

MINUTES  
NORTHEAST OHIO REGIONAL SEWER DISTRICT  
BOARD OF TRUSTEES MEETING  
NOVEMBER 1, 2012

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

I. Roll Call

PRESENT: D. Brown  
R. Sulik  
S. Kelly  
J. Bacci  
T. DeGeeter

ABSENT: W. O'Malley  
G. Starr

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

II. Approval of Minutes

**MOTION** – Mr. Sulik moved and Mayor Bacci seconded that the minutes of the October 18, 2012, Board Meeting be approved. Without objection, the motion carried unanimously.

III. Public Session

Executive Director Ciaccia informed the Board that no members of the public registered to speak during Public Session.

IV. Executive Director's Report

Executive Director Ciaccia informed the Board of what occurred when Hurricane Sandy came through the region. He advised that staff was fortunate to have advance warning that the storm was coming and to develop an advance plan for the events.

Executive Director Ciaccia stated that Ray Weeden, Director of Operations & Maintenance, would brief the Board about what occurred at the plants; Ron Czerski, Deputy Director of

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Operations & Maintenance, would discuss the collection system; and Frank Greenland, Director of Watershed Programs, would discuss the streams and stormwater.

Mr. Weeden advised that increased rainfall began last Friday but in earnest began on Monday, October 29. The recorded rainfall at Southerly was 3.22 inches. The average rainfall for all three days was 2 inches, 2 inches again and 1.5 inches. On the first two days Southerly experienced significantly more rain compared to the entire area.

In preparation for the storm, Mr. Weeden explained that it is protocol to bring in additional operations and maintenance staff at the plants to keep them up and running. Minor mechanical repairs were necessary but staff was able to perform them overnight.

Mr. Weeden stated that these types of events are not uncommon. The decisions the Board and staff makes culminate during extreme weather events. He indicated that plant staff is well prepared for such events.

Mr. Weeden explained that staff wanted to capture all of the flow that did not make it completely through the plants. Overall, 1.37 billion gallons were treated at all three plants on October 29; 1.62 billion gallons on October 30; and 1.43 billion gallons on October 31 -- a total of 4.42 billion gallons over three days. No major mechanical issues were experienced.

A photograph was displayed that showed the impact of high flow at Southerly. Mr. Weeden explained that when flow comes from an effluent chamber it goes underneath Canal Road and underneath the Ohio Canal. There is a discharge point that goes into the Cuyahoga River.

Mr. Weeden explained that the discharge point of Southerly after it has made its way across and underneath the canal. This slide gives us a comparison of what we have on an average day on the left side. That is how that flow when it is coming out of the building versus when the Cuyahoga River is at a higher level and what we experienced on October 30.

Mr. Weeden explained that staff was fortunate to get flow out of the plant. The effluent from the plant and river level is at a common level. Challenges are experienced getting the flow out but fortunately staff was able to do so.

Water came in through the low side of the plant where the former stormwater discharge was located. He advised that the station is there to help lift out flow if the plant is in flood condition. On this day the high river level flowed backwards from the Cuyahoga River onto the grounds at Southerly. Mr. Weeden stated that staff was sure the water was from the river as opposed to rainwater because a gizzard shad was seen in the water. The Cuyahoga River presents challenges in different ways.

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Mr. Weeden stated that plant staff handled the event very well. He noted that one such superintendent was present: Robert Bonnett. He thanked all the superintendents and staff and congratulated their efforts.

Executive Director Ciaccia explained that Southerly exceeded its normal capacity by three or four times in treatment. A good portion of the flow received full treatment and some received partial treatment. There were bypasses employed from full treatment. This is the third time in five years the river level jeopardized the ability to flow water out of the plant. This issue will have to be addressed.

Executive Director Ciaccia advised that of the top 10 high river levels experienced on record by the outfall, 6 have occurred in the last 10 years. The pattern will continue. He explained that the site where Southerly is located has changed over the decades in terms of upstream development and changes to the river itself. Staff needs to determine what to do to the outfall and how to mitigate the risk. Discussions were initiated with the Engineering & Operations staff to determine alternatives.

Mr. Brown stated that the high river level was probably close to the level when it flooded the plant. Flood levels were around 16.9 feet in the area and were as high as 21 to 23 feet. The discharge point may have been taking in water.

Mr. Brown stated that the frequency of extreme weather events during the last 10 years suggests that rainfall patterns have changed and will continue to do so. The changes present challenges to Southerly and other plants in the future. He indicated that wave action on Lake Erie was different than he ever recalled; normal storm wave action is 6 to 8 feet while this time witnessed 22-foot waves from north to south, necessitating closure of Route 2. Burke Lakefront Airport is also being cleaned of debris resulting from wave action along with much of the lakeshore.

This event is not over; Mr. Brown stated that it was still raining and even though some levels are stable, they may continue to rise and dissipate over the next couple of days. He advised the staff to ponder the District's responsibility in understanding the effects of these rainfall events.

Executive Director Ciaccia stated that every event is a learning experience and the most recent storm certainly was. Many lessons were learned during the flood situation last year and he indicated Mr. Czerski would discuss how the collection system was managed more efficiently.

Mr. Weeden stated that last year's event was second on the all-time high river level list. Staff records a separate river level at Southerly which is typically slightly higher than the official weather service.

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Ron Czerski, Deputy Director of Operations & Maintenance, stated that the collections system did very well during the event and crews were well prepared. He advised that during the storm there were two major concerns: high winds threatening power loss and river elevation.

The generator maintenance contractor and fuel vendors were on standby to ensure the generators were running. The collection system crews were working 24 hours a day and continuously monitored key locations. Additionally, staff prepared to bypass flow at the Big Creek interceptor and Southwest interceptor.

At Southerly, because the river can be elevated, there is a place where flow can be bypassed if necessary. Mr. Czerski advised that course of action was not chosen; it must be done manually by opening a series of gates and pulling out stop locks. Crews were stationed there in case flow needed to be dumped from the Southwest and Big Creek interceptors and in case the plant could not get flow out. A number of regulators and automated regulators feed the interceptors. They were all discharging and trying to minimize what could be put into them.

Mr. Czerski advised that staff responded to one mutual aid request from North Olmsted; they requested a generator and were supplied with one.

Mr. Czerski explained that all of the pump stations ran at full capacity. A few intermittent power problems were encountered but the generators were operational. Of interest to the City of Cleveland, he stated that the Euclid Creek and Jennings pump station continued to run at maximum capacity.

Staff experienced no serious control problems but communication and some data were lost. Some control structures went into default mode but that did not negatively impact the operation of the collection system.

Mr. Czerski advised that there were a number of overflows but not in Edgewater Park largely due to the stable rainfall. Even though there was a lot of rain, the intensity was not much above a third of an inch per hour. The Irish Bend riverbed remained stable. Mill Creek Tunnel is capable of storing 72 to 75 million gallons, which was maxed out and resulted in a significant overflow.

At that point, the meeting was turned over to Mr. Greenland.

Mr. Greenland stated that the prolonged storm event is number 8 on the list. Compared to the most recent event in February it was about 2 feet less in river stages -- almost 21 feet at the gauge. The February event was over 23. That means two data points in the last two years.

Watershed and Engineering staff went out in the field to assess stormwater flooding issues.

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Mr. Greenland advised that flow is high at the Euclid Creek pump station. He had not heard of significant street flooding out of Euclid Creek.

Canal and Old Rockside had significant flooding as it bears the brunt of river stages over 16 to 20 feet.

Warner and Mill Creek is the site of erosion. Stream flows are very high and more erosion is expected. He indicated this is a site for early stormwater projects.

A project will be done at the West Creek Confluence area where West Creek enters the Cuyahoga River. The intent of the project is to recreate wetlands and flood plain areas, but flooding occurred during this event and may still occur if the river gets to stages of 21 to 23 feet.

Mr. Greenland explained that Abrams Creek is another project slated early on. Sheldon Road repetitively floods, becoming impassable, and is located at the border of Brook Park and Middleburg Heights.

West 150th and I-480 had flooding issues as well and was closed for a few days. Mr. Greenland advised that he had heard of problems in the past but he was not up to speed on the nature of them. Something is going on along this branch of Big Creek. Mr. Brown stated he had not seen that before. Mr. Greenland stated it caught him by surprise, too.

Mr. Greenland advised that he did not hear of significant overland flooding. He drove by Martin Luther King Boulevard on Tuesday and there was no flooding although the stream was high.

Staff assessed a number of other locations. There were road closures and flooding in Olmsted Falls and Olmsted Township along Plum Creek. Chevy Branch of Big Creek had good news and bad news. The good news was the Gilmore area, which has been the site of historic flooding in the past, had free board on the culvert in the heart of where it should be flooding. Cleveland has repaired the culverts in the Gilmore, Puritas and Longmead areas and the underpass on West 130th.

Mr. Brown stated that Milligan would flood. Mr. Greenland agreed and advised that there was a lot of water on the road and ducks in the street. That is part of the District's plan going forward with additional efforts for the Chevy Branch in the Parma-Cleveland area.

Mr. Greenland explained that the event was not as dramatic as one might expect from a flooding standpoint. There were 7 inches of rain – an all-time record precipitation for October -- but it was slow and steady and staff was able to handle it.

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Mr. Brown inquired if any of the plants lost power. Mr. Weeden advised that power was lost intermittently but not long enough for the emergency generators to become operational. Power would have to be lost and restart equipment and continue to process on.

Changing subjects, Executive Director Ciaccia provided an update on the Stormwater Management Program (hereinafter "SMP") litigation, which remains in the appeals court. The communities in opposition filed for an injunction to prevent the institution of the fee in January. The injunction request was denied, so the program will move forward. Community meetings with customers will continue.

Executive Director Ciaccia expects the appeals to continue over the next couple years because those in opposition have made it clear they intend to take the case through the Ohio Supreme Court. However, having been denied injunctive relief he thinks it is in the District's and the region's interest to move forward with the program.

Today the Summit County appeal was dismissed by virtue of the agreement staff had reached with them. That leaves the 11 Cuyahoga County communities and business interests represented by the law firm of Sheldon Berns. The opposition parties asked for a time extension to file their briefs. District staff did not oppose that action and it was granted. Under the appeals rules one extension is allowed.

Executive Director Ciaccia advised that the 11 suburban communities are asking for an increase in page limitations on the appeals. The current limitation is 40 pages; they want to increase it to 60. He explained that staff opposes that for a couple of different reasons.

The case was supposed to be consolidated and the two groups were supposed to file a joint brief. If each submits separate briefs it would have been 80 pages, but now could be 100. Staff does not know if Sheldon Berns will ask for additional pages. The court of appeals set that rule to make it easier on all parties.

Executive Director Ciaccia moved to the next section of his report. He advised that a suspicious call was received at Southerly on October 23. That morning an anonymous caller very vaguely said "something was going to happen" at the plant. A security officer acted appropriately and immediately reported the threat. District IT and Security staff worked with AT&T and Verizon to identify the caller. The Cuyahoga Heights Police Department apprehended the individual along with other law enforcement agencies.

The individual was arrested and has been charged with inducing panic, which is a fourth-degree felony. He was released on \$50,000 bond and is waiting for a court date. Executive Director Ciaccia thanked everyone for their swift actions. No one took the matter lightly even though it was vague.

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Executive Director Ciaccia stated that people should be cognizant of today's technology. The caller utilized an action that blocked caller ID but the technology went beyond that.

Concluding his report, Executive Director Ciaccia informed the Board that members of Cleveland City Council's Utilities Committee requested a tour of Southerly and the Renewable Energy Facility. Committee chairman Councilman Terrell Pruitt, Councilman Michael Polensek and Councilman Kevin Kelley were given a tour and had great questions. He stated it was good to see local public officials make an effort to learn about what the District does.

### V. Action Items

#### Authorization to Advertise

Resolution No. 264-12	Steam Distribution System Improvements and Heating System Modifications Project. Engineer's Opinion of Probable Construction Cost: \$675,000.00.
Resolution No. 265-12	Two-Year Requirement Contract for Ash Removal at the Westerly Wastewater Treatment Plant. Anticipated Expenditure: \$254,570.00.
Resolution No. 266-12	Purchase of Cab-Chassis Truck with Dump Body for the Sewer System Maintenance & Operation Department. Anticipated Expenditure: \$155,000.00.
Resolution No. 267-12	One-Year Requirement Contract for the Purchase of Centrifuge Polymer for Use at the Southerly Wastewater Treatment Plant. Anticipated Expenditure: \$235,458.00.
Resolution No. 268-12	Two-Year Requirement Contract for Fencing Installation and Repair at All District Facilities and Remote Sites. Anticipated Expenditure: \$300,000.00.

**MOTION** – Mayor Bacci moved and Mayor DeGeeter seconded to adopt Resolution Nos. 264-12 through 268-12. After discussion and without objection, the motion carried unanimously.

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 269-12                      RFPs for CSO Advanced Facilities Plan  
and Program Support Services Project.

Resolution No. 270-12                      RFPs for Operations, Maintenance and  
Data Collection, Chemically Enhanced  
High Rate Treatment Pilot Plant  
Operations Project.

**MOTION** – Ms. Kelly moved and Mr. Sulik seconded to adopt Resolution Nos. 269-12 and 270-12. After discussion and without objection, the motion carried unanimously.

Mr. Brown stated that Resolution No. 269-12 seems to be a fairly significant project. He noted that it looks like it comes on the heels of the program management program and requested an explanation. Kellie Rotunno, Director of Engineering & Construction, advised that the RFP has two parts. One is for the advanced facilities planning on the Combined Sewer Overflow Long-Term Control Plan that was done for Easterly that resulted in the final tunnel alignments and refinement of the sizing of the structures and location structures.

Ms. Rotunno advised that advanced facilities planning has not yet been performed on Southerly, Westerly or the Big Creek area. Staff wants to go out in advance of those large tunnel projects and perform advanced planning to identify value engineering opportunities, reduce the number and sizing of structures and integrate green infrastructure.

The second part is to continue to augment services being provided by program management on CSO technical support. That relates primarily to the need to run hydraulic models and update different scenarios on system models because the District does not do modeling in-house.

Ms. Rotunno stated that PMO has provided that service and when the contract expires in March those services will no longer be available. That technical support is needed on an as-needed basis, which is why the RFP includes an as-needed, “on-call” component to support CSO technical planning efforts.

Executive Director Ciaccia advised that this is a significant, multi-million dollar contract and staff will issue the RFP and return to the Board with a contract. There is no actual estimate but it is a significant investment. He expects it will have a high return in value engineering as it relates to advanced planning.

Mr. Brown stated that at an appropriate time when results come back there will be discussion regarding what is proposed and the methodology to get the outcomes that will result in specific projects. Executive Director Ciaccia and Ms. Rotunno affirmed.



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Executive Director Ciaccia stated that this is the Long-Term Control Plan that is incorporated into the consent decree. Projects are identified but not finely-tuned or value-engineered at this point. Staff has submitted rough ideas and budgets of them to the federal government. This is an opportunity to fine tune them.

Mr. Brown stated that was understood and that green infrastructure is a big challenge. He explained that everyone wants to do green infrastructure and the areas in which they should be done but the question is how. Insight as to how they can be accomplished will be obtained. Ms. Rotunno explained that the facilities planning effort for the areas were done in the 1990s and the landscape of the region has changed significantly. Staff wanted to have an opportunity to examine it through a present day viewpoint and take them into consideration and return cost savings to the program, as well as green projects.

### Authorization to Purchase

Resolution No. 271-12

Purchase from Jack Doheny Supplies, Through the State Term Schedule, a Sewer Jet/Vac Truck for the Sewer System Maintenance & Operation Department. Cost: \$368,822.40.

**MOTION** – Mayor Bacci moved and Mayor DeGeeter seconded to adopt Resolution No. 271-12. After discussion and without objection, the motion carried unanimously.

### Authorization to Negotiate Agreement

Resolution No. 272-12

Negotiate a Cooperative Agreement with Cleveland Metroparks for Activities Under Project Clean Lake and the Regional Stormwater Management Program.

**MOTION** – Mr. Sulik moved and Mayor DeGeeter seconded to adopt Resolution No. 272-12. After discussion and without objection, the motion carried unanimously.

Mr. Brown inquired if this resolution represented a new relationship. Executive Director Ciaccia advised that it was a new relationship with the Metroparks although the District has a current relationship with Metroparks in relation to the Nature Center at West Creek.

Executive Director Ciaccia advised that the relationship is new on two fronts. He explained that Brian Zimmerman, the fairly new director of the Cleveland Metroparks, approached the District regarding beachfront management and what role the District could play in assisting them. There are outfalls at or near the beaches and the District has an effect on them. Staff wanted to explore

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that as well as stormwater management opportunities. He added that Dick Kerber, the Metroparks' Director, Planning Design and Natural Resource, was in the audience. At that time, he asked Mr. Greenland to speak on the subject.

Mr. Greenland explained that staff had discussions with Metroparks staff about partnership with beach management. The beaches are the recipient of nasty things following rain events in terms of floatables and the District is part of that equation.

Over time it was learned that the sand itself needs to be managed properly to reduce bacteria levels in the water. He explained that there can be no CSOs for a period of time and when beach sands are stirred there is waterfowl and the bacteria stored in them. He noted that improved management, beach grooming and aeration of the sand reduce bacteria levels. Both entities are considering how to cooperate on capital equipment and operation of maintenance needs.

Regarding stormwater, Mr. Greenland advised that the Metroparks happen to be the recipient of all the stormwater of the region -- the Rocky River, Big Creek and other streams. There are obvious maintenance needs that occur along the fords and bridges, such as debris-removal activities. The Metroparks currently perform that activity and District staff is looking at a potential partnership with the Metroparks for maintenance activity on larger streams segments.

### Authorization to Enter Into Contract

Resolution No. 245-12

Contract with Brown and Caldwell for the Southerly First Stage Settling Improvements Project. Contract Amount: \$6,859,630.00.

Resolution No. 273-12

Contract with Application Software Technology Corporation for Professional Services to Enhance the Oracle Advanced Benefits Module. Cost: Not-to-Exceed \$64,328.00.

Resolution No. 274-12

Contract with Red Oak Consulting for the Implementation of a District-Wide SharePoint Platform and Initial Applications. Cost: Not-to-Exceed \$506,908.80.

**MOTION** – Mr. Sulik moved and Mayor Bacci seconded to adopt Resolution Nos. 245-12 and 273-12 through 274-12. After discussion and without objection, the motion carried unanimously.

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Mr. Brown requested an explanation on Resolution No. 245-12 as it was held previously. Executive Director Ciaccia noted that during the previous Board Meeting Ms. Kelly had questions concerning why the project was to be awarded with combined SBE, MBE and WBE involvement. Staff began to explain it but wanted to regroup for a better explanation. Ms. Rotunno and Tiffany Jordan, Contract Compliance Manager, were prepared to respond because part of the question was the contract itself, the combination put in contract, the result and the outreach.

Ms. Rotunno stated that she would explain how the goals were established for the RFP and the process utilized for RFPs on construction bids.

The original construction estimate was \$39.5 million. The professional services estimate was \$6.7 million. The Office of Contract Compliance and Engineering & Construction staffs meet to establish a goal based upon subcontracting opportunities and the number of certified firms with the Business Opportunity Program.

Engineering & Construction determines the availability of subcontracting opportunities on a project. The Office of Contract Compliance assesses the availability of certified MBE and WBE firms for the areas identified. If there are sufficient certified firms they will recommend a project goal to which is jointly reviewed and put forth to the Board in a resolution request establishing the goal for the RFP.

Ms. Rotunno advised that if there are not sufficient MBEs and WBEs in the areas of subcontracting identified, the Office of Contract Compliance will look at the number of registered SBEs. They recommend a combined goal that is jointly reviewed by both departments before it is advanced to Board.

Engineering & Construction examined the design project, estimated the fees associated with the project and which components were deemed to be subject to subcontracting. The potential value of the project added up to 22.8%, or a potential subcontracting value of \$1.5 million.

Ms. Rotunno explained that when that was given to the Office of Contract Compliance they determined which of the categories have three or more certified MBE and WBE firms and came up with four areas. The Business Opportunity Program requires three or more certified firms in order to make that portion of the project available for subcontracting in a competitive environment.

That action would have decreased the participation goal to 6.3% and a \$425,000 subcontracting opportunity which could have been restricted to MBE and WBE firms. She advised that since it was a small percentage on a project with more opportunity, staff looked at the number of SBEs. SBE involvement opened subcontracting opportunities to local certified firms and increased the subcontracting opportunity to 22.8%. That is how the goal of 20% was established and how the

consultant, Brown and Caldwell, proposed to meet and exceed the goal by 0.15%.

At that time Ms. Rotunno introduced Ms. Jordan.

Ms. Jordan had more information to present in terms of registration and insight on why there are few firms registered in some areas.

Ms. Jordan advised that the District receives EPA funds for some projects. The State of Ohio EPA's goals are 3% for MBE and 3.7% for WBE. In terms of the disparity study, she advised that MBE availability for the District is 5.4% for construction; 6.28% for construction-related services; 5.57% for goods and services; and 5.76% for commodities.

There are currently 186 certified firms in the construction database. Of those firms 56 are certified MBEs based on race and gender. Of the 23 African-American male firms, 9 are getting work for various subcontracting goals under the MBE/WBE program and the former SBE program.

There are currently 57 WBEs, or non-minority women certified in the program. Ms. Jordan advised that of those firms 25 are working on 86 subcontracts under the Business Opportunity Program and SBE program.

Ms. Jordan advised that there are 61 certified engineering firms. The directory is in real time and the number could change at any moment. She stated that there are currently 29 firms that are African-American male, Asian or Hispanic. Race and gender are categorized. There are currently no African-American or Hispanic female firms certified in engineering.

Ms. Jordan stated that the District does outreach very well. The Business Opportunity Pipeline is an annual 2-day event during which all of the directors and managers represent their departments and discuss upcoming business opportunities.

Staff also performs a certification workshop. She explained that the previous focus was on Cuyahoga County because the disparity study showed it was necessary to involve the greater metropolitan area, including surrounding counties such as Summit and Geauga County. Staff is working with the Urban League to expand the reach beyond Cuyahoga County.

Ms. Jordan advised that the District works with the Council of Smaller Enterprises on things such as the Small Business Conference, the Hispanic Business Summit and the Black Expo. Over a year and a half over 30 outreach events had been held. In particular, staff reached out to smaller groups such as the National Society of Black Engineers to get more engineering firms into the programs.

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The Business Opportunity Breakfast Exchange meeting will be held on November 7. The exchange is for small companies randomly selected to discuss what they like and dislike about the program. She stated it was like an advocacy group and the Board was welcome to attend.

Ms. Jordan stated that going forward staff is in the process of creating a program called MPowered. The MPowered program would be in conjunction with the Greater Cleveland Economic Growth Foundation. It is a pilot project for certified MBE firms.

The objective is to strengthen those firms by giving them project management, a business assessment and customized developing and training. MPowered was a recommendation from the disparity study. What makes the program different is to create a program better than the "cookie-cutter program" in the past.

Ms. Kelly inquired if staff identified areas of the process that might make certification difficult. Ms. Jordan advised that she did not think the certification process was difficult. During Business Opportunity Exchange breakfasts a common compliment is how well the certification process works. The District accepts other certifications and it is fairly easy to become certified into the program.

### Authorization of Contract Modification

Resolution No. 275-12

Final Adjustment of Contract No. 11003681 with the Apostolos Group, Inc., DBA Thomarios for the Southerly Wastewater Treatment Center Gravity Thickener Domes, Paint and Maintenance Repair Project. Cost: A Decrease in the Amount of \$94,581.19 Bringing the Total Contract Price to \$489,951.81.

Resolution No. 276-12

Modify Contract No. 10000024 with Walsh Construction Co. for the Southerly Wastewater Treatment Center Renewable Energy Facility Contract 28. Cost: No Net Increase in the Contract Value; Reallocation of \$351,244.50 from 16 Previously Approved Deduct Orders in Various Contract Bid Items, to the General Allowance.

**MOTION** – Mayor Bacci moved and Mayor DeGeeter seconded to adopt Resolution Nos. 275-12 and 276-12. After discussion and without objection, the motion carried unanimously.

VI. Information Items

1. Northeast Ohio Regional Sewer District Financial Report and Investment Advisor Performance Report for the Nine Month Period Ending September 30, 2012.

Jennifer Demmerle, Director of Finance, stated that she would discuss how actual results are tracking against rate study projections, how actual revenues and expenses are tracking against the budget, how they compare to last year, how actual cash payments on the capital program are tracking against the plan, the cash position as of September 30, investment performance and how we are tracking against our financial metrics.

Ms. Demmerle advised that there is a variance of \$7 million with actual results compared to the rate study projections. Revenue is in line with the rate study as of September 30. She believed it was an issue of timing on billing.

The rate studies showed about \$192 million of rate revenue would be collected. She did not believe that level would be reached because there as a 5% decrease in consumption, while 3% was projected. A new deal with Summit County is also cutting into revenue this year.

Operations and Maintenance expenses are under rate study projections by about \$10 million. Debt service is above rate study projections but that is also a timing issue. Ms. Demmerle stated that close to \$4 million in federal subsidy payments on interest were recently received and was not recorded in September against our debt service payments. Overall debt service is tracking what was projected in the rate study.

Actual revenue to the operating budget is 80% above the benchmark. She believed it would probably be close to the budgeted \$181 million or slightly over. Being above benchmark was a timing issue with the billings.

Ms. Demmerle advised that revenue as of September 30 increased 11% over last year but was projected to be 6%. Most operating revenue is from sewer service fees, of which 86% is billed by the City of Cleveland. Rates increases were an average 13% this year. The increase is due to billing -- especially now that staff has access to data provided by CWD. Staff is working closely with CWD to make sure bills go out.

Billings of customers have been caught up in regards to those customers on the Sewer Service Charge Based on Usage of the System (hereinafter "SSCBOUTS") program. She advised that they are customers charged on actual usage of the system and they will probably be billed for about five quarters this year. SSCBOUTS revenue has increased by \$7 million, and again that is working closely with CWD and having access to that data.

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Actual operating expenses are 67% of the budget and are tracking well behind the benchmark. She anticipates ending the year about \$6 million under budget. Expenses are flat from last year even with a 2% wage increase. Utilities decreased because of renegotiated rates and the other categories are tracking the same as last year.

The capital plan forecasts \$239 million. Cash payments as of September 30 were \$152 million. She anticipates being around \$220 million by year's end, or under the plan. Cash balance on the bond project account at the beginning of the year was well above \$300 million. By the end of the year it will be \$60 million, which likely means a return to the bond market.

Ms. Demmerle advised that something will be done during the first quarter of 2013. Staff is not certain whether to do bonds or short-term notes and will work with its financial advisor. Referring to the Cash receipts and disbursements over the last five years we had a bond issue in 2011. Total cash balance currently is \$292 million and is projected to be \$250 million with \$150 million in reserves at year end. Money was set aside for cash payments on the capital program and the rest is to be bond out.

Ms. Demmerle advised that to date the District has \$291 million invested and 76% is in government agencies. The return on investments is 0.38% which is above the benchmark of 0.17%. Returns are not expected to improve much until 2015.

Ms. Demmerle stated that metrics established a couple years ago are being met. The two most important metrics are debt service coverage ratios and they are being exceeded. She reiterated that the District is operating within rate study parameters and continues to operate within budget; capital payments are tracking well within budget; cash balances continue to be drawn down for the need to go to the bond market; and investments are meeting the benchmark.

Mr. Sulik questioned when stormwater fees would begin being collected and whether they would be a separate budget. Ms. Demmerle explained that stormwater would be completely separate and cash funded. Whatever is collected from stormwater fees will support the operations.

### 2. Letter of Intent for Great Lakes Fishery and Ecosystem Restoration

Mr. Greenland advised that there were grant applications made by the Cuyahoga County Board of Health and some watershed organizations in Euclid Creek. It is a low head dam on Euclid Creek that inhibits fish passage and there are structural issues with concrete falling into the stream.

The groups were unsuccessful securing grant funding. They approached the Corps of Engineers and the Corps subsequently approached the District regarding the potential for federal dollars through a section of the Water Resources Development Act.

Mr. Greenland explained that to begin the process they needed a local cooperator, which would be the District. The Corps need a letter of intent from a local cooperator and then conduct a feasibility study at their cost to determine whether it is in federal interest to potentially fund design and construction.

Mr. Greenland stated that the first \$100,000 is the Corps' responsibility. District staff believes the feasibility phase probably would not exceed that. The District is under no obligation under the letter of intent to proceed with any project or funding unless it is in the District's best interest. Staff will send a letter of intent to hopefully garner federal funds to help with the project. It has been on staff's list of stormwater problems across the service area. The community groups have been advocating it.

VII. Public Session (any subject matter)

No members of the public registered to speak during Public Session.

VIII. Open Session

There were no matters for Open Session.

IX. Executive Session

Mr. Brown stated that there was a matter for discussion in Executive Session.

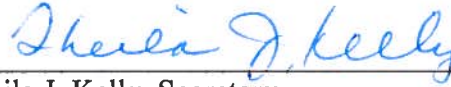
**MOTION** – Mayor Bacci moved to enter into Executive Session to discuss a federal litigation matter regarding the MCT-3 project. Mayor Bacci stated that discussion of these matters in Executive Session are permitted as specific exceptions to the Public Meetings Act pursuant to Ohio Revised Code §121.22(G)(3) and he specifically designated all matters discussed in Executive Session to be protected from public disclosure in accordance with Ohio Revised Code and attorney-client privilege. A roll call vote was taken and the motion carried unanimously to adjourn into Executive Session.

The Board met in Executive Session from 1:30 p.m. to 1:54 p.m.

X. Adjournment

**MOTION** – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved and Ms. Kelly seconded the motion to adjourn at 1:55 p.m. Without objection, the motion carried unanimously.





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Sheila J. Kelly, Secretary  
Board of Trustees  
Northeast Ohio Regional Sewer District



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