

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
AUGUST 18, 2022

A Regular Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District (NEORSO) was called to order at 12:30 p.m. by Darnell Brown.

I. Roll Call

Present: Darnell Brown
Ronald Sulik
Timothy DeGeeter
Samuel Alai
Jack Bacci
Marjorie Chambers
Sharon Dumas

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

II. Approval of Minutes

MOTION – Mayor Bacci moved, and Ms. Chambers seconded to approve the Minutes of the August 4, 2022 Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

There were no items.

IV. Chief Executive Officer's Report

Ms. Dreyfuss-Wells provided an update regarding NEORSO's ongoing COVID-19 pandemic response and informed the Board that NEORSO staff has no active COVID-19 cases, and 3 employees with COVID-19-like symptoms. There has been a total of 225 employees with confirmed diagnoses since the beginning of the pandemic, all of whom have recovered and returned to work.

President Biden signed the Inflation Reduction Act of 2022 this week, which while not focused on water, includes initiatives with potential investment in communities in clean water to address issues like climate change, environmental justice, and clean energy. Funding includes \$1.9 billion for the Department of Transportation to improve affordable transportation and includes stormwater management in disadvantaged communities; \$3 billion for the EPA's Environmental and Climate Justice Grants to help disadvantaged communities with activities related to climate

resilience and adaptation; and \$873 million for HUD to support water and energy efficiency improvements in affordable housing. NEORSD will continue to monitor the situation, but its focus remains on obtaining funding through the Infrastructure Investment and Jobs Act.

The Ohio Water and Environmental Association (OWEA) held their annual technical conference July 25 through July 28 in Cleveland. NEORSD received several awards at the event, including two collection system safety awards for Sewer System Maintenance and Operation (SSMO) and a safety certificate for Environmental Services. Criteria for these awards included providing proper training, OSHA reportable accidents and injuries, conducting safety meetings, doing accident prevention and investigations, emergency action plans, lockout/tag-out and confined space training. Frank Greenland, Director of Watershed Programs, also received the Select Society of Sanitary Sludge Shovelers (5S) Award for his contributions to the industry.

NEORSD has been awarded the 27th Annual Achievement of Excellence in Procurement for 2022 from the National Procurement Institute. NEORSD has received this award every year since 2015, except for 2017. Ms. Dreyfuss-Wells offered kudos to Jackie Williams, Manager of Procurement Services, and the Finance Department for their work to receive such an award.

NEORSD earned recognition for three graphic design projects from Graphic Design U.S., including the 2022 employee calendar, one of the six 50th anniversary seals, and the 2021 employee newsletter announcing the rebranding.

Ms. Dreyfuss-Wells provided photographs from employee facility tours and advised that 56 employees toured the Easterly WWTP, various Green Infrastructure sites, and the Watershed Stewardship Center at West Creek in Parma. The initiative provided the opportunity for staff to see and appreciate the stormwater management and wastewater treatment performed by NEORSD and meet and interact with other employees that they might not otherwise. Board Member Marjorie Chambers attended a tour as well.

V. Action Items

Authorization to Advertise

Resolution No. 264-22	Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Section 6119.10, for the Chippewa Creek Bank Stabilization at Route 21 in Brecksville project with an anticipated expenditure of \$2,246,500.00.
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MOTION – Mayor Bacci moved, and Ms. Chambers seconded to adopt Resolution No. 264-22. Without objection, the motion carried unanimously.

Authorization to Enter Into Agreement

Resolution No. 265-22 Authorization to enter into a project agreement with the Board of Park Commissioners of the Cleveland Metropolitan Park District to provide local match funding toward the Cleveland Metroparks' Foster's Run Stream Restoration project in an amount not-to-exceed \$40,000.00, combined with \$500,000.00 from the Board of Park Commissioners of the Cleveland Metropolitan Park District to be paid from H2Ohio project grant funds toward the total project cost of \$540,000.00

MOTION – Mr. Sulik moved, and Ms. Dumas seconded to adopt Resolution No. 265-22. Without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 266-22 Authorization to enter into a three-year contract with Cintas Corporation for uniform services at all District facilities through the Omnia Partners cooperative purchasing program in an amount not-to-exceed \$563,358.90.

MOTION – Ms. Chambers moved, and Mayor Alai seconded to adopt Resolution No. 264-22. Without objection, the motion carried unanimously.

Authorization to Amend Agreement

Resolution No. 267-22 Authorization to amend professional services Agreement No. 17006784 with Stantec Consulting Services, Inc. for the Stormwater General Engineering Services – 2 project to include additional work scope for construction administration/ resident engineering and closeout services necessary for the Upper Ridgewood Basin Improvement project and to increase the agreement amount by \$123,638.00, thereby bringing the total agreement amount not-to-exceed \$1,873,638.00.

MOTION – Ms. Dumas moved, and Mayor Bacci seconded to adopt Resolution No. 267-22. Without objection, the motion carried unanimously.

Authorization to Amend Policy

Resolution No. 268-22 Authorization to amend the District's Debt Management Policy, originally adopted in Resolution No. 61-07 and amended in Resolution 295-10, to include various changes, including the incorporation of a revised Interest Rate Swap Policy, all as presented.

MOTION – Mr. Sulik moved, and Ms. Dumas seconded to adopt Resolution No. 268-22. After the following discussion, without objection, the motion carried unanimously.

President Brown requested an explanation of the changes to the policy. Ken Duplay, Chief Financial Officer, explained that while there is significant redlining to the text, the core concepts and principles are the same.

The original Debt Management Policy was drafted in 2007 and last edited in 2010, during a very different time from a financial perspective, as NEORSD was entering into the Consent Decree and anticipating frequent bond issuances. The changes incorporate some of the current financial factors, such as changes in the Ohio Water Pollution Control (OWPC) loan program.

NEORSD worked with its financial advisors from Baker Tilly Municipal Advisors to revise the policies and combine the existing Interest Rate Swap Policy into one comprehensive Debt Management Policy.

The policy remained the same in terms of the Board having approval authority over all debt transactions. NEORSD continues to focus on identifying the lowest cost options for financing the Capital Program with the best long-term impacts on rates. The wastewater priority of funding remains the same, with a preference for grant funding, low interest loan funding, and cash when available. NEORSD is not changing the Board debt service coverage policies.

The savings thresholds for refunding transactions remains at 4%, and while there was a significant rewrite to the interest rate swap portion of the policy, NEORSD continues to move with extreme caution and has no interest in pursuing derivative transactions at this time.

Changes to the policy include some general updates pursuant to Government Finance Officers Association best practices. Additionally, NEORSD codified the standing policy to not issue debt for the stormwater program. This is due to the fact that the capital load on the sewer side, driven primarily by the Consent Decree requirements, is significant, with \$2 billion outstanding.

NEORSD increased the maximum borrowing length from 30 years to 40 years in alignment with the Ohio Revised Code. Earlier this year, NEORSD took out a 40-year structured loan for the Shoreline Storage Tunnel and has done some 35-year bonds in the past.

Ms. Dumas commented that the updated policy is very specific about what happens at each step of the process to provide clarity as to responsible staff members without significant substantive changes. Mr. Duplay indicated that was the intent of the rewritten policy.

Authorization for Bond Defeasance

Resolution No. 269-22	Providing for the defeasance of a portion of the Series 2014 Bonds maturing November 15, 2049 and a portion of the Series 2020 Bonds maturing November 15, 2049, in an amount not to exceed \$90,000,000, previously issued for the purpose of acquiring, constructing and improving water resource projects and for refunding obligations previously issued for that purpose; authorizing the execution of an Escrow Agreement for the purpose of effecting the defeasance of the Defeased Bonds; and authorizing such other actions as are necessary and appropriate to accomplish the transactions hereby authorized.
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MOTION – Ms. Dumas moved, and Mayor Bacci seconded to adopt Resolution No. 269-22. After the following discussion, without objection, the motion carried unanimously.

President Brown requested additional information regarding thresholds for debt service and what some of these things mean in terms of dollars.

Mr. Duplay explained that beginning early last year, NEORSD worked closely with Baker Tilly to identify capital financing opportunities and the best ways to utilize available cash and developed a three-pronged plan of finance. First was the 2021 bond refunding, which specifically left behind some large maturities of the 2014 bonds to potentially defease in the future as the ripest in terms of financial savings.

Next were the two large low-interest WPCLF loans for the Shoreline Storage Tunnel and the Westerly Chemically Enhanced High-Rate Treatment projects. These are the last new loans for the foreseeable future. Both of the loans have interest rates below 2%.

In December 2021, NEORSD performed the first step in defeasement activity. The next step in the process will be to defease the remaining 2014 bonds, as well as some 2020 bonds. This transaction will address two maturities from the 2014 bonds both with 4% interest rates and two maturities from the 2020 bonds with 3.3% interest rates. These are very long maturities, with an estimated need of \$87.3 million in cash to defease them, resulting in approximately \$79.5 million in savings, or approximately 94.5% of defeased par.

On a year-by-year basis, this will result in a savings of \$3.1 million in debt service. That debt service reduction has ongoing impact on debt service coverage, which is the driver in the rates. This

transaction, combined with the others, provides the best opportunity to have the most impact on rates going forward.

Mr. Duplay provided a graphic and explained that the chart demonstrates that there will be opportunity to utilize debt capacity in the future for large projects coming up, such as the Southerly Storage Tunnel, without having significant impact on near-term rates.

President Brown thanked Mr. Duplay for his diligence in this regard and added that this is a significant opportunity for NEORSD and its ratepayers.

Property Related Transaction

Resolution No. 270-22	Authorization to acquire one permanent stormwater easement at the property known as PPN 457-20-006, located on East Linden Lane, in the City of Parma, owned by the West Creek Conservancy, necessary for the ongoing maintenance of the floodplain along Baldwin Creek with total consideration of \$1.00.
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MOTION – Mayor Alai moved, and Ms. Chambers seconded to adopt Resolution No. 270-22. Without objection, the motion carried unanimously.

Hearing Officer Findings and Recommendations

Resolution No. 271-22	Adopting the findings and recommendations of the Hearing Officer regarding the sewer account of Robert Buchwald, Sewer District Hearing No. 21-002, that no further adjustments be made.
Resolution No. 272-22	Adopting the findings and recommendations of the Hearing Officer regarding the sewer account of BP Corporate Properties, LLC, Sewer District Hearing No. 21-013, that no further adjustments be made.
Resolution No. 273-22	Adopting the findings and recommendations of the Hearing Officer regarding the sewer account of Lori Obney, Sewer District Hearing No. 20-016, that no further adjustments be made.

MOTION – Ms. Chambers moved, and Ms. Dumas seconded to adopt Resolution Nos. 271-22 through 273-22. Without objection, the motion carried unanimously.

Authorization to Assist Member Communities

Resolution No. 274-22 Authorization to assist member communities in nominating projects to the Ohio EPA (OEPA) for Infrastructure Investment and Jobs Act (IIJA) funding, as presented, and authorization to enter into project agreements with those member communities selected by OEPA to receive IIJA funding to allow one or more District engineering consulting firms to perform the design services for such projects, with no cost to the District.

MOTION – Mr. Sulik moved, and Mayor Bacci seconded to adopt Resolution No. 274-22. After the following discussion, without objection, the motion carried unanimously.

President Brown noted that the description indicates that the intention is to provide assistance and support and asked for an explanation of what this would entail.

Devona Marshall, Director of Engineering and Construction, explained that, as the first step, NEORSD would be assisting the communities in developing and submitting their applications utilizing information gathered by NEORSD via the local sewer system evaluation studies (LSSES). If the communities are successful in obtaining funding, the next step would be for NEORSD to manage the procurement and the design contracts required to deliver those projects.

President Brown noted that the associated Resolution Requests also states that this would allow NEORSD to utilize one or more of the NEORSD engineering consultant firms for the purposes of design services and given NEORSD's relationship with some of the member communities, how that would impact communities that have their own staff or consultants that act as their city engineer. Ms. Marshall explained that it will depend on the amount of funding received and for how many projects. The primary goal is to be efficient in delivering the projects and ideally be able to package them under one design and deliver them in one construction project in hopes that if successful in obtaining funding for the design portion, NEORSD in coordination with the communities could go back in future years and obtain funding for the construction portion. Conversely, if only a small amount of the \$8 million is awarded, there is a good chance that NEORSD would utilize existing contracts, such as general engineering services. Additionally, there could be an option to issue a request for proposal and encourage the local consulting firms who perform more work in the communities to submit proposals on the design projects.

President Brown commented that this is a fair response, and this is just the beginning of this program process which can become, from a design and construction aspect, very good for the local economy of consultants and engineers in the area.

VI. Information Items

Ms. Marshall provided the Capital Improvement Program update for July 2022, beginning with cashflow, which ended at 78% of planned, with \$15 million paid out in July for a year-to-date total of \$108.4 million.

Regarding key performance indicators (KPIs), the design phase of the Easterly Tunnel Dewatering Pump Station Ground Water Drainage Cleaning Repairs Project, which has an estimated construction cost of \$800,000, was completed within 60 days of planned, meeting that KPI.

The Southerly Second Stage Settling Tank Improvements Project, which is a \$38.4 million construction contract, achieved substantial completion within 90 days of planned, meeting that KPI.

The construction contract for the District-Wide HVAC Equipment and Systems Upgrade Project was closed at \$4.5 million which is within 95% of the original contract amount meeting that KPI. However, the KPI for the Business Opportunity Program (BOP) goal of 15% MBE/WBE and 5% SBE was not met, as the projected actual was 2.1% MBE/WBE and 94.5% SBE. This is because the MBE/WBE firm that was slated to perform the work could not meet the contract commitments due to COVID-19 related issues. The work did end up going to an SBE firm, which bumped the percentage to 94.5%. The work orders by change categories as a percent of construction came in at 4.8%, equating to \$182,000, the majority of which fell under the category of owner requested changes.

The design/build construction contract for the Southerly Miscellaneous Disinfection and Solids Handling Improvements Project was closed at \$4.35 million which is within 95% of the original contract amount meeting the KPI. The BOP goal of 15% MBE/WBE and 5% SBE was exceeded with projected actuals of 29.89% MBE/WBE and 5.48% SBE. The total work orders by change categories for the project were 3.35%, equating to approximately \$141,000, the majority of which was due to owner requested changes.

Ms. Marshall invited Robin Rupe, Project Manager, to provide an update regarding the Westerly Chemically Enhanced High-Rate Treatment Project (WCEHRT).

Ms. Rupe advised that objectives for this project include maintaining treatment with both chemically enhanced primary treatment and high-rate treatment for disinfection; increasing the current capacity of 300 million gallons per day (GPD) to 411 million GPD; and trying to avoid negative impacts to Combined Sewer Overflow (CSO) 069 activation, as this is the CSO that discharges at Edgewater Beach. NEORSD has been working on improvements to the collections system to provide a ten-year storm level of service at that location.

The WCEHRT Project is expected to last from April 2022 through September 2026. Some impacts of the project include Whiskey Island Drive Closure, a new entrance to Westerly, and relocated employee parking.

Ms. Rupe provided graphics of the plant and some history explaining that it was built in the 1910's, the original tanks, which are currently used for settling at CSOTF were likely installed in the 1930's as IMHOFF tanks, and NEORSD modified those tanks in the 1970's and early 1980's for their current use.

Ms. Rupe provided graphics demonstrating where the new facility and additional settling and disinfection tanks will be, as well as the new control building and related equipment.

The primary purpose of the project is to comply with the Consent Decree and protect the WWTP and Lake Erie during wet weather events. Once NEORSD is able to achieve the 411 million GPD, there will be a bypass pipe, the effluent flow conduit, installed around the facility and flow chamber to capture an additional 480 million gallons. In extreme events, flow above 900 million gallons, can be sent through the center channel, which is what is currently used when the system cannot handle the flows in the existing tanks. NEORSD will have the capacity for about 600 more million gallons through the center channel, allowing approximately 1.5 billion gallons of capacity at this facility.

Ms. Rupe demonstrated where the new entrance will be located, as well as security, contractor parking, employee parking, a temporary easement from the Port of Cleveland, and the effluent flow conduit. Because a portion of the conduit will need to be installed under Whiskey Island Drive, this portion of the project will be performed with one or both lane(s) closed, during the months of November through March, so as to not interrupt traffic during the recreation season. Additionally, NEORSD has worked with the neighboring businesses and security to provide access to a restricted list of individuals to move through the plant during these closures. Additionally, NEORSD has worked with the City of Cleveland to ensure that emergency vehicles could comfortably gain access to the area if needed during this period.

The second phase of construction will be similar to what was done at Easterly for its improvements with the large tanks and big excavation pit. At Westerly, the tanks will need to butt directly up to the existing CSOTF tanks, which will necessitate full shutdown of the facility from the fall of 2023 and into 2025, and no longer sending flow through the center channel or tanks. Modifications will also be made in the existing tanks and dewatering building to reduce flow. This means that there will still be stormwater coming to the effluent flow conduit from the CSOs. While there will not be the ten-year level of protection at CSO 069, there will be some protection so that it will not be overflowing during typical storm events.

This second phase of the construction will be ongoing through August of 2025 and will include relocating a waterline that is located under the new Metroparks trail. This construction will be

performed at night and during the off season to impact the businesses in the area as little as possible.

The third phase of the project will be the commissioning phase during 2025 and 2026 and will involve some chemical improvements to provide for the disinfection and other feeds of chemicals in the system. The commissioning and startup will be in 2026.

Ms. Rupe reiterated that NEORSD has coordinated with many local agencies to attempt to reduce impacts of the project to the area and nearby CSO.

President Brown noted that although there are some project similarities to Easterly, the construction at Westerly must take place within a much smaller footprint, which is surrounded by important neighbors, such as the water system plant and yacht club. Additionally, the flow that comes from the northwest interceptor to reduce basement flooding and discharges into the environment that has existed historically. This project will present significant challenges to stay on schedule and not impact surrounding entities and their seasonal programs.

Ms. Marshall added that NEORSD staff are environmentalists who do their jobs well and this will not be a small undertaking. This is a sophisticated construction and design project with multiple challenges. However, NEORSD has its best team on the project and is hopeful that the project will be successful with no major complications.

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.

XI. Adjournment

MOTION – President Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved, and Ms. Dumas seconded the motion to adjourn at 1:22 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