



Minutes

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

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

Members Absent: None.

1. **CALL TO ORDER:** Ms. Stumbo called the meeting to order at 9:00 a.m.
2. **MINUTES OF THE PREVIOUS MEETING:** Motion by Doe to receive and file the minutes of the July 24, 2012 regular meeting and August 10, 2012 special meeting as presented. Support by Cameron. In favor: All. Opposed: None. (Motion carried.)

3. **NEW BUSINESS:**

A. Request to Approve – Fiscal Year 2012 – 2013 Budget – Jeff Castro

Mr. Castro directed the Board's attention to a proposed budget for Fiscal Year 2012 – 2013, which, if approved, will take effect on September 1, 2012, along with a highlights document detailing various aspects of the same. He indicated that water usage seems to have stabilized over the last two years after substantial decreases over the previous few years totaling about 8.3% in the City Division and 20% in the Township Division. Mr. Castro explained that sewer usage is following the same trend.

He pointed out that WTUA usage has stabilized but is still down 23% from the 2010 – 2011 budget year. Mr. Castro also explained that, during recent discussions with WTUA, they expressed an anticipation that the issues at the Haggerty Road pumping facility will be resolved but that a timeline for that resolution has not been determined. He further advised that he expects to see an additional 10% in flow from WTUA after these updates have been completed.

Mr. Castro stated that the revenue figures include a water rate increase of 5% and a sewer rate increase of 3%. He acknowledged that these adjustments generate increases in operating revenue of 2.7% over the current year's budget. Mr. Castro then invited YCUA Finance Director Dwayne Harrigan to the podium, who provided a detailed report and responded to questions from the Board.

Ms. Stumbo indicated that the Township has approved the first reading of the sewer rate increase at their August 27th meeting and that the second reading will take place at their September 24th meeting. Mr. Castro added that the matter will go before City Council as soon as possible.

Motion by Doe to approve the Fiscal Year 2012 – 2013 Budget. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve and Recommend – Fiscal Year 2012 – 2013 Water and Sewer Rates – Jeff Castro

Mr. Castro advised the Board that, as stated in agenda item 3.A, the budget includes a water rate increase of 5% and a sewer rate increase of 3% in both the City and Township Divisions. He indicated that the effect of these changes in the City Division on a two-month water bill is a 4% increase, or \$2.80 for a minimum user and \$5.42 for an average user. Mr. Castro explained that the effect of these changes in the Township Division on a two-month water bill is a 4.11% increase, or \$1.82 for a minimum user and \$3.69 for an average user

He pointed out that the YCUA Board can increase the Ypsilanti Township water rate up the amount of the increase YCUA received from DWSD for the purchase of water, which is 8.7%. Mr. Castro also explained that, therefore, the 5% water rate increase can be approved by a vote of the YCUA Board at this meeting.

He further advised that, in the Township Division, a recommendation to their Board of Trustees is required to increase their sewer rate by 3% which will, along with the water rate increase, be effective October 1, 2012. Mr. Castro stated that YCUA Board also needs to recommend to City Council the water rate increase of 5% and a sewer rate increase of 3%, which they will then consider at their upcoming meetings to be effective in November.

Mr. Castro recommended approval of the Fiscal Year 2012 – 2013 Water and Sewer Rates.

Motion by Doe to approve the Fiscal Year 2012 – 2013 Water and Sewer Rates. Support by Peoples.

Mr. Peoples indicated that it is important that it be communicated to the customers that this a minimal increase as compared to the increase incurred by YCUA from DWSD. He added that it would be preferable if these rate increases would take place at the same time in both the City and the Township, rather than the increase taking effect on October 1st in the Township but not until November in the City. Ms. Stumbo interjected that an effort will be made to that end in the future.

Mr. Bodary asked if these rate increases will include system improvements. The response was affirmative.

In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – Engagement Letter from Rehmann Robson re: Audit – Jeff Castro

Mr. Castro directed the Board's attention to the referenced letter for the fiscal year ending August 31, 2012 as well as a five-year audit price proposal. He indicated that this is the second year of a five-year agreement approved by the Board in 2011.

Mr. Castro explained that Rehmann Robson has rolled back their fee schedule to their 2006 pricing, which results in a net increase of \$300 to \$400 from last year. He pointed out that the not-to-exceed fee this year's audit is \$54,400 plus \$3,000 for federal programs, the latter of which is based on whether YCUA has accepted funds through loan programs such as DWRF and SRF. Mr. Castro also explained that this will apply due to the federal funds received on the Snow Road project.

Mr. Castro recommended approval of the Engagement Letter from Rehmann Robson re: Audit in the amount of \$54,400 plus \$3,000 for federal programs.

Motion by Peoples to approve Engagement Letter from Rehmann Robson re: Audit in the amount of \$54,400 plus \$3,000 for federal programs. Support by Bodary.

Ms. Stumbo asked if this was bid out last year. Dwayne Harrigan responded that the Board voted last year to extend the agreement for five years with the understanding that Rehmann Robson would roll back their prices to 2006.

In favor: All. Opposed: None. (Motion carried)

D. Request to Approve - Authorization to Seek Bids re: Wastewater Treatment Plant Chemicals Purchase – Kurian Joychan

Mr. Joychan directed the Board's attention to his memo, which requests authorization to seek bids for the wastewater treatment plant chemicals purchase. He indicated that YCUA uses Sodium Hydroxide (20%) for odor control, Sodium Hypo-chlorite (15%) for odor control and disinfection of plant effluent water (PEW) for internal use, and iron-free Aluminum Sulfate (Alum 48.8%) for phosphorus removal. Mr. Joychan explained that YCUA obtains these chemicals from various manufacturers or distributors via closed bids and that the contract with these companies expires on October 31, 2012.

He pointed out that staff is requesting Board permission to re-bid these chemicals during September 2012, to take effect on November 1, 2012 upon approval by the YCUA Board of Commissioners during the October 2012 meeting. Mr. Joychan also explained that this is a budgeted O & M expense.

Mr. Joychan recommended approval of the request for Authorization to Seek Bids re: Wastewater Treatment Plant Chemicals Purchase.

Motion by Cameron to approve the request for Authorization to Seek Bids re: Wastewater Treatment Plant Chemicals Purchase. Support by Doe. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve - Award of Contract re: 2012 Sanitary Sewer Root Treatment - Sree Mullapudi

Mr. Mullapudi directed the Board's attention to a memo from YCUA Engineering Manager Scott D. Westover, which requests authorization to award the 2012 sanitary sewer root treatment contract to Duke's Root Control, Inc., of Syracuse, New York. He indicated that the project advertisement was posted on the YCUA and Michigan Intergovernmental Trade Network websites and was provided to several statewide project clearing houses.

Mr. Mullapudi explained that sealed bids were received on August 14, 2012, bid documents were obtained by two prospective bidders, and one bidder submitted a proposal for this work on 24,000 feet of sanitary sewer. He pointed out that the sole bid was received from Duke's Root Control, Inc. in the amount of \$40,323.90.

Mr. Mullapudi also explained that, although it has been many years, the Authority has worked with this contractor in the past and staff feels they

are capable of performing the work. He further advised that this procedure is the most effective method to address root problems in Authority sanitary sewers that have previously been rehabilitated by cured-in-place pipe lining. Mr. Mullapudi stated that this is a budgeted O & M expense.

Mr. Mullapudi recommended approval of the Award of Contract re: 2012 Sanitary Sewer Root Treatment to Duke's Root Control, Inc. in the amount of \$40,323.90, along with an approximately 9% construction contingency in the amount of \$3,676.10, for a total project budget of \$44,000.

Motion by Bodary to approve the Award of Contract re: 2012 Sanitary Sewer Root Treatment to Duke's Root Control, Inc. in the amount of \$40,323.90, along with an approximately 9% construction contingency in the amount of \$3,676.10, for a total project budget of \$44,000. Support by Peoples.

Ms. Stumbo inquired as to why there was only one bidder from out of state. Mr. Mullapudi responded that there were two potential bidders but that one utilized a chemical that contained a carcinogen, so that bidder was not further considered.

In favor: All. Opposed: None. (Motion carried)

F. Request to Approve - Award of Contract re: Pearl Relief Sanitary Sewer Repair - Sree Mullapudi

Mr. Mullapudi directed the Board's attention to a memo from YCUA Engineering Manager Scott D. Westover, which requests authorization to award the Pearl relief sanitary sewer repair contract to Fonson, Inc., of Brighton, Michigan. He indicated that the project advertisement was posted on the YCUA and Michigan Intergovernmental Trade Network websites and was provided to several statewide project clearing houses.

Mr. Mullapudi explained that sealed bids were received on August 20, 2012, bid documents were obtained by eight prospective bidders, and five bidders submitted a proposal for this work on 24 feet of sanitary sewer. He pointed out that the low, responsible bid was received from Fonson, Inc. in the amount of \$44,170.

Mr. Mullapudi also explained that, although the Authority has not worked with this contractor in the past, staff feels they are capable of performing the work. He further advised that a section of the relief sewer at Pearl Street needs to be repaired as part of the work necessary to eliminate the SSO that periodically occurs at Michigan Avenue and Huron Street. Mr. Mullapudi stated that this project will be paid through the O & M budget.

Mr. Mullapudi recommended approval of the Pearl relief sanitary sewer repair contract award to Fonson, Inc., of Brighton, Michigan in the amount of \$44,170, along with an approximately 13% construction contingency in the amount of \$5,830, for a total project budget of \$50,000.

Motion by Bodary to approve the Award of Contract re: Pearl Relief Sanitary Sewer Repair to Fonson, Inc., of Brighton, Michigan in the amount of \$44,170, along with an approximately 13% construction contingency in the amount of \$5,830, for a total project budget of \$50,000. Support by Doe.

Mr. Bodary asked for more information on the location of this project. Mr. Mullapudi responded with a detailed description of the project area and scope of work. Mr. Doe inquired as to the need for a higher contingency. Mr. Mullapudi responded that the bid came in significantly lower than the in-house estimates, particularly in terms of the manhole modifications in Huron Street. He confirmed that the contractor met the bid specifications and that there will be performance, payment, and maintenance and guarantee bonds.

Mr. Mullapudi pointed out that the other bidders' quotes were more in line with in-house estimates and explained the low bidder's significant decreases in cost in greater detail. He added that he performed due diligence in investigating the contractor's past performance and that all reports were favorable.

In favor: All. Opposed: None. (Motion carried)

G. Request to Approve - OHM Proposal re: Northeast Area Phase 5 Water Supply Improvements – Sree Mullapudi

Mr. Mullapudi directed the Board's attention to a memo from YCUA Engineering Manager Scott D. Westover, which requests authorization to approve OHM's proposal for design phase engineering services for the Northeast Area phase 5 water supply improvements project in the amount of \$47,500. He indicated that the project will consist of installation of approximately 3,000 feet of 8-inch diameter pipe to improve the water supply system south of Holmes Road and east of Willow Run High School in the Charter Township of Ypsilanti.

Mr. Mullapudi explained that the utility work will precede paving improvements scheduled in the project area to be completed by the Washtenaw County Road Commission. He pointed out that, given OHM's experience on both previous and currently ongoing water supply system improvements projects for the Authority, it is felt they are the best option

for providing engineering services to design and assist in the bidding process for the improvements.

Mr. Mullapudi also explained that engineering design needs to be completed so that the Authority can bid and construct the utility improvements prior to the road work planned for the project area. He acknowledged that it is anticipated that the Authority will sell bonds to finance this project.

Mr. Mullapudi recommended approval of OHM's proposal for design phase engineering services for the Northeast Area phase 5 water supply improvements project in the amount of \$47,500.

Motion by Doe to approve the OHM's proposal for design phase engineering services for the Northeast Area phase 5 water supply improvements project in the amount of \$47,500. Support by Peoples.

Ms. Stumbo inquired as to whether this project will include paving work coordinated with the road commission. Mr. Mullapudi responded affirmatively. Ms. Stumbo added that storm water runoff issues have been a concern lately on projects that have completed and asked that this be addressed with the drain commission as well. Mr. Mullapudi and Matthew Parks from OHM addressed her concerns in detail.

Mr. Bodary inquired as to whether the optional task regarding Spencer Lane would be included. Mr. Mullapudi responded that Spencer Lane is not being considered at this time. Stacey Reynolds then explained the detailed justification of it being added as an optional task.

In favor: All. Opposed: None. (Motion carried)

H. Request to Approve - OHM Proposal re: Smokler / Textile Subdivision Water Supply Improvements – Sree Mullapudi

Mr. Mullapudi directed the Board's attention to a memo from YCUA Engineering Manager Scott D. Westover, which requests authorization to approve OHM's proposal for design phase engineering services for the Smokler / Textile subdivision water supply improvements project in the amount of \$196,000. He indicated that the project will consist of installation of approximately 13,600 feet of 8-inch and 12-inch diameter pipe to improve the water supply system between Textile Road and Huron River Drive, west of Tuttle Hill Road, in the Charter Township of Ypsilanti.

Mr. Mullapudi explained that the utility work will precede paving improvements scheduled in the project area to be completed by the Washtenaw County Road Commission. He pointed out that, given OHM's

experience on both previous and currently ongoing water supply system improvements projects for the Authority, it is felt they are the best option for providing engineering services to design and assist in the bidding process for the improvements.

Mr. Mullapudi also explained that engineering design needs to be completed so that the Authority can bid and construct the utility improvements prior to the road work planned for the project area. He acknowledged it is anticipated that this project will be eligible for and receive a low-interest loan through the DWRP program.

Mr. Mullapudi recommended approval of OHM's proposal for design phase engineering services for the Smokler / Textile subdivision water supply improvements project in the amount of \$196,000.

Motion by Peoples to approve the OHM Proposal re: Smokler / Textile Subdivision Water Supply Improvements in the amount of \$196,000. Support by Cameron.

Mr. Peoples inquired as to the specific location of this work. Board members responded with details of the area in consideration. Ms. Stumbo commented that there have been a lot of main breaks in the area. Mr. Castro indicated that she is correct.

In favor: All. Opposed: None. (Motion carried)

I. Request to Approve - OHM Proposal re: Snow / Bradley / I-94 Water Main Improvements – Sree Mullapudi

Mr. Mullapudi directed the Board's attention to a memo from YCUA Engineering Manager Scott D. Westover, which requests authorization to approve OHM's proposal for design phase engineering services for the Snow / Bradley / I-94 water supply improvements project in the amount of \$32,500. He indicated that the project will consist of installation of approximately 12,000 feet of 8-inch and 12-inch diameter pipe to improve the water supply system bounded by Rawsonville Road to the east, Grove Road to the south, Ide Street to the west, and I-94 to the north in the Charter Township of Ypsilanti.

Mr. Mullapudi explained that the utility work will precede paving improvements scheduled in the project area to be completed by the Washtenaw County Road Commission. He pointed out that, due to the fact that OHM performed the previous design phase engineering for this project during 2006, it is felt they are the best option for providing engineering services to update the design and assist in the bidding process for the improvements.

Mr. Mullapudi also explained that engineering design needs to be completed so that the Authority can bid and construct the utility improvements prior to the road work planned for the project area. He acknowledged that it is anticipated that the Authority will sell bonds to finance this project.

Mr. Mullapudi recommended approval of OHM's proposal for design phase engineering services for the Snow / Bradley / I-94 water supply improvements project in the amount of \$32,500.

Motion by Peoples to approve the OHM Proposal re: Snow / Bradley / I-94 Water Main Improvements in the amount of \$32,500. Support by Cameron.

Ms. Stumbo inquired as to whether this project is slated for 2013. Mr. Mullapudi responded affirmatively. Mr. Parks interjected with detailed information regarding the changes that needed to be made after the Liberty Square demolition portion of the project was completed by the Township along with other changes that became necessary.

In favor: All. Opposed: None. (Motion carried)

J. Request to Approve - Change Order No. 1 re: Tyler Pond Trestle Repairs – Sree Mullapudi

Mr. Mullapudi directed the Board's attention to a memo from YCUA Engineering Manager Scott D. Westover, which requests authorization to approve change order no. 1 (final) for the Tyler Pond trestle repairs in the amount of \$2,000. He indicated that this amount reflects the cost for additional bracing adjacent to the most deteriorated piling, which included replacement of an existing diagonal timber that was more deteriorated than it appeared during the initial inspection of the trestle, as well as installation of cable support from the steel splint tied to two opposite, undamaged piles. Mr. Mullapudi explained that both measures were identified as prudent to further prevent the deteriorated piling from failing horizontally. He pointed out that this project will be paid through the O & M budget.

Mr. Mullapudi recommended approval of change order no. 1 (final) on the Tyler Pond trestle repairs in the amount of \$2,000.

Motion by Cameron to approve Change Order No. 1 re: Tyler Pond Trestle Repairs in the amount of \$2,000. Support by Peoples.

Ms. Stumbo inquired as to the amount of the contingency. Mr. Mullapudi responded that the contingency was in the amount of \$7,000 for a total project cost of \$50,000.

In favor: All. Opposed: None. (Motion carried)

K. Request to Approve - Award of Contract re: 2012 Incinerator Emissions Testing – Perry M. Thomas

Mr. Thomas directed the Board's attention to his memo, which requests authorization to award the 2012 incinerator emissions testing contract to Bureau Veritas North America in the amount of \$15,725 along with the results of the sealed bids, showing Bureau Veritas as the low bidder. He indicated that the Michigan Department of Environmental Quality (MDEQ) requires that YCUA measure the concentration of Carbon Monoxide and Mercury in the flue gas exhaust of the incinerator annually.

Mr. Thomas explained that, this year, YCUA elected to test for several other pollutants for its own information. He pointed out that the latter were identified as optional and acceptance of any or all is YCUA's sole discretion.

Mr. Thomas also explained that the Authority has worked with this contractor several times in the past and that staff feels they are capable of performing the work. He acknowledged that this is a budgeted O & M expense.

Mr. Thomas recommended approval of the 2012 incinerator emissions testing contract award to Bureau Veritas North America in the amount of \$15,725.

Motion by Peoples to approve the Award of Contract re: 2012 Incinerator Emissions Testing to Bureau Veritas North America in the amount of \$15,725. Support by Doe.

In favor: All. Opposed: None. (Motion carried)

L. Fund Balance Report – Dwayne Harrigan

Mr. Harrigan directed the Board's attention to the Fund Balance Report for July 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.

M. Financial Report – Authority Net Assets – Dwayne Harrigan

There was no discussion on the Authority Net Assets report.

N. Usage Report – Consumption Report – Jeff Castro

Mr. Castro 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.

O. Attorney's Report –Thomas E. Daniels

Mr. Daniels advised the Board that he has no report for the month.

P. Environmental Report – Perry M. Thomas

Mr. Thomas advised the Board that YCUA submitted its July 12th discharge monitoring report and complied with all requirements. He indicated that the new NPDES permit is currently in the 30-day public notice period, which, barring any comments from the public, will be approved on September 12th.

Mr. Thomas explained that the industrial pretreatment program revisions are also in the 30-day public notice period, which will be also approved on September 12th unless there are comments from the public that require changes.

He pointed out that, in response to the violation notice received for the sanitary sewer overflow occurring at Michigan Avenue and Huron Street, YCUA will be proceeding with the Pearl Street relief sewer project which was just approved by the Board and that staff hopes to have the work completed at the end of October. Mr. Thomas also explained that this diversion will decrease the flow south on the Huron Street sewer, thereby allowing staff to close the opening which is permitting sewage to flow into the storm water system. He further advised that this will resolve the violation notice.

Mr. Thomas stated that the Snow Road improvements project, which is the final item related to the district compliance agreement, is well on its way and, when the work is finished, the district compliance agreement will be terminated.

Informational only; no motion from the Board required.

Q. Director's Report – Jeff Castro

Mr. Castro advised the Board that he has no report for the month.

4. OLD BUSINESS:

There was no old business for the month.

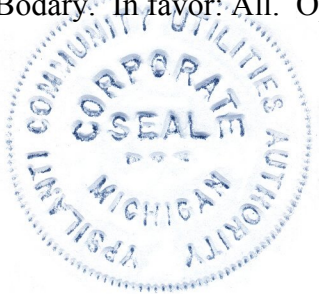
- 5. OTHER BUSINESS:** Ms. Stumbo welcomed new YCUA Board member Michael Bodary. She indicated that he will be a great asset to the Board. Ms. Stumbo asked that a discussion take place at the September Board meeting regarding a change in the day and time for future meetings.

6. **STATEMENTS AND CHECKS:** Motion by Doe to pay the bills in the amount of \$5,736,856.68. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

7. **PUBLIC COMMENTS:**

Mr. Thomas advised the Board that a mass mailing recently went out to approximately 1,700 homes in the area, advising customers about the \$1.6 million odor control project currently underway, which will be completed this fall. Ms. Stumbo inquired as to whether any calls were received in response to the mailing. Mr. Thomas responded that there have been none.

8. **ADJOURNMENT:** Motion by Doe to adjourn the meeting at 9:51 a.m. Support by Bodary. In favor: All. Opposed: None. (Motion carried)



Respectfully submitted,

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

ANDREW CAMERON, Secretary - Treasurer