

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
FEBRUARY 20, 2020

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: Darnell Brown
Ronald Sulik
Samuel Alai
Terence Joyce
Jack Bacci
Timothy DeGeeter

ABSENT: Sharon 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 6, 2020, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

Mayor Annette Blackwell of Maple Heights addressed the Board to discuss Resolution No. 56-20, authorizing the amendment of the 2019 Member Community Infrastructure Grant Program agreement with the City of Maple Heights to change the scope of the ongoing manhole sewer separation project.

Mayor Blackwell thanked the District for its leadership in assisting member communities such as Maple Heights in addressing the challenges of water quality and quantity issues associated with failing sewers that adversely impact human health and the environment, stating that the Program has provided a funding opportunity which allows the City to complete sewer infrastructure repair and rehabilitation projects that it otherwise would not be able to undertake.

Maple Heights City Engineer, Ed Hren, is working closely with the District's engineering staff and the Cuyahoga County Department of Public Works to design and construct projects that improve both the condition and the function of the City's local sewer systems. The project is intended to identify a cost-effective repair program that can be replicated throughout the City of Maple Heights and other suburbs. The common goal is to identify and remove sources of inflow

and infiltration into both the local and NEORSD sewer system to alleviate basement flooding and sewage releases into the environment.

In conclusion, Mayor Blackwell thanked the District for its efforts in helping local communities make progress towards creating environmentally sustainable and healthy communities by protecting regional water sources.

President Brown thanked Mayor Blackwell for her comments and efforts to address her City's sewer issues, noting that Maple Heights likely has a number of common trench sewers. He additionally noted that it is significant that the District and local communities have found a way to positively impact the communities and at the same time, assist the District in managing long-term CSO issues.

IV. Chief Executive Officer's Report

Kyle Dreyfuss-Wells, Chief Executive Officer, reminded the Board that at the February 6, 2020 Board Meeting there were questions regarding the property purchases in the City of Seven Hills as part of the Hemlock Creek Bank Stabilization Project under the Regional Stormwater Management Program (RSMP), which is part of a larger strategy to remove hazards from the floodplain. Ms. Dreyfuss-Wells invited the Watershed Programs Department to provide an update regarding that project and property acquisition as well as the floodplain restoration strategy.

Frank Greenland, Director of Watershed Programs, advised the Board that one of the key goals in the RSMP is to provide a high level of protection against stream flooding. The District is attempting to attain a 100-year level of protection where possible. When the District performs master planning studies it develops alternatives to address erosion, flooding, and water quality problems, which at times, involves voluntary strategic property acquisition to provide a high level of protection. In 2019, there was over \$5 million of voluntary property acquisition within the Program.

Matt Scharver, Deputy Director of Watershed Programs, addressed the Board regarding the Program's strategy and the Hemlock Creek project.

Mr. Scharver advised that the stormwater construction plan prioritization process takes place each August and drives the department's stormwater construction plan. Regarding property acquisition, the District engages with the member communities prior to the start of each project, ensuring that the projects are vetted with local leaders before engaging with property owners.

As for property maintenance, District policies ensure security and maintenance of the properties until the structures are demolished.

Regarding long-term protection, the District obtains permanent stormwater easements on all properties for which something is left behind in terms of restoration and looks for community partners to provide ownership. This allows the District and its partners to use easements to protect properties in perpetuity by extinguishing development rights. There are other tools that

communities can use such as riparian setback codes and floodplain ordinances, however, a property owner can get the proper permits to vary from those requirements, so these tools do not always provide long-term protection.

Mr. Scharver shifted the discussion to the Hemlock Creek Bank Stabilization Project, providing a map demonstrating the scope of the project and homes experiencing erosion. Some of the homes have had frequent flooding and have been modeled and field verified through the stormwater master plan.

Mr. Scharver provided additional maps demonstrating the changes to Hemlock Creek and its tributaries' alignment and floodplain over the decades, as well as changes in forestation and property development encroaching on the Creek.

Mr. Scharver then showed images demonstrating the property acquisitions and what will be the restored floodplain, culvert crossings and riparian area for a portion of the Creek. There are 11 parcels that will become a part of the strategies.

In closing, Mr. Scharver provided images of the completed Pepper/Luce Creek stream restoration project, demonstrating the removal of a residential structure, complete reset of the riparian corridor, newly established floodplain, and proper meanders and alignment of the stream. It is anticipated that this Pepper Pike stream will be safe from erosion threats to properties for decades to come.

President Brown stated that it is striking what nature can do in terms of changes in rainfall patterns, and that it begs the question as to whether the additional capacity these projects allow for will be enough in the future.

Mr. Greenland responded that things would continue to change, requiring vigilance. He added that many areas previously flooded yearly or twice yearly and even if flooding was not reduced to every 100 years, reducing the frequency to once every 10 or 25 years is a significant improvement.

V. Action Items

Authorization to Advertise

Resolution No. 51-20	Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for the GJM 2nd Floor Office Space Renovation project with an anticipated expenditure of \$342,000.00.
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MOTION – Mr. Sulik moved, and Mayor Alai seconded to adopt Resolution No. 51-20. Without objection, the motion carried unanimously.

Authorization to Issue Request for Proposals (RFP)

Resolution No. 52-20 Authorization to issue an RFP, in accordance with Ohio Revised Code Chapter 6119, for the Enterprise Content Management Implementation project.

MOTION – Mr. Joyce moved, and Mayor Bacci seconded to adopt Resolution No. 52-20. After the following discussion, without objection, the motion carried unanimously.

President Brown inquired as to what District-wide goal Enterprise Content Management (ECM) is intended to accomplish.

Mohan Kurup, Director of Information Technology, advised that this is the final phase of the District choosing a partner and software for ECM. The goal is to have a document management system providing a common platform across the District, allowing departments work together more smoothly with all of the data in one place.

The District previously engaged a company called Access Sciences to provide recommendations and demonstrations to address the needs of each department, assisting the District in making decisions to move forward with implementation of a document management system.

Authorization to Purchase

Resolution No. 53-20 Authorization to purchase and install furniture through the State of Ohio Cooperative Purchasing Program for the GJM 2nd Floor Office Space Renovation project in an amount not-to-exceed \$160,000.00.

MOTION – Mayor Alai moved, and Mayor Bacci seconded to adopt Resolution No. 53-20. After the following discussion, without objection, the motion carried unanimously.

President Brown requested additional information regarding the Technical Services Group (TSG).

Jim Bunsey, Chief Operating Officer, explained that TSG is a budget center that was newly formed mid-2019. TSG is building on the success of the controls group which brought improved document control, project management and scheduling to the Engineering and Construction Department and which expanded to the Watershed Programs Department. With the TSG group, the District is expanding that concept more globally by providing increased support services to the Operation and Maintenance Department. It has also brought together people from Engineering and Operations and Operations and Maintenance into this budget center that do very similar types of processes, combining it under a common leadership and reporting to the COO.

Authorization to Enter Into Agreement

Resolution No. 54-20 Authorization to enter into a project reimbursement agreement with West Creek Conservancy to provide funding toward the acquisition of PPN 452-17-001, located in the City of Parma, necessary for operation and maintenance of the Regional Stormwater System in an amount not-to-exceed \$300,000.00.

MOTION – Mayor Bacci moved, and Mr. Sulik seconded to adopt Resolution No. 54-20. After the following discussion, without objection, the motion carried unanimously.

President Brown asked whether this is an acquisition to protect additional floodplain. Mr. Greenland advised that this is an opportunistic acquisition done in conjunction with a grant that West Creek Conservancy has received, which furthers the District’s opportunity for improvements along West Creek. Clean Ohio contributed \$1.56 million for this acquisition.

Authorization to Amend Agreement

Resolution No. 55-20 Authorization to amend Agreement No. 18001244 with the Village of Valley View in support of the Village’s Ohio Emergency Management Agency’s Hazard Mitigation Grant Program Funding Award in an additional amount of \$47,937.00 for an amended total agreement amount not-to-exceed \$70,782.00.

Resolution No. 56-20 Authorization to amend the 2019 Member Community Infrastructure Grant Program Agreement with the City of Maple Heights for the City of Maple Heights Manhole Sewer Separation project to change the project scope to include additional sewer rehabilitation work with no change in the total Agreement amount.

MOTION – Mr. Sulik moved, and Mayor Bacci seconded to adopt Resolution Nos. 55-20 through 56-20. Without objection, the motion carried unanimously.

Authorization of Contract Modification

Resolution No. 57-20 Authorizing final adjusting change order for Contract No. 18006038 with Stevens Engineers & Constructors, Inc. for the Colombo Park Stream Restoration project by decreasing the contract amount by \$193,327.22, thereby bringing the total contract amount to \$1,351,491.48.

Resolution No. 58-20 Authorizing final adjusting change order for Contract No. 18004521 with Brewer-Garrett for the Southerly Building Heat Boiler System Upgrades project by decreasing the contract amount by \$690,606.14, thereby bringing the total contract amount to \$8,142,789.86.

Resolution No. 59-20 Authorizing final adjusting change order for Contract No. 19002803 with C.D. Whitfield Company, LLC for the Westerly CSOTF Boiler project by decreasing the contract amount by \$693.67, thereby bringing the total contract amount to \$331,460.93.

MOTION – Mayor Alai moved, and Mr. Joyce seconded to adopt Resolution Nos. 57-20 through 59-20. Without objection, the motion carried unanimously.

Property Related Transaction

Resolution No. 60-20 Authorizing the District to acquire one permanent stormwater easement on property known as part of Summit County PPN 3203184, located at 73 Brandywine Drive, in the City of Hudson, owned by Michele L. Schulte and William J. Schulte, III, Trustees of the Michele L. Schulte Revocable Trust Agreement, Dated August 14, 2013, and Michele L. Schulte and William J. Schulte, III, Trustees of the William J. Schulte III Revocable Trust Agreement, Dated August 14, 2013, necessary for the construction and maintenance of the Brandywine Creek Bank Stabilization on Brandywine Drive project with total consideration of \$1.00.

Resolution No. 61-20 Authorizing the District to acquire one permanent stormwater easement and one temporary easement on property known as part of PPN 871-39-014, located at 31819 Shaker Blvd., in the City of Pepper Pike, and owned by Rosemary Donzella, necessary for the construction and maintenance of the Pepper Luce Creek Culvert Replacement at Shaker Blvd. project with total consideration of \$18,500.00.

MOTION – Mayor Bacci moved, and Mr. Sulik seconded to adopt Resolution Nos. 60-20 through 61-20. Without objection, the motion carried unanimously.

Sewer Use Code Matters

Resolution No. 62-20 Adopting the findings of the Hearing Officer with regard to the sewer charges on the account of Ms. Odarkor Lawson-Ogbogu, Sewer District Hearing No. 20-001, that the customer’s account be credited in the total amount of \$2,457.18.

MOTION – Mr. Sulik moved, and Mr. Joyce seconded to adopt Resolution No. 62-20. Without objection, the motion carried unanimously.

VI. Information Items

1. Program Management Status Report and Update – January 2020

Devona Marshall, Director of Engineering and Construction, provided an update regarding the Capital Improvement Program for the month of January 2020.

The planned cashflow for 2020 is \$230 million and \$10 million was paid out in January, equaling 71% of planned for the month. There were two projects that lagged in pay applications, which would have brought the budget to 96% of planned had they been timely.

Regarding key performance indicators (KPI) at the planning level, there are four required Consent Decree compliance reporting and performance milestones due in 2020, including the semiannual reports due January 31 and July 31 each year. These reports are submitted to both the Federal and Ohio EPA, the Department of Justice, and the Ohio Attorney General. They cover the previous six-months' activities as well as the planned activity for the upcoming six months. January's report was submitted on January 29, meeting the KPI.

In the month of January, the District achieved substantial completion on two projects. The first was the Southerly Renewable Energy Facility (REF) improvements project which was achieved within 90 days of planned, meeting the KPI. There was also substantial completion achieved on the Dugway Storage Tunnel project, although not within 90 days of planned, so the KPI was not met on that project.

As for CSO large tunnel construction projects that are ongoing, the Dugway Storage Tunnel is a \$153 million construction contract. It includes a 24-foot diameter tunnel, 15,000 feet in total length with six shafts. The District activated this tunnel system at the end of last year. The District has completed training of the Operation & Maintenance staff and the final completion and close out of this project is scheduled for May 2020. Of note, the biggest input to this tunnel system will be the East 140th Consolidation Sewer project, which is still under construction, but scheduled to be activated and send flows to the tunnel system in May 2020.

As for environmental benefits of this project, the main benefit is CSO control, with 376 million gallons of annual reduction with this tunnel from four outfalls: two are tributary to the Doan Brook; one to Nine-Mile Creek; and one to Shaw Creek. In addition, there will be restoration of the local streets and sidewalks in the area of construction. Of note is the site restoration that is planned at three of the six shaft sites. Three restorations are being done under the specialty contract which is in progress and scheduled for completion at the end of this year, including site restoration at St. Clair Avenue and Lakeview Road, Primrose Avenue and Lakeview Road, and East 123rd and Superior Avenue.

The Doan Valley Tunnel System is a \$142.3 million construction project, the scope of which includes 10,000 feet of 18-foot diameter main line tunnel and two smaller conveyance tunnels at 8.5-feet in diameter, totaling 9,400 feet. Associated with those tunnel systems is six shafts as well as five large diversion structures and four gate structures. This project is scheduled to achieve

substantial completion in January 2022. All tunneling work for this project is complete. The current focus is on the shafts, the diversion structures, and the control vault work. The project is in the process of final lining two of the shaft locations as well as two gate control vaults and one diversion structure. There is also excavation ongoing at one shaft and one diversion structure.

The environmental benefit of the Doan Valley Tunnel is 350 million gallons of annual CSO reduction, from ten outfalls that are tributary to the Doan Brook, as well as achieving some capacity relief in the existing Doan Valley Interceptor system. There will be restoration of local streets and sidewalks in the areas of construction. The District is also partnering with UCI, Inc. and others on the final restoration of the shaft site located at Euclid Avenue and MLK Boulevard.

The Westerly Storage Tunnel is a \$135 million construction contract, the scope of which includes 9,600 feet of 25-foot diameter tunnel with three shaft locations and two gate structures. This project is scheduled to achieve substantial completion in January of 2021. Mining has commenced and should take six to seven months to complete.

Regarding shaft WST-2, located at West 45th and Memorial Shoreway, the District has completed the diversion structure and excavation as well as the final lining of those facilities, has installed the gate structure, and is in the process of lining the shaft location. The Route 2 ramp at that location has been reopened after approximately two months. The District is also coordinating the construction with the new high school in the area.

The District is performing final lining of Shaft WST-1 which is located near the Garrett A. Morgan Water Treatment Plant. This is also the location of the future tunnel dewatering pump station project which is scheduled to be before the Board in the next few months for authorization to advertise for the construction of that contract.

The environmental benefit of the Westerly Storage Tunnel is 285 million gallons of annual CSO reduction from two outfalls tributary to the Cuyahoga River, as well as site restoration at West 45th and the Memorial Shoreway, which is near the new high school. Ms. Marshall provided a rendering demonstrating the final plans, which include green space and beautification.

Ms. Marshall additionally provided photographs of decorative fence banners at the aforementioned construction sites to inform the community of the District's ongoing work in the area.

Doug Lopata, Program Manager of Engineering and Construction, then provided an update regarding CSO outfall protection.

CSO 208, which is on the lake, experienced high lake levels. There was concrete and rock rubble that would collect in front of the outfall requiring protection measures and repairs to allow for flow to get out as well as block wave action and sticks from coming in. Mr. Lopata referred to before and after photos demonstrating the changes at that site.

The District is currently planning for repairs at CSOs 206 and 207, near Beulah Park. Mr. Lopata provided photographs from 2006 and January 2020 demonstrating the level of erosion at the site.

The brick CSO pipe is almost fully exposed. There were drone photographs shown, demonstrating the amount of erosion around CSO 207 and CSO 206 and the netting facility, which is now approximately 3 feet from the edge of a cliff due to erosion.

Mr. Lopata moved the discussion to locations where the Sewer System Maintenance and Operations (SSMO) department had to perform repairs related to pump station systems. He explained that usually the whole sewer system is below that river elevation and the sewer system would have to be submerged before that sewage could overtop the river elevation and go out. The higher the river gets, is the river water acts as a weir that keeps that flow in, and the system has to elevate higher to get flows out. These systems will require monitoring again in the spring due to record high water levels.

A project was just completed at the Superior Pump Station, near CSO 090 because of high water elevations. This site required a debris screen and outfall flap, as well as the weir to be raised by six inches to prevent sticks from entering the pipe and to prevent pumping the river.

There was a similar situation at CSO 075 near River Road and Elm and regulator WR-12A, which required the weir to be raised four inches and may require additional adjustments.

CSO 082 was letting river water into the system, sending it to a Cleveland Water Pollution Control (WPC) pump station on West 3rd Street. Mr. Lopata provided a diagram to demonstrate that normally, the sanitary flows go into the combined sewer to the WPC pump station through regulator WR-08. As the river rises, the river water backs up into the system and goes into that pump station as well and is also treated. This site required a weir wall on the pipe to separate the two systems, allowing the sanitary flow to stay in the sanitary and the river flow to stay in the river. This is a temporary situation because there will be a project to separate this area of the city. The weir will be removed, as it will become a stormwater only outfall, and allow the District to bulkhead that regulator (WR-08) with a concrete plug that will fully separate the two systems. The goal is to allow the stormwater flow to enter the river or Lake. All the projects are modeled with a higher lake level to account for high water and wave action and check the capacity to get flow out.

The Shoreline Storage Tunnel, near East 55th and the Shoreway (CSO 202) is currently in design. The system has two levels of controls. The first level at regulator E33 has a weir that would direct as much flow as possible into the Easterly Interceptor and ultimately to the plant. As storms exceed that level, it would overflow to a shoreline diversion pickup and into the storage tunnel. Downstream of that, lake elevation was at 574, close to that weir elevation, so the lake level was modeled two feet higher than where it is currently to ensure it does not impact the Shoreline Storage Tunnel.

President Brown commented on the difficulty of planning these types of projects while facing ever-changing water levels and conditions. He commended the District for its work in this regard but remains cautious that projects may need to be reworked in the future.

2. 2019 Year End Review and 2020 Budget Preview

Ken Duplay, Chief Financial Officer, offered a 2019 year-end review and 2020 budget preview. He began by reminding the Board that, from a financial standpoint, the District must fall within the parameters of the rate study, which is currently in the third year of its 2017 through 2021 rate study, and must operate within all of its financial metrics and indicators that were established as well as the budget that the Board has adopted. The District must meet all of its debt service and reserve coverage requirements that were established as well.

Comparing 2019 rate study numbers with preliminary actuals, revenue was better than planned with a less than 2% consumption decline. Operating costs were lower than projected, with much of the savings resulting from lower than planned salaries, healthcare benefits and utilities. Debt service was also lower than rate study projections primarily due to the advanced refunding savings from the 2017 refunding.

Regarding sewer revenue, the total revenue for the year is \$339 million, 99.7% of which is sewage fees paid by ratepayers. The actual operating expenses for sewer are 11.6% or \$15.9 million under budget, with the bulk of the savings due to Operation & Maintenance actual expenses being \$8 million below budget with salaries and wages for open positions contributing to \$2.3 million; \$3 million in utility savings; and \$1.8 million in various unused contractual services.

The gross operating expenses for sewer are \$132.1 million with Operations being the largest component of \$63.1 million.

Some of the large expenses include salaries and benefits at \$73.9 million, which make up 56% of total budget, followed by professional services at \$11 million in engineering and construction and \$8.5 million in contractual services mainly due to collection fees.

Capital expenditure is 24.9% below budget.

There were \$224 million in capital projects disbursements, almost three quarters of which was related to CSO long-term control projects, with \$141.7 million of that funded by WPCLF low interest loans along with a combination of District funds.

Regarding debt service, there were four new loans totaling \$33.7 million, with interest rates ranging from 0% to 2.35%. Looking at hypothetical bond issuance versus what was actually done, the District saved about \$3.8 million dollars present value on the debt service for those capital projects.

In September of 2019, the District advanced refunded a portion of its outstanding 2010 Build America bonds, which were taxable bonds. The District refinanced those with the tax-exempt bonds and that refunding resulted in \$37 million in present value savings, or about \$2.2 million per year in debt service savings starting this year.

Mr. Duplay explained that, to provide an overview of the financials related to sewer and how that equates to the debt service coverages, the District takes its debt service, its total revenue available, subtracts its operating expenses, determines net revenue, and that number is compared to the debt service on bonds and the debt service on all debt. The District exceeds its goals on debt service for both of those measures. The District has higher goals that it maintains for rating purposes and to maintain its current bond ratings from the two rating agencies, Moody's and S&P, of 1.5 times on bond debt service and 2 times debt service on all debt and exceeds those by significant margin.

Mr. Duplay then moved the presentation to the Stormwater budget. Its revenue was slightly higher than budget in 2019.

Operating expenses are below budget by 12.2%. Stormwater is only funded by its rates. The decision was made to divert some of those funds from operating for some of those strategic land acquisitions that the Stormwater group felt would be the most beneficial use of those funds. Stormwater revenue almost exclusively billed by the City of Cleveland as a billing agent in the amount of \$44 million dollars. The direct bill portion (\$0.6 million or 1%) is the same, as with sewer, billed directly and that is primarily Rural Lorain County Water Authority customers.

Contractual services are primarily construction activities related to the stormwater projects. Some of the major expenses in contractual services include the Big Creek Stabilization project at \$5.7 million; the Shaker Lakes Dam Rehabilitation at \$1.5 million; and the Stickney Creek project at \$1.5 million.

Professional services are primarily associated with Stormwater Master Planning. Some of those projects include the Chagrin River Lake Erie Direct Tributaries Master Plan at \$4.1 million; Cuyahoga River North at \$1.7 million; and Rocky River at \$1.4 million.

Other key expenses under Stormwater include \$0.7 million in contractual services related to stream debris and removal activities done by the Sewer System Maintenance Group and \$0.2 million of collection fees specifically to stormwater only accounts billed by the City of Cleveland.

This year ended with a cash increase for the first time in two years.

Going into the current rate cycle, the District had planned to spend down cash and has done so from where it was in 2016. The capital account is down \$20 million, but up from where it was last year. This is attributed primarily to several years of above-projected revenues, maintaining lower-than-budgeted expenses, as well as this year specifically a slightly lower CIP than prior years. One would expect that to continue to decline that cash balance.

Of note, the Stormwater account went down \$4 million from last year because of the accelerated program to fund more projects for 2019.

The Rate Stabilization account is an account specifically associated with the District's bonds and indentures that can be used to stabilize revenues in years where the District may not meet debt

service. It is not anticipated that the fund would be needed for that purpose any time soon. The District did not add any funds to the Rate Stabilization account in 2019.

Mr. Duplay explained that, as outlined in the Board packet, most of the District's investments are treasuries, and there was a detailed breakdown of the investments provided. Additionally provided, was a report from the District's investment advisor and a report showing that the District is meeting all points of compliance.

To summarize, Mr. Duplay provided a table that represents some of the key ratios tracked for financials. Those ratios are primarily tied to requirements expected by the rating agencies, Moody's and S&P, that are predictors or indicators of an entity with Aa1 or AA+ ratings like the District. The District strives to maintain the levels that would keep it at that bond rating. The ratings are associated with liquidity and other factors around the ability to meet obligations going forward. The key issues are the debt service ratios, the total debt service and the senior debt service. The District exceeded those measures significantly. Of note, the cash on hand went up this year. The target is to be above 400 days cash on hand and the District is currently at 873, up from last year.

Mr. Duplay then discussed the 2020 proposed budget.

Regarding wastewater, the District is projecting budget against the rate study, and projecting revenue above the rate study number. The District is going to project conservatively for 2020 with a 3% consumption decline and a revenue budget of \$350.3 million. The operating budget will be slightly decreased from 2019 at \$136.9 million. Debt service is \$98.2 million, which is a significant decline from the rate study number, primarily due to the refunding savings from 2017, 2019, and 2020, as well as the lower than planned interest rates on the loans taken out.

Comparing 2019 budget to 2020 budget for sewer operating revenue, the District is projecting to go up 7.5%, which is the net combination of the 3% decline expected in consumption along with the rate increase.

Operating expenses are comparable at \$136.9 million for 2020 versus \$137.6 million in 2019.

The capital budget projecting for 2019, which is in line with the most current CIP, is \$256.2 million.

The debt service budget is \$98.2 million for 2020.

As for stormwater, those rates are not changing currently year to year over the rate cycle. The operating expenses will go down because the District has spent down some of that excess cash, so it will move closer to its annual revenue number and the capital expenses related to land purchases. The District is budgeting \$5.1 million next year for land acquisitions which is the same as the 2019 actual.

In summation, for 2019, the District met all financial benchmarks, ratios and targets. The 2020 budget is supported by revenue projections and meets all financial metrics.

The District is projecting a less than a 1% decrease in the sewer operation budget for 2020, and a 13.2% decrease in the stormwater budget as planned and continues to meet all debt service coverage in reserve levels.

On March 12, 2020, the Finance Committee review is scheduled, which will be a detailed review of the 2020 proposed budget. The District would anticipate asking for Board approval of the 2020 budget at the March 19, 2020 Board Meeting.

President Brown indicated that the Finance Committee needed one more member in addition to himself and Sharon Dumas to meet the obligation of the review process. Mr. Joyce agreed to join the Finance Committee.

President Brown commented that 2019 was a good year for the District and he looks forward to discussing the issue of the days of cash on hand to discuss strategy.

3. Fourth Quarter Investment Advisory Report

Open Session

There were no items.

VII. Public Session (any subject matter)

There were no items.

VIII. Executive Session

Mayor Bacci moved, pursuant to Ohio Revised Code section 121.22(G)(1) and (G)(5), to enter into executive session to consider the appointment and compensation of a public employee and to discuss information that is prohibited from public disclosure under Ohio Revised Code Section 1333.61, the Uniform Trade Secrets Act. By roll call vote, the Board voted unanimously to enter into executive session at 1:54 p.m.

IX. Approval of Items from Executive Session

N/A

X. Adjournment

The Board returned to open session at 2:45 p.m.


BOARD OF TRUSTEES

Regular Meeting


February 20, 2020

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MOTION – President 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 2:45 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