

AGENDA
Huron-Clinton Metropolitan Authority
Board of Commissioners Meeting
May 13, 2010, 10:30 am
Wolcott Mill Metropark
Camp Rotary Activities Building

1. Chairman's Statement
2. Public Participation
3. Minutes – April 8, 2010 ([pg. 1](#))
4. Financial Statements ([pg. 2](#))
 - a. 2009 Audited Financial Statements ([attached separately](#))
 - b. April 2010
5. Vouchers – April 2010
6. Purchases – April 2010 ([pg. 46](#))
7. Reports
 - A. Kensington
 1. Bids – Water system improvements, Orchard Comfort Station ([pg. 54](#))
 2. Contractor claim – Martindale Bathhouse Redevelopment ([pg. 55](#))
 3. Bids – Administrative Office building exterior repairs ([pg. 56](#))
 - B. Huron Meadows
 1. DTE Solar Currents program contract ([pg. 57](#))
 - C. Hudson Mills
 1. Bids – Activity Center parking lot expansion ([pg. 58](#))
 - D. Administrative Office
 1. 2010 Insurance report ([pg. 59](#))
 2. 2010 Update to revised 2009 five-year plan ([attached separately](#))
 3. Michigan State Fairgrounds 60-day report ([pg. 62](#))
 4. Proposal – Organizational Structure and Operational Improvement Report ([pg. 103](#))
 5. Auditor appointment ([pg. 116](#))
 6. Resolution – Sign replacement permit, Wayne County DPS ([pg. 117](#))
 7. Retiree healthcare benefits ([pg. 120](#))
 8. Donations (5) ([pg. 121](#))
 9. Legislative report ([pg. 122](#))

AGENDA
Huron-Clinton Metropolitan Authority
Board of Commissioners Meeting
May 13, 2010, 10:30 am
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8. Closed Session to consider land acquisition
9. Director's comments
10. Commissioners' comments
11. Motion to adjourn

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**HURON-CLINTON METROPOLITAN AUTHORITY
INTER-OFFICE COMMUNICATION**

TO: Board of Commissioners
FROM: Greg Almas, Executive Secretary
DATE: April 21, 2010
RE: Addition to April 8, 2010 Minutes

Please note the addition of Commissioner Lester as voting yes on the motion shown below on page two of the April 8, 2010 Board of Commissioner proposed minutes.

It was moved by Commissioner Marrocco, supported by Commissioner Marans that the award of ITB-10-018 Wheel Loader – Metro Beach be made to Michigan Tractor and Machinery for a Cat 924Hz in the amount of \$132,444 based on reliability, trade-in value and past experience.

Voting Yes: Commissioners Marans, Marrocco and Lester
Voting No: Commissioners Evans and La Belle

Motion failed.

Respectfully,

Greg J. Almas
Executive Secretary



HURON-CLINTON METROPOLITAN AUTHORITY INTER-OFFICE COMMUNICATION

TO: Board of Commissioners

FROM: David L. Wahl, Controller

SUBJECT: 2009 Audited Financial Statements

DATE: May 5, 2010

The Authority's auditing firm, Rehmann Robson, has completed their audit of Authority accounting records, pension plan, retiree health care trust and related financial statements for 2009. Together with Rehmann Robson's audited financial statements, we compiled the Authority's Comprehensive Annual Financial Report, which is enclosed for your review, along with: (1) the engagement letter, (2) report on internal control, (3) PowerPoint handout on results of 2009 financial audit, and (4) management letter recommendations.

Once again, we are pleased to report that Rehmann Robson has issued an unqualified opinion, meaning the audited financial statements present fairly the financial position of the governmental activities and each major fund of the Authority as of December 31, 2009 in conformity with generally accepted accounting principles. Rehmann Robson conducted their audit following generally accepted auditing standards in order for them to obtain reasonable assurance that the Authority's financial statements are free of any material misstatements.

As reflected on the Balance Sheet, the Authority's total net assets at \$224,439,000 increased by \$6,630,000 from 2008 as a result of additional investments into capital assets. Unrestricted net assets remained about the same at \$29,396,000. In the Fund Balance section for the Authority's General Fund, it shows total unreserved fund balance as \$24,970,000, with \$15,149,000 designated by the Board for capital appropriations and \$9,821,000 as undesignated. The \$9,821,000 undesignated is the Authority's audited Reserve Account at year-end. It represents an increase of \$2,731,000 (39%) over 2008's Reserve, in line with the Authority's goal of building up the Reserve account to position the HCMA to weather future tax revenue declines. This Reserve balance represents 18% of 2009 expenditures and is in excess of GFOA's recommended minimum fund balance of 5-15%. On the Revenue and Expense Statement, it shows total 2009 revenues at \$52,920,000 and total expenditures of \$53,235,000, producing a small deficit of \$315,000.

There were no audit adjustments required to HCMA's final year-end numbers. The Report on Internal Control over Financial Reporting (pages 87 and 88) noted no deficiencies in internal control that were considered a material weakness. The recommendations made in the management letter will be addressed by Staff.

Board of Commissioners

May 5, 2010

Page Two

The Authority intends to submit this Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association Certificate of Excellence in Financial Reporting program. The Authority has received a Certificate of Achievement for the last eight years and we believe this 2009 report will continue to conform to the program requirements. This achievement would not be possible without the work efforts of the entire Controller's Department.

The 2009 audited financial statements will be reviewed with the Board of Commissioners by Mr. Mark Tschirhart and Ms. Michelle Moore at the May 13, 2010 meeting. A review meeting was held with Commission Treasurer Marans.

It is recommended by Controller Wahl and Staff that the audited financial statements be accepted for 2009.

Respectfully submitted,



David L. Wahl, Controller

xc: J. Miller, with copy of Audited Financial Statements
D. Moilanen, with copy of Audited Financial Statements
G. Almas, with copy of Audited Financial Statements
R. Franchock, with copy of Audited Financial Statements

February 22, 2010

Members of the Board of Commissions
Huron-Clinton Metropolitan Authority
13000 High Ridge Drive
Brighton, Michigan 48114-9058

Enclosed is the engagement letter for *Huron-Clinton Metropolitan Authority* for the year ended December 31, 2009. *Government Auditing Standards* (as amended) require that we communicate, during the planning stage of an audit, certain information to the Board of Commissions. This information includes the auditors' responsibilities in a financial statement audit, including our responsibilities for testing and reporting on compliance with laws and regulations and internal control over financial reporting. The engagement letter includes the items which must be communicated to the Board of Commissions.

Therefore, please make copies of the attached engagement letter and forward the copies to Board of Commissions.

Please sign and return the enclosed copy of the attached engagement letter to us at your earliest convenience.

Sincerely,



Encls.

February 22, 2010

Members of the Board of Commissions
Huron-Clinton Metropolitan Authority
12000 High Ridge Drive
Brighton, Michigan 48114-9058

We are pleased to confirm our understanding of the services we are to provide ***Huron-Clinton Metropolitan Authority*** (the “*Authority*”) for the year ended December 31, 2009. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the Authority as of and for the year ended December 31, 2009. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), to accompany Huron-Clinton Metropolitan Authority’s basic financial statements. As part of our engagement, we will apply certain limited procedures to Huron-Clinton Metropolitan Authority’s RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. We will disclaim an opinion on RSI. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management’s Discussion and Analysis
2. Schedules of Funding Progress and Employer Contributions – Pension Plan
3. Schedules of Funding Progress and Employer Contributions – OPEB Plan

Supplementary information other than RSI, such as combining and individual fund financial statements, also accompanies the Authority’s basic financial statements. We will subject the supplementary information to the auditing procedures applied in our audit of the basic financial statements and will provide an opinion on it in relation to the basic financial statements.

The following additional information accompanying the basic financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor’s report will disclaim an opinion:

1. Introductory section of the Comprehensive Annual Financial Report
2. Statistical section of the Comprehensive Annual Financial Report

Audit Objectives

The objective of our audit is the expression of opinions as to whether the Authority's basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the additional information referred to in the second paragraph when considered in relation to the basic financial statements taken as a whole. Our audit of the Authority's financial statements does not relieve management or those charged with governance of your responsibilities. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Authority and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with management in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than with those items of lesser importance or those in which the possibility of material error is remote. For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting and financial reporting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with the preparation of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Authority and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Management's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

We understand that management will provide us with such information required for our audit, including a reasonably adjusted trial balance, and that management is responsible for the accuracy and completeness of that information. Assistance provided in the preparation of a reasonably adjusted trial balance is considered an additional service. We will advise management (and the Board, as necessary) about appropriate accounting principles and their application and may assist in the preparation of the Authority's financial statements, but the responsibility for the financial statements remains with management with oversight by those charged with governance. As part of our engagement, we may propose standard, adjusting, or correcting journal entries to the Authority's financial statements. Management is responsible for reviewing the entries, understanding the nature of any proposed entries and the impact they have on the financial statements, and the implications of such entries on the Authority's internal control over financial reporting. Further, the Authority is responsible for designating a qualified management-level individual to be responsible and accountable for overseeing these services.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Management's responsibilities include informing us of its knowledge of any allegations of fraud, suspected fraud, or illegal acts affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements and grants and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report. Management is also responsible for identifying any violations by employees of the Authority's code of conduct.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. Management is also responsible for providing its views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format of providing that information.

If the Authority intends to publish or otherwise reproduce the financial statements concurrently with the original issuance of our audit report and make reference to our Firm name, such as for inclusion in an annual report, prospectus or similar document, the Authority agrees to provide us with printer's proofs, drafts, or masters for our review and approval before printing. The Authority also agrees to provide us with a copy of the final reproduced material for our approval before it is distributed. Fees, if any, for reissuance or inclusion of our audit report in such other document, will be based on our standard hourly rates.

If the Authority decides to include, publish or otherwise reproduce the financial statements and our report thereon at a date subsequent to their original issuance, such as for inclusion in a bond offering, prospectus or similar document, our Firm is presumed not to be associated with such document, and we have no obligation to perform any procedures with respect to such document. If, however, management takes certain actions, such as requesting a written consent from us prior to including our audit report in such an offering document, our Firm then becomes associated with the offering and in accordance with professional standards, we will be required to perform certain limited procedures with respect to unaudited information contained in the document. Fees for reissuance or inclusion of our audit report in such a document will be based on our standard hourly rates.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance about whether the financial statements are free from misstatement, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We may request written representations from the Authority's attorneys as part of the engagement, and they may bill the Authority for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from management about the financial statements and related matters.

We have advised the Authority of the limitations of our audit regarding the detection of fraud and the possible effect on the financial statements (including misappropriation of cash or other assets). We can, as separate engagements, perform extended procedures specifically designed to detect defalcations. Management acknowledges that the Authority has not engaged us to do so at this time.

We perform services for the Authority based on present professional standards, laws and regulations. While we may on occasion be able to communicate with management with respect to changes in professional standards, laws and regulations, as a general principle we cannot undertake with clients to advise them of every change that may occur. The Authority can always obtain reassurance in this regard by contacting us for an updated review of the Authority's situation.

During the course of our engagement, we will request information and explanations from management regarding the Authority's operations, internal control over financial reporting, various matters concerning fraud risk, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide certain representations in a written management representation letter. The procedures we will perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. Accordingly, misleading, incomplete or omitted representations could cause us to expend unnecessary efforts or could cause material error or a fraud to go undetected by our procedures.

Audit Procedures - Internal Controls

Our audit will include obtaining an understanding of the entity and its business environment, including internal control over financial reporting sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures that are appropriate in the circumstances. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control, to identify deficiencies in internal control, or to express an opinion on the effectiveness of internal control over financial reporting. However, during the audit, we will communicate to the appropriate level of management and those charged with governance internal control related matters that are required to be communicated under professional standards and *Government Auditing Standards*. These matters refer to significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of those charged with governance in overseeing the entity's financial reporting process. When applicable, we are responsible for communicating certain matters required by laws or regulations, or by additional requirements that may be applicable to this engagement. Generally accepted auditing standards do not require the independent auditor to design or perform procedures for the purpose of identifying other matters to communicate with those charged with governance. Management is responsible for assessing the implications of and correcting any internal control-related matters brought to the entity's attention by us.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be

to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Engagement Administration, Fees, and Other

We understand that the Authority's employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. In addition, the Authority's staff will provide us with copies of all minutes of the governing body meetings and other documents that we believe may have bearing on our evaluation of the Authority's financial affairs.

The Authority shall provide reasonable workspace for Rehmann Robson personnel at audit worksites, as well as occasional secretarial support services. The Authority understands that Rehmann Robson's performance is dependent on the Authority's timely and effective satisfaction of its own activities and responsibilities in connection with this engagement, as well as timely decisions and approvals by the Authority personnel.

Management agrees to ensure that all information provided to us is accurate and complete in all material respects, contains no material omissions and is updated on a prompt and continuous basis. Rehmann Robson shall be entitled to rely on all information provided by and decisions and approvals of the Authority in connection with our work. Rehmann Robson will not be responsible if any information provided by the Authority is not complete, accurate or current. In addition, management will also be responsible for obtaining all third-party consents and security clearances, if any, required to enable Rehmann Robson to access and use any third-party products necessary to our performance.

The Authority acknowledges that (a) Rehmann Robson, the Authority and others, if any, participating in this engagement may correspond or convey documentation via Internet e-mail unless the Authority expressly requests otherwise, (b) no party has control over the performance, reliability, availability, or security of Internet e-mail, and (c) Rehmann Robson shall not be liable for any loss, damage, expense, harm or inconvenience resulting from the loss, delay, interception, corruption, or alteration of any Internet e-mail due to any reason beyond Rehmann Robson's reasonable control.

It must be understood that the nature of our engagement requires us to exercise our independent professional judgment with respect to various auditing, accounting and related issues. In reaching our conclusions, we must retain the right to judge the nature and scope of the work required in order to conform to professional standards, as well as the work we deem necessary to enable us to reach the conclusions and form the opinions required of us. If our judgment as to the scope of the work required causes us to reassess our estimate of fees for this engagement, we will so advise the Authority. We reserve the right to refrain from performing additional work (and thereby incurring additional time charges) unless and until the Authority has confirmed its understanding of, and agreement to, any additional estimated charges.

Professional standards require us to be independent with respect to the Authority in the performance of our services. Any discussions that management has with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, we request that management inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

Neither party shall, during the term of this engagement letter and for one (1) year after its termination, solicit for hire as an employee, consultant or otherwise any of the other party's personnel without such other party's express written consent. If the Authority desires to offer employment to an associate of Rehmann Robson and the associate is hired in any capacity by the Authority and the Authority agrees, a market-driven compensation placement fee may apply.

The Authority may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with management regarding the scope of the additional services and the estimated fees. We also may issue a change order form or a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Our fee for the audit services for the year ended December 31, 2009 will be:

Audit of Comprehensive Annual Financial Report	\$ 26,900
Fees for additional audit procedures under new risk assessment standards	<u>3,000</u>
Total	<u>\$ 29,300</u>

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

This fee is based on the assumption that unexpected circumstances will not be encountered during the audit. This fee is based on anticipated cooperation from the Authority's personnel, continued readiness and proactive assistance on their part in providing us with complete and accurate information (whether financial or nonfinancial in nature) considered necessary by us to form an appropriate opinion, and the assumption that unexpected circumstances will not be encountered during the audit. Such circumstances include, but are not necessarily limited to significant addition or deletion of funds, component units or related entities and first-time application of significant new professional accounting or auditing pronouncements. In addition, the fee above assumes management will analyze and maintain appropriate support for significant valuation assertions embodied in the financial statements.

Our estimate of these fees is based upon our discussions with management, in which management has disclosed no unusual problems or issues which would require us to conduct an audit of unusual scope or otherwise expend time and effort in excess of that normally anticipated in an engagement of

this type. The estimate also assumes that we will have the full cooperation of the Authority personnel, as required, and that there is a reasonable continuity of the Authority's personnel familiar with the matters to which our engagement relates. In addition, our fee is based on the experience level of our personnel, at their respective standard hourly rates, performing certain audit procedures at certain timeframes. If we are caused to vary from that planning formula, additional fees will need to be charged to allow for more experienced personnel performing the work, reallocation of our client priority, overtime, etc. Further, management will provide us with the schedules and records that we request (which ordinarily are detailed in a request list in advance of our fieldwork) and that all such schedules and records will be provided to us timely in accordance with the scheduled fieldwork dates, to be mutually agreed upon. If the requested schedules and records are not provided to us in accordance with the scheduled dates and we are unable to continue our work, we will resume our work as soon as the schedules and records are provided to us and our professionals assigned to the engagement again become available. If significant additional time is necessary, we will discuss the related circumstances with management and arrive at a new fee estimate before we incur additional costs, which may or may not occur before we incur the additional time.

In accordance with our Firm policies, work may be suspended if the Authority's account becomes 30 days or more overdue and will not be resumed until the account is paid in full or we have a definitive payment agreement approved by our Firm administrator in Saginaw, Michigan. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. The Authority will be obligated to compensate us for all time expended and to reimburse us for out-of-pocket expenditures through the date of termination.

Our terms and conditions impose a late charge of 1.5% per month, which is an annual percentage rate of 18%. Balances not paid within 30 days of the receipt of invoice are past due and a late charge of 1.5% will be applied to the entire past due amount.

Because there are inherent difficulties in recalling or preserving information as the period after an engagement increases, the Authority agrees that, notwithstanding the statute of limitations of the State of Michigan, any claim based on the audit engagement must be filed within (12) months after performance of our service, unless management has previously provided us with a written notice of a specific defect in our services that forms the basis of the claim.

We reserve the right to suspend or terminate services for reasonable cause, such as failure to pay our invoices on a timely basis or failure to provide the information or cooperation necessary for successful performance of our services. Our engagement will be deemed to be completed upon the notification of termination, even if we have not completed the audit and issued our signed report. The Authority is obligated to compensate us for the time expended to that point.

We acknowledge the Authority's right to terminate our services at any time, and the Authority acknowledges our right to resign at any time, including, but not limited to, for example, instances where, in our judgment, a) the conditions in the first paragraph of the Audit Objectives section of this letter exist, b) our independence has been impaired, c) we can no longer rely on the integrity of

management, or d) management (or the Audit Committee, if applicable) fails to reasonably support our efforts to perform the engagement in accordance with what we believe is necessary to comply with professional standards, subject in either case to our right to payment for charges incurred to the date of termination or resignation.

In the event that we determine to resign, and the Authority seeks damages allegedly resulting from such resignation, our maximum liability to the Authority in the event we are held liable because of such resignation shall be limited to the fees actually paid to us for current year audit work performed up to the date of resignation.

We will provide copies of our reports to the Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Rehmann Robson and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a cognizant or grantor agency for audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify management of any such request. If requested, access to such audit documentation will be provided under the supervision of Rehmann Robson personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the cognizant agency, oversight agency for audit, or pass-through entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

As part of our audit engagement we may provide advice on operating, internal control over financial reporting and other matters that come to our attention. Informal advice is not considered to be a consulting service unless we have entered into a separate engagement.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on the Authority's Internet website, the Authority understands that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be part of a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

As a result of our prior or future services to the Authority, we might be requested to provide information or documents to management or a third party in a legal, administrative, or arbitration or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to the Authority as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with this request. For all requests, we will observe the confidentiality requirements of our profession and will notify management promptly of the request.

Our Firm, as well as all other major accounting firms, participates in a "peer review" program, covering our audit and accounting practices. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for the Authority may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If management objects to having the work we do for the Authority reviewed by our peer reviewer, please notify us in writing.

The Authority consents to Rehmann Robson's use of the Authority's name and a factual description of the services to be performed by Rehmann Robson under this agreement in Rehmann Robson's advertising and promotional materials and other proposal opportunities.

Government Auditing Standards require that we provide the Authority with a copy of our most recent external peer review report and any letter of comments, and any subsequent peer review reports and letters of comments received during the period of the contract. Our 2008 peer review report and letter of comments accompany this letter.

We appreciate the opportunity to be of service to the Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.




Mark Tschirhart, CPA
Principal
Executive responsible for supervising the
engagement and signing the report

ACKNOWLEDGEMENT:

This letter correctly sets forth the understanding of *Huron-Clinton Metropolitan Authority*.

Name: 

Title: 

Date: 3/1/2010



Principals of Rehmann Robson
and the
Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Rehmann Robson (the Firm) applicable to non-SEC issuers in effect for the year ended July 31, 2008. The Firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the Firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the Firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the Firm. Our responsibility is to express an opinion on the design of the system, and the Firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of Rehmann Robson in effect for the year ended July 31, 2008 has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the Firm with reasonable assurance of complying with professional standards.

As is customary in a peer review, we have issued a letter under this date that sets forth comments relating to certain policies and procedures or compliance with them. The matters described in the letter were not considered to be of sufficient significance to affect the opinion expressed in this report.

LarsonAllen LLP
LarsonAllen LLP

November 7, 2008
Minneapolis, Minnesota

Attachment to the Peer Review Report of Rehmann Robson (the "Firm")
Description of the Peer Review Process

Overview

Firms enrolled in the AICPA Center for Public Company Audit Firms (the Center) Peer Review Program have their system of quality control periodically reviewed by independent peers. These reviews are system and compliance oriented with the objectives of evaluating whether:

The reviewed firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers has been designed to meet the requirements of the Quality Control Standards established by the AICPA.

The reviewed firm's quality control policies and procedures applicable to non-SEC issuers were being complied with to provide the firm with reasonable assurance of complying with professional standards.

A peer review is based on selective tests and directed at assessing whether the design of and compliance with the firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers provides the firm with reasonable, not absolute, assurance of complying with professional standards. Consequently a peer review of the firm's system of quality control is not intended to, and does not provide assurance with respect to any individual engagement conducted by the firm or that none of the financial statements audited by the firm should be restated.

The Center's Peer Review Committee (PRC) establishes and maintains peer review standards. At regular meetings and through report evaluation task forces, the PRC considers each peer review, evaluates the reviewer's competence and performance, and examines every report, letter of comments, and accompanying response from the reviewed firm that states its corrective action plan before the peer review is finalized. The Center's staff plays a key role in overseeing the performance of peer reviews working closely with the peer review teams and the PRC.

Once the PRC accepts the peer review reports, letters of comments, and reviewed firms' responses, these documents are maintained in a file available to the public. In some situations, the public file also includes a signed undertaking by the firm agreeing to specific follow-up action requested by the PRC.

Firms that perform audits or play a substantial role in the audit of one or more SEC issuers, as defined by the Public Company Accounting Oversight Board (PCAOB), are required to be registered with and have their accounting and auditing practice applicable to SEC issuers inspected by the PCAOB. Therefore, we did not review the Firm's accounting and auditing practice applicable to issuers.

Planning the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers

To plan the review of Rehmann Robson, we obtained an understanding of (1) the nature and extent of the Firm's accounting and auditing practice, and (2) the design of the Firm's system of quality control sufficient to assess the inherent and control risks implicit in its practice. Inherent risks were assessed by obtaining an understanding of the Firm's practice, such as the industries of its clients and other factors of complexity in serving those clients, and the organization of the Firm's personnel into practice units. Control risks were assessed by obtaining an understanding of the design of the Firm's system of quality control, including its audit methodology, and monitoring procedures. Assessing control risk is the process of evaluating the effectiveness of the reviewed Firm's system of quality control in preventing the performance of engagements that do not comply with professional standards.

Performing the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers

Based on our assessment of the combined level of inherent and control risks, we identified practice units and selected engagements with those units to test for compliance with the firm's system of quality control. The engagements selected for review included engagements performed under Government Auditing Standards and audits of Employee Benefit Plans. The engagements selected for review represented a cross-section of the Firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagement reviews included examining working paper files and reports and interviewing engagement personnel.

The scope of the review also included examining selected administrative and personnel files to determine compliance with the Firm's policies and procedures for the elements of quality control pertaining to independence, integrity, and objectivity; personnel management; and acceptance and continuance of clients and engagements. Prior to concluding the review, we reassessed the adequacy of scope and conducted a meeting with Firm management to discuss our findings and recommendations.



Results of the Financial Audit December 31, 2009



REHMANN ROBSON

Certified Public Accountants

Presented by:

Mark Tschirhart, CPA

Principal

Michelle Moore, CPA

Manager

Audit Responsibility

- Management's responsibility
- Auditor's responsibility

Guide to Your Comprehensive Annual Financial Report

1. GFOA Certificate (Page 3)

- Certificate of Achievement for Excellence in Financial Reporting for the year ended December 31, 2008

2. Letter of Transmittal (Page 4)

- Formal transmittal of the CAFR
- Profile of the Authority
- Information useful in assessing the Authority's financial condition

3. Auditor's Opinion on Financial Statements (Page 17)

- Unqualified, i.e. "Clean" opinion.

4. Management's Discussion and Analysis (Page 19)

- Acts as a narrative overview to the financial statements.
- Includes analysis of key financial data presented in the financial statements.
- Management's responsibility to prepare, auditors responsibility to review, but we do not express an opinion it.

5. Basic Financial Statements (Page 32)

- Includes Governmental-Wide financial statements, Governmental "Fund" financial statements, Fiduciary Fund financial statements and notes to the financial statements.

6. Required Supplementary Information (Page 61)

- Act 345 Pension Trust schedule of funding progress.
- Other Postemployment Benefit Trust schedule of funding progress.

7. Supplementary Information (Page 63)

- Includes statements of Pension and Other Employee Benefit Trust Funds

8. Statistical Section (Page 65)

- Information is unaudited, however it is read to ensure that the section does not contain information that is inconsistent with the audited financial statements.
- Provides mostly trend data and nonfinancial information useful in assessing the government's financial condition.

9. Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with Governmental Auditing Standards (Page 87)

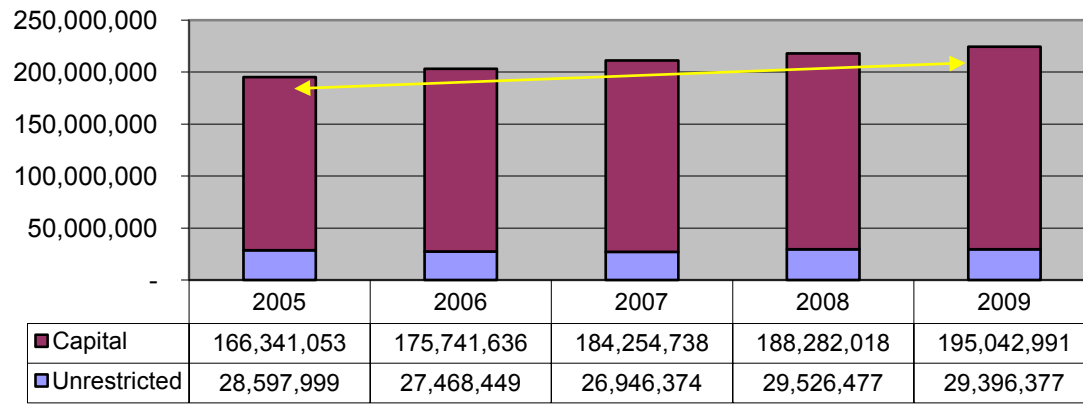
- Our responsibility is to consider the Authority's internal controls and compliance over financial reporting for the purposes of planning our audit procedures in expressing our opinion on the financial statements and not to express an opinion directly related to the Authority's compliance or internal controls

Basic Financial Statements

1. Governmental-Wide Financial Statements (Page 32)

- The scope is at an “entity-wide” level.
- The focus is based on an economic or “full accrual” basis of accounting (includes all entity capital assets, all entity outstanding debt, and revenues are recognized only on the basis of when earned).
- Fiduciary funds are NOT included.
- Unrestricted net assets or net deficits should not be interpreted, *of itself*, as either available spendable resources or evidence of financial difficulties. Rather it conveys information as an entity as whole, the long-term effect of short-term financing decisions, and the costs of providing the governments core services.
- Total net assets were \$224,439,368 of which \$29,396,377 was unrestricted.

Net Assets

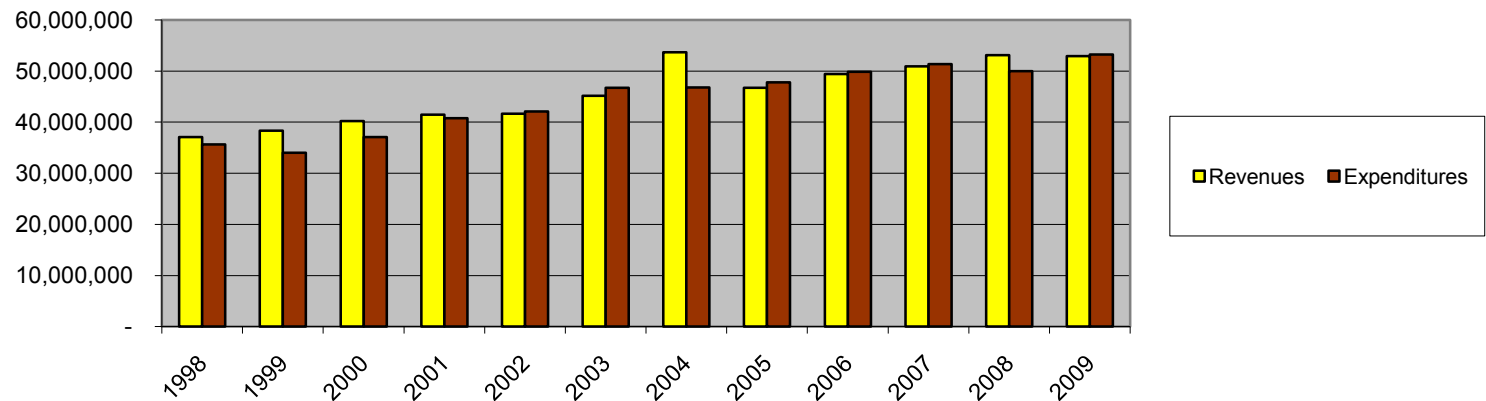


- Total Net Assets increased by approximately \$6,630,000
- Unrestricted Net Assets decreased by approximately \$130,000

1. Governmental “Fund” Financial Statements (Page 32)

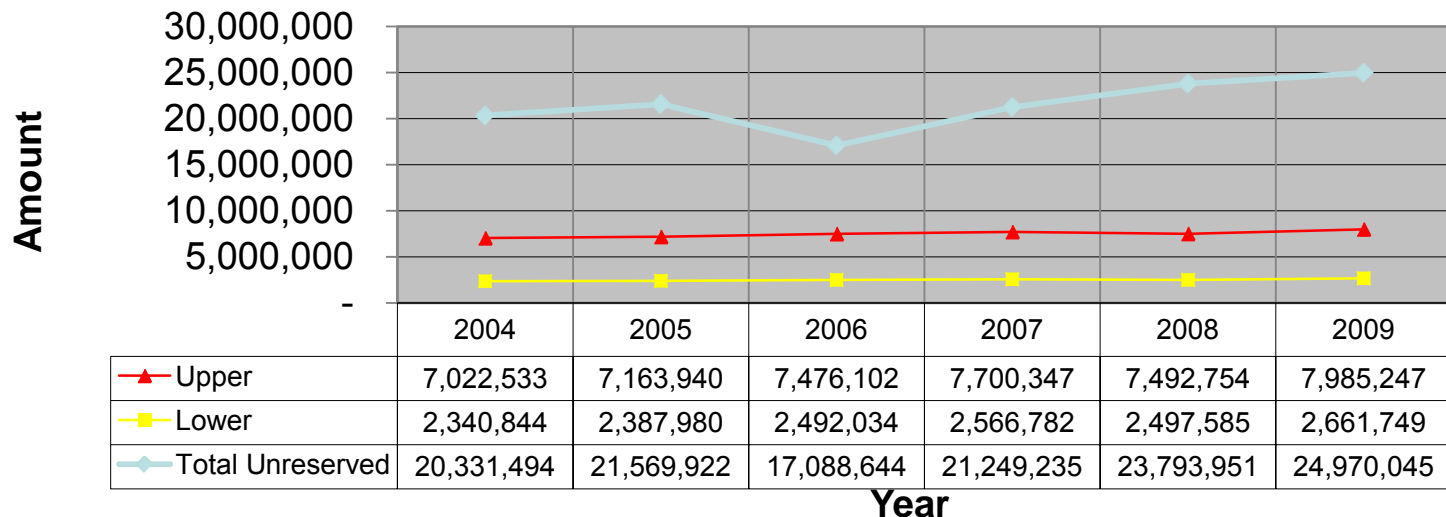
- Focus is on available “Spendable” resources, or modified accrual basis of accounting.
- Total fund balance for all governmental funds amounted to \$33,874,904 at December 31, 2009 which represents a decrease in fund balance of approximately \$38,000.
- Unreserved fund balance for all governmental funds amounted to \$31,340,361 at December 31, 2009 of which \$9,821,403 is undesignated.

HURON-CLINTON METROPOLITAN AUTHORITY GENERAL FUND REVENUES AND EXPENDITURES



- Expenditures exceeded revenues by approximately \$315,000

HURON-CLINTON METROPOLITAN AUTHORITY GENERAL FUND UNRESERVED FUND BALANCE

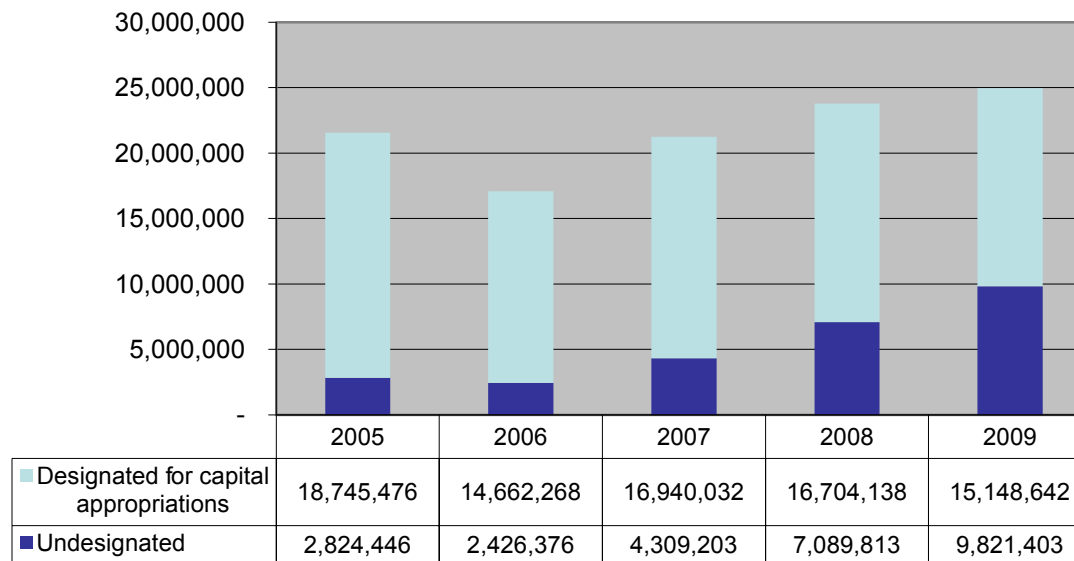


- Unreserved fund balance represents approximately 46.91% of annual expenditures.
- Unreserved, undesignated fund balance was \$9,821,403 and represented 18.45% of all annual expenditures.

Recommended Fund Equity

- GFOA recommends each government adopt a policy requiring a minimum unreserved fund balance of 5-15%
- Each entity's policy should take into account:
 - Predictability of revenues
 - Volatility of expenditures
 - Long-term stability

HURON CLINTON METROPOLITAN AUTHORITY
Detail of Designated and Undesignated
General Fund Unreserved Fund Balance



2. Governmental “Fund” Financial Statements (Page 32)

- GASB 45 - Accounting for Postemployment Benefits Other Than Pensions was applicable to the Authority for the year ended December 31, 2008.
- Other postemployment benefit obligation for the current year ended December 31, 2009 was \$220,657.
- GASB 45 requires that the Authority obtain an actuarial valuation every two years. As the most recent valuation was obtained for the plan year beginning October 1, 2009, Authority must obtain a valuation for the plan year beginning October 1, 2011.

3. Fiduciary “Fund” Financial Statements (Page 37)

- Presents statement of net assets for the Authority’s employee pension and other postemployment benefit trust funds. These are used to account for resources held for the benefit of parties outside the Authority.
- Net assets of the trust funds amounted to \$42,166,564 at September 30, 2009.

4. Notes to the Financial Statements (Page 39)

- Section I – Summary of Significant Accounting Policies
- Section II – Stewardship, Compliance and Accountability
- Section III – Detailed Notes on All Funds
- Section IV – Other information.

- No audit findings noted for the current year

- Thank you to the management for their preparation and assistance.
- Thank you to the Commission for the opportunity to serve as your auditors.

Questions and Answers...



April 28, 2010

Board of Commissioners
Huron-Clinton Metropolitan Authority
Brighton, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the ***Huron-Clinton Metropolitan Authority*** (the “Authority”) for the year ended December 31, 2009, and have issued our report thereon dated April 28, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards

As stated in our engagement letter dated February 22, 2010, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Authority’s compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and our meeting about planning matters on October 22, 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation benefits.
- Management's estimate of the allowance for uncollectible taxes is based on analysis of the outstanding receivables as well as consideration of past collection history.
- Management's estimate of the net other postemployment benefit obligation is based on the actuarial valuation, current benefits paid, and plan contributions.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The only misstatement noted was a reclassification entry made to capital assets, which management corrected.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated April 28, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of the Huron-Clinton Metropolitan Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lehmann Lohman". The signature is written in a cursive, flowing style.

Huron-Clinton Metropolitan Authority

Comments and Recommendations

For the Year Ended December 31, 2009

In planning and performing our audit of the financial statements of the Huron Clinton Metropolitan Authority (the "Authority") as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Other Matters

Capital Assets

During our testing of capital assets it was noted that the supporting detail did not agree with the general ledger for land improvements and other capital improvements which resulted in a transfer between categories. We recommend that the Authority review the supporting detail to ensure that subcategory changes are properly recorded to the general ledger.

Huron-Clinton Metropolitan Authority

Comments and Recommendations

For the Year Ended December 31, 2009

Information Technology

During our review of internal controls related to information technology, we noted the following:

It was noted that there are no policies in place to ensure that users are added to or deleted from the network. In addition, we noted that management does not approve the granting or changing of access for users of the network. We recommend that management, in collaboration with the human resources department, establish procedures to ensure that network access changes are properly approved by management and users are added to or removed from the network on a timely basis. We feel that the implementation of this procedure will be very cost effective.

It was noted that network passwords and passwords to financial applications are not required to be complex in nature and are not changed at regular intervals. Even with a small group of users, passwords to applications should be changed periodically. We recommend that these should be changed at least every 180 days. We recommend that a policy be established to ensure that passwords use multiple characters, such as upper case, lower case, numbers and symbols.

* * * * *

TABULATION OF BIDS ITB-10-018

Wheel Loader, Metro Beach Metropark

Bids opened at 10:00 A.M., Friday, March 12, 2010

Scope of Work: Furnish, deliver, training and provide a seven year preventative maintenance and extended seven year comprehensive warranty of a two yard wheel loader with accessories for the Metro Beach grounds maintenance department. This loader will be used for loading materials, removing debris, plowing snow and other maintenance tasks. It replaces a 1996 John Deere model 444G loader with approximately 5000 hours.

Bidders	City, State	Make/Model	Amount
AIS Construction Equipment Corp.	Lansing, MI	Komatsu WA200-6	\$130,600.00
AIS Construction Equipment Corp.	Lansing, MI	Komatsu WA200-5	\$86,950.00*
Southeastern Equipment Company	Novi, MI	Case 521E	\$123,512.28**
AIS Construction Equipment Corp.	Lansing, MI	JCB416HT	\$127,300.00***
AIS Construction Equipment Corp.	Lansing, MI	Komatsu WA150-6	\$127,600.00***
Grand Equipment Company	Hudsonville, MI	Kawasaki 60ZV-2	\$128,889.00***
Carlton Equipment Company Inc.	Livonia, MI	Doosan DL200	\$129,289.00****
JDE Equipment Company	New Hudson, MI	John Deere 444K	\$132,305.00*****
Michigan Tractor & Machinery	Novi, MI	Cat 924Hz	\$132,944.00
Grand Equipment Company	Hudsonville, MI	Kawasaki 65ZV-2	\$136,044.00
JDE Equipment Company	New Hudson, MI	John Deere 444K	\$137,280.00

RECOMMENDATION: Prepared by Purchasing Manager Michael and recommended by staff that: ITB-10-018 award be made to the lowest responsive, responsible bidder AIS Construction Equipment Corp in the amount of \$130,600.00.

Notes:

All bids were based on the best value for life cycle cost, performance of equipment, meeting minimum specifications for construction and warranty.

- 1) *The alternate bid by AIS Construction is a used unit with approximately 2000 hours and a limited 2 year power train warranty.
- 2) **The unit bid by Southeastern Equipment Company did not meet the performance test at demo.
- 3) ***The alternate units bid by AIS Construction and Grand Equipment Company are smaller loaders and does not meet specifications because of the engine size and overall construction.
- 4) ****The unit bid by Carlton Equipment Company did not meet specifications because of the length of warranty was 5 years instead of 7 years.
- 5) *****The alternate bid by JDE Equipment Company has a different type of accessory attachment device that specified.

INVITATION FOR BIDS WERE POSTED ON MICHIGAN INTER GOVERNMENTAL WEBSITE AND WERE SENT TO 97 REGISTERED SUPPLIERS.

Notes: Per the HCMA Board of Commissioners request, all bidders were asked to respond to a Request for Information on the trade values of the models bid as stated below. A seven-year trade value was requested based on most widely used ages published in trade publications. Bidders based their values from the Michigan Machinery Trader high/low average sale values. Based on the average life expectancy of 15 – 20 years it is very difficult to get a firm trade value because of number of variables. Factors such as market conditions, number of hours, and age of machine affect the sale value.

As shown in table number two below the best sale value for the Authority is at the 15-20 years and would provide an estimated 45-50 percent of this purchase price. This exceeds the seven-year trade value stated in table one. Based on this data and criteria it is recommended that award be made to the most responsive, responsible bidder as stated for the following reasons:

- 1) No trade values were requested in the Invitation to Bid.
- 2) Life cycle of HCMA type of equipment is 15- 20 years.
- 3) Based on this life cycle it is difficult to project the trade/sale values.
- 4) Sale of equipment after 15-20 years is a smaller differential of life cycle cost.

Table 1 - Bidders Stated Trade Value after 7-years

Bidders	Make/Model	Purchase Price	Trade 7-years	% Acq.
AIS Construction Equipment Corp.	Komatsu WA200-6	\$130,600.00	\$50,000.00	38%
Southeastern Equipment Company	Case 521E	\$123,512.28**	\$74,700.00	60%
AIS Construction Equipment Corp.	JCB416HT	\$127,300.00***	NA	NA
Grand Equipment Company	Kawasaki 60ZV-2	\$128,889.00***	\$30,000	23%
Carlton Equipment Company Inc.	Doosan DL200	\$129,289.00****	\$38,128.00	30%
JDE Equipment Company	John Deere 444K	\$137,280.00	NA	NA
Michigan Tractor & Machinery	Cat 924Hz	\$132,944.00	\$52,000.00	39%
Grand Equipment Company	Kawasaki 65ZV-2	\$136,044.00	\$35,000.00	26%

* Refer to notes on page one of tabulation

Table 2 - HCMA historical sales experience for similar equipment

Mfg	Acquired	Disposed	Life Span	Acq. Price	Sale Amount	% Acq.
John Deere 444E	1988	2006	19	\$43,560.00	\$32,000.00	73%
Case 621F	1990	2005	16	\$62,650.00	\$24,858.00	41%
John Deere 544E	1989	2005	17	\$58,030.00	\$26,888.00	46%
Cat 924F	1999	2008	10	\$95,056.00	\$36,000.00	38%

AWARD OF BID PROCEDURE

The following factors in combination, not necessarily listed in their order of importance, will be considered in reviewing bids and recommending the award of bids by the Board of Commissioners and/or Executive Director-Secretary as appropriate.

All bidders should understand that only the Board of Commissioners can authorize a contract or award a bid involving an amount of \$10,000 or more. Such approval can only occur at a public meeting by Board of Commissioners. Until a bid is awarded, the Board of Commissioners retains the right to reject any or all bids at its discretion. Critical factors include:

- Price
- Bidder's previous record of performance and service
- Ability of bidder to render satisfactory service
- Availability of bidder's representative to call upon and consult with Huron-Clinton Metroparks user departments
- Quality and conformance to specifications
- Bidder's qualifications
- Dun & Bradstreet information
- Written recommendation from user department for the bid award

In case of disagreement, the Purchasing Manager shall make the final recommendation for the award of bid to the Board of Commissioners.

TABULATION OF BIDS ITB-10-028

Litter Vacuum, 2 Each Metro Beach Metropark

Bids opened at 2:00 P.M., Monday, April 26, 2010

Scope of Work:

Furnish and deliver two (2) Litter Vacuums, 4-Wheel, Riding Type

<u>Bidders</u>	<u>City</u>	<u>Unit Price</u>	<u>Total</u>
Hollowell Products, Inc.	Wyandotte, MI	\$26,337.06	\$52,674.12

RECOMMENDATION: Prepared by Food Service Administrator Janice Schlitters and recommended by staff that: ITB-10-028 be awarded to the responsible, responsive bidder Hollowell Products, Inc. in the amount of \$52,674.12.

The Following companies reviewed the bid document but submitted a response of no bid:

AIS Construction Corp.	Lansing, MI
R & R Products, Inc.	Tucson, AZ
Sears, Roebuck and Co.	Hoffman Estates, IL
Spartan Distributors, Inc.	Sparta, MI
Munn Tractor Sales, Inc.	Auburn Hills, MI

INVITATION F O R B I D S W E R E P O S T E D O N M I C H I G A N I N T E R G O V E R N M E N T A L
WEBSITE AND WERE SENT TO 91 REGISTERED SUPPLIERS.

TABULATION OF BIDS ITB 10-027

**Picnic Shelter
Lower Huron Metropark
Wayne County, Michigan**

Bids opened at 2:00 PM., Tuesday, April 27, 2010

Scope of Work: Furnish, Deliver, and unload materials to construct a 30' x 60' wood picnic shelter in accordance with the drawings provide in the bid.

<u>Vendor</u>	<u>City</u>	<u>Amount</u>
Play Environments, Inc.	Holland	\$18,000.00
M.C. Guthrie Lumber	Livonia	\$18,198.80
Sinclair Recreation*	Holland	\$19,386.00
Ross & Barr Inc	Warren	\$24,380.00
Superior Play L.L.C.	Brighton	\$24,731.25

RECOMMENDATION: Prepared by Buyer Maria van Rooijen and recommended by staff that: ITB-10-027 be awarded to the low responsive, responsible bidder, Play Environments, Inc. in the amount of \$18,000.00.

Note: Sinclair Recreation pricing does not include unloading of the materials.

TABULATION OF BIDS

ITB-10-030

Aquatic Chemicals Kensington, Stony Creek and Willow Metroparks

Bids opened at 2:00 P.M., Monday May 3, 2009

Scope of Work:

Furnish and deliver Aquatic Chemicals to the various Metroparks as needed.

<u>Bidder</u>	<u>City, State</u>	<u>Maximum Amount</u>
1) Cygnet Enterprises, Inc.	Flint, Mi.	<u>\$212,576.80</u>

RECOMMENDATION: Made by Buyer Ron Smith and staff. That ITB-10-030 be awarded to the low responsive, responsible bidder, Cygnet Enterprises, Inc. on a unit price basis, maximum amount of \$212,576.80.

Notes:

1. Cygnet Enterprises, Inc. is a master wholesale distributor.
2. The quantities are estimates only and are for the maximum allowable treatment area. The Authority is estimating purchasing approximately 25 percent of the total for the season.
3. Prior year expenditures are as follows: 2009 - \$48,000.00; 2008 - \$42,000.00; 2007 - \$32,000.00; 2006 - \$53,000.00; 2005 - \$32,000.00; 2004 - \$34,000.00; 2003 - \$67,000.00.

INVITATION FOR BIDS WERE POSTED ON MICHIGAN INTER GOVERNMENTAL WEBSITE AND WERE SENT TO 23 REGISTERED SUPPLIERS VIA EMAIL.

REQUEST FOR APPROVAL

Base Station Repeater Installation Kensington Metropark Oakland County, Michigan

Scope of Work:

Furnish all labor and materials to replace the Kensington Metropark two way radio repeater/base station and antenna at the main service area. Installation of equipment will require set up, programming and testing of system. Motorola components are as per State of Michigan Contract No. 071B200262.

Contractor	City/State	Amount
Herkimer Radio	Monroe, Michigan	\$10,589.04

RECOMMENDATION: Made by Purchasing Manager Michael and staff. That a purchase order be issued to Herkimer Radio for Motorola radio equipment per State of Michigan Motorola Contract and antenna and installation on a time and materials basis in the amount of \$10,589.04.

Note:

Herkimer Radio is an authorized Motorola dealer and has done excellent installation and troubleshooting work in the past. This installation requires the components to be matched and tested to perform to the best performance and provide the best longevity. This system replaces a base station that is failing and is being updated band width to meet FCC requirements.

**TABULATION OF BIDS
ITB-10-027**

**Paddleboats, Rental Quality
Stony Creek and Kensington Metroparks**

Bids opened at 2:00 P.M., Monday, April 5, 2010

Scope of Work:

Furnish and deliver six (6) Paddleboats, complete with State of Michigan registration

<u>Bidders</u>	<u>City</u>	<u>Unit Price</u>	<u>Total</u>
DMM Industries, Inc.	Owosso, MI	1,871.29	11,227.74
Outdoor Fun Store Co.	Canton, MI	2,214.00	13,284.00
Madalyn's Contracting, LLC	Berkley, MI	2,640.00	15,840.00

RECOMMENDATION: Prepared by Food Service Administrator Janice Schlitters and recommended by staff that: ITB-10-027 be awarded to the low responsive, responsible bidder DMM Industries, Inc. in the amount of \$11,227.74.

INVITATION FOR BIDS WERE POSTED ON MICHIGAN INTER GOVERNMENTAL WEBSITE AND WERE SENT TO 24 REGISTERED SUPPLIERS.

**TABULATION OF BIDS
PROJECT NO. 704-10E**

**Orchard Picnic Area Well Improvement
Kensington Metropark
Oakland County, Michigan
Major Maintenance Project**

Bids opened at 2:00 P.M., Thursday, April 29, 2010

Scope of Work: Project will include the revision of two potable water supply wells, construction of a 70 square foot addition to the existing comfort station to house new pressure tank, plumbing and filter systems, miscellaneous underground work to existing water supply lines, and related work. Existing water wells include below-grade water storage tanks and are thus non-compliant with Health Department regulations; existing Comfort Station has inadequate space to house aboveground tanks. Project provides aboveground tanks, along with modifications of the Comfort Station and its plumbing systems as needed to bring the system into compliance.

<u>Contractor</u>	<u>City</u>	<u>Amount</u>
1. Ed Birkmeier Well Drilling	New Lothrop	\$49,859.00
2. Usztan, LLC	Auburn Hills	\$51,950.00
3. J. T. Maurer Building Co.	Plymouth	\$78,800.00
4. B. Sarkett Construction Co.	Woodhaven	\$81,229.90

Total Budget Amount for Contract Services and Administration	\$44,000.00
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Proposed Work Order Amount

Contract Amount - Ed Berkmeier Well Drilling (Rounded)	\$50,000.00
Contract Administration	<u>\$ 2,000.00</u>
Total Proposed Work Order Amount	\$52,000.00

Note: If a contract is awarded, no additional appropriation will be necessary. Sufficient funds exist in the Kensington Major Maintenance Account to cover the difference between low bid and Budget Amount.

RECOMMENDATION: Prepared by Chief Engineer Arens and recommended by staff that: Contract No. 704-10E be awarded to the lowest responsible, responsive bidder, Ed Birkmeier Well Drilling, in the amount of \$49,859.00.

The following contractors obtained bidding documents but did not submit a proposal:

B&T General Contracting, Union Lake
TDS Contractors, Inc., Waterford

Envision Builders, Inc., Wixom
Oak Construction Corp., Flint

CONTRACTOR CLAIM

**Martindale Bathhouse Redevelopment
Project No. 504-08R
Kensington Metropark
Oakland County, Michigan**

At the meeting of the Board of Commissioners on March 11, 2010, Staff reported on the status of a contractor claim on the Martindale Bathhouse Redevelopment project. As reported at that time, a contract for this project was awarded to the Braun Construction Group of Farmington Hills on December 11, 2008 in the amount of \$2,626,000. At this time the project is approximately 95 percent complete, and it is scheduled to be completed before the summer use season begins.

Total Change Orders to date on this project are \$94,010.37. These Change Orders bring the total current contract amount to \$2,719,010.37, a 3.6 percent increase over the original contract amount.

As reported on March 11, 2010, the present claim is based on the contractor's view that extensive groundwater conditions encountered during excavation constitute an unforeseen site condition. The contractor had originally submitted a claim (dated February 11, 2010) in the total amount of \$175,923.36. Staff had reviewed this claim and concluded that based on information submitted, the majority of the claim was invalid. The reason for this conclusion was that numerous soil borings were taken on the site, and all indicate the presence of groundwater ranging from 2 to 9 feet below ground, along with predominantly sandy/ gravelly soils. Also, along with the soil boring report, the contract documents include many indications that difficulty with groundwater conditions can be expected. Therefore Engineering Staff believes that the groundwater conditions actually encountered were not unforeseen but are well-documented in the contract.

Prior to the March 11, 2010 report, Staff had advised the contractor of its position and requested additional information. Subsequently the contractor submitted a revised claim amount and additional background information. Summary cost breakdown, and associated subcontractors claiming to have incurred additional costs, are as follows:

<u>Description</u>	<u>Subcontractor/ Supplier</u>	<u>Amount</u>
Fuel Consumption	Chapp & Bushey Oil Co.	\$ 14,467.01
Dewatering Pump Rental	Thompson Pump Co.	\$ 60,712.00
Excavation Work	Aielle Construction Co.	\$ 47,018.09
Miscellaneous Material	Merlo Construction	\$ 738.35
Total Revised Claim Amount		\$122,935.54

After negotiations, we have reached a tentative agreement on the claim with the contractor in the amount of \$35,000. The contractor tentatively agrees that he will execute a settlement agreement as part of the Change Order document, and that he will indemnify the Authority from any claims from subcontractors relating to the claim. Staff coordinated with legal counsel, Mr. Lawrence Dudek of Miller, Canfield, Paddock & Stone on negotiations and settlement agreement details.

Recommendation: Prepared by Chief Engineer Arens and made by Staff. That the Board of Commissioners approve the tentative agreement to pay \$35,000 in settlement of the contractor's claim, and that Staff be authorized to execute a Change Order formalizing the agreement.

Note: If the tentative agreement is approved, an appropriation from Reserves will be necessary.

TABULATION OF BIDS

**Administrative Office Building Exterior Repairs
Kensington Metropark
Livingston County, Michigan
Major Maintenance Project**

Scope of Work: Repair the Dryvit-finished portions of the Administrative Office (window areas, soffits and columns at various locations around the building); provide cleaning, re-finishing and caulking of Dryvit areas. Existing Dryvit is deteriorated, flaked and in need of re-coating; some areas have failed and require repair or replacement. Project is over budget due to repair needs being more extensive than anticipated during preparation of the 2010 Budget.

<u>Contractor</u>	<u>City</u>	<u>Amount</u>
1. VJM Design Build, Inc.	Waterford	\$16,850.00
2. Ginnard Quality Construction, Inc.	Novi	\$35,000.00
Total Budget Amount for Contract Services and Administration		\$ 7,000.00
Proposed Work Order Amount		
Contract Amount - VJM Design Build, Inc. (Rounded)		\$17,000.00
Contract Administration		<u>\$ 1,000.00</u>
Total Proposed Work Order Amount		\$18,000.00

Note: If a contract is awarded, an appropriation from Reserves in the amount of \$11,000 will be made to cover the difference between low bid and Budget Amount.

RECOMMENDATION: Prepared by Chief Engineer Arens and recommended by staff that: a purchase order be issued to the lowest responsible, responsive bidder, VJM Design Build, Inc., in the amount of \$16,850.00, and that an appropriation from Reserves in the amount of \$11,000 be authorized.

CONTRACT and OPERATING AGREEMENT

**DTE SolarCurrents Solar Power Program
Golf Cart Storage Building Electrical System
Huron Meadows Metropark
Livingston County, Michigan**

At its meeting of February 11, 2010, the Board of Commissioners approved a contract to revise the electrical system at the Huron Meadows Golf Cart Storage Building to support the new fleet of electric-powered golf carts, scheduled for delivery next June. Included in this project is the installation of a roof-mounted 2.4 kilowatt photovoltaic (PV) solar power system.

As reported last February, this PV installation is eligible for a \$5,760 one-time, up-front rebate through DET's SolarCurrents PV reimbursement program. Additionally, a \$0.11 per kilowatt hour credit will be applicable to our monthly electrical bills for the facility, based on power generated by the PV system.

In order to receive the rebate and credit, the Authority must enter into a "SolarCurrents Customer-Owned Solar Pilot Program Contract" (SolarCurrents Contract) and an "Interconnection and Parallel Operating Agreement" (Interconnection Agreement) with DTE Energy. The SolarCurrents Contract includes the following main provisions:

- The Authority will sell and DTE will purchase Renewable Energy Credits (RECs) generated by the PV system
- Agreement term is 20 years; Authority to remain a customer of DTE throughout term
- Total up-front payment of \$2.40 per kW installed times 2.4 kW = \$5,760, along with \$0.11 per kW generated
- Authority to install system at its sole expense.
- DTE to retain all interest in RECs generated during term of Contract

The Interconnection Agreement includes the following main provisions:

- The Authority to install, maintain, properly operate and periodically test interconnection protective equipment
- DTE reserves the right to disconnect the interconnected PV system from their system under certain circumstances (e.g. customer's system fails, emergencies, maintenance, customer breach of contract)
- Authority must make the site of the PV system accessible to DTE.

Recommendation: Prepared by Chief Engineer Arens and made by Staff. That the Board of Commissioners approve of the SolarCurrents Contract and Interconnection Agreement, and that Staff be authorized to execute the documents.

**TABULATION OF BIDS
PROJECT NO. 508-10H**

**Activity Center Parking Lot Expansion
Hudson Mills Metropark
Washtenaw County, Michigan
Capital Improvement Project**

Bids opened at 2:00 P.M., Thursday, April 29, 2010

Scope of Work: Construct an approximately 1.1 acre aggregate-surfaced parking lot addition to the existing asphalt-surfaced lot at the Activity Center, to expand the existing 150-space lot by 147 spaces. Reconfigure lot entrance and turnarounds to accommodate the addition. Project includes removal of selected pavement areas, grading, placement of aggregate material, partial pavement of entrance and turnaround lanes, parking bumpers, drainage improvements and related work. Project is needed to accommodate regular overflow conditions (an average of 25 times per year), which create significant erosion, rutting and parking control problems in the existing turf overflow area.

<u>Contractor</u>	<u>City</u>	<u>Amount</u>
1. Summit Transport, Inc.	New Hudson	\$170,338.50
2. Cadillac Asphalt, LLC	Belleville	\$191,380.00
3. F. Allied Construction Co., Inc.	Clarkston	\$196,616.50
4. Bob Myers Excavating, Inc.	Brighton	\$199,402.00
5. T & M Asphalt Paving, Inc.	Milford	\$202,995.00
6. Quality Asphalt Paving, Inc.	Homer	\$206,056.50
7. ABC Paving company	Trenton	\$218,108.97
8. Nagle Paving	Novi	\$218,482.00
9. Fonson, Inc.	Brighton	\$221,994.20
10. Ajax Paving Industries, Inc.	Troy	\$228,471.00
11. Joe Raica Excavating, Inc.	Fowlerville	\$287,435.00
Total Budget Amount for Contract Services and Administration		\$210,000.00
Proposed Work Order Amount		
Contract Amount - Summit Transport, Inc. (Rounded)		\$171,000.00
Contract Administration plus Force Account Work		<u>\$ 7,000.00</u>
Total Proposed Work Order Amount		\$178,000.00
Funds to be Returned to Reserve Account		\$ 32,000.00

RECOMMENDATION: Prepared by Chief Engineer Arens and recommended by Staff that: Contract No. 508-10H be awarded to the lowest responsible, responsive bidder, Summit Transport, Inc., in the amount of \$170,338.50.

The following contractors obtained bidding documents but did not submit a proposal:

Birkenstock Construction, LLC, Brighton	Best Asphalt, Romulus
Midwest Pavement, Milford	D&H Asphalt Co., Hamburg
Pro-Line Asphalt, Washington Twp.	Al's Asphalt Paving, Taylor
Wagner Excavating, Brighton	



HURON-CLINTON METROPOLITAN AUTHORITY INTER-OFFICE COMMUNICATION

TO: Board of Commissioners

FROM: David L. Wahl, Controller

SUBJECT: 2010 Insurance Report

DATE: May 3, 2010

In keeping with our past practice, the Authority has once again retained Mr. Haig Neville, an independent insurance counsel, to examine, audit and make recommendations on the Authority's property/casualty insurance policies for 2010. A copy of Mr. Neville's Insurance Report is attached for your review.

The report covers all 2010 policies that were approved by the Board in January 2010. The report notes that the Authority's insurance program continues to be a well-planned, comprehensive program with competitive pricing. Mr. Neville feels our agent, Robert Wolf of Wolf-Hulbert Agency, continues to negotiate the most favorable coverage terms and pricing consistent with acceptable ratings and services for claims and loss control. It is felt the current insurers provide coverages that best meet the broad coverage requirements for the Authority. He feels that HCMA benefits from our stable and well-coordinated relationships with our in-force carriers. Mr. Wolf obtained alternate quotes on some lines of coverage which substantiate HCMA's favorable pricing from in-force carriers.

Authority coverages continue to be placed with well-rated insurance companies (A and A++).

Mr. Neville notes that 2009 continued as a difficult period for the financial services industry and the global economy. The economic recovery which is slowly emerging should benefit the insurance industry in 2010. Absent any serious claims, HCMA insurance premiums should continue to remain reasonable based on broad coverage requirements.

Mr. Neville will present his report to the Board at the May 13th meeting.

It is recommended by Controller Wahl and Staff that the 2010 Insurance Report be received and filed.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "David L. Wahl".

David L. Wahl, Controller

DLW:kag
Attachment

xc: G. Almas
W. Johnstone, Safety Committee

**HURON-CLINTON METROPOLITAN AUTHORITY
2010 UPDATE TO REVISED 2009 FIVE-YEAR PLAN
SUMMARY OF CHANGES**

7D 2

As the Board will recall, in 2009 the estimated impact of the economic downturn on Authority tax revenues required the Authority to revise the 2007-approved Five-Year Plan. A "revised" Five-Year Plan was approved by the Board on July 9, 2009 for 2010 to 2012. This 2009 revision: (1) accelerated some revenue increases, (2) deferred planned capital improvement projects, and (3) built up the Authority's Reserve for Future Contingencies account. These revisions guided the 2010 Budget process.

Unfortunately, the magnitude of the collapse of the residential/commercial/industrial real estate markets in southeast Michigan and the current estimates of declines in "taxable values" by County Equalization Departments is larger than originally projected in the July 2009 Board-approved Revised Five-Year Plan. The "decline" of Authority property tax revenues and how they have changed are as follows:

	Tax Decline 2009 Revised	%	Tax Decline 2010 Update	%	Tax Decline Increase
2011	\$2,100,000	6.1%	\$3,894,000	11.3%	\$1,794,000
2012	1,900,000	5.9%	3,178,000	10.4%	1,278,000
2013	Not projected	-	1,535,000	5.6%	1,535,000
	<u>\$4,000,000</u>		<u>\$8,607,000</u>		<u>\$4,607,000</u>

As a result of these new tax revenue estimates, the July 2009 Revised Five-Year Plan was reworked. The 2010 update "draft" is enclosed. The 2010 update reflects the following changes for 2011, 2012 and 2013 as compared to the July 2009 Revised Five-Year Plan:

1. An additional year, 2013, was added to demonstrate the cumulative impact of these significant tax revenue declines.
2. Dropped \$1.00 per round golf green fee increase scheduled for 2011 (\$200,000).
3. Park Operations and Administrative Office cost increase trend assumptions were lowered, as these operations will have to be scrutinized even more closely going forward (3% for 2011 - 2% for 2012- 1% for 2013 vs. 4% per year).
4. Organizational restructuring is projected more aggressive for Park Operations and Administrative Office for 2011-2013.
5. Major maintenance funding was bumped up for 2011-2013 (\pm \$250,000/year) since capital improvement funding for replacement projects was pulled back, requiring greater facility repair maintenance efforts.
6. Equipment replacement schedules have been extended for 2011-2013 to lower equipment replacement funding (\pm \$400,000/year).
7. No additional funds have been allocated to land acquisition, as \$500,000 was removed from 2011 and 2012.
8. The following 2011 and 2012 capital improvement projects have been deferred or altered:

**HURON-CLINTON METROPOLITAN AUTHORITY
2010 UPDATE TO REVISED 2009 FIVE-YEAR PLAN
SUMMARY OF CHANGES**

- a. Kensington – Maple Beach Redevelopment – \$500,000 extended over 2011 and 2012 rather than 2011 and redevelopment as a group rental/special event area is deferred past 2013;
- b. Kensington – Martindale Parking Lot Surfacing – 2012 funding reduced \$100,000 to \$300,000;
- c. Kensington – Boundary Fencing – \$50,000 – 2011 deferred;
- d. Lower Huron – Boundary Fencing – \$50,000 – 2011 deferred;
- e. Stony Creek – Eastwood Beach Play Area Development – \$2,500,000 – 2010 Budget carried over to 2011 with project scope altered in 2011 to \$600,000 to Tot Lot/Adventure Activity.

A detailed listing of capital improvement projects is attached. This listing schedules out all 2010 budgeted capital improvement projects that are not currently under contract, as well as planned 2011 to 2013 projects. Staff has assigned a priority ranking to each project to assist the Board in evaluating projects for future funding scheduling.

The 2010 Update to the Revised 2009 Five-Year Plan has been reviewed with each Commissioner. Based on current estimates of revenue and expenditure trends, along with the changes outlined above, it appears the Reserve account balance should be adequate to carry the Authority through 2013. In 2013 it will be necessary to develop a new Five-Year Plan.

Staff will need direction from the Board of Commissioners at the May 13, 2010 meeting on the 2010 factors used to update the Revised 2009 Five-Year Plan. It is anticipated a final 2010 update would be presented for adoption at the June 10, 2010 meeting.

MEMORANDUM

TO: Board of Commissioners
FROM: Jayne Miller, Director
DATE: May 13, 2010
RE: Michigan State Fairgrounds 60-Day Report

At a Special Meeting of the Board of Commissioners on February 24, 2010, the Board passed the following motion "...that a collaboration of staff and members of the Board of Commissioners meet with the State of Michigan to work out details, and in the process gather as many facts as possible within a 60-day period, of a long-term lease for the possible development of the State Fairgrounds as a Metropark and possible continuation of the State Fair and that the city of Detroit be invited to the table".

Since the passage of this motion, staff has been working with the Michigan State Fairgrounds (MSF) Committee of the Board and State of Michigan to gather facts and details for the possible establishment of a Metropark at the State Fairgrounds site. In addition, members of the MSF Committee and staff have met with the Mayor of Detroit and his staff on this project. During this 60-day period staff has:

- a. obtained the finances of the State Fair and Fairgrounds;
- b. completed a facility condition assessment of the property assets;
- c. prepared an RFP for Environmental Assessment work;
- d. drafted a scope of services to complete an assessment of the underground utilities;
- e. prepared draft site use concept plans; and
- f. identified additional work to be completed in the event a Metropark were to be created at the State Fairgrounds

Below are summaries of this work, including associated attachments.

Summary of State Fair & Fairgrounds Revenues & Expenses for Fiscal Years 2007 - 2009

- Michigan Exposition and Fairgrounds Authority (MEFA) Board of Directors, working through the MEFA General Manager, was responsible for:
 1. Conducting annual State Fair;
 2. Leasing the State exposition and fairgrounds and its buildings for purposes considered to be consistent with staging of the State Fair;
 3. Entering into contracts to conduct the State Fair, exhibits and other events at the State exposition and fairgrounds.
- MEFA General Manager responsible to present to MEFA Board of Directors:
 1. Annual Financial Plan – Budget;
 2. Five Year Operations Plan, updated annually;
 3. Facility/utility construction plan to include a master plan for use of any buildings and fairgrounds (as requested).
- Act 468, P.A. of 2004 created MEFA to provide for control and management of State exposition centers and fairgrounds. This statute transferred management of State Fair properties from Department of Agriculture to MEFA effective 3/1/2005. MEFA operated as a public body corporate under Department of Management and Budget.
- Act 468, P.A. of 2004 permitted MEFA to incur expenses in this order of priority:
 1. Providing an annual State Fair;
 2. Maintaining the State exposition and fairgrounds;
 3. Accomplishing any other purpose authorized by the Act.
- On February 12, 2009, Governor Granholm issued Executive Order transferring functions of MEFA to D.M.B. and abolished the MEFA effective October 1, 2009.

- Capitalization Limits:
 1. Capital improvement assets over \$100,000
 2. Equipment – \$5,000
 3. Depreciation – straight line
 4. Estimated useful lives
 1. Equipment – 5 years
 2. Buildings and building renovations – 10 to 40 years
- Capital assets as of 9/30/2009

Land/land improvements	\$ 3,360,000
Buildings/equipment/other depreciable assets	\$12,339,000
Less accumulated depreciation	<u>\$ 8,408,000</u>
Net buildings/equipment/other depreciable assets	<u>\$ 3,931,000</u>

Buildings/equipment are 68 percent depreciated, which indicates they only have 32 percent of their estimated useful life remaining.

- Insurance/risk management:
 1. MEFA participates in State of Michigan's self insured risk management program.
 2. The State is self insured for:
 - a. General liability
 - b. Property/building losses
 - c. Auto
 - d. Worker's Comp
 - e. Unemployment claims
 3. The State charges MEFA for self insurance similar to purchasing commercial insurance based on claim experience.
- Audit report noted internal control deficiencies:
 1. FY 2007:
 - a. Improper recording of accounts receivable write-offs, understating expenses by \$125,000.
 - b. MEFA did not obtain signed contracts and required insurance certificates for all vendor space rentals. 124 vendor space rentals – audit reviewed 25 and found 12 percent without contracts – 16 percent without liability insurance – 16 percent without worker's comp insurance.
 2. FY 2008:
 - a. Inadequate control over gate admission, ticket inventory and ticket sales.
 - b. Vendor space rentals – same as FY 2007.
 3. FY 2009: None – MEFA abolished.
- Budgets:
 1. MEFA revenue budgets missed revenue targets by an average of \$1,752,000 over last three fiscal years (FY 2007 - \$1,778,000; FY 2008 - \$1,941,000; FY 2009 - \$1,538,000).
 2. MEFA expense budgets for operations came in under budget by an average of \$1,247,000 over last three fiscal years (FY 2007 - \$1,188,000; FY 2008 - \$1,400,000; FY 2009 - \$1,152,000).

Facility Condition Assessment

On March 11, 2010 the Board of Commissioners retained the architectural firm of SmithGroup of Detroit to perform a Facility Condition Assessment of the Michigan State Fairground property.

As with the 2003 assessment, the goal is to identify minimal repairs and upgrades needed to bring facilities up to safe, usable, code-compliant and suitable condition for operation. No improvements, upgrades or alterations beyond that point are included. Also, the Assessment identifies only those buildings, facilities and items which are above-ground, visible and readily accessible, and it does not include underground utilities or environmental conditions which must be assessed separately. The present Assessment includes the following tasks:

- Review, re-assessment and re-estimating of facilities previously identified in the 2003 assessment (excluding Administration, Community Arts and Band Shell Buildings, proposed for lease by Hantz Farms).
- Identification of new items that have arisen/ worsened in the last 7 years.
- Adding buildings to the scope of the original assessment: Coliseum, Agriculture Building, and a number of livestock buildings.
- Prepare a cost estimate for repair and upgrade projects.
- Indicate relative priorities of repair/ upgrade projects, to accommodate public use of the most critical facilities as soon as possible.
- Provide a code compliance review, addressing egress, fire suppression, accessibility, etc.

The SmithGroup completed their field investigation work in late March and early April of 2010, and they have submitted the Facility Condition Assessment. They have prepared a detailed report of their findings, which will be made available to Board if so desired. An executive summary of the report is attached to this report.

The Facility Condition Assessment is divided into two parts: 1) those facilities which are located on the portion of property proposed to be leased by HCMA (the northerly 120 acres); and 2) those facilities located on the portion proposed for lease by Hantz Farms (the southerly 40 acres). Cost estimates for repairs and upgrades of facilities are grouped according to the proposed leased areas.

The report indicates that the total estimated cost to repair/ upgrade facilities on the proposed HCMA-leased property is \$20,947,155.

Environmental Assessment RFP

As a potential owner or operator (lessee) of the State Fairground property, HCMA must undertake a Phase 1 and Phase 2 Environmental Site Assessment (ESA), a Baseline Environmental Assessment (BEA), and other due care activities, in order to preserve its innocent landowner defenses against potential environmental liability caused by previous owners under Part 201 of Natural Resources and Environmental Protection Act.

Potential environmental liabilities exist on the property. The State of Michigan prepared its own Phase 1 ESA in 1999 and Phase 1 and Phase 2 ESAs in 2009. The Phase 2 ESA identified eight (8) Recognized Environmental Conditions on the property, including two (2) open leaking Underground Storage Tanks (UST) sites, contamination in areas of aboveground and underground storage tanks, a former machine shop and a past fuel spill. The property is defined as a "Facility" within the meaning of Part 201. The State also conducted an Asbestos and Limited Lead-Based Paint Survey (Survey) in 2009. The Survey identified approximately 17 buildings having asbestos containing material (and an estimated cost of approximately \$448,000 for remediation), and it recommended the assumption that all buildings were coated with lead-based paint.

Accordingly, a Request for Proposals for environmental consulting services was prepared with the assistance of Ms. Anna Maiuri of Miller, Canfield, Paddock & Stone, HCMA's environmental counsel. The RFP was issued on an invitational basis to 12 qualified firms. Proposals were received from seven of those firms on May 3, 2010.

As with the Facility Condition Assessment, the proposed ESA is divided into two parts as related to the property: 1) the portion of property proposed to be leased by HCMA (the northerly 120 acres); and 2) the portion proposed for lease by Hantz Farms (the southerly 40 acres). If the ESA is authorized to proceed by the Board, and assuming the Hantz Farms lease is to be executed, then HCMA would perform an ESA only on the northerly 120 acres of property.

A property description of the proposed HCMA-leased land would be necessary before the ESA commences (as it would be necessary in order to prepare a lease), in order to accurately define the property boundaries. It should also be noted that the BEA must be completed within 45 days of execution of lease in order to comply with the requirements of Part 201.

Attached is a tabulation of responding firms, their cost proposals and selected highlights. If the Board elects to proceed with the project, Staff will be prepared to recommend the acceptance of a proposal from one of the submitting firms as early as the June 10, 2010 meeting of the Board of Commissioners.

Underground Infrastructure Condition Assessment

As part of the fact-finding effort that the Board directed Staff to undertake, an assessment of underground infrastructure on the Michigan State Fairground property will be necessary, to address those assets not included in SmithGroup's Facility Condition Assessment. Very little is known about the extent, location, condition, age, reliability, regulatory compliance, or exact ownership of existing underground infrastructure or utilities on the site. An assessment would include the following tasks:

Phase 1 – Documentation and Record Information

- Collect maps and other documents from agencies having utilities affecting the site: Detroit Water and Sewer Department, DTE Energy, Michcon, AT&T, Comcast and Detroit Public Lighting Department; collect record documents from the Michigan Department of Management and Budget.
- Develop schematic utility plans.
- Determine limits of utility agency ownership.

Phase 2 – Infrastructure Condition Assessment

- Assess the condition of water main and sewer systems; collect installation and maintenance records; determine system age.
- Prepare recommendations and cost estimates for repairs and upgrades.

Phase 3 – Physical Inspection, Televising, Actuation (Optional)

- Perform representative (or complete) cleaning and TV inspection of sanitary sewers; flow tests at fire hydrants.

For purposes of defining a scope of services for an infrastructure condition assessment, and of obtaining a cost estimate for those services, Staff requested a proposal from the engineering firm of Anderson, Eckstein & Westrick, Inc. (AEW) of Shelby Township. AEW was contacted due to their extensive experience on an infrastructure assessment of the Gateway project, located at the southeast corner of 8 Mile Road and Woodward Avenue and abutting the State Fairground property. AEW's proposal dated April 26, 2010 is attached.

If the Board elects to proceed with an infrastructure condition assessment, Staff is prepared to recommend that AEW be retained to provide consultant services. Alternatively, if the Board desires, Staff may issue a request for proposals to other engineering firms who are capable of providing these services.

Draft Site Use Concept Plans

Introduction

Providing viable parks and recreation facilities is an important part of a city's effort to remake itself as a vibrant and attractive place to live, work and play. In the early 1900s the city of Detroit embarked on a path to develop parks and recreation centers throughout the city. Today Detroit's park and recreation system has deteriorated due to the age of facilities and diminishing financial resources. Other cities have learned that providing high quality green space and recreation amenities helps retain the population, attracts new residents, and encourages reinvestment in older urban areas. Well cared for urban green space is a means of showing existing and prospective residents and business owners that the city is optimistic about its future.

The State of Michigan owns the Michigan State Fairgrounds located in the city of Detroit south of Eight Mile Road on Woodward Avenue. Due to budget problems, the State will no longer operate a State Fair. Over the course of several decades, the Huron-Clinton Metropolitan Authority (Metroparks) has explored sites for a Metropark within the Detroit city limits. The State Fairgrounds is a possible location and Staff

has prepared two conceptual park development plans. Concept 1 assumes that the park will remain the site of the annual Michigan State Fair; and Concept 2 assumes that this will not be the site of the State Fair.

State Fairgrounds Metropark Concept 1: Assumptions

- The proposed State Fair Metropark would encompass 120 acres of the 160 acre parcel of land.
- Hantz Farm Detroit would manage a farming operation on the remaining forty acres.
- The park will remain the site of an annual Michigan State Fair.
- Metroparks will operate the park 11 months of the year.
- A vendor will operate the fairgrounds during the month of August, when the Michigan State Fair is held.
- By the nature of its location, a Metropark at the State Fairgrounds will be much different than the expansive green spaces and natural resources experienced at the 13 existing Metroparks.
- Buildings necessary to conduct the State Fair will remain on the site.
- Approximately thirty five acres of open area is needed for State Fair amusement rides and parking.
- The open 35 acres may consist of a combination of paved and unpaved surfaces.
- The existing Pocket Park would remain.
- Public survey data from a 2005 Detroit Recreation Department Strategic Plan will be used to determine the needs of potential park patrons.

State Fairgrounds Metropark Concept 2: Assumptions

- The proposed Metropark would encompass 120 acres of the 160 acre parcel of land.
- Hantz Farm Detroit would manage a farming operation on the remaining forty acres.
- The park will not be the site of the annual Michigan State Fair.
- Metroparks will operate the park 12 months of the year.
- By the nature of its location, a Metropark at the State Fairgrounds will be much different than the expansive green spaces and natural resources experienced at the 13 existing Metroparks.
- Buildings that can be renovated for Metropark operations, maintenance, and security will remain.
- The existing Pocket Park would remain.
- Public survey data from a 2005 Detroit Recreation Department Strategic Plan will be used to determine the needs of potential park patrons.

State Fairgrounds Metropark Concept Plan

In 2005 the Detroit Recreation Department (DRD) completed a Strategic Master Plan which focused on all of the city-owned parks and recreation centers. Opinions expressed in the Plan's public surveys have been referenced in the State Fair Metropark Master Plan study. The results and/or recommendations from the site assessment report by the SmithGroup for the renovation or removal of existing facilities will also be incorporated in the plan.

In response to the public survey the Metropark should include basketball courts, playgrounds, picnic areas with shelters, restrooms, and safe, secure grounds. However, the final plan could include tennis courts, soccer and football fields, trails, and water sprayground. Final needs will be determined through several public engagement meetings, if it is determined that the Master Plan concept be studied further.

Additional Work To Be Completed

Staff has identified the following issues that would need to be addressed if the Board decides to move forward with establishing the Fairgrounds as a Metropark.

1. Complete Physical Assessment Work
 - a. Complete the Underground Infrastructure Condition Assessment
 - b. Complete a property description on the HCMA-leased portion of the State Fairgrounds
 - c. Complete the environmental assessment and remediation due diligence

- d. Based on the results of the facility condition assessment, underground infrastructure condition assessment and environment assessment work, develop a strategy for re-use, re-development or demolish of property assets in concert with developing refined plans for the site
2. Engage the City of Detroit in site development
3. Develop refined plans for the site
 - a. Implement a public engagement process to gather input about desired uses and activities on the site
 - b. Refine plans, with cost estimates, for site based on public input and physical assessment results
 - c. Share with public the refined plans and cost estimates to gather public feedback
 - d. Complete finalized plans for the site
4. Engage interested parties in discussions for partnerships and funding opportunities, including grant funding
 - a. Develop a strategy to formally establish partnerships and funding strategies to implement finalized plans for the site
5. Develop business plan for implementing development, partnership, funding and operational plans for the site
6. Begin negotiations with the State of Michigan regarding lease or sale of property to Metroparks

Board Direction

Staff is requesting direction from the Board on whether to continue work on this project for the creation of a Metropark at the State Fairgrounds site.

Attachments:

1. Michigan State Fairgrounds Summary Financial Information, 2007-2009
2. Michigan State Fairgrounds Summary of Revenues and Expenses, 2007-2009
3. Michigan State Fairgrounds – Fair Expense Detail, 2009
4. Facility Condition Assessment
5. Environmental Assessment Bid Tabulation Sheet
6. Underground Infrastructure Condition Proposal
7. Map of existing Fairground site
8. Description of Features of Concept Plan 1 and 2
9. Summary of results of the Detroit Recreation Department Public Survey

ATTACHMENT 1

Financial Information

Financial information was obtained from various contacts at the State of Michigan. The functions of the Michigan Exposition and Fairgrounds Authority Board of Directors and Staff was abolished effective October 1, 2009. The Department of Management and Budget inherited all property management responsibility and various accounting records.

The most salient financial information was obtained from a review of the Auditor General's Audit Reports for the 9/30 fiscal year ends as summarized below:

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
<u>Revenues</u>			
Fair revenues	\$3,995,000	\$3,387,000	\$2,955,000
Non-fair revenues	751,000	614,000	468,000
TOTAL REVENUES	<u>\$4,746,000</u>	<u>\$4,001,000</u>	<u>\$3,423,000</u>
<u>Expenses</u>			
Fair expenses - direct	\$2,816,000	\$2,431,000	\$2,724,000
Fair and non-fair expenses			
- Administration	778,000	1,022,000	1,032,000
- Buildings/Grounds Maintenance/Security	1,132,000	1,028,000	1,140,000
Depreciation	330,000	329,000	329,000
Road Paving Expense	0	152,000	0
TOTAL EXPENSES	<u>\$5,056,000</u>	<u>\$4,962,000</u>	<u>\$5,225,000</u>
NET OPERATING LOSS	<u>(\$310,000)</u>	<u>(\$961,000)</u>	<u>(\$1,802,000)</u>
<u>Capital Assets as of 9/30/2009</u>			
- Land and land improvements			\$3,360,000
		\$12,339,00	
- Buildings/equipment/other depreciable assets		0	
Less accumulated depreciation		<u>(8,408,000)</u>	
Net building/equipment/other depreciable assets			<u>\$3,931,000</u>
TOTAL CAPITAL ASSETS			<u>\$7,291,000</u>

We were not able to obtain more specific breakouts of expenses between Fair and Non-Fair for: (1) Administration, (2) Buildings, (3) Grounds Maintenance, and (4) Security. These are year-round expenses that were not distinguished between Fair and Non-Fair.

Michigan State Police provided security support during the Fair. Direct State Police wage costs, which averaged \$63,000 per year from 2001 to 2007, were absorbed by the State Police budget. State Police only charged the State Fair for overtime, housing, meals and mileage, which averaged \$33,000 per year for 2007 to 2009.

Current year-round 24-7 security at the Fairgrounds is provided by C.S.S. Security under a contract which runs until October 2011 at a cost of \$23,000 per month (\$276,000 per year).

The Michigan Department of Natural Resources operated the "Detroit Pocket Park" during the State Fair at an estimated cost of \$150,000 for staff and operating supplies. A summer outdoor skills clinic was provided for eight weeks from mid-June to mid-August at a cost of approximately \$22,000.

A more complete breakdown of Michigan State Fairgrounds revenues and expenses is enclosed as attachment 2 with general comments relating to FY 2009 only.

ATTACHMENT 2

4/19/2010

**MICHIGAN STATE FAIRGROUNDS
SUMMARY OF REVENUES AND EXPENSES*
FISCAL YEARS 2007, 2008, 2009**

	FY 2007	FY 2008	FY 2009	FY 2009 - COMMENTS
<u>Operating Revenues</u>				
<u>Fair Revenues</u>				
Gate Admissions	\$1,223,000	\$1,158,000	\$1,089,000	General admission fees at \$9.00 - fairgrounds, entertainment acts.
Parking	337,000	247,000	264,000	Parking fees at \$7.00.
Midway	938,000	791,000	1,006,000	North American Midway Entertainment Company in 2009 paid a flat \$1.0 million fee. Prior years - Wade Shows. Contracts negotiated differently: (1) flat fee, or (2) 1st \$500,000 to fair, 2nd \$500,000 to midway - over \$1.0 million split on % basis. Midway vendor required to supply own generators and ticket sellers - no added expense to MEFA. Separate admission collected by midway vendor (\$15.00).
Merchandise	30,000	16,000	29,000	State Fair logo, etc. sold directly by State Fair employees.
Concessions	14,000	11,000	6,000	Minor - not investigated.
Vendor Space Rentals	369,000	325,000	250,000	Flat fees based on square footage of space utilized. No % of sales - too many administrative/control problems. 2009 dropped - vendors not satisfied and fair ending.
Entry Fees	157,000	125,000	108,000	For showing of animals - horses, pigs, cattle, food contests, quilts, artworks, etc.
Sponsorship	663,000	479,000	187,000	Corporate/naming rights sponsorship fees declined significantly due to (1) economy, (2) lack of promotion/contacts by State Fair GM, and (3) abolishment of State Fair. Requires great salesman/promotional skills to be successful.
Premiums	217,000	203,000	0	Unknown.
Miscellaneous	47,000	32,000	16,000	Unknown.
TOTAL Fair Revenues	\$3,995,000	\$3,387,000	\$2,955,000	

ATTACHMENT 2 (con't)**Non-Fair Revenues**

Gate Admissions	\$29,000	\$37,000	\$30,000	Gate admissions to State-run events/shows/etc.
Parking	80,000	80,000	51,000	Parking fees for State-run events/shows/etc.
Merchandise	1,000	1,000	0	
Concessions	17,000	13,000	12,000	Food concession sales for State-run events/shows/etc.
Grounds Rental	269,000	6,000	8,000	Vehicle storage grounds rental was discontinued in FY2007 due to downturn in auto production - had been close to \$1.0 million in FY2006. Posen Construction current ground rental.
Buildings Rentals	350,000	458,000	339,000	Dumars Fieldhouse rents Agriculture Building/East Mall at \$50,000/year - current lease extended to 2014 - Dumars has sole option to extend two additional five-year terms - otherwise, heavy payout clause. Other leases have expired for (1) indoor golf, (2) Coleman football camp, (3) Detroit Equestrian Center, (4) Eight Mile Boulevard Association, (5) Little Caesar's - Hockeytown FY2008 and FY2009 - moved to Southfield Arena under two-year lease expiring 7/2011.
Miscellaneous	5,000	19,000	28,000	
TOTAL Non-Fair Revenues	\$751,000	\$614,000	\$468,000	
TOTAL OPERATING REVENUES	\$4,746,000	\$4,001,000	\$3,423,000	

Operating Expenses

Administration - Fair and Non-Fair	\$778,000	\$1,022,000	\$1,032,000	Nine full time State employees' wages and fringes \$801,000; bad debt expense \$88,000; audit fees \$38,000; info technology fees \$34,000; office supplies \$18,000; telephone \$13,000; human resource fees \$12,000; travel expenses \$8,000; copier \$6,000; postage \$5,000; printing \$4,000; other miscellaneous \$5,000.
Building/Grounds Maintenance/Security - Fair and Non-Fair	1,132,000	1,028,000	1,140,000	Net utilities \$453,000; wages and fringes \$275,000; outside security services \$127,000; bad debts \$64,000; maintenance services \$80,000; emergency repair services \$45,000; workers compensation insurance \$41,000; building repair services \$18,000; operating supplies \$22,000; travel expenses \$5,000; other miscellaneous \$10,000.

ATTACHMENT 2 (con't)

<u>Fair Expenses - Direct</u>				
Agriculture/Livestock Division	547,000	504,000	438,000	\$250,000 Premium pay (prize \$) for livestock exhibitors - cattle, horses, pigs. \$45,000 Coordinator (1) wages for livestock exhibits. \$40,000 Contracted barn/stall cleaning service. \$20,000 Judges fees. \$75,000 Farm helpers during fair.
Community Arts Division	136,000	98,000	100,000	\$55,000 Coordinator wages (1). \$20,000 Assistant helpers (5). \$25,000 Premium pay (prize \$) for exhibitors.
Grounds Entertainment	429,000	423,000	399,000	\$125,000 Special acts - lumberjacks, circus, petting zoo, Jumping Jacks, Rapper Rock, etc. \$85,000 Coordinator wages (1). \$75,000 MSU "Miracle of Life" birthing exhibit. \$25,000 Assistant Coordinator (1). \$20,000 Parking lot attendants. \$10,000 Support personnel - "runners," volunteer meals, contest corner.
Professional Entertainment	438,000	354,000	230,000	\$150,000 Headliner entertainers - main acts. \$50,000 Union stage hands. \$30,000 Acoustical sound/light equipment rentals/set-up.
Fair Expenses	1,266,000	1,052,000	1,557,000	See attached details.
Depreciation	\$330,000	\$329,000	\$329,000	Annual depreciation expenses on buildings/equipment.
Road Paving Expense	0	152,000	0	Grant from a State Agency for road paving.
TOTAL OPERATING EXPENSES	\$5,056,000	\$4,962,000	\$5,225,000	
NET OPERATING LOSS	(\$310,000)	(\$961,000)	(\$1,802,000)	State made payments to MEFA in (1) FY2007=\$0, (2) FY2008=\$493,000, and (3) FY2009=\$1,624,000.

* Based on Auditor General's reports for 9/30 fiscal year ends rounded to nearest \$1,000.

ATTACHMENT 3**MICHIGAN STATE FAIRGROUNDS
FAIR EXPENSES DETAIL
FISCAL YEAR 2009**

\$235,000	Utilities billed to Fair three months - July, August, September - electric, gas, water, sewer
187,000	Advertising media - billboards, TV ads, bus sideboards, flyers, etc.
125,000	Contractual janitorial services - cleaning restrooms/porta johns/grounds
91,000	Contractual security guards - augment State Police
80,000	Ticket Sellers (sellers paid - takers volunteer)
75,000	General liability insurance charge from State pool
65,000	Carpenters/fringes on site for prep and to keep Fair running
50,000	Electrical contractors on site 24-7 for hook-up & to be sure all electrical devices run properly (two separate firms - Motor City Electric under State \$25K bid limit)
40,000	Rental of equipment - porta johns, tables, chairs, radios, etc.
39,000	State Police overtime & hotels; regular wage costs were not billed to State Fair, as they are covered by the State Police budget; no billing for Wayne County Sheriffs or Detroit Police
33,000	Advertising agency flat fee plus commercial TV ad productions (not Berline in 2009)
25,000	First aid services - contract with American Red Cross; cost includes on site ambulance
20,000	Catering expenses - Governor's luncheon, volunteer meals, sponsor's luncheon
15,000	Golf cart rentals
10,000	Manure removal
<u>467,000</u>	Unidentified expenses (NOT ABLE TO OBTAIN BREAKDOWNS)
<u><u>\$1,557,000</u></u>	



Huron–Clinton Metropolitan Authority Michigan State Fairground

Executive Summary Facility Condition Assessment Report May 7, 2010

SmithGroup was retained on March 11, 2010 by the Huron-Clinton Metropolitan Authority (HCMA) to assess the current condition of portions of the Michigan State Fairgrounds (MSF) as part of a due diligence study. A previous assessment was performed by SmithGroup in October of 2003 for the HCMA for similar reasons. The following Report includes an assessment of the current condition of many of the facilities and grounds and, where applicable, a comparison to their condition in 2003.

This report is the result of field investigations during the late March and early April of 2010, and it includes comprehensive information about the Fairground's buildings, surrounding grounds, electrical and mechanical systems, as well as estimated costs for "one-time repairs" to return each to working condition. Working condition is defined as not new condition, but rather a condition that allows safe use. In all instances, timely and continual maintenance and capital improvements will be necessary to keep the Fairgrounds in working condition. Because fourteen of the sixteen buildings assessed had been mothballed by the State of Michigan (State), this assessment was not based on tests of the building system's functionality (e.g. plumbing, heating, etc.). In addition, routine maintenance needs and their costs were not included because insufficient information was available on the intended use of each building. The assessment also addresses bringing restroom facilities into compliance with ADA regulations.

It should be noted that the assessment provides information only on aboveground buildings and facilities, and only those items that are visible and readily accessible for inspection. It does not include assessment of covered building components, underground utilities or infrastructure, or of environmental conditions.

It is understood that the southerly 40 acres of the MSF property is proposed to be leased to others, while the northerly 120 acres is being considered for lease by HCMA. Therefore, as directed by HCMA, the Bandshell, Dodge Pavilion, Community Arts Building and Hudson Auditorium were not included in the assessment. However, some facilities were assessed which are located in the southerly 40-acre area. The Coliseum Beef and Dairy Cattle Building, and multiple livestock buildings and their related site amenities are included in this assessment, being in the northerly area, but they were not included in the previous 2003 assessment. The summary report has separated the northerly area from the southerly area.

When comparing the condition of facilities in 2003 to their current condition it is SmithGroup's opinion that the underlying factor causing an increase in the quantity and severity of required repairs is deferred maintenance. Deferred maintenance results in much more than an increase in repair costs due to escalation; it often results in collateral damage, irreversible damage to the original component or in extreme cases, lose of use of a building or system.

The following summary of significant work by discipline is supported three tables: Summary of Cost and Conditions (Tables 1 and 2) and Additional Relevant Project Costs (Table 3).



GROUNDS

The condition of the grounds has deteriorated measurably since 2003 due to what, in our opinion is scaled back weekly upkeep and deferred maintenance. Examples of this are planting beds that appeared to have been well maintained at the time of the 2003 assessment but now are overrun with weeds and “weed” trees that have grown against foundations and in fence lines. There are also multiple areas containing vehicular rutting within the sod areas. Lack of maintenance has produced “weed trees” many of which have grown and matured between the 2003 and 2010 assessments.

Paved parking areas have further deteriorated, and as a result, vast areas are now in need of rebuilding. The exception to this is certain roads which have recently been resurfaced. The Railroad Area and Midway Area were not assessed because they have no significant associated use.

ARCHITECTURAL

The condition of the buildings assessed in 2003 and reassessed as part of this work are in worse condition overall. Refer to Tables 1 and 2 for a list of buildings assessed in 2003 and 2010. For example, with the exception of the Newer Bathroom, most roofs are damaged and are allowing water infiltration that is damaging the structure and interior finishes. Masonry that was previously cracked is now spalled and displaced, a condition that typically results in collateral damage to adjacent components.

Buildings new to this assessment were without a 2003 benchmark for comparison, but suffice it to say that their overall condition reflects systemic deferred maintenance. Most were observed in general in 2003, and we can report that most are in worse condition.

The underlying factor is deferred maintenance that typically results in accelerated deterioration of the component in question, collateral damage to adjacent components and in extreme instances, loss of use of the affected building or component. Two examples of this are the Milk House with its collapsed roof and North Restroom with its severely damaged connector.

No observed conditions, with the exception of the collapsed roof on the Milk House, were considered major structural deficiencies requiring immediate repair or reconstruction.

INTERIORS

The interiors of the buildings assessed in 2010 were evaluated from a functional standpoint without taking into consideration aesthetics or building amenities expected in a new building of its type. The vast majority of the assessed buildings are functional and require little effort to make them usable, assuming their current use remains. That being said, the majority of the buildings do not meet current ADA toilet room requirements. For buildings determined to be in fair to good condition, the ADA toilet room upgrades are noted as optional, as the modifications are not required until the building undergoes a major renovation.

The items affecting the interior assessment the most appear to be the result of vandalism. Multiple toilet rooms throughout the grounds have been scavenged for parts and are now missing water supplies, drains and even flush valves. As stated previously, because most buildings had been mothballed and systems could not be tested, the extent of the hidden effects of vandalism is not fully known, as the facilities' functions were not tested.

Additional interior deficiencies are a result of exterior envelope failures, which should be corrected prior to repairing the interiors (e.g. deteriorated ceilings due to roof leaks, water infiltration through exterior walls).



MECHANICAL

The condition of the buildings mechanical systems at the Fairgrounds ranges from poor to good condition. There are some facilities and buildings in which no mechanical systems presently exist. The majority of the buildings' mechanical systems were not fully operational because some equipment components were decommissioned or systems had been drained as part of the mothballing process; the exceptions being the Joe Dumars' Fieldhouse and portions of the Horse Barn. It appears that the State has removed all refrigerant from air conditioning systems at the present time. These systems will need to have refrigerant replaced, or coordination with the State will be needed to have the refrigerant reinstalled before the equipment and systems can be restarted. It was noted during the field investigation that the State is intending to remove the four ventilation and air conditioning units serving the Michigan Mart Building. Many of the plumbing fixtures were in disrepair, were obsolete or had been removed, and these are addressed in more detail in the Architectural Interiors section of the report.

ELECTRICAL

The condition of the electrical systems at the Fairgrounds ranges from poor to good. The existing site overhead distribution system is functional but dated and has not changed appreciatively since the last assessment. There are several code violations with the overhead distribution such as low hanging wires, leaning utility poles and unprotected cables. Some of the buildings have obsolete electrical systems that have reached the end of their useful life. Generally the lighting in the main portions of the buildings is in good condition, having been replaced with low-bay type high intensity discharge (HID) fixtures. The remainder of the lighting in the buildings is typically either not functional or not energy efficient. With the exception of the Fieldhouse, the buildings on site do not have a functioning telephone system and the telecommunications cabling is obsolete and in poor condition.



Summary of Costs and Conditions										
TABLE 1										
Building Name	NORTH AREA - BUILDINGS NORTH OF MACKINAC STREET							Overall Condition		
	2003 Cost	2010 Cost	Grounds	Architectural Exterior	Architectural Interior	Mechanical	Electrical			
Horse Barn	\$224,000	\$273,100	\$0	\$106,000	\$84,600	\$4,500	\$78,000	Fair/Poor - The north wing (Horse Barn) is in fair condition, the south wing (Storage) is in poor condition.		
South Riding Ring	N/A	\$109,750	\$0	\$104,750	\$0	\$0	\$5,000	Poor - A failed roof, and fascia has resulted in damage to the underlying support structure of those systems, which if not repaired, will result in structural deficiencies that may not allow use of this structure.		
Main Horse Barn	N/A	\$157,500	\$0	\$99,000	\$5,500	\$3,000	\$50,000	Fair - Requires extensive repairs to its stucco finishes to reverse the affects of water infiltration that has deteriorated the underlying masonry exterior walls.		
North Riding Ring	N/A	\$179,500	\$0	\$174,500	\$0	\$0	\$5,000	Good - This open air structure requires only minor work to make it operational.		
North Restrooms	N/A	\$69,000	\$0	\$59,000	\$7,500	\$0	\$2,500	Fair - Requires a new roof and extensive masonry repairs to reduce water infiltration that has caused collateral damage to the exterior walls and roof system.		



Summary of Costs and Conditions									
TABLE 1									
Building Name	2003 Cost	2010 Cost	Grounds	Architectural Exterior	Architectural Interior	Mechanical	Electrical	Overall Condition	
NORTH AREA - BUILDINGS NORTH OF MACKINAC STREET									
Milk House	N/A	\$93,500	\$0	\$85,500	\$1,500	\$0	\$6,500	Poor - A partial collapse of the roof has resulted in collateral damage to the walls and interior finishes. The structure is unsafe and thus the building should not be occupied.	
Beef and Dairy Cattle Building	N/A	\$1,415,700	\$0	\$1,157,500	\$8,300	\$34,900	\$215,000	Fair - One of the older buildings at the site, circa 1922. Most problems on this building are from deferred maintenance, specifically of the stucco facade, fascia and gutters, and secondary roofs (e.g. canopy) that results in uncontrolled water runoff that eventually infiltrates the exterior walls.	
Coliseum	N/A	\$1,350,700	\$0	\$1,048,000	\$67,700	\$20,000	\$215,000	Fair - This, the largest building on site is similar in age (circa 1922) and construction to the Beef and Dairy Cattle Building. Deferred maintenance has in our opinion, resulted in the magnitude of problems with its stucco finish, windows and fascia.	



Summary of Costs and Conditions

TABLE 1

Summary of Costs and Conditions												
TABLE 1												
Building Name	Architectural					Grounds	2010 Cost			2003 Cost		Overall Condition
	Exterior	Interior	Mechanical	Electrical								
NORTH AREA - BUILDINGS NORTH OF MACKINAC STREET												
North Food Court	\$0	\$83,000	\$7,100	\$6,000	\$16,000		\$0	\$112,100	\$99,000			Good - This open air structure requires only minor work to make it operational.
Joe Dumars' Fieldhouse	\$0	\$591,200	\$13,000	\$4,000	\$170,000		\$0	\$778,200	N/A			Fair - This building is currently operating as a public basket ball fieldhouse, the electrical service must be corrected.
West Mall	\$0	\$56,300	\$0	\$0	\$40,000		\$0	\$96,300	N/A			Fair - This building is an pavilion with walls erected around the perimeter to enclose the area after original construction.
Michigan Mart	\$0	\$53,200	\$12,000	\$185,000	\$85,000		\$0	\$335,200	N/A			Good - This is a "Butler Building" and recently functioned as an exposition building
Poultry and Rabbit Building	\$0	\$70,600	\$48,500	\$0	\$63,000		\$0	\$182,100	N/A			Good - This timber and masonry building has been maintained however repair to the roof is required immediately.
Gazebo		\$6,750	\$0	\$0	\$5,000		\$0	\$11,750	\$5,500			Fair - This relative simple wood structure needs minor repairs to its wood frame and outdated lighting and electrical service.



Summary of Costs and Conditions									
TABLE 1									
Building Name	2003 Cost	2010 Cost	Grounds	Architectural Exterior	Architectural Interior	Mechanical	Electrical	Overall Condition	
NORTH AREA - BUILDINGS NORTH OF MACKINAC STREET									
Old Restrooms	\$83,000	\$97,400	\$0	\$60,000	\$29,400	\$1,500	\$6,500	Poor - This building can be repaired and returned to use as a restroom. However, in our opinion, the extensive reworking required to meet code, and substantial repairs required to make it operational should be considered in deciding its fate.	
Newer Restrooms	\$68,000	\$137,400	\$0	\$113,000	\$21,400	\$1,500	\$1,500	Fair - A new roof system added since our assessment in 2003 has slowed deterioration of this building, but damage that resulted from the leaking roof and plumbing problems remain.	
Electrical Shed	\$230,000	\$0	N/A	N/A	N/A	N/A	N/A	Electrical Shed has been removed. This building was not assessed in this report.	
Grounds	\$1,101,000	\$2,105,400	\$2,105,400	\$0	\$0	\$0	\$0	Fair - The grounds overall are suffering from what, in our opinion, is reduced routine maintenance of landscaping and paved areas.	



Michigan State Fairground Assessment Report
Huron-Clinton Metropolitan Authority
Detroit, Michigan

SMITHGROUP

Summary of Costs and Conditions								
TABLE 1								
Building Name	2003 Cost	2010 Cost	Grounds	Architectural Exterior	Architectural Interior	Mechanical	Electrical	Overall Condition
NORTH AREA - BUILDINGS NORTH OF MACKINAC STREET								
Overhead Electrical Distribution System	\$3,900,000	\$4,850,000	\$0	\$0	\$0	\$0	\$4,850,000	Fair - No significant changes or improvements were observed to the electrical systems, and overall its condition has deteriorated since 2003.
General Cleanup and Recommissioning	N/A	\$36,500	\$11,500	\$5,000	\$5,000	\$10,000	\$5,000	This one time cost is to rid the facility of debris that generally is not associated with repairs and/or to ready the site for the proposed work.



Summary of Costs and Conditions										
TABLE 2										
Building Name	SOUTH AREA - BUILDINGS SOUTH OF MACKINAC STREET					Overall Condition				
	2003 Cost	2010 Cost	Grounds	Architectural Exterior	Architectural Interior	Mechanical	Electrical			
Stove	\$18,000	\$14,250	\$0	\$12,250	\$0	\$0	\$2,000	Fair - The lower roof consists of plywood and is deteriorating, which may allow further deterioration of the structure. Painting of the structure in 2003 is deteriorating in areas.		
Youth Expo Center	\$118,000	\$98,000	\$0	\$70,000	\$0	\$3,000	\$25,000	Fair - Deferred maintenance of gutters has resulted in extensive damage to the fascia and portions of the building at grade. Painting of the building since 2003 was performed without repairing or preparing the exterior wall, windows and doors.		
Band Shell	\$1,502,000	\$0	N/A	N/A	N/A	N/A	N/A	This building was not assessed in this report.		
Bleachers	\$200,000	\$0	N/A	N/A	N/A	N/A	N/A	This building was not assessed in this report.		
Community Arts Building	\$406,000	\$0	N/A	N/A	N/A	N/A	N/A	This building was not assessed in this report.		
Hudson Auditorium	\$246,000	\$0	N/A	N/A	N/A	N/A	N/A	This building was not assessed in this report.		



Summary of Costs and Conditions

TABLE 2

Building Name	SOUTH AREA - BUILDINGS SOUTH OF MACKINAC STREET				Architectural Exterior		Architectural Interior		Mechanical	Electrical	Overall Condition
	2003 Cost	2010 Cost	Grounds	2010 Cost	2003 Cost	2010 Cost	2003 Cost	2010 Cost	2003 Cost	2010 Cost	
Grounds	N/A	\$445,300	\$445,300								Fair - The grounds overall are suffering from what, in our opinion, is reduced routine maintenance of landscaping and paved areas.
Overhead Electrical Distribution System	Included In North Area	Included In North Area	\$0						\$0	Included In North Area	No substantial repairs were completed since 2003, and overall the system's condition has worsened.
General Cleanup and Recommissioning	N/A	\$3,500	\$1,000						\$1,000	\$500	This one time cost is to rid the facility of debris that generally is not associated with repairs and/or to ready the site for the proposed work.



Additional Relevant Project Costs

TABLE 3

	North Area	South Area
Subtotal	\$12,391,100	\$561,050
General Conditions (15%)	\$1,858,665	\$84,158
Construction Subtotal	\$14,249,765	\$645,208
Commissioning (Make Operational) (3%)	\$427,493	\$19,356
Predesign Field Investigation (3%)	\$427,493	\$19,356
Design (8%)	\$1,139,981	\$51,617
Construction Administration (8%)	\$1,139,981	\$51,617
Contingency (25%)	\$3,562,441	\$161,302
Escalation (0%)	\$0	\$0
Bid Contingency (0%)	\$0	\$0
Total	\$20,947,155	\$948,455

Grand Total - North and South

\$21,895,610



MICHIGAN STATE FAIRGROUNDS SITE AREA MAP

Site Area Legend

- | | |
|--------------------------------|----------------------------|
| A. North Boundary Area | M. Poultry Barn |
| B. Gazebo | N. Circle Drive & West Lot |
| C. Restroom/Newer | O. Woodward Lot |
| D. Restroom/Old | P. All Roads (South) |
| G. Youth Exhibits Center | Q. All Roads (North) |
| H. Electrical Shed/Old | R. Coliseum & Cattle |
| GM Display | S. Eight Mile Lot |
| I. Stove | T. East Boundary |
| J. Bus Stop | |
| K. Overnight Stay/Camping Area | |
| L. Goat Barns | |



ATTACHMENT 5

TABULATION OF PROPOSALS

PROPOSALS RECEIVED @ 4:00 P.M., MONDAY, MAY 3, 2010

Request For Proposals - Environmental Services

Phase 1 Environmental Site Assessment (ESA), Hazardous Material Survey, Phase II ESA, Baseline Environmental Assessment

Michigan State Fairgrounds Property, Wayne County, Michigan

Submitting Firms Shown in Alphabetical Order

		ASTI 10448 Citation Drive, Ste 100 Brighton, MI 48116		CRA 14496 Sheldon Road, Suite 200 Plymouth, MI 48170		Fishbeck, Thompson, Carr & Huber, Inc. 39255 Country Club Drive, Ste B-25 Farmington Hills, MI 48331	
	ITEM		AMOUNT		AMOUNT		AMOUNT
Pt. 1	Parcel 1 - Area North of Mackinac Straits Avenue (Approx. 120 Acres)						
A	Perform Phase I Environmental Site Assessment (ESA)		\$2,100.00		\$5,200.00		\$2,650.00
B	Conduct a Hazardous Materials Survey (HMS)		\$2,500.00	Note 1	\$7,093.00	Note 1	\$8,750.00
C	Conduct Phase II Environmental Site Assessment		\$14,480.00	Note 2	\$13,643.00	Note 2	\$37,450.00
D	Conduct Baseline Environmental Assessment and Due Care Compliance	Note 3	\$4,750.00	Note 4	\$8,700.00	Note 4	\$5,500.00
	Subtotal Part 1 - Parcel 1		\$23,830.00		\$34,636.00		\$54,350.00
Pt. 2	Parcel 2 - Area South of Mackinac Straits Avenue (Approx. 40 Acres)						
A	Perform Phase I Environmental Site Assessment (ESA)		\$2,000.00		\$4,200.00		\$2,000.00
B	Conduct a Hazardous Materials Survey (HMS)		\$1,500.00	Note 1	\$5,356.00	Note 1	\$6,980.00
C	Conduct Phase II Environmental Site Assessment		\$11,520.00	Note 2	\$11,672.00	Note 2	\$24,700.00
D	Conduct Baseline Environmental Assessment and Due Care Compliance	Note 3	\$4,750.00	Note 4	\$8,700.00	Note 4	\$5,500.00
	Subtotal Part 2 - Parcel 2		\$19,770.00		\$29,928.00		\$39,180.00
TOTAL			\$43,600.00		\$64,564.00		\$93,530.00

Note 1: For HMS, estimated number of samples for analysis included

Note 2: Cost Breakdown included for Ph II ESA

Note 3: Estimate Based on Category N BEA Preparation

Note 4: Estimate Based on Category S BEA Preparation

ATTACHMENT (con't)**TABULATION OF PROPOSALS****PROPOSALS RECEIVED @ 4:00 P.M., MONDAY, MAY 3, 2010**

Request For Proposals - Environmental Services

Phase 1 Environmental Site Assessment (ESA), Hazardous Material Survey, Phase II ESA, Baseline Environmental Assessment

Michigan State Fairgrounds Property, Wayne County, Michigan

Submitting Firms Shown in Alphabetical Order

			PM Environmental, Inc. 4080 West Eleven Mile Rd Berkely, MI 48072		Professional Services Industries 45749 Helm Street Plymouth, MI 48170		Testing Engineers & Consultants PO Box 249 Troy, MI 48099-0249
	ITEM		AMOUNT		AMOUNT		AMOUNT
Pt. 1	Parcel 1 - Area North of Mackinac Straits Avenue (Approx. 120 Acres)						
A	Perform Phase I Environmental Site Assessment (ESA)		\$4,500.00		\$6,500.00		\$3,200.00
B	Conduct a Hazardous Materials Survey (HMS)	Note 1	\$1,570.00	Note 1	\$2,200.00	Note 1	\$10,040.00
C	Conduct Phase II Environmental Site Assessment	Note 2	\$93,612.00		\$5,050.00		\$31,760.00
D	Conduct Baseline Environmental Assessment and Due Care Compliance	Note 4	\$7,750.00	Note 3	\$4,200.00	Note 4	\$7,350.00
	Subtotal Part 1 - Parcel 1		\$107,432.00		\$17,950.00		\$52,350.00
Pt. 2	Parcel 2 - Area South of Mackinac Straits Avenue (Approx. 40 Acres)						
A	Perform Phase I Environmental Site Assessment (ESA)		\$3,000.00		\$1,900.00		\$2,600.00
B	Conduct a Hazardous Materials Survey (HMS)	Note 1	\$745.00	Note 1	\$1,700.00	Note 1	\$5,470.00
C	Conduct Phase II Environmental Site Assessment	Note 2	\$14,726.00		\$5,400.00		\$13,336.00
D	Conduct Baseline Environmental Assessment and Due Care Compliance	Note 4	\$2,500.00	Note 3	\$3,000.00	Note 4	\$6,410.00
	Subtotal Part 2 - Parcel 2		\$20,971.00		\$12,000.00		\$27,816.00
TOTAL			\$128,403.00		\$29,950.00		\$80,166.00

Note 1: For HMS, estimated number of samples for analysis included

Note 2: Cost Breakdown included for Ph II ESA

Note 3: Estimate Based on Category N BEA Preparation

Note 4: Estimate Based on Category S BEA Preparation

ATTACHMENT 5 (con't)

TABULATION OF PROPOSALS

PROPOSALS RECEIVED @ 4:00 P.M., MONDAY, MAY 3, 2010

Request For Proposals - Environmental Services

Phase 1 Environmental Site Assessment (ESA), Hazardous Material Survey, Phase II ESA, Baseline Environmental Assessment

Michigan State Fairgrounds Property, Wayne County, Michigan

Submitting Firms Shown in Alphabetical Order

URS Corporation Great
Lakes
27777 Franklin Road
Suite 2000
Southfield, MI 48034

	ITEM		AMOUNT
Pt. 1	Parcel 1 - Area North of Mackinac Straits Avenue (Approx. 120 Acres)		
A	Perform Phase I Environmental Site Assessment (ESA)		\$7,870.00
B	Conduct a Hazardous Materials Survey (HMS)		\$5,706.00
C	Conduct Phase II Environmental Site Assessment		\$38,315.00
D	Conduct Baseline Environmental Assessment and Due Care Compliance	Note 4	\$10,040.00
	Subtotal Part 1 - Parcel 1		\$61,931.00
Pt. 2	Parcel 2 - Area South of Mackinac Straits Avenue (Approx. 40 Acres)		
A	Perform Phase I Environmental Site Assessment (ESA)		\$5,750.00
B	Conduct a Hazardous Materials Survey (HMS)		\$2,820.00
C	Conduct Phase II Environmental Site Assessment		\$19,122.00
D	Conduct Baseline Environmental Assessment and Due Care Compliance	Note 4	\$8,190.00
	Subtotal Part 2 - Parcel 2		\$35,882.00
TOTAL			\$97,813.00

Note 1: For HMS, estimated number of samples for analysis included

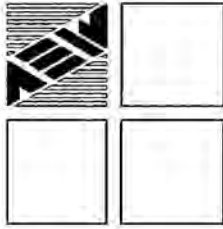
Note 2: Cost Breakdown included for Ph II ESA

Note 3: Estimate Based on Category N BEA Preparation

Note 4: Estimate Based on Category S BEA Preparation

ATTCHMENT 5 (con't)

Proposals were not received from:	ARCADIS U.S., Inc.	Detroit, MI
	Atwell-Hicks	Southfield, MI
	CTI and Associates, Inc.	Wixom, MI
	NTH Consultants, Ltd.	Northville, MI
	SME Soils and Materials Engineers	Plymouth, MI



ANDERSON, ECKSTEIN AND WESTRICK, INC.

51301 Schoenherr Road, Shelby Township, Michigan 48315
Civil Engineers • Surveyors • Architects 586-726-1234

April 26, 2010

Michael Arens, PE
Chief Engineer
Huron-Clinton Metropolitan Authority
Administrative Offices
13000 High Ridge Drive
Brighton, Michigan 48114-9058

Reference: **Proposal for Professional Services**
Infrastructure Assessment
Michigan State Fair Grounds
Southeast corner of 8 Mile and Woodward
Detroit, Michigan

Dear Mr. Arens:

Thank you for considering our firm for providing consulting professional engineering services on the project referenced above.

Understanding of the Project

Based upon our phone conversation it is our understanding that the HCMA is negotiating with the State of Michigan for the operation of the State Fair which will include some level of responsibility for the operations and maintenance of the grounds and facilities. In an effort to complete your due diligence, HCMA may be interested in securing the services of a consulting engineer to prepare an assessment of the existing infrastructure on the Michigan State Fair Ground property located at the southeast corner of 8 Mile Road and Woodward in Detroit, Michigan. It is also our understanding that HCMA has secured the services of an architectural firm to evaluate the condition of the existing buildings located on the site and for that reason, the evaluation of the building are not included in this proposal.

Services to be Provided

We propose that the assessment of the infrastructure be accomplished in 2 phases as follows:



Michael Arens, PE
Chief Engineer
April 26, 2010
Page 2

Phase 1 – Documentation of Existing Utilities using Record Information

Phase 1 will include the gathering of all available plans in an effort to create a GIS map that depicts the general location and size of the utilities on this site. This phase will include the following:

- 1) AEW will contact the Detroit Water and Sewer Department (DWSD) and the City of Detroit Engineering Department in an attempt to secure all available plans for the sewer and water mains that exist on the subject site. AEW, Inc. is currently the engineer and surveyor of record for the Gateway Commercial Development project located at the southeast corner of 8 Mile and Woodward. Through our research and efforts on the Gateway project, we have already accumulated a number of utility maps, plats, and old surveys for the State Fair property although additional efforts will be made to be certain that we secure all available information.
- 2) AEW will make contact with DTE, Michcon, AT&T, Comcast and the Detroit Public Lighting Department in an attempt to secure existing facilities maps for the State Fair property and all adjacent street rights-of-ways.
- 3) AEW will make contact with the Michigan Department of Management and Budget (DMB) in an attempt to secure copies of any record utility plans or surveys that they may have for the property. We have currently been working with Dave Arking of the Real Estate Division of the DMB on the Gateway project.
- 4) Based upon the information that we are able to obtain from the above referenced sources, we will prepare a schematic plan that indicates the approximate location of the sewers, water mains, electric, gas, telephone and cable. This plan will be prepared using ArcView GIS software.

Phase 2 - Condition Assessment

For this phase of the project, we plan to provide a more detailed evaluation of each of the utilities. As summary of the services that we proposed to provide is as follows:

- 1) **Water Main System** – With the information gathered in Phase 1 and through discussions with the DWSD and the City of Detroit Engineering Department, we will attempt to verify the limits of ownership. To evaluate the water main system, we will visit the site and attempt to document the age of the system based upon the age of the fire hydrants and/or original construction plans (if available). We will also attempt to contact existing maintenance personnel to find out if they kept a record of water main breaks and pressure issues. It also appears that there are at least 5 master water meters that serve this site. We will attempt to gain historic information about these meters (year installed, condition, ownership and



Michael Arens, PE
Chief Engineer
April 26, 2010
Page 3

maintenance records). With the gathered information, we will provide you with recommendations and cost estimates.

- 2) **Sewer System** - With the information gathered in Phase 1 and through discussions with the DWSD and the City of Detroit Engineering Department, we will attempt to verify the limits of ownership of the various sewers that traverse the subject property. To evaluate that part of the sewer system that is not maintained by DWSD or the City of Detroit, we will attempt to contact the existing maintenance personnel to obtain maintenance records of these sewer lines along with any other pertinent information that they might have.
- 3) **Electric, Gas, Phone, Cable TV and Site Lighting** - AEW will make contact with DTE, Michcon, AT&T, Comcast and the Detroit Public Lighting Department in an attempt to secure the limits of ownership, condition and determine who would be responsible for any costs that may be associated with upgrades or replacement of these utilities.

Phase 3 – Cleaning and TV Inspection of Existing Sewer System

The only way that we are aware of to accurately evaluate the condition of the sewer system would be to clean and TV inspect the sewer lines and have the video evaluated by personnel experience in this type of work. If this level of evaluation is desired by HCMA, we would be happy to work with your department in developing a bid specification for the cleaning and TV inspection of the sewer lines and the evaluation of the video. We currently have 2 engineers that are certified reviewers through NAASCO's Pipeline Assessment & Certification Program (PACP). Upon the completion of phases 1 and 2, we will provide HCMA with a cost estimate for the TV Inspection and evaluation of the video. A decision by HCMA to complete phase 3 can be made at that time.

Responsibilities of the Client

The HCMA engineering staff will need to provide us the following:

1. Contact information for the existing management personnel at the State Fair Grounds.

Fee for Professional Services

The following fees will be on an hourly basis with a cost not to exceed the amount indicated without authorization:



Michael Arens, PE
Chief Engineer
April 26, 2010
Page 4

	<u>Fee Allowance</u>
1. Phase 1	\$8500.00
2. Phase 2	<u>\$7750.00</u>
Total for Phases 1 and 2	\$16,250.00

Basis of Payment

Work in progress will be invoiced every four weeks (billing cycle) based upon hourly charges to date. Payment is due within twenty-eight days of invoice date. There is no mileage expenses required. Travel time is charged portal to portal.

Please note that the fees quoted are for services completed within one year. If time beyond one year is required, an adjustment to the fees for the remaining portion may be made to reflect changes in cost of living, based on the Consumer's Price Index.

Other Terms of Service

Services provided by AEW under this contract will be performed in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances. Upon notice to AEW and by mutual agreement between the parties, AEW will correct those services not meeting such standard without additional compensation.

No party to this agreement shall transfer, sublet or assign any rights under or interest in this agreement (including but not limited to monies that are due or monies that may be due) without the prior written consent of the other party(s).

The Client or his authorized agent may terminate this agreement within five days written notice. The Client must pay for any unpaid work and expenses incurred prior to termination.

Execution of the Agreement

We trust that this proposal meets your needs. Please advise if any modifications or clarifications are required.



Michael Arens, PE
Chief Engineer
April 26, 2010
Page 5

We thank you once again for the opportunity to work with you on this project.

Sincerely,

Anderson, Eckstein and Westrick, Inc.

Accepted By

Stephen V. Pangori, PE
Executive Vice President

Signature

Printed Name, Title

Date

Enclosure: 2010 Hourly Rate Schedule



EXHIBIT "A"
DISCOUNTED HOURLY CHARGE RATES

<u>EMPLOYEE CLASSIFICATION</u>	<u>HOURLY CHARGE RATE</u>
PRINCIPAL ENGINEER / SURVEYOR / ARCHITECT	\$ 138.00
SENIOR PROJECT ENGINEER / SURVEYOR / ARCHITECT	126.00
LICENSED ENGINEER / SURVEYOR / ARCHITECT	113.00
GRADUATE ENGINEER / SURVEYOR / ARCHITECT	93.00
TEAM LEADER	93.00
ENGINEERING AIDE III	78.00
ENGINEERING AIDE II	70.00
ENGINEERING AIDE I	62.00
ENGINEERING AIDE TRAINEE	45.00
SECRETARIAL (Special Projects)	38.00
SURVEY FIELD (3 PERSON)	187.00
SURVEY FIELD (2 PERSON)	157.00
SURVEY FIELD (1 PERSON)	122.00
CONFINED SPACE ENTRY CREW	207.00
DATA COLLECTOR (SURVEY CREW)	26.00
COMPUTER SYSTEM	13.00
GPS SURVEY EQUIPMENT	64.00

EFFECTIVE JANUARY 2010 AND
UPDATED ANNUALLY TO REFLECT CPI

1. GRAVEL PARKING
2. HORSE BARN
3. SHELTER
4. SOUTH RIDING RING
5. MAIN HORSE BARN
6. NORTH RIDING RING
7. POLE BARN
8. RESTROOMS
9. MILK HOUSE
10. CATTLE
11. COLISEUM
12. NORTH FOOD COURT
13. AGRICULTURE
14. SHEEP BARN
15. MICHIGAN MART
16. POULTRY/RABBIT
17. KIDDIE LAND
18. DEBRIS
19. CONCESSION
20. PUMPS/FUEL TANKS
21. MIDWAY
22. STOCKPILED TOPSOIL
23. WHITE HALL
24. FOOD TRAILERS
25. RESTROOMS
26. GARAGE
27. TRAILERS
28. VOLUNTEER
29. BAND SHELL
30. BEVERAGE SHELTER
31. TRAILERS
32. DODGE PAVILION
33. GRANT HOUSE
34. ENTRY BOOTH
35. ADMINISTRATION
36. GAZEBO
37. GOAT BARN
38. STOVE
39. CONCERT SEATING
40. COMMUNITY ARTS
41. HUDSON AUDITORIUM
42. EXPO CENTER
43. RESTROOMS
44. RESTROOMS
45. MAIN ENTRY BOOTH
46. HOUSEKEEPERS



HURON-CLINTON METROPARK 14

CONCEPT 1

APRIL 2010

Under Concept 1, the site is the venue for the annual Michigan State Fair.

E - EAST ZONE

1. a. Gravel for 3600 cars
b. Pave for 400 cars
c. Restore turf / trees
2. Picnic Shelters / Tables / Games
3. Restrooms
4. Entertainment Facility
5. Playgrounds
6. Paved Trails
7. Sports Fields

C - CENTRAL ZONE

1. State Fair / Metropark Maintenance Large Horse Barn
2. State Fair South Riding Ring
3. State Fair Main Horse Barn
4. State Fair North Riding Ring
5. Demolish Pole Barn
6. Metropark court games
State Fair Amusement Rides

W - WEST ZONE

1. State Fair Restrooms
2. State Fair Milk House
3. State Fair Cattle Bld
4. State Fair Coliseum
Metropark Market
5. State Fair North Food Court
Metropark Group Rental
6. Dumas Fieldhouse
7. State Fair Sheep Barn
8. State Fair Michigan Mart
Metropark Offices
9. White Hall - remove
10. Poultry/Rabbit Bld - remove
11. Goat Barns - remove
12. Restrooms
13. Restrooms
14. Pocket Park
15. Parking
16. Parking
17. Metropark Town Square
 - A. Renovate droads / walks
 - B. Brick pavements
 - C. Decorative site furnishings
 - D. Renovated irrigated lawn
 - E. Picnic shelters
 - F. Playground
 - G. Water play / fountain
 - H. Entertainment shelter



HURON-CLINTON METROPARK 14 CONCEPT 2

APRIL 2010

Under Concept 2, the site is not the venue for the annual Michigan State Fair.

E - EAST ZONE

1. a. Pave for 400 cars
b. Restore turf / trees
2. Picnic Shelters / Tables / Games
3. Restrooms
4. Entertainment Facility
5. Playgrounds
6. Paved Trails
7. Sports Fields

C - CENTRAL ZONE

1. Large Horse Barn - demolish
2. South Riding Ring - demolish
3. Main Horse Barn - demolish
4. North Riding Ring - demolish
5. Pole Barn - demolish
6. Metropark court games

W - WEST ZONE

1. Restrooms - remove
2. Milk House - remove
3. Cattle Bld - remove
4. Coliseum - remove
5. North Food Court - remove
6. Dumars Fieldhouse
7. Sheep Barn - Metropark storage
8. Michigan Mart - Metropark Offices
9. White Hall - remove
10. Poultry/Rabbit Bld - remove
11. Goat Barns - remove
12. Restrooms - renovate
13. Restrooms - remove
14. Pocket Park
15. Court Games
16. Parking
17. Picnic Shelters / Tables / Games
18. Paved Trails
- Restore areas with topsoil, seed, and trees where buildings are removed.



ATTACHMENT 8

CONCEPT 1

NEW METROPARK including the STATE FAIR

EAST ZONE

- | | | |
|---|-----------------|--|
| 1 | Existing Gravel | a. Maintain gravel area for State Fair parking (3600 cars) b. Pave a portion for year-round parking (400 cars). c. Remove one third of gravel and restore with topsoil, seed, and trees. |
| 2 | NEW | Develop picnic areas with shelters and games |
| 3 | NEW | Construct restrooms |
| 4 | NEW | Construct an entertainment facility |
| 5 | NEW | Construct age appropriate playgrounds |
| 6 | NEW | Construct water playground |
| 7 | NEW | Construct paved trails |
| 8 | NEW | Develop sports fields |

CENTRAL ZONE

- | | | |
|---|-------------------|--|
| 1 | Large Horse Barn | Renovate for the State Fair and Metropark maintenance |
| 2 | South Riding Ring | Renovate for the State Fair |
| 3 | Main Horse Barn | Renovate for the State Fair |
| 4 | North Riding Ring | Renovate for the State Fair |
| 5 | Pole Barn | Demolish |
| 6 | NEW | Construct court games such as basketball, tennis, and skate equipment. Use paved court games area for State Fair amusement rides |

WEST ZONE

- | | | |
|---|-------------------|-----------------------------|
| 1 | Restrooms (Bld 1) | Renovate for the State Fair |
| 2 | Milk House | Renovate for the State Fair |
| 3 | Cattle Bld | Renovate for the State Fair |

CONCEPT 2

NEW METROPARK without the STATE FAIR

- | | |
|---|---|
| 1 | Remove gravel and restore with topsoil, seed, and trees. Construct parking (400 cars) |
| 2 | Develop picnic areas with shelters and games |
| 3 | Construct restrooms |
| 4 | Construct an entertainment facility |
| 5 | Construct age appropriate playgrounds |
| 6 | Construct water playground |
| 7 | Construct paved trails |
| 8 | Develop sports field |
| 1 | Demolish. Restore with topsoil, seed, and trees. |
| 2 | Demolish. Restore with topsoil, seed, and trees. |
| 3 | Demolish. Restore with topsoil, seed, and trees. |
| 4 | Demolish. Restore with topsoil, seed, and trees. |
| 5 | Demolish. Restore with topsoil, seed, and trees. |
| 6 | Construct court games such as basketball, tennis, and skate equipment |
| | Construct paved trails |
| 1 | Demolish. Restore with topsoil, seed, and trees. |
| 2 | Demolish. Restore with topsoil, seed, and trees. |
| 3 | Demolish. Restore with topsoil, seed, and trees. |

ATTACHMENT 8 (con't)**CONCEPT 1****NEW METROPARK including the STATE FAIR**

4	Coliseum	Renovate for the State Fair and a Metropark market for prepared food, produce, and retail
5	North Food Court	Renovate for the State Fair and a Metropark group rental facility
6	Dumars Fieldhouse	Continue Lease
7	Sheep Barn	Renovate for the State Fair
8	Michigan Mart Bld	Renovate for the State Fair and Metropark operations office and park police station
9	White Hall	Demolish
10	Poultry/Rabbit Bld	Demolish
11	Goat Barns	Demolish
12	Restrooms (Bld 2)	Renovate for the State Fair and Metropark
13	Restrooms (Bld 3)	Renovate for the State Fair and Metropark
14	Pocket Park	Part of the State Fair and Metropark
15	Asphalt Parking (NE)	State Fair and Metropark parking (300 cars)
16	Asphalt Parking (SE)	State Fair and Metropark parking (400 cars)
17	NEW	Develop a "Town Square"
18	NEW	Renovate roads and walks with new pavements
19	NEW	Include brick pavers for color and detail
20	NEW	Include decorative site furnishings, benches, trash cans, and lighting, to improve character
21	NEW	Renovate lawn areas: topsoil, seed, and irrigation
22	NEW	Construct new picnic shelters
23	NEW	Construct small playground
24	NEW	Construct a small water play fountain
25	NEW	Construct a small entertainment plaza/shelter

CONCEPT 2**NEW METROPARK without the STATE FAIR**

4	Demolish. Restore with topsoil, seed, and trees.
5	Demolish. Restore with topsoil, seed, and trees.
6	Continue Lease
7	Convert to outdoor storage for Metropark
8	Convert for a Metropark operations office, maintenance facility, and park police station
9	Demolish. Restore with topsoil, seed, and trees.
10	Demolish. Restore with topsoil, seed, and trees.
11	Demolish. Restore with topsoil, seed, and trees.
12	Renovate for Metropark.
13	Demolish. Restore with topsoil, seed, and trees.
14	Included with Metropark
15	Convert to court games area
16	Metropark parking (400 cars)
17	Develop picnic areas with shelters and games
18	Construct paved trails

ATTACHMENT 9

Detroit Recreation Department 2005 Strategic Master Plan

The city of Detroit Recreation Department (DRD) is responsible for providing recreation and leisure activities, and related parks and facilities to the nearly 900,000 people living in the city. In 2005 the DRD completed a Strategic Master Plan which focused on all of the city-owned parks and recreation centers. As hard times have increased, the system has lost users, resources and attention. Peaking in 1950 at 1.8 million, Detroit's population declined to 950,000 over the next 50 years. Today the city is still losing population, but at a much slower rate of decline. The changing population patterns across the city have resulted in some areas being over served and others underserved by accessible recreation facilities.

Detroit has the underpinnings of a highly successful parks and recreation system to serve its residents but has been the target of criticism for its perceived failure to provide city residents with high quality, accessible recreational opportunities. Recent attempts to deal with park problems have been made on a case-by-case basis with limited resources. By preparing the Strategic Master Plan the DRD is demonstrating a commitment to do a better job. The project includes an inventory and evaluation of existing facilities, a public attitude survey, and a strategy to make improvements to the park system.

The results of the public attitude survey imply a number of different policy implications. About one-third of all residents do not utilize parks or recreation centers, and they do not necessarily go outside the city limits or utilize non-city-owned facilities. Instead, non-users say they are too busy or are not physically able to enjoy recreation opportunities within the city. The city may not be able to reach these people with improved programs or facilities as their reasons for not recreating are personal. Another third expressed dissatisfaction because the parks are not well maintained, clean, and safe. About four-fifths of all respondents believe that priorities should be placed on either improving or updating existing facilities as opposed to building new facilities. The city has a lot or almost all of the recreation facility-types that residents want – residents just want more of them. The most desired facilities are basketball courts, playgrounds, picnic areas or grassy areas, and clean restrooms. There is a clear preference by respondents for the city to focus on the smaller, more localized parks with basic amenities than the larger, regional parks with more specialized facilities. However, this is not to say that regional parks should be neglected. For example, Belle Isle Park is considerably more popular and visited than the next several parks combined, and it serves as a huge source of satisfaction for city residents.

Summary and Key Findings of DRD 2005 Strategic Master Plan

Thirty-one percent (31%) of Detroit residents do not use the city-owned parks or recreation centers.

Of those who DO NOT use city-owned facilities:

- Three percent (3%) prefer to use facilities outside of the city limits.
- Many are too busy.
- Many have physical limitations.

Of those who DO use city-owned facilities:

- One-third (1/3) are satisfied to very satisfied with the facilities.
- One-third (1/3) are neutral about their level of satisfaction.
- One-third (1/3) are not satisfied with the facilities.
-

Reasons for their satisfaction include:

- Convenience
- Diversity of facility types
- Accessibility
- Geographic distribution

However, respondents want more of the basic facilities:

- Basketball courts
- Swimming pools
- Neighborhood parks
- Picnic areas
- Playgrounds

The city does not offer highly specialized facilities such as equestrian trails, water parks, amusement parks that were mentioned as desirable. Respondents would also like the existing parks and facilities to be safer, cleaner, and better maintained.

At least half of the respondents visit a city park or recreation center at least once a month and stay there at least two hours or more per visit. Belle Isle is clearly the most popular park in the city; however, numerous other facilities have been visited, suggesting that residents have a strong preference for smaller parks closer to their residence. The most popular types of facilities were:

- grassy, passive parks without sports fields,
- playgrounds,
- recreation centers.

Considering that many respondents stated walking and bicycling are two of their favorite leisure time activities walking trails and bike paths are not as highly utilized. This suggests that people generally walk or bike close to home on neighborhood sidewalks or on the street.

Respondents believe that:

- City resources should be used to improve operations and maintenance of existing parks and recreation centers.
- The City should improve existing facilities instead of building new parks and recreation centers.
- By a 3 to 1 margin, respondents prefer small neighborhood parks that are close to home compared to large regional parks or recreation centers.

Male respondents:

- have a higher satisfaction level with the city recreation facilities than women.
- are more likely to use and have a high satisfaction for sport fields and courts.

Female respondents:

- are less satisfied with city recreation facilities.
- are more likely to visit playgrounds and swimming pools.

Both men and women:

- place the same level of importance on improving existing facilities and increasing maintenance budgets.
- prefer having more small neighborhood parks and recreation centers that are close to home compared to fewer large specialized regional parks or recreation centers.

Households with children were more likely to visit playgrounds, sport fields, swimming pools and recreation centers than those without children.

DEMOGRAPHICS of RESPONDENTS

African-American (77.4%)

Caucasian (9.9%)

Hispanic (2%)

Native American (1%)

Other (4.5%)

Unresponsive (5.2%)

- Hispanics, Native Americans, and Others were more likely to visit city park facilities
- Hispanics, Native Americans, and Others had an overall higher satisfaction rate than Caucasians or African Americans.
- African Americans were more likely to visit facilities and have higher satisfaction rates than Caucasians.
- African Americans and Caucasians had similar preferences regarding improving existing facilities and increasing operation and maintenance budgets.
- Hispanics, Native Americans, and Others had a higher preference for building new facilities.



**HURON-CLINTON METROPOLITAN AUTHORITY
INTER-OFFICE COMMUNICATION**

TO: Board of Commissioners
FROM: Jayne Miller, Director
DATE: May 13, 2010
RE: Organizational Structure and Operational Improvements Project

In anticipation of the upcoming revenue declines, HCMA administration proactively evaluated positions vacated through attrition over the past several years. Through this process 19 full-time positions have been eliminated and other positions have been redesigned in an effort to operate more efficiently with less cost. Given the greater than anticipated revenue declines that are expected at least through 2013 and the need for more significant expense reductions throughout the organization, I believe it is time to complete a comprehensive review of the organization structure and work processes to become more effective and efficient in the delivery of our services. The timing of this work is crucial to integrate the structure of the organization and how we deliver services with the organization's strategic plan, which will soon be completed. In addition, this organizational structure and operational improvements project needs to be completed by September 2010 to provide the framework for development of the 2011 budget.

I am recommending that the Board authorize the hiring of D. Kerry Laycock, CMC as the consultant to execute and complete this project. Mr. Laycock would facilitate an organizational review process, provide independent assessment and a written report summarizing the findings and recommendations. The project is intended to accomplish three objectives:

1. Engage the organization in a review process to identify opportunities for improvement and organizational efficiencies.
2. Provide an independent assessment of the organization and, where possible, benchmark it against comparable organizations.
3. Provide recommendations on organizational structure and work process that produce efficiencies and align the organization to its emerging business strategy.

The cost to complete this project is the guaranteed *not to exceed* price for completion of all deliverables of \$25,600.00. There are no additional fees or expenses associated with this project.

RECOMMENDATION: It is recommended that the Board of Commissioners authorize the execution of the attached contract with D. Kerry Laycock for the not to exceed amount of \$25,600.00 to complete the Organizational Structure and Operational Improvements Project. It is further recommended that funding for these services be provided through the Authority's Reserve for Future Contingencies.

CONSULTING PROPOSAL

FOR

HURON-CLINTON METROPOLITAN AUTHORITY

APRIL 9, 2010

OFFERED BY

D. KERRY LAYCOCK, LLC
180 LITTLE LAKE DRIVE, SUITE 6A
ANN ARBOR, MI 48103-6219
(734) 222-0584
POC: D. KERRY LAYCOCK, CMC®

kerry@dklaycock.com

www.dklaycock.com



Understanding of Organization and Request

The Huron-Clinton Metropolitan Authority (MCMA) is a regional special park district encompassing Wayne, Oakland, Macomb, Washtenaw and Livingston counties. It was created by the Michigan State Legislature in Act No.147 of the Public Acts of 1939, and was approved by the residents of the five counties.

HCMA is governed by a seven-member Board of Commissioners. Two of the members are selected by the governor to represent the district at large, and the other five are selected by the Board of Commissioners from each of the five member counties.

Currently, 13 Metroparks covering almost 24,000 acres, serve about 9.5 million visitors annually. The Metroparks are located along the Huron and Clinton rivers, providing a greenbelt around the Detroit metropolitan area. The parks are generally more than 1,000 acres each, with Stony Creek and Kensington being more than 4,300 acres.

HCMA is funded by a property tax levy of one-quarter of one mill and by revenues from vehicle entry fees and other user fees for various facilities such as golf courses. As with all units of government in Michigan, HCMA is beginning to see a decline in millage revenue as property values decline. The Southeast Michigan Council of Governments (SEMCOG) reports that Southeast Michigan's real property taxable value declined for the first time, region-wide, in 2009 by 3.5 percent. The continued decline in housing values drove the decline in State Equalized Value (SEV), and now, taxable value. SEMCOG predicts that SEV will drop by 15.7 percent in 2010 and 9.4 percent in 2011. Taxable value is forecasted to drop by 10.8 percent in 2010 and 6.7 percent in 2011.

While some continue to suggest that this is a cyclical downturn, a growing number of experts see the decline as a prolonged structural change for Michigan. Although not suffering the catastrophic budget reductions faced by many local units of government in the state, HCMA realizes the need to respond to these changes to assure its continued success.

Among HCMA's efforts to assure its success in the face of these challenges is an ongoing strategic planning process. This process will yield a clear direction for the organization and serve as a guide to action as the organization moves forward. Complementary to this effort, the newly appointed Director has requested a review of the organization to identify opportunities for efficiencies and to align the organization to its strategic plan.

The Director seeks the support of an independent consultant to facilitate an organizational review process, provide independent assessment and a written report summarizing the findings and recommendations. This proposal is offered in response to this request.

***Project objectives***

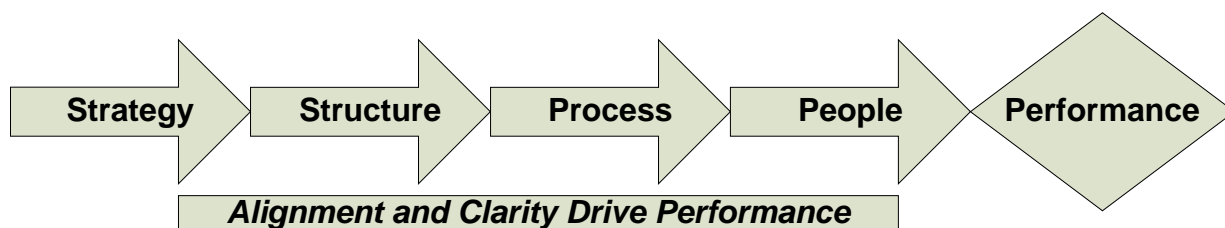
This project is intended to accomplish three key objectives:

1. Engage the organization in a review process to identify opportunities for improvement and organizational efficiencies.
2. Provide an independent assessment of the organization and, where possible, benchmark it against comparable organizations.
3. Provide recommendations on organizational structure and work process that produce efficiencies and align the organization to its emerging business strategy.

Work and Deliverables

Structure defines the functional relationships and authority within an organization. Processes define how work is accomplished and shape the roles of individual members who perform the work. All of this flows from a clear definition of organizational purpose and business strategy. This alignment is described graphically in Exhibit 1. I see my role in this project as primarily one of helping to assure that the organization can effectively fulfill its mission within the resources available.

Exhibit 1
Organizational Performance Model



My approach is to engage the organization where appropriate to gain insights from those with the greatest knowledge and experience, and to build support for necessary changes. At the same time, I will provide independent assessment, where appropriate, to provide new ideas and to challenge deeply held assumptions.

As such, my work will begin with a steering committee comprised of the Executive Director, and key staff. This group will help identify priorities, align the project to the strategic planning process and review recommendations.

D. Kerry Laycock, CMC®



I will work with key staff from each functional area to assess current performance and identify opportunities for improvement. This will include a review of major work processes and current job definitions. I will interview staff, work with teams where appropriate and review internal documents. Where possible, I will benchmark comparable organizations for structure, staffing and operational performance.

The organizational review will seek to answer questions such as:

- How do we measure performance? How does the organization evaluate and respond to these measures?
- Is this function mission critical? What are the consequences to the organization if it were not performed?
- Is there a way this function can be performed more efficiently?
- Looking across the organization, are there ways to increase flexibility and deploy resources more efficiently?
- Are our work processes clearly defined and can we measure the value that they produce?
- Do current job definitions align to our business strategy and support our work processes?
- Are resources properly allocated to organizational priorities?
- What things are we not doing that we should be? Does the strategic plan move us in a new direction that will require new competencies or resources?

As the project progresses, additional questions will emerge and shape the investigation. These are not expected to significantly alter the scope of the project.

The specific deliverables for this project are:

- A detailed work plan (developed in conjunction with the steering committee)
- Interim progress reports as required by the Executive Director
- High-level process maps and organizational metrics
- A written report summarizing key findings, data, analysis and recommendations.

Project Management

Project management means managing scope, cost and schedule. I will manage this project consistent with best practices in project management. As such, the first deliverable is a written project plan to be reviewed and approved by the steering committee. I will make regular reports of my progress and review key findings and recommendations as they emerge. Anything that would alter the scope of this project would be discussed in terms of the implications for cost and schedule. Changes would require steering committee approval. I will be available when required and welcome frequent communication and feedback.

Project Timeline

D. Kerry Laycock, CMC®



I am available to begin this work April 3, 2010 and expect to complete the work no later than September 15, 2010.

Project Cost

My fee for professional services is \$160.00 per hour. I estimate this project to require 160 hours or less. The guaranteed *not to exceed* price for completion of all deliverables describe here is **\$25,600.00**. There are no additional fees or expenses associated with this project.

Recent Experience and References

Project Description	Reference Contact
I am currently engaged by Washtenaw County to help plan and manage the transition process for a new County Administrator, to advise on the reorganization of the county, to help the Washtenaw County Board of Commissioners (BOC) define clear priorities for the next budget cycle and to align organizational changes to BOC priorities. This is the most recent of many projects I have done in Washtenaw County over the past 20-plus years.	Verna McDaniel County Administrator Washtenaw County 220 N. Main Street P. O. Box 8645 Ann Arbor, MI 48107-8645 734- 222-3401 mcdaniev@ewashtenaw.org
I was hired by the newly elected Sheriff in November, 2008 to work with his transition team. During 2009, I created and facilitated the Interagency Cooperation Team (ICT) comprised of the Sheriff and senior law enforcement officials in Washtenaw County. Through the ICT process, we have consolidated into a single SWAT team, consolidated into a single crisis negotiation team and coordinated canine resources throughout the County. I have also led a team responsible for transferring the Ypsilanti Police Department (YPD) dispatch function to the Washtenaw County Sheriff's Office and co-locating the Sheriff's and Ann Arbor Police Department dispatch. The dispatch project has reduced costs for YPD, increased revenue for the Sheriff's Office and saved jobs. In 2010, we are working on projects related to investigations (computer forensics, polygraph and accident investigations) and cross-jurisdictional response protocols.	Jerry Clayton Washtenaw County Sheriff 2201 Hogback Road Ann Arbor, MI 48105 734-973-4613 claytonj@ewashtenaw.org



Project Description	Reference Contact
I have just completed an operational review of the Ann Arbor Housing Commission (AAHC). Significant restructuring recommendations were adopted by the Housing Commission Board in January. In addition, my recommendations detail a major new strategic focus for the organization that is intended to financially stabilize the organization and allow it to undertake major rehabilitation and redevelopment of its aging housing stock.	Roger Fraser City Administrator City of Ann Arbor, Michigan 100 N 5th Ave Ann Arbor, MI 48104 734-994-2650 rfraser@ci.ann-arbor.mi.us
I recently completed an operational review of the City of Detroit, Department of Health and Welfare Promotion, Women, Infant and Children nutrition program. The recommendations are intended to improve compliance with State and Federal regulations, improve customer service and enhance program efficiency. A copy of my report is available upon request. I am currently engaged by DHWP on a similar project for the Detroit Childhood Lead Poisoning Prevention Program.	Audrey E. Smith, MPH General Manager, Community Health Services City of Detroit Department of Health and Wellness Promotion Herman Kiefer Complex 1151 Taylor Administrative Offices Third Floor Detroit, MI 48202 313-876-4307 SmithAE@detroitmi.gov

Company Information

D. Kerry Laycock is a Michigan limited liability company. I am a sole proprietor and the Managing Member of the LLC. I have been an independent consultant for more than 26 years. I will be the single point of contact (POC) for both administrative and technical issues. The company is located in Ann Arbor, Michigan and may be reached at the following:

D. Kerry Laycock, CMC®
Organizational Consultant
Parkland Plaza Center, Suite 6A
180 Little Lake Drive
Ann Arbor, MI 48103-6219

kerry@dklaycock.com

Voice (734) 222-0584

Fax (734) 222-0585

Mobile (734) 358-6204

www.dklaycock.com

D. Kerry Laycock, CMC®

HURON-CLINTON METROPOLITAN AUTHORITY INDEPENDENT CONSULTANT AGREEMENT

THIS AGREEMENT dated this _____, by and between Huron-Clinton Metropolitan Authority, a public body corporate of the State of Michigan having offices at 13000 High Ridge Drive, Brighton, Michigan, 48114, hereinafter referred to as "Authority," and _____ whose legal address is _____, hereinafter referred to as "Consultant".

WHEREAS, Consultant has significant knowledge of and expertise relative to organizational structure and design and work process alignment; and

WHEREAS, Authority desires to secure and have the advantages of Consultant's expertise and knowledge as described herein, in connection with its activities; and

NOW, THEREFORE, in consideration of the mutual benefits to be derived from this Agreement, Authority and Consultant agree as follows:

1. **Services Provided.**

The Authority hereby retains the services of the Consultant to perform the services as set forth in the attached consulting proposal dated _____, which is attached hereto as Exhibit A and made part of this Agreement.

2. **Term and Times of Service.**

- (a) Effective Date: This Agreement is effective as of _____ ("Effective Date").
- (b) Initial Term: The initial term of this Agreement extends from the Effective Date until _____ unless sooner terminated as provided in Section 10.
- (c) Extension: The initial term of this Agreement may be extended by written mutual agreement between Consultant and Authority.
- (d) Service Period: The term "Service Period" as used in this Agreement means the initial term of this Agreement and any extension.
- (e) Service Time: All services hereunder will be performed by the Consultant at times as mutually agreed upon by the parties.
- (f) Availability: Consultant will be available to provide services at the times stated during the service period, except during times of Consultant's non-availability due to illness or emergency, and except other times as mutually agreed upon by the parties.

3. Compensation.

The Authority agrees to pay to Consultant as follows:

- (a) Set fee: The Authority will pay \$_____ per hour for services anticipated under this Agreement, for a guaranteed total, not to exceed amount, of \$_____. Consultant shall invoice the Authority on or about the first of the month for services rendered the previous month, and the Authority agrees to render payments within fifteen days of receipt of invoice.
- (b) Expenses: There are no additional fees or expenses associated with this project.
- (c) Taxes: Consultant will pay all taxes and other governmental charges, however, designated, which are levied or assessed upon any payment made to or on behalf of Consultant pursuant to this Agreement.

4. Independent Contractor.

- (a) It is agreed that Consultant is an independent contractor. Consultant, and employees, servants and agents of Consultant will not be deemed to be employees, servants or agents of the Authority and will not be entitled to any fringe benefits of the Authority, such as, but not limited to, health and accident insurance, workers' compensation insurance, automobile insurance or costs, life insurance, pension benefits, paid vacation or sick leave, or longevity.
- (b) Employees of the Consultant shall be utilized only with written authorization of the Authority. Consultant shall be responsible for paying all salaries, wages and other compensation which may be due its employees, servants or agents for performing services under the Agreement and for withholding and payment of all applicable taxes, including but not limited to, income and social security taxes, to the proper federal, state and local governments.

5. Standard of Care.

- (a) Consultant shall perform services in a diligent and professional manner in accordance with the terms of this Agreement. Consultant represents that professional services performed under this Agreement shall be performed in a manner consistent with the level of care and skill ordinarily exercised by other professional consultants in his field of expertise.
- (b) Consultant shall comply with all Authority policies with respect to safety and conduct, in accordance with Authority policy documentation as provided to Consultant.

6. Authorized Representative.

The authorized representative for the Authority with respect to this Agreement will be _____. The authorized representative will provide instructions, receive information, and render decisions relative to this Agreement. Consultant shall coordinate his day-to-day activities with other persons as designated by the authorized representative.

7. Location, Equipment and Facilities.

- (a) Authority will furnish facilities, equipment and supplies which may be reasonably required in the performance of services at Authority property under this Agreement.
- (b) Consultant shall furnish his own transportation to and from all work locations. Consultant may use his own computer property, such as computer equipment, software and supplies at his own discretion, for use in the performance of services under this Agreement, however, Consultant shall be solely responsible for such Consultant-supplied property.

8. Confidential Information.

- (a) Consultant shall hold in confidence and shall not use except as provided herein and shall not disclose to any third person any confidential information disclosed to Consultant at any time by Authority. The term "confidential information" as used herein means any and all information which relates to the activities of Authority and which is not generally available to third persons.
- (b) Authority shall retain ownership of all property provided by Authority to Consultant or otherwise in the possession of Consultant, including material, supplies, equipment, and computer software. Authority shall have ownership of all documents, reports and files, in printed or electronic format created by Consultant pursuant to this Agreement. Upon completion or termination of this Agreement, all such property shall be provided to Authority by Consultant.

9. Conflict of Interest.

During the term of this Independent Consultant Agreement, Consultant shall not engage in any activity or assist any other person to establish or engage in any activity that would, in the sole opinion and discretion of Authority, constitute a conflict of interest in carrying out Consultant's activities hereunder.

10. Termination.

- (a) Either party may terminate this Agreement at any time, with or without cause, and with 30 days written notice.
- (b) Upon termination of this Agreement, Consultant will be paid for all services authorized and performed prior to termination.

11. Indemnification.

Authority will indemnify and hold harmless Consultant, Consultant's officer, directors and employees from and against any and all costs, losses and damages caused solely by the negligent acts or omissions of Authority, Authority's officers, directors, partners, employees in the providing of services under this Agreement. Consultant shall indemnify and hold harmless Authority, Authority's officers, directors and employees from and against any and all costs, losses and damages caused solely by the negligent acts or omissions of Consultant, Consultant's officers, directors, partners, employees in the providing of services under this Agreement.

12. **Assignment.**

This Agreement will be deemed to require the performance of services by Consultant. Consultant will not assign any right, delegate any duty, subcontract any portion, or otherwise transfer any interest hereunder without the prior written consent of Authority.

13. **Amendment.**

This Agreement may be amended or revoked at any time by written agreement executed by all of the parties to this Agreement. No change or modification to this Agreement will be valid unless in writing and signed by all of the parties to this Agreement.

14. **Severability.**

If any provision or paragraph of this Agreement shall be prohibited by law or held to be invalid, such provision or paragraph shall be separable from this Agreement without invalidating the remaining provisions or paragraphs hereof.

15. **Notices.**

Any notice required under this Agreement shall be in writing, given personally or addressed to the appropriate party at its legal address by registered or certified mail. All notices shall be effective upon the date of receipt.

16. **Waiver.**

Non-enforcement of any provision herein by either party shall not constitute a waiver of that provision, nor shall it affect the enforceability of that provision or of the remainder of this Agreement.

17. **Governing Law.**

This Agreement is governed by and shall be construed and enforced in accordance with the laws of the State of Michigan.

18. **Headings.**

The headings to the Sections of the Agreement are inserted for convenience only and will not be deemed a part of this Agreement for purposes of interpreting or applying the provisions of this Agreement.

19. **Entire Agreement.**

This Agreement represents the entire agreement between Authority and Consultant and neither party has relied upon representations not contained in this Agreement. This Agreement supercedes all other prior agreements and policies, either oral or written, between Authority and Consultant.

20. **Remedies.**

The remedies herein provided are not exclusive and the exercise of any such remedy will be without prejudice to the exercise of any other right or remedy hereunder or under law.

21. **Counterparts.**

This Agreement may be executed in several counterparts, each of which will be deemed an original but all of which will constitute one and the same.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed in their respective names as of this day and year first above written.

Consultant:

By: _____

Name: _____, Consultant

Date: _____

Huron-Clinton Metropolitan Authority:

By: _____

Name: Harry Lester, Chairman

By: _____

Name:

Anthony V. Marrocco, Secretary

Date: _____

Witnesses:

Witnesses:

EXHIBIT A
STATEMENT OF SERVICES

Detailed Job Description/Services to be provided.



**HURON-CLINTON METROPOLITAN AUTHORITY
INTER-OFFICE COMMUNICATION**

TO: Board of Commissioners
FROM: David L. Wahl, Controller
SUBJECT: Auditor Appointment
DATE: May 5, 2010

The 2009 audit represented the last year of the Board of Commissioners' four year appointment of Rehmann Robson as the Authority's independent auditor.

For your information, Staff is satisfied with Rehmann Robson's working knowledge of governmental reporting and auditing standards. They have been very helpful in assisting the Authority in implementing and complying with new GASB requirements, i.e. GASB #45. They have also been invaluable in assisting the Authority in achieving the GFOA Certificate of Achievement for Excellence in Financial Reporting. They have conducted their audits efficiently in accordance with their previous proposal.

At the May 13, 2010 Board of Commissioner meeting, Staff will need direction on how to proceed for the auditor appointment.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "David L. Wahl", is written over a horizontal line.

David L. Wahl, Controller

DLW:kag

RESOLUTION

Pathfinder Sign Replacement Permit Wayne County Department of Public Services Wayne County, Michigan

The Authority is currently in the process of replacing its Metropark “pathfinder” signs throughout the system. These signs typically are placed within county road rights-of-way in the vicinity of park entrances, and they provide directions to the various park locations to visitors.

Because the signs are typically located within county road rights-of-way, coordination with county road agencies is necessary. In order to permit the placement of pathfinder signs by Authority forces within Wayne County road rights-of-way, the Wayne County Department of Public Services (WCDPS) requires the Authority to approve a Pathfinder Sign Permit Resolution as part of its permitting process.

The Resolution basically requires the Authority to comply with the conditions of the permit (to be issued); to indemnify Wayne County from claims arising out of the Authority’s installation and maintenance of the signs; that the Authority be responsible for damage to WCDPS property; and other conditions. The proposed Resolution is attached.

RECOMMENDATION: Prepared by Chief Engineer Arens and made by Staff. That the Board of Commissioners approve the attached Resolution.

HURON-CLINTON METROPOLITAN AUTHORITY PATHFINDER SIGN PERMIT RESOLUTION

WHEREAS, the Huron-Clinton Metropolitan Authority (hereinafter the " Authority") periodically applies to the County of Wayne Department of Public Services, Engineering Division Permit Office (hereinafter the "County") for permits to conduct repairs and maintenance work related to its Metropark Pathfinder Signs within local and County road rights-of-way, as needed-from time to time to maintain the roads in a condition reasonably safe and convenient for public travel;

WHEREAS, pursuant to Act 51 of 1951, being MCL 247.651 *et seq*, the County permits and regulates such activities;

NOW THEREFORE, in consideration of the County granting such Permit, the Authority agrees and resolves that:

It will fulfill all permit requirements and to the extent permitted by law will save harmless, represent and defend the County of Wayne and all of its officers, agents and employees from any and all claims and losses occurring or resulting to any and all persons, firms, or corporations furnishing or supplying work, services, materials, or supplies to the Authority as the result of the Authority's installation, construction, repair or maintenance activities which are being performed under the terms of the Permit on, over, and/or under the County right-of-way or any local road; and

1. It will fulfill all permit requirements and to the extent permitted by law will save harmless, represent and defend the County of Wayne and all of its officers, agents and employees from any and all claims of every kind for injuries to, or death of, any and all persons, and for loss of or damage to property, and environmental damage or degradation, and from attorney's fees and related costs arising out of, under, or by reason of the Authority's installation, construction, repair or maintenance activities which are being performed under the terms of the Permit on, over, and/or under the County right-of-way or any local road, except claims resulting from the direct negligence or willful acts or omissions of said County performing permit activities.
2. Any work performed for the Authority by a contractor or subcontractor will be solely as a contractor for the Authority and not as a contractor or agent of the County. Any claims by any contractor or subcontractor will be the sole responsibility of the Authority. The County shall not be subject to any obligations or liabilities by vendors and contractors of the Authority, or their subcontractors or any other person not a party to the Permit without its specific prior written consent and notwithstanding the issuance of the Permit.

3. The Authority shall take no unlawful action or conduct, which arises either directly or indirectly out of its obligations, responsibilities, and duties under the Permit which results in claims being asserted against or judgment being imposed against the County, and all officers, agents and employees thereof pursuant to a maintenance contract. In the event that same occurs, for the purposes of the Permit, it will be considered a breach of the Permit thereby giving the County a right to seek and obtain any necessary relief or remedy, including, but not by way of limitation, a judgment for money damages.
4. With respect to any activities authorized by Permit, when the Authority requires insurance on its own or its contractor's behalf, it shall also require that such policy include as named insured the County of Wayne and all officers, agents and employees thereof.
5. The incorporation by the County of this resolution as part of a Permit does not prevent the County from requiring additional performance security or insurance before issuance of a Permit.
6. The Authority shall, at no expense to Wayne County, provide necessary police supervision, establish detours and post all necessary signs and other traffic control devices in accordance with the Michigan Manual of Uniform Traffic Control Devices.
7. The Authority shall assume full responsibility for the cost of repairing damage done to the County road during the period of installation, construction, repair or maintenance related to its Metropark Pathfinder Signs.

This resolution shall continue in force from this date until cancelled by the Authority or the County with no less than thirty (30) days prior written notice to the other party. It will not be cancelled or otherwise terminated by the Authority with regard to any Permit which has already been issued or activity which has already been undertaken.

BE IT FURTHER RESOLVED, that the following position(s) are authorized to apply to the County of Wayne Department of Public Services Engineering Division Permit Office for the necessary permit to work within County road right-of-way or local roads on behalf of the Authority: Jayne S. Miller, Director

I hereby certify that the above is a true and correct copy of the original Resolution approved by the Board of Commissioners of the Huron-Clinton Metropolitan Authority on May 13, 2010.

Gregory J. Almas
Executive Secretary



**HURON-CLINTON METROPOLITAN AUTHORITY
INTER-OFFICE COMMUNICATION**

TO: Jayne Miller

FROM: Bill Johnstone
Greg Almas
Dave Moilanen
Dave Wahl

DATE: May 3, 2010

RE: Retiree Health Care

At our January meeting, the Board approved staff to “explore options that will provide our retirees’ quality healthcare at reduced cost,” and provide them with a plan equivalent to our current employees.

We have investigated several health plan options and are recommending that we switch to a Medicare Advantage plan offered by Blue Cross Blue Shield. This plan has a \$250 deductible and requires copayments that are equivalent to our active employees’ plan.

We performed an extensive review of our past collective bargaining agreements with the assistance of our legal counsel to ensure that we could make this change.

On May 9, 1985 we modified the language regarding hospitalization for active employees and retirees. Our attorney’s opinion is that anyone retiring after this date is subject to modification of their hospitalization coverage. There are 123 post-65 retirees in this category. The remaining 16, pre May 9, 1985, would continue in the current traditional plan.

Since the monthly per member cost provides sufficient savings to the Authority, we are not recommending that we implement a premium cost share by the retiree at this time.

2010 Plan Year Quote

Current Plan per Member/Month	\$537.78
MA Plan per Member/Month	<u>\$272.24</u>
Savings per Member/Month	\$265.54

The implementation of this change would be July 1, 2010. Prior to July 1, we will have meetings and informational mailings for all of our retirees.

It is recommended by Human Resource Officer William Johnstone and recommended by staff that: the Board authorize staff to proceed with implementation of the Medicare Advantage plan offered by Blue Cross Blue Shield effective July 1, 2010 for the post May 8, 1985 retirees.



**HURON-CLINTON METROPOLITAN AUTHORITY
INTER-OFFICE COMMUNICATION**

TO: Jayne Miller
FROM: Dave Moilanen
DATE: May 13, 2010
RE: Donations for May HCMA Board of Commissioners meeting

The following donations were received through April 30 for the May 13, 2010 Board of Commissioners meeting:

- A \$350 bench donation made by Sabu Anthony for Lake Erie.
- A \$475 bench donation made by Kathryn Slattery for use at Hudson Mills.
- A donation of dog and goat agility equipment made by Sharon Grech for use at the Wolcot Mill Farm Center
- A \$2,590 donation to purchase new skate skis from Team Nordic Ski Racer (15K Frosty Race proceeds) for use at Huron Meadows.
- A \$500 donation to purchase new cross-country ski equipment made by the Washtenaw Ski Touring Society for use at Huron Meadows.

RECOMMENDATION:

Made by Deputy Director Moilanen and recommended by staff: that the Board of Commissioners formally accepts the above donations and a letter of appreciation be sent to the donors.

GEORGE M. CARR, P.C.

ATTORNEY AND COUNSELLOR

327 SEYMOUR
LANSING, MICHIGAN 48933(517) 371-2577
Fax (517) 482-8866
gmcarr@carrlawfirm.com

May 6, 2010

Mr. Harry Lester, Chairman
Huron-Clinton Metropolitan Authority
13000 High Ridge Drive
Brighton, Michigan 48114-9058

Dear Chairman Lester:

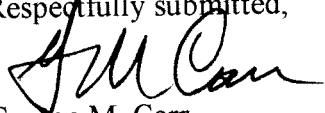
The economic atmosphere in Lansing is beginning to look like spring but the political clouds continue to roll in. Auto sales are increasing, home building and construction are on the rise and the residential mortgage crisis appears to have an end. State tax revenues are beginning to show signs of growth after a long multi-year slide. But even the improved economic indicators do not come close to solving the impending \$1.7 billion state budget deficit beginning October 1, 2010.

While some state department budgets are beginning to move, the bulk of the budget is under a "hold" awaiting cuts, additional tax revenue or a combination thereof. And those legislative decisions are nowhere on the horizon.

Driving the process in Lansing are two key filing dates. The filing date with the Michigan Secretary of State for legislative seats is May 11, 2010. This is the date when all state legislative candidates must decide if they are in an election race for the August Primary Election. They have until May 14th to drop out. The second date is May 26, 2010 for the filing of signatures for ballot proposals. Both dates are driving nearly every piece of legislation and budget decision in Lansing. A significant number of the open legislative seats are in the HCMA counties

Therefore, nearly every state policy decision now effectively boils down to "who's in and who's out" for each legislative seat. We will work to keep everyone current on the broad range of bills that could impact the Authority. Until the August Primary ballot is confirmed, we do not expect major decision making in Lansing to begin.

Respectfully submitted,



George M. Carr



**HURON-CLINTON METROPOLITAN AUTHORITY
INTER-OFFICE COMMUNICATION**

TO: Board of Commissioners
FROM: Greg Almas, Executive Secretary
DATE: May 7, 2010
RE: Closed Session information

The closed session packet will be distributed at the May 13 Board of Commissioners meeting.