MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
MAY 19, 2011

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:30 p.m. by Ronald Sulik.

I. Roll Call

PRESENT: R. Sulik
D. DePiero
J. Bacci
S. Kelly
W. O’Malley
G. Starr

The Secretary informed the Vice President that a quorum was in attendance.

II. Approval of Minutes

MOTION – Mayor Starr moved and Ms. Kelly seconded that the minutes of the May 5, 2011 Board meeting be approved. Without objection, the motion carried unanimously.

III. Public Session

Executive Director Ciaccia informed the Board that one member from the public registered to speak regarding a non-agenda item. For the sake of expediency, the Board agreed to hear the speaker at that time.

William Shea stated that he was the former Social Science Specialist Librarian for the Cuyahoga County Public Library. He advised that he has no connection with the composting industry but knows farmers who use the technology. He suggested utilizing composting toilets throughout the region instead of the increases in infrastructure that have been proposed.

Mr. Shea stated that composting toilets might save money and that the District could study them through a grant from the Environmental Protection Agency (hereinafter “EPA”). He stated that if composting could be done in a region of Northeast Ohio’s size it would be a key to solving other problems.
Mr. Shea stated that composting toilets cut household water usage by one-half, resulting in lower water consumption and sewer usage. He indicated such an action would eliminate bacteria and saves money and processing. He stated that the District would only have to process gray water from dwellings and stormwater.

Mr. Shea stated that something happened at the Easterly plant around 1949, when he used to swim in Lake Erie, and more people got earaches.

Mr. Shea asserted that flush toilets are ecological disaster in terms of combined sewage, water, street water and feces. He stated that a composting toilet would create useful compost for fertilizer. The disadvantage is that the compost must be collected. He indicated that if this process is profitable it will be picked up by recyclers; if it is unprofitable, it will cost money to gather.

Mr. Shea stated that some toilets separate feces from urine and that some urine could be used on lawns for nitrogen, which would require chemical kits to process and make safe from disease. The advantage is the sludge the District currently has is not recyclable while the solid waste from composting would be.

According to Mr. Shea, composting toilets do not smell; they have small fans that push odors up the stack. However, the fans require an electrical hookup. They can be backed up by batteries during power failures. A larger battery could be utilized to keep a fan going without electrical hookups.

Taking such an action would be a proactive approach and get the region “ahead of the curve.” Mr. Shea stated that the District currently reacts to EPA mandates.

Mr. Shea stated that “the crazy environmentalists” and the EPA “will gladly fund studies” such as composting. He believed the EPA may view this favorably because the District is a large system and such an experiment could be a key test. Mr. Shea indicated the District may get an extension in regards to the consent decree and the “craziness” associated with the Euclid Creek Tunnel, should the District propose such a study.

Mr. Shea stated that the District “can get out of lawsuits that pit mother nature crazies against Father God churches, which is what you are being forced into, a religious argument that you are on the wrong side of.”

Mr. Shea stated that the composting toilet industry would jump at an opportunity in such a large market. They would be invaluable in research and might provide a very low cost. He advised that a patented composting toilet costs between $1,500 and $5,000.
Installation issues include generally requiring a basement below for waste collection. Laundry areas are usually located in basements in homes. The advantage is larger bins need to be emptied less often -- once or twice a year – which provides better compost.

Single-level action toilets require more maintenance and generally handle fewer people. He advised that is the biggest problem. A single-level apartment building would require turning a crank and would produce less efficient processing compost. The bins must be emptied more often and have less capacity. He stated that some composting toilets can store compost in the space behind the toilet and some burn urine with electricity.

Mr. Shea stated that plumbers may oppose this plan because there would be fewer drains to clean. He stated that the District could retain them as fixing composters and reiterated that he does not know the market and it must be researched.

Mr. Shea stated that there probably are areas in the system where composting toilets are not applicable, but they will work mostly everywhere. Mini-sewage facilities could be set up in the areas where they are not applicable to process water.

Mr. Shea stated that composting toilets would probably result in less maintenance of the infrastructure and that the biggest issue is public resistance to change.

Mr. Shea stated that many composting toilets look and smell nice and the District may offer to help install them in various private dwellings through grants. He indicated being “ahead of the curve” may help acquire a grant to help with installation into existing infrastructure.

Mr. Shea stated that he hoped he addressed the issues and is not an expert on the subject. He stated he had conducted a one-day research project involving a trip to the Easterly plant. He distributed copies of the outline of his remarks and information on composting toilets, listing the manufacturers in the U.S.

Mr. Sulik advised Mr. Shea to provide the staff with the information.

Mr. Shea stated that he mentioned this to District staff and is aware that “it takes time for things to get from the staff up to the Board and maybe never will because they consider it too crazy.”

Executive Director Ciaccia stated that staff would distribute the information.

Mr. Sulik thanked Mr. Shea and asked Executive Director Ciaccia to pass the information on to Frank Greenland’s department for investigation.
IV. Executive Director's Report

Executive Director Ciaccia advised that departmental reports were provided in the Board packets.

The sixth public meeting concerning the 2012-2016 rate proposals was held the previous Saturday at the Easterly plant, with about ten attendees. A total of six public meetings were held and the comments received were capsulated in a document and distributed to the Suburban Council of Governments. He indicated that another discussion of the rates and alternatives will occur during today’s meeting. This is the fifth meeting overall with the Board regarding the topic and has been a good opportunity become familiar with the issues. District staff intends to bring forth a resolution for the next Board meeting regarding the rate structure.

Executive Director Ciaccia moved conversation to the Stormwater Management Program (hereafter “SMP”) and the mediation spearheaded by Cuyahoga County Executive Ed FitzGerald. The meeting with Executive FitzGerald was held prior to Judge Pokorny’s ruling which was favorable to the District on the issue of authority. He explained that the District agreed to continue mediation and signed a memorandum of understanding agreeing to the process. District staff asked Judge Pokorny for a continuance of the case from the July trial date. Elements of Title V, such as the fee, are still in dispute. Some community attorneys argued they needed more time to prepare for the trial in light of the efforts that would be needed for mediation. In the spirit of cooperation, the District consented and the case has been moved to September. An order was filed by Judge Pokorny and there will be no more continuances. The first mediation session was held on Friday, May 13 with Cleveland State University Provost Geoffrey Mearns. Ground rules were set; the parties involved agreed to refrain from media releases in order to maintain a good working relationship.

On May 16, Director of Watershed Programs, Frank Greenland, and Manager of Watershed Programs, Kyle Dreyuss-Wells, made a presentation to the mediator on the program because he did not have that background. All parties that wanted to attend were there. Provost Mearns set another mediation session for this Friday at 2:30 p.m. Executive Director Ciaccia advised that District staff will attend.

County Executive FitzGerald anticipated mediation as a 30-day process starting on May 1 and ending May 30. Executive Director Ciaccia stated that there was a late start and all agreed to revise the end date to mid-June to maintain the 30-day period. He explained that he is not overly optimistic but staff will do its due diligence to be as amicable as possible in order to reach an agreement.
Executive Director Ciaccia advised that he and staff attended the National Association of Clean Water Agencies (hereinafter “NACWA”) conference last week and wished to explain things the organization is working on.

The Money Matters campaign is an effort to advocate legislation to Congressional and Senate leaders about setting priorities on regulations that allow flexibility and prioritization through the Clean Water Act.

Executive Director Ciaccia stated that issues related to Combined Sewer Overflows (hereinafter “CSOs”) are major for the District and “we have just been through that fight.” He continued to advise that “nutrients and other issues are coming down the pike.” Every system across the country is facing multiple issues; priorities are different for each and it is not “one shoe fits all.”

The District is working with its Congressional representatives to champion legislation that would allow the EPA some flexibility under the Clean Water Act. He stated that it is a worthwhile effort and he wanted to make the Board aware this an ongoing initiative through the NACWA.

There is a new sewer system incineration rule with new air emission standards that will be very costly, and re-classification of sludge ash that will add costs. Executive Director Ciaccia advised that some believe the results and numbers the EPA used are erroneous and do not think they made sound judgments. The District is participating in challenges to the rule. Most communities that have incinerators agreed to fund the effort.

Executive Director Ciaccia stated that the issue of funding came up often during the recent public meetings. The NACWA has an initiative for the establishment of a Clean Water Trust Fund; however, this initiative is currently inactive with the current environment in Congress.

A trust fund requires a funding through taxation. New taxation is a non-starter in Congress right now. He indicated that there is discussion within the wastewater industry about whether a trust fund is the right course of action.

Executive Director Ciaccia stated that there is discussion and continuing urging of Congress to continue funding the State Revolving Loan Funds, which was cut by $1 billion this year. The District and its advocates will continue to urge Congress to reauthorize that funding.

While in Washington, Executive Director Ciaccia advised that Deputy Executive Director, F. Michael Bucci, Government Affairs Specialist, Darnella Robertson and Special Liaison for Legislative & Regulatory Affairs, Lisa Hollander, visited with the
District's Congressional delegation. At that time, he turned the meeting over to Deputy Executive Director Bucci to describe the meetings.

Deputy Executive Director Bucci advised that Congressional visits took place on May 10-11. He and staff met with representatives from Senators Brown and Portman's offices and Congressmen LaTourette, Sutton, Latta and Fudge. The main theme during the meetings was funding, affordability legislation and upcoming work.

District staff personally met with Senator Brown and Congressman LaTourette as they were presented an NACWA award. Deputy Executive Director Bucci advised that Senator Brown indicated to his willingness to assist the District as it works with the US EPA on the consent decree and flexibility with future legislation.

Congressman LaTourette requested the District provide him with a list of projects for consideration under already existing funding. Deputy Executive Director Bucci indicated that staff submitted over $10 million in stream restoration and outfall repair projects in hope of receiving future funding.

Subsequently, District advocates met with Congressman Bob Gibbs to discuss the affordability legislation currently under consideration. He advised that Rep. Gibbs indicated he will direct his attention to this legislation and will consider a hearing or attaching it into a bill that is already moving.

Mayor DePierro thanked the staff for going to Washington to advocate on behalf of the ratepayers. He inquired how the Congressional Representatives and Senators view the EPA's unwillingness to work with districts on consent decrees, years of litigation and unfunded federal mandates. He questioned if there is political pressure or legislation, especially in tough economic times, to look at these issues differently. Mayor DePierro stated that, “We are all for clean water but the gun-to-your-head approach isn't good for the ratepayers.”

Executive Director Ciaccia stated that Senator Brown, former Senator George Voinovich and Rep. LaTourette have been extremely helpful trying to push legislation. Sens. Brown and Voinovich helped push the affordability legislation – which did not pass -- and Rep. LaTourette co-sponsored the trust fund bill. NACWA relies upon those individuals. He advised that he was confident Sen. Rob Portman will be just as supportive. The District relies on them and the national organization.

Mayor Starr inquired if the District has a federal lobbyist, which Executive Director Ciaccia confirmed. Mayor Starr questioned if there is an inclination of trends developing with the new representatives in Washington. Executive Director Ciaccia stated that he has not specifically asked that question but he will do so. He explained that in working
with NACWA, there does not seem to be any significant trend as it relates to water; interest seems to be in other areas. He thinks there are opportunities to advocate sensible legislation such as prioritization through the Money Matters campaign.

Mayor Starr stated that one of the benefits of holding public hearings, especially on a rate increase, is that other people make suggestions and provide information. He noted an article he received from a taxpayer a couple days ago from *The Wall Street Journal*.

Mayor Starr indicated the article was dated May 17, 2011, and says “pollution rule delayed amid cost complaints. The Obama administration suspended new regulations aimed at cutting air pollution from boilers at oil refineries, chemical plants and other factories amid complaints by a range of industries over the potential cost. Monday's announcement by the EPA marks at least a temporary victory for the industry and congressional critics of the administration's regulatory policies. The boiler rule is the latest in a series of EPA regulations the administration has scaled back or delayed amid criticism that jobs would be threatened. In a written statement the EPA said it was postponing the effective date of the rule after deciding that the general public did not have sufficient opportunity to comment on it.

“The agency said allowing more time for analysis of rules, costs and benefits is consistent with a January order by the President, President Barack Obama that directed federal agencies and the EPA to review the regulations and avoid excessive, inconsistent and redundant regulation.”

Mayor Starr questioned if staff has information about whether this applies to the District. Executive Director Ciaccia stated that the article refers to a new rule under consideration that would apply to the sewer system incineration, a rule the District has been pushing back on. He explained there are existing rules and this week the EPA “hammered Chicago on Clean Water Act rules.” Chicago will have to perform significant treatment they previously did not have to do.

Mayor Starr inquired if Chicago will appeal. Executive Director Ciaccia advised that he does not know what action they will take but they will have to think about re-reversing the Chicago River.

Mayor Starr questioned if any of the presidential orders affect water pollution for the District. Executive Director Ciaccia responded by stating he does not know but will find out.

Continuing the report, Executive Director Ciaccia advised that we have some pickets at the Southerly construction site, where work on the Renewable Energy Facility (hereinafter "REF") is underway. The carpenters had a dispute with the contractors.
There was a one-day picket which did not cause any problems. He explained that one day of work was lost but everything seems to be resolved and everybody is back to work. He stated that he sent Board members an e-mail when it occurred.

Executive Director Ciaccia advised that a key staff member, Bob Dominak, is retiring after 32 years. He explained that Mr. Dominak has done a lot for the District and the industry, including chairing committees that oversaw sewer sludge incineration rules. He has done a lot for the District and he wished him well.

The Board congratulated Mr. Dominak on his retirement. Mr. Sulik stated that he enjoyed working with Mr. Dominak and that he was always very helpful.

V. Action Items

Authorization to Advertise

Resolution No. 113-11  Purchase of Wholesale Natural Gas for All Wastewater Treatment Plants, George J. McMonagle Building and the Environmental and Maintenance Service Center. Anticipated Expenditure: $7,900,000.00.

Resolution No. 114-11  Sludge Cake Removal at the Southerly and Westerly Wastewater Treatment Plants. Anticipated Expenditure: $620,000.00.

MOTION – Mr. O’Malley moved and Mayor Bacci seconded to add and adopt Resolution Nos. 113-11 and 114-11. Without objection, the motion carried unanimously.

Authorization to Issue Request for Proposals (RFPs)


Resolution No. 116-11  RFPs for the Design and Construction Administration/Resident Engineering (CA/RE) Services for the CSO-SSMO Bundle Projects.

Resolution No. 117-11  RFPs for Internal Audit Professional Services from 2011 Through 2013. Cost: Not to Exceed $332,000.00.

MOTION – Mayor DePiero moved and Ms. Kelly seconded to add and adopt Resolution Nos. 115-11 through 117-11. Without objection, the motion carried unanimously.
Authorization to Purchase


MOTION – Mayor DePiero moved and Mayor Bacci seconded to add and adopt Resolution Nos. 118-11 and 119-11. Without objection, the motion carried unanimously.

Authorization to Participate

Resolution No. 120-11  Participate in the Cooperative Purchasing Program with the Ohio Department of Transportation for the Delivery of Bulk Treated Ice Control (Rock Salt) to the Southerly and Westerly Wastewater Treatment Plants and the Environmental and Maintenance Service Center. Anticipated Expenditure: $16,200.00.

MOTION – Mayor Bacci moved and Mr. O’Malley seconded to add and adopt Resolution No. 120-11. Without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 105-11  One-Year Requirement Contract with Kemira Water Solutions, Inc. for Ferric Chloride Solution for Use at All Wastewater Treatment Plants. Cost: $271,950.00.

Resolution No. 121-11  Contract with Nerone & Sons, Inc. for the Combined Sewer Overflow Rehabilitation Contract – 010 (CSORC-010). Contract Amount: $3,839,000.00.

MOTION – Mr. O’Malley moved and Mayor Bacci seconded to add and adopt Resolution Nos. 105-11 and 121-11. Without objection, the motion carried unanimously.

Authorization of Contract Modification

Resolution No. 122-11  Final Adjustment Deduct Order for Contract No. 10001306 with Spiniello Companies for the Big Creek Interceptor 3D Lining Rehabilitation (BCI-3D-LR) Project. Cost: A Decrease in the Amount of $228,517.62 Bringing the Total
BOARD OF TRUSTEES
Regular Meeting
May 19, 2011
Page 10 of 17

Contract Price to $1,696,304.88.

MOTION – Ms. Kelly moved and Mayor Starr seconded to add and adopt Resolution No. 122-11. Without objection, the motion carried unanimously.

VI. Information Items

1. Outside Counsel Report as of May 2011

Executive Director Ciaccia stated that the outside counsel report is provided periodically for informational purposes.

There were no questions.

2. Continued Rate Discussion

Executive Director Ciaccia advised that the second Information Item is continuation of the 2012-2016 rate study discussion and specifically to discuss alternative structures. He turned the meeting over to Director of Finance, Jennifer Demmerle.

Ms. Demmerle stated that she would continue rate discussion and present various alternatives. More importantly, she advised she would show the impacts on a typical bill for small, typical and large users.

The first alternative was to maintain the existing rate structure, which bills usage by the volumetric rate of one MCF and a minimum charge.

The increase for all three types of users would be the same percentage. A small user would experience an average increase of 11.8% for Cleveland residents and 10.7% for the suburbs. A small user would be charged the minimum fee even though they are using less than one MCF; therefore a Cleveland ratepayer’s bill would increase from $44 to $78 by 2016.

Ms. Demmerle advised that a typical user would have the same average increase of 11.8% and 10.7%. Their bills would increase from $84 to $146 per quarter while a large user for a Cleveland resident would increase from $200 to $351 per quarter.

The pros of this alternative are that everyone is used to that structure, there would not be an impact on the billing system and has the least impact on a typical customer. She explained that even though it has the least impact, it is a very small percentage increase difference of the various alternatives.
The cons are that it would maintain the minimum charge, which is a common customer complaint. Small users are not charged for their actual use; they are charged one MCF. This alternative does not address the variance between how much flow the District treats versus how much it bills.

Ms. Demmerle explained that 40% of the flow comes through metered consumption while 60% is through inflow and infiltration (hereinafter “I&I”). Regardless of how much customer use that will continue to flow into the plant. This particular structure does not address that issue.

This structure also represents the greatest impact to small users because of the minimum one MCF charge.

Mayor DePiero inquired what the minimum charge is for one MCF. Ms. Demmerle advised that it is $44.75 for Cleveland and $48 for suburbs, per quarter.

Ms. Demmerle moved to the next alternative, which addressed the minimum charge for small users. This scenario provided the greatest benefit to small users, whose bills will decrease by about 30% in 2012 through the elimination of the minimum charge before gradually increasing by about 4% for Cleveland and 3% for the suburbs.

The volumetric rate would still be utilized for both typical and large users resulting in the same average rate increase of 12.5% for Cleveland and 11.4% for the suburbs. A large user’s average bill under this scenario would go from $200 to $362 per quarter.

Ms. Demmerle stated that a pro of this alternative is addressing the minimum charge complaint from small users. That would be eliminated and all customers’ billing would be based on actual usage. This scenario is the least impactful to a small user.

However, it is the greatest impact to large residential customers. She explained that the volumetric rate provides no revenue stability and does not address I&I. The volumetric rate would be higher because of the elimination of the minimum charge.

Ms. Demmerle explained that staff began considering a variety of alternatives addressing I&I. Staff wanted to eliminate the minimum charge but incorporate some type of fixed fee. Staff wanted to gradually incorporate the fixed fee so customers get used to that rate structure. Ten scenarios were narrowed down to two for this presentation.

Ms. Demmerle stated that the third alternative addresses a question Mayor DePiero posed during a previous meeting regarding a way to spread the increase more equitably among different users.
The base fee was incased for small users; that was increased from $5.85 per quarter to $14.85 per quarter. Doing so keeps the bill the same next year before smaller increases each year. Under this scenario the average increase for a Cleveland resident will be around 7.4% and 6.8% for the suburbs.

However, the typical user’s average bill increases by 13.3% because they do not use enough to benefit from the fixed fee. Ms. Demmerle explained that the larger fixed fee more greatly impacts the typical user because they do not use enough to benefit from it and use too little to benefit from elimination of the minimum charge. Their increase would be about 13.3% for Cleveland and 12.2% for the suburbs.

This example provides the greatest benefit to large users. They see a smaller percentage increase because of the fixed fee component. The higher your fixed fee is the smaller the volumetric rate would be.

Ms. Demmerle advised that this alternative provides revenue stability by eliminating the minimum charge and incorporating a fixed fee. All ratepayers would be charged based on actual usage and a portion of the I&I would be recovered. The top customer complaint would be addressed through the minimum charge elimination and it is the least impactful on the large uses.

Conversely, this alternative represents the greatest impact on a typical user and the second largest impact to a small user. She advised that moving to this type of structure becomes more complicated to explain to the customer, which is a negative aspect of this scenario.

Ms. Demmerle stated that the final alternative is the one recommended to the Board. This scenario encompasses a fixed fee component starting off with $5.85 per quarter and eliminating the minimum charge.

The small user’s bill will decrease in 2012 and gradually increase. Their average increase would be 5.4% for Cleveland ratepayers and 4.4% for the suburbs.

A typical user’s average increase would be 12.8% for Cleveland residents and 11.8% for suburbs, with a Cleveland bill increasing from $84 to $154 in 2016.

A larger user’s increase would be 12.2% in Cleveland and 11.2% in the suburbs.

Ms. Demmerle explained that this alternative has the same positive aspects as the other scenario: revenue sustainability, the elimination of the minimum charge, based on actual usage, recovers a portion of I&I and addresses the top customer complaint. The cost
would be spread out; this alternative is not the least or most impactful for any type of customer.

Ms. Demmerle stated that she would draw together the various alternatives to provide a sense of what each means to the various types of users.

For a typical user, the existing rate structure would result in an 11.8% increase for Cleveland residents. Under the second alternative it would be a 12.5% increase. The third alternative, which incorporates the higher fixed fee, would be a 13.3% increase. The recommended rate structure falls in the middle at 12.8%.

Ms. Demmerle stated that regardless of the scenario there is very little impact for a typical user. In 2016, the average bill between the least expensive to the recommended rate is about $7 per quarter.

The same is the case for large user. The first alternative would result in an 11.8% increase. The elimination of the minimum fee would represent an 12.5% increase. Under the third alternative with the higher rate, it would be 11.8%. The recommended rate is 12.8% which is in the middle and the difference in all four alternatives is even smaller.

Ms. Demmerle explained that the impact comes into play for the small user. The existing rate structure would result in an 11.8% increase. Eliminating the minimum charge would result in a huge decrease in 2012 with subsequent average increases of 4%. With the higher fixed fee the bill would have no change in 2012 and gradual increases averaging 7.4% afterwards. The recommended rate is slightly under at 5.4%.

Even though this represents the greatest difference in the scenarios, she reminded the Board that small users comprise 28% of the account base. The revenue generated from them is about 1% of total revenue.

Ms. Demmerle explained that while considering all four scenarios staff wanted to reduce the variance between treated and billed flow and gradually incorporate a fixed fee component to address l&l. Those factors led to the elimination of maintaining the current rates, or the first alternative.

Revenue stability was another major factor. The minimum fee was eliminated in the second alternative, resulting in no revenue stability. That alternative was removed from consideration.

Staff desired a rate structure with which the increase was not the least or most expensive for any type of customer -- and that was alternative 4.
Staff anticipates returning to the Board on June 2 to consider adoption of the recommended rate structure. Pending adoption, staff will begin working with the City of Cleveland to incorporate the new structure into the billing system. The rates will take effect January 1, 2012.

Mr. Sulik inquired as to how long it would take to implement a new structure into the Cleveland Water Department (hereinafter “CWD”) billing system. Ms. Demmerle indicated CWD estimated four to five months. The structure will be implemented and thoroughly tested. Executive Director Ciaccia advised that implementation should not be difficult because the recommended structure is also the current CWD water structure.

Mr. Sulik stated that the best impact for small users is alternative 4, which may include retirees and single households. He inquired if that alternative would be the best to bill them for what they actually use. Ms. Demmerle confirmed.

Ms Kelly questioned what percentage of customers are small users. Ms. Demmerle advised that small users comprise about 28% of the customer base.

Ms. Kelly asked Ms. Demmerle to explain the program for customers who experience difficulty paying their bills. Ms. Demmerle stated that Ms. Kelly was referring to the Crisis Voucher Program. The program will be developed once approval is granted. The program will address certain hardships and would include suspending shutoff and paying their sewer bill for six months, or up to $300. Ms. Demmerle indicated the program is not fully developed and would be presented to the Board following approval. Executive Director Ciaccia stated that the program will be a part of the proposal during the June 2 meeting.

Deputy Executive Director Bucci advised that in addition to the Crisis Voucher Program there will be a proposed affordability program, which offers a 40% reduction of the rate for people under certain income levels.

Executive Director Ciaccia explained that assuming the rate structure is adopted in June, during the six-month period afterwards staff will work with CWD to implement it into their billing system and develop the affordability programs.

Ms. Kelly questioned if examples could be provided when the affordability program is presented to the Board so it can get a true picture of the actual costs if they qualify. She also inquired if the affordability program is similar to the Homestead Program.

Ms. Demmerle advised that the discount would be the same as with Homestead. There would be no age restriction for the Wastewater Affordability Program, while with
Homestead ratepayers must be 65 years or older or permanently or partially disabled. The Wastewater Affordability Program has no age or disability requirement; it is based on family size and income levels.

Mayor Starr inquired if the new rates would go into effect on January 1 or April 1. Ms. Demmerle advised that it would be January 1. Mayor Starr stated that he thought it was originally April 1. Ms. Demmerle stated that there were discussions with the Board five years ago as to the timing of the rate increases but she does not remember the specifics.

Deputy Executive Director Bucci advised that the full effect of the rate increase would be realized on April 1. The January bills are prorated, and the full effect of the rate increase would not be realized until the second quarter. Mayor Starr questioned if the full three months would be April 1, which Deputy Executive Director Bucci affirmed.

Mayor Starr inquired what the average CWD water rate increase will be, and if it will be 80% over five years. Executive Director Ciaccia stated that he read it was calculated as 80% over five years but he has not seen their study or the legislation. He stated that he thought it was in the range of 7% annually.

Mayor Starr stated that five into 80% is 16%. He questioned what the annual percentage fee will be for the SMP. Executive Director Ciaccia inquired if the question was how much the SMP adds to the bill. Mayor Starr affirmed. Ms. Demmerle advised it would be from $4.75 to $5.15.

Mayor Starr advised that his point is the real impact of all of the fee increases will be around 34% for storm, sanitary and water.

Executive Director Ciaccia stated that a 16% increase for water is incorrect because there is a compounding factor. A 7% annual compounded increase may result in the 80% figure in the fifth year depending on customer class. Mayor Starr inquired what Executive Director Ciaccia thought the percentage was. He replied that he knows it is under 10% on an annual basis, but he does not know what it is exactly.

Mayor Starr stated that a 10% increase would mean a 28% total increase effective next year.

Mayor Starr asked for an update on the CWD billing and if the District has confidence they will deliver quality and accurate bills.

Executive Director Ciaccia advised that the District’s recent financial picture shows that the money is coming in as it is supposed to, which was not the case a year ago. Accounts
receivables have stabilized and are going in the right direction. The numbers of calls received have diminished. CWD’s calls have also somewhat diminished.

CWD is hiring a firm to help them through the remaining problems. He advised that they interviewed a couple firms and may be close to making a recommendation. A lot of things are moving in the right direction.

Executive Director Ciaccia explained that the billing structure should not be a problem because it is the same structure as CWD’s. He and others on the staff believe it is a good billing system, and will work and provide more information, with changes in processes that were not changed prior to their own implementation. He thinks the billing system will be in good shape.

3. Ad-Hoc Committee on Ethics

Mr. Sulik stated that the Ad-Hoc Committee on Ethics has been working on the revised Code of Ethics, which was distributed this week to all Board members. He asked that the Code be placed on the next meeting agenda for consideration so everyone will have time to review it.

VII. Open Session

There were no matters for Open Session.

VIII. Public Session (any subject matter)

No members from the public registered to speak at Public Session.

IX. Executive Session

Mr. Sulik stated that there were no matters for discussion in Executive Session.

X. Adjournment

MOTION – Mr. Sulik stated that business having been concluded he would entertain a motion to adjourn. Mayor Bacci moved and Mayor DePiero seconded the motion to adjourn at 1:32 p.m. Without objection, the motion carried unanimously.
BOARD OF TRUSTEES
Regular Meeting
May 19, 2011
Page 17 of 17

Dean E. DePiero, Secretary
Board of Trustees
Northeast Ohio Regional Sewer District

Darnell Brown, President
Board of Trustees
Northeast Ohio Regional Sewer District