



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Wednesday, August 22, 2018 – 4:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

Members Present: Brenda L. Stumbo, Michael Bodary, Jon R. Ichesco, and Larry J. Doe.

Members Absent: Keith P. Jason.

1. **CALL TO ORDER:** Ms. Stumbo called the meeting to order at 4:00 p.m.
2. **MINUTES OF THE PREVIOUS MEETING:** Motion by Doe to receive and file the minutes of the July 25, 2018 meeting as presented. Support by Bodary. In favor: All. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
 - A. **Request to Approve – Fiscal Year 2018 – 2019 Budget – Jeff Castro**

Mr. Castro advised the Board that, if approved, this budget will take effect September 1, 2018. He indicated that the budget projects water and sewer sales in the Township and City Divisions to remain about the same as the 2017 – 2018 budget.

Mr. Castro explained that the budget also includes a recommended modification to the water and sewer rate structure. He pointed out that the proposed budget produces cash after operating expenses, non-operating items, and bond principal payments of about \$500,000 in the City Division and \$2 million in the Township Division, totaling \$2.5 million for the Authority. Mr. Castro also explained that this cash is available for capital projects for the fiscal year 2018 – 2019 and is needed to replace various components in the water distribution and sewage collection systems, wastewater treatment infrastructure, and to maintain bond covenant.

He further advised that, with the approval of this budget, the Board will also need to take action on the rate study rate modification, which is the

next item on the agenda. Mr. Castro stated that the Finance Committee met and recommends approval of the proposed budget.

Motion by Doe to approve the Fiscal Year 2018 – 2019 Budget. Support by Bodary.

Ms. Stumbo inquired as to the percentage that the Fund Balance represents. Mr. Harrigan responded that it is about 40% if restricted is included. He added that there is a \$20 million fund balance for a \$45 million budget.

Ms. Stumbo inquired as to the level of funding for OPEB and pension. Mr. Harrigan responded that the Authority is in the process of getting the OPEB re-evaluated. He indicated that it was at 80% and he is hoping it will be between 90 to 100% after re-evaluation. Mr. Harrigan indicated that the pension is just under 60% and he is hoping that will increase with the new audit. The topic was then discussed in detail.

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

B. Request to Approve and Recommend – Fiscal Year 2018 – 2019 Water and Sewer Rates – Jeff Castro

Motion by Doe to approve the Fiscal Year 2018 – 2019 Water and Sewer Rates. Support by Bodary.

Mr. Castro advised the Board that this is not a water rate upgrade but rather a rate study and is based on what needs to be done to maintain the Authority's fixed costs. He indicated that this rate study opens up everything including bonds, surcharge, and removal of the minimum usage. Mr. Castro explained that is definitely a fair rate and is the normal process at 75% of the communities. He pointed out that the minimum usage structure has been in place since the 1970s and it is time to move forward.

Vic Cooperwasser from Tetra Tech addressed the Board. The matter was then discussed at length.

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

C. Request to Approve – Purchase of Bypass Pump in the Amount of \$46,037 (O & M Expense Account No. 594-597) – Stacey L. Reynolds

Motion by Bodary to approve the Purchase of Bypass Pump in the Amount of \$46,037 (O & M Expense Account No. 594-597). Support by Doe.

Mr. Reynolds advised the Board that the bypass pump is used in emergency situations when a pump station goes offline and also during

emergency main repairs when flow needs to be diverted. He indicated that nine bids were received ranging from \$29,000 to \$109,000 and only two met specifications.

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

D. Fund Balance Report – Dwayne Harrigan

Informational only; no motion from the Board required.

E. Financial Report – Authority Net Assets – Dwayne Harrigan

Informational only; no motion from the Board required.

F. Usage Report – Consumption Report – Jeff Castro

Informational only; no motion from the Board required.

G. Attorney’s Report – Thomas E. Daniels

Mr. Daniels was not present to provide an Attorney’s Report.

H. Human Resources Report – Kevin M. Welch

Mr. Welch was not present to provide a Human Resources Report.

I. Director’s Report - Jeff Castro

Mr. Castro brought to the Board’s attention to a document that is part of item 3.B. He indicated that it is a letter of understanding agreement between YCUA and Pittsfield Township that was drafted by Attorney Daniels.

Mr. Castro explained that, when the city and township merged in 1974 to form YCUA, a 30-year contract was signed with Pittsfield Township. He pointed out that there was verbiage included in their agreement that reflected the Ypsilanti Township ordinance’s second-step rate based on consumption, which has not been a provision in more current ordinances for many years.

Mr. Castro also explained that Pittsfield Township has asked that this obsolete language be removed from their agreement going forward. He further advised that this only makes sense since YCUA has been charging its contract communities the same commodity rate as it does for Ypsilanti Township residents.

The topic was then discussed in more detail.

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 Ichesco to pay the current month's bills in the amount of \$4,341,738.37. Support by Bodary. 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 4:37 p.m. Support by Bodary. In favor: All. Opposed: None. (Motion carried.)



Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jon R. Ichesco", is written over a horizontal line.

JON R. ICHESCO, Secretary - Treasurer