

MINUTES  
NORTHEAST OHIO REGIONAL SEWER DISTRICT  
BOARD OF TRUSTEES MEETING  
JUNE 15, 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  
S. Dumas  
R. Stefanik

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

II. Approval of Minutes

**MOTION** – Mr. Ciaccia moved and Mayor Bacci seconded to approve the minutes of the June 1, 2017, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

There were no items.

IV. Chief Executive Officer's Report

CEO Dreyfuss-Wells began her report by announcing that Doug Gabriel has been promoted to the position of Deputy Director of Engineering & Construction and that Frank Foley accepted the position of Director of Operation & Maintenance.

CEO Dreyfuss-Wells thanked the Board for its guidance and participation at the June 8 Special Board Meeting regarding the consent decree. Staff will follow up on their recommendations and discuss updates in the coming months.

Last week the District hosted the fourth annual Thermal Oxidation Networking Forum at the Renewable Energy Facility. The forum was attended by leading domestic and international incinerator industry design experts, consulting engineers, owners and operators who shared best practices about the design, ownership and operation of incineration systems, the state of the regulatory environment and future trends in thermal oxidation.

CEO Dreyfuss-Wells indicated that the May financial statement showed that sewer revenues continue to track below projections. Stormwater revenue is on target; however, stormwater expenses continue to be below projections.

Specifically addressing stormwater expenses, Frank Greenland, Director of Watershed Programs, explained that staff has looked at each stormwater line item to understand why expenses are below projections and what can be done about it. Staff has discussed cash flow projections for this year and is not far behind the engineering benchmark curve of 85% as a benchmark. He anticipates more investment during the second half of 2017 as more projects will be going to construction. Staff is striving to accelerate its ability to execute design and get to construction more quickly. Two resolutions will be presented to the Board during July or August for external design resources.

Mr. Greenland indicated that during the July 6 Board Meeting he will go into more detail about stormwater and the budget status.

Mr. Brown inquired whether projects coming from that strategy are a result of examining the history of different locations and impacts or threats. Mr. Greenland affirmed and explained that all projects are a result of knowledge of past problems and the belief that staff could execute the projects now and without a master plan. The master plans have progressed to the point when early action projects may soon begin and these projects probably will get larger. The most pressing issues are being addressed first.

Mr. Brown was concerned that the master planning process is dynamic to take into account changing rainfall patterns and storm intensity. The focus becomes what is happening hydraulically in the system because simply moving problems often has very negative impacts that does not address the cause. Mr. Greenland explained that every year staff prioritizes stormwater projects using asset management principles and ranking projects. Staff wants to be sure that problems are solved and not moved.

Mr. Ciaccia inquired whether the Community Cost-Share is in revenue numbers. Ken Duplay, Chief Financial Officer, advised that the Community Cost-Share is included in revenue numbers but it is not presented in the expense budget numbers. The budget for expected Community Cost-Share disbursements is not an operating expense. 25% of cash collections from each community are included in the Community Cost-Share account; as it is spent it is noted as a non-operating expense.

Mr. Ciaccia inquired how the District is doing related to the maintenance budget. Mr. Greenland explained that routine maintenance is right on schedule with projections. Some pilot efforts are in the budget and may not move forward because of actual conditions in the field. For example, we had a recent pilot recommendation to dredge a basin. What was thought to be a large pile of sediment was actually a large pile of invasive plants in the middle of the basin. Once it was removed the storage capability needed was there, making the pilot unnecessary.

Mr. Ciaccia suggested there is a balance because these are projects people see and need, if maintenance funds are running short it may be acceptable to utilize more on maintenance. Mr.

Greenland stated that there is a lot of small-scale stabilization maintenance activities that staff can do quickly. Staff is in the midst of establishing a mechanism to execute \$50,000 and under maintenance contracts to increase visibility.

CEO Dreyfuss-Wells noted that there are many locations where staff determined that the in-stream debris does not need to be removed because it is providing habitat and a water quality benefit. Debris is only removed when there is a flooding or erosion problem.

Ms. Dumas was concerned about the low rate of spending considering there is the assertion of emergency stormwater issues and that the District should move forward on some of the projects.

CEO Dreyfuss-Wells indicated that staff will update the Community Cost-Share reporting because there is more activity than is currently reflected. Mr. Greenland stated that there is a \$13 million balance in Community Cost-Share Program with 27 member communities and 50 projects in various stages of executed agreements. There is about \$10 million in executed or about-to-be executed projects. The Community Cost-Share policy was modified to allow communities to seek submittal of large projects and pay them off over a number years. He also noted that some communities that are not utilizing the program are waiting for the account to accrue funding for a larger project.

Mr. Ciaccia stated that he is unsure what kind of marketing program was necessary to make communities aware that this funding is available but they all need it.

Turning back to sewer revenues, Mr. Brown asked CEO Dreyfuss-Wells to hold the presentation on sewer revenue planned under the Information Items so staff may get an understanding of the realities rather than hypotheses.

## V. Action Items

### Authorization to Advertise

Resolution No. 185-17

Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for the CSO Floatables Control Sites Maintenance project with an anticipated expenditure of \$545,000.00.

Resolution No. 186-17

Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for the Environmental and Maintenance Services Center Building Interior Renovation project with an engineer's opinion of probable construction cost of \$750,000.00.

**MOTION** – Mayor Stefanik moved and Mr. Sulik seconded to adopt Resolution Nos. 185-17

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through 186-17. After the following discussion and without objection, the motion carried unanimously.

Mr. Brown referenced Resolution No. 185-17 and inquired why staff has chosen to go out for bids; and the issue of not just maintenance but do we do an evaluation of effectiveness of the maintenance. There ought to be quality control in terms of how good of a job that they do because some of these areas are in close proximity to developments and businesses.

Mr. Foley advised that the District is spending money on the contract more quickly than anticipated for general cleanup maintenance at CSO Floatables Control Sites. There is some subjectivity in determining whether and when to call a contractor. Mr. Brown recommended adding to the bid an evaluation tool on performance.

Referencing Resolution No. 186-17, Mr. Brown questioned whether this renovation will address the District's short-term staffing and facility issues. James Bunsey, Chief Operating Officer, explained that this renovation of the lower level at EMSC is approximately 5,000 square feet and will accommodate about 31 employees for the Stormwater Inspection and Maintenance Group.

COO Bunsey noted that in 2014 a comprehensive renovation that included EMSC and GJM was estimated at \$4 million. In August 2015 it was decided to put that on hold. Staff got an understanding of all departments' current and future needs in August 2016 and the EMSC renovation was again undertaken since the Regional Stormwater Management Program (RSMP) was in full operation. COO Bunsey indicated that a subsequent resolution will be presented for furniture for about \$125,000.

COO Bunsey anticipated presenting the Board with a GJM design-build renovation plan in August 2017 that will more efficiently utilize the space in the current building. The combined cost of the renovations of EMSC and GJM would be slightly less than estimated in 2014.

Mr. Ciaccia referenced the previous energy performance contract at EMSC and noted that renovation to EMSC could change energy factors and further asked if this would affect the terms of the energy performance contract. COO Bunsey stated that the guaranteed performance of the previous EMSC energy contract has been met and that energy performance contractor would not be responsible for performance guarantees of the altered part of the building. Having said that, COO Bunsey assured the Board that staff is very cognizant to be energy efficient with the renovation.

Authorization to Purchase

Resolution No. 187-17

Authorize the direct purchase of Moyno pipeliner parts, from sole source vendor Schultz Handling Equipment, for use at all wastewater treatment plants with an anticipated expenditure of \$200,000.00.

**MOTION** – Mayor Bacci moved and Ms. Dumas seconded to adopt Resolution No. 187-17. Without objection, the motion carried unanimously.

Authorization to Re-Assign Contract

Resolution No. 188-17

Authorization to re-assign Contract No. 16001360 for sodium hypochlorite solution with K.A. Steel Chemicals, Inc. to Olin Corporation due to a name change.

**MOTION** – Mr. Ciaccia moved and Mr. Sulik seconded to adopt Resolution No. 188-17. Without objection, the motion carried unanimously.

Authorization of Contract Modification

Resolution No. 189-17

Authorize the modification of Contract No. 14003333 with Kokosing Construction Co., Inc. for the Southerly Wastewater Treatment Center First Stage Settling Improvements Project by granting a time extension of 197 calendar days with no change in the contract price.

**MOTION** – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution No. 189-17. The motion carried with one abstention by Mr. Ciaccia.

Property-Related Transaction

Resolution No. 190-17

Authorize the appropriation of the entirety of PPN 110-31-043 at 11511 Carolina Road (\$2,400.00) and PPN 110-31-044 at 11517 Carolina Road (\$1,500.00) and one permanent sewer easement within a portion of PPN 120-22-004 at 1525 E. 115<sup>th</sup> St. (\$300.00), all within the City of Cleveland and necessary for the construction of the Doan Valley Tunnel project with a total consideration of \$4,200.00.

Resolution No. 191-17

Authorize a relocation payment not to exceed \$27,500.00 to The House of God – The Holy Church of God associated with the District's permanent acquisition of property at 10106 Buckeye Road in the City of Cleveland necessary for construction of the Union/Buckeye Green Infrastructure project.

**MOTION** – Mr. Sulik moved and Ms. Dumas seconded to adopt Resolution Nos. 190-17 through 191-17. After the following discussion and without objection, the motion carried unanimously.

Authorization to Adopt Budget

Resolution No. 192-17	Authorize the adoption of the District’s operating budget, as presented, for the year ending December 31, 2018.
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**MOTION** – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution No. 192-17. Without objection, the motion carried unanimously.

Mr. Duplay explained that the District is required to pass a budget every year before July 15<sup>th</sup> which allows the District to operate prior to the formal adoption of the 2018 budget next March. The District will still go through a full budget process in the fall and the Board will amend this resolution next year.

Authorization to Renumber Resolution

Resolution No. 193-17	Authorization to amend the number of Resolution 104-17, adopted April 6, 2017, to Resolution Number 193-17 due to an error of assigning a previously assigned resolution number.
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Resolution No. 194-17	Authorization to amend the number of Resolution 105-17, adopted April 6, 2017, to Resolution Number 194-17 due to an error of assigning a previously assigned resolution number.
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**MOTION** – Mr. Sulik moved and Ms. Dumas seconded to adopt Resolution Nos. 193-17 through 194-17. Without objection, the motion carried unanimously.

VI. Information Items

1. Chief Legal Officer & General Counsel Claims Report to Northeast Ohio Regional Sewer District Board of Trustees

The information was provided for review.

2. Information Technology Department Update

Donice Bell, Senior Manager of IT Governance & Project Delivery, advised that in the early 2015 Information Technology (IT) Department developed a governance strategy that reviewed all IT projects.

Staff decided to pause the governance process following the departure of the previous Director of IT. Chandra Yadati became the new Director of IT in December 2015 and assessed the staff resources of the department and realigned them to better identify the skill sets they needed to acquire. The District subsequently engaged Deloitte to perform a formal assessment and development of a revised IT strategy. During the first quarter of 2017, with organizational budget approval, the department hired additional resources and in the second quarter has launched the governance approach to become better at delivering projects. The organizational realignment also included succession planning, career pathing, training and development.

Ms. Bell explained that the IT strategy is to be aligned with the business and bring value to the District with measurable results. Things IT does were placed into three categories: “transform” projects, “improve” projects and “run” projects – or day-to-day issues.

The IT Department, with the Governance Committee, will determine how to prioritize those investments and revamp the governance process to make sure IT helps the District achieve its strategic objectives. IT will set clear expectations, define its goals, manage and measure them. The government process is not stagnant; it must be repeatable for the committee to be able to review and discuss changes for improvements. Furthermore, the department will insure proper resource availability and allocation so that decisions and assets are handled properly and the resources to handling them are at a sufficient level. IT will not drive the business but will be engaged with the business to ensure alignment. The governance process will feature transparency continuous improvement and open dialogue.

The 2017 Strategic and Operational Action Plan set out several goals for IT. This includes the establishment of the IT road map and governance process, that has been substantially completed and underway. The Ensure Cyber Security and Resilience Program is progressing with the recent approval from the Board to seek specialized services through an RFP to protect the District’s information and assets. The goal to improve efficiencies in business operations and reducing complexity, is also progressing with the hiring of specific skill set to support the Oracle system which is now more stable. Finally, in the area of leveraging technology to provide better services and accessibility, IT has demonstrated results through the implementation of the District’s recruitment platform, Taleo, and the certification portal that supports the Contract Compliance team. A new website that has a modern look and easy-to-access content was launched in April 2017. Ms. Bell advised that during 2017, IT has saved over \$500,000.

Mr. Brown was satisfied with the governance process and pleased that it is business-driven, with clear objectives.

### 3. Program Management Status Report and Update – May 2017

Doug Gabriel, Deputy Director of Engineering & Construction, advised that cash flow is doing very well.

During the month of May the Union/Buckeye Green Infrastructure Project engineer’s estimate was within 10% of the three lowest bids; however, the contract was awarded in 178 days due to the

design documents coming in late. Similarly, the Kingsbury Run Culvert Repair Project was within the Key Performance Indicator (KPI) with the engineer's estimate, but the design did not meet its KPI.

The EMSC energy conservation project exceeded its Business Opportunity Program goal. The Westerly Primary Effluent Pump Rehabilitation Project met the KPI for closing out within 95% on the original contract amount, and exceeded its values for the Business Opportunity Program.

Mr. Gabriel stated that the Dugway Storage Tunnel Project is going very well and is at that stage when the contractor completes the final assembly of the tunnel boring machine. That work is three weeks ahead of schedule.

The Tunnel Dewatering Pump Station continues to be problematic. The wet testing process revealed vibration issues with the pumps -- which is being addressed by the pump manufacturer - - and an internal noise issue with the pumps which the pump manufacturer is studying and hopes to have results of that study by the end of this month.

Staff hopes that remedial action on the vibration issue is complete within the next week and testing may commence within two weeks. The final completion date is June 29 and will not be met. Mr. Gabriel stated that staff is determining how to handle this with the contractor.

Mr. Brown inquired whether the issues were manufacturer equipment issues or design-related. Mr. Gabriel indicated that they are manufacturer issues and the manufacturer is addressing them.

Mr. Brown questioned how much time this would add to the project. Mr. Gabriel explained that staff hopes to have an answer for the vibration issues within the next couple of weeks and will have data from the pump manufacturer about the internal noise issue by the end of the month. He advised that it is difficult to predict a completion date until that data is received.

Mr. Brown was concerned about any appropriate warranties thereafter in terms of the warranty period itself and hoped to hear something as to an outcome for that as well.

Mr. Ciaccia stated that if it is a manufacturer problem it is a contractor problem because they hold the contract. He inquired regarding the status of the District's general allowance to deal with these issues and whether staff anticipates using liquidated damages. Mr. Gabriel explained that there is about \$1 million remaining in the general allowance, but that will not be used to resolve this problem because it is the contractor's problem. The contractor has not been paid in three months and the District has absorbed all the retainage money in accrued liquidated damages. Now the District is absorbing the monthly progress payments as accrued liquidated damages.

Mr. Brown stated that the contractor owns these issues and it should not affect the District if this was an issue caused by their product. COO Bunsey agreed and stated that the remaining money in the contract is not being paid to the contractor to cover liquidated damages accruing each month. When the contract concludes, staff will determine how and when to apply the liquidated damages that have been accrued.



Mr. Gabriel advised that the East 140<sup>th</sup> Street Consolidation and Relief Sewer Project about two months ahead of schedule. The three big stormwater basins are excavated and open-cut sewer work is ahead of schedule. The contractor is doing a good job with restoration and paving the streets impacted.

The Dugway South Relief and Consolidation Sewer is another project going well. Staff agreed with the contractor for a 110-day time extension due to delays with water line relocations. The contractor has requested compensation for that delay, but has not yet provided supporting documentation.

The Easterly Secondary Systems Improvement Project is also ending within the next couple of months. Site restoration work has proceeded with favorable weather. There was a 43-day time extension for substantial completion which will make it early August, at which point staff can commence the plant shakedown period per the consent order.

VII. Open Session

Mr. Brown asked Mr. Sulik to head the nominating committee and for Mayor Bacci and Ms. Dumas to serve the nominating committee. The committee will be asked for a recommendation of officers for the next term.

VIII. Public Session (any subject matter)

There were no items.

IX. Executive Session

**MOTION** – Mayor Bacci moved and Mr. Sulik seconded to go into Executive Session pursuant to Ohio Revised Code Section 121.22(G)(1) and (3) to consider the appointment and employment of a public employee and to consult with District legal counsel concerning disputes involving the District that are subject to imminent court action. After discussion and without objection, the motion carried unanimously by roll call vote.

The Board met in Executive Session from 1:36 p.m. to 1:57 p.m.

X. Approval of Items from Executive Session

There were no items.

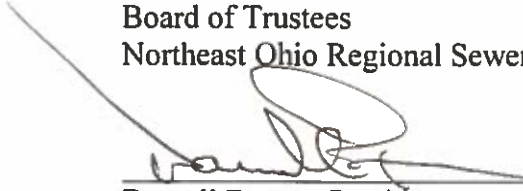
XI. Adjournment

**MOTION** – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor DeGeeter moved and Mayor Stefanik seconded the motion to adjourn at 1:57 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