

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
MAY 21, 2015

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:35 p.m. by Darnell Brown.

I. Roll Call

PRESENT: D. Brown
R. Sulik
W. O'Malley
J. Bacci
S. Dumas
T. DeGeeter
R. Stefanik

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

II. Approval of Minutes

MOTION – Mayor Bacci moved and Mayor DeGeeter seconded to approve the minutes of the May 7, 2015, 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 stated that a fire occurred at the George J. McMonagle Building on Sunday night, May 17. A resolution has been added to the agenda that includes emergency services in regard to that event.

The Board was provided with a financial summary through the first third of the year which shows the District is tracking on target with its revenues and slightly under for expenses.

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CEO Ciaccia stated that the past week was National Infrastructure Week. The District joined a group called the Value of Water Coalition, which was formed to elevate water in the overall infrastructure discussion, which usually involves roads and bridges.

Constance Haqq, Director of Administration & External Affairs, stated that the District was a founding member of the Value of Water Coalition. Staff provided the media and elected officials with a tour of the District in celebration of National Infrastructure Week.

Jean Chapman, Manager of Community & Media Relations, advised that staff saw National Infrastructure Week as an opportunity to showcase the District as an organization. They wanted to give the media and elected officials a behind-the-scenes look at the District's facilities. Staff hosted a number of tours dubbed "Follow the Flow" which showed the entire process wastewater undergoes when it enters the system -- including underground facilities -- to when it leaves the plants. The tour concluded at the Edgewater combined sewer overflow point for a close-up look at the inner-workings of the tunnels and system.

The event was well-attended by the media, wastewater industry and elected officials. In addition to local coverage, the event featured national radio coverage.

CEO Ciaccia stated that District intends to be very active in terms of outreach and communications.

Mr. Brown stated that there had been some question over the expanded use of green infrastructure and the return on investment associated with it. The District at some point should be in a position to correlate what is learned through expertise about elective use of green infrastructure. Staff should also debunk or affirm the value of green infrastructure as opposed to the conventional methods.

CEO Ciaccia agreed and advised that the District acts based on research and experience. Staff is in the process of putting together a green infrastructure policy which will be brought to the Board for consideration in the future. He reiterated that green infrastructure will not be the "silver bullet" that reduces overall rates.

Concluding his report, CEO Ciaccia advised that he distributed a draft bulletin (2015-005) from Ohio Auditor of State Yost which was sent to public offices and independent public accountants for review and comment which proposes to establish Abuse Standards.¹ This could apply to

¹ The standards are based on Generally Accepted Government Auditing Standards and define abuse to include misuse of authority or position for personal financial interest or those of an immediate or close family member or business associate. Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary business proactive given the facts and circumstances. Abuse does not necessarily involve fraud or violation of laws or regulations or terms of a contract or grant agreement. The standards will apply prospectively, for audit periods beginning July 1, 2015 and auditors will report abuse on the part of any public official coming to the Auditor of State's attention.

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activities that involve improper behavior that do not rise to the level of illegality or ethical lapses, but is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary business practice given facts and circumstances.

V. Action Items

Authorization to Advertise

Resolution No. 115-15

Two-Year Requirement Contract for Janitorial Services for the Environmental and Maintenance Services Center and the George J. McMonagle Building for Various Interior and Exterior Cleaning Services. Anticipated Expenditure: \$300,000.00.

MOTION – Mayor Stefanik moved and Mr. O’Malley seconded to adopt Resolution No. 115-15. After discussion and without objection, the motion carried unanimously.

Authorization to Purchase

Resolution No. 116-15

Authorize the Purchase from MTech, Through the State of Ohio Procurement Program, a Sewer Jet/Vac Truck for the Sewer System Maintenance and Operation Department. Cost: \$403,908.39.

MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution No. 116-15. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Agreement

Resolution No. 117-15

Two-Year Agreement with Verizon Wireless for In-Building Equipment for Signal Coverage Improvement in the George J. McMonagle Building. Cost: Commitment to a Minimum Number of Subscriber Lines and a Minimum Term of Two-Years. The District’s Current Number of Subscriber Lines Exceed the Minimum.

MOTION – Mr. Sulik moved and Mayor DeGeeter seconded to adopt Resolution No. 117-15. After discussion and without objection, the motion carried unanimously.

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Conditioned Sludge Thickening Demolition
Project. Engineer's Opinion of Probable
Construction Cost: \$350,000.00.

MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution Nos. 122-15 through 124-15. After discussion and without objection, the motion carried unanimously.

Mr. Brown requested an explanation regarding Resolution No. 123-15. James Bunsey, Director of Engineering & Construction, advised that staff maintains an annual budget for asset reconditioning and renewal in the collections system. Four previous studies have identified the condition of the interceptors and large sewers. The work under this resolution would include patching, relining or repairing those in the worst condition.

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 125-15

RFPs for the District Wide LED Lighting Upgrade
Project.

MOTION – Mayor DeGeeter moved and Mayor Stefanik seconded to adopt Resolution No. 125-15. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Agreement

Resolution No. 126-15

Agreement with the City of Cleveland for the
Highland Park Golf Course Stream Restoration
Project.

MOTION – Mr. Sulik moved and Mr. O'Malley seconded to adopt Resolution No. 126-15. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 127-15

Construction Contract with Kokosing Industrial,
Inc. for the Southerly Maximum Achievable
Compliance Technology and Operations
Improvement Project. Contract Amount:
\$13,610,411.00.

Resolution No. 128-15

Professional Services Contract with HDR
Engineering, Inc. for the Southerly Second Stage
Lift Station Improvements Project. Contract
Amount: \$2,218,821.00.

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MOTION – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution Nos. 127-15 through 128-15. After discussion and without objection, the motion carried unanimously.

Ms. Dumas questioned whether the Business Opportunity Program goals were set too high for this type of project. Mr. Bunsey advised that the District establishes goals on a project-by-project basis and looks for at least three certified MBE/SBE vendors that can perform the work. In this case he agreed that the goals appeared too high. Staff met with the contractor and they have offered a good faith effort to improve. The project is very high-risk and there is not ample participation for such work under such conditions.

Ms. Dumas understood the explanation but would like the goal to be reasonable so it does not appear so far off.

Mr. Brown noted that the District identifies opportunities for subcontractors and questioned whether those opportunities exist on this project. Mr. Bunsey advised that Business Opportunity Program participants do exist, but in the bidding the vendors often bid subcontracting work prior to making their own bids.

CEO Ciaccia advised that staff will work with the vendor to improve their percentages on this project. The work must be done in a given amount of time and the only option is to work with them to improve their efforts in this regard. The contractor's last four District projects exceeded their goals.

Mr. Brown stated that he had some discomfort approving the project based on promises for improvement and requested updates regarding the vendor's performance.

Authorization of Contract Modification

Resolution No. 129-15

Final Adjustment Modification of Construction Contract No. 14001145 with Nerone and Sons, Inc. for the Green Ambassador - Slavic Village Demonstration Project. Cost: A Decrease in the Amount of \$53,983.80 Bringing the Total Contract Price to \$164,733.12.

MOTION – Mr. O'Malley moved and Mr. Sulik seconded to adopt Resolution No. 129-15. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Emergency Contracts

Resolution No. 132-15

Three Emergency Contracts with SERVPRO,

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Service-Tech Corporation and Scientific Engineering Analysis to Provide Professional Services Related to a Fire in the Information Technology Department at the George J. McMonagle Building. Anticipated Expenditure: Not-to-Exceed \$235,000.00.

MOTION – Mr. Sulik moved and Mr. O'Malley seconded to adopt Resolution No. 132-15. After discussion and without objection, the motion carried unanimously.

Tom Madej, Superintendent of Maintenance Services, advised that a fire occurred at the GJM Building on May 17, 2015, just before midnight. The fire appears to have emanated from a power source underneath the HelpDesk area in the Information Technology department – the area in which it was also contained. The precise cause is yet to be determined.

Mr. Madej indicated that there are five phases of emergency response: discovery, initial response, sustained actions, determination and follow-up and remediation and recovery. They are currently in the determination and follow-up stage.

Mr. Madej stated that CEO Ciaccia dismissed non-essential employees from work on Monday, May 18 while cleaning and repairs began and employees resumed work on Tuesday, May 19.

The IT Department has been displaced due to the fire and has temporarily relocated within the GJM Building. The Watersheds Department was displaced for two days for duct cleaning.

The focus will move primarily to making sure the GJM Building is business-ready. The damage could have been worse if not for the design of the building that contained the fire in one area. Water was contained outside the server room. However, IT equipment has been wiped out from a recovery standpoint and needs to be replaced.

The fire investigation is the next step and is expected to be completed by June 8. Work on the building is expected to be completed by the end of June and costs are being gathered for an insurance claim as well.

Mr. Madej advised that the building restoration is estimated to cost \$75,000 and the replacement of IT equipment is estimated at \$100,000.

Mr. Brown noted that a space heater was plugged into the location of the fire although it was not turned on at the time. He suggested the District assess whether any space heaters within the building are commercial or industrial grade. Mr. Madej advised that it appeared the space heater was acceptable to be in the building but the cause of the fire is yet to be determined.

VI. Information Items

1. Program Management Status Report & Update – April 2015

Mr. Bunsey stated that Capital Improvement Program cash flow is very good at 83% of the high target -- last month it was 80%. The improvement is attributable to better weather and most flagship projects being on time or ahead of schedule.

The Dugway South Relief Consolidation Sewer has seen a reduction of \$1.29 million due to additional hydraulic modeling reduced its length.

The Westerly Tunnel Storage & Pump Station is out for bid and due June 12. The pre-design has an optimization that would save \$100 million on this project. Staff expects to have one consultant and two construction contracts because they are reusing a shaft from the initial construction for the pump station.

Mr. Bunsey advised that the District has been able to work with other entities to incorporate green infrastructure into the Opportunity Corridor project, which was awarded last month as the last of the Appendix 3 consent decree projects.

The Dugway West Interceptor Relief Sewer cost was reduced by \$500,000 due to design-build activity in the field. Through significant structure relocations staff reduced the amount of utility interference.

The Euclid Creek Tunnel Project is going very well and may be completed by August.

Mr. Bunsey advised that problems persist with the Tunnel Dewatering Pump Station; the contractor is significantly behind in terms of cash flow and schedule. Staff analysis estimates a six-month extension may be required. He advised that staff plans to meet with the owners of the company shortly.

The Southerly First Stage Improvements Project is also going well.

2. Operations & Maintenance Quarterly Status Report – April 2015

Ray Weeden, Director of Operations & Maintenance, stated that the Board was provided with performance data regarding the MPDES permit.

The Easterly plant budget is \$7.9 million this year and actual expenditures are under budget through the first quarter. No chemicals have been ordered so far.

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Mr. Weeden reported that over 6 million pounds of total suspended solids were removed at Easterly during the quarter and not discharged into Lake Erie. He further stated that the District is a point-source remover of phosphorous, which contributes to algal bloom issues. About 105,740 pounds of phosphorous were removed at Easterly during the first quarter of 2015. About 8 billion gallons of flow receives full treatment at the plant.

The District applied for an NPDES Platinum Plus-1 award, which means six years without an NPDES excursion.

Moving discussion to Westerly, Mr. Weeden advised that the plant has a similar budget to Easterly. 2 million pounds of total suspended solids were removed and flow is smaller than the other two plants. All permit limits were met and staff also applied for an NPDES Platinum Plus-1 award with five years without a violation.

Westerly is undergoing a study for alternatives or different uses for biosolids.

Mr. Weeden stated that Southerly is the largest of the three plants and has a budget of more than \$30 million. About 200,000 pounds of phosphorous was removed in March and 13 billion gallons of flow came through the plant during the quarter. A small amount of sludge hauling was necessary. Staff on behalf of Southerly submitted an application for a National Association of Clean Water Agencies (NACWA) Peak Performance Goal Award with no excursions during 2014.

The Southerly Renewable Energy Facility (REF) is burning the majority of sludge cake every month. Two incinerators reached peak capacity in January for over 24 hours. Such incineration saves the District money in terms of utility costs. The REF provides an electrical offset as a result of efficient operations and produces energy to help run the facility. The District saved in excess of \$150,000 this quarter.

Mr. Weeden advised that the automated wet weather equipment is operating 96% to 99% as designed and ensures that flows are coming to the plants and not the environment. There were zero dry weather overflows during the first quarter.

The asset management program is being expanded at all plants and will yield more data to report. Staff's goal is to continuously improve planned maintenance.

VII. Open Session

Mr. Brown appointed Mr. Sulik as chairman and Mayor Bacci and Ms. Dumas to the Ad-Hoc Nominating Committee. The Committee was tasked with nominating officers for the 2015-16 Term.

VIII. Public Session (any subject matter)

No members of the public registered to speak during Public Session.

IX. Executive Session

Mayor Bacci moved to enter Executive Session to discuss settlement offers in the Travelers Insurance litigation matter and the District's claims against Dominion Resources Services, Incorporated. A roll call vote was taken and the motion passed unanimously. The Board met in Executive Session from 1:48 p.m. to 2:01 p.m.

X. Approval of Items from Executive Session

Resolution No. 130-15

Authorize the Final Settlement of *Northeast Ohio Regional Sewer District v. Travelers Casualty and Surety Company of America*, Case No. CV 13 801828.

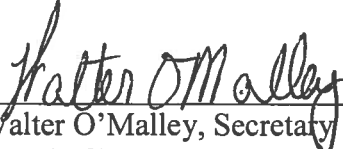
Resolution No. 131-15

Authorize the Final Settlement of NEORSD's Claim Against Dominion Resources Services, Inc., Claim No. 2013180011.

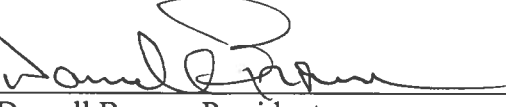
MOTION – Mr. Sulik moved and Mr. O'Malley seconded to adopt Resolution Nos. 130-15 through 131-15. After discussion and without objection, the motion carried unanimously.

IX. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mr. Sulik moved and Mr. O'Malley seconded the motion to adjourn at 2:02 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