



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, March 23, 2010 – 9:00 a.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

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

Members Absent: None.

1. **CALL TO ORDER:** Scott called the meeting to order at 9:10 a.m.
2. **MINUTES OF THE PREVIOUS MEETINGS:** Motion by Doe to receive and file the minutes of the February 23, 2010 meeting as presented. Support by Peoples. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
 - A. **Request to Approve – Server Replacement – T. Michael Jessee**

Mr. Jessee advised the Board that YCUA is currently operating with 12 different servers. He indicated that he has discussed this on numerous occasions with Stewart Carroll, IT Manager and that they have decided to proceed with a program called Virtualization. Mr. Jessee explained that Virtualization will consolidate and replace the Authority's 12 servers into two machines that will handle a series of virtual servers. He pointed out that this will allow for redundancy in the operating system and bring YCUA up-to-date with technology. Mr. Jessee also explained that, with the age of the servers, staff is anticipating that they will begin to fail in the near future. He further advised that staff does not want to wait until the servers begin to fail because the system will have to be repaired in a piecemeal fashion.

Mr. Jessee stated that staff is recommending IDSI to provide this equipment at their bid price of \$66,238.16, along with a contingency of \$8,761.84 for a total budget of \$75,000. He acknowledged that staff did not bid this project out because YCUA has been doing business with IDSI for about five to six years and they have a level of knowledge of the

Authority's computer system that a new provider would not be able to provide. Mr. Jessee confirmed that staff will be utilizing EPA funds for this project, which is a fund set up to replace original equipment that came with the plant when it was built in 1979.

Mr. Jessee recommended approval of the Server Replacement in the amount of \$75,000.

Gregory A. Peoples inquired as to whether it would have been difficult to have put this matter out for bids. Mr. Jessee responded that it would have been difficult for a prospective bidder to write a proposal without the full knowledge of the Authority's operating system. He explained that Mr. Carroll did investigate with due diligence the cost of this purchase with other companies and is of the opinion that this is a very good price as well as the most efficient and effective manner in which to proceed.

Larry J. Doe inquired as to what will happen with the old servers that will be replaced. Mr. Jessee responded that they will be utilized in other areas of the Authority until their useful lives come to an end. Mr. Doe indicated that he spoke with the IT person at Ypsilanti Township, who advised him that this purchase amount is twice what other organizations are typically paying. He explained that he is of the opinion that there is too much money involved to not go out for bids.

Stewart Carroll advised the Board that most of the cost in this item is hardware expense. He indicated that he would be very leery of bringing in an outside vendor without prior knowledge of YCUA's system.

Mr. Peoples inquired as to whether there were any major time constraints surrounding this purchase. Mr. Jessee responded that he cannot predict whether any emergencies might occur between now and when a formal bidding procedure could be completed. He indicated that YCUA will survive any technology disasters it is faced with but that he doesn't want to end up spending \$7,000 - \$8,000 to purchase a conventional server in an emergency when he can proactively bring in a completely new state-of-the-art system for \$75,000.

Mr. Peoples recommended that this item be tabled until a formal bid can take place. Ms. Bass interjected that her concern is that the time and effort required to put together the RFP specifications may far outweigh the potential savings of going out for bids.

Mr. Doe indicated that he is of the opinion that the recommended contingency is much too high. He inquired as to whom came up with the recommended contingency. Mr. Jessee responded that the contingency figure is his recommendation not that of IDSI. He indicated that YCUA staff is very confident that this equipment will serve the Authority for the next five to ten years and that now is the time to make this move before an emergency occurs. Mr. Jessee explained that this item has been discussed

internally and with IDSI for the last six months and that staff is fully prepared to confidently state that it is the way to go. He pointed out that he cannot provide a firm statement on how long it would take to prepare an RFP but that he does know it will not be a simple process.

Mr. Carroll advised the Board that a part of this project is also an upgraded method of backup. He indicated that the Authority's current method of backing up with tapes is very inefficient and that the system is rapidly outgrowing the capabilities of the media. Mr. Carroll explained that the proposal calls for a disk backup solution.

Mr. Namatevs concurred with Mr. Peoples's recommendation to table this item, pending the development of specifications for an RFP and a bid on the boxes. He indicated that he'd like to see IDI's quote broken down into a specification that can be used in a formal bid process.

Mr. Peoples inquired as to whether there is a procedure in place requiring this to go out for formal bids. Mr. Jessee responded affirmatively, unless an item is determined to have a sole source provider. He indicated that, in this instance, YCUA staff does not wish to have an outsider accessing the Authority's computer system and considers IDSI to be a sole source provider because of their knowledge of the YCUA system and their previous level of service to the Authority.

Mr. Peoples suggested that the item be tabled pending an informal comparative analysis of bids. Deedra Climer Bass concurred and indicated that she understands why staff is recommending a sole source provider in this instance. She indicated that she sees the importance of not having to train someone new on a complex computer system in the event that there is an emergency. Mr. Peoples added that if YCUA staff has been working on this item for six months, they could have at least alerted the Board about what was being considered.

Mr. Jessee responded that Mr. Carroll did do some previous comparative price checking online. Mr. Carroll confirmed that he did so but that there was a very small price variance. Mr. Namatevs interjected that he wants to see the results of that investigation. He also inquired as to whether there is a service contract portion to this item. Mr. Carroll responded that the service contract for the hardware is a separate item totaling about \$10,000 per year for a certain number of block hours. Mr. Doe inquired as to whether training is involved in this figure. Mr. Carroll responded affirmatively. Mr. Doe responded that he wants to see all of the line items broken down individually.

Motion by Peoples to table the Server Replacement pending a recommendation from the Finance Committee along with a breakdown of the IDSI bid and an informal comparative cost-analysis of the hardware. Support by Doe. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve - Change Order No. 2 re: Bridge Road Project – T. Michael Jessee

Mr. Jessee advised the Board that this is the final change order for the Bridge Road storage tank coating job. He indicated that this project has been completed. Mr. Jessee explained that, during the project, 24 additional linear feet of crackage was found in the foundation of the tank, the repair of which was approved in the amount of \$3,500. He pointed out that there was also a large amount of spaulding (chipping) on the concrete discovered, causing large areas of the concrete surface to deteriorate. Mr. Jessee also explained that this item was repaired at a cost of \$8.00 per square inch. He further advised that the bid on this item was \$80 per square inch, totaling \$10,400. Mr. Jessee stated that, also when going through the bid tabulation, this item was entered at \$50 per square inch.

Mr. Jessee recommended approval of Change Order No. 2 re: Bridge Road Project in the amount of \$14,140.

Larry J. Doe inquired as to how \$80 per square inch can be possible and asked if they intended to fill the holes with gold. Mr. Jessee responded that this cost is the correct amount for cleaning the crack and applying epoxy and a grout covering. Mr. Doe then inquired as to how the price came down from \$80 per square inch to \$8. Mr. Jessee responded that YCUA staff refused to pay any more than \$8.

Motion by Bass to approve Change Order No. 2 re: Bridge Road Project in the amount of \$14,140. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – Filter Sand Replacement – T. Michael Jessee

Mr. Jessee reminded the Board that, with the plant expansion, YCUA received new filters on the east side. He indicated that they are a different kind of filter than is on the west side. Mr. Jessee explained that the new filters utilize sand for the filtration process. He pointed out that, approximately three months ago, two nozzles became displaced that pressurized the compartment in the bottom of the filters to create a spray that washes the solids out. Mr. Jessee also explained that, when the nozzles were lost, all of the sand fell out of no. 14 filter into that area.

He further advised that, since that time, the sand has been removed and every nozzle inspected and the two missing nozzles reinstalled with new O-rings so that this will not recur. Mr. Jessee stated that bids were then obtained for the replacement of the sand, which could not be reused. He acknowledged that the low bid was from Great Lakes Filter in the amount of \$28,542, however, the company indicated that they would not prepare a bond for the project due to economic conditions. Mr. Jessee confirmed that, therefore, staff went to San Marino, the next highest bidder at \$28,594, who provided the proper paperwork. He explained that staff is

also requesting a contingency in the amount of \$4,305 for a total project amount of \$32,900 for the replacement of the sand.

Mr. Jessee pointed out that some inspections were also done on the other filters and that 14 tons of sand has been lost there. He also stated that staff looked into buying the sand and doing the installation in house but that the labor costs were prohibitive. He advised the Board that San Marino can install it by turning it into a slurry and pumping it in through the window using a pump truck.

Mr. Jessee recommended approval of the Filter Sand Replacement in the amount of \$32,900.

Mr. Doe commented that he would like to see detailed bid results. Mr. Jessee responded that he will make sure they are included in these items from now on.

Deedra Climer Bass commented that she is happy to see that YCUA staff is making efforts to utilize contractors in the local economy. Mr. Jessee responded that this contractor is located in Hillsdale near the Ohio border.

Motion by Doe to approve YCUA the Filter Sand Replacement in the amount of \$32,900. Support by Bass. 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 February 28, 2010. 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 February 28, 2010. 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.

Larry J. Doe inquired as to whether adjustments are being made for the \$1 million that is being lost in revenue. Mr. Thomas responded that YCUA is reducing expenses considerably.

Informational only; no motion from the Board required.

G. Attorney's Report – Thomas E. Daniels

Mr. Daniels advised the Board that he has three items to report on, two of which are ongoing matters that have been reported on at previous meetings.

Mr. Daniels advised the Board that the Meade Westvaco matter is still pending. He indicated that a letter was sent to the Board on Friday of last week summarizing the settlement negotiations and including numbers that have not been previously discussed in open session with the Board. Mr. Daniels explained that the case is set for trial in October and that there is a Motion for Jury Trial pending now that the other parties have filed asking to switch the case from a bench trial to a jury trial. He pointed out that all of the answers have been filed on that motion and that YCUA has opposed the same. Mr. Daniels also explained that the judge may simply make a ruling on the briefs that have been submitted or he may schedule a hearing. He further advised that the trial preparation is ongoing.

Mr. Daniels stated that a lot happened in a very compressed period of time relative to the settlement. He acknowledged that there were discussions back in September and then nothing happened until another mediation session took place on February 9th and a meeting took place with the Judge on February 18th. Mr. Daniels confirmed that all of the significant numbers developed within that period of time.

Mr. Daniels advised the Board that, on the WTUA appeal, a Motion for Reconsideration of Sanctions was filed by WTUA on February 25th. He indicated that this type of motion cannot be answered, so the parties are now awaiting the judge's decision.

Mr. Daniels advised the Board that YCUA has received an offer from Clearwire to lease space at the top of the Shadford water tower. He indicated that this would be the fourth tenant if the agreement can be negotiated. Mr. Daniels explained that agreements are already in place with Sprint, MetroPCS, and Nextel. He pointed out an agreement was previously negotiated with Clearwire in 2002, but that Clearwire rescinded their request at the last minute just as the school board was about to vote on the same.

Mr. Daniels also explained that, in 2008, the Board received proposals from outside companies that were coming from people who were offering to buy out the existing leases and saying to the landlords that the industry is consolidating and that there is contraction and many of the leases will be canceled. He further advised that there was a cash offer to walk away from the leases but that YCUA's investigation determined that the leases would not likely be cancelled. Mr. Daniels stated that these leases

renew automatically every five years and that the lessees have the opportunity to withdraw at that time, which they have not done.

He acknowledged that there are presently three leases that renew automatically every five years with a total pay-out of approximately \$2.25 million, which is shared equally with the school district.

Informational only; no motion from the Board required.

H. Director's Report - Larry R. Thomas

Mr. Thomas advised the Board that he has one item to report on.

He indicated that a minor spill of 2,000 million gallons of backwash water occurred at the wastewater treatment plant last week and was reported in the local newspaper. Mr. Thomas explained that, had this been a major event, the Board would have heard directly from him. He pointed out that it was caused by operator error, which has been corrected. Mr. Thomas also explained that there were no fines incurred and all testing came back satisfactory.

Informational only; no motion from the Board required.

4. OLD BUSINESS:

I. Request to Approve – Annual Officer and Committee Member Appointments – Larry R. Thomas

Motion by Doe to remove from table the Annual Officer and Committee Member Appointments. Support by Bass. In favor: All. Opposed: None. (Motion carried)

Mr. Thomas advised the Board that the Board normally appoints its members to the various committees and elects its officers at the February Board meeting as stated in the Authority's bylaws. He indicated that this was tabled because of the absence of one of the members of the Board. Mr. Thomas explained that those decisions can now be made with all parties present.

J. Ray Scott indicated that he would entertain a suggestion regarding which committee Larry J. Doe would like to participate in. Mr. Peoples recommended that Mr. Doe participate in the Finance Committee as that is his specific area of expertise. Mr. Doe volunteered to participate in the Finance Committee and Gregory A. Peoples stepped down from the same.

Mr. Scott indicated that he wished to step down from the Personnel Committee and suggested that he be replaced by Mr. Peoples. Mr. Peoples concurred with the appointment.

Mr. Scott recommended that all other appointments remain the same. Ms. Bass indicated that she would be willing to pass the Secretary – Treasurer

duties on to another Board member. Mr. Scott responded that he sees no problem leaving that position with her.

Motion by Namatevs to approve the Annual Officer and Committee Member Appointments as presented. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

J. Request to Approve – YCUA Attorney Fee Increase - Larry R. Thomas

Motion by Peoples to remove from table the YCUA Attorney Fee Increase. Support by Doe. In favor: All. Opposed: None. (Motion carried)

Mr. Thomas reminded the Board that, at last month's meeting, they considered a letter from YCUA's attorney Tom Daniels, which they tabled and referred to the Finance Committee. He indicated that the letter requested consideration for an increase in the hourly rate charged by Mr. Daniels and his firm for his legal services to the Authority. Mr. Thomas explained that the \$175 hourly rate has remained unchanged since February of 2007. He pointed out that Mr. Daniels has also used an associate of the firm at a rate of \$125 per hour to assist in recent large cases such as the WTUA arbitration and the Meade Westvaco lawsuit that is currently in progress.

Mr. Thomas also explained that, in his letter, Mr. Daniels is requesting an hourly increase to \$190 per hour and \$155 per hour for his associate. He further advised that, following the most recent hearing in the Meade Westvaco case, which was rather disappointing and upon which Mr. Daniels will elaborate in his attorney's report, the request was amended and Mr. Daniels will continue his work on that particular matter at his present rate.

Mr. Thomas stated that there is no budget adjustment necessary in order to grant Mr. Daniels's request, as it is well within the budget parameters for legal fees and the Meade Westvaco case is being funded through a trust fund as part of the expansion project. He acknowledged that Mr. Daniels has done a great job since becoming YCUA's attorney and that he concurs with the request.

Mr. Thomas confirmed that staff calculates the impact of this increase, exclusive of the large, unusual cases such as C.A. Hull and Meade Westvaco lawsuits and the WTUA arbitration, totals about \$1,723 for the year. He indicated that the Finance Committee concurs with the request for the increase but makes the recommendation that the increase not take effect until the beginning of the next fiscal year on September 1, 2010.

Mark Namatevs added that the Finance Committee agrees with the recommendation and praised Mr. Daniels for his fine work. Mr. Doe and

Mr. Scott concurred. Mr. Peoples also concurred and thanked Mr. Daniels for all of the timely information that he provides the Board.

Motion by Doe to approve from table the YCUA Attorney Fee Increase as presented. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

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

Motion by Namatevs to remove from table the YCUA User Fees Update. Support by Bass. In favor: All. Opposed: None. (Motion carried)

Mr. Thomas reminded the Board that, last year during a planning session of the Board and YCUA staff, the Board requested staff to investigate new revenue sources for the Authority. He indicated that the customer service staff responded with recommendations to update the Authority's current fees and institute a group of new user fees for services requested that cost the Authority time and effort but the expense is currently charged to the system as a whole rather than to the individual or the group requesting and benefitting from the service.

Mr. Thomas explained that the Board discussed this in mid-2009 and tabled the item because of the reluctance to increase fees at that time. He pointed out that the Board did ask for the information to be brought back to the Board this year.

Mr. Thomas also explained that, on March 8, 2010, the Finance Committee discussed updated information on the request. He further advised that the updated information is enclosed in their packets for their review. Mr. Thomas stated that the information includes comparable rates charged in other communities as well as a table of water and sewer rates and billing frequencies for surrounding municipalities. He acknowledged that the Finance Committee also discussed the possibility of moving to a monthly billing cycle as opposed to the current bimonthly cycle.

Mr. Thomas confirmed that also enclosed is a table outlining the existing fees, the proposed new fees with the recommended amount to be charged, and summary using various estimates to determine the likely amount of additional revenue that would be collected if all of the recommendations are approved. He explained that the bottom line figure is approximately \$110,000 per year.

Mr. Thomas pointed out that the Finance Committee reviewed this information and is recommending approval of the increases of the current fees and the proposed new fees as presented.

Mark Namatevs interjected that the thing to note is that, on the survey of surrounding community fees, there is included the actual costs incurred in these activities, which is still slightly less than the proposed fee amounts. He indicated that while the Board is reluctant to approve fee increases in

this economic climate, the Authority's revenue stream must be considered and make sure its costs are being covered.

Larry J. Doe commented that, from his experience serving as a hearing officer, some of these services such as meter calibrations are often requested frivolously and hopefully this will curb those occurrences.

Pat Morris concurred with Mr. Doe and indicated that often times when customers request a meter calibration, if the meter is found to be off, it is usually off in the customer's favor because meters tend to slow down over time.

Deedra Climer Bass inquired as to how this will be communicated to the customers. Gwyn Belcher responded that some work needs to be done with the consumer standards document relative to this motion, which will come back to the Board at their April meeting. She added that a combination of methods will be used to relay this information including notes on the bills, a press release, and a notice in the community newsletter. Mr. Thomas interjected that a formal public notice is not required.

Thomas E. Daniels concurred, indicating that approving this item in a public forum serves as the public notice.

Ms. Bass added that she wants to make sure that the proper kudos get back to the Customer Service department for their hard work, due diligence, and enthusiasm in preparing this item.

Motion by Namatevs to approve from table the YCUA User Fees Update as presented. Support by Bass. In favor: All. Opposed: None. (Motion carried)

5. OTHER BUSINESS:

**L. Informational Item – Aspirator Installation Project Savings Estimate
- T. Michael Jessee**

Mr. Jessee reminded the Board that, a few months ago, they approved the purchase of the aspirators for blending tanks 3 and 4. He indicated that the project was done in-house and the equipment is now up and running. Mr. Jessee explained that staff has found by using the aspirators rather than the mixers that VX457, a chemical used for abatement of odors and hydrogen sulfide, is no longer being fed. He pointed out that the resulting savings are estimated at \$200,000 in the coming fiscal year. Mr. Jessee also explained that the total project cost came in at about \$88,000. He further advised that thanks are due to the Board for approving this project.

Deedra Climer Bass interjected that, by the end of this year alone, this project will have paid for itself.

Informational only; no motion from the Board required.

M. Informational Item – Lawsuit Regarding Odors – Larry J. Doe

Mr. Doe advised the Board that Ypsilanti Township recently got served with a class-action lawsuit regarding odors from the Van Buren landfill in which YCUA was listed as a co-defendant. Mr. Daniels indicated that he was not aware of anything but that he needed to see the document right away.

Informational only; no motion from the Board required.

6. **STATEMENTS AND CHECKS:** Motion by Bass to pay the bills in the amount of \$2,544,679.22 with an addendum in the amount of \$26,306.25. Support by Doe. In favor: All. Opposed: None. (Motion carried)

7. **PUBLIC COMMENTS:** Mark Namatevs advised the Board that the Finance Committee recently discussed the possibility of moving to a monthly billing cycle and indicated that he would like to get feedback from the Board regarding the same. He indicated that he has also asked staff to research what additional costs might be incurred in order to make this change. Mr. Namatevs stated that the reason for considering this change is because some customers are falling into collections because of higher bimonthly billing amounts. He indicated that smaller monthly bills might be easier for customers to manage. Mr. Namatevs also indicated that this could give YCUA the option of offering budget plans to customers, thereby proving more a steady revenue stream for the Authority.

Deedra Climer Bass responded that she likes the idea of the leveling of billing costs to customers as well as in the income to the Authority but that she anticipates this idea would be cost prohibitive but that she looked forward to receiving more information. He added that she wonders if this isn't a fix aimed at a very small amount of customers struggling with their bills and if there isn't another way to fix that.

Pat Morris commented that he is of the opinion that it would be very helpful to the Authority's customers, who are on a very tight budget and might not be able to budget for high bimonthly water bills.

Larry J. Doe commented that his first question would be what the increased costs would be of mailing bills every month versus every two months.

Deedra Climer Bass inquired as to whether the Authority has ever considered establishing conservation counseling for individuals that are struggling. She indicated that perhaps it is worth discussing to embrace environmentalism and conservationism and not pretend that it is out there. She added that it would be wonderful customer service to offer a list of plumbers in the area who are willing to help people with leaks and other issues affecting their water bills that they cannot afford to repair. Ms. Bass also indicated that she likes how there is a lot of creative thinking taking place in terms of being responsive to the needs of YCUA's customers.

8. **ADJOURNMENT:** Motion by Namatevs to adjourn the meeting at 10:39 a.m.
Support by Peoples. In favor: All. Opposed: None. (Motion carried)



Respectfully submitted,

DEEDRA CLIMER BASS, Secretary - Treasurer