

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
DECEMBER 17, 2015

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
W. O'Malley
J. Bacci
T. DeGeeter
S. Dumas
R. Stefanik

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

II. Approval of Minutes

MOTION – Mayor Bacci moved and Mr. Sulik seconded to approve the minutes of the December 3, 2015, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

Chief Executive Officer (CEO) Ciaccia advised that no one signed up to speak about a specific agenda topic.

IV. Chief Executive Officer's Report

CEO Ciaccia reported that the District's adjusted projected revenues increased substantially to \$256 million from the \$240 million originally budgeted. Revenues have been much higher than anticipated this year as accounts have been added to the system that were previously on septic systems and not picked up in the billing system, and the Cleveland Water Department's automated meter reading system is also paying dividends through more accurate reads and additional consumption. The warmer-than-normal summer was also a contributing factor. The District is \$3 million under budget in terms of expenses.

BOARD OF TRUSTEES

Regular Meeting

December 17, 2015

Page 2 of 11

CEO Ciaccia advised that the District was successful through the National Association of Clean Water Agencies (NACWA) and District's advocates (Andrew J. Futey & Associates and Dennis Eckart, Sr. & Jr.) in getting the rider proposed by Illinois Sen. Kirk removed from the Environmental Protection Agency (EPA) appropriations bill. That rider would have cost the District an additional \$16.5 billion in additional combined sewer overflow (CSO) mitigation expenses by requiring zero overflows for all the Great Lakes. The rider was replaced with a reporting and notification process that staff does not feel will be very onerous to the District or other utilities on the Great Lakes.

Much of the credit goes to the District's advocates, who were utilized heavily by NACWA along with Senators Portman and Brown. Reps. Fudge and Joyce were also very helpful.

Moving to the next topic, CEO Ciaccia congratulated Constance Haqq, Director of Administration & External Affairs, and her staff for winning a national environmental achievement award, through NACWA for public information and education program category for the 2015 open house.

Referring to a previous Board request for a report on the restoration of the Stormwater Management Program (SMP), CEO Ciaccia introduced Frank Greenland, Director of Watershed Programs.

Mr. Greenland explained that the Ohio Supreme Court ruled in the District's favor on September 15, and a request for reconsideration of the opinion was denied on December 2, effectively ending the stormwater case and granting the District the authority to implement the program and collect the fee for the services it will provide.

The District received the \$20.9 million in fees that had previously been collected and been held in escrow while the SMP was in limbo. A small class-action suit associated with the escrow account will be dismissed in the short-term.

Mr. Greenland stated that a full year of new revenue is anticipated to be about \$41 million and 25% of it would go back to the communities for services such as the inspection of maintenance, planning and construction. The 2016 budget is being developed and contains a budget for the escrow funds.

The SMP fee for 2016 will be \$5.15 per equivalent residential unit (ERU), which is the amount of impervious surface on the average residential parcel. The fee will be broken into classes, beginning with first-class single-family residential and under those are the residential parcels of small, medium and large residential units that pay slightly different fees. Billing will be digitized and utilize aerial imagery to calculate the square footage of impervious surface.

Customers can reduce their fee through credits for good stormwater management actions to improve quality and reduce quantity. Hundreds of residential applications were received in 2013 that were approved. The credit program will continue with slight modifications and the addition of an agricultural credit.

Mr. Greenland advised that staff needs to inspect and maintain the regional stormwater system, remove debris and address issues on the system on a daily basis. Across the service area the District will design and construct projects to solve problems and encourage good practices. The inspection program has a large backlog that will prioritize work by criticality and risk. The program's goal is to make sure capacity is maintained in the system.

Staff will begin quoting the highest priority jobs and get crews in the field. Over years the District will add assets such as stormwater detention basins and assess small repairs on streams. Mr. Greenland opined that one of the most important early benefits is to get the region to better understand watershed-related problems and the right solutions. Construction activity is expected to occur during 2017.

Mr. Brown inquired how staff strategically approaches the Harvard-Jennings area, which is a major problem but has other contributors. Mr. Greenland explained that staff has studied Harvard-Jennings under the CSO program and are aware of the flooding. The area is encroached at the bottom of a large watershed that extends to North Royalton and Parma. What to do with the encroachment, flow, restriction and the best balance will be determined in that Cuyahoga north master plan. It will be expensive and there may be a series of upstream actions and near-site actions to deal with that issue. Euclid Creek has a missing piece of a concrete wall, dams in need of repair and dredging.

Stormwater service agreements are an agreement between the District and a community in terms of how to execute the program. Receipt of community cost-share funds is contingent upon signed agreements. To date, 19 of the 57 service area communities have signed. The agreement outlines the District's and community's responsibilities.

Mr. Greenland stated that customer and community outreach activities will include five watershed advisory committees meetings beginning in January to discuss the work and receive input.

Mr. Brown questioned whether staff will revisit projects or ancillary services eligible for funding so the public knows what the community cost-share funds can be for. Mr. Greenland affirmed and explained that the District has a community cost-share policy posted online and that will be a topic during the advisory committees meetings.

The community submits an application to the District which is reviewed and possibly approved as a cost reimbursement. Projects that move one community's problem and downstream to

another community will not be approved; however, plans can be modified to solve the problem. There are appreciable sums of money in the offers for many communities.

Ms. Dumas inquired whether the \$5.15 per ERU for a middle-sized house is per quarter. Mr. Greenland clarified that the fee is per month.

Mr. Brown presented a resolution of acknowledgement and appreciation of Douglas Dykes' years of services for the District as Director of Human Resources.

Authorization of Acknowledgement

Resolution No. 327-15

Resolution of acknowledgment and appreciation to Douglas Dykes in recognition of his seven (7) years of outstanding service and noteworthy contributions to the Northeast Ohio Regional Sewer District.

MOTION – Mayor Stefanik moved and Ms. Dumas seconded to adopt Resolution No. 327-15. After discussion and without objection, the motion carried unanimously.

Douglas Dykes, Director of Human Resources (HR), stated that he appreciated the acknowledgement and thanked the Board. He thanked CEO Ciaccia for allowing him to have a vision aligning with his vision in terms of HR.

V. Action Items

Authorization to Advertise

Resolution No. 313-15

Advertise for Construction of the Fairmount Boulevard Sanitary Sewer Overflow Relief Sewer Project. Engineer's Opinion of Probable Construction Cost: \$2,720,000.00.

MOTION – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution No. 313-15. After discussion and without objection, the motion carried unanimously.

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 314-15

RFPs for the Westerly Primary Effluent Pump Rehabilitation Project.

MOTION – Mr. Sulik moved and Mr. O'Malley seconded to adopt Resolution No. 314-15. After discussion and without objection, the motion carried unanimously.

Mr. Brown stated that this seems to suggest staff will restore these pumps and apparatus to their maximum efficiency level given the development of the area or changing rainfall patterns. He inquired whether staff modeled whether that will be sufficient for what is needed now and in the future. James Bunsey, Director of Engineering & Construction, explained that these pumps take the primary effluent and lifts them to the trickling filters inside the plant. Specifically, staff did not make that assessment in regards to this project but it is equivalent to the plant capacity.

Authorization to Purchase

Resolution No. 315-15

Sole Source Purchase of Mobile Broadband Services and Apple iPads from Verizon Wireless.
Cost: Not-to-Exceed \$55,000.00.

MOTION – Mayor Bacci moved and Mayor DeGeeter seconded to adopt Resolution No. 315-15. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Agreement

Resolution No. 316-15

Agreement with the City of Cleveland, Department of Public Utilities, for Professional Services to Re-Implement Stormwater Billing into Their Customer Care and Billing System. Cost: Not-to-Exceed \$1,380,045.00.

MOTION – Mayor Stefanik moved and Mr. Sulik seconded to adopt Resolution No. 316-15. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 317-15

Contract with Raftelis Financial Consultants for Professional Consulting Services for the Stormwater Management Program Billing Reimplementation Phase II Project. Cost: \$1,153,780.00.

MOTION – Ms. Dumas moved and Mr. O'Malley seconded to adopt Resolution No. 317-15. After discussion and without objection, the motion carried unanimously.

Authorization of Contract Modification

- | | |
|------------------------|--|
| Resolution No. 318-15 | Final Adjustment of Contract No. 13004389 with Triad Engineering and Contracting Company for the CSO 049 and 050 Relocation Project. Cost: A Decrease in the Amount of \$340,620.72 Bringing the Total Contract Price to \$6,502,779.28. |
| Resolution No. 164a-15 | Final Adjustment of Contract No. 15003029 with Specialty Contracting, Inc. for the Southerly Thermally Conditioned Sludge Thickener Demolition Project. Cost: A Decrease in the Amount of \$14,711.70 Bringing the Total Contract Price to \$213,888.30. |
| Resolution No. 319-15 | Modify Contract No. 15003145 with Randstad Technologies, LP for Continuing Oracle Technical Support. Cost: An Increase in the Amount of \$100,000.00 Bringing the Total Contract Price to \$145,600.00 and a Time Extension of Seven Months. |
| Resolution No. 320-15 | Modify Contract No. 14000200 with Experis and Contract No. 14000283 with McGladrey, LLP for Internal Audit Professional Services. Cost: An Increase in the Amount of \$50,000 for Contract No. 14000200 Bringing the Total Contract Price to \$288,000.00; and an Increase in the Amount of \$30,000.00 for Contract No. 14000283 Bringing the Total Contract Price to \$175,000.00. |
| Resolution No. 321-15 | Modify Contract No. 14004020 with SRMGroup, LLC to Continue to Implement the Good Neighbor Ambassador Program. Cost: An Increase in the Amount of \$45,000.00 Bringing the Total Contract Price Not-to-Exceed \$90,000.00. |

MOTION – Mayor Stefanik moved and Mr. Sulik seconded to adopt Resolution Nos. 164a-15 and 318-15 through 321-15. After discussion and without objection, the motion carried unanimously.

Referencing Resolution No. 319-15, Mr. Brown questioned whether that was a full-time person

or buying hours to support it. Chandra Yadati, Director of Information Technology, indicated it is a full-time resource based here. The goal is to bring an internal resource in to replace that resource at some point.

Property-Related Transaction

- | | |
|-----------------------|---|
| Resolution No. 322-15 | Authorize Acquisition of One Parcel by Appropriation Necessary for the Construction of the East 140 th Street Consolidation and Relief Sewer Project. Consideration: \$18,000.00. |
| Resolution No. 323-15 | Authorize One Fee Simple Acquisition Necessary for Construction of the Union/Buckeye Green Infrastructure Project. Consideration: \$34,000.00. |
| Resolution No. 324-15 | Authorize One Temporary Easement and One Right of Entry Acquisition Necessary for Construction of the Dugway West Interceptor Relief Sewer Project. Total Consideration: \$300.00. |
| Resolution No. 325-15 | Authorize the Payment of Relocation Moving Benefits Associated with the District's Permanent Acquisition of Property in the City of Cleveland Necessary for Construction of the Union/Buckeye Green Infrastructure Project. Total Consideration: \$17,435.39. |

MOTION – Mr. O'Malley moved and Mayor Bacci seconded to adopt Resolution Nos. 322-15 through 325-15. After discussion and without objection, the motion carried unanimously.

Authorization of Appointment

- | | |
|-----------------------|--|
| Resolution No. 326-15 | Reappointment of Michael Oleksa to a Two-Year Term of the Audit Committee Beginning February 1, 2016 Through January 31, 2018. |
|-----------------------|--|

MOTION – Mr. Sulik moved and Ms. Dumas seconded to adopt Resolution No. 326-15. After discussion and without objection, the motion carried unanimously.

VI. Information Items

1. Chief Legal Officer & General Counsel Claims Report to the Northeast Ohio Regional Sewer District Board of Trustees – December 2015

Marlene Sundheimer, Chief Legal Officer & General Counsel, advised that twice a year she presents the Board with a report on all outstanding litigation, non-litigation claims, property acquisition transactions and any other account disputes.

2. Program Management Status Report and Update – November 2015

Mr. Bunsey announced that staff continues on a positive path with the Capital Improvement Program.

Cash flow was at 96%, which indicates staff is on schedule and according to plan. The reason for the upswing is good construction weather and that some large projects have regained traction.

The 2015 planning process is an annual event and looks ahead ten years. This year staff increased activities with Operations & Maintenance to nominate the required projects to keep the plants and collection systems operating. Staff reviewed 75 different nominations and assigned a business risk evaluation number based on the appropriateness of the project with many categories.

Staff submitted a CIP ten-year forecast to the Finance Department in November that is being reviewed and tailored in regards to the rate study. Capital activity is heavy in 2018 and 2019, which drive the rates relatively high. They are working closely with Finance to move non-essential projects into the future.

The Fairmount Boulevard SSO Relief Sewer Project design was completed eight days late; however, the project is 2,400 linear feet of sewer, which will bring more flow and reduce SSO in seven different locations and bring it to the intercommunity relief sewer. That KPI was met.

A basin in Parma did meet the design within 90 days of planned. The engineer's estimate unfortunately was 18% over the three low bids. This is typical of smaller projects in which a specialty contractor is utilized for excavation solely. This was awarded in November 14 days early.

Mr. Bunsey advised that the District awarded the Westerly ferric tanks project on November 19. The average of the three low bids was within 10% of the engineer's estimate, meeting KPI.

The Easterly Aerated Grit Project is 95% complete and substantial completion is expected in January, with all KPIs likely met.

The EMSC energy conservation and management project clean room was completed and is operational. The lab is very happy with its overall construction.

Numerous air handling units were installed. The project is 65% complete and is a performance guarantee project with guaranteed pay back over the next ten years.

The Southerly Maximum Achievable Control Technology Project is on schedule to be in compliance by March 16. The first incinerator was retrofitted and had operational demonstration testing on December 1. The second incinerator was also started and is being used currently. It will be tested next week for the same constituents for the omissions. The third incinerator is under construction with the idea of testing it in early January.

Mr. Bunsey advised that the Dugway West Interceptor Project is going well because the micro-tunneling went well. The flat work is being completed due to the nice weather and is ahead of schedule on most of the structures.

The largest current project – the Dugway Storage Tunnels Project -- is 55% complete.

Mr. Bunsey stated that there is a geotechnical issue at the shaft number 1 on the Nine Mile site. The remediation plan has been submitted and staff expects that to be completed this Sunday. The contractor has been jet grouting or stabilizing the soils around the shaft so it can be excavated without soils entering the shaft. Within the next two weeks staff will know whether that has been successful. This is very likely a claim issue with the contractor.

The Easterly Secondary System Improvements Project is 50% complete. The differing site condition claim for \$612,000 was submitted by the contractor and reviewed. Staff denied the claim and the contractor has taken exception to that; they will resubmit to try to convince staff this is a differing site condition.

Mr. Bunsey reported that the Tunnel Dewatering Pump Station Project increased its cash flow to within planned two and a half months ago. The schedule slip reduced significantly to the point which it is operationally close to the planned time. Staff still suspects it will be a couple of months late, but this time next year should be in a testing-and-startup mode.

The Euclid Creek Pump Station is 95% complete and will be substantially complete within the next month and a half.

Southerly thermal conditioned sludge thickening demolition. Substantial completion happened last month. We were 18 days early, meeting KPI.

BOARD OF TRUSTEES

Regular Meeting

December 17, 2015

Page 10 of 11

The Primary Treatment Improvements Project closed last month at 95% of contract value. Staff did not meet the District MBE/WEBE goal of 20%; the contractor attained 14.5%. The overall change orders or work orders were 5.5% of that contract, which is fairly high for the District. The owner requested more changes than normally. Staff intentionally had work orders included in the project that were descoped from other projects on instrumentation and control. There was economy of scale to not do the work twice.

Bob Auber, Construction Manager, advised that the Dugway West Interceptor Relief Sewer Project is a \$57.5 million project with a microtunnel that runs throughout the Glenville community. There were 17 total runs on the project that total just under 10,000 feet. Diameters are from 48 inches to 72 inches.

The microtunneling was performed from September 2014 through August 2015, including the first microtunnel curve in the Midwest and the fourth in the United States. Mr. Auber indicated that this project was by far the most successful microtunnel project the District has done. The curve was a proposal from the contractor, and staff learned a lot from the innovation and how to proceed when doing future designs and curves. The benefit was two manholes no longer had to be maintained forever and the construction schedule was accelerated and reduced the impact to the local community.

VII. Open Session

There were no items.

VIII. Public Session (any subject matter)

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

IX. Executive Session

MOTION – Mayor Bacci moved to go into Executive Session to discuss personnel and real estate matters. After discussion and without objection, the motion carried unanimously.

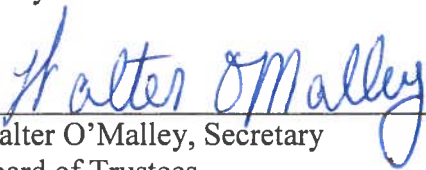
The Board met in Executive Session from 1:28 p.m. to 1:47 p.m.

X. Approval of Items from Executive Session

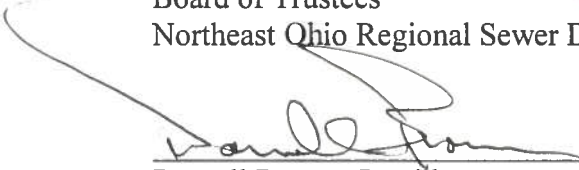
There were no items.

IX. 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 1:47 p.m. Without objection, the motion carried unanimously.



Walter O'Malley, Secretary
Board of Trustees
Northeast Ohio Regional Sewer District



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