



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, July 27, 2010 – 9:00 a.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

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

Members Absent: Mark Namatevs.

1. **CALL TO ORDER:** Mr. Scott called the meeting to order at 9:04 a.m. He recommended a motion to allow for an addition to the agenda as item 3.K, to be discussed in closed session. Larry R. Thomas added that the item is regarding the pending litigation with YCUA and Meade Westvaco and Bioclimatic. Motion by Peoples to approve an addition to the agenda as item 3.K, to be discussed in closed session. Support by Bass. In favor: All. Opposed: None. (Motion carried.)
2. **MINUTES OF THE PREVIOUS MEETINGS:** Motion by Peoples to receive and file the minutes of the June 22, 2010 meeting as presented. Support by Bass. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
 - A. **Request to Approve – Fiscal Year 2009 – 2010 Audit Proposal –** Larry R. Thomas

Mr. Thomas advised the Board that the end of the Authority's fiscal year is August 31, 2010 and is fast approaching. He indicated that staff has already begun preliminary activities for the annual audit. Mr. Thomas explained that this is the second and final option year of the Rehmann Robson proposal for audit preparation, to which he directed their attention as enclosed in their Board packet materials.

He pointed out that the cost for this year's audit and single audit total \$63,700. Mr. Thomas also explained that staff is recommending Rehmann

Robson for the effort and that this was discussed and approved by the Finance Committee.

Larry J. Doe inquired as to whether the \$3,000 payment will be required this year. Mr. Thomas responded affirmatively and indicated that it is based on whether YCUA has accepted a certain amount of federal funds through programs such as the DWRF or SRF loans. Mr. Doe inquired as to the amount of the increase in the audit fees this year and requested that Rehmann Robson be asked to hold off on further increases due to the current economic conditions. Mr. Thomas responded that he would do so.

Mr. Thomas recommended approval of the Fiscal Year 2009 – 2010 Audit Proposal.

Motion by Doe to approve the Fiscal Year 2009 – 2010 Audit Proposal. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve – Change Order No. 35 re: Wastewater Treatment Plant Expansion Project (Final) – T. Michael Jessee

Mr. Jessee advised the Board that this is the last change order on the plant expansion and will allow YCUA to close out the contract. He indicated that the value of the change order is a deduct in the amount of \$67,350. Mr. Jessee explained that these are the monies that were not paid to Bioclimatic for the air ionization equipment. He pointed out that the Board would be receiving a full report on that matter from attorney Tom Daniels in the closed session.

Mr. Jessee recommended approval of Change Order No. 35 re: Wastewater Treatment Plant Expansion Project (Final).

Motion by Bass to approve Change Order No. 35 re: Wastewater Treatment Plant Expansion Project (Final). Support by Doe. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – Change Order re: Michigan Avenue Sanitary Repair Project – T. Michael Jessee

Mr. Jessee advised the Board that, as was discussed at the last meeting when the budget for this emergency project was approved, an \$8,000 contingency was requested. He indicated that, since that time, the conditions with the contractor have been finalized and the final change order comes in at \$6,674.35. Mr. Jessee explained that this is due to a foundation and some pilings that were discovered during the excavation. He pointed out that the contractor originally came in higher than the \$6,674.35 being requested but that staff was able to negotiate the price down.

Mr. Jessee recommended approval of the Change Order re: Michigan Avenue Sanitary Repair Project.

Mr. Doe inquired as to the extent of the repaving work done in that area. Mr. Jessee responded that the pavement was torn up all the way back to the dumpster area just before the downhill incline starts. Mr. Jessee also explained that this was due to being tied into a larger line that goes down the hill into the YCUA interceptors and then goes under the river.

Motion by Peoples to approve the Change Order re: Michigan Avenue Sanitary Repair Project. Support by Doe. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve – Sanitary Relining Project – T. Michael Jessee

Mr. Jessee advised the Board that the bidding procedure took place and five bids were submitted for this project. He indicated that this sewer relining will be in College Heights around Washtenaw Avenue in the Cortland / Wittier / Covington areas across from Dairy Queen. Mr. Jessee explained that the lowest bid was from Insituform Technologies in Chesterfield, Michigan in the amount of \$71,603. He pointed out that staff is also requesting a contingency in the amount of 11.73% for total project cost of \$80,000.

Mr. Jessee also explained that this project will address a lot of the backyard issues in the area. He further advised that YCUA staff is very concerned about these issues because it is very difficult for staff to get in there and maintain them and because there are a number of protruding laterals that were noticed during televising. Mr. Jessee stated that there was a very large backup due to a collapsed main in an apartment building there that affected 16 units. He acknowledged that the Authority repaired the main but also needs to align the main.

Larry R. Thomas interjected that YCUA staff wishes to pay for this work through the Reserve for Construction fund.

Mr. Jessee recommended approval of the Sanitary Relining Project in the amount of \$80,000 with a recommendation to City Council that this be paid through the Reserve for Construction fund.

Mr. Doe inquired as to how the figure of 11.73% was determined. Mr. Jessee responded that it was rounded out to result in the even amount of \$80,000.

Motion by Peoples to approve in the amount of \$80,000 with a recommendation to City Council that this be paid through the Reserve for

Construction fund. Support by Doe. In favor: All. Opposed: None.
(Motion carried)

E. Request to Approve – Vactor Replacement – T. Michael Jessee

Mr. Jessee advised the Board that YCUA staff wishes to purchase another vactor, which is a large vacuum that cleans sewers and also allows flushing capabilities. He indicated that the job was put out for bid on MITN and four bids were received. Mr. Jessee explained that the high bid was \$305,000 and the low bid was \$275,500. He pointed out that the low bidder was Southeastern Equipment in Novi. Mr. Jessee also explained that YCUA staff compared the travel costs for repairs to the next closest bidder and that the travel time was basically within minutes of each other. He further advised that staff would like to purchase this Vactor from Southeastern Equipment in the amount of \$275,500. Mr. Jessee stated that, in addition, the Authority would trade in a 1994 model jet rodding flush truck and receive \$18,000 for it. He acknowledged that only one of the bidders did not offer a trade in.

Mr. Jessee recommended approval of the vactor purchase in the amount of \$275,500.

Mr. Doe inquired as to whether these are similar trucks to what YCUA currently has. Mr. Jessee responded that this is not the same brand that was purchased before. Mr. Jessee confirmed that there were some warranty issues with the last truck. He explained that the vendor YCUA had previously done business with had bid again this time but was not the low bidder. Mr. Jessee pointed out that the new vendor has offered a lifetime warranty on the water storage tank and the debris tank, which the other bidders did not.

Ms. Bass inquired as to how long the new vactor is likely to last. Mr. Jessee responded somewhere in the range of 15 to 20 years depending on the number of hours on the hydraulics. He added that this will be YCUA's third vactor, two of which will remain at the Service Center for dealing with outside sanitary mains with the oldest of the vehicles to be moved to the wastewater treatment plant to be used for cleaning scum wells and other areas on the plant site, allowing Service Center crews to concentrate on work that needs to be done in the community.

Larry J. Doe interjected that the Finance Committee concurs with this recommendation.

Motion by Peoples to approve the vactor purchase in the amount of \$275,500. Support by Bass. In favor: All. Opposed: None. (Motion carried)

F. Fund Balance Report - Larry R. Thomas

Mr. Thomas directed the Board's attention to the Fund Balance Report for June 30, 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.

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

Mr. Thomas directed the Board's attention to the Financial Report – Authority Net Assets Report for June 30, 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.

H. 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.

I. Attorney's Report – Thomas E. Daniels

Mr. Daniels advised the Board that he has one item to report on this month. He indicated that a settlement has been reached on the Meade Westvaco matter. Mr. Daniels explained that the settlement is confidential and will be discussed in closed session later in the meeting. He pointed out that, under the Open Meetings Act, the Board is permitted to go into closed session on a two-thirds vote to consider "specific pending litigation and settlement strategy in pending litigation".

Informational only; no motion from the Board required.

J. 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:

There was no other business for the month.

6. **STATEMENTS AND CHECKS:** Motion by Bass to pay the bills in the amount of \$4,075,936.46. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

7. **PUBLIC COMMENTS:**

There were no public comments for the month.

8. **CLOSED SESSION:** Larry R. Thomas recommended adjourning the open session and calling to order a closed session in order to discuss the Meade Westvaco lawsuit settlement offer. Motion by Peoples to accept Mr. Thomas's recommendation for adjourning the open session and calling to order a closed session in order to discuss the Meade Westvaco lawsuit settlement offer. Support by Doe. By roll call vote: Ayes: J. Ray Scott, Deedra Climer Bass, Larry J. Doe, and Gregory A. Peoples. Nays: None. (Motion carried)

(Board then met in closed session.)

Mr. Daniels recommended approval of the Meade Westvaco Lawsuit Settlement Offer as recommended.

Motion by Peoples to approve the Meade Westvaco Lawsuit Settlement Offer as recommended. Support by Bass In favor: All. Opposed: None. (Motion carried)

9. **ADJOURNMENT:** Motion by Doe to adjourn the meeting at 10:01 a.m. Support by Peoples. In favor: All. Opposed: None. (Motion carried)



Respectfully submitted,

DEEDRA CLIMER BASS, Secretary - Treasurer