

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
JUNE 16, 2016

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
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 Ms. Dumas seconded to approve the minutes of the May 17, 2016, Special Board Meeting. Without objection, the motion carried unanimously.

MOTION – Mr. O'Malley moved and Mr. Sulik seconded to approve the minutes of the June 2, 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.

IV. Chief Executive Officer's Report

CEO Ciaccia provided a summary of five road shows District staff conducted which included questions and feedback in terms of the rate presentation.

BOARD OF TRUSTEES

Regular Meeting

June 16, 2016

Page 2 of 8

Secondly, he noted that 43 communities have signed Regional Stormwater Management Program (SMP) service agreements, leaving 12 unsigned. Three of the communities without agreements have been given authority by their city councils to sign them and another three are seeking approval from their councils. That leaves six communities that have not given an indication of their intentions.

CEO Ciaccia explained that the SMP agreements are important because the District cannot perform any stormwater-related work in communities until there is a signed agreement, nor can they allow the communities to use any of the community cost share funds the District is holding on their behalf for stormwater projects.

Closing his report, he advised that staff was notified today that a property owner along the Dugway West Interceptor Relief Sewer Project has filed a lawsuit against the District, citing negligence, trespass and emotional distress. He explained that this is a customer with whom staff has had a lot of interactions during that project. The construction team, Ms. Haqq and her team have worked with this resident and tried to meet her demands, but some of them were unreasonable and mostly financial. He stated that there will be more discussion on this topic an appropriate time in an executive session.

Ms. Dumas questioned why the Call & Post was not included in the ad buys. Constance Haqq, Director of Administration & External Affairs, explained that staff reached out to them, but they were unresponsive.

V. Action Items

Authorization to Adopt Budget

Resolution No. 174-16 Adopt 2017 Operating Budget.

MOTION – Mayor Stefanik moved and Ms. Dumas seconded to adopt Resolution No. 174-16. After discussion and without objection, the motion carried unanimously.

Authorization of District Membership

Resolution No. 175-16 Membership for Sourcing Alliance. Cost: \$0.00.

MOTION – Mayor DeGeeter moved and Mayor Bacci seconded to adopt Resolution No. 175-16. After discussion and without objection, the motion carried unanimously.

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 176-16 Authorize the District to Rescind Resolution 64-16 and to Issue RFPs for the Purpose of Executing

BOARD OF TRUSTEES

Regular Meeting

June 16, 2016

Page 3 of 8

Phase II of the Ash Beneficial Reuse Pilot Project:
Regulatory Approval. Cost: Not-to-Exceed:
\$100,000.00.

MOTION – Mayor Bacci moved and Mr. O’Malley seconded to adopt Resolution No. 176-16. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 177-16 Contract with Dell Computers for Microsoft Office 365 Licenses through Dell’s Ohio State Term Schedule, as Well as Implementation and Training Services Under Separate Contracts. Total Cost: \$689,465.00.

Resolution No. 178-16 Two-Year Contract with Ohio Bulk Transfer Company for Removal and Disposal of Grit and Screenings from All Wastewater Treatment Plants. Contract Amount: \$1,263,787.42.

Resolution No. 179-16 One-Year Contract with PVS Technologies, Inc. to Deliver Ferric Chloride Solution for Use at All Wastewater Treatment Plants. Contract Amount: \$582,000.00.

MOTION – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution Nos. 177-16 through 179-16. After discussion and without objection, the motion carried unanimously.

Referencing Resolution Nos. 178-16 and 179-16, Mr. Brown inquired regarding the prior contract amounts. Ray Weeden, Director of Operations & Maintenance, advised that the prior contract amount for Resolution No. 178-16 was \$1,263,828.58 and the prior contract amount for Resolution No. 179-16 was \$326,400, but they have since added additional pounds of ferric chloride for high-rate chemically enhanced high-rate treatment. The bid is one cent lower than the previous bid, per unit price.

Authorization of Contract Modification

Resolution No. 180-16 Modify Contract Numbers 14003526 Through 14003529 with Aqua Science, Inc. for Boiler Feed Water Treatment and Cooling Tower Service at All Wastewater Treatment Plants and the George J.

McMonagle Building. Cost: A Time Extension of Twelve Months with No Change in the Contract Price.

Resolution No. 181-16

Modify Contract No. 11003455 with ComDoc for Print Management Services at All District Facilities. Cost: An Increase in the Amount of \$110,000.00 Bringing the Total Contract Price to \$905,000.00.

MOTION – Mr. O’Malley moved and Mayor Bacci seconded to adopt Resolution Nos. 180-16 through 181-16. After discussion and without objection, the motion carried unanimously.

Property-Related Transaction

Resolution No. 182-16

Authorize One Fee Simple Acquisition in the City of East Cleveland Necessary for Construction of the East 140th Street Consolidation and Relief Sewer Project. Consideration: \$1.00.

Resolution No. 183-16

Authorize One Permanent Sewer Easement Acquisition in the City of Cleveland Necessary for Construction and Maintenance of the Dugway West Interceptor Relief Sewer Project. Consideration: \$8,300.00.

Resolution No. 184-16

Authorize One Right of Entry with 54 Chevy, LLC Necessary for Construction of the Chevrolet Boulevard Detention Basin Project. Consideration: \$0.00.

Resolution No. 185-16

Authorize the District to Put Additional Monies on Deposit with Cuyahoga County Probate Court Per a Settlement to Obtain a Parcel in the City of Cleveland Necessary for Construction and Maintenance of the East 140th Street Consolidation and Relief Sewer Project. Cost: \$6,400.00.

Resolution No. 186-16

Authorize the Fee Simple Acquisition of Eight Parcels Necessary for Construction of the Union/Buckeye Green Infrastructure Project. Total Consideration: \$78,950.00.

Resolution No. 187-16 Authorize the Acquisition of Two Parcels by Appropriation Necessary for Construction of the East 140th Street Consolidation and Relief Sewer Project. Total Consideration: \$15,000.00.

Resolution No. 188-16 Authorize the Payment of a Relocation Benefit Associated with the District’s Permanent Acquisition of Property in the City of Cleveland Necessary for Construction of the E. 140th Street Consolidation and Relief Sewer Project. Consideration: \$1,450.00.

Resolution No. 189-16 Authorize the Appropriation of One Parcel in Fee Simple Necessary for Construction of the Union/Buckeye Green Infrastructure Project. Consideration: \$230,000.00.

MOTION – Mayor Stefanik moved and Ms. Dumas seconded to adopt Resolution Nos. 182-16 through 189-16. After discussion and without objection, the motion carried unanimously.

Authorization to Distribute

Resolution No. 125-16 Distribution of Proposed Revisions to Title I and Title V of the Code of Regulations to Member Communities Pursuant to District Bylaws Procedure.

MOTION – Mr. Sulik moved and Mr. O’Malley seconded to adopt Resolution No. 125-16. After discussion and without objection, the motions carried unanimously.

Mr. Brown stated that this notification of proposed revisions to Titles I and V to member communities is required by current bylaws. This action does not constitute a vote on the rates or modification of these titles at this time. The Board will take action on the rates and fees after the 30-day notification period.

The Board had another Special Meeting Working Session on Tuesday, June 14, during which they were presented five scenarios. The final discussions centered on scenario number five, which anticipates an 8.3% annual increase in revenues for the years 2017 through 2021. This scenario includes the District attempting to secure 100% WPCLF funding for eligible projects, phasing in the Member Community Infrastructure Program, and not more than a one-time use of the Rate Stabilization Fund which would be replenished in the same rate period.

BOARD OF TRUSTEES

Regular Meeting

June 16, 2016

Page 6 of 8

Mr. Brown stated that the Board, staff and rate consultant have engaged over several meetings on all issues associated with establishing the District's financial needs for the next 10 years, including the rates and fees for the period of 2017 through 2021. Numerous documents and summaries have been thoroughly reviewed and many questions from the Board have been responded to by staff and consultants.

Additionally, the Board acknowledges that staff has made numerous efforts to inform ratepayers through five roadshow community meetings, correspondence to industrial customers and media briefings. One media outlet ran an editorial in support of the need to raise rates. The Board was very mindful of how each scenario that was reviewed impacted the finances in the next rating period, which would be 2022 through 2026.

Furthermore, the Board expects staff to report during the 2017 through 2021 rate period how the actual finances and assumptions are tracking with the rate study for the selected scenario. Staff will advise the Board of any opportunities such as value engineering that might affect the next rating period. Conversely, the staff will also advise the Board of any programs or projects that might negatively impact the next rating period.

Mr. Brown stated that it is important that the Board and staff understand that what they do affects the next five-year rating period and subsequent rating periods. It will ultimately be their responsibility to make sure they are held accountable for reaching targets and assumptions.

Finally, the Board wants to emphasize that staff must aggressively pursue expanding the affordability program to customers who qualify and the Board will want an update periodically on the progress thereof.

Mr. Brown concluded that the Board was in a position to move forward with this resolution which asks for the authority to publicly put this information out for public consideration. After the 30-day period, the Board will convene again and affirm whatever rate would be suitable for the next rating period.

VI. Information Items

1. Chief Legal Officer and General Counsel Claims Report to the Northeast Ohio Regional Sewer District Board of Trustees, January – June 2016

Mr. Brown advised that the claims report is submitted semiannually. There were no questions.

2. Program Management Status Report and Update – May 2016

James Bunsey, Director of Engineering & Construction, stated that cash flow has improved significantly in the last month from 60% to 67%. Three major jobs are behind schedule that total

BOARD OF TRUSTEES

Regular Meeting

June 16, 2016

Page 7 of 8

\$30 million in variance. Adding those to the current cash flow would reach 96%; those three projects account for all of the variance on the program.

During May there were seven milestones on contracting. There was one advertisement, five professional services awards and one construction award for the Ash Bridge at Southerly.

Moving to value engineering (VE) savings, Mr. Bunsey advised that two occurred during the design process. The Westerly Wet Weather Facility Improvements Project simplified the gate control for savings of \$280,000, moving towards accrual on the overall goal of \$11 million for this year. The second VE savings was reducing the complexity of the channel blower control system, saving \$150,000. VE savings to date is about \$5.1 million for the year.

The Southerly Ash Lagoon Project was awarded significantly under the engineer's estimate, and 20 days late from schedule, meeting KPI of within 60 days.

The Easterly Aerated Grit project was closed significantly lower than the contract value at 91.4%, meeting the goal of 95% of contract. The Business Opportunity Program for that project was also success -- over the goal was 20%.

Mr. Bunsey advised that work orders as a percentage of construction was 5.9%. This figure is 1% higher than staff would like but it is counterintuitive because the job finished at 91%. On substitutions and deletions, the field staff and Engineering department worked with Operations staff and reduced the dollar per quantity of grit and it significantly reduced the cost. The methodology used applied that cost to the general allowance, yet the unit cost per quantity was significantly reduced.

Design errors and omissions were higher than comfortable at 1.9%. There was a significant omission on a deep foundation of one of the walls and the engineer and contractor had differences of opinion. That contributed significantly to the omissions category at 5.9%.

The Southerly First Stage Improvements Project remains two months behind schedule, but cash flow variance was reduced to \$6 million. Within 6 months this project will likely be back on schedule.

The Dugway Storage Tunnel has had issues at Shaft 1. The freezing header installation was positive and the project is a little ahead of schedule.

The Easterly Secondary Systems Improvements Project remains on schedule for completion date of 400 MGD through the Easterly Facility by the end of the year. The east side, which was out of service for a significant portion of time is back in service; however, we're looking for a 50% plant shut-down on the west side in mid-July, so there will be other opportunities for wet weather overflow.

BOARD OF TRUSTEES

Regular Meeting

June 16, 2016

Page 8 of 8

The Tunnel Dewatering Pump Station contractor remains positive that they are only 42 days behind schedule. They are about \$4 million behind and cash flow does not show that will regain it. Staff considers this project 3 months behind schedule -- wrapping up by the end of the year, rather than August when is the requirement by contract.

VII. Open Session

There were no items.

VIII. Public Session (any subject matter)

There were no items.

IX. Executive Session

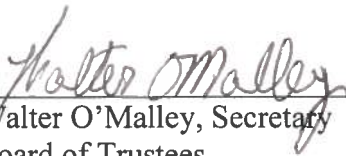
There were no items.

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 Ms. Dumas seconded the motion to adjourn at 12:59 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