



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, October 26, 2010 – 9:00 a.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

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

Members Absent: J. Ray Scott.

1. **CALL TO ORDER:** Mr. Namatevs called the meeting to order at 9:05 a.m.
2. **MINUTES OF THE PREVIOUS MEETINGS:** Motion by Doe to receive and file the minutes of the September 28, 2010 meeting and September 28, 2010 Closed Session meeting as presented. Support by Peoples. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
 - A. **Request to Approve – YCUA Water Services Policy – Larry R. Thomas**

Mr. Thomas directed the Board's attention to a draft of a Water Services Policy as included in their Board materials. He indicated that the draft was changed the day previous to reflect a new title of Water Services Rules rather than policy in accordance with state statutes and YCUA's Articles of Incorporation. Mr. Thomas explained that another addition was the statement that this revision rescinds all previous editions.

He pointed out that the current draft is otherwise the same as the existing Water Services Policy except that it is now a separate, free-standing document not incorporated within a set of water and sewer rules.

Mr. Thomas recommended approval of the YCUA Water Services Rules.

Motion by Doe to approve the YCUA Water Services Rules as presented. Support by Bass. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve - Change Order re: 2010 Road Repairs – T. Michael Jessee

Mr. Jessee advised the Board that this is a balancing change order that relates to the first phase of the 2010 road repairs. He indicated that the change order is in the amount of \$12,525.08 for changes in the road cuts that were between 5” and 8” thick. Mr. Jessee explained that the original bid price from Al’s Asphalt for these items was \$12,000 but that the final price came in at \$56,000 with a \$37,000 decrease on the 5” inch or less bituminous pavements roads.

Mr. Jessee also explained that when the contractor began working, they found the areas that were 5” to 8” thick to be much larger than was anticipated. He further advised that YCUA takes responsibility for understating this item. Mr. Jessee stated that it can be difficult to determine how much asphalt there is in a particular area because the road has been milled and overlaid through the years. He acknowledged that staff has been doing a better job of keeping track of this through the work order system at the Service Center.

Larry J. Doe inquired as to the original contingency amount. Mr. Jessee responded that he would need to review the documents to know the exact amount but that he is of the understanding that this is just above the contingency amount.

Mr. Thomas recommended approval of Change Order re: 2010 Road Repairs in the amount of \$12,525.08.

Motion by Peoples to approve Change Order re: 2010 Road Repairs in the amount of \$12,525.08. Support by Bass. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve - Purchase of Sanitary Pump Station Systems – T. Michael Jessee

Mr. Jessee advised the Board that Lakewood South is a subdivision on the east side of Tuttle Hill Road which has all of the sanitary and water infrastructure installed. He indicated that, about six months ago, YCUA received a request from the Washtenaw County Road Commission to turn off the water going into that subdivision because no homes have been built due to the economic downturn.

Mr. Jessee explained that, upon entering the development to fulfill this request, it was discovered that the developer had also constructed a brand new pump station with a generator. He pointed out that YCUA contacted the developer and inquired as to whether they would be interested in selling it.

Mr. Jessee also explained that they were able to negotiate a price of \$20,000 for the generator, both pumps, the guide rails for the pumps, the generator transfer switch, the control panel that runs the pumps, and the radio system that communicates to the wastewater treatment plant. He further advised that Scott Westover contacted Kennedy Industrial Equipment, the equipment supplier, and inquired as to the approximate replacement value of the equipment. Mr. Jessee stated that Kennedy Equipment provided a price of \$45,000 to \$50,000. He acknowledged that there is one slight caveat in that the Authority has informed the developer of the need to have the generator and pumps tested by Kennedy Equipment because the equipment has been sitting idle for four years. Mr. Jessee confirmed that if the inspection proves successful, YCUA will eat that cost, which is estimated at about \$800, and, if it is not found to be in working order, the developer will refund the Authority for the cost of the inspection and the purchase will not go forward.

Mr. Jessee recommended approval of the purchase of the Sanitary Pump Station Systems in the amount of \$20,000.

Deedra Climer Bass inquired as to where YCUA intends to use this equipment. Mr. Jessee responded there are two locations where the generator can be utilized, one being the Watson pump station and the other being the Pine View subdivision off of Textile Road. He explained that the pumps are interchangeable with the Michigan – Hewitt pump station and another location. Mr. Jessee pointed out that the equipment will be used on an as-needed basis for general replacement purposes throughout the Authority's infrastructure.

Mr. Doe inquired as to the parties who were in the original development agreement and whether those parties have been contacted to make sure they have no claims to ownership of the equipment. Mr. Jessee responded that Scott Westover prepared the purchase agreement, which has a provision that states that YCUA will not be responsible for replacing this equipment should the development proceed in the future. He also stated that he does understand Mr. Doe's concern regarding ownership issues with other potential parties such as Ypsilanti Township and that he will look into it further.

Mr. Namatevs interjected that he is concerned that removing this equipment may impede a new developer from taking over the project. He inquired as to the financial position of the present developer. He asked for attorney Thomas E. Daniels's input on the matter.

Mr. Daniels commented that he is of the opinion that, since there are no time constraints, there is no reason not to take a look at the development

agreement to make sure there is no impact there. He added, however, that the typical procedure would be that a new development agreement would be negotiated in the event that a new developer became involved, which would take care of any potential issues.

Mr. Doe made the recommendation to table this item until further due diligence can be made.

Motion by Peoples to table this item until the November meeting. Support by Doe. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve – Change Order No. 5 re: Martz Road and Willow Run Pump Station Modifications – T. Michael Jessee

Mr. Jessee advised the Board that this is the final change order for these two projects. He indicated that the change order covers seven items, ranging in cost from \$5,450 to \$1,260. Mr. Jessee explained that some of the miscellaneous items include asbestos-containing vermiculite insulation in the block walls and the need for cleaning out gravel in the wet wells due to high flows after a rainstorm, additional masonry work, addition of new brick to the lentil above the new double doors, additional demolition work for the installation of the channel monsters, a new vent for the day tank for the new generator at Martz Road, and insulation for the feedback control valve wiring.

Mr. Jessee recommended approval of Change Order No. 5 re: Martz Road and Willow Run Pump Station Modifications in the amount of \$17,869.93.

Mr. Doe inquired as to the amount of the contingency on this project. Mr. Jessee responded that the project is well within the contingency.

Motion by Doe to approve Change Order No. 5 re: Martz Road and Willow Run Pump Station Modifications in the amount of \$17,869.93. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

E. Fund Balance Report - Larry R. Thomas

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

F. 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 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. 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.

Mr. Namatevs inquired as to the status of WTUA's pump problems. Aaron Sprague responded that the issues should be resolved within the next month.

Informational only; no motion from the Board required.

H. Attorney's Report – Thomas E. Daniels

Mr. Daniels advised the Board that he has no litigation items to report on this month. He indicated that the only items in which he is currently involved are the sewer service lead issue and the WTUA capacity issue.

Informational only; no motion from the Board required.

I. Director's Report - Larry R. Thomas

Mr. Thomas advised the Board that YCUA has begun offering budget billing to its customers. Mr. Namatevs commended staff for providing the Authority's customers with another alternative to assist them in this financially challenging time.

Informational only; no motion from the Board required.

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 \$3,738,175.28 with an addendum in the amount of \$6,289.50. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

7. PUBLIC COMMENTS:

Pat Morris, Chief Steward of AFSCME, addressed the Board and inquired as to why more work needs to be put into researching the development agreement regarding the purchase of the sanitary pump station systems in item 3.C because the savings involved in the purchase translate into one employee's yearly salary or health care for three people. Mr. Namatevs responded that it is simply a matter of avoiding any potential litigation

regarding ownership. Mr. Peoples reiterated the Board's position that, since there are no time constraints involved in the purchase, there is no harm in performing more due diligence.

8. **CLOSED SESSION:** Larry R. Thomas recommended adjourning the open session and calling to order a closed session in order to consider written legal opinion from counsel. Motion by Doe to accept Mr. Thomas's recommendation for adjourning the open session and calling to order a closed session in order to consider written legal opinion from counsel. Support by Peoples. By roll call vote: Ayes: Mark Namatevs, Deedra Climer Bass, Larry J. Doe, and Gregory A. Peoples. Nays: None. (Motion carried)

(Board then met in closed session.)

9. **RETURN TO OPEN SESSION:** Mr. Peoples recommended approval of the YCUA Sewer Service Lead Rules as presented, including the use of the curb as the demarcation line as well as a ten-foot easement, five feet on either side, for backyard sewer systems for YCUA's responsibility.

Motion by Bass to approve the YCUA Sewer Service Lead Rules as presented, including the use of the curb as the demarcation line as well as a ten-foot easement, five feet on either side, for backyard sewer systems for YCUA's responsibility. Support by Namatevs. In favor: Three. Opposed: Doe. (Motion carried)

10. **ADJOURNMENT:** Motion by Doe to adjourn the meeting at 11:01 a.m. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)



Respectfully submitted,

DEEDRA CLIMER BASS, Secretary - Treasurer