

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
MARCH 17, 2016

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
W. O'Malley
J. Bacci
T. DeGeeter
S. Dumas
R. Stefanik

The 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 March 3, 2016, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

Chief Executive Officer (CEO) Ciaccia advised that no one signed up to speak about a specific agenda topic.

IV. Chief Executive Officer's Report

CEO Ciaccia reported that in September 2013 the Board approved a resolution that provided revisions to the Stormwater Management Program (SMP) credit policy and also authorized a 30-day notice for public comment. Shortly after that meeting the SMP was suspended by the Appellate Court and the 30-day notice of those changes was not issued.

Since the SMP has been reactivated staff intends to issue the notice.

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The three changes are an additional stormwater quality credit of 25% of the various qualifying agricultural or forestry practices that produce pollutant loads in the stormwater runoff; a modification to the education credit that allows schools to better use offerings from informal science institutions such as the Watershed Stewardship Center at West Creek; and minor changes throughout the document that clarify and update specific requirements of the credits.

V. Action Items

Authorization to Amend Resolution

Resolution No. 70-16

Amend Resolution No. 143-15 to Adopt the District Budget as Amended for the Year Ending December 31, 2016.

MOTION – Mayor Stefanik moved and Ms. Dumas seconded to adopt Resolution No. 70-16. After discussion and without objection, the motion carried unanimously.

Ms. Dumas advised that the Finance Committee met on March 8 to review the budget. The Chief Financial Officer (CFO) provided a review of the budget process and the items submitted by budget centers. They were directed to stay within 5% of the adopted budget from the previous year. An internal executive review committee examined each request and made recommendations for funding in 2016.

The anticipated revenue for 2016 is \$272.3 million which takes into the consideration a 2% decrease in consumption and authorized an 11% rate increase and 3% uncollectible.

Operating expenses for the same period of 2016 are anticipated to be about \$130.2 million, which is a \$25 million increase over 2015 preliminary actuals. Salaries and wages are approximately 45% of this cost. The 2016 allocation allows the filling of vacancies, moderate new hires and a total staffing level of approximately 771 employees.

Health care costs are \$8.6 million, which is an increase of \$3 million, and professional services were increased to accommodate additional needs that include but are not limited to the sewer system evaluation study and improvement and rehabilitation study; the estimated cost of which is \$7.5 million, a lock-out/tag-out procedure, a power quality study, renewable energy study and a plant automation review.

Professional services include funding for green infrastructure grant projects and Oracle Solutions for Information Technology (IT) that accommodates Finance, amongst other departments and other items. The utility power cost included an 8% increase in electric rates and a decline in gas cost due to the Renewable Energy Facility.

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The proposed capital budget is the proportion that is shared for 2016 of a capital budget that expands fiscal year 2016 through 2020 and is approximately \$1.4 billion.

The 2016 anticipated project costs are \$247.5 million and funding available to cover those projects from various sources is about \$462.1 million. The designated projects will be subject to Board consideration during the operating year.

The Committee also reviewed the proposed stormwater financial plan. Revenue was expected at \$22.4 million and expenses at \$11.6 million. CFO Demmerle additionally prepared a public purpose document in great detail and outlined where each of the proposed expenditures met the public purpose document.

The Board is being asked to approve that in its gross amount, as opposed to the individual items under each section. CFO Demmerle agreed to provide a running quarterly total on the compliance under each of those sections.

Ms. Dumas found all of the efforts and numbers to be reasonable, and recommended that the Board approve it.

Authorization to Advertise

Resolution No. 71-16

Two-Year Contract for Grit and Screenings
Disposal at All Wastewater Treatment Plants.
Anticipated Expenditure: \$1,080,000.00.

Resolution No. 72-16

Advertise for Bids for Construction of the East
140th Street Consolidation and Relief Sewer
Project. Engineer's Opinion of Probable
Construction Cost: \$82,300,000.00.

MOTION – Mayor Stefanik moved and Mr. O'Malley seconded to adopt Resolution Nos. 71-16 through 72-16. After discussion and without objection, the motion carried unanimously.

Mr. Sulik requested an explanation regarding Resolution No. 72-16. James Bunsey, Director of Engineering & Construction, advised that flows will be dropped to the Euclid Creek and Dugway Storage Tunnel and the project will provide additional capacity and stormwater control.

Mr. Brown inquired whether the project affects Nine Mile. Mr. Bunsey advised that the drop point will be near the Nine Mile site into the tunnel system.

Mr. Brown stated that he read the District's goal was to ensure this service area had relief for up to a five- or six-hour storm, which is the standard for a residential area. He questioned whether

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there were parts of the system that do not meet those criteria. Mr. Bunsey stated that there are areas throughout the system that do not currently meet those criteria at a local level.

Doug Lopata, Program Manager, explained that this project is more like two projects in one, as there will be an 84- and 60-inch rock tunnel and green infrastructure basins and a storm sewer system. The project is half in Cleveland and half in East Cleveland and involves two culverted streams -- Nine Mile Creek and Shaw Brook Creek. The project also sets up the stormwater offload culverts for future development.

The East 140th Consolidation Sewer is connected to the Dugway Storage Tunnel and the Relief Sewer project is a rock tunnel -- traditional for the District's typical work. Eight shafts, including open-cut sewers will connect flow into this rock tunnel, a new culvert connection to the Nine Mile Creek, and various regulator modifications to provide flood relief and control flows and capture CSO volume.

The second piece of the project is three green infrastructure basin sites in the southern half, in East Cleveland. The site contains storm sewers of various sizes that are needed to separate the flow and get it to these basins.

This area has two culverted streams to which flow can be offloaded and it has many separated streets and storm and sanitary drainage already. Staff is endeavoring to capture that drainage and bring it to the green infrastructure basins. The project will beautify the area in addition to providing a long-term maintenance partner for the community.

Staff has held public meetings with entities such as East Cleveland Schools, East Cleveland City Council and other stakeholders in the area. Additionally, they have had discussions with Cleveland City Council members about the project and will continue to do so through the construction.

The project will be bid in 2016. The tunnel and green infrastructure piece will be conducted simultaneously in 2017-2018 and everything will be hooked up by 2020.

Mr. Brown stated that he would appreciate revisiting the issue of current infrastructure. He also advocated being clear and transparent regarding infrastructure issues so the public does not make assumptions in terms of creating an environmental justice issue.

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 73-16

RFPs for Design Build Services for the Southerly Ash Lagoon Bridge Rehabilitation Project.

Resolution No. 74-16

RFPs for Design and Construction

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Administration/Resident Project Representation
Services for the Doan Valley Relief and
Consolidation Sewer Project.

Resolution No. 75-16

RFPs for Engineering Services for the Combined
Sewer Area/Mill Creek Interceptor Local Sewer
System Evaluation Study Project.

MOTION – Mayor Bacci moved and Mayor DeGeeter seconded to adopt Resolution Nos. 73-16 through 75-16. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Agreement

Resolution No. 76-16

Agreement with City of Shaker Heights for the
Kendall-Cheshire Regulator and Flood Relief
Project. Not-to-Exceed \$1,000,000.00.

Resolution No. 77-16

Agreements to Fund the 2016 Green Infrastructure
Grant Program Pending City of Cleveland
Approval. Recommended Awards: Not-to-Exceed
\$1,999,949.00.

MOTION – Mr. Sulik moved and Mayor Stefanik seconded to adopt Resolution No. 76-16 through 77-16. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 78-16

Construction Contract with McNally Tunneling
Corporation for the Dugway South Relief and
Consolidation Sewer Project. Cost:
\$26,088,400.00.

Resolution No. 79-16

Two-Year Requirement Contract with Marra
Services, Inc. for Maintenance Services for the
Combined Sewer Overflow Floatables Control
Sites. Contract Amount: \$428,880.00.

Resolution No. 80-16

15-Month Requirement Contract with Ohio Bulk
Transfer Co. for Ash Lagoon Cleaning at the
Southerly Wastewater Treatment Center. Contract
Amount: \$1,984,500.00.

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MOTION – Mayor DeGeeter moved and Mr. O’Malley seconded to adopt Resolution Nos. 78-16 through 80-16. After discussion and without objection, the motion carried unanimously.

Mr. Brown referenced Resolution No. 78-16 and inquired regarding the bid being significantly under the engineer's estimate. Mr. Bunsey explained that there are four categories with the reduction and cost of this contractor compared to the engineer's estimate. The significant differences were the equipment and installation of those components of the project. Those three items in addition to the bid were about \$8 million lower because their percent of the general allowance was a million lower than the engineer's estimate. The second lowest bid was only \$2 million off of the low bid, so the bids were consistent.

Mr. Brown questioned whether the contractor would expect change orders, to which Mr. Bunsey stated he hoped not and that the District has worked with the vendor in the past.

Authorization of Contract Modification

Resolution No. 81-16

Modify Contract No. 15000581 with Fabrizi Trucking & Paving Co., Inc. for the Green Ambassador – Fairhill/MLK Project. Cost: Reallocation of Monies from Non-Performed Work Items Associated with the Storm Sewer on MLK Blvd. to Bid Item Numbers 102, Rock Removal, and 105, General Allowance, with No Change in the Contract Price.

Resolution No. 82-16

Modify Contract Nos. 13002509 and 13002615 with MWH Americas, Inc. and CH2MHill Engineers for the Stream Restoration and Bank Stabilization General Engineering Services Project. Cost: An Increase in the Amount of \$1,000,000.00 Bringing the Total Contract Price to \$3,375,000.00.

Resolution No. 83-16

Modify Contract No. 3520 with Cleveland Public Power for Electric Service at the Easterly and Westerly Wastewater Treatment Plants. Cost: A Decrease of \$0.01 Per Kilowatt-Hour in the Electric Service Rate for Each Plant and a Time Extension of Two Years and Three Months.

MOTION – Ms. Dumas moved and Mayor Bacci seconded to adopt Resolution Nos. 81-16 through 83-16. After discussion and without objection, the motion carried unanimously.

Authorization of Design-Build Contract Modification and Authorization to Enter Into Agreement

Resolution No. 84-16

Authorize the Construction Portion of the Design-Build Contract No. 15002785 with RiverReach Construction and Revise the Contract Amount and Duration; and Also Authorize the District to Accept and Expend Funding from the West Creek Conservancy and Enter Into an Agreement Necessary to Affect the Purposes of the Grant for the Highland Park Golf Course Stream Restoration Project. Cost: An Increase in the Amount of \$349,400.00 Bringing the Total Contract Price to \$1,699,400.00 and a Time Extension of One Year.

MOTION – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution No. 84-16. After discussion and without objection, the motion carried unanimously.

Property-Related Transaction

Resolution No. 85-16

Authorize Fee Simple Acquisition of One Parcel Necessary for Construction of the Union/Buckeye Green Infrastructure Project. Consideration: \$21,550.00.

Resolution No. 86-16

Authorize Acquisition of Two Parcels by Appropriation Necessary for Construction of the East 140th Street Consolidation and Relief Sewer Project. Consideration: \$38,500.00.

MOTION – Mr. Sulik moved and Mr. O'Malley seconded to adopt Resolution Nos. 85-16 through 86-16. After discussion and without objection, the motion carried unanimously.

Authorization to Transfer Ownership

Resolution No. 87-16

Authorize the District to Enter into an Agreement to Transfer Ownership Responsibility, from the City of Brooklyn to the Northeast Ohio Regional Sewer District, of the Ridge Road Sewer from the Discharge Point at Big Creek Upstream to the Brooklyn and Cleveland Border.

MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution No. 87-16. After

discussion and without objection, the motion carried unanimously.

VI. Information Items

1. Program Management Status Report and Update – February 2016
2. Operations & Maintenance Quarterly Board Update

CEO Ciaccia advised the Board that the report had been submitted in the Board's packet.

VII. Open Session

There were no items.

VIII. Public Session (any subject matter)

There were no items.

IX. Executive Session

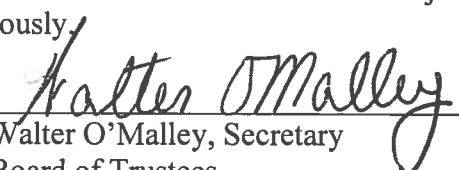
There were no items.

X. Approval of Items from Executive Session

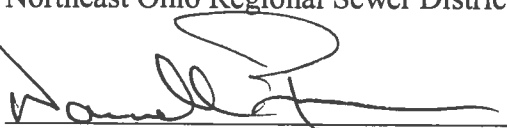
There were no items.

IX. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved and Mayor DeGeeter seconded the motion to adjourn at 1:00 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