,000 savings. He further advised that, when the bypassing began, it was discovered that the amount of flow was lower than originally anticipated, resulting in a \$10,000 savings.

Mr. Jessee stated that there was also \$10,000 allocated for a temporary electrical service. He acknowledged that because all of the work was completed during the day and the construction trailer was not utilized to the degree originally anticipated, the electrical service was not necessary. Mr. Jessee confirmed that this resulted in a \$10,000 savings.

Mr. Jessee recommended approval of Change Order No. 2 re: Golfside Interceptor Manhole 37-A in a credit amount of \$50,222.

Motion by Scott to approve Change Order No. 2 re: Golfside Interceptor Manhole 37-A in a credit amount of \$50,222. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve - Final Change Order re: Bridge Road Demolition – T. Michael Jessee

Mr. Jessee reminded the Board that the demolition of the Bridge Road water treatment plant began some time back and that the bid price was \$495,000. He indicated that this included a \$240,500 contingency for the project in anticipation of unknown soil conditions and possible contamination from chemicals used for water treatment. Mr. Jessee also explained that YCUA was fortunate in that neither contingency occurred. He pointed out that the Board previously approved Change Order No. 1 on this project in the amount \$43,618. Mr. Jessee explained that this is the final change order on the project for a deduction of \$16,250. He further advised that the deduction is for fence work that was approved in Change Order No. 1. Mr. Jessee stated that staff decided to add the fence but,

once more conversations took place with Ypsilanti Township officials on the park issue, YCUA staff discovered that the fence was not necessary.

Mr. Jessee recommended approval of the Final Change Order re: Bridge Road Demolition for a deduction of \$16,250.

Mark Namatevs inquired as to what the additional charges of \$43,618 on Change Order No. 1 were for. Mr. Jessee responded that the additional items included asbestos abatement in the amount of \$33,000, demolition of a well house that was excluded in the amount of \$16,300, and disposal of liquids and solids.

Motion by Scott to approve Final Change Order re: Bridge Road Demolition for a deduction of \$16,250. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve - State Road Paving Change Order No. 1 – T. Michael Jessee

Mr. Jessee advised the Board that this is the final change order for the project and represents an increase in cost of \$8,344.39. He indicated that the increase in cost is for the bituminous asphalt material that was used for the paving. Mr. Jessee also explained that there was a \$5,000 increase for the HMA3, which is the leveling course of the road where the smallest stone and asphalt is used. He pointed out that there was also a \$3,300 increase for the top course due to quantities that were underbid.

Mr. Jessee explained that, with the approval of this change order, the contractor will be paid \$4,100. He further advised that YCUA is holding quite a bit of retainage which will not be released until the contractor addresses an issue at State and McGregor. Mr. Jessee stated that there is a large “birdbath,” which is an area where the road is holding water. He acknowledged that this must be corrected before the final funds are released.

Mr. Jessee recommended approval for State Road Paving Change Order No. 1 in the amount of \$8,344.39.

Motion by Namatevs to approve State Road Paving Change Order No. 1 in the amount of \$8,344.39. Support by Scott. In favor: All. Opposed: None. (Motion carried)

F. Informational Item – Fourth Quarterly Production Report - T. Michael Jessee

Mr. Jessee directed the Board’s attention to the fourth 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

In addition to production consistency, the WWTP staff focused on continuing education during the fourth quarter. With weekly shift meetings being utilized to address health and safety issues / bulletins, equipment operation, and wastewater operational procedures, there is a solid line of communication within the department. All of the operational staff required to pass the MDEQ "D" certification were successful. Additionally, there were no National Pollution Discharge Elimination System permit violations to report.

The successful operation of a wastewater treatment facility requires multiple activities to be completed at any given time. Mr. Kevin Dupuis, Wastewater Supervisor, has provided the leadership necessary to ensure that the activities are indeed being accomplished. With the cooperation of the operational staff the activities completed included: replacement of fine air diffuser membranes in passes 2, 4, and 6; cleaning of grit tank no. 1; painting of primary and secondary clarifier catwalks; replacing of Ultra Violet light bulbs in pass no. 3; and cleaning of treatment pass no. 3. These activities / projects are above and beyond day-to-day operational and preventative maintenance activities.

Mr. Paul Mazur has the joined management team of the WWTP; Mr. Mazur is filling a vacated position on the afternoon shift. In the short duration that Mr. Mazur has been with us, he has proven himself to be a dedicated and committed member of the foremen's team.

The WWTP received and processed 2,084,952,000 gallons of sewage during the fourth quarter for a fiscal year total of 8,515,525,000 gallons. The fourth quarter incineration rate was 6,503 tons of solids for a fiscal year total of 29,341 tons.

The fiscal year overtime expenditures were \$59,098, which represent 49.7% of the budgeted \$123,167 (chart attached).

Customer Service Department

Over the past quarter, the customer service department was focused on balancing the needs of the customers with the business needs of the Authority during the severe economic conditions in the area. In spite of the phenomenal gains made by Pam Brady in the collections area over the last year (i.e., lowering the collections threshold from \$250 to \$125 and minimizing the amount of billed revenue needed to be rolled over to taxes or deemed uncollectible), in response to the increased difficulties some

residents were having paying their bills on time, the collections threshold was increased and adjusted several times over the quarter. In the end, the threshold now sits at \$160, which represents approximately 2 ½ average bills for Township residents and 1 ½ average bills for City residents.

Although the number of service terminations has increased recently, these statistics do not illustrate the level of commitment YCUA customer service staff practices in working with delinquent accounts. Information regarding the number of accounts channeling through each stage of the collection process has been gathered since the end of July and will continue to be tracked and monitored weekly. Briefly, for the month of August 2007, 40% of the accounts receiving 10-day letters resolved their outstanding balances or met the requirements of their agreed-upon payment arrangements. 60% received 24-hour tags. Of the 208 accounts receiving 24-hour tags, less than 19% required service termination. 81% of the accounts were paid prior to terminating service. In other words, 12% of those accounts falling within the "collection" parameters ended up with terminated service; 8% remained off at the end of August. This information is important as it indicates the number of accounts that are NOT terminated due to delinquency. Although unpaid balances are placed on property taxes annually, this is not the most effective, efficient, or fiscally responsible way for YCUA to collect its revenue. The additional costs associated with transferring balances to the tax rolls, including added labor, postage, and lost cash flow; make this a less desirable method of collecting unpaid balances. One of the downsides to increasing the collection threshold is the increase in Authority revenue that is transferred to the tax rolls and the delay that this causes in obtaining the cash flow. This year, approximately \$118,360 was transferred to the Township tax rolls, an increase of about 47% over last year.

Additionally, Cathy Moorman, Customer Service Manager, has been reviewing and analyzing the prospect of adding programs that offer enhanced customer payment options, the availability of on-line customer account information, and check imaging; all of which would result in streamlined billing processes and increased customer service. These programs are scheduled to be implemented during the first six months of FY 2007-08.

The customer service department has expended \$2,933 in overtime compensation during this fiscal year. The expenditure represents 46.4 % of the budgeted amount of \$6,315.

Maintenance Department

The maintenance department continued to maintain acceptable production rates though the fourth quarter. Overtime expenditures were well within budgetary limits.

During the fourth quarter there were 2,724 work orders completed for a fiscal year end total of 10,124. An itemized spreadsheet is attached indicating the completed work orders for specific areas. With the inclusion of the equipment provided with the expansion project into the preventative maintenance work order database it has become a collective effort of the maintenance and wastewater departments to refine the database. This is being accomplished through the efforts of Stacey Reynolds, Maintenance Supervisor, and Kevin Dupuis, Wastewater Supervisor. The WWTP foremen are verifying that all of the equipment is listed in the database and Mr. Reynolds and Mr. Dupuis will address the refinement of tasks. As you are well aware, a preventative maintenance program is critical for maximizing the longevity and minimizing the costs associated with maintaining equipment. Good job to all involved.

Through a consolidated management team effort, cross training is being emphasized in the electronic division. This will mitigate polarization of talents within this area and is crucial to ensuring successful response in emergency situations.

With the new technology provided in the recent expansion project, the electronic division is busier than ever. Mr. Tim Stachlewitz and Mr. Kevin Keeney, Maintenance Mechanics, have enthusiastically accepted the challenge of maintaining the equipment. Many of the equipment programming issues are being addressed within the labor forces of YCUA. The maintenance department staff deserves great credit for this endeavor, as it will allow the mitigation of vendor involvement.

The maintenance department incurred \$95,399 in overtime expenses during the fiscal year; this represents 61.5% of the budgeted amount of \$154,988 (chart attached).

Engineering Department

The engineering department enjoyed a productive fourth quarter. Through the engineering design and construction services provided, it is estimated that the engineering department contributed a fourth quarter savings of \$43,000 to the Authority (itemized spreadsheet attached). This equates to a fiscal year savings contribution of \$217,000. These estimates are based on engineering services that would have been bid and awarded to outside engineering firms. Additionally, \$31,524.60 was collected for Community Development engineering review fees and \$25,672.25

collected for escrow administration fees for a fiscal year engineering contribution of \$274,196.85 to the Authority.

Community Development (CD) engineering review activities have decreased this quarter compared to the third quarter. Fourth quarter CD engineering review-invoiced amounts totaled \$5,774.90, compared to the third quarter invoiced amount of \$7,512.70, a decrease of 23%; additional effects of the slow economy that is being felt throughout the State of Michigan. It should be noted, the fiscal year end CD engineering review-invoiced amount was \$26,077.60 with a collected amount of \$31,524.60. The excess of collected revenue over the invoiced amount can be attributed to the effective and efficient efforts of the Customer Service Accounts Receivable Clerk, Gail Thomas, in collecting past-due invoiced amounts.

Mr. Sree Mullapudi, YCUA Engineer, has provided the necessary direction to the contractors and outside engineering firms for the Leforge Lift Station renovation and the M-17 water main replacement projects to ensure successful completion. The YCUA engineering staff designed both projects, which were huge undertakings. Great job, Mr. Mullapudi.

The Hewitt / Valley / Congress water main replacement project is on going with completion anticipated in the coming months. The following FY2006-07 projects have been completed: State Road paving; sanitary main relining; and the Bridge Road water plant demolition. All of the fore-mentioned projects were possible through the leadership of Mr. Scott Westover, Engineering Manager.

I would like to thank the YCUA Personnel Committee and the YCUA Board of Commissioners for the support and approval of the creation of an in-house Engineering Department. As the contributions indicate, the department is near self-sustaining and a great addition to the Authority.

The engineering department has expended \$983 in overtime compensation. This represents 15.4% of the budgeted amount of \$6,378 (chart attached).

Transmission and Distribution Department

The transmission and distribution department continued to provide the necessary services to maintain the sanitary collection and water distribution infrastructures. During the fourth quarter, the service crews flushed / cleaned 98,079 feet and televised 19,024 feet of sanitary mains. Additionally, there were 10,417 manhole inspections and 1,026 underground infrastructure-staking requests completed. An itemized production spreadsheet is attached.

The mobile televising vehicle has proven to be an invaluable resource for the preventative maintenance activities associated with the sanitary collection system. This equipment has allowed verification of the effectiveness of the root cutting and flushing activities associated with the sanitary cleaning tasks. Major trouble areas are now identified and an effective plan of action can be formulated based upon the televised reports. Under the leadership of Mr. Keenan Crump, Transmission and Distribution Supervisor, the televising procedures have been refined to ensure proper action is taken to mitigate possible sanitary back-up events and major disruption of services to the YCUA customers.

The transmission and distribution department employees installed a new water main on Carol Street in Ypsilanti Township. This project was completed for an in-house cost of \$12,683.45. The project entailed the installation of approximately 325 feet of 2" copper water main and five water service taps for an estimated savings of \$5,000. Mr. Terry Shaffer, Service Center Foreman, provided the leadership for the project.

The transmission and distribution department fiscal year overtime expenditures were \$125,147, which represents 62.6% of the budgeted amount of \$199,806.

Water Distribution Department

The YCUA water distribution department supplied fourth quarter flows in the amount of 1,709,910,796 gallons of water to our customers. The Ypsilanti Township division received 1,463,380,880 gallons and the Ypsilanti City division received 246,529,916 gallons. Through the Township division, there were 527,892,876 gallons supplied to Pittsfield Township, 128,989,802 gallons to Superior Township, and 57,672,296 gallons to Augusta Township. The fiscal year total consumption was 4,819,463,484 gallons; a decrease of 2.3% from the 4,930,483,600 gallons consumed in fiscal year 2005/2006 (spreadsheet attached).

Mr. Jeff Castro, YCUA Water Distribution Supervisor, arranged a tabletop exercise for the YCUA staff through the MDEQ. The tabletop exercise was a measure of the YCUA Water Distribution Emergency Response Plan (ERP). Under the leadership of Mr. Castro and the collective efforts of YCUA staff, the water distribution ERP had been refined to encompass and mitigate many of the vulnerabilities that are common with a water distribution system. The tabletop exercise simulated a terrorist event affecting the YCUA water distribution system. Facilitated by Patriot Services, contractor for MDEQ, representatives from YCUA, Washtenaw County Sheriff's Department, Michigan State Police Department, Washtenaw County Health Department, City and Township fire departments, and Michigan Department of Environmental Quality

completed the tabletop exercise with amazing results. YCUA received hearty congratulations from Patriot Services for the execution of the Emergency Response Plan. Additionally, the YCUA Wastewater Treatment staff seized the opportunity to refine the wastewater ERP as well. Great job to all of the YCUA employees involved.

The water distribution overtime expenditures totaled \$20,311, which represented 39.1% of the \$51,938 budget. This is especially extraordinary for a department that must be staffed 24 hours per day, 7 days per week, and has only 5 operators.

Meter Department

The meter department completed 34,323 meter reads; 20,287 by manual read, and 14,036 by vehicular radio read. Additionally, there were 5,107 additional tasks completed, including 270 meter change outs, 946 cross-connection inspections, and 34 large meter repairs. An itemized production spreadsheet is attached.

With the 90-day Mega-net pilot program underway, the meter department staff is eager to witness the meter reads that YCUA will be receiving via wireless communication. Currently, Mr. Bob Fry, Meter Department Foreman, is working with KP-Electronics and Hydro-Meter staff to provide final adjustment to the program.

Overtime expenditures for the meter department exceeded the budget by 11.6%. This is attributed to the unusual number of frozen meters in the months of January and February. Additionally, the water main replacement projects created overtime expenditures due to loss of services to our customers. Even though the loss of service was minimal, YCUA deployed employees rather than allow the contractor to respond independently. Customer service and response are key priorities for YCUA.

The meter department incurred \$12,239 in overtime expenditures for the year. This represents 111.6% of the \$10,965 budgeted (chart attached).

Compliance Department

The compliance department, comprised of the Industrial Pretreatment Program (IPP) and the laboratory, performed 7,717 laboratory analyses for a fiscal year total of 30,433. With the IPP completing 19 sampling events, the Compliance Department has enjoyed a productive fourth quarter and fiscal year.

As a major concern for the collection system, Mr. Perry Thomas, Chief Compliance Officer, and Luther Blackburn, IPP Supervisor, are working

diligently in the development of a Fats, Oil, and Grease (FOG) program. When fats, oil, and grease enter into the collection system they begin to coagulate and collect other solid matter until a blockage is formed inside the collection main. The end result is a backup of the collection system flow and eventual basement backups. The FOG program will target areas that receive large volumes of fats, oil, and grease discharges generally from area restaurants. When fully implemented, the FOG program will require restaurants to install appropriate equipment to eliminate the discharge of the FOGs. This will prove invaluable for the maintenance of our collection system.

The Compliance Department expended \$5,273 in overtime FYTD (chart attached). The expenditures represent 32.1% of the budgeted amount of \$16,419.

State of Authority Operations

The conclusion of the fiscal year finds YCUA in favorable condition with production rates above anticipated levels and the overall overtime compensation well within budget. All departments are extending efforts to accomplish large tasks prior to the end of construction season. As noted in the report, many of our employees continue their efforts to ensure the current and future success of YCUA.

YCUA is very fortunate to have an extremely talented work force on all levels. This includes the day-to-day tasks of station inspections, major equipment repair, meter reading, back-flow prevention equipment inspections, backhoe operations, water distribution operations, wastewater operations, and laboratory analyses, and extends to the leadership of middle management as well as administration.

J. Ray Scott commended the Authority for its accomplishments and positive direction during the last fiscal year.

Informational only; no motion from the Board required.

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 September. 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.

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 four items upon which to report for this month. He indicated that his report is a repeat of some information previously provided.

Mr. Daniels advised the Board that YCUA received a call from a local attorney that indicated he would be filing an answer on Bioclimatic's behalf. He indicated that this means that there will not be any bankruptcy petition from Bioclimatic in the near future. Mr. Daniels also explained that the attorney asked for an extension on filing the answer, which was granted and is due two weeks from tomorrow. He pointed out that the extension was granted because the analysis on whether to add Meade Westvaco to the case is behind schedule. Mr. Daniels explained that the goal is to complete that analysis before Bioclimatic's answer is received in two weeks.

Mr. Daniels advised the Board that written discovery has been out on the C.A. Hull matter and that, as of Friday, he received a stack of documents from them that provides YCUA with a very substantial amount of information that he is presently reviewing, some of which has already been discussed with Mr. Jessee and Scott D. Westover.

Mr. Daniels advised the Board that the ABC Paving matter is still in the Court of Appeals. He indicated that YCUA's brief was due on October 16th and that it was filed at that time along with the county road commission's brief. Mr. Daniels also explained that YCUA is now waiting for notice from the court as to when there will be oral argument in this case, which will probably be several months down the road with the case backlog in the Court of Appeals.

Mr. Daniels reminded the Board that they were sent a letter regarding the IDI matter in late September. He indicated that this letter, which was prepared in conjunction with The Christman Company, established YCUA's settlement demands as authorized by the Board at the special meeting several weeks ago. Mr. Daniels also explained that, through a

series of letters capped off with correspondence from The Christman Company to IDI that should go out in the mail today, a settlement has been reached with IDI. He pointed out that the process began with the joint letter from YCUA and The Christman Company, to which IDI responded. Mr. Daniels explained that YCUA and The Christman Company then responded to IDI, to which IDI responded on the deadline of October 19th with an agreement on all of YCUA's demands. He further advised that those demands include all matters regarding money, time frames for completion of work, post-completion inspection and service. Mr. Daniels stated that, when all of these items have been addressed, IDI will receive its final payment and the transaction will close. He acknowledged that he feels he is somewhat stealing the thunder of Mr. Thomas, Mr. Jessee, and Gwyn Belcher because it is their hard work that has resulted in YCUA's best interests being served in this case.

Mr. Daniels confirmed that there is still work to do on the matter and items to follow up on but that IDI is committed in writing to fulfilling their obligations. He explained that the letter that is going out today from The Christman Company states that the series of letters that were exchanged will serve as the settlement agreement in this matter because the correspondence reflects very specific commitments from IDI. Mr. Daniels pointed out that there will be formal change orders putting this settlement agreement into effect and that The Christman Company will oversee the completion of those change orders.

Informational only; no motion from the Board required.

K. 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:

L. Refunding Contract and Resolution Authorizing Not to Exceed \$8.5 Million YCUA 2008 Refunding Bonds (Charter Township of Ypsilanti) – Larry R. Thomas

Mr. Thomas advised the Board that YCUA has received advice from its bond counsel and its bond financial consultant that the bond market is right for additional refunding of some of the Authority's existing bonds. He indicated that the recommendation calls for the sale of approximately \$8.5 million in refunding for YCUA bonds to pay off a portion of two outstanding issues. Mr. Thomas also explained that those issues include the 2000 Sanitary Sewer System No. 2 and 2002 Sanitary Sewer System No. 3. He pointed out that Tom Colis from Miller Canfield was present to give the Board a report on the savings that are anticipated from this sale.

Mr. Colis advised the Board that this is an opportunity to refund portions of two outstanding bonds that were done on behalf of the Charter Township of Ypsilanti. He indicated that the 2000 series did include at the time a Superior Township portion but only the Ypsilanti Township portion will be refunded along with the 2002 series, which was strictly for Ypsilanti Township. Mr. Colis also explained that the reason for this is that the issue size needs to be below a certain dollar amount so that the bonds can be issued as bank qualified next year. He pointed out that it works out quite nicely that this issuance, along with one other series that will be brought to the Board in November for a \$1.5 million township project in 2008, will come in below the \$10 million threshold.

Mr. Colis directed the Board's attention to a resolution that authorizes issuance of the bonds as long as certain parameters are met and approves a refunding contract between YCUA and Ypsilanti Township. He further advised that the Ypsilanti Township Board of Trustees will consider the contract at its November 6th meeting. Mr. Colis stated that the bonds are to be authorized in an amount not to exceed \$8.5 million. He acknowledged that if all of the bonds that could be called were issued, it would total approximately \$8.5 million. Mr. Colis confirmed that the current bond size as shown by Raymond James and Associates, the underwriter of the bonds, is approximately \$7.4 million. He explained that their analysis shows an estimated savings present valued at \$295,000, which is actually about \$370,000 total after the costs of issuance (such as underwriter's fees, insurance premiums, official statement publication fees, and bond counsel fees) have been paid. Mr. Colis pointed out that this is a nice number, which produces annual savings between \$15,000 to \$25,000 for the 20 year period. He also stated that, as a percentage, this is about 4.25% of the bonds that were taken out originally.

Mr. Colis advised the Board that, as a gauge, YCUA will typically consider a refunding bond issue if it results in a 2.5% savings. He indicated that the hope is that the market will stay consistent or get even better when the bonds are actually sold in December. Mr. Colis also explained that they are also 2008 bonds because, even though the rates are set in December, they won't actually be delivered until January because of the \$10 million that has already been issued for 2007 for Ypsilanti Township and other various bond issues. He pointed out that this issue will not have to come back before the Board again as long as the rates stay less than 6% and that they produce savings. Mr. Colis explained that the resolution authorizes the YCUA director and certain officers of the Board to execute a bond purchase agreement with Raymond James.

Mr. Thomas recommended approval of the Refunding Contract and Resolution Authorizing Not to Exceed \$8.5 Million YCUA 2008 Refunding Bonds (Charter Township of Ypsilanti) as presented.

Larry J. Doe inquired as to whether the savings he quoted are based on today's interest rates. Mr. Colis responded that the savings are based on projected rates for December. Mr. Doe then inquired as to whether the possibility of the Fed lowering the rates has been figured in. Mr. Colis responded that it has not and that, if the Fed moves the rates, it only affects short term rates and not long term rates. He indicated that the bonds will be out for the long term and that the effect would be slight. Mr. Colis added that a positive impact that is often seen in December is that bond issues dry up and demand increases.

Motion by Peoples to approve the Refunding Contract and Resolution Authorizing Not to Exceed \$8.5 Million YCUA 2008 Refunding Bonds (Charter Township of Ypsilanti) as presented. Support by Scott. In favor: All. Opposed: None. (Motion carried)

M. Annual Performance Evaluation of the Director – Deedra Climer Bass

Ms. Bass directed the Board's attention to her memo as well as a CD-R relating to the performance evaluation of the YCUA director. She indicated that all Board members should complete the evaluation and return the forms to her by November 13th. Ms. Bass also explained that she will compile the results and have a report that will be considered during a closed session of the Board at the November meeting. She pointed out that she would prefer to receive the completed evaluations electronically. Ms. Bass explained that if any Board members are uncomfortable with that, they should submit their hardcopy response to Gwyn Belcher for conversion electronically.

Informational only; no motion from the Board required.

6. **STATEMENTS AND CHECKS:** Motion by Namatevs to pay the bills in the amount of \$4,516,059.07 with an addendum of \$3,489.70. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

7. **PUBLIC COMMENTS:**

YCUA employee and AFSCME Chief Steward Karen Lauderman advised the Board that there is a human factor relating to agenda item 3.A, the Organizational Chart. She indicated that the elimination of the Office Manager position resulted in the layoff of a 19-year employee. Ms. Lauderman also explained that her goal is to make the Board aware of this and to state that she is appalled by the action. Mr. Doe responded that he was advised by Gwyn Belcher that the employee who holds the eliminated position will have the opportunity to interview for the newly created position or, perhaps, apply for another position in the Authority. J. Ray Scott concurred that this was the Personnel's Committee understanding as well. Ms. Lauderman interjected that even if the person doesn't suffer a

permanent layoff, there is the potential for great financial harm depending on what other position she might be forced to fall back on.

Mark Namatevs also interjected and asked for a recap of the item as previously discussed for him and Deedra Climer Bass, who were tardy and not present when the item as originally discussed.

Ms. Belcher advised the Board that, over the last two months, the Authority has analyzed the way that it uses its full-time equivalents and, in hours of conversations with the various management teams, it was discovered that YCUA is not fully utilizing them and that, in fact, the Authority has some opportunity to better utilize an Administrative Manager position as opposed to the Office Manager position that is currently on staff in the Service Center. She indicated that the Administrative Manager position is a higher level position that does more than just oversee the office at the Service Center. She also indicated that the Administrative Manager position will, in effect, pool the administrative assistants and will ensure that they are utilized more efficiently and effectively than they are now.

Ms. Belcher also explained that the Administrative Manager will also take over the office supply purchases that are presently being done individually within each department, which is a \$180,000 line item. She pointed out that centralizing the purchase of office supplies is something the Authority has attempted to do with various positions over the years. Ms. Belcher explained that the most important goal is to take the time keeping for payroll out of the hands of the operational supervisors and to centralize that responsibility with the Administrative Manager so that the operational supervisors are not spending time on administrative time keeping duties. She further advised that the Administrative Manager position will also take on some of the administrative work that the Director of Administrative Services does in order to free the Director of Administrative Services to do organizational and leadership development, which is sorely lacking at YCUA.

Ms. Belcher stated that the Office Manager position is a Teamster position that was created when an Administrative Assistant position was eliminated in 2003 at the request of the Service Center Superintendent that was on staff at the time. She acknowledged that the Office Manager is, in effect, doing AFSCME work such as data entry and clerical functions, and that this should not be allowed. Ms. Belcher confirmed that the overall plan is to align the positions in the Service Center and maintenance department, which are two departments with similar operational needs. She explained that the administrative assistants in these departments will report to the Administrative Manager, who will be responsible for the payroll tasks in those departments. Ms. Belcher pointed out that there will be functional supervision from the Service Center and maintenance departmental

directors but that the position will report directly to the Director of Administrative Services. She also stated that there is presently an Administrative Assistant in the maintenance department that is doing virtually the same job as the Office Manager at the Service and that the former is an AFSCME position and the latter a Teamster, resulting in a complete lack of alignment. Ms. Belcher advised the Board that, by creating an Administrative Manager position and having that person be responsible for more than the Office Manager is currently, there is a better utilization of the Authority's FTEs. She indicated that there was a discussion with the Personnel Committee as to whether it was in YCUA's best interests to fill the new position with fresh blood from outside the Authority and that it was decided not to because it would result in the certain layoff of a 20-year employee. Ms. Belcher also explained that it is no way the plan that any current YCUA employee be eliminated as a result of this change. She pointed out that the current Service Center Office Manager has every opportunity to interview for the new position.

Deedra Climer Bass interjected that she is of the understanding that Ms. Lauderman's concern is that the current Office Manager may be forced to move into a position that is lower paying than her present position. Ms. Lauderman responded that the Office Manager could very well end up being greatly financially compromised as a result of this action. Ms. Belcher stated that this action was discussed with the Teamsters Bargaining and Grievance Committee as well as the Teamster business representative from Lansing, which is the group affected and the appropriate group to be involved in the change. She further advised that the Teamster contract requires that the Teamsters will get first consideration for the new position but that the position is not a seniority-based award. She acknowledged that the worst-case scenario that the effected employee could end up in an AFSCME position that pays approximately \$3 to \$4 less per hour and contributes 1% less of her salary into MERS.

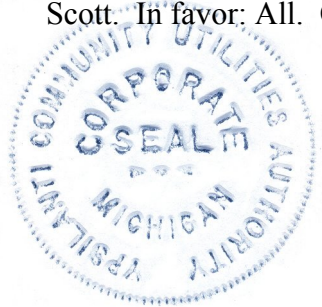
Ms. Belcher confirmed that the plan is that no one is going to be out on the street.

Ms. Bass interjected that she is concerned with the direction of the conversation taking, specifically with regard to the mention of specifics of salaries. She concurred that the Personnel Committee rejected the idea of bringing in "new blood" off of the street and that the hope is that no one will be out the door. J. Ray Scott also concurred and reiterated that the door is open for the effected employee to move up in the Authority.

Ms. Belcher pointed out that it is not necessarily appropriate for the Board to be discussing personnel matters of this nature and asked that if Ms. Lauderman has any more questions or concerns to contact her directly.

8. **ADJOURNMENT:** Motion by Peoples to adjourn the meeting at 5:55 p.m. Support by Scott. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,



A handwritten signature in blue ink, appearing to read 'Mark Namatevs', written over a horizontal line.

MARK NAMATEVS, Secretary/Treasurer