

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
JANUARY 15, 2015

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:32 p.m. by Ronald Sulik.

I. Roll Call

PRESENT: R. Sulik
W. O'Malley
J. Bacci (arrived during Executive Session)
T. DeGeeter
S. Dumas
R. Stefanik

ABSENT: D. Brown

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

II. Approval of Minutes

MOTION – Mr. O'Malley moved and Mayor DeGeeter seconded to approve the minutes of the December 18, 2014, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

Chief Executive Officer (CEO) Ciaccia informed the Board that Brian Hall from the Greater Cleveland Partnership signed up to speak about Resolution No. 12-15.

Mr. Hall stated that the effort dates back to an organizational call in March 2011 between labor, minority contractors, majority contractors, the business community and the City to answer why there is not more equity in the contracting and workforce for major projects in Cleveland.

The two-year process culminated in an MOU signed by parties including the Greater Cleveland Partnership, the Construction Employers Association, building trades, minority contractors, the District and others.

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That Memorandum of Understanding (MOU) provided for the formation of a committee at the Greater Cleveland Partnership that would execute ideas that create better equity for worker training and access to minority contractors and major projects in Cleveland. They have been actively involved in that work since signing the MOU in February 2013.

The District's funding and the support of other entities such as University Hospital Medical Center Company, Dominion, some foundations and the City of Cleveland allowed the Greater Cleveland Partnership to hire Christopher Nance to direct the effort. There have been as many as 80 volunteers in 5 committees.

Mr. Hall advised that 16 projects have signed community benefit agreements. Additionally, relationships have increased between minority and majority contractors and a pre-apprentice and training committee has graduated 25 individuals. Fifty percent (50%) of the graduates have moved into the trades. Over 80% are working in some capacity and in the pipeline to be hired.

One of the committee's most important jobs was to conduct a study to gauge the expected demand over the next five years for major construction projects. The high-level results indicated there is an anticipated \$6 billion demand for the next three years while the latter two years were uncertain. The need for skilled trade workers verified that the committee was on the right path in terms of the pre-apprentice training program and increasing equity.

Mr. Hall stated that it is important that contractors, owners, community engagement and labor are working towards a solution. Cleveland Mayor Jackson has been a champion of the effort.

Mr. Sulik stated that the Board appreciated the effort he has put into the program and they have the support of the Board and District. The program is very worthwhile and he was glad to see the training program because the future of the community rests with training people in the trades.

CEO Ciaccia mentioned that Mr. Hall was a former District Board member.

IV. Chief Executive Officer's Report

CEO Ciaccia began his report by stating that staff continues to wait for a ruling from the Ohio Supreme Court regarding the Stormwater Management Program (SMP) litigation.

The only activity regarding stormwater litigation is that the class-action lawsuit that was filed regarding the \$20 million in fees collected prior to the program's suspension has been reassigned to Judge Richard McMonagle, who has since retired and is now retaining the case as a visiting judge. The fees are in an interest-bearing escrow account at Huntington Bank. Judge McMonagle denied the plaintiff's motion to certify the class, but the class action case is pending Supreme Court's decision regarding the authority for the program.

Moving to the next topic, CEO Ciaccia stated the new administration in Cleveland Heights realized that they are losing money under their sewer billing system and approached District staff with a verbal proposal that they intend to hire a contractor under a performance contract to replace their water meters, to create a new billing system and to better manage leaks. Cleveland Heights estimates the amount of District revenue losses due to faulty metering is about \$900,000 per year.

The vendor will capitalize, finance and install the meters. Cleveland Heights is asking the District to enter an agreement to share some of the District's increased revenue to pay the vendor over time. CEO Ciaccia explained that he asked for a proposal to analyze and determine if it is the right approach. The matter will be brought to the Board at a later date.

Moving to the next topic, CEO Ciaccia advised that staff has been developing its budget for the year and will bring it to the Board in March. They are trying to limit the increase to 3% or less over last year's budget.

Financials through the year are finalized, and CEO Ciaccia was very pleased with District's financial performance this year. Revenues are in excess of budgeted by 6.8% primarily due to the Cleveland Water Department's (CWD) automated meter reading program. Additionally, the audit of missing accounts yielded customers with septic systems that are now tied into the system, netting over \$500,000 per year in additional revenue.

Expenses ended 9.2% under budget. He thanked the Operations & Maintenance staff and the entire organization for keeping costs down. CWD had a 95% collection rate, which was its target -- a huge improvement from previous years. Cash was up 9.5%, which was another positive figure given the rate increase and allowance for doubtful accounts.

V. Action Items

Authorization to Advertise

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| Resolution No. 1-15 | One-Year Requirement Contract for Gravity Belt Thickener Polymer for Use at the Southerly Wastewater Treatment Plant. Anticipated Expenditure: \$289,500.00. |
| Resolution No. 2-15 | One-Year Requirement Contract for Final Clarifier Polymer for Use at the Southerly Wastewater Treatment Plant. Anticipated Expenditure: \$152,760.00. |
| Resolution No. 3-15 | One-Year Requirement Contract for Sodium |

Bisulfite Solution for Use at All Wastewater
Treatment Plants. Anticipated Expenditure:
\$240,935.00.

MOTION – Mayor Stefanik moved and Ms. Dumas seconded to adopt Resolution Nos. 1-15 through 3-15. After discussion and without objection, the motion carried unanimously.

Authorization to Purchase

Resolution No. 4-15

Purchase a Three-Year Cisco SmartNet
Maintenance Contract, Under the State of Ohio
Term Schedule, for District-Wide Cisco Network
Equipment from Netch Corporation. Cost: Not-
to-Exceed \$310,035.94.

MOTION – Mayor DeGeeter moved and Mr. O’Malley seconded to adopt Resolution No. 4-15. After discussion and without objection, the motion carried unanimously.

Authorization to Advertise

Resolution No. 5-15

Agreements for Green Infrastructure Grants
Program. Cost: \$1,821,327.00.

Resolution No. 6-15

Agreements for Watershed Grants Program –
Operating Support Grants. Cost: Not-to-Exceed
\$280,000.00.

Resolution No. 7-15

Agreement with Oracle America, Inc. to Transfer
the Ownership of Software Licenses Purchased by
CH2MHill to the District. The Licenses are for
Oracle Primavera Project Portfolio and Contract
Management Software.

MOTION – Mr. O’Malley moved and Ms. Dumas seconded to adopt Resolution Nos. 5-15 through 7-15. After discussion and without objection, the motion carried unanimously.

Mr. Sulik requested an explanation on Resolution No. 5-15.

Kyle Dreyfuss-Wells, Deputy Director of Watersheds Programs, advised that the District had two opportunities for green infrastructure funding in 2014. The Doan Brook Green Infrastructure Grants were a result of an agreement with the Ohio Department of Transportation (ODOT) for the Opportunity Corridor, Section 1, in which they paid \$650,000 and the District

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agreed to remove an additional 600,000 gallons of stormwater from the combined system around the Doan Valley interceptor in the University Circle area. Three projects were selected to be funded under the Green Infrastructure Grants.

The first is the Intesa project, at the corner of Mayfield and East 117th. This project is a full redevelopment to incorporate bioretention, stormwater harvesting, pervious pavement and removing stormwater from the combined system.

The Cleveland Museum of Natural History is conducting a full expansion and redevelopment of its campus and will have a project at Martin Luther King Boulevard and East Boulevard.

At Doan Brook, the Western Reserve Historical Society will utilize sand to redo their parking lot to soak stormwater into sand pockets and pull it from the combined system.

The larger Green Infrastructure Grants Program was across the combined sewer area and 17 applications were received and reviewed. Eight are recommended for funding spread across the combined sewer area and communities in Cleveland and Newburgh Heights.

The first project is located at 6305 Fleet, which is building already incentivized in Slavic Village through the Appendix 3 Green Infrastructure Program.

Brow Avenue is a project in Newburgh Heights for which Newburgh Heights will disconnect Brow from East 55th to deal with ongoing basement flooding issues as part of an overall green space enhancement.

The Cedar Redevelopment Project at the corner of East 30th and Community College Avenue is where the Cuyahoga Metropolitan Housing Authority will utilize sand for full infiltration as they redevelop the area.

Colfax Green Links and Habitat for Humanity are two organizations embracing green infrastructure on individual home sites and remove stormwater from the combined system. In addition to Slavic Village development, Tremont West and Northeast Shores have embraced green infrastructure and are looking for every opportunity to do so.

The Family Ministry Center committed to removing all non-roof impervious surfaces from their sites; they will utilize grass pavers and other ways to harvest stormwater.

The West 19th Place Green Alley will be the Cleveland's first green alley building. This will be a platted alley and will sustainably remove stormwater.

A building in Hingetown in Ohio City at the corner of West 29th and Detroit has been redeveloped and is now 100% impervious with a "living wall" performing stormwater

management where there is no green space.

Ms. Dreyfuss-Wells advised that the total recommendation is 12 projects in two communities -- Cleveland and Newburgh Heights -- a total investment at \$1.8 million. \$650,000 is funding from ODOT for the Opportunity Corridor at 29 cents per gallon.

CEO Ciaccia stated that in order to obtain these grants staff had discussions with the two cities involved because from a grants standpoint the District needs a partnership agreement with a public entity to implement these projects. Staff had a great meeting with officials from the City of Cleveland and will make sure that the legal authority is covered.

Authorization of Agreement Modification

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| Resolution No. 8-15 | Amend Agreement with the Ohio Department of Natural Resources for the Small Scale Stormwater Demonstration Project Grant. Cost: A Time Extension Until April 30, 2015 with No Change in the Reimbursement Grant Award Amount. |
| Resolution No. 9-15 | Modify Agreement with the Lorain County Board of Commissioners for the Inclusion of Additional Columbia Township Properties into the Northeast Ohio Regional Sewer District. |

MOTION – Mayor DeGeeter moved and Mayor Stefanik seconded to adopt Resolution Nos. 8-15 through 9-15. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Contract

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| Resolution No. 10-15 | Professional Services Contract with Jacobs Associates/Wade Trim Joint Venture for the Doan Valley Storage Tunnel Project. Contract Amount: \$12,989,259.00. |
| Resolution No. 11-15 | Three-Year Contract with Integrated Wellness Solutions to Provide Wellness Services. Cost: Not-to-Exceed \$72,000 per Year for a Total Not-to-Exceed Cost of \$216,000.00. |
| Resolution No. 12-15 | Contract with the Greater Cleveland Partnership's Commission on Economic Inclusion to Sponsor the Construction Diversity and Inclusion Initiative. |

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MOTION – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution Nos. 10-15 through 12-15. After discussion and without objection, the motion carried unanimously.

Mr. Sulik requested an explanation for Resolution No. 10-15. Doug Lopata, CSO and Collection Design Manager, advised that the tunnel is in the Easterly district and the Dugway East Interceptor has already been completed. Staff is in the process of completing the Lakeshore Boulevard Relief Sewer and Euclid Creek Pump Station, which will be completed this year. Those two projects are pinned on the Easterly Tunnel Dewatering Pump Station, which will be completed in 2016.

Dugway West is a microtunnel project currently one-third of the way through construction. The Dugway Storage Tunnel is expected to get a notice to proceed in February and recently received favorable bids of \$153 million. The Dugway South and East 140th projects are under design and set to go to bid in 2016.

The Doan Valley Tunnel project is estimated at \$130 million and is expected to be completed by 2021. There are a few remaining projects in the Easterly area, ending with the Shoreline Storage Tunnel to be completed in 2027.

Mr. Lopata advised that the Doan Valley project has seven tunnel shafts which project 312 million gallons per year of CSO reduction. Two other projects that will be constructed under separate contracts include the Dugway South project and the Doan Valley Relief Sewer.

The property was acquired as part of the Woodhill Conveyance Tunnel. Staff is actively seeking to acquire the parcel on the corner being used by ODOT to complete the bridge work. Staff is also seeking a temporary easement from CEI on the green parcel that it hopes to use for surface lay down.

Traffic concerns have been taken into account while protecting the existing trees and aspects sensitive to the community.

Design begins early this year and bidding will be complete by February 2017, which would comply with a consent decree requirement to complete it by the end of 2017. The construction will take place from 2017 to 2021, with the requirement date the end of 2021 for full operation of the facility.

Authorization of Contract Modification

Resolution No. 13-15

Modify Professional Services Contract No.
9000913 with CH2M Hill for the Program
Management Office Project. Cost: A Period

Extension of Three Months with No Change in the Contract Price.

Resolution No. 14-15

Final Modification of Construction Contract No. 13003144 with Nerone and Sons, Inc. for the CSO-SSM&O Bundles Package #1 Project. Cost: A Decrease in the Amount of \$237,216.32 Bringing the Total Contract Price to \$942,786.68.

MOTION – Ms. Dumas moved and Mr. O’Malley seconded to adopt Resolution Nos. 13-15 through 14-15. After discussion and without objection, the motion carried unanimously.

Authorization to Modify Program Annual Limits

Resolution No. 15-15

Authorization to Increase the Tuition Assistance Program Annual Limits Retroactive to January 1, 2014.

MOTION – Mayor DeGeeter moved and Mayor Stefanik seconded to adopt Resolution No. 15-15. After discussion and without objection, the motion carried unanimously.

Authorization of Property-Related Transaction

Resolution No. 16-15

Authorize Two Permanent Easement Acquisitions from the Catholic Charities Facilities Corporation Necessary for Construction of the Dugway Storage Tunnel Project. Total Consideration: \$1,155.00.

Resolution No. 17-15

Authorize Two Permanent Easement Acquisitions from the City of Cleveland Necessary for Construction of the CSO 049 and 050 Relocation Project. Total Consideration: \$2,840.00.

Resolution No. 18-15

Authorize the District to Enter Into a Right of Entry Agreement in the City of Cleveland Necessary for Construction of the Dugway West Interceptor Relief Sewer Project. Total Consideration: \$0.00.

MOTION – Mayor Stefanik moved and Mr. O’Malley seconded to adopt Resolution Nos. 16-15 through 18-15. After discussion and without objection, the motion carried unanimously.

Authorization to Appoint

Resolution No. 19-15

Authorizing the Appointment of Independent,
Non-Board Members to the Audit Committee.

MOTION – Mayor DeGeeter moved and Ms. Dumas seconded to adopt Resolution No. 19-15. After discussion and without objection, the motion carried unanimously.

VI. Information Items

1. Program Management Status Report – 2014 in Review

James Bunsey, Director of Engineering & Construction, advised that there were significant contract awards in terms of dollars in 2013 and 2014 although cash flow has decreased. Staff expects cash flow to increase in 2015 and 2016 because of the additional contract value awarded the last two years.

Most of the \$248 million awarded in 2014 was towards 22 CSO projects. The Engineering & Construction and other departments have been very active coordinating multiple projects this year, with 10 of significance.

The Renewable Energy Facility (REF) commissioning continues in addition to the FirstEnergy Conservation Project.

A pilot study of high-rate treatment is looking to reduce future expenditures on the Capital program at the plant level because of the technology employed.

Mr. Bunsey advised that more than 5,000 transactions were processed in 250 workdays in 2014. Electronic workflow provides advantages such as efficiency, transparency and the ability of access from multiple locations at the same time. The controls group was restructured and supports evolving needs and an increasing construction load.

Staff has identified over \$350 million of projected savings due to CSO advanced facilities planning. The Planning Department was involved with consent decree negotiations and assisted the asset management plan and the automation process control plan.

Staff has realized over \$26 million in savings on the tunnel and anticipates over \$30 million savings inside the air emissions mercury control at the REF.

Mr. Bunsey explained that outside consultants are now on board with the decision. At the time they were somewhat skeptical, but as design proceeds there is guaranteed performance from the

system. Around \$3 million in value engineering savings has been achieved on some pump station projects in design.

Mr. Bunsey advised that Construction finalized the REF contracts and avoided litigation at some cost to the claims. Construction is approximately one-third complete in terms of the Dugway West Interceptor Relief Sewer microtunneling with relatively limited community disruption.

The first design-build project that substantially reduced schedule impacts was replacing one of the six pumps under a standard design contract. The duration of replacing one pump was almost identical to replacing five pumps under the design-build.

Moving to Key Performance Indicators (KPIs) at year-end, Mr. Bunsey advised that delivery of efficient and timely designs average 28 days – below the goal of 90 days. Value engineering accrued savings of \$37 million. Taking into account cash flow resulted in about 19% savings -- the majority of which was driven by the change in design philosophy.

Staff was 12.7% lower than the engineer's estimates in terms of bids; the goal was within 10%.

Construction projects were completed within goal by an average of 33 days, which was below the 90-day goal.

Mr. Bunsey explained that the figure was skewed by the closing of the two REF contracts, which were significantly beyond schedule. The end figure was completing jobs at 255 days – above the goal of 180 days -- but without the REF contracts the average was 79 days. All except the two REF projects closed below contract value and on the average less than 95%.

The Business Opportunity Program is currently 82% and is driven by four large projects. Two of the projects for three months have been 50% of planned. The participation of Business Opportunity partners on the two jobs was \$2 million; accrual per schedule would have been within 85%. Staff expects that variance to show in January or February.

Concluding his report, Mr. Bunsey stated that overall cash flow should be within 85% and was 87%.

VII. Open Session

There were no matters for Open Session.

VIII. Public Session (any subject matter)

No members of the public registered to speak during Public Session.

IX. Executive Session

MOTION – Ms. Dumas moved to go into Executive Session to discuss a litigation matter. A roll call vote was taken and by the motion passed unanimously. The Board met in Executive Session from 1:17 p.m. to 1:32 p.m.

X. Approval of Items from Executive Session

Resolution No. 292-14

Authorize the Amendment of Contract No.
10001902 with the City of Pepper Pike.

MOTION – Mayor Stefanik moved and Ms. Dumas seconded to adopt Resolution No. 292-14. After discussion and without objection, the motion carried unanimously.

IX. Adjournment

MOTION – Mr. Sulik stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved and Mayor DeGeeter seconded the motion to adjourn at 1:33 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