

MINUTES  
NORTHEAST OHIO REGIONAL SEWER DISTRICT  
BOARD OF TRUSTEES MEETING  
MAY 5, 2016

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:30 p.m. by Ron Sulik.

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 April 21, 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 on a specific item, but someone did sign in to speak about another topic.

IV. Chief Executive Officer's Report

CEO Ciaccia reported that last week a Special Board Meeting was held to discuss staff's recommendation for sewer rates to meet revenue needs for the years 2017 through 2021. Since that time staff has had meetings with Cleveland Mayor Jackson, the Suburban Council of Governments, *The Plain Dealer* Editorial Board, Crain's Cleveland Business Editorial Board and Cuyahoga County Executive Armond Budish. Staff received good feedback, explained the District's needs what is driving continued rate increases for the next five years.

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Another Special Board Meeting is scheduled for May 17 which is dubbed as a work session and will be open to the public. The meeting will take place in the third-floor Operations Conference Room. Staff will present different scenarios as it relates to the rates and how they were formulated so the Board can vet every scenario and the outcomes.

CEO Ciaccia noted that although the next rate period is for five years, when conducting rate studies staff projects ten years into the future to avoid any short-sighted action.

At that time, CEO Ciaccia asked Constance Haqq, Director of Administration & External Affairs, to briefly describe the District's communications plan.

Ms. Haqq referenced that during the previous Board Meeting requests were made to provide an overview of the communications strategy. She indicated that documentation had been provided to the Board regarding the dates and times of road shows, and how staff intends to communicate with stakeholders both inside the organization and throughout the community.

Staff will also have special sessions within the road shows to talk to groups about the rates, which will include an informational video that produced in-house. Staff will be available to respond to questions.

V. Action Items

Authorization to Advertise

Resolution No. 126-16	One-Year Contract for Ferric Chloride Solution for Use at All Wastewater Treatment Plants. Anticipated Expenditure: \$612,000.00.
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**MOTION** – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution No. 126-16. After discussion and without objection, the motion carried unanimously.

Authorization to Reject & Rebid

Resolution No. 127-16	Reject All Bids and Re-Bid the Contract for Grit and Screenings Removal and Disposal at All Wastewater Treatment Plants. Anticipated Expenditure: \$1,080,000.00.
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**MOTION** – Mr. O'Malley moved and Mr. Sulik seconded to adopt Resolution No. 127-16. After discussion and without objection, the motion carried unanimously.



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Mechanical/Electrical/Plumbing Project. Contract Amount: \$1,500,000.00.

Resolution No. 135-16

Three-Year Contract with Osborn Engineering for the General Engineering Services – Civil/Structural/Architectural Project. Contract Amount: \$1,000,000.00.

Resolution No. 136-16

Three-Year Contract with Brown and Caldwell Consultants for the General Engineering Services – Treatment and Collections Project. Contract Amount: \$3,000,000.00.

Resolution No. 137-16

Contract with Paladin Protective Systems, Inc. for the Environmental and Maintenance Services Center Security Upgrade Project. Contract Amount: \$169,347.31.

Resolution No. 138-16

One-Year Contract with Oracle Corporation for Annual Software Maintenance and Support of Oracle Applications and Databases. Contract Amount: \$403,089.26.

Resolution No. 139-16

One-Year Contract with Veolia Water North America Operating Services, LLC for the Operations and Maintenance Operational Readiness Assessment and Implementation Plan Project. Contract Amount \$833,800.00.

Resolution No. 140-16

Six-Month Contract with Veolia Water North America Operating Services, LLC for Phase I of the Renewable Energy Facility Optimization Services Project. Contract Amount: \$215,000.00.

**MOTION** – Mayor Bacci moved and Mayor DeGeeter seconded to adopt Resolution Nos. 132-16 through 140-16. After discussion and without objection, the motion carried unanimously.

Referencing Resolution No. 133-16, Mr. Brown stated that there are a number of control measures in the consent decree the District is required to meet in terms of combined sewer overflow removal rates. He asked for an elaboration regarding the ability to affirm the District is getting value for the money spent towards various infrastructure projects. James Bunsey, Director of Engineering & Construction, explained that the contract is for both gray and green

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infrastructure. The contract will monitor 13 gray infrastructure and 8 Appendix Three green infrastructure projects. The District is responsible for meeting the regulations; the consultant will show through water quality analysis or modeling that they have been met.

Moving to Resolutions Nos. 139-16 and 140-16, Mr. Brown noted that he had a direct conversation with CEO Ciaccia around concerns related to Veolia understanding that they were contracted to perform certain work items and tasks related to the Flint, Michigan water system. He asked for an explanation of their role of engagement because the Board needs to be cognizant of any role they played and whether they had any germane responsibility in terms of the outcome.

CEO Ciaccia advised that the two resolutions are operational contracts: the Operational Readiness Program to account for new assets and make sure current staffing is sufficient and able to operate them; and optimizing the Renewable Energy Facility for opportunities to realize additional savings.

The requests for proposals were issued prior to the Flint water situation becoming national news. However, subsequent to the evaluation of the proposals the issues with Flint staff had become aware that Veolia was contracted to perform work for Flint on their water system. Staff asked Veolia to discuss their involvement in Flint and they sent representatives who showed they had a very limited scope.

CEO Ciaccia explained that the Flint water utility needed to assess their limits on high organics because they were taking river water. Veolia was charged with assessing that particular problem which was the formation of disinfection by-products. He reviewed the presentations they had done for Flint that were specifically related to that issue because that was strictly their scope of work.

CEO Ciaccia stated that he and staff were satisfied that Veolia had a very limited role and there was nothing to implicate them in the issues of the Flint situation. He also had the opportunity to completely review the governor's Flint Water Advisory Task Force and Eric Rothstein, a member of the task force whom he knows personally, advised there were no findings on Veolia in that assessment.

CEO Ciaccia was satisfied that District staff did its due diligence and noted that representatives from Veolia were present in the audience.

Mr. Brown stated that he raised the issue for transparency and that there was nothing that indicated Veolia had any responsibility or role in terms of the lead issue. They were contracted to perform a very specific impact to the water process and they gave a report which indicated different ways to attack that issue pursuant to current industry standard.

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CEO Ciaccia stated that in his opinion the root cause of the Flint situation was the mythical chase for cheaper water which drove Genesee County to establish its own water authority and run a 60-mile raw water pipe to Lake Huron. One of the glaring findings in the task force report is a recommendation for that project and law enforcement agencies are looking into that arrangement. CEO Ciaccia advised that Veolia informed him they did not have any involvement in that project or of any elected officials in Genesee County in any way.

Authorization of Contract Modification

Resolution No. 141-16

Modify Contract with Case Western Reserve University Weatherhead School of Management to Exclude Professional Development Courses in 2016 and Resume in January 2017 through December 31, 2018. Cost: A Time Modification Only with No Change in the Contract Price.

Resolution No. 142-16

Modify Contract No. 14001699 with Ohio Bulk Transfer Company for Grit and Screenings Removal and Disposal. Cost: A Six Month Time Extension Only with No Change in the Contract Price.

**MOTION** – Mayor Stefanik moved and Mr. Sulik seconded to adopt Resolution Nos. 141-16 through 142-16. After discussion and without objection, the motion carried unanimously.

Property-Related Transaction

Resolution No. 143-16

Authorize One Permanent Easement Acquisition Necessary for the Construction of the Dugway West Interceptor Relief Sewer Project.  
Consideration: \$500.00.

Resolution No. 144-16

Authorize Appropriation of Two Permanent Easements and Two Temporary Easements Necessary for the Construction of the East 140<sup>th</sup> Street Consolidation and Relief Sewer Project.  
Consideration: \$8,770.00.

**MOTION** – Mr. Sulik moved and Mayor DeGeeter seconded to adopt Resolution Nos. 143-16 and 144-16. After discussion and without objection, the motion carried unanimously.

VI. Information Items

1. Financial Report and Investment Advisor Performance Report for the Three-Month Period Ending March 31, 2016

Jennifer Demmerle, Chief Financial Officer (CFO), stated that the year's first quarter financial statements were enclosed to the Board which contains the sewer account and stormwater accounts separately. The District is meeting its financial metrics and operating revenue has increased by 16% over last year due to a 12% rate increase and flat consumption and a decrease in cancelled bills.

There is no operating revenue yet for the stormwater program because billing will resume later this year.

Highlights from the report include that sewer operating expenses have increased 6% compared to last year; operating expenses are under budget; and that there is \$440 million in cash balances, of which \$172 million remains from the 2014 bond issue. Those monies are 85% invested in government agencies, earning an interest rate of less than 1% as interest rates remain low, but still meeting the benchmark of the treasury bill.

2. Operations & Maintenance Quarterly Board Update

Raymond Weeden, Director of Operations & Maintenance, advised that total expenses were a little behind because some projects were included in "Other Expenses," such as the contracts with Veolia. General professional services are lagging as well because ash hauling did not take place during the first quarter of the year. However, the hauling is underway now and those expenses will close the gap in the second quarter.

Operations & Maintenance continues to be proactive in maintenance functions. Staff endeavors to prevent or minimize dry weather overflows and the percentage of planned maintenance across the plants and collections range from 67% up to 97%. That asset management approach to preventative maintenance keeps costs down and predictable versus a reactive maintenance approach.

Douglas Dietzel, Process Specialist at Westerly, advised that he has been with the District for four years. Flows have changed at Westerly, especially during high-flow events. He explained that in 2012 staff could process 100 million gallons per day through the primary treatment process and 70 million gallons per day through the secondary treatment process. As of May 2015 staff can perform full treatment on 100 million gallons per day.

Mr. Dietzel stated that to achieve these flow changes some process changes were adapted. The four valves in front of the plant were adjusted to allow more flow in from the collection system.

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Staff had to verify that the secondary treatment process could handle 100 million gallons per day. Flow measurements were taken by distribution onto the trickling filters. Staff also relocated one of the samplers to insure staff is meeting the current limit to provide a more representative sample of what was coming out of the trickling filters.

Mr. Dietzel explained that staff sought to add language to the Westerly NPDES permit that would allow for testing of secondary peak flow capacity without a violation. This action led to stress testing, which systematically increased flow by 10 million gallons per day. Staff sampled multiple events with multiple samples at various flow levels to insure compliance. Overall, the staff proved it could increase the secondary treatment capacity while still meeting permit limits and that it can operate in a different manner and still achieve full treatment to 100 million gallons per day.

### VII. Open Session

Mr. Brown noted the meeting between staff and *The Plain Dealer* Editorial Board and that he saw the ensuing article which had information that will be discussed during the May 17 Special Board Meeting. He suggested it might be purposeful if there is an overview of the consent decree that created the District which speaks to the issue of capital, Operations & Maintenance and CSO wastewater treatment responsibilities. There seems to be discussion percolating around why the entire region is responsible for the CSO costs. Although there is a very simple answer, it is helpful to revisit from time to time the charge and roles at the onset.

CEO Ciaccia stated that staff will include that information during the front end of the presentation. He further stated that the reporter covering the District has done a good job capturing how things are presented and is planning to write a story on District history.

### VIII. Public Session (any subject matter)

John Wadsworth stated that he lived in Villa Park and that in his opinion the District has done a great job landscaping the area.

Mr. Brown stated that the Board appreciates those comments.

### IX. Executive Session

**MOTION** – Mayor Bacci moved to go into Executive Session to consult with legal counsel and District administration regarding dispute involving the District in the subject of pending or eminent court action. After discussion and without objection, the motion carried unanimously following roll call vote.

The Board met in Executive Session from 1:20 p.m. to 1:36 p.m.



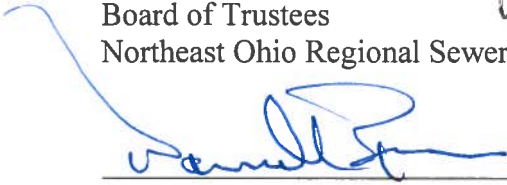
X. Approval of Items from Executive Session

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 Mr. O'Malley seconded the motion to adjourn at 1:36 p.m. Without objection, the motion carried unanimously.

  
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Walter O'Malley, Secretary  
Board of Trustees  
Northeast Ohio Regional Sewer District

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