MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
NOVEMBER 15, 2012

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:32 p.m. by Darnell Brown.

I. Roll Call

PRESENT: D. Brown
R. Sulik
J. Bacci
T. DeGeeter
S. Kelly
W. O’Malley
G. Starr

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

II. Approval of Minutes

MOTION – Mayor Bacci moved and Mr. O’Malley seconded that the minutes of the November 1, 2012 Board meeting be approved. Without objection, the motion carried unanimously.

III. Public Session

Executive Director Ciaccia informed the Board that Cuyahoga County Sherriff Bob Reid and Middleburg Heights Police Chief John Maddox registered to speak during Public Session regarding Resolution No. 279-12. Tami Brown and Captain NEO registered to speak on behalf of the Greater Cleveland Aquarium. Louise Forseman registered to speak regarding construction near her residence at Beulah Park.

Mr. Brown invited the public speakers registered to discuss agenda-related topics to approach the podium first.

Sheriff Reid thanked the Board and Manager of Safety and Security, James Davidson, for their review and consideration of Resolution No. 279-12, which, if approved, authorizes the District to enter into a 30-year lease with Cuyahoga County Sheriff’s Office for the purpose of developing a regional firing range and training facility.
Sheriff Reid advised that the Cuyahoga County Sheriff’s office consists of 1,100 employees. There are 150 employees in the Protective Services Division, 160 Deputy Sheriffs and 125 Special Deputies that carry firearms.

Sheriff Reid noted that the County’s firing range was constructed in 1977 when the Justice Center was built in the City of Cleveland. In addition to training their employees licensed that carry firearms, the Sheriff’s office also allows other divisions such as the FBI and ATF to utilize its facilities for training purposes. Sheriff Reid indicated that the Sheriff’s office is pleased to allow other agencies to train at its facilities for no fee other than the cost for ammunition and targets. However, over time those facilities become unusable and to spend millions of dollars in order to update an existing firing range is believed to be cost prohibitive.

Sheriff Reid noted that police departments within Cuyahoga County are considering the use of outdoor firing ranges rather than indoor ranges to mitigate HVAC and lead concerns.

Sheriff Reid indicated that the County will consider extending the partnership to Cuyahoga Heights as well as other police departments within Cuyahoga County to make this a “regional range” for communities that may not have access to outdoor ranges or indoor ranges that have become obsolete.

Sheriff Reid advised the County is considering whether a fee will be charged to communities desirous of utilizing the regional range or if they will simply be required to provide their own ammunition and targets.

Sheriff Reid explained that the Sheriff’s office employs a full-time range officer who trains officers and this person will be assigned to this facility.

Sheriff Reid advised that the County will consider the integrity of the property. OSHA regulations and green initiatives are supported. Sheriff Reid assured that the County will work with the District to properly maintain the area.

Mr. Brown thanked Sheriff Reid for his comments and he stated that his comments provided the Board with additional context in reference to Resolution No. 279-12.

Sheriff Reid thanked Executive Director Ciaccia and Mr. Davidson for their assistance.

Mayor Starr acknowledged Sheriff Reid’s distinguished career as an officer and his position as City Manager in Bedford.
Mayor Starr introduced Chief Maddox and provided the Board with an overview of his career. Chief Maddox has been involved with law enforcement for over 40 years and has been a police chief for 24 of those years. Mayor Starr stated that Chief Maddox is uniquely qualified. His colleagues elected him President to the Cuyahoga County Police Chiefs Association in 2009 through 2010. Chief Maddox is a past president of the organization and has sat on the Board for over six years. Chief Maddox not only knows Middleburg Heights but is familiar with surrounding police departments and he would like to speak to the value of the District’s initiative with the County with respect to the outdoor firing range.

Chief Maddox thanked Mayor Starr and the Board members.

Chief Maddox explained that he addressed the Board in two different capacities; as a municipal police department chief and also as a member of the Board of Governors for the Cuyahoga County Police Chiefs Association. Chief Maddox stated that an ongoing problem is finding outdoor firearm training facilities to train police officers.

Chief Maddox stated that when he joined the police department 40 years ago, indoor training was available and remains accessible today for the reason that police officers are required by the State to acquire a certain level of training. However, there are not sufficient amounts of outdoor ranges which are necessary for higher velocity rifle training. The use of such weaponry has increased by police forces in order to coincide with today’s criminals who seemed to have graduated to more sophisticated weaponry.

Chief Maddox commended the Sheriff’s office and District for entertaining the proposal to construct an outdoor firing range. Chief Maddox stated that it is a great regional approach. There are over 50 police departments throughout Cuyahoga County and it is difficult finding accessible outdoor firing ranges. Chief Maddox stated that “it is an answer that would be a long time in coming for all of us to have the ability to schedule training in real outdoor conditions.”

Chief Maddox applauded everybody for the effort and hoped it would be successful not only for Middleburg Heights but also for the police departments and law enforcement agencies throughout Northeast Ohio.

Chief Maddox thanked the Board for allowing him to address his comments. Mr. Brown thanked Chief Maddox on behalf of the Board.

Executive Director Ciaccia requested if the public speakers wishing to address the Board on non-agenda related items be allowed to speak during the first Public Session. Mr. Brown agreed.
Captain NEO stated that it is an honor to address the Board and when he learned that he would be speaking today he surely had to find a few words to say. He asked what two words could he say to this Board...? “Thank You.”

Captain NEO stated that in 1796, Moses Cleveland staked the land and declared this the capital city of the Western Reserve. Captain NEO thanked the Board for allowing his vision to continue to prosper.

On behalf of his new home, the Greater Cleveland Aquarium, Captain NEO thanked the Board and District for its support and partnership and bringing to life one of Cleveland’s newest attractions. Captain NEO stated that we have many stories to tell and much vibrant growth to achieve.

At this time, Captain NEO turned discussion over to the Greater Cleveland Aquarium’s General Manager, Tami Brown.

Ms. Brown thanked Captain NEO and advised that he welcomes visitors into the lakes and rivers area of the Greater Cleveland Aquarium (hereinafter “Aquarium”). Ms. Brown stated on behalf of the Aquarium she wanted to thank the District. From November 1st through November 21st are the “21 days of tanks” which is an opportunity to thank the community for the amazing welcome the Aquarium has received. More than 350,000 guests visited their facility since their grand opening on January 21, 2012, and there are more than 36,000 pass holders.

Ms. Brown stated that the District’s partnership has enabled the Aquarium to educate more than 15,000 school age students about the Ohio lakes and rivers and other aquatic life in the region. Ms. Brown stated that the District’s partnership in our classroom as well as the Ohio lakes and rivers has helped the Aquarium create viable content and educate visitors on the District’s “catch and test” program that have allowed them to monitor the health of our freshwater ways. Ms. Brown thanked the District for its participation in the world oceans day on Earth Day. Ms. Brown stated that “together we are keeping our Great Lake great.”

Mr. Brown stated that on behalf of the Board “you’re welcome” and that we have a great partnership and many wonderful stories to tell. Mr. Brown thanked Ms. Brown and Captain NEO for their comments.

Mr. Brown requested Ms. Forseman to report to the podium and address her comments to the Board.
Ms. Forseman advised that she is a resident of Beulah Park and that she resides near the site where the most recent shaft of the Euclid Creek Tunnel (hereinafter “ECT”) is being constructed.

Ms. Forseman stated that she addressed the Board last month regarding the District’s communication with the Beulah Park residents. Ms. Forseman indicated that she is receiving communication from the District which most recently includes email correspondence from Constance Haqq and Jennifer Elting. Ms. Forseman stated that the communication has improved from a “D” to a “C”.

Ms. Forseman was pleased with the blog spot which can be viewed regularly by the residents and provides them with updated construction information.

Ms. Forseman stated that she could not “stress how intimate our relationship is with this project in our neighborhood” and that every day she has to scurry past the open fence to reach her bus stop and must pay close attention to the vehicles coming and going.

Ms. Forseman stated that it is a culture change for the residents with respect to how they are dealing with the District’s project and that she would like to ensure that the residents know how to reach the District. She is concerned about those residents not having access to the internet access or the blog spot. Although monthly meetings are held for the Beulah Park residents, those meetings are scheduled for 4:00 p.m. and many of the residents cannot attend at that time.

Ms. Forseman would like to address the concerns of those residents not having internet access or the three disabled residents that reside at Beulah Park. According to Ms. Forseman, one resident advised her that she had to “forego going to the emergency room because she couldn’t get out her driveway.” Another resident’s gas was shut off and the gas company denied her service because they said they could not gain access to her property.

Ms. Forseman suggested that a sign be posted near the entrance informing the public that the road is open during construction. Ms. Forseman concluded by stating that although progress is being made, it needs improvement.

Mr. Brown thanked Ms. Forseman and advised that the District will continue working with her in an effort to address those outstanding concerns.

IV. Executive Director’s Report

Executive Director Ciaccia moved to the first report item regarding the District’s finances through October. Included in the Board packets was a financial chart which focused on
the revenues as well as the expenses. Revenues are projected to be on budget. In the past, revenues were reported ahead of budget. Executive Director Ciaccia explained that the handling of the queries at the City of Cleveland, Department of Public Utilities (hereinafter “DPU”) has changed and that the District was not receiving the reports in a timely manner. Since there were some past discrepancies as to how those reports were being handled, the District maintained a conservative approach with respect to projecting its budget. As a result, the District could potentially still be ahead; however, this will not be determined until those numbers are reconciled.

Executive Director Ciaccia noted that District expenses are running fairly well and are under budget for 2012.

Executive Director Ciaccia advised that cash from receipts remain good and that the District is about 12.37% ahead of 2011. Executive Director Ciaccia explained that considering the 13% rate increase and the number of doubtful accounts, the District remains ahead.

Total accounts receivables is about $84 million of which $47 million are inactive accounts. The DPU is collecting at a rate of over 95%. Executive Director Ciaccia advised this is a trend the District would like to see continue.

Executive Director Ciaccia advised that 50% to 60% of the active accounts are over 90 days in arrears and the District is working with the DPU to determine how many of those accounts are on payment plans. Executive Director Ciaccia noted that according to his research, the industry average for accounts over 90 days is between 25% and 28%.

Executive Director Ciaccia advised that the District has $37 million in inactive accounts receivables and that the District is in the process or writing those off. Those amounts accumulated over time and during the billing system conversion many of the write-offs that would normally happen did not occur.

Executive Director Ciaccia advised that if the collection rates remain at 95% or higher and the cash receipts continue to exceed our expectations, then there is no reason for alarm. However, the numbers to watch are for those accounts exceeding 90 days and the District is working to resolve this issue with the DPU.

Executive Director Ciaccia moved to the next report item regarding a NPDES (National Pollutant Discharge Elimination System) permit violation. Analytical tools now measure parts per trillion and there is a new permit requirement for mercury that measures in nanograms, which is parts per trillion. The District exceeded its maximum average for the month at 3.1 nanograms of mercury per liter. The District is required to test for mercury in the effluent at Southerly every two weeks. The second sample came in at
13.8 nanograms per liters and the average had to be 3.1 nanograms or less. Executive Director Ciaccia advised that how the District reached 13.8 nanograms is undeterminable.

The District took more samples, which is permitted, in an effort to bring the average of those numbers down. Unfortunately, those samples were taken during worse weather conditions when Hurricane Sandy pummeled this region and there was a lot of water coming through wastewater management system.

Executive Director Ciaccia advised that the District's samples contained lower numbers but not low enough to drive down the average fewer than 3.1 nanograms per liter. The District averaged 3.7 nanograms per liter which was significant because being over 3.8 nanograms per liter constitutes significant violation, but the District is nonetheless in violation of its permit.

Executive Director Ciaccia indicated that he wanted to bring this matter to the Board's attention. Mercury measurements are now incorporated into NPDES permitting process as of August 1, 2012. The mercury issue will remain challenging for the District going forward from a treatment practicality. There is not much to put into place from a cost effective standpoint at this point.

Mr. Brown inquired about the sources of mercury and whether it will be necessary for the District to modify its pretreatment requirements.

Executive Director Ciaccia turned discussion over to Director of Watershed Programs, Frank Greenland.

Mr. Greenland advised that atmospheric deposition is a primary source of mercury pollution. Other sources include dentists, hospitals, dental facilities, and mercury amalgam separators. Mr. Greenland noted that many older teeth fillings are made from mercury.

Mr. Greenland advised that the District will continue pursuing grants which can be applied to the reduction of mercury that enters the treatment plants from dental facilities.

Mr. Greenland advised that the District will continue to identify other sources of mercury, for example, the newer light bulbs that contain mercury. The District is also examining certain pollution prevention programs to be implemented across the service area. Dental facilities, however, have taken precedence at this time.

Executive Director Ciaccia speculated that mercury has been in the collection system for years and a large storm like Hurricane Sandy flushed the system and dislodged the
mercury. The District did not want to collect samples during the storm but had no other choice.

Mr. Brown commented that the challenges stemmed from the District having to take samples during a time when there were increased bypasses and the water did not receive full treatment.

Mr. Greenland replied that additional samples were collected and Hurricane Sandy caused tremendous hydraulic stress to the plants. Some of the latter readings were not at the 13 level but were still at three or higher. The levels increased as the plant became hydraulically stressed. Mercury levels were below two on the samples taken during dry weather conditions after the hurricane.

Executive Director Ciaccia stated that the 13.8 reading which was taken prior to the arrival of Hurricane Sandy is an anomaly compared to prior years of sampling.

Mr. Greenland added that it was the largest reading on a sample ever taken at the District and historical data proves that the District has never seen readings in the double digits at Southerly. Mr. Greenland advised that the District examined the sampling protocols and analytical methods used and there is no viable explanation for the high result. Although it is being viewed as anomaly, it was still a documented result.

Executive Director Ciaccia assured that the results were reported to the Environmental Protection Agency (hereinafter “EPA”) and that said agency was satisfied with the actions taken by the District.

Executive Director Ciaccia moved to the next report item regarding the Charity Choice campaign for 2012. The District exceeded its goal once again. Employees contributed $76,798.00 to various charities. This is the highest amount of contributions made by the District employees. Executive Director Ciaccia was grateful to the employees for their contributions.

Mr. Brown congratulated the employees.

Executive Director Ciaccia turned discussion over to Director of Administration and External Affairs, Constance Haqq.

Ms. Haqq advised that each year a member from senior staff sponsors the Charity Choice drive. She was the sponsor for 2012. Ms. Haqq stated that the team did a fabulous job and she acknowledged the team members: Chairman, Nolan Carver, Mardele Cohen, Chief Shawn Hageman, Ramona Lowery, Sergeant Eric Payne, Kelly Perry, Scot Reppa and Theresa Vanderlin. Ms. Haqq made special acknowledgement of the Safety and
Security Department for their efforts to encourage employee participation at the plants. Ms. Haqq thanked everyone again and stated that this is about supporting those in need in our community and she was very proud and grateful for their work.

This concluded Executive Director Ciaccia’s report.

V. Action Items

Authorization to Advertise

Resolution No. 277-12 Easterly Facility Plan Improvements – Aerated Grit project. Engineer’s opinion of probable construction cost: $37,000,000.00.

MOTION – Mayor DeGeeter moved and Mayor Starr seconded to adopt Resolution No. 277-12. After discussion and without objection, the motion carried unanimously.

Mr. Brown commented that the subcontracting goal of 20% is good; however, occasionally the scope changes and work may be non-performed which impacts the subcontractors on any given project. Mr. Brown requested insight as to the interventions conducted by the District should a project scope change and the subcontractor does not have an opportunity to perform the work originally awarded to them by the prime contractor.

Executive Director Ciaccia indicated that it is timely for staff to present the process to the Board. In addition to changes within the contract, relationships between the prime contractor and subcontractors may also change. Executive Director Ciaccia stated that those challenges face the District frequently and it is worth discussing this further in an effort to ensure that everyone has the proper perspective of the process from the time of the bid, notice to proceed, construction and project close out. The District expects prime contracts to meet the subcontracting goals established regardless of changes that may transpire during the project duration. Executive Director Ciaccia advised the Board that additional information will be provided to them in the future on this process.

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 278-12 RFPs for Right of Way Services project.

MOTION – Mayor Bacci moved and Mr. O’Malley seconded to adopt Resolution No. 278-12. Without objection, the motion carried unanimously.
Authorization to Enter Into Agreements

Resolution No. 279-12  Thirty (30) year lease agreement with the Cuyahoga County Sheriff's Office for property located at the Southerly Wastewater Treatment Center for the purpose of developing and operating a regional law enforcement firing range and training facility. Rent: $1.00 per year.

Resolution No. 280-12  Agreements for 2012 Watershed Operating Support Grants. Cost not-to-exceed $250,000.00.

Resolution No. 281-12  Two (2) year agreement with County of Cuyahoga, Ohio for wastewater grit disposal. Cost not-to-exceed $340,000.00.

**MOTION** – Mayor Starr moved and Mr. Sulik seconded to adopt Resolution Nos. 279-12 through 281-12. Without objection, the motion carried with one abstention by Mr. Brown on Resolution No. 280-12.

Authorization of Contract Modification

Resolution No. 282-12  Modify Contract No. 11002636 with Marra Services, Inc. for the East 55th Street Floatables Facility Rehabilitation project. Cost a non-compensable time extension of 571 days.

**MOTION** – Mr. O'Malley moved and Ms. Kelly seconded to adopt Resolution No. 282-12. After discussion and without objection, the motion carried unanimously.

Mr. Brown noted that the time extension is due to ongoing negotiations with the Army Corps of Engineers and permitting requirements.

Director of Engineering and Construction, Kellie Rotunno clarified that the delay is the Ohio Department of Natural Resources (hereinafter “ODNR”) and its permitting requirements for a submerged land lease and shore structure. This type of permit was new for the District and the construction contract was awarded before the District was aware of certain permitting requirements. The District is attempting to secure the permit before construction begins.
Authorization to Retain Legal Counsel

Resolution No. 283-12 Retain Barry J. Miller of Benesch, Friedlander, Coplan & Aronoff LLP for legal support of the MCT-3 project federal investigation.

MOTION – Mayor DeGeeter moved and Mr. Sulik seconded to adopt Resolution No. 283-12. Without objection, the motion carried unanimously.

Sewer Use Code Matters

Resolution No. 284-12 Adopting the findings of the Hearing Examiner regarding sewer account of Walter DeOliveria, Sewer District Case No. 12-016.

MOTION – Ms. Kelly moved and Mayor Bacci seconded to adopt Resolution No. 284-12. Without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 285-12 Contract negotiations with Trust for Public Land for Green Infrastructure Program Implementation Support project.

Resolution No. 286-12 Contract with Rexel USA for equipment to upgrade the Programmable Logic Controller used for incinerators at the Westerly Wastewater Treatment Plant. Cost: $118,218.84.

Resolution No. 287-12 Contract with URS for professional design services for the CSO-063 Relief/Consolidation Sewer project. Contract amount: $631,155.00.

Resolution No. 288-12 One (1) year requirement contract with Ohio Machine Co. dba/Ohio CAT for Stand-By Generator Maintenance at all District facilities. Cost: $322,110.00.
Resolution No. 289-12

One (1) year requirement contract with JCI Jones Chemicals, Inc. for sodium hydroxide solution for use at all Wastewater Treatment Plants. Cost: $70,487.36.

MOTION – Mr. O’Malley moved and Ms. Kelly seconded to adopt Resolution Nos. 285-12 through 289-12. After discussion and without objection, the motion carried unanimously.

Mayor Starr inquired if anyone has worked with the Trust for Public Land in the past.

Ms. Rotunno replied that she has professional familiarity with the firm and their work nationally; however, she was unaware if any members of District staff worked with this organization previously.

Mayor Starr advised that he had an opportunity to meet the organization at a seminar he attended in New York in July. They have a new executive director in Cleveland, Will Rogers. Mayor Starr stated that it is a national firm that does incredible work. They will plan a park from beginning to end as well as locate funding sources. Mayor Starr complimented the selection of said firm and indicated that his City is considering using them in the future. Mayor Starr concluded by stating that the firm does “remarkable work” and that “they’re known but not that well-known.”

Executive Director Ciaccia advised that Pam Carson, state director, was present at the meeting and that she is more than likely pleased to hear Mayor Starr’s positive comments.

Ms. Carson stated, “It warms my heart,” and she confirmed that the executive director’s name is Will Rogers.

Authorization to Purchase

Resolution No. 290-12

Purchase from Best Equipment through the State Term Schedule closed circuit television equipment for the Sewer System Maintenance & Operation Department. Cost not-to-exceed $123,956.81.
Resolution No. 291-12 Purchase from Statewide Ford/Lincoln Mercury through the State Term Schedule two (2) Ford Utility Interceptors for the District’s Safety and Security Department. Cost not-to-exceed $64,793.00

MOTION – Mr. Sulik moved and Mayor Bacci seconded to adopt Resolution Nos. 290-12 through 291-12. Without objection, the motion carried unanimously.

VI. Information Items


Executive Director Ciaccia advised that the Performance Management (hereinafter “PM”) process will be modified and that he wanted to update the Board on the proposed changes. He turned discussion over to Director of Human Resources, Douglas Dykes.

Mr. Dykes advised that his presentation will cover the past, present and future changes of the PM process.

Mr. Dykes advised that under the 2009 through 2013 strategic plan, the District established PM under goal #5 and strategic initiative #12 for nonunion employees. In 2009, the District partnered with the Employers Resource Council (hereinafter “ERC”), a local HR firm, to help develop the PM system, which included a form and a cycle.

Mr. Dykes pointed out that the District did not develop the initiative from “the top down.” The initiative included reaching out to nonunion employees and their opinions as to their suggestions on the PM process. The two primary requests were for the nonunion employees to receive regular feedback and to establish identifiable annual goals. The District took those suggestions into consideration while developing its PM system.

Mr. Dykes moved discussion to the PM form. There are five distinct areas: 1) employees are evaluated on core values; 2) employees are evaluated annually on core competencies and District core values; 3) leadership employees are evaluated, which includes supervisors and managers, on leadership competency and management skills; 4) employees are evaluated on the generalities of their job description; and 5) employees are evaluated on annual goals.

Mr. Dykes advised that the PM process includes developing annual goals in January. The employee establishes his/her goals and discusses those with their respective supervisor(s). Those goals are either accepted or rejected. The employee and supervisor will then sign
off on the accepted goals, which are then sent to the department director. The PM process also includes a mid-year status update. Mr. Dykes noted that there are ample opportunities throughout the year for an employee to meet with his/her supervisor to discuss the progress of the established goals, but the institutional-wide checkup takes place mid-year.

Finally, the employee is evaluated at the year end.

Mr. Dykes explained that in 2010 cycle, 327 nonunion employees were evaluated and in 2011, 332 nonunion employees were evaluated using the PM system. The District is nearing completion of the 2012 cycle, which will include employee evaluation at the end of this year.

Mr. Dykes advised that the District sought out opportunities to enhance the PM system. Employees seemed to be pleased with the form and direction of the PM process, but there were some suggested modifications to the program. Executive Director Ciaccia then charged a cross-departmental group led by Deputy Executive Director, F. Michael Bucci, to examine the PM process and form to identify enhancements to the form. Executive Director Ciaccia specifically requested that the core competencies be re-evaluated since there was some confusion amongst the employees as to how those are measured. Executive Director Ciaccia requested that the form layout, rating scale and compensation be examined as well.

Mr. Dykes explained that the District does not have an existing pay-for-performance model. General increases are established and special adjustments are made at the Executive Director’s discretion. Mr. Dykes posed the question as to how the District can leverage the PM process to develop a program to pay employees based on their performance.

After much research and diligent work, the committee established changes that will take effect January 1, 2013. Core competencies were streamlined and aligned with the core competencies of Executive Director Ciaccia’s strategic initiatives of 2013.

The rating scales are changing from a 1 to 3 to a 1 to 5 scale. The highest number means that an employee has exceeded expectations. The District is moving from a numeric rating scale to a “needs improvement scale” on the three initial sections of the PM form, which includes the core values, core competencies and leadership competencies.

The job description area will be expanded to include additional areas outside of the general job description such as attributing to the individual’s subject matter expertise, which is one of the strategic initiatives going forward, and to project resource and workload management.
The core competencies will include Executive Director Ciaccia’s strategic initiatives of operational excellence, financial stewardship, and customer and community focus, which will be included in the goal section of the form.

Mr. Dykes explained that the aforementioned changes will be effective January 2013. He noted that the process or the cycle will remain unchanged. Goals will be developed and mid-year review and year end reviews will continue to go forward.

Mr. Dykes explained that Executive Director Ciaccia requested compensation to employees be evaluated to determine whether employees can be compensated for actual performance in the previous year. Mr. Dykes advised that this is still under review and that a final decision as to the direction of this request has not been made. This issue will be brought to the Board at the appropriate time. Mr. Dykes noted that the District is not “looking necessarily for a larger pot to compensate employees.” The district is rather looking at the same general increase plus the special adjustments and how those can be leveraged to compensate high-performing employees, employees putting forth extraordinary effort, or employees taking on greater job responsibilities.

Mr. Dykes concluded his presentation with a quote, “Strategy without tactics is the slowest route to victory, and tactics without strategy is a noise before defeat.”

Mr. Dykes entertained any questions from the Board. There were none.

Mayor Bacci inquired about the author of the quote wherein Mr. Dykes advised that he quoted a Chinese military strategist.

Executive Director Ciaccia advised that in addition to construction projects, the District also engages in employee management. Executive Director Ciaccia explained that each year since he has been with the District, the Board approved the general increases and the special adjustments, which he described as a “pot of money” that gets distributed like a “grab bag,” if at all. Executive Director Ciaccia stated that the District’s objective is to tie those special adjustments into measurable performance. Therefore, a revised rating system, additional criteria and more ability to finely measure the performance is necessary.

Mr. Brown stated that it seems to be a good program with an emphasis on scales based on competencies derived from the strategic initiatives.

Executive Director Ciaccia agreed that the program is tied into the strategic plan initiatives and his performance goals and objectives for the year. He stated that he finds the management of District employees impressive. Executive Director Ciaccia advised
that the nonunion employees “have taken to this system” and that the feedback is impressive. The PM system seems to be working well for this organization.

Executive Director Ciaccia stated that “there is no sense in having a performance evaluation system if it is only for punitive purposes.” If there are no rewards or incentives, then it will not be effective. The employees agreed that incentives are effective, which supports the pay-for-performance compensation model.

2. Toastmaster Presentation.

Mr. Brown advised that the District’s Toastmasters group received a distinguished club award. He invited the past presidents, Mary Ann Hogan, Nancy Custard, Jean Chapman and Jan Gyevat to the podium. Mr. Brown congratulated the District “Let it Flow” Toastmasters club and presented them with their award.

Ms. Haqq explained that Toastmaster International gave their chapter this distinction. Toastmaster is a very structured program and the District’s group had to go through several hoops in order to achieve this award. The criteria requires that a certain amount of speeches be presented and focuses on the groups structure and membership. Ms. Haqq noted that the each president successfully impacted this group.

Ms. Haqq advised that the Toastmaster club is open to non-District individuals as well. Meetings are held Tuesdays from noon to 1:00 p.m. It is a great opportunity to learn to speak and develop leadership abilities.

Ms. Haqq concluded by commending the past and current presidents.


Ms. Rotunno moved to the first report item regarding Project Clean Lake (hereinafter “PLC”) and the activity at the Nine Mile Creek (hereinafter “NMC”) site. The pump station construction was suspended by the contractor due to safety concerns. Those issues have since been resolved and the contractor is prepared to begin work at the site. The contractor plans to run 24-hours shift beginning the week after Thanksgiving in order to make up for the lost production time. Consequently, it will be a very busy construction site with heavy truck traffic.

Ms. Rotunno moved discussion to the mining operations of the ECT and she advised that McKenzie (the tunnel boring machine) has hit her stride. The maximum production has been 85 feet in one day, which is quick for tunnel boring machines.
Ms. Rotunno advised that work continues at the shaft locations and Shaft #3 at Beulah Park will be kicking into full gear shortly. Consequently, communication with those residents increased with the assistance of Constance Haqq and her staff. Daily blogs are posted and a bi-weekly newsletter is issued to the residents. Meetings have been held and the next monthly meeting will be held at 6:00 p.m. to address the Beulah Park residents’ concerns.

Ms. Rotunno moved discussion to the Renewable Energy Facility (hereinafter “REF”). The first burn of the incinerators is scheduled to occur sometime between the Thanksgiving and Christmas holidays. The District will soon be incinerating biosolids in the REF, which Ms. Rotunno stated is an exciting prospect.

Ms. Rotunno moved discussion the Key Performance Indicators (hereinafter “KPIs”). The KPI for procuring 95% of the planned Capital Improvement Program (hereinafter “CIP”) continues to be difficult metric. Ms. Rotunno advised that at the beginning of the year a certain amount of spending is assigned to projects being delivered. However, delivering those projects in a more cost effective manner whether through bids or for other reasons is more practical. It is not good to defer projects. Ms. Rotunno stated that this metric is bit askew in terms of the District’s procurement.

Ms. Rotunno noted that the cash flow metric is projected to be at $134 million at the end of 2012 and the primary difference between that amount and the goals $147 million is that bids are coming in less, which is good.

Ms. Rotunno moved to the construction cost estimate. The variance is at .8% of the engineer’s estimate of probable construction cost when compared with the average of the bidders on District projects. Ms. Rotunno stated that the District is doing well by adding diligence those engineers’ estimates.

Ms. Rotunno moved to the cash flow metric which she explained to be a KPI measuring the delivery of the CPI. The Director of Finance goes to the bond market and obtains money to plan for certain projects and the cash flow to be spent. The Engineering and Construction department is obligated to deliver at least 85% of said cash flow. The District is tracking at 91%. Ms. Rotunno clarified that this is spend curve and not an award curve, which she felt to be a better way to measure delivery of the CPI.

Ms. Rotunno moved to construction project closeouts and the management of general allowance. The cumulative spending is at 88.3% of contract values at the time projects are awarded. The District is averaging well below 95%, which is good.

Ms. Rotunno moved discussion to the Business Opportunity Program and she noted that the graphs have been updated to be more helpful. The first graphs showed projects that
were closed out in 2012. The dashed lined represented 20% of the goal which the District strives to achieve. Ms. Rotunno noted that some projects will have goals that exceed or fall below the 20%. The projects closeouts are plotted either above or below the 20% desired goal. The green line represented the cumulative participation. Ms. Rotunno noted that the District is at 28% for the year.

Ms. Rotunno referred to a graph which further illustrated the breakdown of the 28% participation. SBEs (small business enterprises) participation was depicted in blue. MBEs (minority business enterprises) were depicted in dark green and WBEs (women’s business enterprises) were depicted in light green.

Ms. Rotunno advised that cash flow projected to be issued is fairly close to the actual payments made to the subcontractors. Ms Rotunno stated that that the payments to the subcontractors are probably in line with the cash flow, which as previously mentioned, was lagging. The District is slightly below the projected amounts established at the beginning of 2012. Ms. Rotunno noted that overall cash flow is slightly below the projected amounts as well.

Ms. Rotunno advised that MBEs, WBEs and SBEs under the CIP have received about $25 million.

Ms. Rotunno concluded her presentation with a quote by Jim Rohn, “Discipline is the bridge between goals and accomplishment.”

Ms. Rotunno entertained questions from the Board. There were none.

VII. Public Session

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

VIII. Open Session

There were no matters for Open Session.

IX. Executive Session

Mr. Brown stated that there were no matters for discussion in Executive Session.
X. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved and Mr. O’Malley seconded the motion to adjourn at 1:35 p.m. Without objection, the motion carried unanimously.

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

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