

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
JULY 21, 2016

A Regular Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:30 p.m. by Ronald Sulik.

I. Roll Call

PRESENT: R. Sulik
W. O'Malley
J. Bacci
T. DeGeeter
R. Stefanik

ABSENT: D. Brown
S. Dumas

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

II. Approval of Minutes

MOTION – Mayor Bacci moved and Mr. O'Malley seconded to approve the minutes of the July 7, 2016, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

There were no items.

IV. Chief Executive Officer's Report

CEO Ciaccia stated that the post-audit financial report for 2015 was distributed to the Board. The report had no significant audit findings.

Secondly, 46 of the District's 56 member communities have signed Regional Stormwater Management Program (SMP) service agreements. A number of the remaining communities have approval of SMP agreements awaiting their city councils.

CEO Ciaccia stated that the SMP fee has returned to customers' bills as of July.

Concluding his report, he advised that staff sent letters to member communities indicating the District's intention to change Titles I and V as it relates to rates and fees. Notice for such changes is required 30 days in advance and to this point staff has not received any comments.

V. Action Items

Authorization to Adopt Revisions

Resolution No. 204-16 Adopt Proposed Revisions to Title I and Title V.

CEO Ciaccia asked the Board to hold the resolution until the next meeting when the Board is expected to be present in its entirety.

Resolution No. 204-16 was **held**.

Authorization to Advertise

Resolution No. 205-16 One-Month Contract for the Roof Deck Restoration Project for the Southerly Second Stage Aeration Deck. Anticipated Expenditure: \$150,000.00.

Resolution No. 206-16 Two-Year Contract for the Stream Sediment and Debris Removal Services Project. Anticipated Expenditure: \$1,400,000.00.

Resolution No. 207-16 One-Year Contract for the Liquid Emulsion Polymer Solutions Project at All Wastewater Treatment Plants. Anticipated Expenditure: \$1,635,000.00.

Resolution No. 208-16 Six-Month Contract for Snow Plowing Services at District Facilities. Anticipated Expenditure: \$68,000.00.

MOTION – Mayor Stefanik moved and Mr. O'Malley seconded to adopt Resolution Nos. 205-16 through 208-16. After discussion and without objection, the motion carried unanimously.

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Authorization to Enter Into Agreements

Resolution No. 209-16

Agreements to Accept \$40,000 in Grant Funding for the Slavic Village Union Avenue Green Infrastructure and Wayfinding Public Art Project from the Ohio and Erie Canalway Association to Support Community Activities at the Union Avenue Green Infrastructure Project.

MOTION – Mayor DeGeeter moved and Mayor Stefanik seconded to adopt Resolution No. 209-16. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 210-16

Construction Contract with Independence Excavating for the Superior Stones Canal CSO Improvements Project. Contract Amount: \$18,182,300.00.

Resolution No. 211-16

Construction Contract with Marra Services, Inc. for the Euclid Creek Channel Repair Project. Contract Amount: \$362,097.00.

Resolution No. 212-16

Professional Services Contract with AECOM Technologies, Inc. for the Doan Valley Relief and Consolidation Sewers Project. Contract Amount: \$3,300,871.00.

Resolution No. 213-16

Contract with Montrose Ford, Inc. for the Purchase of Seven Heavy Duty Pick-Up Trucks with Utility Service Bodies for Sewer System Maintenance and Operation. Total Contract Amount: \$399,868.00.

Resolution No. 214-16

Contracts with BGB Ground Maintenance and Southwest Landscaping for Grounds Maintenance Services for District Facilities. Contract Amounts: \$45,267.75 and \$90,767.60, Respectively.

Resolution No. 215-16

Contract with Ernst & Young US, LLP for the Oracle Work and Asset Management Assessment. Cost: \$161,600.00.

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MOTION – Mr. O’Malley moved and Mayor Bacci seconded to adopt Resolution Nos. 210-16 through 215-16. After discussion and without objection, the motion carried unanimously.

Authorization of Contract Modification

Resolution No. 216-16

Modify Contract No. 13030 with Star Concrete and Construction for the Stream Sediment and Debris Removal Services Project. Cost: A Two-Year Time Extension with No Change in the Contract Price.

Resolution No. 95a-16

Modify Contract Numbers 15003145 and 15002191 with Randstad Technologies, LP to Continue the Provision of Oracle Supplemental Support Services to Assist the District’s Oracle eBusiness End Users. Cost: An Increase in the Amounts of \$76,000 and \$72,000, Respectively; Bringing the Revised Contract Amounts to \$259,600.00 and \$273,600.00, Respectively; and a Time Extension for Both Contracts Through December 30, 2016.

MOTION – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution Nos. 216-16 and 95a-16. After discussion and without objection, the motion carried unanimously.

Property-Related Transaction

Resolution No. 217-16

Authorize One Fee Simple Acquisition in the City of Shaker Heights Necessary for Construction of the Kingsbury Run Preliminary Engineering Project. Consideration: \$1.00.

Resolution No. 218-16

Authorize the District to Transfer a Fee Simple Interest in Two Parcels to the City of Brook Park. Total Consideration: \$1.00

Resolution No. 219-16

Authorize the District to Enter Into Necessary Agreements, Including Bills of Sale and Easements, with the City of Cleveland to Transfer the Mary Street, Stones Levee, and Superior Avenue Pump Stations to the District as Required for the District to Comply with its Federal Consent

Decree.

Resolution No. 220-16

Authorize the District to Commence an Action for Forcible Entry and Detainer (Eviction) on One District Owned Parcel Necessary for Construction and Maintenance of the East 140th Street Consolidation and Relief Sewer Project in Order for the District to Comply with the Federal Consent Decree.

Resolution No. 221-16

Authorize Relocation Payment Associated with the District's Permanent Acquisition of Property in the City of Cleveland Necessary for Construction of the East 140th Street Consolidation and Relief Sewer Project. Consideration: \$9,720.48.

Resolution No. 222-16

Authorize Appropriation of One Permanent Sewer Easement and Four Temporary Easements Necessary for Construction of the East 140th Street Consolidation and Relief Sewer Project. Total Consideration: \$31,630.00.

MOTION – Mayor DeGeeter moved and Mayor Bacci seconded to adopt Resolution Nos. 217-16 through 222-16. After discussion and without objection, the motion carried unanimously.

VI. Information Items

1. Program Management & Status Update – June 2016

Mr. Bunsey advised that cash flow is up to 72% and has increased 33% over the first quarter. Cash flow is expected to be over \$205 million by the end of the year, which would obtain 85%.

Moving to Project Clean Lake Project, Mr. Bunsey advised that 30% of planned projects are under contract or completed. 25 projects are complete, leaving 99 open contracts with a portfolio of \$882 million.

22% of the current cash flow goes towards Business Opportunity partners.

Consulting fees as a percentage of construction costs were 22% in 2012 and 31% in 2015. Staff was concerned that consulting fees were high in comparison to construction fees and found that labor fees were increasing at a higher percentage than construction costs.

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Mr. Bunsey explained that scope had been added to consulting contracts and pulled away from construction contracts to get better quality and uniformity. Extensive predesign activities were performed that had not historically been done because of the sophistication of projects and consent decree requirements. Staff is at peak design, is incurring heavy land acquisition costs due to the consent decree and has a record number of projects in design and planning.

Designs are being completed within 54 days -- below the goal of 60 days. Staff has accrued value engineering (VE) worth \$5.5 million so far in 2016 and should meet the goal of \$11.3 million by the end of the year. \$6 million VE savings is coming in the next two months.

Bidding is below the engineers' estimate by 22% -- missing the Key Performance Indicator (KPI) -- but on the correct side. Additionally, construction is being awarded 10 days behind schedule, meeting the KPI.

Staff is reaching substantial completion of projects within 72 days of plan, under the goal of 90 days. Projects are also being closed at 92% below contract value on an aggregate level, better than the goal of 95%.

Work orders by change categories total 5.1% while historically it has been 3.2%. This year four anomalies caused the category to be slightly higher. Mr. Bunsey expects to reduce that figure by the end of this year.

Staff was able to garner \$300,000 in VE savings on the Dugway West Interceptor Relief Sewer Project.

Mr. Bunsey stated that the EMSC Fire Protection and Fire Alarm Improvements Project was awarded 93 days late, past the goal of 60. The bid was extended to make sure there was a competitive environment.

The CSO 236 Relocation Project missed the first KPI on the low side. The average of the three lowest bids was 11% below the engineers' estimate but awarded within 9 days.

The Southerly First Stage Improvements Project is \$6 million behind. The contractor gained a 20% increase in cash flow the last two months and may regain the schedule. They are 3 months behind schedule but there is no consent decree-driven milestone regarding this project.

The Dugway Storage Tunnel shaft freezing was successful. Cash flow remains \$20 million behind and the contractor feels they have submitted a schedule to get back on track.

The Easterly Secondary Systems Improvements Project will be substantially complete in time for the consent decree milestone at the end of 2016.

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The Tunnel Dewatering Pump Station Project has an issue with the contractor and issued a noncompliance report requiring them to remove the roof along the whole structure and replace it at no cost. Project cash flow is \$4 million behind and District staff believes it is 120 days behind schedule. They are substantially complete by contract on August 30.

Mr. Sulik stated that professional services have increased significantly the last few years and Project Clean Lake has another 20 years' worth of construction projects. He questioned whether the District should expand its horizons on professional service companies to get better pricing. Mr. Bunsey explained that staff is concerned but found that the standard of predesign, design, construction and closeout percentages are tracking with historic trends. The increase is mostly because of additional services staff has asked for and they are working internally to understand whether those services are needed to that extent.

Mr. Bunsey introduced Greg Blatnik, Construction Supervisor, to provide the Board an update on the energy reduction project at EMSC.

Mr. Blatnik advised that the EMSC Energy Conservation and Management Project was performed by Brewer-Garrett for roughly \$2.5 million. Construction began in February 2015 and was substantially completed in December 2015. The project was a design-build within a performance-based contract, with guaranteed money back in 10 years.

The project included HVAC and lighting improvements. The HVAC automation improvements affected any District computer wired into the network which has access to view all 5 District properties, which includes 27 buildings and 467 HVAC units.

The result of the project was cost savings in energy from electricity and natural gas and a decrease in Operations & Maintenance capital costs. During the installation period the District saved almost \$140,000 during the first quarter, and from February to April 2016 saved a total of \$68,000. The contractual guarantee from Brewer-Garrett was \$58,000, but the projected savings for 2016 is \$272,000.

VII. Open Session

There were no items.

VIII. Public Session (any subject matter)

There were no items.

IX. Executive Session

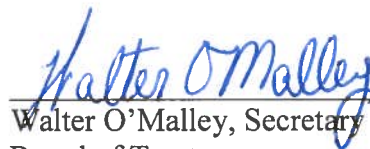
There were no items.

X. Approval of Items from Executive Session

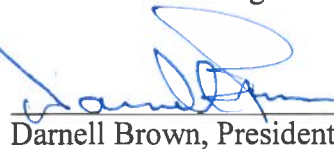
There were no items.

XI. Adjournment

MOTION – Mr. Sulik stated business having been concluded, he would entertain a motion to adjourn. Mayor Stefanik moved and Mayor Bacci seconded the motion to adjourn at 1:00 p.m. Without objection, the motion carried unanimously.



Walter O'Malley, Secretary
Board of Trustees
Northeast Ohio Regional Sewer District



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