A Regular Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:32 p.m. by Darnell Brown.

I. **Roll Call**

**PRESENT:**  D. Brown  
R. Sulik  
R. Stefanik  
T. DeGeeter  
J. Ciaccia  
J. Bacci

**ABSENT:**  S. Dumas

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 February 7, 2019, Board Meeting. Without objection, the motion carried unanimously.

III. **Oath of Office**

Eric Luckage, Chief Legal Officer, administered the Oath of Office to Mayor Stefanik due to his re-appointment to another term on the Board of Trustees.

Mr. Brown noted Ms. Dumas will be sworn in during the next Board meeting.

IV. **Public Session**

There were no items.

V. **Chief Executive Officer’s Report**

CEO Dreyfuss-Wells began her report by discussing the Women in Science Program event hosted each year by the Cleveland Museum of Natural History. The Program recognizes women who are scientists. The District has participated in the event for several years and this year, on February 9th, the District was represented by Watershed Team Leader Donna Friedman, Senior Wastewater Analyst Betsy Hintz, Easterly Assistant Superintendent Cathy Glisic, and Investigators Kelsey Amidon and Hannah Boesinger. Chemist Jennifer Rossi was featured in an interview by museum
staff. CEO Dreyfuss-Wells noted that this is a great event highlighting STEM careers and a much-appreciated partnership with the Natural History Museum.

On the media-side, the Cleveland section of the American Society of Civil Engineers (ASCE) released its 2019 State of the Infrastructure for Northeast Ohio. The Cleveland Chapter of the ASCE is comprised of local civil engineers who volunteered their time for this effort. The ASCE report looked at bridges, dams, drinking water, energy, roads, schools, and wastewater across the Northeast Ohio Areawide Coordinating Agency (NOACA) region – Cuyahoga, Geauga, Lorain, Lake and Medina Counties. Although the ASCE provided the region with a D+ rating, it did recognize the significant progress made and the need for continued improvements. The report highlighted the great effort done by the Sewer District, the Cleveland Division of Water and other regional entities in Northeast Ohio and affirmed the approach of assisting member communities in dealing with local infrastructure issues highlighting 5,000 miles of sewer infrastructure that must be maintained across the NOACA planning area. The report made it clear that the rating is due to the age of infrastructure, maintenance of infrastructure, and the financial capacity to take care of that infrastructure.

Next, CEO Dreyfuss-Wells stated that she was on the Sound of Ideas on local public radio with Jason Wood from Cleveland Water and Crystal Davis from the Alliance for the Great Lakes to discuss recent reporting on water and sewer infrastructure needs and affordability issues in Great Lakes cities.

CEO Dreyfuss-Wells closed her report by noting that the District won two awards at the National Association of Clean Water Agencies (NACWA) Winter Conference. The first award recognized the sludge to soil work in partnership with Kurtz Brothers to reuse ash in topsoil and concrete mixtures. The second recognized our public information and education “Let’s Ask” series, where District employees participate and talk about their work on the NEORSD social media accounts.

Mr. Ciaccia requested further explanation on the mission of the Alliance for the Great Lakes. CEO Dreyfuss-Wells explained that the Alliance for the Great Lakes is an advocacy group based in Chicago that focuses on Great Lakes’ issues. The Alliance for the Great Lakes has been very focused on the hazardous algal blooms. They also coordinate beach clean ups across the Great Lakes and are a great partner for the District. The Alliance is supportive in general of the idea that combined sewer overflow has been addressed through the consent decrees in place and that we need to focus on the local infrastructure issues. Also, locally Crystal Davis did a “Shut up and Listen” campaign where she went out and talked to the community about affordability issues which has been very helpful for the District. She also participates on our Water Equity Task Force.

VI. Action Items

Authorization to Advertise

Resolution No. 39-19 Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for the Substation Preventative
Resolution No. 40-19

Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for the Centrifuge Rebuilding Services project for the Southerly and Westerly Wastewater Treatment Centers with an anticipated expenditure of $900,000.00.

MOTION – Mayor Stefanik moved and Mr. Ciaccia seconded to adopt Resolution Nos. 39-19 and 40-19. After the following discussion, without objection, the motion carried unanimously.

Mr. Brown requested further explanation on Resolution No. 39-19 regarding the total amount and what is to be expected with the amount of the work. Frank Foley, Director of Operation & Maintenance, explained that they were a bit optimistic in the current contract in terms of how much would get done in Preventive Maintenance (PM) for the substations and what is anticipated is that this contract is getting PM on all the substation assets that we did not get to during the first contract.

Mr. Brown also requested explanation on Resolution No. 40-19 and suggested a maintenance plan that will allow staggering of some of the centrifuges offline so that the maintenance can get done in such a way that does not challenge the condition of the asset. Mr. Foley explained that part of the reason this is being brought to the Board is because almost all of these centrifuges were installed around the same time, back in 2014/2015. The first task in this contract would be to evaluate the condition of the centrifuges and then plan out an order in which the rebuilds will be done. The centrifuges will be spread out in terms of when the rebuilds will be done throughout this three-year contract. The Operation and Maintenance staff will be managing the hours more closely in terms of staggering so that the centrifuges are not ready for rebuild all at the same time.

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 41-19

Authorization to issue a Request for Proposals, in accordance with Ohio Revised Code Chapter 153, for the District-wide Solids Handling Study.

MOTION – Mr. Sulik moved and Mayor Bacci seconded to adopt Resolution No. 41-19. After the following discussion, without objection, the motion carried unanimously.

Mr. Brown requested a further explanation on Resolution 41-19. Devona Marshall, Director of Engineering and Construction, explained that as Deputy Chief Operating Officer, Doug Reichlin mentioned in his presentation at the last Board meeting, this study will look at specific issues in the way solids are handled at the three plants, but in a District-wide wholistic approach because at Easterly WWTP, both skimmings and solids are brought to Southerly WWTC for treatment.
Ms. Marshall also explained that the Renewable Energy Facility (REF) at Southerly WWTC has extra capacity. Then, the Westerly facility also currently brings its skimmings to Southerly WWTC. There are also multiple hearth incinerators that are older and continue to require a lot of upkeep, so we are looking at the potential of bringing those solids to Southerly WWTC. While that is being done, there will be options of potentially constructing off-loading facilities – opening up the opportunity to bring in outside solids from other places, which will also be part of this study if it ends up being a cost benefit solution.

Authorization to Enter into Agreement

Resolution No. 42-19

Authorization to enter into a Joint Funding Agreement with U.S. Geological Survey, Department of the Interior, for Water Resource Investigations including a District contribution in an amount not-to-exceed $121,885.00.

MOTION – Mr. Ciaccia moved and Mayor Bacci seconded to adopt Resolution No. 42-19. After the following explanation, without objection, the motion carried unanimously.

Mr. Brown requested further explanation on Resolution No. 42-19 regarding the flow dynamics coming out of the channel where it connects to Lake Erie and looking at the impacts on the near shore area and the ability to measure, monitor the impacts and trace it as well. Frank Greenland, Director of Watershed Programs, explained that the District has done work with USGS in the past and the goal is to gain a better understanding of the impacts to Euclid Beach and Villa Angela Beach in terms of E. coli dispersion and concentration. Most of the combined sewer overflows (CSO) are now discharging into the Euclid Creek Tunnel and CSO 209 is the only one at this point that remains uncontrolled. By later this year, that one should also be controlled which will remove a significant fraction of CSO E. coli load from Euclid Creek. Mr. Greenland stated that there are a number of other sources and we need to be cognizant of that, because this is a stream that carries illicit discharges, potential Sanitary Sewer Overflows, urban stormwater runoff and other factors including the natural environment.

Mr. Greenland further explained that the District is trying to get a better understanding of what happens after CSO is removed. The District staff does daily beach sampling activities throughout the recreation season, including samples of Euclid Creek about a half a mile up. The USGS will deploy velocity sensors at different locations and run real-time storms through the system to see when Euclid Creek is pushing out and where it is going. Mr. Greenland stated that the last time this study was done there were some breakwall facilities that the Cleveland Metroparks had constructed by the beach that were not there, which can tend to trap flows. Mr. Greenland noted that there is an interesting balance between Euclid Creek and the Lake because there are not just CSO flows and loads and other sources but also thermal conditions that makes for some mixing patterns which District staff will try to better understand. Study results will allow the District to better understand the benefits of the District’s CSO program and will aide in effective public notification practices.
Mr. Brown noted that the District is also working with the City of Cleveland on a sediment removal program for the flood channel which will also change the dynamics. Mr. Greenland introduced Eric Soehnlen of the WQIS group who has been on the forefront working with the lab and doing research on what is going on with bacteria at the beach and in the stream. E. coli sits in the sediments and when it rains, it flushes out sediment bacteria loads, and Eric and his group are trying to understand if the E. coli is coming from human sources or from wildlife.

Mr. Ciaccia noted that the District is completing a lot of analysis and obtaining a lot of data but suggested that District staff start thinking about how to respond publicly.

Mr. Greenland explained that the goal is to periodically, through the Board and through media outlets, continue the education. Mr. Greenland agreed that the message needs to be framed effectively.

CEO Dreyfuss-Wells agreed and pointed out that there is a regulatory life after Project Clean Lake as well and there is conversation at the NACWA level about EPA continuing to regulate CSO communities even after the consent decrees are implemented — this all goes towards building that defense.

Authorization to Enter into Contract

Resolution No. 43-19

Authorization to enter into a two-year contract with Star Crane & Hoist Service for crane inspection, maintenance and repairs at all wastewater treatment plants and pump stations in an amount not-exceed $234,968.72.

MOTION – Mayor Stefank moved and Mr. Sulik seconded to adopt Resolution No. 43-19. Without objection, the motion carried unanimously.

Authorization of Contract Modification

Resolution No. 44-19

Authorization to Modify Contract No. 18002683 with Jubilant, LLC for the HRIS and UltiPro Consulting Services project by increasing the contract amount by $37,620.00, thereby bringing the revised total contract amount not-to-exceed $87,490.00.

Resolution No. 45-19

Authorization to Modify Construction Contract No. 17006901 with Kokosing Industrial, Inc. for the Westerly Fire Safety & Code Upgrades project to change the original scope of the contract to add the required emergency repairs of the Westerly Primary
Effluent Pumps waterline, with no change in the contract amount.

MOTION – Mr. Sulik moved and Mr. Ciaccia seconded to adopt Resolution No. 44-19. Without objection, the motion carried unanimously.

MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution No. 45-19. Without objection, by roll call vote, the motion carried with all present members voting yes and recusal from discussion and voting abstention by Mr. Ciaccia.

Sewer Use Code Matters

Resolution No. 46-19

Authorization to adopt the findings of the Hearing Examiner with regard to the sewer account of Ms. Courtney Underwood, Sewer District Case No. 19-001, that the customer’s request be denied.

MOTION – Mr. Sulik moved and Mr. Ciaccia seconded to adopt Resolution No. 46-19. Without objection, the motion carried unanimously.

Authorization to Grant Credit

Resolution No. 47-19

Authorization to grant a credit adjustment in the amount of $109,314.21 against sewer charges on NEORSD Sewer Account number ending in 7775 for Cleveland South Hosp, LLC., 6200 Quarry Lane, Independence, OH.

MOTION – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution No. 47-19. Without objection, the motion carried unanimously.

Authorization to Advertise and Enter into Contract

Resolution No. 48-19

Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for the purchase of natural gas for all wastewater treatment plants, GJM, EMSC and outlying facilities, for both one and two year contracts; and authorization for the Chief Executive Officer to enter into a contract with the lowest and best bidder and execute any documents necessary to secure natural gas pricing for the selected term and without
additional Board approval, with a total expenditure not-to-exceed $2,000,000.00.

MOTION – Mr. Sulik moved and Mr. Ciaccia seconded to adopt Resolution No. 48-19. Without objection, the motion carried unanimously.

Authorization to Retain Legal Counsel

Resolution No. 49-19

Authorization to retain Bricker & Eckler, LLP to provide legal services and advice as outside legal counsel on matters related to the District’s energy cost-savings initiatives and energy procurement matters.

MOTION – Mr. Ciaccia moved and Mr. Sulik seconded to adopt Resolution No. 49-19. Without objections, the motion carried unanimously.

Property Related Transaction

Resolution No. 50-19

Authorize the District to acquire in fee simple the entirety of PPN 602-08-003 located at 8300 Wiese Road, in the City of Brecksville, owned by BCM Renovation, Ltd. necessary for conservation purposes with a consideration of $220,000.00 plus closing costs, with the entirety of the payment to be disbursed to Innovative Title and Escrow Services LLC.

MOTION – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution No. 50-19. Without objection, the motion carried unanimously.

VII. Information Items

Kenneth Duplay, Chief Financial Officer, provided the Board with an overview of the 2018 Year-End Financials Review and 2019 Proposed Budget Preview. Mr. Duplay stated that the District operates within the parameters of the rate study and must be within its budget every year, meet debt-service coverage requirements and reserves, and operate within desired financial metrics to maintain the health of the District’s finances.

Next, Mr. Duplay compared the 2018 actuals versus the rate study numbers – this being the second full year of that rate study. Mr. Duplay explained that all the numbers are within range of rate study projections, coming in under in terms of net operating expenses. The O & M budget was $137.1 million, budgeting below the rate study number and coming in below budget. The actuals are net of capitalized labor and indirect costs allocated to the stormwater program.
Revenue for 2018 came in above budget. The District budgeted a three percent consumption decline after seeing consumption below estimates of two percent in 2017. Consumption increased about 0.8 percent in 2018 so that is the main reason the District came in at 3.5 percent above the revenue budget.

User charges comprise $314.4 million of the $315.6 million total sewer revenue. The other income is made up of septic hauler fees and other miscellaneous things, but the sewer charges continue to drive the District’s revenues which are collected by billing agents including Berea and North Royalton with the largest billing agent being the Cleveland Division of Water. Mr. Duplay explained that the District also direct bills some of the large industrial customers, some Sewer Service Charge Based on Usage of the System (SSCBOUTS) customers, and Rural Lorain County Water Authority customers.

Net operating expenses for 2018 came in at $122.4 million. The District is currently $14.8 million under that budget. An adjustment was made during the 2017 audit that reclassified Green Infrastructure Grant support costs from operating to nonoperating expenses and removing them from the 2017 and 2018 actuals. $2.3 million in Green Infrastructure Grants were included in the 2018 operating budget and account for a portion of the budget variance. That leaves a budget variance of $12.5 million.

Salaries and wages and benefits comprise over 50% of operations. Included in the HR expenses is $10.4 million for health care. $8 million of the Finance budget is collection fees. Engineering and Construction includes Professional Services with a large portion of that being the Local Sewer System Evaluation Studies (LSSES).

There were several areas that did not meet the budget in terms of operating expenses – the first area being health care, which was a savings because the actual health care claims for the year came in at about $2.3 million under budget.

Another area with a variance was in Professional Services – with a total of $6.2 million under budget, with $1.1 million of that in IT mainly related to work that did not get performed during the transition between directors. Mr. Duplay explained that within Engineering, $2.5 million of the variance was partially related to capitalization of costs related to General Engineering Services (GES) contracts which the District anticipated to be expensed. A more significant portion of that would be the expected costs in the LSSES projects. Mr. Duplay explained that those were related to a combination of factors including the rescheduling of work to accurately line up the multiple contracts and the staffing availability of the consultants.

Mr. Ciaccia questioned the projections of Professional Services of last year and then the first month of 2019. Ms. Marshall explained that the consultants are requested to give the District an estimate of planned budget for the year based on planned work and they typically provide very conservative estimates due to the concern of going over budget. Ms. Marshall also noted that in the past year there was a delay of some of the planned work on the Combined Area/Mill Creek LSSES because the District wanted to use the standards being developed under the Heights Hilltop LSSES. There
is also a lot of work across the District, not only on the LSSES but on the stormwater master plans. Ms. Marshall explained that a lot of the times, the same consultants are performing the field activities and as a result some of the planned field activities were delayed a few months on the Southwest LSSES. For these reasons, there was a $2 million under-spend.

Mr. Ciaccia asked if there were resource issues with the consultants. Ms. Marshall noted that there could be a possible resource issue, but it is more likely the consultants are being a little bit aggressive in their scheduling of work for fear of under-budgeting.

Mr. Brown noted that he does not necessarily look at that as a negative. Mr. Brown stated that the ability to manage how the hours are burned or utilized is a prudent step forward and an efficient and effective use of resources. Ms. Marshall agreed and noted that there is a lot of coordination between these projects resulting in money savings between the projects.

Mr. Duplay went on to highlight a few other areas within the Professional Services category, including approximately $1 million within O & M related some to Operational Readiness Initiative (ORI) activities and some automation activities at Southerly WWTC which were cancelled, and the work is to be done in-house.

For utilities, the District is $1 million under budget which is a variable year-to-year based on weather and other factors. The last large variance was in the sewer repair and maintenance account. That account was $1.1 million under budget, but the Jennings Road trunk sewer clearing which is a $675,000 expense has been pushed into 2019. These items explain about $10.6 million of the $12.5 million variance of budget to actual.

Next, Mr. Duplay explained that the capital expenditures, setting a record for the District, are currently within the 85 percent Key Performance Indicator (KPI) in terms of spend. Mr. Duplay provided the Board with slides of the projects. Mr. Duplay noted the majority of the District’s Capital Improvement Program of $266.7 million dollars is CSO-related. CSO projects comprised $185.5 million. The slide provided the Board with a breakdown of the funding sources for those projects. The District is in year two of the rate study which will eventually move towards full Water Pollution Control Loan Fund (WPCLF) funding of the projects. Currently at $111.4 million for 2018, 42 percent of the capital program was funded by loans. Mr. Duplay explained that $151.9 million in capital was funded with District funds, the largest of those projects was the Dugway Storage Tunnel Project at $22.7 million. Mr. Duplay noted that some interest income on the capital account was used to fund these projects.

Debt service came in slightly above the District debt service budget number. The reason for that is related to the WPCLF loans themselves. Mr. Duplay explained that the loans enter repayment two years after construction begins and repayment is based on the award amount. Normally the loans are closed at an amount lower than the award amount, but the District begins paying debt service immediately on the full amount, so when these loans close, the payments get adjusted and the District ends up with lower debt service in the later years while paying a little more up front. As the loan volume increased, this is something that would be looked at closer and adjustments
made to our budgeting for 2019 to ensure there is some adjustment for that phase-in of the timing of the loans.

Next, Mr. Duplay provided a summary of the 2018 financing activities and noted that there are no bond activities for this year—everything was State Revolving Fund (SRF) loans. Six new loans were taken out this year for a total of $259.5 million. The largest was the Westerly Storage Tunnel at $141.7 million. Mr. Duplay explained that the interest rates of the loans ranged from zero percent, as with the Shoreline Storage Tunnel Design loan, to 30 years at 2.14 percent on the Doan Valley Relief Sewer. These rates are below the District's 3.2 percent long-term planning rate for loan debt.

Mr. Duplay explained that there is significant debt service savings using loans versus the revenue bonds. In comparing the 2018 loan activities to a hypothetical bond issue to fund the same projects, the District realized net present value savings of $40.6 million on the associated debt service. The current flexibility in the loan program combined with the interest rates makes this the best cost of capital that can be found.

Next, Mr. Duplay provided an overview of where the District stands for 2018 debt service coverage, with revenues coming in at $315.6 million less net operating expenses, giving the District negative revenue available for debt service of $193.2 million. Mr. Duplay noted that the highest management level targets of 2 times on bonds and 1.5 times on total debt service were met.

Stormwater revenues were on budget. These are projected with the fixed fee rate times the number of accounts; adjustments factored in overtime create a slight variance. There was a variance in the stormwater expenses of 18.9 percent or $7.1 million. This compares favorably to the 2017 variance of 35 percent, as a higher utilization was achieved in the second full year of the program. $5.5 million of the variances related to five projects that had delays due to permits, easements, and projects that had to be rebid such as Shaker Lakes Dam Rehabilitation. Without these delays the District would have been nearly on budget for the Stormwater expenses.

Mr. Ciaccia questioned whether the designation "capital land" was land the District is accumulating from purchasing properties. Mr. Duplay explained that most of that cost was $500,000.00 for the parcel brought in the City of Pepper Pike related to the District's Regional Stormwater Management Program (RSMP), as well as the acquisition of permanent easements for projects.

Most of the Stormwater revenues are billed through the City of Cleveland billing agent and the District direct bills $0.8 million.

Moving on to Stormwater Operating Expenses, $3.9 million of indirect costs allocated from the sewer side to stormwater are included in this $30.4 million, with the Watershed Programs Department and their construction activities comprising the majority of this cost. Mr. Duplay noted that the District spent money this year on Beechers Brook, Baldwin Creek, and Pepper Creek Bank Stabilizations, which was a total of $2.8 million. The Doan Brook Stream Bank Stabilization was about $2 million, and the Euclid Creek Flood Control Shoaling Removal Project was
$717,000. Mr. Duplay explained that there are master plans under the RSMP still underway, including the Cuyahoga River North master plan at $3 million and the Rocky River master plan at $2.3 million for 2018. Under contractual services, major expenses for the Stormwater Inspection and Maintenance (SWIM) Department include the stream cleaning and debris removal at $1.2 million.

Mr. Duplay gave an overview of the District’s reserves and mentioned that part of the plan in the rate study is to spend down the cash on hand as the District transitions to loans. The capital account was $165.9 million at the end of 2017 and now it is down $23.6 million to $142.4 million. There are no plans to transfer any money into the rate stabilization account this year. Stormwater cash balances are both up with the District account up about $1.3 million from the end of 2017 and the Community Cost-Share account up about $6.9 million from the end of 2017.

Mr. Duplay provided a quick overview of the District’s investment portfolio at year end. Interest rates continue to go up and a rate of return on the District’s investments for 2018 was 2.14 percent with total investments of $268.4 million. Some investments are being managed by Government Portfolio Advisors (GPA) and some are managed by the District and held in Star Ohio. The other finance information item, provided in the board packet, is the Fourth Quarter Investment Advisor Report from GPA, which reflects the traditional types of investments, general government notes of different flavors with different maturities.

Moving on to the District’s sewer ratio analysis, with every ratio improving or changing in the way it was expected from 2017 – all the District’s liquidity measures were strong. Debt service is meeting all the District’s coverage targets and days of cash on-hand, with a target over 400 days for an entity with the District’s bond rating—going down from 865 days a year ago to 760 days at the end of December. In 2016, the District had 1,101 days of cash on-hand.

Mr. Ciaccia inquired if there would be any discussion regarding rating agencies. Mr. Duplay explained that Moody’s held a surveillance call with the District to determine whether financial plans have changed significantly. Moody’s just issued an updated report affirming the District’s bond rating.

Next, Mr. Duplay explained the current proposed 2019 budget. The District is projecting a 3 percent decline in consumption from the 2018 actuals. With the 8.3 percent rate increase, sewer revenue is anticipated to be about $328.8 million for next year. The result is a projected increase of 7.9 percent in sewer revenue. The proposed sewer operating expense budget is $137.6 million and debt service is $99.8 million. Mr. Duplay highlighted the projected coverages for next year of 3.88 times on bonds and 1.92 times on all debt—well within the District’s financial metrics.

Mr. Duplay provided an overview of the capital expenditures, which increased budget to budget for next year and which should be the District’s third year in a row of a new record in terms of capital expenditure. Debt service is projecting to go up about 4.2 percent.
The operating revenue budget will be left flat for the stormwater revenue – operating expenses are to increase to about $48.5 million including the stormwater indirect allocation and there is also a budget of $4 million for land and easements for stormwater next year.

Mr. Duplay concluded his report by stating the District has met all the financial benchmarks for 2018 and has remained within the rate study parameters. The proposed 2019 budget will also be within those parameters, projecting a 0.4 percent increase in operating expenses for 2019 and a 29.3 percent increase for stormwater. The District will continue to meet debt service coverage targets. Mr. Duplay noted there would be a more detailed discussion of the proposed budget during the Finance Committee review on March 14th with an anticipated Board approval during the March 21st Board meeting.

CEO Dreyfuss-Wells noted that Mr. Duplay and his team have done a phenomenal job and highlighted that this is done in a context of 8.3 percent rate increases and District customers are heading towards a $95 per mcf per month charge. The District is funded by rate increases that are supportable but also significant for customers to pay.

The Board moved discussion to the Capital Improvement Program monthly update for January 2019. Ms. Marshall began her report by providing the Board with an explanation for the value engineering goal of 2019 which is set at $15 million and looking at the District’s cash flow, planned cash flow on construction is $237 million compared to last year at $245 million. If the District were to deliver 85 percent of the planned cash, the District would come in at about $181 million.

Regarding the month of January, the District came in at 60 percent of planned cash flow. This is on the low end; however, it is not uncommon with winter weather and in January a lot of the contracts were shut down for a couple of days during the really cold weather. The actual dollar amount paid out was approximately $10.5 million.

Moving on to the District’s planning level KPI’s, during January the District achieved 2 of the 6 required 2019 consent decree compliance reporting and performance milestones – the first being around the semi-annual report, which was submitted to the government towards the end of January and is also available on the District’s website. Ms. Marshall also noted the District achieved full operation on Control Measures 9, 10 and 11 – completing operation training on the Superior Avenue Pump Station project which was the carryover from 2018.

Next, Ms. Marshall explained that two construction projects achieved substantial completion in January, the first being the First Stage Aeration Tank and Return Sludge Pump Station project at $15 million and the second being the Westerly Plant Fiber Replacement project at $524,000. Ms. Marshall noted that both projects achieved substantial completion within 90 days of plan, meeting the KPI.

During January, the District closed construction on the Dugway South Relief and Consolidation Sewer Project, a $22.6 million contract – closing within 95 percent of the original contract amount, meeting both that KPI and the District’s Business Opportunity Program (BOP) goals. This project was set at 18 percent, but the District is projecting closing to greater than 32 percent BOP
achievement. Moving to the District’s work orders on that project, which came in at 2.5 percent overall final contract amount for a total dollar amount of approximately $568,000.00. Ms. Marshall provided the Board with slides showing the majority are related to differing and unforeseen site conditions at 1.36 percent, which is not common for projects being performed underground, and claims were at about 1.1 percent. Ms. Marshall noted that the project had a waterline relocation that needed to be done and, due to some miscommunication during the design phase, the relocation took longer than anticipated, resulting in a 180-day delay claim for extended overhead.

Next, Ms. Marshall highlighted the construction being performed under the East 140th Consolidation and CSO Relief Sewer Project, a $69.4 million contract located primarily in the City of East Cleveland but with a portion in the City of Cleveland. The District will install approximately 14,000 feet of new sewer through tunneling construction for CSO relief and just under 19,000 feet of new sanitary and storm sewer through open-cut construction. Ms. Marshall also noted the Green Infrastructure (GI) portion of the project where the District will construct three large GI basins in the City of East Cleveland pursuant to Appendix 3 of the District’s Consent Decree, and mentioned this project will be the largest input to the Dugway Storage Tunnel which will store and control approximately 376 million gallons of annual CSO, in addition to the three GI basins which will provide additional six million gallons of annual CSO control. This project is scheduled to be completed in May of next year. The environmental and community benefits of this - the CSO control at Nine-Mile Creek and Shaw Brook – capturing and controlling a total volume of 350 million gallons. Ms. Marshall noted that there are other benefits to this project including the restoration of roads and sidewalks, and the installation of park-like amenities, as well as four shaft sites that are part of the current specialized site restoration construction contract and one additional site under a future site restoration contract. Ms. Marshall ended her report by highlighting that the District will be restoring approximately one-and-a-quarter miles of roads in the overall project area and restoring about 2,700 feet of new sidewalks.

Mr. Brown thanked the District for its work in improving the quality of life due to the restoration being done to these community spaces because these projects can leave a destructive impact on these communities. Mr. Brown noted that the program is being run well by the District and the District is doing a great job in helping community members understand the value added to their communities even though there are some required steps that need to take place before the improvement and value can be seen.

VIII. Open Session

There were no items.

IX. Public Session (any subject matter)

CEO Dreyfuss-Wells indicated that Michael Piepsny from AFSCME Local 2798 had requested to address the Board. Mr. Piepsny stated that he is the chief negotiator in the AFSCME contract negotiations with the District. Mr. Piepsny mentioned that the negotiations were referred to a Fact-Finder who heard 19 issues. The Fact-Finder issued a report and both counsel for the Sewer District and himself were provided a draft copy. The Fact-Finder then issued his report. Mr.
Piepsny then discussed AFSCME’s representation of approximately 250 employees. He discussed the good work that these employees perform for the District. Mr. Piepsny then indicated that the District’s Attorney, Mr. Dileno, contacted him late yesterday with what he felt was a mistake in the report. Mr. Piepsny stated that the report was already presented to the union members and they are scheduled to vote on the matter tomorrow. Mr. Piepsny then asked the Board to accept the Fact-Finder’s report and move forward with the contract.

Mr. Brown noted the comments from Mr. Piepsny were appreciated by the Board.

X. **Executive Session**

**MOTION**- Mr. Bacci moved pursuant to Ohio Revised Code Section 121.22(G)(4) to enter into Executive Session to prepare for and review the negotiations and bargaining sessions with District employees concerning their compensation and other terms and conditions of employment. Roll call vote: all yes, enter into executive session at 1:42 p.m.

XI. **Approval of Items from Executive Session**

Following executive session, the Board returned to regular session at 2:07 p.m. to consider Resolution No. 51-19.

**MOTION** – Mr. Ciaccia moved and Mr. Sulik seconded to reject the Fact-Finding report and recommendation of Jonathan I. Klein, Fact-Finder, in the matter between the Northeast Ohio Regional Sewer District and Ohio Council 8, American Federation of State, County and Municipal Employees AFL-CIO, Local 2798 Serve Case 2017-MED-08-0902 Without objection, the motion carried unanimously.

Mr. Brown requested that a statement of the Discussion of Items after Executive Session be included in the Record for this Meeting. The Statement is as follows:

**DISCUSSION OF ITEMS AFTER EXECUTIVE SESSION**

The Board received the February 15, 2019 Fact-Finding Report and Recommendation issued by Fact-Finder Jonathan Klein in the matter between the District and AFSCME. The Board was advised that Fact-Finder Klein has indicated that an error in the report will be corrected. Under these circumstances, it is pre-mature for the Board to consider the Fact-Finding Report and Recommendation for approval. Therefore, due to the timeframes imposed by state law, a rejection today is necessary to allow for the corrections, a review of the final revised Fact-Finding Report, and then a vote on the final corrected report.
XII. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved and Mr. Sulik seconded the motion to adjourn at 2:10 p.m. Without objection, the motion carried unanimously.

Timothy J. DeGeeter, Secretary
Board of Trustees
Northeast Ohio Regional Sewer District

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