

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
MARCH 16, 2017

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
R. Stefanik

ABSENT: S. Dumas

The Acting 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 16, 2017, Board Meeting. Without objection, the motion carried unanimously.

III. Election and Installation of Secretary for Remainder of Unexpired Term

Mr. Brown advised that due to the departure of Mr. O'Malley there is a vacancy for the role of Secretary to the Board. Mayor DeGeeter was to serve as Secretary until the next election of officers.

Eric Luckage, Chief Legal Officer & General Counsel, administered the Oath of Office to Mayor DeGeeter.

IV. Installation and Oath of Newly Appointed Board Members

Mr. Brown welcomed new Board member Mr. Ciaccia and reappointed Board members Mr. Sulik and Mayor DeGeeter and advised that they were to be sworn in during today's meeting.

Mr. Luckage administered the Oath of Office to Mr. Ciaccia, Mayor DeGeeter and Mr. Sulik.

V. Public Session

There were no items.

VI. Chief Executive Officer's Report

CEO Dreyfuss-Wells began her report by advising that on February 24 staff discovered that on February 23 an unauthorized third party obtained all 2016 W-2s for 897 current and former District employees. The data was obtained as the result of an illegal phishing operation.

Staff immediately convened a group of senior staff which contacted law enforcement, the Board and began to work with the District's insurer under the cyber security policy to understand what services could be offered to employees. A team effort commenced to contact all affected individuals and 15 information sessions were held across all District facilities.

Staff is working to finalize and update the District's policy related to the privacy of employee information.

CEO Dreyfuss-Wells explained that all affected individuals will receive a letter from the District's vendor related to the 24 months of credit monitoring, identity-theft protection and a call center. The services are Equifax Credit Watch Gold with a three-in-one monitoring package of service that is no cost to employees.

Moving to the subject of Project Clean Lake, staff had a great meeting last week with the Ohio Environmental Protection Agency (EPA) in Columbus to discuss proposed changes to the chemically-enhanced high rate treatment at Westerly which will maintain the District's level of control and save a significant amount of money if the agency were to approve the changes.

Staff also met with Senator Portman's local office and responded to questions about the consent decree and flexibility under the new administration.

VII. Action Items

Authorization to Advertise

Resolution No. 84-17

Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Section 6119.10, for a two-year requirement contract to provide industrial cleaning services at all wastewater treatment plants and the Jennings Road Junction Chamber with an anticipated expenditure of \$370,000.00.

Resolution No. 85-17

Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Section 6119.10, for an 18-month contract to provide liquid emulsion polymer solution for use at the Southerly Wastewater Treatment Plant with an anticipated expenditure of \$1,800,000.00.

Resolution No. 86-17

Authorization to reject all bids and publish notice calling for bids, in accordance with Ohio Revised Code Section 6119.10, for a 24-month contract for crane inspection, maintenance, and repairs at all wastewater treatment plants with an anticipated expenditure of \$225,000.00.

MOTION – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution Nos. 84-17 through 86-17. After the following discussion and without objection, the motion carried unanimously.

Mr. Brown asked for an elaboration regarding Resolution No. 86-17.

Chief Operating Officer (COO) Rotunno advised that the District received only two bids from the 17 vendors contacted and one was deemed nonresponsive. The other bid is from the current provider of these services but their unit pricing increased substantially, so staff thought a rebid would be justified.

The other vendors indicated they could not perform the work for various reasons, so staff is revisiting its requirements in hopes of getting more responsive bidders.

Authorization to Enter into Contract

Resolution No. 87-17

Authorization to enter into a construction contract with Marra Services, Inc. for the Kingsbury Run Preliminary Engineering Early Action Project in the amount of \$4,774,375.00.

Resolution No. 88-17

Authorization to enter into a professional services contract with HDR Engineering, Inc. for the Doan Valley Regulators/Relief Sewers Project in the amount of \$2,176,521.00.

Resolution No. 89-17

Authorization to enter into one-year contract with D. Peterman Landscaping and Snowplowing and Southwest Landscape Management for grounds maintenance services for District facilities in the amount of \$21,897.12 and \$111,765.27, respectively.

MOTION – Mr. Sulik moved and Mayor Stefanik seconded to adopt Resolution Nos. 87-17 through 89-17. After the following discussion and without objection, the motion carried unanimously.

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Mr. Brown requested an explanation regarding Resolution No. 87-17.

James Bunsey, Director of Engineering & Construction, explained that the engineer's estimate on was \$5.75 million and the low bid was approximately \$4.75 million. That variance is of concern, but Marra Services has the capacity and qualifications to complete this work. While they were \$1 million low, the engineer's estimate was in the middle of the four bids. The two lower bids were from more regional and smaller contractors, and staff believes are more competitive in the market.

Mr. Brown was concerned that lower bids tend to try and get change orders. Mr. Bunsey indicated that staff is interested in quality of work, schedule and finances. Staff reports to the Board on Key Performance Indicators (KPIs) and expect that this project will come in at the right numbers.

Moving to Resolution No. 88-17, Mr. Brown noted that the cost of design versus construction was high. Mr. Bunsey stated that the consultant's fee was high considering industry standards and was attributable to the scope of work requested. The work is towards the end of Control Measure Number 8 and the predesign task includes modeling and services to help with overall compliance to the EPA.

Mr. Ciaccia inquired whether this approach will be taken in many future contracts related to the consent order. Mr. Bunsey advised that there is more hydraulic modeling but good engineering upfront saves a lot of money on the back end on construction. Once these facilities are constructed the annual compliance fee could be upwards of \$1 to \$2 million a year to be compliant with requirements.

Mr. Brown stated that demonstrating to the public that the District got the value of what was invested would be important because communities are impacted by the construction.

Authorization of Contract Modification

Resolution No. 90-17

Authorize the modification of Contract No. 14000971 with EnviroScience, Inc. for the CIP Environmental Services Project to extend the end date of the contract with no change in the contract price.

Resolution No. 91-17

Authorize modification of Contract No. 15000581 with Fabrizi Trucking & Paving Company for the Green Ambassador Fairhill/MLK Project by reallocating money from all non-performed work items to Bid Item No. 105 General Allowance with no change in the contract price.

Resolution No. 92-17

Authorize the final adjustment modification of Contract No. 15000835 with DiGioia Suburban Excavating, LLC for the Green Ambassador Urban

Agriculture Project by decreasing the contract amount by \$1,137,077.45 bringing the total contract price to \$5,232,645.83.

Resolution No. 93-17

Authorize modification of Contract No. 15003258 with Nerone and Sons, Inc. for the Collection System Asset Renewal Phase 1 Project by reallocating monies from the non-performed Bid Items No. 37 Cementitious Grout and 41 Specific Allowance – Utility Relocation and a portion of the Bid Items 36 Sewer Cleaning and 40 Specific Allowance – Pavement Surface Repairs to the General Allowance with no change in the contract price.

Resolution No. 94-17

Authorize modification of Contract No. 16000692 with DLZ Ohio, Inc. for the Morgana Run Relief Sewer Project by a reduction in the scope of work with no change in the contract price.

Resolution No. 95-17

Authorize modification of Contract No. 16002431 with Burten, Bell, Carr Development, Inc. for Grounds Maintenance Services for Urban Agriculture Green Infrastructure Site Project by a one-year time extension with no change in the contract price.

Resolution No. 104-17

Authorize the final adjustment modification of Contract No. 15002015 with Kokosing Industrial, Inc. for the Southerly Maximum Achievable Compliance Technology and Operations Improvement Project by decreasing the contract amount by \$797,461.32 bringing the total contract price to \$12,812,949.68.

MOTION – Mayor Bacci moved and Mayor Stefanik seconded to adopt Resolution Nos. 90-17 through 95-17 and 104-17. After the following discussion and without objection, the motion carried unanimously.

Referencing Resolution Nos. 91-17, 92-17 and 93-17, Mr. Bunsey stated that all three contracts have line-item unit quantities associated with them. District regulations prohibit Engineering taking monies from any line item and moving it to other line items without Board authorization. The intent of the resolutions is to request the Board allow Engineering to take the unspent money from the unit quantities and put them into the general allowance to utilize it to compensate extras on other line items. He advised that the District is moving away from unit quantity contracting

because lump-sum unit line items are much more convenient.

Mr. Ciaccia inquired how moving away from unit price contracting affects the ability to perform in a dispute resolution. Mr. Bunsey advised that staff is endeavoring to reduce the unit quantities in bids to a manageable amount. Sometimes staff paid a lot for unused line items quantity, whereas a lump sum is a more of a contractor risk profile.

Moving to Resolution No. 94-17, Mr. Bunsey indicated that this was the first time Engineering had requested adding scope to several areas. During predesign the flow monitoring determined that a project of this size was not necessary to be in compliance with the internal requirements and the consent decree. Therefore, this scope of work is being abandoned because it is not necessary to construct. That allowed a lot of capacity to be available in this contract.

Mr. Brown stated that adding scope is a concern because it seems staff could have bundled that into a package to rebid. He did not want to adopt this request as a practice. CEO Dreyfuss-Wells stated that staff desires to move forward with this approach because there were significant savings identified and because the capacity was there.

Property-Related Transactions

Resolution No. 96-17

Authorization to acquire one permanent easement located in the City of Cleveland, owned by Richard Ellis, necessary for construction of the Doan Valley Tunnel Project with a consideration of \$2,300.00.

Resolution No. 97-17

Authorization to acquire one temporary easement located in the City of Cleveland, owned by Frederick Kaiser, necessary for construction of the Kingsbury Run Preliminary Engineering Project with a consideration of \$300.00.

Resolution No. 98-17

Authorization to acquire one permanent easement by appropriation located in the City of Cleveland, owned by Joseph Cooper, necessary for construction of the Kingsbury Run Culvert Repair Project with a consideration of \$550.00.

Resolution No. 105-17

Authorization to acquire one parcel from the City of Cleveland, through its Land Reutilization Program, necessary for construction of the Kingsbury Run Preliminary Engineering Project with a consideration of \$8,000.00.

MOTION – Mr. Sulik moved and Mayor Bacci seconded to adopt Resolution Nos. 96-17 through

98-17 and 105-17. Without objection, the motion carried unanimously.

Authorization to Change WRRSP Implementer

Resolution No. 99-17

Authorization to change the listed WRRSP Implementer for the Beck Fen Expansion Preservation Project from the Western Reserve Land Conservancy to the Natural Areas Land Conservancy.

MOTION – Mayor Stefanik moved and Mr. Sulik seconded to adopt Resolution No. 99-17. Without objection, the motion carried unanimously.

Authorization to Designate Representative

Resolution No. 100-17

Authorization to designate the role of Chief Executive Officer or his/her appointee as the District's specifically designated authorized representative with regard to all aspects of the Water Pollution Control Loan Fund program.

MOTION – Mayor Bacci moved and Mayor Stefanik seconded to adopt Resolution No. 100-17. Without objection, the motion carried unanimously.

Authorization to Amend Resolution

Resolution No. 101-17

Authorization to amend Resolution No. 174-16 for the adoption of the operating and capital budgets for the District for fiscal year 2017.

MOTION – Mr. Sulik moved and Mayor Stefanik seconded to adopt Resolution No. 101-17. After the following discussion and without objection, the motion carried unanimously.

Mr. Brown stated that the Finance Committee and other Board members previously attended the presentation of the budget for fiscal year 2017. The budget has implications related to the current rate structure and points where rates will head in the future. He reminded the Board and staff that they expect to be good stewards of the rate structure while being mindful of the CSO Long-Term Control Plan and the impact of capital and maintenance. It is their job to be prudent when exercising their responsibilities related to clean water and to do it in a cost-effective and efficient manner.

Chandra Yadati, Director of Information Technology (IT), advised that Project Clean Lake and several CIP projects is adding billions of dollars of assets into the system, and with it more personnel.

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Mr. Yadati explained that several areas of IT were improved, including new leadership positions, reducing risk and managing costs from a software compliance perspective. They are also conducting a lifecycle review for all systems and applications.

Staff completed over 40 different projects and initiatives and are putting together a draft data governance policy and other items related to privacy. Staff saved close to \$4.5 million during last year.

Staff identified key risk areas in terms of bringing in a focus on governance and business relationship. IT staff has provided employees with opportunities to become more self-sufficient and providing opportunities for business process improvement, which has the direct benefit of better service while bringing down costs.

During 2017 major initiatives include bringing governance structure to bear, expanding and improving business applications, strengthening IT infrastructure, enhancing cyber security and optimizing internal IT processes and systems.

Mr. Yadati wants to build a team that supports future needs and align with industry best practices. Six new staff members are already in consulting or professional services roles, and we want five new positions to provide the support needed. The savings bringing these services in-house is \$180,000 annually.

Mr. Brown stated that a large part of the process is to bring things supported by outside resources in-house that are long-term business needs. The business needs of the organization drive to what extent technology is needed. Mr. Brown was more concerned about aligning technology with current or merging business needs and whether IT's new staffing addresses the need of using empirical data to make decisions as opposed to assumptions/

CEO Dreyfuss-Wells explained that the District is expanding that area to take better advantage of business intelligence and leveraging the full capabilities of the solutions implemented.

VIII. Information Items

1. Program Management Status Report & Update – February 2017

Devona Marshall, Deputy Director of Engineering & Construction, advised that cash flow at the end of February was at 91%. During that month staff spent \$15 million, with \$5 million comprising the Dugway Storage Tunnel Project, \$1.8 million towards the Stone Superior Canal CSO Control Project and \$1 million for the First Stage Settling Project at Southerly. Ms. Marshall noted that 91% is the highest figure achieved since it has been tracked because staff looked at pre-basic expenditures on projects and tried to make it more accurate.

During February, the Southerly Second Stage Lift Station Improvement Project was awarded. The project will upgrade the existing lift station at Southerly and increase the pumping capacity. The

project is on schedule and was awarded nine days early. However, the three lowest bids on average were 14% lower than the engineer's estimate.

Three projects closed during February.

The District-Wide LED Lighting Upgrade Project closed out under the overall award price but did not meet the goal of within 95% of contract amount. Business Opportunity Program participation exceeded the goals.

The CSO 236 SWO Project came in under 84% of the original contract amount due to specific allowance items that were not utilized for unforeseen sight conditions. Such unforeseen conditions resulted in utility interference and the equipment idled while that was removed. Business Opportunity Program participation exceeded the goals.

The Fairmount Boulevard SSO Relief Sewer Project came in just under the goal of 95%. Again, some specific allowances were not exercised. Business Opportunity Program participation exceeded the goals.

Moving to ongoing construction projects, the Dugway Storage Tunnel is the second of the seven large tunnels that will be constructed under Project Clean Lake, and one of the largest projects. This project is still behind in cash flow \$25 million but it is anticipated to be somewhat made up.

The Tunnel Dewatering Pump Station Project is scheduled to be complete by June 27 but staff anticipates a no-cost time extension because it is not expected to be complete by then. When complete the pump station will be responsible for dewatering the Euclid Creek Tunnel. The Dugway Storage tunnel is currently in construction. Staff anticipates this system becoming operational around Labor Day.

Ms. Marshall stated that the East 140th Consolidation and Relief Sewer Project is underway and is associated with community impact. There are sewer installations and open-cut activities. There have been some issues regarding traffic and site maintenance.

The Superior Stones Canal CSO Project covers three of the 25 control measures required under the consent decree. When complete it will control four CSOs upwards of 15 million gallons annually. The Superior Pump Station failed very shortly after the District took ownership, requiring repair work. The pump station is operational again and staff is proceeding with the scope of the job. Shaft construction is anticipated to begin around April with micro-tunneling starting in June.

IX. Open Session

There were no items.

X. Public Session (any subject matter)

