

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
FEBRUARY 4, 2016

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 Ms. Dumas seconded to approve the minutes of the January 21, 2016, 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 advised that the District is in the midst of reinstating the Regional Stormwater Program (SMP). The Cleveland Department of Public Utilities is reprogramming its billing system and stormwater fees are expected to appear on bills in July. Additionally, some projects that were ongoing at the time the SMP was suspended will move forward.

The District is seeking to enter into agreements with communities in order to conduct construction work in those communities and for the allocation of the community cost share.

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Prior to the program suspension 19 communities had entered into such agreements. The District has since executed an agreement with the City of Brooklyn and has six more in the approval process. There are still many other communities outstanding from a service agreement standpoint.

Moving to the next topic, CEO Ciaccia advised that staff will have a phone interview with Standard & Poor's and Moody's to discuss the bond rating prior to going out for a refinancing issue. The agencies are reaffirming their previous ratings and will be assured that nothing has changed other than the SMP ruling.

CEO Ciaccia stated that over 200 people attended a contractor outreach meeting two weeks ago with small and minority businesses and likely prime contractors.

The rate study for years 2017 through 2021 is expected to be complete in March or April and then recommendations will be presented to the Board. Three meetings of the public are scheduled in Cuyahoga County at each of the three Cuyahoga Community College campuses and one will take place in Summit County. The Board may be in a position to act in May or June.

Closing his report, CEO Ciaccia referenced the situation in Flint, Michigan which has brought a lot of national attention to the water industry. Although the District is a wastewater agency, personnel attending meetings in the public have been asked about it.

Our water systems are in good shape and for the last 40 years the public officials, elected officials and water professionals in this region have done a tremendous job investing in water and wastewater utilities. The region is in excellent shape from an infrastructure standpoint. However, anything could happen and no one can let their guards down.

CEO Ciaccia explained that Cleveland water feeds orthophosphate since the Lead and Copper Rule was established in the early 1990's and it is very effective. The public has been communicated how best to deal with that issue. District staff is working with national organizations on this front because it has become a national debate. It is incumbent upon the national organizations to become vocal on everything that water utilities are doing to keep ahead of the curve.

Some public and private sector interests, including the District, belong to a group called The Value of Water Coalition and are issuing their guiding principles for securing water's future, which includes investing and renewing in the infrastructure and the public health and safety of the community. It also includes taking a long-term view of making water decisions and build partnerships with the public as well as assuring that programs are in place to address affordability issues.

CEO Ciaccia stated that as someone who has been in the water industry for a long time, the root cause of the situation in Flint is the bad decision made in Genesee County to pursue “cheaper” water by constructing a 60-mile supply line to Lake Huron when they already had access to Lake Huron through Detroit. He predicts they will not end up with cheaper water and will cause economic development problems for the Greater Detroit region and other problems aside from what they are experiencing today.

CEO Ciaccia advised that our region needs to continue to be vigilant because those decisions can be made here as well. A particular community in the region mistakenly thinks they will get cheaper water with a flip of a switch. However, it does not work that way like with electricity or gas because with drinking water or wastewater there is chemistry involved.

CEO Ciaccia was proud of the investments the District has made and there are big decisions looming regarding the rates for years 2017 through 2021. Those decisions go towards continuing the approach in the region of taking water and wastewater seriously. He wanted to speak about this issue on the record because he finds what is going on in Flint and nationally troubling. He encouraged this region to stay the course.

Mr. Brown did not disagree with the comments and also noted other areas of concern are the protection of the source, non-point sources and mitigating agriculture runoff. He further stated that the District should play a role in advocating the importance of updating and modifying infrastructure assets and discussing with legislators the inability to secure funding for capital improvements.

CEO Ciaccia explained that recent events in Charleston, West Virginia, Toledo and Flint in a two-year period are heightening the awareness of the importance and value of water and infrastructure.

The District is trying to be a strong advocate for federal and state governments to come up with funding for customers who truly cannot afford the current and future rates that will be needed to invest in these water and wastewater systems. Water is vital for sanitary purposes at the very least on a daily basis. Staff is working with Rep. Marcia Fudge's office on that endeavor and is the kind of government support that should be bipartisan.

V. Action Items

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 36-16

RFPs for General Engineering Services Contracts:
GES-Treatment/Collections, GES-
Mechanical/Electrical/Plumbing and GES-
Civil/Structural/Architectural.

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MOTION – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution No. 36-16. After discussion and without objection, the motion carried unanimously.

Mr. Brown noted that this is a different approach and questioned whether there is potential for an adverse impact. James Bunsey, Director of Engineering & Construction, advised that previous General Engineering Services were all general in nature. When staff was seeking specific discipline work to be completed by the generalist engineer, the level of service on things like mechanical or structural was not up to expectations.

For these GES contracts, the services were broken into general services, mechanical/electrical/plumbing and architectural/structural disciplines with the intent to contract with specialists in these fields and therefore to get better service. The makeup of Business Opportunity Program is 20% and in the other two is 10%. The reason for less BOP in the second two is there are fewer registered firms in mechanical/electrical and structural/architectural.

Mr. Brown stated that it will be interesting to track those outcomes because the intent serves the District's purposes better but he does not want an adverse impact on the contracting community. CEO Ciaccia indicated that staff would watch that to make a determination for the next round.

Authorization to Purchase

Resolution No. 37-16

Direct Purchase Telecommunications Services from AT&T and Verizon. Cost: Not-to-Exceed \$849,639.00.

MOTION – Mr. O'Malley moved and Mayor Bacci seconded to adopt Resolution No. 37-16. After discussion and without objection, the motion carried unanimously.

Mr. Brown noted that this resolution included much more than cell phones and iPads -- it is all technology for plants and other facilities. Chandra Yadati, Director of Information Technology, advised that it includes all costs for the wide area network and telephone services.

Authorization to Enter Into Agreement

Resolution No. 38-16

Agreement with the City of Solon to Provide Contractual Laboratory Services. Anticipated Revenue: Not-to-Exceed \$25,000.00.

Resolution No. 39-16

Agreement to Assist the Cuyahoga County Planning Commission to Complete Environmental

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Monitoring Work Associated with the Cuyahoga River Green Bulkhead Project. Anticipated Expenditure: Not-to-Exceed \$9,150.00 of In-Kind Services.

MOTION – Mayor Stefanik moved and Mr. Sulik seconded to adopt Resolution Nos. 38-16 through 39-16. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 40-16

Professional Services Contract with AECOM Technical Services for the Shaker Lakes Rehabilitation and Euclid Creek Channel Repair Projects. Contract Amount: \$498,500.00.

Resolution No. 41-16

Professional Services Contract with DLZ for the Morgana Run Relief Sewer Project. Contract Amount: \$6,955,000.00.

Resolution No. 42-16

Professional Services Contract with MWH Americas, Inc. for the Southerly Optimized Parallel Treatment Project. Contract Amount: \$12,850,000.00.

MOTION – Mayor Bacci moved and Mayor DeGeeter seconded to adopt Resolution Nos. 40-16 through 42-16. After discussion and without objection, the motion carried unanimously.

Mr. Brown requested an explanation for Resolution No. 42-16. Mr. Bunsey explained that capacity will be increased to 735 MGD from 400 MGD and this is a tremendous wet weather flow increase. The Southerly Substation Project was previously out for award, but staff took a secondary look and realized there were facilities that needed to be powered under this project.

The Southerly Substation work, which is already designed, is being combined into the SOPT project. Therefore the SOPT construction price increased but it was a value that it was not spent on the non-awarded previous project. In addition, the two main large transformers at the front end of the plant are beyond their service life and will be replaced.

Mr. Brown inquired how long the process would take. Mr. Bunsey advised that the design will take two years and construction will be four years, for a total six-year duration. CEO Ciaccia stated that the engineering firm will be here for construction services during that time.

Mr. Brown expressed hope that the fee will cover all of that period of time and there will not be

change orders. He questioned whether the Morgana Run Relief Sewer Project will bring service relief to what area. Mr. Bunsey explained that the Morgana Run conduit runs along Aetna Road, bounded on the west by I-77 and on the east by East 93rd Street. This is a relief sewer for that conduit, and during a wet-weather event it will overflow into that conduit. The project will set the stage for improved green infrastructure at a later time because it is separating some stormwater and eventually will drop to the Southerly tunnel.

Mr. Brown inquired whether the project would provide any relief to the Kingsbury Run. Doug Lopata, Program Manager, explained that Kingsbury Run is a little north and is a separate system. That area branches off of the Southerly Interceptor.

Mr. Brown requested additional information at an appropriate time to understand when we the Kingsbury Run issue will be addressed because there is housing in that area and surcharging in that sewer and manholes blowing off is a bad situation for people to live in.

Mr. Lopata indicated that staff is 60% through designing a project that will supply some relief to that area. The plan is to rebuild the regulator structure and swap flows between the Kingsbury culvert and Kingsbury storm relief pipe. That will apply interim relief until the Southerly tunnel is complete. That project will go out for bid this summer and be in construction in 2017.

Authorization of Contract Modification

Resolution No. 43-16

Final Adjusting Modification of Contract No. 15003901 with Mark Haynes Construction, Inc. for the Bunker Road Stream Bank Stabilization Project. Cost: A Decrease in the Amount of \$22,390.00 Bringing the Total Contract Price to \$102,179.50.

MOTION – Mr. Sulik moved and Mr. O’Malley seconded to adopt Resolution No. 43-16. After discussion and without objection, the motion carried unanimously.

Authorization to Amend Resolution

Resolution No. 7a-16

Amend Resolution No. 7-16 to Enter Into a Two-Year Contract with Dominion Retail, Inc. to Provide Natural Gas at All District Facilities. Cost: An Increase in the Anticipated Expenditure in the Amount of \$570,000.00 Bringing the Revised Anticipated Expenditure to \$2,285,000.00.

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MOTION – Mayor Stefanik moved and Ms. Dumas seconded to adopt Resolution No. 7a-16. After discussion and without objection, the motion carried unanimously.

CEO Ciaccia stated that the purpose of this resolution is to revise the number from the bid and to add the additional amount that was not added into it.

Mr. Brown inquired whether the rate in general was higher or lower. Jennifer Demmerle, Chief Financial Officer, explained that the basis price of the bid is the same. The anticipated expenditures may be more than originally thought because of the way it was calculated. Compared to the previous contract, it is still less. The previous price was \$3.36 per dekatherm and the new anticipated price is \$2.28 per dekatherm.

Sewer Use Code Matters

Resolution No. 44-16

Adopt the Findings of the Hearing Examiner with Regard to the Sewer Account of Michael Quinn, Sewer District Case No. 15-008.

Resolution No. 45-16

Adopt the Findings of the Hearing Examiner with Regard to the Sewer Account of James and Christine Kallevig, Sewer District Case No. 15-009.

MOTION – Mr. O'Malley moved and Mayor Bacci seconded to adopt Resolution Nos. 44-16 and 45-16. After discussion and without objection, the motion carried unanimously.

Property-Related Transaction

Resolution No. 46-16

Authorize Acquisition of One Parcel by Appropriation Necessary for the Construction of the East 140th Street Consolidation and Relief Sewer Project. Consideration: \$9,600.00.

Resolution No. 47-16

Authorize One Fee Simple Acquisition Necessary for the Construction of the East 140th Street Consolidation and Relief Sewer Project. Consideration: \$1.00.

Resolution No. 48-16

Authorize 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:
\$8,303.39.

MOTION – Mr. Sulik moved and Ms. Dumas seconded to adopt Resolution Nos. 46-16 through 48-16. After discussion and without objection, the motion carried unanimously.

Authorization for Bond Issuance

Resolution No. 49-16

Proposed Issuance of Wastewater Improvement
Refunding Revenue Bonds, Series 2016.

MOTION – Mayor DeGeeter moved and Ms. Dumas seconded to adopt Resolution No. 49-16. After discussion and without objection, the motion carried unanimously.

Ms. Dumas questioned whether any new money was anticipated for fiscal year 2016? CFO Demmerle advised that there is no new money anticipated for 2016 but \$300 to \$400 million is anticipated at the beginning of 2017.

Mr. Brown noted that will be the size of the Capital Construction Program for 2017. CEO Ciaccia affirmed and advised that the District seeks to replenish that bond fund about every other year.

VI. Information Items

There were no items.

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 a personnel matter. After discussion and without objection, the motion carried unanimously.

The Board met in Executive Session from 1:07 p.m. to 1:44 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. Mr. Sulik moved and Mayor Bacci seconded the motion to adjourn at 1:44 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