

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
OCTOBER 6, 2016

A Regular 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
J. Bacci
T. DeGeeter
R. Stefanik

ABSENT: R. Sulik
S. Dumas
W. O'Malley

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

II. Approval of Minutes

MOTION – Mayor Bacci moved and Mayor Stefanik seconded to approve the minutes of the September 15, 2016, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

There were no items.

IV. Chief Executive Officer's Report

CEO Ciaccia began his report by stating that a meeting was held on September 26 in Chicago with the U.S. EPA and Department of Justice to discuss the consent decree. The purpose of the meeting was to discuss modifications District staff wants to make to Appendix 1, design criteria, how to achieve performance criteria and corrective action to Appendix 3 in terms of certain green infrastructure projects that will not be performed because they are not cost effective.

A meeting was held with the Suburban Council of Governments on September 29 during which CEO Ciaccia provided an update and progress on the consent order. Further discussion centered around the rates the Board just approved and clarification that SCOG bylaws do not include term limits in SCOG appointees to the District Board.

CEO Ciaccia advised that a presentation was given to the SCOG regarding the Member Community Infrastructure Program. He noted that so far 21 communities have had discussions

with staff regarding potential projects under that program. Next year \$5 million will be allocated towards these projects which will deal with septic tanks and illicit discharges.

50 of the 56 member communities have signed agreements in terms of the Regional Stormwater Management Program (SMP) and are actively participating on projects and the community cost share. The City of Cleveland has discussed community cost share projects that will help with illicit discharges in Cleveland.

A District operations challenge team performed well last week at the WEFTEC conference in New Orleans. CEO Ciaccia recognized Christen Wood, Doug Dietzel, James Spencer and Dan Valek and John Corn for their participation in those events. Lita Laven, Rachel Webb and Robin Liss gave presentations at the conference.

Moving to the final subject, CEO Ciaccia stated that he gave notice of his intent to retire in January 2017. He stated that several factors motivated him to this conclusion. The health of the organization is in excellent shape. We have talent at the senior staff level and throughout the organization. Certainly, some of our most recent hires on the senior staff and key positions have been tremendous hires. Finally, there were several key accomplishments that were achieved during his time with the District. He stated that to achieve overall success the final thing he had to do was to work with the board on finding the right successor.

Mr. Brown stated that the District is well positioned for the future with the consent decree and SWMP. The challenge will be finding someone to carry out the strategic values set for the organization. He was pleased how the last CEO search turned out. The board will be transparent in terms of process and how long the process might take.

V. Action Items

Authorization to Advertise

Resolution No. 270-16	Advertise for Construction of the Westerly Scrubber Sump Pump VFD Replacement Project. Engineer's Opinion of Probable Construction Cost: \$215,000.00.
Resolution No. 271-16	Twelve Month Requirement Contract for Sodium Bisulfite Solution for All Wastewater Treatment Plants.
Resolution No. 272-16	Purchase of One Forklift for the Southerly Wastewater Treatment Plant. Anticipated Expenditure: \$60,000.00.

MOTION – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution Nos. 270-16 through 272-16. After discussion and without objection, the motion carried unanimously.

Authorization to Adopt & Issue Request for Proposals (RFPs) and Enter Into Agreement

Resolution No. 273-16	RFPs for the Design-Build Services for Beechers Brook and Pepper Creek Bank Stabilization Project, and to Enter Into an Agreement with Mayfield Village to Assist, Coordinate and Fund a Portion of the Project.
-----------------------	--

MOTION – Mayor DeGeeter moved and Mayor Bacci seconded to adopt Resolution No. 273-16. After discussion and without objection, the motion carried unanimously.

Mr. Brown noted that the engineer's estimate is in the \$3.2 million range, there are 1,000 feet of stream to be restored and there is a reference to an agreement. He inquired about the parameters. Frank Greenland, Director of Watershed Programs, explained that the District is entering into an agreement with Mayfield Village, which desires to construct a trail in and around this area. The agreement entails incorporating elements into the design through a cost-sharing arrangement. Mayfield Village will fund construction activities and some design activities.

Mr. Greenland stated that this project is a good example of SMP projects providing community benefits and he anticipates more in the future.

Authorization to Purchase

Resolution No. 274-16	Purchase of One Dump Truck with Front Plow for the Southerly Wastewater Treatment Plant. Cost: Not-to-Exceed \$150,000.00.
Resolution No. 275-16	Direct Purchase of Rebuild Services from Andritz Separation, Inc. for the Renewable Energy Facility's Nine Centrifuges. Cost: Not-to-Exceed \$57,101.00

MOTION – Mayor Bacci moved and Mayor DeGeeter seconded to adopt Resolution Nos. 274-16 through 275-16. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Agreement

Resolution No. 276-16	Agreements for 2017 and 2018 with the Cuyahoga County Board of Health for Services in Support of Member Community Compliance with Ohio EPA NPDES General Permit for Municipal Separate Storm Sewer Systems. Cost: Not-to-Exceed \$427,091.97 in 2017 and Not-to-Exceed \$428,299.22 in 2018.
-----------------------	--

- Resolution No. 277-16 Agreements for 2017 and 2018 with the Cuyahoga Soil and Water Conservation District and Interested Member Communities for Services in Support of Member Community Compliance with Ohio EPA NPDES General Permit for Municipal Separate Storm Sewer Systems. Cost: Not-to-Exceed \$264,000.00 Per Year.
- Resolution No. 278-16 Agreements for 2017 and 2018 with the Lorain County Stormwater Management District for Services in Support of Member Community Compliance with Ohio EPA NPDES General Permit for Municipal Separate Storm Sewer Systems. Cost: Not-to-Exceed \$37,857.93 in 2017 and Not-to-Exceed \$38,959.80 in 2018.
- Resolution No. 279-16 Agreements for 2017 and 2018 with the Summit County Combined General Health District for Services in Support of Member Community Compliance with Ohio EPA NPDES General Permit for Municipal Separate Storm Sewer Systems. Cost: Not-to-Exceed \$67,195.00 in 2017 and Not-to-Exceed \$64,863.00 in 2018.
- Resolution No. 280-16 Agreements for 2017 and 2018 with the Summit Soil and Water Conservation District and Interested Member Communities for Services in Support of Member Community Compliance with Ohio EPA NPDES General Permit for Municipal Separate Storm Sewer Systems. Cost: Not-to-Exceed \$26,060.61 in 2017 and Not-to-Exceed \$20,176.35 in 2018.
- Resolution No. 281-16 Agreement with the U.S. Geological Survey for Operation and Maintenance of Stream Gauges. Cost: Not-to-Exceed \$200,500.00.
- Resolution No. 282-16 Agreement with Ciuni & Panichi, Inc. to Perform Annual Audit of the District's Financial Condition for a Four-Year Period. Cost: Not-to-Exceed \$220,920.00.

MOTION – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution Nos. 276-16

through 282-16. After discussion and without objection, the motion carried unanimously.

Mr. Brown requested an explanation regarding the various permits. Mr. Greenland advised that when staff was developing the SMP it was envisioned that one of the services to communities would be providing assistance in their compliance with Phase II Ohio EPA Stormwater permits. There are six minimum controls in those permits and these resolutions revolve around the District contracting with a service provider to the communities. This action allows the District to potentially broaden services across the service area.

Mr. Brown inquired how the District might help facilitate that, to which Mr. Greenland explained that these entities develop training materials that guide communities on different types of municipal operations and informs them of ways to prevent pollutant discharges to a storm sewer system. It is still the communities' responsibility to implement control and submit stormwater plans to the State every five years on how they will meet each minimum control. The work funded by the District helps communities meet the permit requirements and guides action.

Mr. Brown asked staff to take into account a number of watershed entities that provide the same or similar services to municipalities and some get membership contributions based on work they perform. He wanted to make sure the District is not doing work these entities would have done. Mr. Greenland advised that staff is cognizant of that message and will discuss it internally.

Authorization to Enter Into Contract

Resolution No. 283-16	Professional Services Contract with Air Compliance Testing, Inc. to Provide Air Emissions Stack Testing Services for the District's Five Incinerators. Contract Amount: \$500,000.00.
Resolution No. 284-16	Contracts for 2016-2019 Internal Audit Professional Services. Total Contract Amount: Not-to-Exceed \$695,000.00.
Resolution No. 285-16	Two-Year Contract with RiverReach Construction for Eastside Stream Sediment and Debris Removal Service. Contract Amount: \$2,523,841.04.

MOTION – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution Nos. 283-16 through 285-16. After discussion and without objection, the motion carried unanimously.

Referencing Resolution No. 285-16, Mr. Brown requested an explanation regarding the emergency response. Ray Weeden, Director of Operations & Maintenance, explained that the contract would be a maintenance repair response to remove debris and assure stream capacity and prevent flooding for member communities under the SMP.

Authorization of Contract Modification

- | | |
|-----------------------|--|
| Resolution No. 286-16 | Modify Contract No. 12000054 with Walsh/Atkinson JV for Construction of the Easterly Tunnel Dewatering Pump Station Project. Cost: A 223 Day Time Extension with No Change in the Contract Price. |
| Resolution No. 287-16 | Modify Contract No. 11003293 with Montgomery Watson Americas for Professional Services for the Easterly Secondary System Improvements Project. Cost: An Increase in the Amount of \$600,000.00 Bringing the Total Contract Price to \$10,450,000.00. |
| Resolution No. 288-16 | Modify Contract No. 14001698 with Constellation for Electric Power Generation Services. Cost: An Increase in the Amount of \$9,122,484.32 Bringing the Total Contract Price to \$28,235,825.39 and a Time Extension of Two Years. |

MOTION – Mayor DeGeeter moved and Mayor Bacci seconded to adopt Resolution Nos. 286-16 through 288-16. After discussion and without objection, the motion carried unanimously.

Mr. Brown requested an explanation for Resolution No. 288-16. Jennifer Demmerle, Chief Financial Officer, stated that there was a recent change in law to add a capacity performance charges to the electric provider. The change in law was prompted to guarantee electricity in the event of a blackout. The “blend and extend rate” is at a lower rate for the next three years starting in November 2016.

Mr. Brown inquired at which level was the law change. Eric Luckage, Chief Legal Officer & General Counsel, explained that this was a federal law change imposed in the aftermath of the 2003 blackout that would try to create redundancies in the system to avoid that from happening again. The cost associated with that were allowed to be passed on by the provider.

Mr. Brown questioned how they guarantee electricity if there is a blackout, to which Mr. Luckage replied that he could not explain how the electric system works, but this change in law is system-wide, resulting in an increase to the contract. District staff engaged in extensive negotiations with the provider, Constellation, and got the additional costs extended over an additional 24 months at a lower rate, which ultimately is a savings of about \$700,000.

The option to amortize and extend the contract was deemed to be the most economically beneficial for the District. Mr. Luckage also indicated that specialized outside legal counsel was consulted with respect to the legality of the charges and the extension.

Property-Related Transaction

Resolution No. 289-16

Authorize the Appropriation of One Fee Simple Parcel Necessary for the Construction of the Woodland Central Green Infrastructure Project. Consideration: \$11,900.00.

Resolution No. 290-16

Authorize the Acquisition of One Permanent Sewer Easement Necessary for the Construction of the East 140th Street Consolidation and Relief Sewer Project. Consideration: \$2,750.00.

MOTION – Mayor Bacci moved and Mayor DeGeeter seconded to adopt Resolution Nos. 289-16 through 290-16. After discussion and without objection, the motion carried unanimously.

VI. Information Items

1. Certification of Delinquent Sewer Accounts to the Cuyahoga County Fiscal Officer for the Second Half of 2016

CFO Demmerle stated that the District certified direct billing accounts, of which there were 82 of for \$38,000, which is consistent with last year.

Staff also certified for accounts by Cleveland and Cleveland Heights, which were over 3,000 accounts for \$5.3 million, and \$4.2 million from the City of Cleveland. This action is part of an effort to reduce the amount of active accounts receivable. District staff revised its criteria of certifying accounts that owed over \$500 and 180 days old, which resulted in an increase of certification from \$1.6 million to over \$4 million for Cleveland accounts.

CFO Demmerle advised that another part of improving the process is to review the accounts from the Cleveland Water Department to make sure they were eligible, active accounts. That review left almost \$7 million not certified because they include billing people who are not the property owners anymore, accounts that are vacant or foreclosed, and accounts that have already been certified.

Staff will work with CWD to validate active accounts and look internally to make sure eligible accounts are certified.

Mr. Brown inquired how the level of certification compares historically. CFO Demmerle explained that historically the District has certified around \$1.6 million and this year it is well over \$4 million from the City of Cleveland.

CEO Ciaccia stated that staff is finding an overstatement of the reported receivables and it behooves both agencies to clean that up.

VII. Open Session

There were no items.

VIII. Public Session (any subject matter)

There were no items.

IX. Executive Session

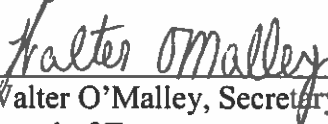
There were no items.

X. Approval of Items from Executive Session

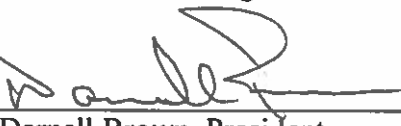
There were no items.

IX. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved and Mayor DeGeeter seconded the motion to adjourn at 1:17 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