

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
JANUARY 18, 2018

A Regular Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:34 p.m. by Darnell Brown.

I. Roll Call

PRESENT: D. Brown
R. Sulik
T. DeGeeter
J. Bacci
S. Dumas
R. Stefanik

ABSENT: J. Ciaccia

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

II. Approval of Minutes

MOTION – Mr. Sulik moved and Ms. Dumas seconded to approve the minutes of the January 4, 2018, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

There were no items.

IV. Chief Executive Officer's Report

CEO Dreyfuss-Wells began her report by advising that staff has met with member communities in Summit County, including Macedonia on January 8 and Richfield Village on January 9. Meetings are scheduled next week with Northfield Village. A meeting with Hudson was held in 2017. The communities appear to be pleased with the services they are receiving from the District and highlight responsiveness and customer service. Mayors and township trustees are also happy with the Member Community Infrastructure Program because it provides funding for issues they would not be able to address otherwise.

Next week the planning process will begin for the 2019 to 2021 Strategic Plan, which will have the theme of "Doing Great Work for a Great Lake." Staff will work with senior leadership on the guiding theme, areas of focus and start to develop the strategic objectives into March. Goals will be included with metrics for various objectives and it will incorporate the findings from

stakeholder interviews. In April the plan will be refined and in May the Strategic Plan rollout will begin.

Closing the report, CEO Dreyfuss-Wells indicated that the Board will begin to see year-end financial reports, including the Financial Summary in this meeting's materials.

V. Action Items

Authorization to Advertise

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| Resolution No. 11-18 | Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for the purchase of natural gas for Wastewater Treatment Plants, GJM and EMSC buildings for two years, with an anticipated expenditure of \$3,000,000.00. |
| Resolution No. 12-18 | Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for Grounds Maintenance Services at District facilities with an anticipated expenditure of \$153,000.00. |
| Resolution No. 13-18 | Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for the Easterly Grease Handling Improvements Project with an engineer's opinion of probable construction cost of \$1,850,000.00. |
| Resolution No. 14-18 | Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for the construction of the Southerly Electrical Infrastructure Improvements Project with an engineer's opinion of probable construction cost of \$23,462,000.00. |
| Resolution No. 15-18 | Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for the Renewable Energy Facility Water Purification System Lease and Service contract with an anticipated expenditure of \$270,000.00. |

MOTION – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution Nos. 11-18 through 15-18. After the following discussion, without objection, the motion carried unanimously.

Mr. Brown requested an explanation regarding Resolution No. 11-18. Kenneth J. Duplay, Chief Financial Officer, explained that the expenditure is higher than normal primarily due to a higher market price now than in 2015 while leaving leeway in the total for increased usage needs. He does not anticipate exceeding \$3 million.

CEO Dreyfuss-Wells highlighted that the resolution is a call for bids and staff is looking at ways to control these costs and conserve where possible.

Moving to Resolution No. 14-18, Mr. Brown noted that the requested action forecasts the anticipation of another tunnel dewatering facility. Devona Marshall, Director of Engineering & Construction, affirmed and explained the main substation at Southerly is outdated and further updates need to be done to coordinate with upcoming infrastructure construction.

Authorization to Issue Request for Proposals (RFP)

Resolution No. 16-18

Authorization to issue request for proposals for software and professional services for the Water Quality and Industrial Surveillance Pretreatment Information Management System and Environmental Information Management System Solutions and Implementation Project with an anticipated expenditure of \$500,000.00.

MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution No. 16-18. Without objection, the motion carried unanimously.

Authorization to Purchase

Resolution No. 17-18

Authorize the purchase of maintenance and repair services, through as many as four separate contracts for fire protection equipment and systems at all District facilities in a total amount, for all contracts, not-to-exceed \$80,000.00.

MOTION – Ms. Dumas moved and Mayor Bacci seconded to adopt Resolution No. 17-18. Without objection, the motion carried unanimously.

Authorization to Enter into Contract

Resolution No. 18-19

Authorization to enter into a direct contract with sole source vendor Russelectric, Inc. for maintenance and repair services for Russelectric switchgear equipment for the District's stand-by generators in an amount not to exceed \$80,338.23.

- Resolution No. 19-18 Authorization to enter into a contract with Generator Systems, LLC for stand-by generator maintenance and repair in an amount not to exceed \$132,596.76.
- Resolution No. 20-18 Authorization to enter into a Stormwater Project agreement with the cities of Shaker Heights and Cleveland Heights for the Shaker Lakes Dam Rehabilitation Project.
- Resolution No. 21-18 Authorization to enter into a contract with Governmental Policy Group, Inc. for State Advocacy services for February-December 2018 and through 2019 in an amount not-to-exceed \$144,000.00, with District options to extend the term for up to three additional one-year periods.
- Resolution No. 22-18 Authorization to enter into a contract for professional services with Solutient Technologies, LLC, for Unconditional Release Surveys in an amount not to exceed \$150,000.00.

MOTION – Mayor Stefanik moved and Mr. Sulik seconded to adopt Resolution Nos. 18-18 through 22-18. After the following discussion, without objection, the motion carried unanimously.

Referencing Resolution No. 20-18, Mr. Brown questioned what needs to take place and a timeline for doing so. Frank Greenland, Director of Watershed Programs, advised that staff is preparing to bid the project. Staff wants to enter into a standard contract agreement with the communities that memorializes the District's role in the project and what help is needed from them.

Moving to Resolution No. 21-18, Mr. Brown wanted to make sure the District is getting a return on its investment before discussing the optional years. Eric Luckage, Chief Legal Officer & General Counsel, noted that Victor Hipsley, the President of Governmental Policy Group was in attendance and then explained that staff agrees that there needs to be tracking mechanisms that show success, both for the state and federal advocate teams, and we want the advocates to update the Board as needed. Such tracking is anticipated to be based around broad categories of instances in which the State Legislature has contacted the District for expertise, dollars secured, and advocating or advancing District interests through legislation or rules. Additional metrics may include making contacts to build relationships, so members of the General Assembly are familiar with the District and its mission, so it may be viewed an expert in the area. The advocates would update the Board on a regular basis. Mr. Luckage also noted that any request to exercise a District option year would be brought to the Board for discussion and approval.

Mr. Brown stated that the District could use advocacy to advance its interests as the latter years of the consent decree contain requirements that will be costly and have less of an environmental

benefit. The District is fighting to make sure they have to pay no more than is necessary to get to the required outcomes. He believes strongly that the District should do what it can to make sure there is a significant added value for the dollars it spends in that regard.

Mayor DeGeeter stated that he had an opportunity to work with Governmental Policy Group while he was in the Ohio House and that they are very reputable around Capitol Square.

Authorization of Contract Modifications

Resolution No. 23-18

Authorize the modification of Contract No. 17002218 with Industrial Furnace Company for the Westerly Incinerator Improvement Project to transfer the contract credit amount of \$131,725.98 from Deduct Order Number 1 to Bid Item Number 9 General Allowance to fund certain required additional components with no change in the total contract amount.

Resolution No. 24-18

Authorize the modification of Contract No. 17004458 with Edge IT Corp for the Oracle EBS Procure to Pay Functional Support Project to extend the services of the consultant through 2018 with an increase in the contract amount of \$99,200.00, bringing the revised total contract amount to \$148,800.00 and extending the contract end date to December 31, 2018.

MOTION – Mayor Stefanik moved and Mr. Sulik seconded to adopt Resolution Nos. 23-18 through 24-18. After the following discussion, without objection, the motion carried unanimously.

Mr. Brown requested an explanation for Resolution No. 23-18. Ms. Marshall stated that staff is requesting to move unused funds from some bid items to the general allowance to update the scrubber system associated with the incinerators. The updates are necessary to improve the overall efficiency and ensure compliance with the District's air permit. It is an environmental improvement for scrubber efficiency.

Mayor Stefanik questioned whether this is an unnecessary expenditure. Ms. Marshall indicated that the improvements are needed in the short-term because the scrubber system is responsible for cleaning the air.

Frank Foley, Director of Operations & Maintenance, further explained that the incinerators are required to meet certain PH requirements, which are relatively new regulations. The purpose is to add caustic or sodium hydroxide to the scrubber system to raise the PH of the scrubber water and be in compliance with permit requirements. He noted that the incinerators are at least 20 years old.

Mr. Brown moved conversation to Resolution No. 24-18 and questioned how this position will be filled so the District does not continually pay this cost. Chandra Yadati, Director of Information Technology, advised that he was looking to complete the hiring as soon as possible. Without clear knowledge of the length of time it will take to find these resources, it has been budgeted through the end of the year. The contract will be terminated when the hire is made and the remaining funds will be unused.

CEO Dreyfuss-Wells indicated that there has been some difficulty finding the right person for this position.

Authorization to Issue Credit

Resolution No. 25-18

Authorize a wastewater credit adjustment in the amount of \$32,273.15 to be approved against sewer charges on NEORSD Account Number 4390620000 for Heathermore Condo Association at 34112 Chagrin Blvd., Moreland Hills.

MOTION – Ms. Dumas moved and Mayor Bacci seconded to adopt Resolution No. 25-18. Without objection, the motion carried unanimously.

Authorization to Modify Award

Resolution No. 26-18

Authorization to increase by \$2,681.11 the previous 2016 Green Infrastructure Grant award in the Combined Sewer Area Program to St. Casimir Church and to authorize a contract modification to include such additional funding and work scope, bring the total not to exceed amount of the award to \$170,681.11

MOTION – Mr. Sulik moved and Mayor Stefanik seconded to adopt Resolution No. 26-18. After the following discussion, without objection, the motion carried unanimously.

Mr. Brown stated that there had been discussion in the past regarding the performance on these types of projects in terms of giving grants for green infrastructure and having accountability methods to make sure the money spent yielded results. Matt Scharver, Manager of Watershed Programs, advised that the District reviews the green infrastructure components for Title IV compliance and water quality and quantity criteria to ensure that the practices meet goals.

Secondly, applicants must prepare an operation and maintenance plan for those green infrastructure components that are required to be maintained in perpetuity. The District approves that operation and maintenance plan and follows up with them during construction.

Thirdly, the operation and maintenance inspection reports are required annually. The District

reviews them and performs an annual inspection of the completed green infrastructure components of the projects to ensure they are being operated and maintained and are fully functional.

Mr. Scharver stated that there is a grand total of \$4.7 million of investment in green infrastructure in the combined sewer area through these projects, bringing the total stormwater gallons treated to 19.6 million, which equates to about 24 cents per gallon per stormwater gallon treated.

Mr. Brown questioned how that compares to gray infrastructure. Mr. Scharver stated that with Appendix 3 projects, the combined sewer overflow reduction was about \$3.82 per gallon. With these projects spread across the City, staff utilizes different ratios for combined sewer overflow reduction. The ratio for this aspect is about \$1.94 per gallon of combined sewer overflow reduction.

Specifically referencing the St. Casimir Green Infrastructure Project, Mr. Scharver advised that it is completed. The engineer's estimate came in under budget and was going to be fit in the project, however, there were a few cost overruns. That is the request for additional monies.

Authorization to Amend Agreement

Resolution No. 27-18

Authorization to exercise the one-year option to extend the services of Government Portfolio Advisors for a Period of January 1, 2018 to December 31, 2018, with a cost not to exceed \$95,000.00.

MOTION – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution No. 27-18. Without objection, the motion carried unanimously.

VI. Information Items

1. Program Management Status Report and Update – December 2017

Ms. Marshall advised that 2017 concluded with 97 active contracts and 75 projects valued at over \$1 billion. The District added 23 new contracts and closed out 29. There was \$752 million in construction, \$263 million in design and \$21 million in planning.

Cash flow ended the year at 91% of planned at \$215.4 million, which is the third-highest over the past 11 years.

The District awarded \$244 million in contracts, including \$210 million in construction and \$34 million in design. The Business Opportunity Program ended the year at \$38.6 million, which was 95% of planned.

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Ms. Marshall stated that 34 active projects pertain to Project Clean Lake. Specific activity in 2017 realized 120 million gallons of annual CSO control. The Dugway West Interceptor Relief Sewer Project was completed and controls 110 million gallons.

The District achieved full operation of two of the 25 consent decree control measures. The Easterly Secondary Expansion Project was completed and is Control Measure 1. Staff is hopeful it will achieve full operation later this year.

Staff has either spent or awarded \$1.21 billion in 2009 dollars compared to the estimated \$3 billion when the consent decree was negotiated. Staff has identified \$760 million of savings and \$340 million has been realized savings.

Moving to Key Performance Indicators, (KPIs), Ms. Marshall advised that the District met all of them at a program level.

The Business Opportunity Program attained 23.3%, above the 18.7% goal and the payout to program firms was \$39.12 million associated with the 11 projects that closed in 2017.

Staff completed the annual capital planning process in support of the budget process and met all eight required consent decree milestones for 2017.

The Mary Street Pump Station Project achieved full operation in December, which is Control Measure 18. The number of overflows associated with that pump station was reduced from 79 in a typical year to 4. The annual CSO volume was reduced by 2 million gallons.

Ms. Marshall stated that the District realized \$45.27 million in value savings, primarily when modeling analysis showed that a full replacement sewer was not needed with the Morgana Run Relief Sewer Project.

Engineer's estimates met its KPI by coming within 2.51% of the average of the three lowest bids and construction contracts were awarded within 42 days on average and completed within 82 days on average.

Staff continues to trend work orders by change categories as a percentage of construction. The figure for 2017 was 7.82%. The primary category was time extensions and/or owner-requested changes, which were 2.9% of the 7.82%. This included a large emergency contract for the Ridge Road sewer for \$1 million.

Ms. Marshall also noted a number of owner-requested changes associated with the Easterly Expansion Project, which included unplanned clean-up work.

Robin Rupe, Project, Manager, advised that in June 2016 the Board authorized Automation Program Management to begin and its substantial completion date is scheduled for August 2020. The professional services contract is 34.1% underway and staff has allocated and spent 14.25% while general allowances have been only 11.3% to date. The BOP goal was set at 13% and is

running under at 10%. Staff is working closely with the consultant team to find ways to add to that participation level.

The fiber replacement project started construction this month and will replace 20,000 linear feet of the fiber. That project should reach substantial completion in January 2019.

Ms. Rupe advised that the uninterruptible power supply requires replacement due to age, but staff will focus on Westerly first to prepare for future projects. The substantial completion would be July 2019. PCS architecture upgrades are expected to be in place by December 2019 along with the separation of networks.

22 PLCs at Westerly are obsolete and will be replaced for an estimated \$3.8 million with a substantial completion date estimated for August 2020. These are pieces and parts that must be completed before the PLC replacement and staff is working to install the fiber completed.

Ms. Rupe stated that there will be an APM update every quarter.

VII. Open Session

There were no items.

VIII. Public Session (any subject matter)

There were no items.

IX. Executive Session

MOTION – Mayor Bacci moved to go into Executive Session pursuant to Ohio Revised Code Section 121.22(g)(2) to consider the purchase of property for District purposes. After discussion and without objection, the motion carried unanimously by roll call vote.

The Board met in Executive Session from 1:27 p.m. to 2:01 p.m. and then returned to open session.

X. Approval of Items from Executive Session

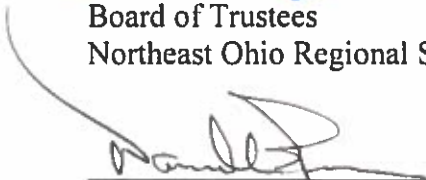
There were no items.

XI. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mr. Sulik moved and Ms. Dumas seconded the motion to adjourn at 2:01 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