

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
FEBRUARY 1, 2018

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: D. Brown
R. Sulik
T. DeGeeter
J. Bacci
J. Ciaccia

ABSENT: S. Dumas
R. Stefanik

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

II. Approval of Minutes

MOTION – Mr. Sulik moved and Mayor Bacci seconded to approve the minutes of the January 18, 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 the District held quarterly employee recognition events from last Monday to yesterday. Jim Bunsey, Chief Operating Officer (COO), provided an update during each of meeting on the Operational Readiness implementation.

On February 2, Doug Lopata, Tom Madej, Darnella Robertson and CEO Dreyfuss-Wells participated in a community meeting convened by Cleveland City Councilman Polensek for the residents in his ward that have experienced significant street and basement flooding. The Euclid Creek Tunnel and Lakeshore Boulevard Relief Sewer will provide relief for those problems but are not online yet due to startup issues with the tunnel dewatering pump station.

She explained that Mr. Lopata and Mr. Madej did a great job detailing what is going on and the timeline for the infrastructure. The residents were understandably upset but it was a productive meeting and they left it less unhappy than when they arrived.

V. Action Items

Authorization to Advertise

Resolution No. 28-18 Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for Elevator Maintenance and Repair Services at all District facilities with an anticipated expenditure of \$160,000.00.

Resolution No. 29-18 Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for Industrial Cleaning Services at all wastewater treatment plants with an anticipated expenditure of \$350,000.00.

MOTION – Mayor Bacci moved and Mr. Ciaccia seconded to adopt Resolution Nos. 28-18 through 29-18. Without objection, the motion carried unanimously.

Authorization to Issue Request for Proposals (RFP)

Resolution No. 30-18 Authorization to issue RFPs, in accordance with Ohio Revised Code Chapter 153, for design-build services for the Easterly/Westerly Low Voltage Equipment Replacement Project.

Resolution No. 31-18 Authorization to issue RFPs, in accordance with Ohio Revised Code Chapter 6119, for the WAN Migration Professional Services Project.

MOTION – Mr. Sulik moved and Mr. Ciaccia seconded to adopt Resolution Nos. 30-18 through 31-18. After the following discussion, without objection, the motion carried unanimously.

Mr. Brown requested insight as to the necessity of design-build for Resolution No. 30-18.

Devona Marshall, Director of Engineering & Construction, explained that under this project, staff will replace 54 outdated motor control centers and 118 outdated distribution panels and transformers, specifically at the Easterly and Westerly plants. The District recently completed a similar project at Southerly under the traditional design-bid-build approach. The main lesson learned from that project was that design-bid-build is not the best way to deliver this type of work; the design-build mechanism is better because there are many unknown and unforeseen conditions related to the wiring location and the quantities of wiring to be replaced.

Authorization to Purchase

Resolution No. 32-18 Authorization to direct purchase Rockwell Automation maintenance and support services, for one year, from sole source vendor Rexel, Inc. in an amount not-to-exceed \$207,023.00.

Resolution No. 33-18 Authorize the purchase Cisco SmartNet maintenance and support services from Presidio Infrastructure Solutions, LLC in an amount not-to-exceed \$375,000.00.

MOTION – Mr. Ciaccia moved and Mayor Bacci seconded to adopt Resolution Nos. 32-18 through 33-18. Without objection, the motion carried unanimously.

Authorization to Enter into Contract

Resolution No. 34-18 Authorization to enter into five-year contracts with West Creek Conservancy and Western Reserve Land Conservancy for stormwater conservation planning and property acquisition services in support of the Regional Stormwater Management Program in an amount not-to-exceed \$250,000 for each contract, for a total amount not-to-exceed \$500,000.00.

MOTION – Mr. Sulik moved and Mayor Bacci seconded to adopt Resolution No. 34-18. After the following discussion, without objection, the motion carried unanimously.

Mr. Brown requested an explanation. He was concerned about the prospect of a future administration or mayor deciding to build a new development that either threatens the project or builds in an area in which they should not be building.

Janet Popielski, Stormwater Design & Construction Program Manager, stated that both organizations bring a great deal of experience and expertise in this area as well as existing relationships with member communities. Both organizations have been recipients and helped manage Water Resource Restoration Sponsor Program projects for land preservation and restoration in the past. The services to be provided under this contract include preservation of existing undeveloped land identified through the master planning process so there are no additional impacts to the Regional Stormwater System.

The District will also look to engage them on voluntary acquisitions where there are structures at risk of erosion or flooding, in which the intent is to remove the structure to restore functionality to the streams. Another aspect will include conservation planning during the review of the Stormwater Master Plan recommendations and providing input on individual projects to identify

strategic parcels that would help to implement or improve upon stormwater projects. Additionally, flooding is a main focus.

Authorization of Contract Modifications

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| Resolution No. 35-18 | Authorize the final adjustment modification of Contract No. 15004900 with Shook Construction Company for the Westerly Wastewater Treatment Plant Ferric Chloride Tanks Project by decreasing the contract amount by \$538,108.55 bringing the total contract price to \$8,361,391.45. |
| Resolution No. 36-18 | Authorize the modification of Contract No. 14001994 with AECOM for the General Engineering Services 3 Project for a time extension of 90 days with no change in the contract amount. |

MOTION – Mr. Sulik moved and Mr. Ciaccia seconded to adopt Resolution Nos. 35-18 through 36-18. Without objection, the motion carried unanimously.

Authorization to Modify

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| Resolution No. 37-18 | Authorization to modify the listed Water Resource Restoration Sponsor Program Implementer from the Western Reserve Land Conservancy to the Natural Areas Land Conservancy for the Bay Point Preservation Project. |
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MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution No. 37-18. Without objection, the motion carried unanimously.

Property-Related Transaction

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| Resolution No. 38-18 | Authorization to enter into an acquisition agreement, to acquire two permanent easements and two temporary easements located at property in the City of Cleveland owned by Scranton Averell, Inc. and under contract for purchase by 2151 Scranton Acquisition, LLC for the construction of the Westerly Storage Tunnel Project, and to enter into agreement(s) with WXZ Acquisition Co., LLC, and any other necessary entity, for demolition and environmental services with a total consideration of \$1,468,200.00. |
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Resolution No. 39-18

Authorization to enter into an agreement and related documents with the City of Cleveland to acquire from the City properties that are required for the construction of the Westerly Storage Tunnel Project, the Doan Valley Tunnel Project, and other Project Clean Lake Projects and to enter into license agreements necessary to provide the District access to said properties until all conveyance documents are executed.

MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution Nos. 38-18 through 39-18. Without objection, the motion carried unanimously.

VI. Information Items

1. Operation & Maintenance Quarterly Board Update

Frank Foley, Director of Operations & Maintenance, advised that lost and restricted work days were down slightly from the previous few years. The District's DART rate compares well to other industries and he thinks the District has a very safe workplace.

Westerly's total suspended solids for the month of November was 19; the monthly limit is 20. Westerly exceeded its weekly effluent limits for total suspended solids and during the third week of November as result of a buildup of solids within the plant and extended period of high flows.

A Capital Improvement Project earlier during the summer in the combined sewer overflow treatment facility necessitated moving a large quantity of solids into the plant in a short period of time. Additionally, new air permit requirements related to the pH on scrubber water led to ceasing incineration at times to avoid a violation.

During the weekend of November 18-19 there was a sustained period of high flows in which plant flows were near or above 100 mgd for 14 consecutive hours. The average daily design flow for Westerly is 35 mgd. The plant is required by its NPDES permit to provide full treatment to 100 mgd at all times. The situation occurred as a result of a buildup of solids in the plant because of a capital improvement project, more stringent environmental requirements for air and wastewater treatment, and elevated plant flows. Plant operators observed that the weirs in some of the settling tanks were completely submerged indicating that the plant was likely treating more than 100 million gallons per day.

Mr. Foley noted that during the previous Board Meeting a change order was authorized to an Engineering and Construction project for a caustic feed system to be constructed for the incinerators to control the pH and avoid the need to curtail incineration in the future.

The District experienced two dry-weather overflows during the quarter. Automated equipment was available 99% of the time during wet-weather performance.

Mr. Foley advised that the Operations & Maintenance Department is at 90% of its budget versus actual expenses for the year at \$61.5 million.

Mr. Bunsey provided the first quarterly update to the Board for Operational Readiness.

There are numerous drivers, both internal and external, that are compelling us to take on our Operational Readiness Implementation. A review revealed that the District can expect to lose up to 12 OM staff members to retirement every year for the next eight years. If we are not prepared this will cause loss of key knowledge. The District will also need to make sure that staff advancing to fill those rolls are ready to take on the responsibilities. Additionally, open positions created by internal advancement will need to be filled challenging us to maintain a pipeline with qualified staff. We must be prepared for the human capital loss and need to take advantage of increased workforce digital literacy to help mitigate this knowledge loss.

Regulatory pressures will likely increase over time which will lead to greater costs in operations. The District has also had an unprecedented amount of construction that need to be maintained which has challenged maintenance budgets.

Mr. Bunsey stated that staff is cognizant of increasing rates due to increased borrowing to fund Project Clean Lake. Maintenance budgets have been impacted, and staff is working to make sure budgets remain as low as possible given the new assets. Declining consumption in the area also impacts revenue. These factors require us to provide the most efficient operation practices possible and are the main reasons we are implementing the Operational Readiness Program.

The first step to implementation is to form the team to focus on the implementation. The team currently is heavily focused on change management. Ultimately the staff must embrace the cultural change to be successful. The heavy focus on change management will help prepare the staff for the implementation process. The team has employed the practice of communicating early wins as a way to increase momentum. An example is the chemical reduction of caustic at Southerly in the last few months.

The team will look to identify and consolidate improvements, as improvements have been intermittent in different locations and are not known by all. The team will ultimately institutionalize those improvements throughout the facilities thus enabling staff to feel empowered to suggest improvements themselves.

Mr. Bunsey advised that the vision is to have the right people in the right place with the right skill set at the right time, which is not as simple as it sounds in an organization this large.

The Implementation will encompass fact-based decision-making weeding out opinions and guesses. The District intends to be in a position of sustainability and continuous improvement for the long-term. As such, it is estimated that the implementation will take three to five years to ensure that the momentum and progress become self-sustaining.

Staff has compiled 25 goals and Key Performance Indicators for 2018 and have prioritized them based on their impact to the organization as well as the level of effort to complete the goals. The goals are broken into three major categories; People, Process and Performance. Future updates will always reflect the progress in these three key areas.

Under the People category the main goal is to strengthen the organizational structure and human capital. This includes determining available or required staff for a potential future technical services department. This group would be a center of excellence for the day-to-day routine activities such as document control, change management of documents and regulatory reporting.

The Process category includes utilizing standardized best practices at all plants, including developing the procedures if they don't exist or improving on them if they do exist. Included under the process category is improving asset management and preventative maintenance. Currently, preventative maintenance is not maintaining portions of the assets at the most basic level.

The Performance category is where the District will achieve efficiency and effectiveness in areas such as chemical and energy reduction and through increased root cause failure analysis when determining failures of equipment. For instance, when a large piece of equipment fails staff will solely rely on fact based decision making when the repairs are completed. There will be no room for opinions and guesses. It is believed that through increased efficiency and effectiveness that the existing and new facilities can be adequately maintained at or near current budgets.

Mr. Bunsey advised that another focus under the Performance category is to optimize utility contract terms. For instance, utilize the generators for power curtailment during peak demand periods stressing the grid. The benefits of this would include increasing the reliability of generators and reduction in monthly electricity costs.

He reiterated that communication is paramount because this will be a three- to five-year implementation. Discussions of the vision and goals have begun with OM staff, starting with the OM senior staff, then OM middle management and finally with OM front line managers. The next step is to engage with the union representatives and have them provide their input how to engage and communicate with the overall union staff. This is important as the implementation will affect all OM staff, both salaried as well as union staff.

Mr. Brown stated that it is a heavy lift and it is great that it is happening in tandem with plant enhancements and upgrades. He noted that it would be interesting to see over time how that translates into dollars. Mr. Bunsey agreed and explained that while staff does not necessarily expect a reduction in maintenance costs they are hopeful that the existing and new facilities can be maintained in an improved manner within or near the current budget.

Mr. Ciaccia questioned whether this effort is completely performed in-house. Mr. Bunsey affirmed that it is in-house as the staff believes that the likelihood of success will be greater if performed in-house.

Mr. Ciaccia stated that communications to staff must be challenging. Mr. Bunsey agreed and advised that another point of potential failure when implementing something as significant as the Operational Readiness Program is trying to accomplish it within an existing organizational structure; for this reason, the vision is to make sure the management structure can accommodate the implementation and the core implementation team will work with senior OM staff to manage this concern.

VII. Open Session

There were no items.

VIII. Public Session (any subject matter)

There were no items.

IX. Executive Session

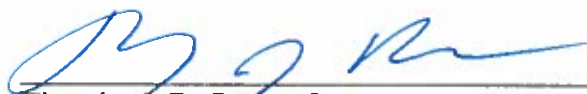
There were no items.

X. Approval of Items from Executive Session

There were no items.

XI. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved and Mr. Sulik seconded the motion to adjourn at 1:13 p.m. Without objection, the motion carried unanimously.



Timothy J. DeGaeter, Secretary
Board of Trustees
Northeast Ohio Regional Sewer District



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