

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
SEPTEMBER 19, 2013

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:36 p.m. by Darnell Brown.

I. Roll Call

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

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

II. Approval of Minutes

MOTION – Mr. O'Malley moved and Mayor Bacci seconded that the minutes of the September 5, 2013 Board meeting be approved. Without objection, the motion carried unanimously.

III. Public Session

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

IV. Executive Director's Report

Executive Director Ciaccia moved to the first report item and he advised that the monthly financial report was included in the Board packets. Revenues continue to lag from the budgeted amounts. Consequently, the District readjusted its projected amounts. The lag in revenues is under review by the District in conjunction with the City of Cleveland Department of Public Utilities (hereinafter "DPU"). A meeting is scheduled between the two agencies on October 1, 2013 to discuss revenues and accounts receivables.

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Executive Director Ciaccia noted that expenses remain within budget and are expected to end the year in accordance with the projected amounts. There has however been an increase in unanticipated expenses. Executive Director Ciaccia explained that the District continues to get the Renewable Energy Facility (hereinafter "REF") on line. There will be additional costs associated with the biosolids handling that were not anticipated. Director of Engineering and Construction, Kellie Rotunno, will further discuss those issues during her monthly Program Management status and update to the Board.

Executive Director Ciaccia moved to the next report item regarding the Stormwater Management Program (hereinafter "SMP"). Revenues are higher than projected. The community cost share report was included in the Board packets. The District is accumulating a fare amount of dollars to be allocated towards the 25% Community Cost Share Program (hereinafter "CCSP"). Sixteen communities have signed stormwater agreements, which are the operating agreements as it relates to the SMP and Community Cost Share Program. There are 28 agreements being processed and seven communities failed to provide feedback. Three communities including the cities of Strongsville, Brecksville and Oakwood have declined to sign the agreement. The aforementioned communities initially were in opposition to the SMP during litigation and Executive Director Ciaccia speculated that their attorneys may have advised them not to sign the agreement. The SMP continues to progress well.

Executive Director Ciaccia moved to the next report item and he advised that the District has been involved with many construction issues and those discussions will be addressed by Ms. Rotunno during her monthly report. The construction issues involved the Easterly Tunnel Dewatering Pump Station (hereinafter "ETDPS"), REF and the Doan Brook Stream Enhancement (hereinafter "DBEP") projects.

Executive Director Ciaccia advised that Mayor Jackson requested from several owners and developers involved with big projects to consider his Community Benefits Program Memorandum of Understanding (hereinafter "MOU") that have been signed by him and other parties. This Board endorsed the MOU thereby Executive Director Ciaccia was able to notify the press conference attendees that the District has already endorsed Community Benefits Program (hereinafter "CBP"). The District is in the process of carrying out elements consistent with the CBP goals.

Executive Director Ciaccia advised that Resolution No. 237-13 on today's agenda for Board consideration requests authorization to enter into an agreement with the SRMGroup, LLC for consulting services to adopt a Good Neighbor Ambassador Program. Deputy Executive Director, F. Michael Bucci, and Director of Administration and External Affairs, Constance Haqq, have prepared a presentation for the Board regarding said proposal.

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Executive Director Ciaccia indicated that at the press conference he reported that Local 860 was helpful in recruiting candidates for their apprentice program test.

Executive Director Ciaccia reported that the CBP is off to a great start and he commended Mayor Jackson for developing a program which enables owners/developers to craft their own programs as opposed to one-size-fits all approach. This format allows for the participants to be creative. The Cleveland Foundation also found interest in the District's workforce arena and there will be opportunities as it relates to that particular program component.

Executive Director Ciaccia concluded his report by stating that the District exceeded its \$81,000.00 goal for Charity Choice by taking in nearly \$83,000.00, which is 102% of the District's goal for 2013 and 108% of last year's goal. District employees were very generous and Executive Director Ciaccia commended everyone that participated.

There were no questions from the Board.

V. Action Items

Authorization to Advertise

Resolution No. 231-13

Euclid Creek Pump Station/Lakeshore Boulevard Relief Sewer (ECPS/LBRS) project. Engineer's opinion of probable construction cost: \$12,500,000.00.

MOTION – Mr. O'Malley moved and Mayor DeGeeter seconded to adopt Resolution No. 231-13. After discussion and without objection, the motion carried unanimously.

Mr. Brown referred to the comments in the summary which indicated that the new station will be constructed on the same side as the existing facility which differs from the initial proposal. He requested further discussion on those changes since the purpose of this pump station was to pump flow from one side of the creek to the other.

Ms. Rotunno turned discussion over to Manager of Design, Doug Lopata, who has been heavily involved with the planning of the ECPS/LBRS project.

Mr. Lopata advised that the pump station will be constructed on its existing footprint. The original facilities plan called for a brand new pump station to be built in one location, however, that was prior to the construction of an apartment complex. The District found that the existing pump station structure and lack of available property allowed for the

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reuse of the existing station and to rebuild the internal components. There will be improvements to the building structure but the footprint will remain in the same location.

Mr. Brown inquired how the pump station will operate while being under construction. Mr. Lopata advised that a temporary pump system will be connected to the external taps on the outside of the building. Temporary lines will be connected to the wet well sending flow through the same force main allowing for the replacement of pumps inside of the structure.

Mr. Brown questioned whether the temporary pump is automated or if it will be manually operated. Mr. Lopata advised that it will be automated based on floats in the wet well.

There were no further questions.

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 232-13	RFPs for the Kingsbury Run Culvert Repair (KRBR) project.
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Resolution No. 233-13	RFPs for the Westerly Ferric Chloride Tanks (WFeC) project.
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MOTION – Mr. Sulik moved and Mayor Starr seconded to adopt Resolution Nos. 232-13 and 233-13. Without objection, the motion carried unanimously.

Authorization to Purchase

Resolution No. 234-13	Purchase through the State term schedule three (3) model-year 2014 Ford utility trucks from Valley Ford. Cost: \$143,358.00.
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MOTION – Mayor Starr moved and Mayor DeGeeter seconded to adopt Resolution No. 234-13. Without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 235-13	Three (3) year contract with ESRI, Inc. for software licensing and support for the District's Geographic Information System (GIS) software. Cost: \$435,000.00.
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Resolution No. 236-13

One (1) year requirement contract with Kemira Water Solutions, Inc. for ferric chloride solution for use at all Wastewater Treatment Plants. Cost: \$237,320.00.

MOTION – Ms. Kelly moved and Mr. Sulik seconded to adopt Resolution Nos. 235-13 and 236-13. Without objection, the motion carried unanimously.

Authorization to Adopt Program and Enter Into Agreement

Resolution No. 237-13

Adopt a Good Neighbor Ambassador program and enter into a one (1) year agreement with SRMGroup, LLC for consultant services to develop the Good Neighbor Ambassador program. Cost: not-to-exceed \$45,000.00.

MOTION – Mayor Starr moved and Mayor Bacci seconded to adopt Resolution No. 237-13. After discussion and without objection, the motion carried unanimously.

Executive Director Ciaccia noted that although the contract amount for one year is \$45,000, the District wanted to bring this matter before the Board to discuss the whole concept of the Good Neighbor Ambassador program (hereinafter “Program”) since there will be additional expenses going forward. He then turned discussion over to Ms. Haqq.

Ms. Haqq stated that the District has recently embarked on two of its most significant projects; Project Clean Lake and the regional SMP. Both efforts have required the District to engage with the community in new and different ways especially in the communities housing construction projects. The District chose to take a more direct and focused community engagement approach called the “Good Neighbor NEORSD.” This Program outlines how the District will engage a community on a project-by-project and neighborhood-by-neighborhood basis to include the needs and interests of that particular community.

Ms. Haqq referred to the one page document in the Board packets which outlines the Program’s goals. She stated that the Program primarily focuses on partnerships and participation in the various communities. Ms. Haqq noted that the District is very excited about this development.

Ms. Haqq indicated that there were several initiating factors which caused the District to develop this Program including what the District learned from its neighbors during

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construction of the Euclid Creek Tunnel (hereinafter "ECT"); the upcoming Dugway projects which will occur in Glenville be fairly disruptive to those communities; the District development and implementation of its regional SMP; and Mayor Jackson's push for more inclusion on construction jobs.

The first major project is the Dugway Good Neighbor Project in Glenville, which is outlined in the second handout and has been updated to include the various meetings held as well as upcoming events.

Ms. Haqq explained that a key issue raised by residents, elected officials and clergy is whether people in that particular neighborhood will be employed and how will they get jobs?

Ms. Haqq advised that today's discussion will include one project launched at Dugway called the Good Neighbor Ambassador Program.

Mr. Bucci will lead this effort and he will further explain the Program details as well as the District's proposal to employ people within the impacted neighborhoods. Ms. Haqq turned discussion over to Mr. Bucci.

Mr. Bucci summarized that his discussions will include the proposed structure of the Program; the components of the Program; first steps; and the proposed schedule.

The Program will reside in District administration. The District proposes one full-time supervisor and six to ten good neighbor ambassadors. The District also recommends a consultant to serve as a coordinator of the Program.

Mr. Bucci advised that the Program will provide employment opportunities to young adults from the respective neighborhoods to work within their communities. The District plans to target young adults ranging from 18 to 30 years of age who may be unemployed or underemployed. He or she will work approximately 30 hours per week mostly in the field with time allotted for career development.

Mr. Bucci explained that the ambassadors will work around the construction projects and not necessarily on the construction projects. They will conduct cleanup, snow removal, yard work, distribute flyers, and work at neighborhood events.

Mr. Bucci stated that with respect to career development, this Program is viewed as a stepping stone to a full-time job at the District, or an apprenticeship with Local 860, other trade unions, or with a local business. The District will provide coaching and assessments as well as bring in business leaders and academic recruiters to speak with the ambassadors individually and present to them as a group.

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The District also intends providing soft skill development ranging from balancing a check book to preparing a personal budget and understanding what it takes to be successful in the workplace.

Mr. Bucci stated that Resolution No. 237-13 was brought to the Board today for consideration to adopt the Good Neighbor Ambassador program and to hire the SRMGroup LLC as a consultant to help develop the Program requirements, assist in hiring, identify job sites, introduce the Program to the community and provide regular reports to the Board. Mr. Bucci advised that the SRMGroup LLC is led by Stanley Miller who was present at today's meeting.

Mr. Bucci moved discussion to the Program schedule wherein he advised that the first step was to obtain Board approval for Resolution No. 237-13 to hire the SRMGroup, LLC. The District desires beginning the process to develop the Program immediately. The District anticipates having the supervisor to be in place by January and the ambassadors beginning in early March. The fieldwork will coincide with the Dugway project which is scheduled to begin in April 2014.

Mr. Bucci concluded his presentation by stating that the Program is beneficial to both the District and the community. Mr. Bucci indicated that he was excited to lead this effort. Mr. Bucci stated that he has served as a youth football coach for about 25 years and the roll of coach is to teach, mentor, inspire, motivate, and provide life lessons in which he was hopeful to bring those skills to this Program as well.

Mr. Sulik inquired if the District will prepare a budget for said Program wherein Mr. Bucci affirmed and stated that the Program's budget will be presented to the Finance Committee as well as the entire Board for consideration.

Mayor Starr commented that it is an ingenious and creative way of reaching out to the neighborhoods and getting people engaged in District initiatives. Mayor Starr stated that he had the opportunity to work with Mr. Miller in the past and that Mr. Miller has a "superb reputation." Mayor Starr was hopeful that this will be a successful program.

Ms. Kelly agreed with Mayor Starr and she indicated that this Program has the potential of becoming a "phenomenal program." She inquired about the steps the District will take in order to reach out to individuals having non-violent felony convictions. Ms. Kelly noted that many people are unemployed because they committed a felony in the past and she wanted to know whether the District planned reaching out to these individuals as well.

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Mr. Bucci advised that the District has been out to the neighborhoods including the Glenville area, the Ginn Academy and met with council members. This question has been asked on several occasions. The District intends working closely with its Human Resources Department to evaluate each applicant on a case-by-case basis taking into consideration the length of time that has passed since the conviction as well as the type of conviction.

Mr. Brown agreed that there were some positive aspects to the Program and that engaging Mr. Miller bodes well for the District not only for his reputation in the community but that the Program will require a high level of engagement and creativity. These are long-term projects and the presence of the District with the various communities will last about 10 years on a series of projects. It will be a good model for the District and it comports well with the efforts of the District under the CBP. Mr. Brown suggested that the Board and staff engage in periodic discussions about the Program's positive outcomes as well as the challenges.

There were no further questions from the Board.

VI. Information Items

Program Management Status Report and Update – August 2013.

Ms. Rotunno provided the Board with an update on Project Clean Lake wherein she advised that the mining operation for the Euclid Creek Tunnel was completed August 21, 2013. The tunnel boring machine (hereinafter "TBM") arrived in Shaft 5 on grade, on alignment and ahead of schedule. Ms. Rotunno noted that although the three miles of tunneling work has been completed, the ECT project construction will not be finished until 2015.

Ms. Rotunno shared with the Board photographs of the cutter head of the TBM noting that there was no longer yellow and green paint visible. The TBM was extracted from the hole and District employees were present to witness the event. The contractor was surprised by the lack of wear to the cutter head and it seems as if the rock was very cooperative. Ms. Rotunno referred to before and after images of the cutting disks.

Ms. Rotunno advised that the 300,000 pound TBM was loaded onto a truck trailer and transported to the Nine Mile Creek site where it will be temporarily stored.

Ms. Rotunno moved discussion to the Easterly Tunneling Dewatering Pump Station (hereinafter "ETDPS") project which will provide the dewatering for the ECT. The District is in the process of reviewing the contractor's request for financial and schedule considerations given the installation of the longer lock anchors. This process has

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involved delving into records and bid documents to determine whether the contractor's claims were relevant to their entitlements. The Engineering and Construction Department in conjunction with the Legal Department are reviewing the claim to determine its justification and how much, if any, the District is willing to pay.

The ETDPS project continues to move forward as the contractor excavates downward into the pump station cavern. Ms. Rotunno noted that everything is going well at the site as the District and contractor continue to hash through the financials.

Ms. Rotunno moved discussion to the REF project wherein she advised that there are ongoing startup issues with the facility. Operations and Construction staff are working diligently on the incinerators. The District has had to thwart three startup attempts due to defects in the waste heat boilers which included the material, metal and welds. After repairs were made to the waste heat boilers, another startup attempt was unsuccessfully made. The issues seem to persist in two of the three waste heat boilers. The District has not attempted to start the third waste heat boiler and therefore the District is unaware whether there are metal and tubing issues within this boiler. The District has yet to successfully burn any significant amount of sludge through the incinerators at Southerly and is currently working through these issues.

Ms. Rotunno explained that the issue is with the material and equipment, which was procured under a separate contract. The equipment is being installed through a second contract. A quality issue with the equipment provided by one contract will impact the schedule of the startup that the second contractor is responsible for. There are many complicated inter-contract related relationships to be examined and due to the delay in startup, the installation contractors will likely expect compensation for extended overhead beyond the duration they had anticipated.

Mr. Brown questioned, "Who owns that issue?"

Executive Director Ciaccia stated that will be a key question that will ultimately need to be answered. Obviously, the District has not claimed ownership of the issue.

Ms. Rotunno stated that another challenge is that Zimpro, the District's sludge processing facility, has been on its last leg since the design phase of the REF project. Operations will need to abandon that system soon, which means that the District will need to haul its sludge rather than have the ability to incinerate its sludge at an additional cost to the District.

There are many intertwining issues arising from the waste heat boiler tubing, which are under review and the District will keep the Board apprised of any new developments.

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Mr. Brown referred to Ms. Rotunno's comments regarding the startup of two of the waste heat boilers which resulted in issues and he assumed that all three waste heat boilers were constructed and fabricated by the same manufacturers. He questioned if the startup issues with the first and second waste heat boilers impacted similar components. Should we expect that the third waste heat boiler will encounter the same complications, or is the District engaging in some type of intervention to eliminate the same startup issues?

Ms. Rotunno advised that the District plans running the remaining waste heat boiler through a series of diagnostic tests before attempting startup. Additionally, the District will examine components to identify if weak points observed in the other two waste heat boilers are also present in the third. Unfortunately, some of those issues cannot be observed until startup but the District plans conducting as much examination and testing in advance as possible.

In the meantime, the District extracted pieces of the waste heat boilers and are having the metals and welds analyzed by independent experts. The manufacturer did the same and is desirous of understanding the cause of this failure. Ms. Rotunno noted that the District will continue to work through these issues and update the Board accordingly.

Ms. Rotunno moved discussion to the Key Performance Indicators (hereinafter "KPIs") wherein she advised that the cash flow for the Capital Improvement Program (hereinafter "CIP") is at \$135 million which is 80% of the District's plan. The difference between that and the District's KPI goal of 85% is the cash flow on the ETDPS due to project delays.

Ms. Rotunno moved to the KPI for the Business Opportunity Program cash flow wherein she advised it is aligned with the CIP cash flow at 80% for minority, women and small business enterprises.

Ms. Rotunno moved to the KPI for business opportunity goals at project close out which is 31% cumulative participation to date.

Ms. Rotunno moved to the KPI for the engineer's estimates of probable construction cost wherein she indicated that the District is at the lower end of its KPI range meaning that our engineers are becoming more conservative, bidders are hungrier, or somewhere in between. The average variance is 1.3% below the engineer's opinion of probable construction for the year.

Ms. Rotunno moved to the KPI for delivering designs and she advised that District continues to do fairly well at four days cumulative average variance from its target date of completing designs. The District's KPI is 90 days and we are well within that range.

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Ms. Rotunno referred to a slide and stated that the District continues to value engineer opportunities to save money when designing its projects. A study was performed to value the cost of 7 acetylene tank alternatives. The selective alternative was actually \$3.4 million lower than the facility plan selective alternative. Ms. Rotunno noted that the aggregate for 2013 accounted for nearly \$25 million in cost savings that have been identified through value engineering and design.

Mayor Starr questioned if the savings are identified by staff, consultants, bidders or contractors?

Ms. Rotunno explained that there are no contractors involved during the design phase. Primarily District Operations and Engineering staff is involved as well as the design consultant. The District has rigorous 30% design workshops. Attendees at those workshops include operators within this facility, engineers and consultants. Ideas flow from exploring other alternatives and engaging the right people at the right time.

Mayor Starr questioned if after a contract begins has a contractor ever approached the District with a cost saving alternative? Ms. Rotunno indicated that this scenario happens frequently and those are called work orders. The District often times takes deducts in the field on construction projects when good ideas arise.

Ms. Rotunno noted that is better to identify cost saving alternatives during the design phase since we will never get full value from construction. It is more beneficial to work the cost saving alternatives into the design to be competitively bid. The District does however receive those suggestions post bid.

Ms. Rotunno moved discussion to the KPI for project close out within contract value. The year to date average is 90% cumulative of contracts spent against our 95% KPI, which is good.

Ms. Rotunno moved to the KPI for awarding projects on time wherein she advised that the District set a 90 day KPI goal and is running at 17 days cumulative average.

Ms. Rotunno advised that the District is doing a good job on designing and awarding projects on time.

Ms. Rotunno advised that the District is closing out construction projects on average of 207 days after the original anticipated contract completion date. Ms. Rotunno noted that although a goal will be established for this KPI next year; she is committed to tracking this data at this time. Ms. Rotunno noted that the District is taking a harder look at its construction schedules. Given the cumulative average, the District is either overly optimistic at the time of awarding the contract believing that a contract can be completed

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a lot quicker or not taking into full consideration the interference that can occur in the field. Ms. Rotunno assured that the District will continue to dig into this and set a goal next year.

Ms. Rotunno concluded her presentation with a quote by Stephen Covey, “the key is not to prioritize what’s on your schedule, but to schedule your priorities.”

Mayor Starr questioned if he could correctly state that the District today is delivering construction projects on time and under budget?

Ms. Rotunno indicated that it would be fair to state that the District completes construction projects on time and on budget since we bring any modifications in the contract schedule exceeding 180 days to the Board for approval. This in turn becomes the new schedule, which is adopted.

According to Ms. Rotunno not completing something on schedule would be when you get the liquidated damages. The District completes its projects within the contract obligation of schedule.

Mayor Starr referred to the changes made to the construction contract contingency allowance of 10% and he did not recall any contracts exceeding that 10% allowance recently. Ms. Rotunno advised that the District did request Board authorization for additional funding on the REF.

Executive Director Ciaccia clarified that the District had an allowance of 6% on the REF and because of that had to come back to the Board for consideration. The additional amount requested slightly exceeded the 10% allowance.

Mr. Brown suggested that a metric be established indicating on average what should be the delivery time plus or minus for these projects. That would be valuable information for the District as well as for the communities housing these projects.

Executive Director Ciaccia stated that time is money and there are financial impacts with respect to internal staffing if these projects drag out longer than anticipated. Consulting contracts are confined with a fixed dollar amount as is construction. The District is desirous of more accurate time estimates and a KPI that we can meet.

VII. Public Session

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

VIII. Open Session


There were no items for discussion.

IX. Executive Session

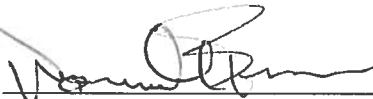
There were no matters for discussion.

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 1:19 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