MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
JUNE 1, 2017

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
R. Sulik
T. DeGeeter
J. Bacci
J. Ciaccia
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 May 18, 2017, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

There were no items.

IV. Chief Executive Officer’s Report

CEO Dreyfuss-Wells began her report by advising that on May 23 President Trump released his proposed budget for FY-18 which aligns closely with the proposal for FY-2017 including proposed overall cuts of 31% to the EPA and a 20% cut in EPA staffing. The Clean Water and Drinking Water State Revolving Fund on which the District relies for capital funding has no reductions under this proposal. Significant cuts are proposed to the Great Lakes Restoration initiative and the Section 319 non-point source grants which is the source of funding many member communities use for projects such as stormwater retrofits for parking lots. The Critical Infrastructure Protection Program was also eliminated under the proposal and is a federal program to help utilities with cyber security issues.

The President’s budget is the first part of the budgeting process and the District is well positioned with Senators Portman and Brown, Representatives Joyce, Kaptur and Fudge to make their concerns known and advocate for these important projects. It is important that the Agency remains intact.
Moving to the next subject, CEO Dreyfuss-Wells advised that on May 25 members of NAIOP, the Commercial Real Estate Development Association, held a meeting at GJM. Discussion centered on Project Clean Lake, the Regional Stormwater Management Program (RSMP) and credit opportunities for these commercial real estate developers and their projects. NAIOP was one of the leading challengers to the RSMP during the litigation but they were receptive to the program and credit opportunities.

CEO Dreyfuss-Wells advised that the Board will hold a Special Meeting on June 8 to discuss the consent decree and go through four key issues.

Mr. Ciaccia inquired whether NAIOP gave any indications that they felt the District’s rates or RSMP fees were causing them difficulties. CEO Dreyfuss-Wells stated that they did not and they were focused on clarity in terms of plan review and understanding the rates.

Mr. Brown stated that the water system and District have taken proactive approaches to infrastructure improvements and other communities have not. There is a misalignment because some entities will need to increase rates for retrofits and plant enhancements and system improvements. He encouraged paying attention to how rate structures will be impacted as others are negotiating consent decrees.

V. Action Items

Authorization to Advertise

Resolution No. 168-17

Authorization to publish notice calling for bids; in accordance with Ohio Revised Code Chapter 6119; for Dell, Inc. laptop and desktop hardware with a cost not-to-exceed $250,000.00.

Resolution No. 169-17

Authorization to reject all bids and publish notice calling for bids; in accordance with Ohio Revised Code Chapter 6119; for the Easterly Service and Security Buildings Rehabilitation project with an engineer's opinion of probable construction cost of $5,800,000.00.

MOTION – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution Nos. 168-17 through 169-17. After the following discussion and without objection, the motion carried unanimously.

Referring to Resolution No. 169-17, Mr. Brown noted that an engineer's probable cost was significantly lower initially and inquired how staff arrived at this new number. Devona Marshall, Director of Engineering & Construction, explained that bids came in well over the engineer's estimate. Staff found that the market in regards to this type of construction was more saturated than sewer work. Engineering opted for the lower figure of the engineer's estimate and added
allowances to maintain the $4.7 million estimate. The rebid will utilize the higher end of the estimate at $5.8 million and take into consideration that the marketplace for this type of work is not as aggressive.

Mr. Ciaccia questioned how much of the overage was attributable to a discrepancy in the bid documents for estimation required, build and repair, and restoration. Ms. Marshall stated that the discrepancy was about $400,000.

**Authorization to Issue Request for Proposals (RFPs)**

**Resolution No. 170-17**

Authorization to issue RFPs, in accordance with Ohio Revised Code Chapter 6119, for the Energy Data Management Software Implementation project.

**Resolution No. 171-17**

Authorization to issue RFPs, in accordance with Ohio Revised Code Chapter 6119, to procure computer-based and cloud-delivered information security awareness training.

**MOTION** – Mayor Bacci moved and Mr. Ciaccia seconded to adopt Resolution Nos. 170-17 through 171-17. After the following discussion and without objection, the motion carried unanimously.

**Authorization to Enter Into Contract**

**Resolution No. 172-17**

Authorize a two-year contract with Environmental Design Group for green infrastructure maintenance program management and services in the amount of $816,368.00.

**Resolution No. 173-17**

Authorize a two-year contract with Victory Industrial Cleaning for industrial cleaning services at all wastewater treatment plants and Jennings Road junction chamber in the amount of $345,223.49.

**Resolution No. 174-17**

Authorize contracts with AIG/Lexington Insurance Company, Travelers Insurance Company, Safety National Casualty Corporation, and Chartis/National Union Insurance Company to provide insurance coverage from July 1, 2017 through June 30, 2018 with a total premium amount not-to-exceed $820,468.00.
Resolution No. 175-17  Authorize a contract with Corbel Solutions for the purchase of nine HPE DL380 Gen9 Servers in the amount of $177,696.00.

Resolution No. 176-17  Authorize a contract with Marlabs, Inc. for the implementation of an automated testing solution in the amount of $238,690.00.

MOTION – Mayor Stefanik moved and Ms. Dumas seconded to adopt Resolution Nos. 172-17 through 176-17. After the following discussion and without objection, the motion carried unanimously.

Regarding Resolution No. 172-17, Mr. Brown stated that there will likely be learning curve with experience and the evaluation of delivery of services. Frank Greenland, Director of Watershed Programs, explained that the District must maintain its green infrastructure sites to comply with Project Clean Lake consent decree requirements. The best way to maintain the sites from an esthetic and a functionality standpoint is to outsource the work.

Mr. Brown questioned whether staff intends to always contract these services or whether there is an opportunity to bring them in-house when skills are developed. Mr. Greenland stated that the short-term plan is to hire these services externally.

Mr. Brown agreed that the District does not have the internal expertise now but will always own these responsibilities and could become an employer for this skill set in the future.

Mr. Ciaccia stated that one of the selling points of green infrastructure nationally was the opportunity for jobs in the urban core. He inquired how Burten Bell Carr will handle urban Agriculture in the context of this project. Mr. Greenland explained that Burton Bell Carr’s contract is for lawn mowing and trash removal at the site. The maintenance contract includes certain storm sewer systems, diversion structures and pretreatment structures so they provide the combined sewer overflow (CSO) benefits desired.

The clients of Oriana House will be trained and hired by the sub-contractors to build skill sets.

Mr. Brown agreed that there is a tremendous opportunity to hire from the inner-city to gain skill sets, become gainfully employed and do important work that makes the District a good partner with the community.

Mr. Greenland explained that there is not a lot of experience in terms of maintenance activities in the urban core. Staff will develop that and make appropriate adjustments. Green infrastructure only works if it is maintained. Mayor Bacci suggested that staff visit the sites on a regular basis because ratepayers see the esthetics above ground.

Mr. Brown inquired what the District’s role is related to the consent decree because these sites are designed to have specific removal rates that affect compliance and how that is evaluated. Mr.
Greenland explained that post-construction requirements are built into Appendix 3 to monitor performance. Signage at the sites speak to the functionality of each site.

Moving to Resolution No. 174-17, Mr. Brown requested an explanation. John Wasko, Manager of Internal Audit, advised that insurance runs in three blocks: property, casualty and other. Travelers is the casualty carrier with the excess umbrella, and "other" would be crime, excess and cyber.

Travelers has been on the casualty program for quite a few years and staff looked aggressively at alternatives. The Travelers program has more competitive pricing than others and provides more control over casualty issues.

Mr. Wasko stated that the District had to expand coverage on the umbrella and the previous carrier pulled out of this market. Travelers assumed that piece but we're going to look at the pieces of the casualty program and see if it is necessary to maintain over each level of the casualty program.

Authorization to Ratify Expenditure and Modify Agreement

Resolution No. 177-17
Ratify the payment of $37,926.34 in excess of the approved agreement with Automatic Data Processing (ADP) and to further authorize the modification of said agreement to add an additional $12,100.00 bringing the total agreement price to $276,526.34 for continued payroll and benefits services and technical professional services.

MOTION – Ms. Dumas moved and Mr. Sulik seconded to adopt Resolution No. 177-17. Without objection, the motion carried unanimously.

Authorization to Contract Modification

Resolution No. 178-17
Authorize the modification of the existing professional services contract with Raftelis Financial Consultants for the Regional Stormwater Billing Reimplementation Phase II project by increasing the contract amount by $800,000.00 bringing the total contract price to $1,953,780.00.

Resolution No. 179-17
Authorize the modification of Contract No. 16003448 with Deloitte Consulting, LLP to continue support services to assist the District’s Oracle Planning and Budgeting Cloud Solution end users by increasing the contract amount by $79,000.00 bringing the total contract price to
$408,157.00 and by changing the contract end date to February 28, 2018.

Resolution No. 180-17
Authorize the modification of Contract No. 17001345 with Beacon Hill Staffing Group to extend services of one consultant for the Oracle EBS Procure to Pay Functional Support project by increasing the contract amount by $114,840.00 bringing the total contract price to $164,340.00 and by changing the contract end date to December 31, 2017.

MOTION – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution Nos. 178-17 through 180-17. After the following discussion and without objection, the motion carried unanimously.

Mr. Brown requested an explanation for Resolution No. 178-17. Mr. Greenland explained that when the RSMP was temporarily on hold in 2013 the District utilized Raitelis in the creation of stormwater impervious area bills. Phase I was to provide task work to get those bills to the Cleveland Water Department (CWD) to bill and make modifications. This Phase II contract is a continuation of that effort to streamline how data is processed and transmitted to CWD.

Staff is developing reporting tools for better tracking of RSMP credit processes and renewals of credits. He expects to move much of this activity in-house once the tools are developed under Phase II. Mr. Greenland stated that there will probably always be a need for external support.

Mr. Ciaccia stated that he did not think the engagement should be permanently ongoing. He also stated that $150,000 of general allowances is almost 20% of the request for a modification. It seems to be a mix of existing contract and modification. Mr. Ciaccia asked whether any money used from that account will go towards those tasked items. Mr. Greenland advised that the first five could be funded.

Property-Related Transaction

Resolution No. 181-17
Authorize the acquisition of one permanent easement in the City of Cleveland, owned by Charles R. Gibson, for the construction of the Doan Valley Tunnel Project with a consideration of $900.00.

Resolution No. 182-17
Authorize the District to enter into a Right of Entry agreement with Kurt's Getaway Bar and Grill, for the use of District-owned property for one day for overflow parking, with a consideration of $1.00.
Resolution No. 183-17

Authorize the Chief Executive Officer to enter into a license agreement with the City of Cleveland to gain access to property in order to install a permanent data sonde station in Doan Brook with a compensation of $1.00.

MOTION – Mr. Sulik moved and Mayor Stefanik seconded to adopt Resolution Nos. 181-17 through 183-17. Without objection, the motion carried unanimously.

VI.  Information Items

1.  2017 Revenue Status Update Presentation

CEO Dreyfuss-Wells advised that it was important to provide an update on continual low revenue issues.

Ken Duplay, Chief Financial Officer, explained that District staff has done comparisons to prior years, including the number of accounts billed and active accounts. Staff does not have ready access to corresponding water data.

Mr. Duplay stated that there appears to be an issue with consumption when comparing billed and unbilled through April 2016 and 2017 from the City of Cleveland. A decline in unbilled consumption was expected due to the decreased estimated time period switching from quarterly to monthly billing. Billed consumption should be a little higher.

Staff will dig into all of those numbers to determine whether the 2017 numbers are correct and that there were no issues with the 2016 numbers.

District staff will work with CWD and has made data requests to examine District consumption versus CWD consumption. Staff also will examine large customers with complicated accounts that have experienced issues in the past. Mr. Duplay added that staff will perform a critical examination into the reporting and make sure there are no issues with monthly billing reporting or previous reporting.

District revenue needs to approach the rate study numbers. Budgets were higher than the rate study due to several years of positive consumption change.

Mr. Ciaccia stated that he hopes it is merely a reporting problem because if it is a true revenue issue it will be a big problem in the coming years and the next rate period. He inquired regarding the status of cash and how it correlates with this problem. Mr. Duplay advised that cash collections have been strong at about 97%.

Mr. Ciaccia stated that would indicate there could be a reporting issue because there is more than a full quarter from a cash collections standpoint; if cash collection is strong it does not make sense that revenue is so weak. Mr. Duplay agreed that there is a disconnect.
Ms. Dumas indicated that Mr. Duplay was taking the appropriate approach and that the level of detail staff is going into will reveal the issue.

Mr. Duplay advised that one item impacting revenue is adjustments. Through April there have been $1.3 million in negative adjustments – although one large water leak was for $700,000.

The billing group identified issues on two large SSCBOUTS accounts that represent about $250,000 in revenue that are suspended from billing. Also, about 3,000 fixed-fee only accounts are being investigated to possibly be taken out of the system as unbillable, but the adjustments are the largest item and there might be several issues that are compounding at the beginning of the year.

Mr. Duplay noted that he would return to the Board for an update on June 15.

VII. Open Session

There were no items.

VIII. Public Session (any subject matter)

There were no items.

IX. Executive Session

MOTION – Mayor Bacci moved to go into Executive Session pursuant to Ohio Revised Code Section 121.22(g)(3) and (6) to consider security arrangements and emergency response protocol and to consult with District’s legal counsel concerning imminent court action. After discussion and without objection, the motion carried unanimously by roll call vote.

The Board met in Executive Session from 1:22 p.m. to 2:12 p.m.

X. Approval of Items from Executive Session

Resolution No. 184-17

Authorization to issue RFPs, in accordance with Ohio Revised Code Chapter 6119, for professional services necessary for the District’s Information Security program.

MOTION – Mr. Sulik moved and Mayor Bacci seconded to adopt Resolution No. 184-17. After the following discussion and without objection, the motion carried unanimously.

XI. 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 2:13 p.m. Without objection, the motion carried unanimously.
Timothy J. DeGeter, Secretary
Board of Trustees
Northeast Ohio Regional Sewer District

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