



Minutes

**YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Wednesday, June 28, 2023 – 3:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112**

Members Present: Michael Bodary, Larry J. Doe, Jon R. Ichesco, Gloria C. Peterson, and David Ostrowski.

Members Absent: None.

1. **CALL TO ORDER:** Mr. Bodary called the meeting to order at 3:00 p.m.
2. **MINUTES OF THE PREVIOUS MEETING:** Motion by Doe to correct the minutes as discussed and file the minutes of the May 24, 2023, meeting. Support by Ichesco. In favor: Bodary, Doe, Ichesco, Peterson, and Ostrowski. Opposed: None. (Motion carried.)
3. **NEW BUSINESS:**
 - A. **Request to Approve – Vice Chair and Personnel Committee Member Appointments – Luther Blackburn**

Motion by Peterson to approve Request to Approve - Vice Chair and Personnel Committee Member Appointments. Support by Doe.

Mr. Bodary inquired as to whether the by-laws require that the Chair and Vice Chair be from different divisions (i.e. Township or City). Mr. Blackburn responded that he is not aware of such a requirement. Mr. Doe commented that such an arrangement does not affect voting.

The Commissioners then further discussed whether the appointment of the Vice Chair and Personnel Committee could be separate, to which Ms. Peterson responded that she recommends making separate motions for such appointments. The matter was further discussed.

Mr. Blackburn commented that having the Vice Chair and Secretary-Treasurer held by the same Commissioner was something that he had not seen in the past. Mr. Blackburn further stated that he would need to speak with Matt Jane on the matter of whether a Commissioner could hold two

appointments. Mr. Blackburn recommended that he discuss the matter with Mr. Jane and bring this information back to the Board in July. The matter was further discussed.

The motion for the appointment of the Vice Chair was tabled. In favor: Bodary, Doe, Peterson, Ichesco, and Ostrowski. Opposed: None. (Motion carried.)

Motion by Peterson to approve Request to Approve - Personnel Committee Member Appointment of David Ostrowksi. Support by Doe.

In favor: Ichesco, Doe, Peterson, Bodary, and Ostrowski. Opposed: None. (Motion carried.)

B. Request to Approve – Fiscal Year 2023 – 2024 Budget – Luther Blackburn and Dwayne Harrigan

Motion by Doe to approve Request to Approve – Fiscal Year 2023 – 2024 Budget. Support by Ichesco.

Mr. Blackburn explained that the main drivers in this year's budget are the management of record-high inflation and continued investment in our system's infrastructure. Mr. Blackburn stated that the previous fiscal year was a rebound year for the Authority, but a major question raised by Mr. Harrigan is whether last year is a new baseline, or moving forward will it be considered a year of high consumption. A presentation was then displayed for the Board.

Mr. Blackburn stated that revenue is forecasted to be \$48.4 million while expenses come in at \$49 million. He pointed out that the last five years, indicate 2018 was a record year with 2022 being a rebound year. Mr. Blackburn noted 474,000 MCF of usage has been budgeted conservatively for next year.

Mr. Blackburn indicated that the primary drivers that put pressure on this year's budget which contribute to 1 million in increases from last year's budget include \$400,000 in professional services (e.g. engineering, skilled trades, contractor services, etc.), utilities (increases are attributed to fixed prices on natural gas which will expire), parts (estimating \$200,000), and \$50,000 in chemicals (trend for chemicals continue to increase). Capital acquisitions include road repairs, backhoes, and vehicles. Vehicles were not purchased last year, but vehicles have again been budgeted for purchase within the fleet for next year.

Mr. Blackburn then provided an overview of current capital improvement projects. Projects are not at the same phase, some being conceptual, and others already receiving bids such as the ones on the agenda. Mr.

Blackburn explained that having projects in the revolving fund programs allows the Authority to be eligible for loan dollars and loan forgiveness.

Mr. Harrigan then provided an overview of bond payments. Mr. Harrigan explained that the bond payments are going up temporarily by a million dollars, but then an additional 10 bonds will drop off over the next 5 years. Mr. Harrigan pointed out that the list does not include new projects which may be added.

Mr. Blackburn advised the Board of a 4% increase that was received by the Great Lakes Water Authority which becomes effective July 1st. Mr. Blackburn then stated for an average City bill (10 units of usage), the bi-monthly cost would be \$136.46. This is an increase of \$5.25 per bill. For an average Township bill (10 units of usage), the bi-monthly cost would be \$103.10. This is an increase of \$3.97.

Mr. Blackburn then discussed rates from other communities. Mr. Blackburn stated that the City continues to be on the higher side, while the Township continues to be on the lower side. He then stated that neither rates were the highest or lowest in Southeast Michigan.

Mr. Blackburn then advised the Board of programs for low-income customers which includes the Water Residential Assistance Program and the Household Water Assistance Program.

Mr. Doe inquired about the 1 million in debt payment increase along with the new bond payments being added. Mr. Harrigan responded that the budget is cash positive for next year by about \$500,000. Mr. Harrigan explained that last year's 4% rate increase only brought in about 2% in additional revenue due to consumption. Mr. Doe stated that the fund balance is shrinking and that he is bothered by it.

Mr. Ostrowski then inquired about the rate increase received last year from Great Lakes Water Authority. Mr. Blackburn responded that it was 3.5%. Mr. Blackburn then explained that sometimes there is confusion regarding Great Lakes increases because what is heard on the radio, the 4% cap is a cap on the revenue side and not the rate. Mr. Blackburn further explained that such rates are also impacted by the characteristics of the community's contract.

Mr. Ichesco then inquired about the variability in the net remaining cash in the budget over multiple years. Mr. Harrigan responded that variability is primarily the result of flow predictions. Mr. Blackburn also stated that some of the future numbers are based upon 3% escalators, and thus are not as accurate. The matter was then discussed at length.

Mr. Ichescio then inquired about a loss in staffing. Mr. Blackburn responded that there are no major changes and that staffing levels have been fairly consistent, but some positions have been added.

Mr. Bodary then inquired about the net income and loss going down. Mr. Harrigan responded that some are due to depreciation and the budget numbers being fairly conservative.

Mr. Ostrowski then inquired about the number of increases from Great Lakes Water Authority and the oversight of these increases. Mr. Blackburn explained that rates are based upon six characteristics, one being distance which is not in YCUA's favor. YCUA does benefit from storage capacity, which has allowed us to keep the peak day rates down. Mr. Blackburn further stated that YCUA has data on a number of utilities and is familiar with where YCUA rates compare within Southeast Michigan. Mr. Bodary concurred with the information discussed and pointed out that he has been happy with Great Lakes and that most importantly, the water is safe to drink.

In favor: Bodary, Ichescio, Doe, Peterson, and Ostrowski. Opposed: None.
(Motion carried.)

C. Request to Approve and Recommend – Fiscal Year 2023 – 2024 Water and Sewer Rates – Luther Blackburn

Motion by Doe to approve Request to Approve and Recommend – Fiscal Year 2022 – 2023 Water and Sewer Rates. Support by Ichescio.

Mr. Blackburn advised the Board that this relates to the 4% increase in water and sewer rates. Mr. Blackburn then re-reviewed the costs on an average customer's bill. Mr. Blackburn stated that if the Board approves the rates, the increases would be taken to the City and Township. Mr. Blackburn pointed out that if the water rate increase is approved, it would not have to be taken to the Township since it is the same amount as the Great Lakes increase.

In favor: Bodary, Ichescio, Doe, Peterson, and Ostrowski. Opposed: None.
(Motion carried.)

D. Request to Approve – YCUA Resolution No. 23-5 Authorizing Issuance of \$10.455 Million 2023 Wastewater System Bonds for Fourth Quarter SRF Project 5787-01 (City of Ypsilanti and Charter Township of Ypsilanti) – Luther Blackburn and Tom Colis

Motion by Peterson to approve Request to Approve – YCUA Resolution No. 23-5 Authorizing Issuance of \$10.455 Million 2023 Wastewater System Bonds for

Fourth Quarter SRF Project 5787-01 (City of Ypsilanti and Charter Township of Ypsilanti). Support by Ostrowski.

Mr. Colis stated that the Headworks Odor Control Improvements and UV Disinfection projects are part of this bond and since these are treatment plant projects, both local units will benefit. Contracts are in place and notices are running and should expire in the next week or so. Mr. Colis further stated these projects are eligible for funding through the Clean Water State Revolving Fund and financing would be up to 10.455 million dollars. Project costs are estimated to be slightly more, but YCUA is eligible for an American Rescue Plan Grant for \$799,500. The repayment of the bond will not begin until April 2024 (interest only), and principal payments are estimated to start in April 2026. Principal payments will begin within one year of project completion. Financing is for 20 years, with a fixed rate of 1.875% and the bonds can be paid off early.

Mr. Colis further stated the resolution will authorize the Board Chair and Secretary-Treasurer to sign the documents for execution of the loan in the not to exceed amount. The final bond amount will be based on the amount of money drawn on the project.

Mr. Colis stated that the debt service for the project is estimated to be about \$630,000. Mr. Doe asked inquired whether that is broken up between the City. Mr. Colis responded that that was the total amount and would have to be broken up between the City and contract communities. Mr. Blackburn stated that WTUA makes up about 50%, the remaining contract communities make up 25-30% and the remaining portion is between the City and Township.

In favor: Bodary, Ichesco, Doe, Peterson, and Ostrowski. Opposed: None.
(Motion carried.)

E. Request to Approve – YCUA Resolution No. 23-6 re: Tentative Award of Construction Contract for WWTP Ultraviolet Disinfection Original Channels Retrofit in the Amount of \$1,675,000 (SRF Project Account No. 5787-01) – Scott D. Westover

Motion by Doe to approve Request to Approve – YCUA Resolution No. 23-6 re: Tentative Award of Construction Contract for WWTP Ultraviolet Disinfection Original Channels Retrofit in the Amount of \$1,675,000 (SRF Project Account No. 5787-01). Support by Ichesco.

Mr. Westover stated that the Board Packet includes a resolution required by the Clean Water State Revolving Fund Program. Included is a recommendation letter from Tetra Tech with a bid tab regarding the UV original channels. Process Piping out of Howell was the lowest bidder. Process Piping recently completed the work on the 4th channel. Mr. Westover stated that he believes Process Piping was also the contractor for the original installation and that we recommend

approval of the resolution.

In favor: Bodary, Ichesco, Doe, Peterson, and Ostrowski. Opposed: None.
(Motion carried.)

F. Request to Approve – YCUA Resolution No. 23-7 re: Tentative Award of Construction Contract for WWTP Headworks Odor Control Improvements in the Amount of \$7,998,000 (SRF Project Account No. 5787-01) – Scott D.

Westover

Motion by Ichesco to approve Request to Approve – YCUA Resolution No. 23-7 re: Tentative Award of Construction Contract for WWTP Headworks Odor Control Improvements in the Amount of \$7,998,000 (SRF Project Account No. 5787-01). Support by Doe.

Mr. Westover advised that this is the 2nd of the two construction contracts related to the bond and goes hand in hand with the last item. The projects include improvements to the odor control system at the headworks of the plant as well as the rehabilitation of the influent wetwell. The packet includes a recommendation letter from CDM Smith and a bid tab. Mr. Westover stated YCUA has not worked with Spence Brothers in the past but believes they may have been a sub at some time. Mr. Westover stated that Spence is a reputable firm and recommends approval of the resolution.

Mr. Doe inquired as to whether the project will improve the odors at the plant. Mr. Westover advised that this project essentially replaces the equipment in kind which staff believe does a good job.

Mr. Bodary inquired about the up-and-down nature of the odors. Mr. Blackburn responded that there are shortcomings to the existing system, but chemical scrubbing, which is being proposed to be maintained, is one of the most robust and proven technologies for such pollutants. Mr. Blackburn further stated that with additional air draw at the influent wetwell, improved electrical system, new fans, that we should expect more uptime and improvements.

In favor: Bodary, Ichesco, Doe, Peterson, and Ostrowski. Opposed: None.
(Motion carried.)

G. Request to Approve – Engineering Services Budget Amendment Request re: WWTP Headworks Odor Control Improvements in the Amount of \$49,951.90 (SRF Project Account No. 5787-01) – Scott D. Westover

Motion by Ichesco to approve Request to Approve – Engineering Services Budget Amendment Request re: WWTP Headworks Odor Control Improvements in the Amount of \$49,951.90 (SRF Project Account No. 5787-01). Support by Doe.

Mr. Westover noted that the packet includes and proposed amendment from CDM Smith. Staff have reviewed the amendment and discussed it with CDM Smith for

items that were out of the original scope of work. Although not confirmed, Mr. Westover expects these costs will be eligible for reimbursement through the revolving fund program.

Mr. Doe inquired about whether the project includes a contingency. Mr. Westover indicated that we did not request a contingency on the engineering budget and have not done so for a few years. Mr. Westover did state that the loan does include a 6% contingency on the overall cost. Mr. Colis indicated that this contingency amount is \$630,000.

In favor: Bodary, Ichesco, Doe, Peterson, and Ostrowski. Opposed: None.
(Motion carried.)

H. Request to Approve – Purchase of Drive Unit for West Primary Clarifier in the Amount of \$84,500 (O & M Expense Account No. 550-727) – Sree Mullapudi

Motion by Doe to approve Request to Approve – Purchase of Drive Unit for West Primary Clarifier in the Amount of \$84,500 (O & M Expense Account No. 550-727). Support by Ostrowski.

Mr. Mullapudi stated that the packet includes a request to procure a drive unit for one of the west primary clarifiers. He advised the Board that the drive mechanism on #2 was damaged, and thus it was swapped with the unit from #3 which had the damaged skimmer. Ovivo is the company that procured the original manufacturer and has provided the enclosed quote. Costs include a service representative to be onsite.

In favor: Bodary, Ichesco, Doe, Peterson, and Ostrowski. Opposed: None.
(Motion carried.)

F. Fund Balance Report – Dwayne Harrigan

Informational only; no motion from the Board required.

G. Financial Report – Authority Net Assets – Dwayne Harrigan

Informational only; no motion from the Board required.

H. Usage Report – Consumption Report – Luther Blackburn

Mr. Blackburn advised the Board that the month-to-month comparison shows that water consumption is up 10.8% and sewer consumption is down 9.9%. He indicated that the year-to-date comparison shows that water consumption is down 1.7% and sewer consumption is down 10.7%.

Informational only; no motion from the Board required.

I. Attorney's Report – Matthew T. Jane

Mr. Jane was not in attendance. Mr. Blackburn indicated that he would follow up with Mr. Jane on the questions raised under agenda item A.

Informational only; no motion from the Board required.

J. Executive Director's Report – Luther Blackburn

Mr. Blackburn stated that Mr. Knapp has some information that he would like to share with the Board. Mr. Knapp stated that he would like to cover some of the timelines for the City's Bicentennial. Mr. Knapp advised the Board that YCUA assisted the City in exhuming the time capsule at Stone Tower. The time capsule contents will be revealed 30 minutes after the conclusion of the July 4th parade in Riverside Park. The Bicentennial Commissioners have invited the YCUA Board to a commemorative photo opportunity where the time capsule was exhumed at Stone Tower. The photo opportunity will follow next month's board meeting at approximately 4:30 or 5 pm. The Bicentennial Commissioners, City Council, Francis McMullan (City Manager), and possibly Nicole Brown (City Mayor) may also be present.

The Bicentennial breakfast will start at 9 am on August 19th. Additional festivities will begin at 11 am and YCUA will have Stone Tower open for tours from noon to 4 pm. Mr. Bodary requested that Mr. Knapp provide the information in an email which he acknowledged.

Mr. Bodary then shared that the Bicentennial book is going to be released on Sunday, July 16th. Mr. Bodary indicated that the book will be presented to the authors and will then be available for purchase.

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 \$ 4,686,956.00. Support by Doe. In favor: Bodary, Doe, Ichesco, Peterson, and Ostrowski. 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 4:07 p.m. Support by Peterson. In favor: Ichesco, Doe, Peterson, Ostrowski, and Bodary. Opposed: None. (Motion carried.)

Respectfully submitted,

MICHAEL BODARY, Chair