

MINUTES  
NORTHEAST OHIO REGIONAL SEWER DISTRICT  
BOARD OF TRUSTEES MEETING  
APRIL 18, 2024

A Regular Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District (NEORS) was called to order at 12:30 p.m. by Darnell Brown.

I. Roll Call

Present: Darnell Brown  
Ronald Sulik  
Timothy DeGeeter  
Jack Bacci  
Sharon Dumas  
Samuel Alai

Absent: Marjorie Chambers

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

II. Approval of Minutes

**MOTION** – Mayor Bacci moved, and Mayor Alai seconded to approve the Minutes of the April 4, 2024, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

There were no items.

IV. Chief Executive Officer's Report

Kyle Dreyfuss-Wells, Chief Executive Officer, advised the Board that on March 27<sup>th</sup> Scott Broski, Superintendent of Environmental Services; Angela Jones, Government Affairs Specialist; and Tracey Phelps, Deputy Director of Operation and Maintenance, traveled to Central State University as part of NEORS's longstanding partnership with the University for the Louis Stokes Scholarship program. They met with incoming President, Dr. Kutu, as well as representatives of the University's Career Services Department and professors from the Water Resource Management Department. NEORS staff interviewed candidates for the Louis Stokes Scholarship program for this year and are looking forward to two scholars joining NEORS in May.

On April 9<sup>th</sup> and 10<sup>th</sup> Ms. Dreyfuss-Wells and Danielle Giannantonio, Manager of Legislative Affairs, attended Water Week in Washington, D.C. This is the annual policy event that includes the National Association of Clean Water Agencies, the U.S. Water Alliance, and the Water Research Foundation. This year there was significant focus on PFAS regulation, as the U.S. EPA issued its first regulations regarding six specific PFAS chemicals in drinking water on April 10, 2024. Ms. Dreyfuss-Wells and Ms. Giannantonio met with the offices of Senators Brown and Vance, and Congresswomen Brown and Sykes, as well as directly with Congressman Miller. Ms. Dreyfuss-Wells and Ms. Giannantonio thanked each for their support of community-directed funding requests for earmarks from NEORS and its member communities. Additionally, they advocated for the preservation of funding in the State Revolving Fund as well as the continuation of the earmark process, protection from litigation related to PFAS, and continued funding for the Low-Income Household Water Assistance Program.

On April 17<sup>th</sup> Ms. Dreyfuss-Wells, Mayor Gallo of Parma Heights, and Mayor DeGeeter participated in the ribbon cutting ceremony for the Nathan Hale Stormwater Detention Basin in Parma Heights. This project controls 11 million gallons of stormwater in the local system and is already working to reduce basement flooding. The project is the result of collaboration between the City of Parma Heights, the City of Parma, Cuyahoga County, the City of Cleveland, NEORS, and the Ohio Department of Natural Resources.

Ms. Dreyfuss-Wells congratulated Robin Halperin for her promotion to Deputy Director of Watershed Programs. Ms. Halperin joined NEORS in 2008 and has developed the Regulatory Compliance and Health and Safety areas. Ms. Halperin most recently served as the Manager of Environmental Health and Safety. The Board is familiar with her work on the Consent Decree negotiations, as well as understanding PFAS regulations.

#### V. Action Items

##### Authorization to Advertise

Resolution No. 95-24	Authorization to publish notice calling for bids for a public improvement contract, for the Southerly Primary Heat Exchanger Replacement project, in accordance with Ohio Revised Code Section 6119.10, with estimated probable construction costs of \$8,300,000.00.
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**MOTION** – Mr. Sulik moved, and Ms. Dumas seconded to adopt Resolution No. 95-24. After the following discussion, without objection, the motion carried unanimously.

President Brown noted that this appears to be the first phase of a three-phase project that is expected to cost up to \$25 million and requested additional information. Devona Marshall, Director of Engineering and Construction, answered affirmatively and explained that this is the first of three projects involving the three incinerators at the Southerly Wastewater Treatment Center

(WWTC). NEORSD is intending to replace the primary heat exchanger systems associated with each of the incinerators. Under this first contract, NEORSD will purchase and install a new primary heat exchanger and refurbish the one that the new one replaced for installation under the second contract. This is the largest of the three projects due to the cost of the new equipment. In total, NEORSD will spend an estimated \$16.5 million in overall construction over the next five years for the three projects.

Authorization to Issue Request for Proposal (RFP)

Resolution No. 96-24                      Authorization to issue an RFP, in accordance with Ohio Revised Code Chapter 6119, for bond underwriting services to establish a pool of underwriting firms for a five-year period.

Resolution No. 97-24                      Authorization to issue an RFP, in accordance with Ohio Revised Code Chapter 153, for design and construction administration/resident project representation services for the Renewal of Culverted Streams III project.

**MOTION** – Mayor Alai moved, and Mayor Bacci seconded to adopt Resolution Nos. 96-24 through 97-24. After the following discussion, without objection, the motion carried unanimously.

President Brown asked whether NEORSD has utilized a pool for bond underwriting services in the past. Mr. Duplay explained that NEORSD previously utilized a pool for underwriting services from 2014 through 2018 for bond transactions. While there have been fewer activities since that time, NEORSD wishes to establish a pool for a five-year period in order to react to changes in the market. The market has been dynamic with interest rates dropping to near zero and climbing to over 5%.

As the market changes, different opportunities present themselves. NEORSD has been working with its municipal advisors from Baker Tilly to assist in selecting underwriters.

NEORSD is considering refunding outstanding Build American Bonds from 2010, for an estimated savings of 3% to 5%. Associated with this refunding is the ability to eliminate subsidy risks. The Build American Bonds were issued on a taxable basis. The federal government provides a subsidy to offset some of the interest costs through the program. That subsidy has been reduced in the past and could be reduced again. Refunding the bonds would eliminate any risk of further subsidy reduction to offset the taxable interest on those bonds.

NEORSD is also considering a bond tender associated with its outstanding 2020 and 2021 taxable bonds, which could potentially result in an 11% NPV savings, equating to up to \$32 million. Mr. Duplay explained that a tender transaction is similar to a refunding, except there is no obligation for the bondholders to participate. The way that it works is that NEORSD would offer to buy back bonds that are currently very low value in the marketplace. The bonds that NEORSD issued in 2020 and 2021 have extremely low interest rates. NEORSD would offer to buy those back at a lower

amount than they were issued for then issue tax exempt new bonds at a lower par value. NEORS would earn savings through the difference between the taxable versus tax-exempt rates and having a lower amount of par issued.

Due to the optional nature of the transaction, there is a varying level of expected participation based solely on the bondholder's option to tender those bonds based on the offer that NEORS makes through the transaction. Combining the tender process with a traditional refunding of those 2010 bonds helps eliminate risk of low market participation, essentially the cost of the transaction is taken care of through the known commodity of the normal refunding. Depending on the participation levels, the tender transactions could result in savings from \$3 million to almost \$10 million with 30% market participation. When combined with the 2010 refunding, potentially \$13 million in total debt service savings is a realistic outcome.

The timeline for this transaction is to issue the Request for Proposals once authorized, with responses due in May. NEORS plans to return to the Board for authorization to formally establish the pool at the second meeting in June. More specific estimates of potential savings will be known in the summer. The transaction would likely take place in August 2024.

Authorization to Enter Into Agreement

Resolution No. 98-24                      Authorization to enter into a professional services agreement with Stantec Consulting Services, Inc. for pre-design services for the Minnie Creek Near Bagley Road Flood Reduction project in an amount not-to-exceed \$590,000.00.

**MOTION** – Mr. Sulik moved, and Ms. Dumas seconded to adopt Resolution No. 98-24. Without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 99-24                      Authorization to enter into a public improvement contract with Fabrizi Trucking and Paving Company, Inc. for construction of the Baldwin Creek Bonny Banks Basin Improvements project in an amount not-to-exceed \$2,481,220.32.

Resolution No. 100-24                      Authorization to enter into two-year public improvement requirement contracts with T&T Demolition & Recycling, LLC in an amount not-to-exceed \$731,253.95 and Baumann Enterprises, Inc. in an amount not-to-exceed \$824,895.00 for the Property Demolition Services 3 project, in a total amount not-to-exceed \$1,556,148.95 for both contracts combined, and authorizing a general allowance in excess of 10% of the base contract price bid, excluding specific allowances, for both contracts.

**MOTION** – Mayor Alai moved, and Ms. Dumas seconded to adopt Resolution Nos. 99-24 through 100-24. Without objection, the motion carried unanimously.

Authorization to Amend Agreement

Resolution No. 101-24      Authorization to amend Project Agreement No. 22002937 with the Board of Park Commissioners of the Cleveland Metropolitan Park District (Cleveland Metroparks), which Agreement provided funding toward the acquisition of PPN 364-26-015, located in the City of Berea and within the Federal Emergency Management Agency’s 100-year floodplain along Baldwin Creek, to provide additional funding in an amount not-to-exceed \$115,000.00 for certain offsite mitigation activities to be performed by the Cleveland Metroparks, thereby bringing the total agreement amount not-to-exceed \$440,000.00.

**MOTION** – Mr. Sulik moved, and Mayor Bacci seconded to adopt Resolution No. 101-24. Without objection, the motion carried unanimously.

Authorization to Amend Policy

Resolution No. 102-24      Authorization to amend the Minority- and Women-Owned Business Enterprise and Small Business Enterprise Program Policies, as presented.

**MOTION** – Ms. Dumas moved, and Mayor Bacci seconded to adopt Resolution No. 102-24. After the following discussion, without objection, the motion carried unanimously.

President Brown requested additional information regarding the policy amendments. Mr. Duplay explained that the purpose of the amendment is to clarify the language that could be interpreted to mean that there was a one-year requirement for expertise for businesses to enter the program. The intent is to remove any barriers or confusion for people reading the policy.

Authorization to Modify Contract

Resolution No. 103-24      Authorization to modify the master contract with sole source vendor AT&T Corporation for WAN network services that include AT&T Advanced Switched Ethernet and Advanced Switched Ethernet on Demand to extend the term of the contract for an additional 60 months, from May 20, 2024 through May 19, 2029, in an additional amount not-to-exceed \$1,186,520.00, thereby bringing the total contract amount not-to-exceed \$2,353,040.00.

**MOTION** – Mr. Sulik moved, and Mayor Alai seconded to adopt Resolution No. 103-24. Without objection, the motion carried unanimously.

Property Related Transaction

Resolution No. 104-24      Authorization to acquire one parcel in fee simple known as PPN 489-16-039, located at 4741 Bunker Road, in the City of North Royalton, owned by Timothy I. Finn and Diann Finn, necessary for the construction and maintenance of the Big Creek Flood Mitigation Near Oakridge Drive project, and authorization to enter into an Assignment and Assumption Agreement with the Western Reserve Land Conservancy, and to allow for the entirety of the payment to be disbursed to Ohio Real Title Agency, LLC with total consideration of \$375,000.00 plus closing costs.

Resolution No. 105-24      Authorization to appropriate one subterranean easement at the property known as PPN 131-22-055, located at 3435 East 55<sup>th</sup> Street, in the City of Cleveland, owned by Eric L. Jones and Tamika Jones, necessary for the construction and maintenance of the Southerly Tunnel project, and to provide for the consideration of \$300.00 determined by the fair market value to be deposited with the Cuyahoga County Probate Court.

Resolution No. 106-24      Authorization to appropriate one subterranean easement at the property known as PPN 131-21-071, located at 3464 East 53<sup>rd</sup> Street, in the City of Cleveland, owned by Yvonne C. Jackson, necessary for the construction and maintenance of the Southerly Tunnel project, and to provide for the consideration of \$300.00 determined by the fair market value to be deposited with the Cuyahoga County Probate Court.

Resolution No. 107-24      Authorization to appropriate one subterranean easement at the property known as PPN 131-21-070, located at 3462 East 53<sup>rd</sup> Street, in the City of Cleveland, owned by the Estate of Forest G. Willcox, necessary for the construction and maintenance of the Southerly Tunnel project, and to provide for the consideration of \$300.00 determined by the fair market value to be deposited with the Cuyahoga County Probate Court.

Resolution No. 108-24      Authorization to appropriate one subterranean easement at the property known as PPN 131-21-034, located at 3453 East 53<sup>rd</sup> Street, in the City of Cleveland, owned by RCL Remodeling, LLC,

necessary for the construction and maintenance of the Southerly Tunnel project, and to provide for the consideration of \$300.00 determined by the fair market value to be deposited with the Cuyahoga County Probate Court.

**MOTION** – Mayor Alai moved, and Mayor Bacci seconded to adopt Resolution Nos. 104-24 through 108-24. Without objection, the motion carried unanimously.

Authorization to Endorse

Resolution No. 109-24      Authorization to endorse the City of Cleveland’s *Memorandum of Understanding Regarding Community Benefits Ordinance* (MOU), and authorization for the Chief Executive Officer to execute the MOU as a supportive endorser.

**MOTION** – Mr. Sulik moved, and Ms. Dumas seconded to adopt Resolution No. 109-24. After the following discussion, without objection, the motion carried unanimously.

President Brown requested additional information regarding the Ordinance. Constance Haqq, Chief Administrative Officer, explained that the Memorandum of Understanding (MOU) has two different signatories: those who are signing on to do the work which the MOU has pledged to do; and those that are endorsers of the MOU, and are endorsing the work which the MOU has pledged to do. Ms. Dreyfuss-Wells will sign the MOU as a representative of NEORSD endorsing the work to be performed under the MOU.

VI.    Information Items

President Brown advised that information items would include the first half certification of delinquent sewer and stormwater accounts to the Cuyahoga County Fiscal Officer for 2024; the certification of direct bill delinquent sewer and stormwater accounts to Cuyahoga and Lorain Counties Fiscal Officers; the Industrial Pretreatment Program legal notice; and the Capital Improvement Program management status report update for March 2024.

President Brown noted that the account certification process takes place twice per year and requested comment regarding NEORSD’s understanding with Cuyahoga County that NEORSD’s account certifications alone should not result in a property foreclosure. Mr. Duplay responded affirmatively and invited Eric Luckage, Chief Legal Officer, to offer comment. Mr. Luckage explained that he reached out again to the supervisor for the tax foreclosure unit at the Cuyahoga County Prosecutor’s Office who confirmed that their policy continues as it has for several years, that the County will not initiate foreclosure action on a property where the only liens are delinquent water, sewer, and/or stormwater bills. Generally, the threshold is \$1,000 of delinquent taxes, excluding delinquent water, sewer, and/or stormwater bills to potentially initiate a foreclosure.

The County would consider exceptions to this policy if it was specifically requested by a municipality or landbank for a particular property.

President Brown asked if the same is true for a delinquent direct bill account. Mr. Duplay answered affirmatively and offered a presentation regarding the certification process.

Mr. Duplay explained that NEORSD utilizes a prescribed process to recover delinquent customer accounts where the balance is more than 180 days past due, with a combined sanitary sewer and stormwater billing balance in excess of \$500, and in excess of \$100 for stormwater only accounts. NEORSD began the process in January to establish the list of accounts and in working with the Customer Service Department, sent out two letters to customers ahead of the certification process, a soft letter, then a certification letter. The letters are an attempt to reach out to customers to establish a payment plan and avoid certification, which occurred on April 1, 2024.

The initial candidate list contained over 12,000 customer accounts with \$13 million outstanding in total. Through the research and outreach performed by Customer Service staff, the list was reduced to just over 7,000 accounts eligible for certification, and an outstanding cumulative balance of \$7.3 million, with the remaining accounts making payment arrangements and avoiding certification.

NEORSD paused certification efforts during the pandemic and fully resumed efforts again in the first half of 2022. The certified balances since that time have gone from \$10.5 million to \$7.3 million. Despite the rate increases over that time, the number of accounts and dollar amount certified have gone down in the first half of the past three years.

The money is returned to NEORSD by the County when they collect. Historically, the collection rate is approximately 70% of what is certified. This is a major component of NEORSD's revenue collection and an opportunity for customer engagement to give them plenty of time and information to avoid the certification process and/or enroll in affordability programs. Revenue collection helps to provide revenue stability, which impacts the NEORSD's bond rating.

President Brown requested the update regarding the Industrial Pretreatment Program legal notice. Matt Scharver, Director of Watershed Programs, noted that there are many variables and criteria for compliance under the program and invited Kevin Roff, Supervisor of Enforcement for Water Quality Industrial Surveillance (WQIS), to provide context to the program and a review of noncompliance issues over the last two years.

Mr. Roff explained that NEORSD has operated and approved pretreatment programs since 1985. The program identifies the industrial users within the service area and determines whether those industries are subject to federal categorical standards that have specific limitations. NEORSD currently has 160 significant industrial users (SIU) and 809 other industrial users that may be subject to other programs. Once an SIU is identified, NEORSD is required to inspect and monitor them annually, as well as issue permits on a five-year basis. The permits require the SIU to perform



self-monitoring as well. NEORSD collects the data on a quarterly basis and using a federal calculation, determines whether the SIU has violations and is in noncompliance. Noncompliance can include procedural violations, which are more easily addressed.

In 2023, there were 26 companies in significant and noncompliance. NEORSD uses a progressive enforcement response. The standard response is a Notice of Violation (NOV). If the NOVs become frequent or increase in magnitude, NEORSD may escalate enforcement and put the user on a compliance schedule, if necessary. If it goes beyond that, NEORSD may bring them in for a show cause hearing, which will typically result in more of a settlement agreement. There were a couple companies on compliance schedules in 2023, and some compliance meetings. No terminations of discharge occurred. Additionally, there was a pretreatment audit conducted on the District's program last year by Ohio EPA, which showed that the program is operating well.

President Brown asked whether failure to comply could result in discontinuance of service. Mr. Roff answered affirmatively and added that not being eligible for sewer service can result in the loss of the occupancy permit for a facility. NEORSD routinely holds meetings and compliance seminars to help companies stay in compliance.

Ms. Marshall provided the Capital Improvement Program update for March 2024, beginning with cashflow. Cashflow through Q1 is at 92% of planned, for a total of approximately \$42 million paid out over that period. Across the top seven projects, which account for 78% of the planned cashflow for 2024, spending is at 96% of planned through Q1.

As for key performance indicators (KPIs), the design of the Southerly Primary Heat Exchanger Replacement project, with an estimated construction cost of \$8.3 million, was completed within 60 days of planned, meeting that KPI.

Also in March, substantial completion of the Southerly Training Center Renovation project was achieved within 90 days of planned, meeting that KPI. This project is renovating a building at the Southerly WWTC that was repurposed for Human Resources Training staff and training activities and includes renovating offices and training rooms as well as improvements to the electrical, communication, and HVAC systems for a cost of approximately \$719,000.00.

Ms. Marshall invited Christine Umerley, Project Manager, to discuss NEORSD's work with Literary Cleveland.

Ms. Umerley explained that through the Communications and Community Relations (CCR) Department, NEORSD had an opportunity to partner with Literary Cleveland, which is a nonprofit organization and creative writing center that provides resources such as multi-level classes, workshops, and events to the community. Ms. Umerley partnered with Laura Maylene Walter, a local novelist, and together they developed a generative writing workshop that was held at the Westerly Wastewater Treatment Center (WWTC).

Ms. Umerley explained the importance of writers to NEORSD and provided the example of Betty Klaric, a journalist for the Cleveland Press in the 1960s who wrote fervently about the environmental movement and the importance of saving Lake Erie and local waterways from being destroyed by pollution. The journalistic efforts of Ms. Klaric and others of that time coincided with the formation of the Environmental Protection Agency, the passage of the Clean Water Act, and the eventual formation of NEORSD.

The workshop with Literary Cleveland was held last April. It included discussions regarding the work of Ms. Klaric and other journalists, the writing research process, as well as a tour of the Westerly WWTP before performing a creative writing exercise.

Ms. Umerley offered thanks and appreciation to CCR and Westerly WWTC staff and advised that NEORSD is continuing its partnership with Literary Cleveland in 2024, with the next workshop to take place at the Southerly WWTC on June 18, 2024. There are plans underway to expand the tours to other NEORSD locations and hopes to spotlight the efforts at this year's Clean Water Fest and on social media.

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** – President Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved, and Ms. Dumas seconded the motion to adjourn at 1:25 p.m. Without objection, the motion carried unanimously.



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



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