

**DOWNRIVER UTILITY WASTEWATER AUTHORITY
MAY 12, 2022 MEETING MINUTES
CITY OF TAYLOR COUNCIL CHAMBERS WITH VIRTUAL OPTION**

1. Roll Call and Introductions

DUWA Chair Gail McLeod (Allen Park) called the hybrid meeting to order at 9:00 AM and asked for roll call to be taken. At the time of roll call, voting representatives were in attendance from 10 communities: Allen Park, Belleville, Dearborn Heights, Lincoln Park, River Rouge, Riverview, Southgate, Taylor, Van Buren Township, and Wyandotte. A quorum (at least 7 members) was present.

2. Approval of Agenda

Copies of the Agenda were made available prior to the meeting (Attachment 1). Motion by Mayor Bill Bazzi (Dearborn Heights) and supported by Doug Drysdale (Riverview) to approve the Agenda. The motion passed unanimously by all attending members.

3. Approval of Minutes from April 14, 2022 Board Meeting

Copies of the meeting minutes from the April 14, 2022 Board meeting were distributed by email prior to the meeting (Attachment 2). Motion by Greg Mayhew (Wyandotte) and supported by Rick Rutherford (Belleville) to approve the minutes. The motion passed unanimously by all attending members.

4. Legal Update

Attorney Jim Fausone, of Fausone Bohn, provided the Legal Update.

a. General Counsel Monthly Report

Attorney Fausone stated that a written summary of the monthly legal update was provided in the pre-meeting Board packet (Attachment 3). The Fausone Bohn team has been assisting the System Manager with various contract reviews as well as matters related to the roofing project, Arkema easement survey and access, BASF permit extension, and the Major Water Loss Policy. The Fausone Bohn team also participated in the Board Officer meeting and Technical Committee meeting.

5. System Manager Update

System Manager Lambrina Tercala, of OHM Advisors, provided a verbal summary of activities since the last meeting. A written summary was provided in the pre-meeting Board packet for the System Manager Report (Attachment 4).

a. System Manager Monthly Report

System Manager Tercala noted the following highlights from the System Manager Report:

- There will be numerous requests for authorizations related to the Small Capital projects. A summary sheet on the status of the Small Capital Budget was provided to the Board for reference.
- A follow-up meeting was held with EGLE regarding the NPDES permit language on the reduction vs. elimination of blending events. It is expected the NPDES permit

renewal language will focus on reducing blending events, but not provide a deadline to completely eliminate blending.

- The roofing repair work at the DWTF is complete. The Fausone Bohn team is assisting the System Manager with final project closeout. The Contractor has yet to provide the closeout documents.
- The Fordline Interceptor grouting work is complete. The post-inspection CCTV videos have been received and the repairs look good. HRC is working on compiling the project closeout documents.
- Live data feeds from DUWA's flow meters and rain gauges are now available for Veolia staff to monitor.
- Romulus is continuing to investigate the cause of their over-reported water usage. It is possible that an open interconnection with a neighboring municipality is the cause.
- DUWA's GIS database and map have been set up and are now ready for use. OHM's GIS team continues to work with Veolia staff on integration of data into the GIS.
- The Fausone Bohn team drafted a Major Water Loss Policy. This policy was updated after review by the Technical Committee and is now in review by the Legal Committee for additional comment. The Technical Committee will then review the final draft before it is presented to the Board at the next meeting.
- DUWA officers and professionals are developing a strategy to request ARPA funds from Wayne County. The Board previously approved a policy encouraging investment in ARPA dollars to infrastructure, including encouragement of Wayne County to allocate a portion of its ARPA funds to DUWA for critical infrastructure improvements. OHM and Fausone Bohn will present a formal request to the Wayne County Commissioners for ARPA funds on June 2nd at 9:00am. This presentation will include an overview of DUWA and the projects that DUWA has completed, as well as the request for ARPA funds that will be used for the UV disinfection improvements at the DWTF. DUWA would also provide a cost match towards this project. A meeting invitation for this presentation will be sent to the DUWA Board commissioners as well.
- A meeting will soon be held with Wyandotte Municipal Services to discuss electrical charges and the potential for a reduction in cost.
- It is recognized that the proposed rate package shows a larger rate increase this year than in previous years. \$1M was used from the rate stabilization fund to minimize the rate increase. The rate package will be further discussed later in the meeting.
- The Circle of Blue publication issued an article about the consequences of neglect on water infrastructure that may be of interest to the Board commissioners.

Chairperson Gail McLeod (Allen Park) asked the System Manager to provide the Board with a document summarizing the need for the UV disinfection improvements at the DWTF for their reference in potential discussions with the Wayne County Commissioners.

Attorney Kerry Morgan (Riverview's attorney) asked whether there has been any discussion with EGLE on whether they will reduce the number of allowed blending events per year for DUWA. System Manager Tercala responded that EGLE desired for there to be an elimination of blending events. EGLE's suggestion is that a frequency of one blending event every 10 years would be an acceptable level of service. The DWTF is not prepared to meet that blending frequency. Attorney Kerry Morgan (Riverview's

attorney) asked if EGLE determined if eliminating blending was a water quality issue. System Manager Tercala responded that DWTF's effluent permit limits are met during blending events, and thus water quality standards are met. EGLE's position is that the definition of secondary treatment is not being recognized during a blending event per the Clean Water Act, which is why EGLE wants to eliminate blending.

b. Veolia O&M Quick Guide

System Manager Tercala presented the Veolia O&M Quick Guide to the Board (Attachment 5). This was developed to provide a high-level overview of DUWA's O&M contract with Veolia as it has been a while since this contract was reviewed and in recognition that there are several new Board commissioners who may be unfamiliar with the terms of the contract. This quick guide will be updated annually with any future contract amendments and CPI changes related to the contract fee and repair fee thresholds.

c. Biosolids Dryer Facility Project

The biosolids dryer facility monthly progress report is provided in the pre-meeting Board package (Attachment 6). Construction is substantially complete. Startup of the thermal oil system is complete and the system is functioning properly. The team is performing checkouts and inspections on the entire system and all components. Startup of the dryer will occur when sludge is introduced to the system, which is anticipated to occur next week. The dryer will receive 0-25% of the DWTF's sludge during initial startup to allow for tweaks and adjustments to be made. Additional sludge (25-50% of the DWTF's sludge) will be added throughout the month of June while the dryer system continues to be fine-tuned. Substantial completion is anticipated to occur on June 30th, at which time the dryer will have been fully checked and inspected and is ready to receive 100% of the DWTF's sludge. The 30-day acceptance test is then anticipated to begin on July 11th and will end on August 12th.

The substantial completion date of June 30th is later than the mid-February date indicated in the original contract. Delayed delivery of the glass-lined pipe as well as knife gate valve issues caused the delay in project schedule. Walsh has been working closely with Pratt, the manufacturer of the knife gate valves, to make repairs, and the valves that have been repaired have since passed field testing. The bearings in the dryers also needed to be fixed, and these are anticipated to be repaired next week.

Veolia has had difficulty in identifying landfills willing to accept our current and future biosolids. Sludge hauling and disposal costs have significantly increased. If the dryer system was online a few months ago per the contract, fewer load outs would be needed. Thus, the System Manager will be working with the Fausone Bohn team to potentially assign liquidated damages for each day of work beyond the project schedule agreed to in the contract. It is important to note that there are two contracts involved with this project. One contract is with Walsh, who is the design-build entity, and the other is with Kruger, who manufactures the equipment.

6. Other Requests for Authorizations and Approvals

System Manager Mackenzie Johnson, of OHM Advisors, provided the following requests to the Board.

a. Engineering Task Order Requests

i. IPS Electrical Room HVAC Improvements

DUWA and Veolia are seeking opportunities to reduce the H₂S in the electrical room as it is a corrosive chemical that can lead to failure of electrical components. Additionally, vendors have indicated that they will not warranty equipment that is installed in the existing atmospheric conditions. Each of DUWA's three as-needed engineering firms submitted proposals to address the problem and implement improvements. HRC was the selected firm for the work. HRC's scope involves a detailed study to develop recommended improvements to address the H₂S issue and to analyze egress improvement options for a not-to-exceed fee of \$19,900 (Attachment 7). This fee will be paid from either DUWA's *Capital Outlay* or *Engineering Services* line items of the budget.

The Technical Committee reviewed this request, which at the time was for a fee of about \$70k, and recommended it for approval. Following further discussion with HRC, the scope was revised to limit the assessment to an options analysis only rather than proceeding with design of the recommended improvements.

Motion by Todd Saums (Van Buren Township) and supported by Dustin Lent (Southgate) to authorize HRC to perform a study of the IPS electrical room HVAC system for a not-to-exceed fee of \$19,900. This fee will be paid from DUWA's *Capital Outlay – H2S Controls* line item of the budget. Due to this motion being related to authorizing a professional services contract, a roll call vote is required. A roll call vote was taken and the motion passed with 75.6% of the vote (affirmative vote by all attending members). Motion passed unanimously.

ii. Phase 2 HVAC Improvements

The steam heating systems throughout the DWTF are in need of repair or replacement. Veolia's capital projects experts identified a three-phase approach to implement the HVAC improvements. Phase 1 involved servicing the two existing steam boilers to restore steam heat prior to the winter months. The Phase 1 work was completed several seasons ago. Phase 2 involves replacing the existing steam boiler system with a natural gas hot water boiler, which would service the Administration building, UV building, and former Solids Handling building.

Each of DUWA's three as-needed engineering firms submitted proposals to perform the design. Hazen and Sawyer was the selected firm for the work. Hazen and Sawyer's scope includes a heat loss analysis to properly size the boiler, development of a maintenance of plant operations strategy for use during construction, and preparation of design drawings and bid documents for solicitation for a not-to-exceed fee of \$54,936, which will be paid from either DUWA's *Capital Outlay* or *Engineering Services* line items of the budget (Attachment 8). This project is WIFIA eligible, thus it is desired to achieve substantial completion by the end of 2022. In order to meet this schedule, a preferred HVAC contractor will be brought on board during the design phase to identify critical equipment for early procurement to expediate construction. The project delivery will mock a design-build process, but two contracts will be in place.

The Technical Committee reviewed this request and recommended it for approval. The scope has since been slightly revised to include reference to the buildings that

will be impacted by the work as well as to recognize the mock design-build arrangement, but the fee remains the same.

Motion by Mayor Bill Bazzi (Dearborn Heights) and supported by Greg Mayhew (Wyandotte) to authorize Hazen and Sawyer to perform design services related to the Phase 2 HVAC improvements for a not-to-exceed fee of \$54,936. This fee will be paid from DUWA's *Capital Outlay – HVAC Improvements* line item of the budget. Due to this motion being related to authorizing a professional services contract, a roll call vote is required. A roll call vote was taken and the motion passed with 75.6% of the vote (affirmative vote by all attending members). Motion passed unanimously.

iii. SFE Piping Replacement

The existing Screened Final Effluent (SFE) piping is showing signs of deterioration that may impact its structural integrity. The SFE header may also be oversized for the current demand. It is desired to replace and right-size the SFE piping, especially considering its increased criticality once the dryers come online. Each of DUWA's three as-needed engineering firms submitted proposals to perform the design. Wade Trim was the selected firm for the work. Wade Trim's scope involves performing a visual assessment of the header piping, providing recommendations on the pipe sizing, material selection, and valve locations, as well as providing a construction scope of work that can be performed by Veolia staff (Attachment 9). Wade Trim proposes to complete this work for a not-to-exceed fee of \$7,615, which will be paid from either DUWA's *Capital Outlay* or *Engineering Services* line items of the budget.

The Technical Committee reviewed this request and recommended it for approval. The System Manager has already authorized Wade Trim to perform the work for their proposed fee of \$7,615 in order to accelerate the project schedule as there is a desire to use Walsh and/or their subcontractors to perform the pipe replacement work as a part of their dryer project mobilization.

Motion by Dustin Lent (Southgate) and supported by Greg Mayhew (Wyandotte) to receive and file the action of the System Manager's authorization of Wade Trim's proposed scope for a not-to exceed fee of \$7,615. The motion passed unanimously with all attending members.

b. Manhole Repairs

Veolia staff identified five manholes needing repair throughout the collection system. The repair work involves resetting the manhole frame, installing a new frame or cover, and/or raising the manhole to grade. Veolia requests to work with Advanced Underground Inspection (AUI) to perform these manhole repairs for a not-to-exceed fee of \$19,855, inclusive of Veolia's 10% markup (Attachment 10). This cost will be paid from DUWA's *Capital Outlay – Other Critical Repairs* line item of the budget. The Technical Committee reviewed this request and recommended it for approval.

Dustin Lent (Southgate) asked how much progress has been made to date on the manhole inspections throughout the collection system. Jason Tapp, Veolia's General Manager, responded that Veolia has been trying to complete as many manhole inspections as possible and hopes to have all collection system manholes inventoried

and inspected within the next two years. Dustin Lent (Southgate) asked whether the Board could authorize Veolia to complete manhole repairs as-needed so as to not delay the repairs until the next Board meeting, especially considering that some may be safety hazards. System Manager Lambrina Tercala stated that the System Manager has the ability to authorize work for up to \$10k without Board approval, and as-needed manhole repairs could be authorized by the System Manager in this way. A policy could be developed on how emergency manhole repairs are addressed. However, the actions for the policy may already be consistent per an Emergency Contractor memo previously prepared by Fausone Bohn. If a separate policy is needed for manhole repairs, DUWA's Professionals will develop it and present it to the Board for approval at a future Board meeting.

Todd Saums (Van Buren Township) asked what types of repairs are needed. General Manager Tapp responded that most of the manholes need frame adjustments or replacements as they pose tripping hazards. Greg Mayhew (Wyandotte) asked if Veolia went out for public bid or if Veolia contacted AUI directly. General Manager Tapp responded that Veolia reached out to AUI directly as they have been very responsive and Veolia has had good experience with them in the past. Attorney Kerry Morgan (Riverview's attorney) asked if there is a typical price associated with manhole repairs, and if the proposed costs are in line with what would be expected. Rick Rutherford (Belleville) responded that the cost of the repair can only be determined once the manhole is fully inspected and recommended repairs are identified. Doug Drysdale (Riverview) added that Mike Tapp, of Veolia, could prepare an estimated budgetary list of manhole repairs that may be needed in the future based on the manhole conditions identified thus far. This budget could then be approved by the Board.

Motion by Rick Rutherford (Belleville) and supported by Mayor Bill Bazzi (Dearborn Heights) to authorize Veolia to perform five manhole repairs for a not-to-exceed fee of \$19,855, inclusive of Veolia's 10% markup. This fee will be paid from DUWA's *Capital Outlay – Other Critical Repairs* line item of the budget. The motion passed unanimously with all attending members.

c. RAS Line Replacement

Veolia General Manager Tapp presented the need for the replacement of the RAS line in aeration train 0. He stated that there is an 18-inch ductile iron pipe that takes sludge from the secondary clarifiers back to the aeration tanks to bring biomass back for oxygen. The corrosive nature of this environment heats the pipe from the inside-out causing numerous failures along the pipe. Veolia has welded on patches in the past, but if the patches are hit with a wire brush, they can fall off and create an even larger hole. Much of the pipe was replaced in 2014 except for the pipe along aeration train 0, which is still the original pipe. Veolia is looking to replace this pipe with Schedule 80 PVC as ductile iron is heavier and more expensive. Veolia requests to work with Seaway Mechanical to perform the pipe replacement for a not-to-exceed fee of \$37,743, inclusive of Veolia's 10% markup for plant coordination, wall penetration, lifting/rigging, and cleanup (Attachment 11). The Technical Committee reviewed this request and recommended it for approval.

Motion by Greg Mayhew (Wyandotte) and supported by Mayor Bill Bazzi (Dearborn Heights) to authorize Veolia to perform the RAS line repair for a not-to-exceed fee of \$37,743, inclusive of Veolia's 10% markup. This fee will be paid from DUWA's *Capital Outlay – RAS Line Repair* line item of the budget. The motion passed unanimously with all attending members.

d. PLC Upgrades

Veolia General Manager Tapp presented the need for PLC upgrades for the secondary clarifier control system as it has lost communication with the SCADA system. When PLCs fail, Veolia cannot see the secondary clarifiers on the control/observation system. Veolia desires to update the PLCs to prevent any more lost communication between the local equipment and the SCADA servers. The upgraded PLCs will also be Ethernet enabled.

Veolia reached out to three vendors to provide bids for the work. The two vendors that Veolia has previously worked with did not bid, and the third vendor, IMEG, provided a reasonable quote. Thus, Veolia requests to work with IMEG to furnish the equipment and complete the repairs for a not-to-exceed fee of \$71,500, inclusive of Veolia's 10% markup (Attachment 12). This cost is more than what was budgeted, so the work will be paid first from DUWA's *Capital Outlay – PLC Upgrades* line item of the budget, and additional funds will be pulled from DUWA's *Capital Outlay – Critical Repairs* line item of the budget to cover overages. This work is WIFIA eligible.

The Technical Committee reviewed this request, but a recommendation for approval was not requested as updated cost estimates for this work had not yet been received.

Attorney Kerry Morgan (Riverview's attorney) asked if there are any warranties on the old PLC equipment. General Manager Tapp responded that there are no warranties as this equipment is now 12 years old.

Motion by Doug Drysdale (Riverview) and supported by James Krizan (Lincoln Park) to authorize Veolia to perform the PLC upgrades for a not-to-exceed fee of \$71,500, inclusive of Veolia's 10% markup. This fee will be paid from DUWA's *Capital Outlay – PLC Upgrades* line item of the budget. The motion passed unanimously with all attending members.

e. Emergency Generator HMI and PLC Replacements

The DWTF's emergency backup power generators are controlled through an interface computer platform that has now failed, leaving the Veolia staff unable to visually interface with the generators. Replacement of the entire control system with a modern platform would over \$325k. Thus, Veolia is not looking to complete a full replacement, but rather would like to only replace the Human Machine Interface (HMI) and the operating system that allows the HMI to connect to the network. Veolia also plans to replace several PLCs as well. These replacements will not update the technology of the system, but will restore its connectivity.

Michigan CAT previously provided a quote in early 2019 for a cost of about \$55k to complete the replacements (Attachment 13). Veolia is awaiting an updated quote. The Technical Committee reviewed this project, but a recommendation for approval was not requested as updated cost estimates had not yet been received. A cost of \$75k was included in the Small Capital Budget for this work. This cost will be paid from DUWA's *Capital Outlay – HMI Replacement* line item of the budget, and this work is WIFIA eligible.

Motion by Rick Rutherford (Belleville) and supported by Mayor Bill Bazzi (Dearborn Heights) to authorize Veolia to perform the emergency generator HMI and PLC replacements for a not-to-exceed fee of \$75,000, inclusive of Veolia's 10% markup. This fee will be paid from DUWA's *Capital Outlay – HMI Replacement* line item of the budget. The motion passed unanimously with all attending members.

f. 2021 Gripper Repair Overage

The need to repair the Influent Pump and Tunnel Pump gripper components was identified as part of small capital budget planning for the FY2021 rate year. Each gripper repair was authorized by the Board in 2020 for a not-to-exceed fee of \$150k each, for a total not-to-exceed fee of \$300k. The scope of work included rebuilding the IPS and TPS grippers and trolleys that support the bar screens as well as furnishing a new updated control panel at the IPS. The final invoice received from the manufacturer was \$306,596.20, which exceeded the budgeted amount of \$300k due to additional parts that were needed for replacement. Veolia requests reimbursement for this overage (Attachment 14). This overage will be paid from DUWA's *Capital Outlay – Other Critical Repairs* line item of the budget. This project is also WIFIA eligible.

Motion by Doug Drysdale (Riverview) and supported by Dustin Lent (Southgate) to authorize payment to Veolia for \$6,596.20 in association with the overage related to the repair of the gripper components. This fee will be paid from DUWA's *Capital Outlay – Other Critical Repairs* line item of the budget. The motion passed unanimously with all attending members.

g. SCADA Storage Area Network Warranty Extension

DUWA maintains a warranty for the SCADA Storage Area Network (SAN), which is a virtual hard drive that is critical to the SCADA system. This warranty will expire at the end of May 2022. It is best practice to maintain a manufacturer's warranty should issues arise. The warranty is split between hardware and software support, both of which would be covered. A 1-year warranty costs \$2,241.40, and there is no cost savings for a multi-year warranty (Attachment 15). This warranty was budgeted for under DUWA's *Other Services & Charges – Software Maintenance* line item of the budget.

Mayor Bill Bazzi (Dearborn Heights) asked if the warranty could be extended beyond one year. System Manager Johnson responded that the warranty can be extended beyond one year for the same annual price. A quote was also received for a 2-year warranty which was simply double the price of the 1-year warranty. Doug Drysdale (Riverview) asked if the warranty could be extended for three years at this same annual price. System Manager Johnson responded that quotes were received for 1-year and 2-

year warranties, but not a 3-year warranty. A 3-year warranty quote could be requested if desired. Dustin Lent (Southgate) proposed to amend the motion for up to a 3-year warranty at an annual price of \$2,241.40.

Chairperson McLeod asked what level of warranty would cover the hardware and software based on the chart provided. System Manager Johnson responded that the hardware would be covered under the “Good” warranty option and the software would be covered under the “Better” warranty option.

Amended motion by Dustin Lent (Southgate) and supported by Rick Rutherford (Belleville) to authorize the purchase of up to a 3-year warranty renewal for the Storage Area Network for an annual cost of \$2,241.40. The warranty will be purchased under the *Other Services & Charges – Software Maintenance* line item of the budget. The motion passed unanimously with all attending members.

h. Wet Weather Flow SOP

In 2017, the Board approved a wet weather flow policy regarding the initiation of wet weather flow bypassing/blending. One of the provisions of the policy required that the Contract Operator develop and implement a standard operating procedure (SOP) for initiating bypassing during wet weather events. Veolia has prepared an SOP in support of this policy (Attachment 16). The SOP is written such that it provides flexibility for the operators to make decisions based on the storm event and the plant’s performance. The Technical Committee received a copy of this SOP as well.

Attorney Kerry Morgan (Riverview’s attorney) asked if this SOP would affect DUWA’s negotiations with EGLE regarding bypassing events. System Manager Tercala responded that this would not affect discussions with EGLE.

Motion by Greg Mayhew (Wyandotte) and supported by Dustin Lent (Southgate) to receive and file Veolia’s Wet Weather Flow Standard Operating Procedure in accordance with DUWA’s Wet Weather Flow Policy. The motion passed unanimously with all attending members.

7. Contract Operator Update

General Manager Jason Tapp, of Veolia, provided the Contract Operator update.

a. March 2022 MOR

The March 2022 Monthly Operating Report (MOR) was provided in the Board’s pre-meeting packet (Attachment 17). Highlights from the summary and other updates included the following:

- The plant remained within compliance for the month of March.
- No blending events have occurred yet this year.
- There is currently one maintenance position and one laborer position vacant.
- The plant is currently receiving about 12,000 lb/day of glycol from the airport, and this volume should decrease as summer approaches.
- Veolia staff has been performing spring cleaning activities on various equipment components throughout the plant.

- In March, the Southgate-Wyandotte flow control gate failed due to a rotted valve. Veolia staff repaired and recalibrated the gate and put it back into operation. This was a good reminder of the importance of performing periodic inspections on the critical weirs and gates around the facility.
- The Wet Weather Standard Operating Procedure document has been developed. It was important to consider the various dynamics that come into play, such as wetness conditions and storm size, when making the decision to begin blending as it is desired to maximize the plant's capacity.
- There has been an increase in Miss Dig tickets as the summer months approach.
- Two vent stacks along the interceptor had to be replaced due to damage from car accidents.
- Veolia staff continues to review safety initiatives such as the lockout/tagout process, AED use, use of fire extinguishers, and CPR training.
- The use of consumables is trending as expected.
- Pricing on commodities such as polymer, ferric chloride, and natural gas has significantly increased. This is expected to be a long-term issue.
 - The increased pricing on natural gas does not reflect the current supply and demand. Veolia's energy advisor, SourceOne, believes the natural gas prices will stabilize next year. DUWA plans to lock in the natural gas rate for the next few years so that DUWA can better plan and budget for the natural gas usage instead of being susceptible to market pricing.
- Veolia utilizes several subcontractors in the biosolids hauling process. NWS staff is onsite to coordinate truck filling and staging, and they have a third-party contractor that provides the drivers who take the trucks to the landfill. NWS is losing the third-party contractor so now there are multiple trucks sitting full waiting to be taken to the landfill. Veolia also plans to ramp up the second centrifuge which will increase biosolids production. Thus, Veolia is working on securing a second hauling company to provide drivers to take the trucks to the landfill. Veolia is also exploring other landfill options.
 - Veolia has been working with EGLE's biosolids experts to start the land application process, although recent discussions with EGLE indicated that they may ask for six months' worth of fecal data to demonstrate that the biosolids are Class A. Veolia plans to attempt to negotiate for reduced months' worth of data instead so as to not delay land application beyond the current growing season.
- Many maintenance activities have been completed, including the following:
 - Various repairs have been made on the centrifuges.
 - Some HVAC components were replaced and Veolia staff ensured filters are functioning properly.
 - Veolia staff performs monthly safety inspections which includes operating the eye washers throughout the plant and replacing any that are not functioning properly.
 - Ragging was found on the isolation valves which required Veolia staff to isolate the tanks, pull the valve bodies out, and clean and replace them as well as reset their open/close limits.
 - Veolia staff has been making an effort to keep the floor drains clean in the solids handling building considering all of the ongoing work by the various contractors in this building.

Attorney Kerry Morgan (Riverview's attorney) asked if DUWA maintains contracts with the biosolids haulers and if they are in breach of the contract. System Manager Tercala responded that the biosolids hauler contracts are with Veolia and DUWA is not a signatory

to those contracts. Attorney Jim Fausone added that Fausone Bohn can review Veolia's contracts to identify if there are areas to strengthen DUWA's position.

8. Treasurer's Report

a. Authorization of FY2022-2023 Rate Package (July 1, 2022 – June 30, 2023)

Accountant Doug Drysdale (DNS; Riverview) presented the FY2022-2023 Rate Package (Attachment 18). DUWA's budgeted operating cost is about \$20.5M, which is an increase from last year's rate package due to the volatility of the pricing market and the increased cost for utilities. The Capital Outlay is budgeted for \$2M. The Allen Park adjustment of \$500k was included in the budget. DUWA's expenditures total about \$27.7M and DUWA received about \$1.1M in revenue from NRU fees and permit surveillance, which leaves about \$25.6M of revenue that needs to be generated from rates. The commodity rate shows a base flow of 1.4 MCF, which is a reduction of about 100,000 units due to lower usage and the revised flows from Allen Park. The total flow is 2.7 MCF, which gives a 9.5% increase in the commodity rate. An increase in the debt retirement rate was also included. \$1M was pulled from DUWA's reserves to lessen the impact of the total all-inclusive rate, which ultimately is 8.55%.

Veolia's O&M services are budgeted for about \$12.5M. There is a large increase on the budgeted amount for electricity and natural gas and a decrease on the budgeted amount for sludge hauling compared to last year as the dryers will come online this year. There is an overall 8.41% increase on the proposed budget for plant operations largely due to inflation.

Administrative charges include an increase in the budgeted amounts for insurance premiums, system administrator services (which includes Dick Hinshon's work on the rate methodology), attorney fees, and engineering services compared to last year's rate package. This accounts for an overall 20.12% increase compared to last year's rate package, but is only about \$180k more.

The rate coverages for the senior lien debt, WIFIA lien debt, and junior lien debt exceed the minimum coverage thresholds, and all rate covenants are satisfied.

The rate package includes \$3.7M to be used from DUWA's reserves to fund the WIFIA projects, and some funds will be transferred from DUWA's overfunded reserves to other reserves. Reserves will also be used for rate stabilization (\$1M), the promissory note due to Wayne County (\$3.5M), and insurance deductibles (\$500k).

The flow rates used in the rate calculation are based on a 3-year average. A total average flow rate of 2.7M units was determined, which includes 1.4M units of base flow and 1.3M units of excess flow.

The proposed rate package was presented to the Finance Committee last month and was recommended for approval after comments were addressed.

Attorney Kerry Morgan (Riverview's attorney) asked if the concept of rate neutrality still applies as was discussed at the time of system transfer. Beth Bialy, of Plante Moran, responded that the concept of rate neutrality was to show that DUWA could take over the system from Wayne County without necessitating a significant rate impact considering that DUWA would be taking on a large debt payment. At the time of system

transfer, it was determined that DUWA could accomplish rate neutrality. However, the concept of rate neutrality did not necessarily mean that rates would never increase or not increase more than 4% in the future. Now, rates need to be increased due to inflation and the numerous deferred maintenance projects that need to be completed. This rate package also includes \$1M that was pulled from reserves to bring the rate increase down to 8.55%. Rates were expected to increase this year when the WIFIA loan was approved as DUWA would be implementing numerous projects that required a cost match, and DUWA's reserves would need to be replenished. System Manager Tercala added that each community also has the option to use some of their own reserves to further lessen the rate increase that will be passed down to their residents, if desired.

Motion by Mayor Bill Bazzi (Dearborn Heights) and supported by Dustin Lent (Southgate) to approve the FY2022-2023 Rate Package. The motion passed unanimously with all attending members.

b. Quarterly Financial Statement – CY2022 Q1

Accountant Doug Drysdale (DNS; Riverview) presented the CY2022 Q1 Quarterly Financial Statement (Attachment 19). About \$5.6M has been earned to date. Interest earnings are above the 25% target. The SRF billings to communities of \$3.3M accounts for 68% of the budget because most of the bond payments occurred in the spring. Plant operations spending is right on pace with what is expected. About \$597k has been spent on capital outlay to date. Currently, expenditures exceed revenues by about \$1.2M, but revenues are expected to increase during the summer months when water usage increases.

The current cash balance is at about \$34.6M which is slightly less than the balance of \$37M at the beginning of the year. There is about \$3.4M in Accounts Receivable. The balance of Fixed Assets is updated at the end of the year thus there is currently no change in the balance from the beginning of the year. There is about \$3.9M in Accounts Payable compared to the \$3.2M at the beginning of the year. The short-term liabilities total about \$10.3M and include outstanding bonds payable as well as other bonds that are due this year. The long-term liabilities total about \$119M and include bonds to be paid in future years. Overall, the system is in balance.

c. Aging AR

Treasurer Jason Couture (Taylor) presented the Aging Accounts Receivable report (Attachment 20). Treasurer Couture stated that the total amount in the Accounts Receivable is about \$1.385M, and most communities are up to date on their payments. River Rouge has an outstanding payment of about \$150k related to bond allocation that is over 60 days. Accountant Doug Drysdale (DNS; Riverview) stated that he reached out to the billing department at River Rouge and learned that they did not receive the invoice, so he sent them the invoice and they plan to pay it next week.

d. Pending Invoices

Treasurer Jason Couture (Taylor) presented the invoice register for a request for payment. The invoice register was provided in the pre-meeting packet (Attachment 21). The invoice register included 35 invoices due for a total of \$1,481,621.55. Largest invoices included those to Veolia for O&M and unit cost reconciliations and Wyandotte for utility services.

Motion by Dustin Lent (Southgate) and supported by Rick Rutherford (Belleville) to pay the invoice register. The motion passed unanimously with all attending members.

9. Public Comment

There was no public comment.

10. Other Business

Mayor Bill Bazzi (Dearborn Heights) stated that sinkholes have been appearing in residents' backyards. He has reached out to some companies who could perform the repair work, but is concerned that some residents, especially senior citizens, will be unable to pay the \$10k-\$20k worth of work. He asked if other communities are experiencing the same issues, and if so, what companies they have used to perform the repair work. Todd Saums (Van Buren Township) responded that they have a bid opening on Tuesday for stormwater work, and he will share the results of the bid opening with Mayor Bill Bazzi (Dearborn Heights).

Chairperson McLeod (Allen Park) announced that DUWA's Vice Chair, Dustin Lent (Southgate), will be leaving Southgate to become the City Administrator at the City of St. Clair Shores. Mayor Bill Bazzi (Dearborn Heights) is willing to accept a nomination to serve as DUWA's Vice Chair for the remainder of 2022. Chairperson McLeod (Allen Park) thanked Dustin Lent (Southgate) for his service as DUWA's Vice Chair. She added that his comments were always on point and showed the expertise he brought to DUWA. Dustin Lent (Southgate) stated that he has learned a lot from his fellow Board members and that it has been a pleasure working with them. He added that he will miss attending the DUWA Board meetings.

Motion by James Krizan (Lincoln Park) and supported by Dustin Lent (Southgate) to elect Mayor Bill Bazzi, of Dearborn Heights, to serve as DUWA's Vice Chair for the remainder of CY2022. The motion passed unanimously with all attending members.

11. Next Board Meeting Date: Thursday, June 9, 2022 (9:00 AM; In-Person)

Chairperson McLeod (Allen Park) reminded the Board that the next meeting would take place on Thursday, June 9, 2022 at 9:00 AM in-person at Taylor City Hall.

12. Adjournment

There being no other business, Chairperson McLeod (Allen Park) announced that a motion to adjourn would be in order. Motion by Rick Rutherford (Belleville) and supported by Mayor Bill Bazzi (Dearborn Heights) to adjourn the meeting. Motion passed unanimously at 10:31 AM.

Meeting Minutes Prepared by:
Mackenzie Johnson, OHM Advisors, Engineer

Meeting Minutes Reviewed by:
Lambrina Tercala, OHM Advisors, DUWA System Manager

Attachments

1. Meeting Agenda
2. April 14, 2022 DUWA Board Meeting Minutes
3. Monthly Legal Update (by Fausone Bohn)
4. System Manager Report for April 2022 Board Meeting (by OHM Advisors)
5. Veolia O&M Contract Quick Guide (by OHM Advisors)
6. Biosolids Dryer Facility Project April 2022 Monthly Progress Summary (by Veolia)
7. IPS Electrical Room Improvements Proposal (by HRC)
8. HVAC Improvements Phase 2 Proposal (by Hazen and Sawyer)
9. SFE Piping Replacement Proposal (by Wade Trim)
10. Request to Perform Manhole Repairs (by Veolia)
11. Request to Replace RAS Line in Aeration Train 0 (by Veolia)
12. Request to Perform PLC Upgrades (by Veolia)
13. Emergency Generator HMI and PLC Replacement Quotes (by MiCAT)
14. Request to Pay Overages from Repair of Gripper Components
15. Request for SAN Warranty Extension for SCADA System
16. Wet Weather Flow Standard Operating Procedure (by Veolia)
17. Monthly Operating Report for March 2022 (by Veolia)
18. RY2022-2023 Rate Package
19. Quarterly Financial Statement for Q1 CY2022 (by Doug Drysdale)
20. Aged Accounts Receivable Report, dated May 6, 2022 (by Doug Drysdale)
21. Invoice Register, dated May 6, 2022 (by Doug Drysdale)