



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, February 28, 2012 – 9:00 a.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

Members Present: Larry J. Doe, Gregory A. Peoples, Brenda L. Stumbo, and Andrew Cameron.

Members Absent: Mark Namatevs.

1. **CALL TO ORDER:** Ms. Stumbo called the meeting to order at 8:59 a.m.
2. **MINUTES OF THE PREVIOUS MEETINGS:** Motion by Doe to receive and file the minutes of the January 24, 2012 meeting and February 1, 2012 special meeting as presented. Support by Peoples. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
 - A. **Request to Approve – Annual Officer and Committee Member Appointments–** Larry R. Thomas

Mr. Thomas advised the Board that, historically, the Board has elected its officers and made committee appointments at their February meeting. He indicated that Ms. Stumbo has pointed out that the founding documents are in conflict in that the Bylaws indicate that September is the proper time for the election to take place while the Articles of Incorporation state that it should be done in February. Mr. Thomas explained that, regardless of which is correct, there are two committee vacancies that need to be filled at this time.

Mr. Doe inquired as to whether one of these documents will be changed so that they agree with one another. Thomas E. Daniels responded that the Bylaws are the easiest to change because a revised Articles of Incorporation needs to be filed with the state. Mr. Doe interjected that it makes more sense to do the elections in September to coincide with the beginning of the fiscal year.

Mr. Peoples commented that he agrees that September would be the best time to make these appointments. Mr. Daniels indicated that it would be acceptable to make temporary elections now with new elections taking place each September beginning this year. He added that this would give the Authority time to revise its Articles of Incorporation and get them filed with the state.

Mr. Doe nominated Brenda Stumbo for the position of Chair of the YCUA Board of Commissioners until September 2012. Mr. Peoples indicated that he will support such a motion but added that he is uncomfortable in that Ms. Stumbo was just re-appointed, particularly since there are three other people on the Board who have held their positions for some time. He indicated that he would have nominated Mark Namatevs had Mr. Namatevs been present to accept the nomination.

Motion by Doe to elect Brenda Stumbo for the position of Chair of the YCUA Board of Commissioners until September 2012. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

Mr. Peoples nominated Mark Namatevs for the position of Vice-Chair of the YCUA Board of Commissioners until September 2012.

Motion by Peoples to elect Mark Namatevs for the position of Vice-Chair of the YCUA Board of Commissioners until September 2012. Support by Doe. In favor: All. Opposed: None. (Motion carried)

Mr. Doe nominated Greg Peoples for the position of Secretary / Treasurer of the YCUA Board of Commissioners until September 2012. Mr. Peoples respectfully declined and nominated Andrew Cameron. At the Board's request, Mr. Thomas and Mr. Peoples explained the duties of the Secretary / Treasurer. Mr. Cameron accepted the nomination to be effective after he is sworn in by the City of Ypsilanti.

Motion by Peoples to elect Andrew Cameron for the position of Secretary / Treasurer of the YCUA Board of Commissioners until September 2012. Support by Doe. In favor: All. Opposed: None. (Motion carried)

Ms. Stumbo recommended that the committee appointments be tabled until the March meeting so that all of the Board members can vote. There was no motion made on the recommendation.

B. Request to Approve – Comprehensive Annual Financial Report (CAFR) For Fiscal Year 2010 – 2011 – Larry R. Thomas

Mr. Thomas advised the Board that the Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2010 – 2011 has been completed. He indicated that the Finance Committee met and reviewed the document and

finds it in order. Mr. Thomas explained that Mark Kettner from Rehmann Robson was in attendance to provide a presentation and to answer any questions.

Mr. Kettner confirmed that he met with the Finance Committee recently for a review of the draft in detail, at which time he addressed a variety of questions, particularly in terms of depreciation and its effects on cash flows and funding. He continued to explain the various features of the audit to the Board.

Ms. Stumbo inquired as to the percentage of YCUA's fund balance compared to its actual operating budget. She indicated that some public entities are required to maintain a certain percentage, typically between 15% - 20%. Mr. Kettner responded that there is approximately 38% accounting for depreciation.

Mr. Peoples inquired as to whether fund balance is included as a line item. Mr. Kettner responded that fund balance is not a term used relative to proprietary financial statements, rather, the term net assets is used. He indicated that fund balance refers to amount available for future expenditures whereas net assets are a reflection of an organization's equity.

Ms. Stumbo inquired as to whether the inventory audit recommended in the report will affect insurance rates. Mr. Kettner responded that it could have some affect on the value of the inventory. Ms. Stumbo inquired as to whether that is done at YCUA. Mr. Thomas responded that the Authority submits its inventory assets to its insurance company. Mr. Kettner added that YCUA has good internal control over its inventory. He further advised that there is a factoring process used in valuing inventory, particularly in terms of items that have not been used in a long time and may be obsolete.

Ms. Stumbo inquired as to YCUA's OPEB obligation. Mr. Kettner responded that there is no asset or liability for OPEB because the required contribution of \$2.6 million has been made. He added that the actuarial accrued liability is \$29 million as of the December 31, 2010 evaluation and that there are \$7.1 million in assets. Mr. Kettner advised that this is excellent considering the short amount of time the fund has been active.

Ms. Stumbo inquired as to how many retirees YCUA has. Mr. Kettner responded that there are 71 retirees that are eligible and receiving benefits as well as 117 current employees who are eligible but not yet receiving benefits.

Ms. Stumbo inquired as to what the recommended pooled cash receiving temporary accounts are for. Dwayne Harrigan responded that these are general ledger accounts for restricted funds transferred to Reserve for Construction and other accounts so that the funds do not affect the liability account's bank statement at the end of the fiscal year. Mr. Kettner added that some of the required reserves are based on flows between the township and the city and that it takes a little time after year-end to get that information.

Ms. Stumbo inquired as to the amount of employee contribution to retirement that affects the OPEB number. Mr. Kettner responded that the Authority's AFSCME employees are required to contribute 1% of their annual covered payroll and non-union and Teamster employees are required to contribute 2%. Larry Thomas interjected that it is actually 3% across the board.

Ms. Stumbo indicated that the audit needs to be changed to reflect this correction. Mr. Peoples concurred and suggested that this item be tabled until a corrected audit can be presented for Board approval. Mr. Thomas responded that the audit needs to be approved this month in order to meet state statutes, which require that audits be filed within six months of the end of the fiscal year. Mr. Kettner advised that the audit has already been submitted to the state, so those requirements have been satisfied.

Ms. Stumbo inquired as to why the audit is submitted to the state prior to approval by the Board. Mr. Kettner responded that it is very uncommon to have a requirement that the Board must approve an audit for submission to the state. He indicated that it is more typical to present the audit to an organization's management and Finance Committee for their approval for submission to the state and that most organizations' Boards simply vote to receive the audit and place it on record. Mr. Kettner added that, though the Authority's founding documents are probably silent on this issue, this procedure would be his suggestion. Mr. Peoples concurred.

Ms. Stumbo indicated that this will be looked into further and stated that, if the audit had come to the Board, the mistake would have been caught before it went to the state. Mr. Peoples responded that this was a one-time mistake.

Motion by Peoples to approve the Comprehensive Annual Financial Report (CAFR) For Fiscal Year 2010 – 2011 subject to the amendment on page 28 of the current defined benefit pension plan contribution. Support by Doe. In favor: All. Opposed: None. (Motion carried)

C. Informational Item - MWEA Health and Safety Award to the YCUA Wastewater Treatment Plant – Larry R. Thomas

Mr. Thomas advised the Board that the Authority has been notified by the Michigan Water Environment Association that YCUA has been selected as the winner of the Health and Safety Award in the large municipal wastewater facility category. He indicated that congratulations are in order for Scott E. Robinson, YCUA's health and safety supervisor, and all of the employees of the Authority, for making safety a top priority at the Authority.

Ms. Stumbo congratulated YCUA's staff and thanked Mr. Robinson for his leadership. The announcement met with applause from the assembly.

D. Recommendation on Process - Human Resources Director Search – Larry R. Thomas

Mr. Thomas advised the Board that the Authority has advertised for the position of human resources director on the MML and Greater Ann Arbor Society of Human Resources Managers (SHRM) websites as well as AnnArbor.com, which posts to several area job boards. He indicated that he has recently learned that the Greater Ann Arbor SHRM website didn't actually get the job opening posted until the second week of the posting period.

Mr. Thomas explained that 38 resumes were received and were reviewed by him and Bob Brewster, an HR professional. He pointed out that they came up with several matches with individuals that YCUA would be first interested in interviewing as well as a second group if no one in the first group works out.

Mr. Thomas also explained that, at this point, a determination needs to be made regarding the process for interviews and any other selection activities. He further advised that he would suggest that the Board either refer the matter to the Personnel Committee or select two members to sit in on the interviews with him. Mr. Thomas stated that, because the permanent membership of the Personnel Committee is still presently undecided, he would suggest that a separate interview committee be decided upon for the purpose of this process.

Ms. Stumbo suggested that Mr. Doe and Mr. Namatevs participate in the interview committee along with Mr. Thomas and Mr. Brewster. Mr. Peoples responded that he would like to participate as a township representative, particularly since he is a member of the Personnel Committee. Mr. Doe suggested that Ms. Stumbo and Mr. Peoples participate because of their greater experience in interviewing. Mr.

Peoples suggested himself and Mr. Namatevs as a city representative and, if Mr. Namatevs is not interested, Mr. Cameron can be selected to represent the City of Ypsilanti after he is sworn in.

Mr. Doe interjected that he has concerns over Mr. Namatevs's availability. Ms. Stumbo asked Mr. Cameron if he has any experience in interviewing. Mr. Cameron responded that he does have some but not in this area. Mr. Peoples then suggested himself and Ms. Stumbo.

Motion by Doe to proceed with the Human Resources Director search with the establishment of an interview committee consisting of Larry R. Thomas, Bob Brewster (if available), Brenda L. Stumbo, and Gregory A. Peoples. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

E. Discussion Item - Non-Union Contracts – Larry R. Thomas

Mr. Thomas advised the Board that there are ten YCUA employees who are not members of either of the two bargaining units and that each of those has an individual contract. He indicated that those contracts are for four years and contain language that, if they are not going to be renewed for any reason, notice must be given to the individuals 18 months in advance. Mr. Thomas explained that, during the four-year term of the contracts, termination can only be through just cause. He pointed out that all ten contracts expire on August 31, 2013, and that notice must be given by the end of this month if there is a desire to terminate any of the contracts.

Mr. Thomas also explained that his contract is the only one that is signed by the Board and the others are all signed by him. He further advised, then, that the Board should consider whether they would like to terminate his contract at this time.

Mr. Peoples commented that the Board should have been notified about this previously because this puts them on the spot. Mr. Doe interjected that there is some language that is contained in each of the contracts that needs to be considered. He inquired as to whether they can be renewed now, pending language changes prior to the expiration date. Mr. Thomas responded that, if the Board wishes to entertain possible revisions to the contracts, they should state that intention before the end of this month.

Ms. Stumbo inquired as to whether this matter has gone before the Personnel Committee. Mr. Thomas responded that it has not. Ms. Stumbo indicated that she can't make any firm decisions without the contracts in front of her and inquired as to whether they can be extended until the Board has a chance to review them. Mr. Doe interjected that extending

the contracts would renew them for another four years. Mr. Thomas indicated that, if it the Board's desire to review the language in the contracts, his recommendation would be to terminate them. He clarified that, if the termination is made today, the contracts remain in effect until August 31, 2013, at which time they will not automatically renew.

Ms. Stumbo advised that there is no intention by the Board to not renew the contracts but that they need to know what is contained in them. Mr. Thomas reiterated that the best way to achieve that is to not renew the contracts at this time.

Mr. Daniels advised the Board that, while these contracts were drafted by YCUA's labor attorney and not him, he is familiar enough with them to concur with Mr. Thomas's recommendation.

Motion by Stumbo to not automatically renew the non-union contracts pending review and discussion by the Board. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

Mr. Peoples reiterated that there is no intention to not renew the contracts and that the Board simply wants an opportunity to review them first. He added that it is the hope that this review will result in changes that are mutually beneficial to both the employees and the organization.

F. Discussion Item – Standard Operating Procedure re: Road Cut Restorations System – Larry R. Thomas

Mr. Thomas advised the Board a member of the Washtenaw County Road Commission recently made statements indicating that YCUA does not properly repair the road cuts that it makes during repair work to water and sewer lines in the city and township. He indicated that, specifically, it was alleged that the Authority backfills its excavations with the previously removed soils.

Mr. Thomas explained that this is not the case, as YCUA has always used fill that meets the requirements of the various road agencies such as MDOT, the city DPW, and the road commission. He pointed out that the Authority's Standard Operating Procedure is included in the Board's meeting materials for their review. Mr. Thomas also explained that staff is in the process of preparing a letter to the road commission stating the same.

Informational only; no motion from the Board required.

G. Request to Approve – Contract Negotiations with Veolia Landfill –
Larry R. Thomas

Mr. Thomas advised the Board the Veolia Landfill in Salem Township wishes to negotiate a renewal of their contract for the Authority's acceptance of leachate discharged from their landfill. He indicated that the leachate is discharged into Northville Township and into the WTUA system and is received by YCUA through the WTUA flow.

Mr. Thomas explained that YCUA has treated the leachate from this facility since 1993 when it was called the BFI landfill. He pointed out that, since that time, it has changed hands several times.

Mr. Thomas also explained that the present contract is for 20 years and will expire in 2013. He further advised that the issue is significant not only because Veolia wants to finalize the contract but also because it has a direct impact on YCUA's negotiations with WTUA to take all of the flow generated in their service area.

Mr. Thomas stated that, as the leachate contract with Northville Township and Veolia is a 40-year contract, if it is not renewed for another 20 years, WTUA would not be able to send the flow generated from Northville and Plymouth Townships to YCUA. He acknowledged that, if that is the case, the Authority needs to know that the Board does not wish to renew the contract so that staff can alert WTUA.

Mr. Doe inquired as to whether it is possible to negotiate a shorter contract term than 20 years. Mr. Thomas responded that, in order for WTUA to commit to sending the flow to YCUA, they would want to know that they are going to be able to do that for an extended period.

Ms. Stumbo commented that she is aware that the leachate issue was an important topic back in the 1990s and that normally she does not support leachate contracts from landfills. She indicated, however, that because this contract has been in existence for a long time and is necessary in order to negotiate with WTUA, it needs to be approved.

Motion by Doe to approve the Contract Negotiations with Veolia Landfill. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

Mr. Thomas interjected that he would recommend that the Authority establish a WTUA negotiation team consisting of Perry Thomas, Tom Daniels, and him. Mr. Doe made a friendly amendment to the motion to reflect this recommendation.

Ms. Stumbo inquired as to whether the negotiations with WTUA are for a period of 40 years. Mr. Daniels responded that YCUA currently has an

arrangement of 33 – 33 – 33 as a 99-year agreement with the investment that WTUA made in the plan, with which YCUA would stay consistent. He indicated that this would easily solve the issue in that there is no need to worry about Northville's contract with Veolia being a 40-year agreement because that does not necessarily drive the discussion with WTUA. He added that what does drive the discussion as to term is the current contract with WTUA that YCUA wants to extend with more flow from WTUA; in other words, YCUA wants the same contract with all of their flow and for WTUA to stop sending flow to Wayne County in order to increase significantly the flow the YCUA and the economies of scale.

Ms. Stumbo inquired as to whether Veolia's rates will be increased or adjusted in any way. Mr. Daniels responded that, under the current contract, the more flow that is sent to YCUA, the more the readiness to serve percentage declines slightly over a period of time depending on the increase in flow. He added, however, that all of that is on the table right now for negotiation.

H. Request to Approve - Fairbanks Morse Pump Parts Cancellation—
Larry R. Thomas

Mr. Thomas reminded the Board that, during email correspondence over the last month, they were advised that the order for parts for three of the four PEW pumps was cancelled as it was determined that the existing pumps would not be used in the final configuration of the revised PEW system. He indicated that the parts that were ordered were never approved by the Board due to an error on his part.

Mr. Thomas explained that the cancellation fee for the parts for the three pumps totals \$28,236. He pointed out that he is requesting authorization to pay the cancellation fee and to continue with the purchase of parts for one of the pumps for \$28,237, for a total authorization of \$56,610. Mr. Thomas also explained that the PEW pumps are an integral part of the wastewater treatment plant and are absolute necessity for its operation.

Mr. Doe inquired as to how much the cancelled parts would have cost. Mr. Thomas responded that the total would have been approximately \$100,000. Mr. Doe then inquired as to how it was determined to repair the pumps in house. Mr. Thomas responded that the shafts were snapping and were failing rapidly. He indicated that the maintenance department was able to determine that this was due to deadheading of the pumps. Mr. Thomas explained that, when the incinerator is not operating and very little water is required, the valve at the discharge into the pumps almost closes, which then results in a pump trying to move 2,500 gpm when only 300 gpm is actually going through it.

Kevin Dupuis advised the Board that they were lucky that they didn't lose all four pumps.

Mr. Thomas added that YCUA is now running the ash system and is using water on the weekends when the incinerator is not running just so that pump has something to move. Mr. Dupuis interjected that they are trying to maintain 1,000 gpm.

Ms. Stumbo inquired as to whether the amount needed to operate will be achieved when YCUA receives more flow. Mr. Dupuis responded that it doesn't have anything to do with flow but rather the demand inside the pipe, which is related to the operation of the belt presses and the incinerator. He reminded the Board that, years ago, there were thickeners on the tanks and that YCUA no longer supplies dilution water to those tanks so it lost that demand.

Mr. Dupuis added that the new incinerator uses less than 900 gpm. He indicated that the pumps are too big for the demand of the old system and that, during the plant upgrade, there was discussion about trying to resize everything as well as other items that were brought to their attention and are in the works now.

Ms. Stumbo inquired as how this will be financed. Mr. Thomas responded that it is a wastewater O & M expense.

Mr. Doe inquired as to whether downsized pumps were to be selected if they were purchased now. Mr. Dupuis responded that Tetra Tech is looking at the Authority's current demands and will look for a pump resized to accommodate smaller demands.

Scott D. Westover commented that they have gotten down the road a little bit with the design of the upcoming improvements to the PEW system that was running parallel with when these shafts were snapping and that they are looking to two different sized pumps, a couple of smaller ones for when the incinerator is off, and that they haven't settled on final capacities on them but are talking somewhere in the range of 400 gpm for those two pumps and will stick with the four bigger pumps for when the incinerator is live and the PEW system also provides fire protection for the site. He added that there are potentially other periods where the demand would be very high and they are going to look at a range of small pumps and then some large ones.

Mr. Dupuis added that it was his suggestion to Larry Thomas and Mike Jessee to order replacement parts because the pumps were failing at rate that maintenance couldn't keep up with.

Motion by Peoples to approve the Fairbanks Morse pump parts cancellation as well as the purchase of part for one pump in the amount of \$56,610. Support by Doe. In favor: All. Opposed: None. (Motion carried)

Ms. Stumbo asked that, in the future, these kinds of purchases come before the Board for approval first.

I. Request to Approve - Schwing Pump Parts Purchase – Larry R. Thomas

Mr. Thomas advised the Board that the wastewater treatment plant has four Schwing pumps that are used to transport dewatered sludge into the incinerator. He indicated that parts are needed to repair one of those pumps. Mr. Thomas explained that staff is recommending new technology that involves an improved auger system with a sealed bearing. He pointed out that the original auger systems have unsealed bearings and have had various operational problems.

Mr. Thomas also explained that the new sealed bearing parts are priced at \$22,013.37 and YCUA could buy the same parts with an unsealed bearing for \$18,137.15. He further advised that staff is recommending that the sealed bearings be given a try in the hopes that they will last longer than the unsealed bearings. Mr. Thomas stated that Schwing is the only supplier of these parts.

Mr. Thomas recommended approval of the Schwing Pump Parts Purchase in the amount of \$22,013.37 to be paid from the O & M fund.

Motion by Doe to approve the Schwing Pump Parts Purchase in the amount of \$22,013.37 to be paid from the O & M fund. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

J. Request to Approve - Adsorbent Granulated Activated Carbon Purchase – Larry R. Thomas

Mr. Thomas reminded the Board that the granulated activated carbon (GAC) adsorber is used to remove mercury and various other organics, particularly furans and dioxins from the incinerator stack gases. He indicated that the GAC holds about 2.4 tons of activated carbon to accomplish this.

Mr. Thomas explained that, in the past, YCUA has had some issues with the carbon absorbing water and that the trapped moisture has caused corrosion the cassettes in the GAC that hold the carbon in place. He also explained that, because the replacement of the cassettes is both costly and time-consuming, staff made several modifications to the unit to reduce the

chances of any of the water being absorbed when the cassettes were last changed.

Mr. Thomas stated, however, that staff has some indication that the carbon may be absorbing excess moisture again. He acknowledged that staff would like to make a thorough determination and, in order to do this, it is necessary to remove all of the carbon that is presently in the unit for testing and examination. Mr. Thomas confirmed that the cassettes in the interior can be checked for any damage. He explained that staff is recommending to purchase now enough carbon to replace the existing material, because, in the event it is removed and can't be put back into the unit, past experience is that YCUA can expect a minimum of 10 – 12 weeks for delivery of new carbon. Mr. Thomas pointed out that the incinerator would then be offline during that time.

He also stated that, if the carbon is removed from the GAC and it is still usable, the newly purchased material can be stored for use at a later date because it has an indefinite shelf life. Mr. Thomas further advised that there is only one supplier for this type of carbon at a cost of \$74,992.50.

Mr. Thomas recommended approval of the Adsorbent Granulated Activated Carbon Purchase in the amount of \$74,992.50 to be paid from the wastewater treatment plant O & M fund.

Ms. Stumbo asked if Kurian Joychan was present to address her questions. Mr. Thomas responded that Mr. Joychan was not in attendance but that Perry Thomas, Kevin Dupuis, Scott Westover, or he could answer any questions.

Ms. Stumbo inquired as to how many of these carbon filters have been ordered. Mr. Dupuis responded that two loads of carbon were ordered following two cassette failures, so this will be the third purchase. He added that they are high-temperature rated carbon filters that are shipped from a single-source provider in Europe. Mr. Dupuis stated that YCUA operates at about 140 degrees, which causes U.S.-manufactured carbon filters to lose their physical shape and turn to powder. He indicated that staff inquired with several U.S. carbon manufacturers and suppliers to determine if any could provide carbon rated at a temperature over 100 degrees but nothing could be located.

Ms. Stumbo inquired as to what causes the moisture to get into the carbon. Mr. Dupuis responded that the air stream that comes from the incinerator passes through a water scrubber that contains moisture.

Mr. Thomas interjected that the GAC unit contains equipment designed to keep the airstream at that 140-degree mark which, in theory, will keep any

moisture from being absorbed into the carbon. He added that, what staff feels has happened and they attempted to rectify last time is that, at some point in the GAC unit, there is some cooling taking place which is allowing condensation that allows the carbon to absorb moisture.

Ms. Stumbo inquired as to whether this is a result of turning the incinerator on and off as opposed to running all the time. Mr. Dupuis responded no, adding that there is heating unit that is intended to maintain a certain temperature in the carbon bed at all times. He added that it is designed to keep the dew point at least 30-some degrees below the temperature of the incoming airflow. Mr. Dupuis explained that, if this temperature is not kept consistent, the carbon bed will allow moisture to accumulate on the outside like a cold can of pop on a warm day.

Motion by Peoples to approve the Adsorbent Granulated Activated Carbon Purchase in the amount of \$74,992.50 to be paid from the wastewater treatment plant O & M fund. Support by Doe. In favor: All. Opposed: None. (Motion carried)

K. Request to Approve – Award of Contract re: Paint Creek Interceptor Outlet Improvements Project – Larry R. Thomas

Mr. Thomas advised the Board that the Paint Creek interceptor is a large sewer carrying wastewater from around I-94 to the Martz Road pump station. He indicated that an outlet into this sewer from the north that is carrying wastewater from the Valley Drive area in Ypsilanti Township is in need of upgrade in order to improve the draining characteristics of the Valley Drive sewer. Mr. Thomas reminded the Board that the Valley Drive sewer has been problematic in the last few recent storm events. He pointed out that the outlet needs realignment and the slope has issues as well as an increase in pipe diameter.

Mr. Thomas also explained that staff has prepared plans and specifications as well as RFPs, which were provided to six bidders who were selected based on staff's confidence that they could do this very specific kind of work. He further advised that sealed bids were opened on February 15th from all six bidders and that Verde Terre Contracting was the low bidder at \$171,911.50.

Mr. Thomas stated that the bid tabulation was included in the Board materials and that staff is requesting a contingency for the project of 16.3%, or \$28,088.50, for a total project cost of \$200,000. He acknowledged that the contingency is higher than normal due to a manhole specification in the current contract that may need to be upsized to accommodate the larger pipe.

Mr. Thomas recommended approval of the Award of Contract re: Paint Creek Interceptor Outlet Improvements Project to Verde Terre, pending review by YCUA's attorney, in the amount of \$171,911.50 with a contingency of \$28,088.50 for a total project cost of \$200,000.

Ms. Stumbo asked Mr. Westover to give an overview of the project. Mr. Westover responded with a detailed explanation of the same. He indicated that, next time, he would bring a copy of the plan to the meeting.

Ms. Stumbo inquired as to whether the engineering specifications were done in-house. Mr. Westover responded affirmatively. Ms. Stumbo then inquired as why YCUA staff did not catch this problem sooner. Mr. Westover responded YCUA staff was comfortable with the originally specified size even though the low bidder made the recommendation to upsize the main when it examined the manhole during the bidding process. He added that, in light of this, staff wanted the contingency in place just in case the contractor's assertions prove to be correct.

Ms. Stumbo inquired as to why this RFP was not advertised. Mr. Westover responded that staff felt it was in YCUA's best interest to approach specific contractors who have successfully completed this kind of work for YCUA in the past, given the tight tolerances relative to the pipe slopes and sizes. Ms. Stumbo then inquired as to whether the YCUA Purchasing Policy allows for select bidder lists. Mr. Westover responded that this is done from time to time. Ms. Stumbo indicated that she will have to review the policy relative to this.

Mr. Doe inquired as to whether this will alleviate the backups in the Valley Drive area. Mr. Westover responded affirmatively.

Motion by Doe to approve the Award of Contract re: Paint Creek Interceptor Outlet Improvements Project to Verde Terre, pending review by YCUA's attorney, in the amount of \$171,911.50 with a contingency of \$28,088.50 for a total project cost of \$200,000. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

L. Request to Approve – Construction Phase Engineering Proposal re: Paint Creek Interceptor Outlet Improvements Project – Larry R. Thomas

Mr. Thomas advised the Board that bids were solicited for construction engineering for this project and the low bidder is Stantec.

Mr. Thomas recommended approval of the Construction Phase Engineering Proposal re: Paint Creek Interceptor Outlet Improvements Project from Stantec in the not-to-exceed amount of \$15,900.

Ms. Stumbo inquired as to why the total construction testing estimate comprised the biggest difference between the bidders. Mr. Westover responded that Stantech's proposal included an optional task that their onsite inspector could run most of the materials testing that is typically done through a sub-contractor of the engineering firm or through a separate contract with a materials testing firm, which resulted in a significant reduction in costs. He added that staff's best estimate using a traditional approach as previously described is in the area of \$3,000.

Ms. Stumbo inquired as to how the materials testing was bid. Mr. Westover responded that he believes the RFP stated that YCUA would contract for the materials testing separately but that Stantech's option is the most cost effective way to approach the project.

Ms. Stumbo inquired as to whether this RFP was advertised. Mr. Westover responded that it was not, rather it was provided to the three consulting engineering firms with lengthy experience working for YCUA.

Ms. Stumbo inquired as to how this will be funded. Mr. Thomas responded that it will be paid from Township Division cash.

Ms. Stumbo inquired as to whether there is a line item for this project. Mr. Thomas responded that there is not, that it is part of the capital budget.

Motion by Peoples to approve the Construction Phase Engineering Proposal re: Paint Creek Interceptor Outlet Improvements Project from Stantec in the not-to-exceed amount of \$15,900. Support by Doe. In favor: All. Opposed: None. (Motion carried)

Ms. Stumbo commented that she is not comfortable with this bid not being advertised but the motion is carried.

M. Request to Approve - Solicitation of Construction Bids re: Huron Street Sanitary Sewer Improvements Project – Larry R. Thomas

Mr. Thomas advised the Board that there has been a request by one of the Board members for projects to be brought to the Board prior to bidding so that the Board can authorize the bid process. He indicated that, therefore, staff is requesting authorization to solicit bids for the Huron Street Sanitary Sewer Improvements Project.

Mr. Thomas reminded the Board that, as discussed at prior Board meetings, staff made a discovery last year regarding a defect in the sanitary sewer at Huron Street and Michigan Avenue in the City of Ypsilanti which allows sewage during high flow rain events to overflow into the storm water system and then be discharged directly to the Huron River without treatment. He pointed out that, to correct the situation, staff

has designed a fix that will divert the sewage that comes down Pearl Street, a major tributary to this sewer, and will divert that flow to the north to Washtenaw Avenue, which can support that flow and thereby significantly reducing the flow through the sewer where the defect is located. Mr. Thomas also explained that the defect will then be eliminated with a cured-in-place technology so that the intersection of Michigan Avenue and Huron doesn't have to be open cut.

He further advised that staff is requesting authorization to solicit bids from a number of selected contractors that the Authority has worked with in the past due to the location of the work in a very congested area of downtown Ypsilanti that contains a lot of underground infrastructure. Mr. Thomas stated that staff wishes to utilize a contractor that it is confident can work in these challenging situations. He advised that this project will be funded via cash from the City Division capital budget.

Mr. Doe inquired as to which company did the work in that area last year. Mr. Westover responded that it was Tiger Excavating, which has since gone out of business.

Ms. Stumbo interjected that she does not understand why project bids are not advertised. Mr. Westover responded that, given the location, time restraints, and potential impacts to local traffic, staff feels it is most advantageous to directly solicit bids from a group of contractors who have done similar work in the past. He added that YCUA has done this very successfully in the past and, given the sensitivity of the area, it makes the most sense.

Ms. Stumbo inquired as to why the timing and traffic concerns can't be made part of an advertised bid. She further inquired as to how contractors get on his "favorite" list and how other contractors will ever get the opportunity to work with YCUA. Mr. Westover responded that YCUA does plenty of work through an advertised bidding process. Ms. Stumbo responded that she hasn't seen evidence of that yet. Mr. Westover further responded by citing examples, such as DWRP and SRF loan projects which are required by the State of Michigan to be advertised bids. Ms. Stumbo commented that there is probably a reason why the state makes that requirement. She added that she understands why engineering services would not necessarily be advertised as those are professional services but reiterated her opinion that construction work should involve advertised bids.

Mr. Westover responded that if YCUA was repeatedly going after only one potential contractor, we would consider this a more valid concern. He added that the Authority is using a select bidder list of numerous potential

contractors that have done successful work in the past and with which YCUA has not experienced problems. Mr. Westover indicated that, in the case of projects such as these wherein time constraints and disruptions to the local citizenry are of utmost concern, a select bidder list protects the Authority from ending up with a “fly by night” contractor.

Mr. Peoples interjected that he understands Ms. Stumbo’s concern as well as the concerns of staff but indicated that YCUA needs to do whatever it can to make sure that other organizations have the opportunity to bid and be considered for Authority’s projects. Mr. Doe concurred, adding that an advertised bidding process would make YCUA more transparent.

Mr. Westover indicated that utilizing a select bidder list is staff’s recommendation but that, at the pleasure of the Board, this can be done as an advertised bid with safeguards built into the specifications and bidding documents to try and minimize the possibility of contractor issues.

Perry M. Thomas advised the Board that, relative to this project, YCUA has received a notice of violation for sanitary sewer overflows that occurred Michigan Avenue and Huron Street and at Riverside Park. He indicated that this project is part of a Part 41 Permit from MDEQ to allow YCUA to rectify the matter without being assessed a fine. Mr. Thomas explained, therefore, that it is imperative that this project be completed correctly and without delay.

Mr. Doe asked what the timing difference would be between using a select bidder list and an advertised bid. Mr. Westover responded that staff had hoped to bring a recommendation for award to the Board in March but that may need to be moved to April. He added that his primary goal is to meet the March 25th deadline for the Part 41 Permit. Ms. Stumbo indicated that a special meeting can be called any time it is ever needed.

Motion by Doe to approve the Solicitation of Construction Bids re: Huron Street Sanitary Sewer Improvements Project utilizing an advertised bid. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

N. Request to Approve - Solicitation of Construction Phase Engineering Proposals re: Huron Street Sanitary Sewer Improvements Project – Larry R. Thomas

Mr. Thomas advised the Board that staff is requesting authorization to solicit construction engineering proposals for the referenced project from a list of selected engineering firms.

Mr. Thomas recommended approval of the Solicitation of Construction Phase Engineering Proposals re: Huron Street Sanitary Sewer Improvements Project.

Ms. Stumbo asked that staff make sure that all of the firms are bidding on the same specifications. Mr. Westover responded that staff has already begun to tighten up its bid specification process.

Motion by Doe to approve the Solicitation of Construction Phase Engineering Proposals re: Huron Street Sanitary Sewer Improvements Project. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

O. Solicitation of Construction Bids re: Tyler Pond Trestle Repair Project – Larry R. Thomas

Mr. Thomas advised the Board that staff is requesting authorization to solicit construction bids for repairs to the trestle that goes over Tyler Pond and carries two sewer mains. He indicated that the trestle is wooden and has experienced considerable deterioration.

Mr. Thomas explained that staff recently awarded a contract for inspection of the trestle to the Spicer Group engineering firm who has identified certain defects that are in need of repair. He pointed out that staff is estimating the repairs at \$30,000 - \$50,000. Mr. Westover interjected that, as a result of delays in the project as well as the lack of ice this winter, the cost is likely to be on the higher end of the scale because the construction of a barge or other floating platform will be required.

Mr. Thomas recommended approval of the Solicitation of Construction Bids re: Tyler Pond Trestle Repair Project.

Ms. Stumbo inquired as to whether this will be an advertised RFP. Mr. Westover responded that staff had hoped to approach this as a select bidder list as recommended by the Spicer Group because YCUA is not familiar with structural contractors.

Ms. Stumbo indicated that she doesn't understand why the project just can't be bid normally and asked if there is some kind imminent danger of collapse. Mr. Westover responded that a concern for structural failure exists and provided the Board with photographs illustrating the degree of deterioration and risk for collapse.

Mr. Peoples reiterated his comments from item 3.M. Mr. Cameron interjected that scrutiny of the select bidder process is perhaps warranted but suggested that the Board look at the bigger picture. Ms. Stumbo responded that, personally, she looks at how the rate payers' money is being spent.

Evan Pratt of the Spicer Group interjected that, because the nature of the work is very specialized and involves technology not normally utilized by

YCUA, this project is likely to give a completely new contractor the opportunity to work with the Authority. He indicated that the Board's goal should be to both minimize cost and manage risk in addition to providing this opportunity.

Mr. Peoples indicated that all of these requests to utilize a select bidder list are portraying an image that YCUA is operating a closed shop. He asked that, in future, staff present these requests in a manner that does not create that image.

Motion by Peoples to approve the Solicitation of Construction Bids re: Tyler Pond Trestle Repair Project using a select bidder list as recommended by the Spicer Group. Support by Doe. In favor: All. Opposed: None. (Motion carried)

P. Request to Approve - Solicitation of Construction Phase Engineering Proposals re: Tyler Pond Trestle Repair Project – Larry R. Thomas

Mr. Thomas advised the Board that staff is requesting authorization to request a quote from Spicer Group for the construction engineering of the referenced project. He indicated that the Spicer Group did the inspection of the trestle and staff feels that they are the appropriate group to handle the construction engineering.

Mr. Thomas recommended approval of the Solicitation of a Construction Phase Engineering Proposal from Spicer Group re: Tyler Pond Trestle Repair Project.

Mr. Westover interjected that the inspection bids were received through an advertised bid process.

Motion by Peoples to approve the Solicitation of a Construction Phase Engineering Proposal from Spicer Group re: Tyler Pond Trestle Repair Project. Support by Doe. In favor: All. Opposed: None. (Motion carried)

Q. Request to Approve – Termination of Current Contract and Solicitation of Bids for Unfinished Work re: 2011 Road Repairs Project – Larry R. Thomas

Mr. Thomas advised the Board that, each year, the Authority awards a contract for permanent repairs to the roads in its service area in which it has done excavations during the previous year. He indicated that last year's contract was awarded to Al's Asphalt, who only completed about one-third of the work before weather caused the shut-down of the project.

Mr. Thomas explained that, although Al's Asphalt has indicated that they would like to complete the project in the spring when the asphalt plants

reopen, staff is recommending that the contract be terminated and the work re-bid due to the numerous communication failures between the contractor, YCUA, and the Washtenaw County Road Commission. He pointed out that that Al's Asphalt has not complied with the terms of the contract due to a failure to complete the work in the specified time frame.

Mr. Thomas recommended approval of the Termination of Current Contract and Solicitation of Bids for Unfinished Work re: 2011 Road Repairs Project.

Ms. Stumbo inquired as to whether the contractor was present at the meeting. Mr. Westover responded that he was not and indicated that there were several communications between the contractor and him regarding his attendance but that the contractor did not respond.

Ms. Stumbo inquired as to whether this request has been reviewed by YCUA's attorney. Mr. Westover responded that he spoke with Mr. Daniels several weeks ago regarding this matter. He indicated and that Mr. Daniels agrees that this is the best course of action and advised that the contract can be terminated due to the contractor's breach of the provisions therein.

Mr. Doe inquired as to the amount of the original contract. Mr. Westover responded that the original bid amount was approximately \$320,000 along with an approved contingency of \$20,000 for a total budget of approximately \$340,000. He indicated that the work done thus far was invoiced in the amount of approximately \$125,000, which put the contractor slightly over budget for the amount of work done. Mr. Westover indicated that staff asked the contractor for a written promise to complete the work as originally stated but that they did not respond.

Mr. Doe inquired as to whether the contractor has given any reason for their failure to get the job done. Mr. Westover responded that Al's Asphalt was approximately six weeks late in starting the job and advised YCUA at the time that they simply had too much work to do before getting to YCUA's contract. He added that, prior to this incident, Al's Asphalt completed a couple of other projects for YCUA which also involved struggles in terms of meeting deadlines and paperwork requirements.

Ms. Stumbo inquired as to whether this kind of work can be done year-round, taking into consideration frost laws, especially considering it always seems like it is behind schedule. Mr. Westover responded that the idea can be explored and added that presently the previous year's excavations occurring between June 1 and May 31 are bid out and an

award of contract brought to the Board in July with the hopes of work beginning in September. Jeff Castro interjected that it is possible to move the entire process up a month.

Mr. Doe inquired as to whether the outstanding work from 2011 can be bundled in with 2012's road repairs. Mr. Westover responded that that could be done, but it would mean that some of last summer's cuts would not get repaired until the fall of 2012 whereas, if it is approved now, the work can potentially begin on May 1st.

Pat Morris, AFSCME Chief Steward and Ypsilanti resident, inquired as to whether this is work that can be done in-house because he knows that the work would get done properly if YCUA did it. Mr. Westover responded that, in the past, the work was indeed done in-house and that this can be considered in future. He added that another option would be to break the road repairs into two bids each year.

Motion by Peoples to approve the Termination of Current Contract and Solicitation of Bids for Unfinished Work re: 2011 Road Repairs Project. Support by Doe. In favor: All. Opposed: None. (Motion carried)

R. Fund Balance Report - Larry R. Thomas

Mr. Thomas directed the Board's attention to the Fund Balance Report for January 31, 2012. 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.

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

Mr. Thomas directed the Board's attention to the Financial Report – Authority Net Assets Report for January 31, 2012. 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.

T. 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.

U. Attorney's Report –Thomas E. Daniels

There was no Attorney's Report for the month.

V. Environmental Report – Perry M. Thomas

Mr. Thomas advised the Board that YCUA has submitted the monthly discharge monitoring report for the wastewater treatment plant for January 2012 and that it was in compliance with all regulated pollutant concentrations. He indicated that emissions testing was done on the incinerator in early December 2011, the report was submitted to MDEQ, and that YCUA was in compliance with all of the air permit limitations. Mr. Thomas explained that YCUA is also in compliance with the newly promulgated EPA maximum achievable control technology standards for incineration.

He pointed out that MDEQ issued YCUA a notice of violation for sanitary sewer overflows that were occurring at the Michigan Avenue / Huron Street structure and at Riverside and Peninsula Parks. Mr. Thomas also explained that the action taken by the Board regarding the Huron Street interceptor project should resolve the Michigan Avenue / Huron Street and Riverside Park locations. He further advised that YCUA staff will reply to MDEQ by the by March 20th deadline.

Mr. Thomas stated that the YCUA Service Center has committed to checking the manhole at Peninsula Park on a weekly basis to head off any future SSOs there. Ms. Stumbo inquired as to whether it was heavy rain that caused the overflow. Mr. Castro responded affirmatively.

Ms. Stumbo then inquired as to whether the Authority was fined for these overflows. Mr. Thomas responded that there has been no fine, due in part largely to the fact that YCUA's response has been proactive.

Informational only; no motion from the Board required.

W. Director's Report - Larry R. Thomas

Mr. Thomas advised the Board that he will not be present at the March meeting due to the fact that he will be out of country. He indicated that the plan at the time he scheduled his trip was for Mike Jessee to take his place at the March meeting, but that those plans changed after it was learned that the assistant director would be retiring. Mr. Thomas explained that, under these circumstances, he will prepare the agenda and the items therein will be presented by the various departmental directors.

He pointed out that the other option would be to re-schedule the meeting but that he does not think that is necessary.

Informational only; no motion from the Board required.

Mr. Thomas also explained that, on April 2nd, Eastern Michigan University is planning to participate in the Autism Light it Up Blue

campaign to raise awareness for autism. He further advised that this effort is coordinated by Autism Speaks. Mr. Thomas stated that blue is the color of autism awareness and the organizers have asked to light up the stone water tower in blue on the evening of April 2, 2012. He acknowledged that Authority staff has coordinated this with Jeff Castro and YCUA is in support of the campaign. Mr. Thomas confirmed that one of the Board members has asked that this item be approved by the Board so as to show the support of the entire organization.

Mr. Castro interjected that this is a worldwide event and that other structures that will be similarly lit including the Eiffel Tower in Paris, the Sears Tower in Chicago, the CN Tower in Toronto, and the Empire State Building to name just a few.

Motion by Peoples to approve the lighting of the stone water tower in blue on April 2, 2012 in support of the Autism Light it Up Blue campaign of Autism Speaks. Support by Doe. In favor: All. Opposed: None. (Motion carried)

4. OLD BUSINESS:

X. Discussion Item – YCUA Board Policy re: The Role of the Board of Commissioners in Personnel Discipline and Grievance Matters - Larry R. Thomas

Mr. Thomas advised the Board that, at the last meeting, the Board tabled this discussion and requested information from John Hancock on the policy in question. He indicated that Mr. Hancock's response was emailed to the Board earlier in the month and is also included in the meeting materials. Mr. Thomas explained that it is now at the Board's discretion if they would like to untable the item for further discussion or leave it tabled for a later date.

Mr. Peoples suggested that the item remain tabled until the next meeting due to the latest of the hour as well as the fact that several Board members wish to have more time to consider Mr. Hancock's response.

Motion by Peoples to leave tabled the YCUA Board Policy re: The Role of the Board of Commissioners in Personnel Discipline and Grievance Matters. Support by Doe. In favor: All. Opposed: None. (Motion carried)

5. OTHER BUSINESS: There was no other business for the month.

6. STATEMENTS AND CHECKS: Motion by Doe to pay the bills in the amount of \$3,990,553.02. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

7. PUBLIC COMMENTS: There were no public comments for the month.

8. **ADJOURNMENT:** Motion by Doe to adjourn the meeting at 11:17 a.m. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

A handwritten signature in blue ink that reads "Brenda L. Stumbo". The signature is written in a cursive style and is positioned above a horizontal line.

BRENDA L. STUMBO, Chair

