

MINUTES  
NORTHEAST OHIO REGIONAL SEWER DISTRICT  
BOARD OF TRUSTEES MEETING  
JUNE 18, 2015

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  
S. Dumas  
R. Stefanik

ABSENT: T. DeGeeter

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 May 21, 2015, Board Meeting. Without objection, the motion carried unanimously.

III. Election and Installation of Officers

Mr. Sulik advised the Board that the Nominating Committee has recommended the appointment of Mr. Brown as Board President, Mr. Sulik as Board Vice President and Mr. O'Malley as Board Secretary.

**MOTION** – Ms. Dumas moved and Mayor Stefanik seconded appoint Mr. Brown as Board President, Mr. Sulik as Vice President and Mr. O'Malley as Board Secretary. Without objection, the motion carried unanimously.

Marlene Sundheimer, Chief Legal Officer & General Counsel, administered the oaths of office to Mr. Brown, Mr. Sulik and Mr. O'Malley.

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### IV. Public Session

Chief Executive Officer (CEO) Ciaccia advised that no one signed up to speak about a specific agenda topic.

### V. Chief Executive Officer's Report

CEO Ciaccia began the report by stating that the monthly financial status at the 42% mark shows that revenues are slightly ahead at 42.6%. Expenditures are at 38%. Cash basis is up 8.5% from last year, which is the third year in a row at that level.

Collections to billing are at 98% and accounts receivables over 90 days are still somewhat high. He advised that staff will work with the Cleveland Water Department (CWD) to bring that figure down, but things are very consistent at this point.

The next item on the report was that several proposals had been received for the rate study. A recommendation will be made to the Board during one of the next two Board Meetings.

CEO Ciaccia stated that staff is looking for revenue requirements based on capital and Operations & Maintenance expenses as well as the debt that must be incurred to carry out the program. They are also looking at the affordability issue from a standpoint of how it is interpreted in consent decree negotiations and how it should be looked at in the real world outside of consent decrees and to determine what affordability programs are needed to bolster the at-risk community in the region. Staff also intends to make the case for the value of water in the region.

Staff met on June 2 with the subcommittee of the Suburban Council of Governments to discuss the potential community grants program. They discussed the notion that it is in everyone's interests to carry out the sewer system evaluation studies.

The parties also discussed different scenarios of how a grants program might work and are creating a draft policy to bring to the Board during the second meeting in July or the first in August for a formal presentation. CEO Ciaccia stated that he wants to meet with Cleveland Mayor Frank Jackson to get his input and much will depend on the results of the rate study.

Moving to another matter, CEO Ciaccia explained that an investigative reporter from Channel 5 submitted public records requests and visited. Constance Haqq, Director of Administration & External Affairs, interviewed with him and he is focusing on the cost of outreach programs and questioning whether they are justified. He has been following up with other communities to determine what they spend on outreach for wastewater.

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Mr. Brown inquired if there was anything in particular they were interested in. CEO Ciaccia advised that there was nothing in particular and there are no sore spots as far as he was concerned. The requests seemed to focus on how much money should a public utility spend on outreach programs. He noted that the District has a proposal from Channel 5 for \$35,000 for outreach services.

Mr. Brown stated that two areas are marketing and outreach for impacted communities. The District is part of the community and endeavors to raise awareness of what the organization does. CEO Ciaccia explained that he doesn't believe there is a need to market the District's services. However, considering the amount of money the District needs to raise and spend it is incumbent upon us to make every attempt for the public to understand what we are doing to protect the environment, as well as, some things the rate payers themselves can do.

CEO Ciaccia advised that prior to this records request staff had begun looking into all such expenditures. The District has a core mission of collecting and treating wastewater -- both sanitary and stormwater -- and does so directly with plants and conveyance systems. There are direct things and expenditures that support that core mission, such as accounting and engineering. Outreach activities are not always as clear and well-defined relative to the core mission.

Over the last couple of months staff has been auditing everything that does not obviously support the core mission with the intention of clearly defining the public purpose of these functions to make sure all authorities are in place.

Moving to the last subject of the report, CEO Ciaccia advised that last night staff attended the Greater Cleveland Partnership annual meeting. Joe Roman and his team highlighted the priority of water in Lake Erie and the lakefront as part of their presentation.

During the meeting The Commission for Economic Inclusion awarded the District three awards: the award for senior staff diversity, the award for supplier diversity, and an award for diversity for three consecutive years of improving diversity numbers.

Mr. Brown questioned whether staff has an indication of what the District may have saved ratepayers that have utilized the affordability program. Ms. Haqq advised that staff utilizes the Cleveland Housing Network to administer those programs and will provide the Board with the information.

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VI. Action Items

Authorization to Advertise

Resolution No. 132-15

Advertise for Construction of the Easterly Primary Settling Tanks Nos. 9-12 Rehabilitation Project. Engineer's Opinion of Probable Construction Cost: \$2,400,000.00.

Resolution No. 133-15

Advertise for Audio Visual Equipment as Part of Phase 2 of the Audio Visual Equipment Upgrade Project. Anticipated Expenditure: \$464,000.00.

**MOTION** – Mayor Stefanik moved and Mr. O'Malley seconded to adopt Resolution Nos. 132-15 through 133-15. After discussion and without objection, the motion carried unanimously.

Mr. Brown questioned how Resolution No. 133-15 was related to Resolution No. 142-15. Humberto Sanchez, Director of Information Technology (IT), explained that this is part of one project to upgrade significant audio-visual equipment. Phase 1 of the project was awarded to determine the requirements and provide a design for new components of the equipment, utilize new technologies and eliminate small technologies. Phase 1 was completed.

Mr. Sanchez advised that the Phase I design included a list of materials that would consist of the equipment necessary for the upgrade.

CEO Ciaccia stated that Resolution No. 133-15 is for equipment and Resolution No. 142-15 is to manage the project.

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 134-15

RFPs for Support Services for Automation, SSA-2. Cost: Not-to-Exceed \$1,000,000.00.

**MOTION** – Mayor Stefanik moved and Ms. Dumas seconded to adopt Resolution No. 134-15. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Agreement(s)

Resolution No. 135-15

Authorization to Execute a Water Pollution Control Loan Fund (WPCLF) Loan Agreement with the Ohio EPA and the Ohio Water Development Authority for the WPCLF Financing

of the Construction Project Costs of the Collection System Asset Renewal-1 Project.

Resolution No. 136-15

Three-Year Agreement to Allow the District's Analytical Services Department to Provide Testing Services to the Cuyahoga County Board of Health.

Resolution No. 137-15

Cooperative Agreements to Accept Grant Funding to Support Brownfield Cleanup Activities at the Woodland Central West Basin Green Infrastructure Project Through the U.S. EPA Office of Brownfields and Land Revitalization. The District will Receive \$400,000.00 in Funding for this Project.

**MOTION** – Mr. O'Malley moved and Mr. Sulik seconded to adopt Resolution Nos. 135-15 through 137-15. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Contract(s)

Resolution No. 138-15

Nine-Month Contract with Beacon Hill Staffing Group for the Provision of SharePoint Administration and Development Support Services Associated with the District-Wide SharePoint Environment. Cost: Not-to-Exceed \$152,000.00.

Resolution No. 139-15

Contract with Ernst & Young US LLP for the Oracle eBusiness System – Work Asset Management Integration Project. Cost: Not-to-Exceed \$166,800.00.

Resolution No. 140-15

Contract with GeoNexus Technologies, LLC for the Geographic Information Systems – Work Asset Management Integration Project. Cost: Not-to-Exceed \$245,000.00.

**MOTION** – Ms. Dumas moved and Mayor Bacci seconded to adopt Resolution Nos. 138-15 through 140-15. After discussion and without objection, the motion carried unanimously.

Regarding Resolution No. 138-15, Mr. Sulik questioned whether there had been difficulty filling that position. Mr. Sanchez advised that so far the position has not been filled. IT worked with Human Resources to post the position but did not receive any hits through that posting. Another

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pool of candidates came from contracted firms. Under the resolution an employee would be brought on board on a contract basis and after an evaluation may be hired permanently.

Mr. Sulik stated that the cost seems expensive for nine months. CEO Ciaccia indicated that was part of the problem they have experienced trying to hire directly. A decision will need to be made whether to keep outsourcing or up the ante as it relates to pay.

Mr. Brown inquired whether this is a staff employee or the resources of the company. Mr. Sanchez advised that it is one person.

CEO Ciaccia explained that outsourcing requires a markup in pay. Staff still thinks it is more cost-effective to hire in-house if an appropriate candidate could be hired. He advised Mr. Sanchez to outsource it for now because the services are needed.

Mr. Brown stated that if the strategy is to bring a resource in with the intention of hiring that person, the Board could support it. CEO Ciaccia affirmed the strategy and indicated it was also utilized with program management in Engineering.

Authorization of Contract Modification

Resolution No. 141-15

Final Adjustment of Contract No. 13000459 with Walsh Construction Company LLC for the Southerly Wastewater Gravity Thickening Improvements Project. Cost: A Decrease in the Amount of \$260,219.88 Bringing the Total Contract Amount to \$8,399,928.12.

Resolution No. 142-15

Modify Contract No. 13003616 with Zenith Systems, LLC for the Audio/Visual Upgrade Project - Phase 2. Cost: An Increase in the Amount of \$222,112.00 Bringing the Total Contract Amount to \$274,442.00.

**MOTION** – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution Nos. 141-15 through 142-15. After discussion and without objection, the motion carried unanimously.

Authorization to Amend Resolution

Resolution No. 131a-15

Amend Resolution No. 131-15 to Authorize the Settlement Agreement with the Correct Legal Entity, East Ohio Gas Company d/b/a Dominion East Ohio, due to an Oversight.

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**MOTION** – Mr. Sulik moved and Mr. O'Malley seconded to adopt Resolution No. 131a-15. After discussion and without objection, the motion carried unanimously.

Authorization to Adopt Budget

Resolution No. 143-15

2016 Operating Budget.

**MOTION** – Ms. Dumas moved and Mr. Sulik seconded to adopt Resolution No. 143-15. After discussion and without objection, the motion carried unanimously.

Ms. Dumas stated that it looks from the estimates that the variances are minimal. It also appears the Board must adopt the budget now and examine it in the last quarter of the year to amend accordingly because it is in Cuyahoga County's requirement to adopt an operating budget before July.

Property-Related Transactions

Resolution No. 144-15

Authorization to Acquire a Fee Simple Interest from Carol Skinner Necessary for Construction of the Kingsbury Run Preliminary Engineering Project. Consideration: \$800.00.

Resolution No. 145-15

Authorization of a Right of Entry Agreement with 12819 Coit Road, LLC and Flow Polymers, Inc. Necessary for Construction of the Dugway Storage Tunnel Project. Consideration: \$0.00.

Resolution No. 146-15

Authorization of One Easement Acquisition in the City of Cleveland Necessary for Construction of the CSO 049 and 050 Relocation Project. Consideration: \$1,250.00.

**MOTION** – Mayor Bacci moved and Mr. O'Malley seconded to adopt Resolution Nos. 144-15 through 146-15. After discussion and without objection, the motion carried unanimously.

Sewer Use Code Matters

Resolution No. 147-15

Adopting the Findings of the Hearing Examiner with Regard to the Sewer Account of Julius Kovacs, Sewer District Case No. 15-002.

**MOTION** – Mr. Sulik moved and Mayor Stefanik seconded to adopt Resolution No. 147-15.

After discussion and without objection, the motion carried unanimously.

Authorization of Reject and Rebid

Resolution No. 148-15

Reject Bids and Rebid the Euclid Creek Tunnel-4  
and Euclid Creek Tunnel-5 Site Restoration  
Project. Engineer's Opinion of Probable  
Construction Cost: \$915,000.00.

**MOTION** – Mr. O'Malley moved and Mayor Bacci seconded to adopt Resolution No. 148-15. After discussion and without objection, the motion carried unanimously.

VII. Information Items

1. Chief Legal Officer & General Counsel Claims Report to Northeast Ohio Regional Sewer District Board of Trustees – January-May 2015

Ms. Sundheimer informed the Board that staff has substantially reduced the number of outstanding litigation matters and non-litigation claims in the first half of 2015; only a handful remains. The result has been that outside counsel fees have also significantly declined.

2. Program Management Status Report and Update – May 2015

James Bunsey, Director of Engineering & Construction, stated that positive milestones occurred during May.

Cash flow was up to 84% of the top line -- the goal is 85% or greater. That is an increase in 1% from last month. That statistic did not include 12 pay requests that did not make the cutoff line.

In September 2014, staff received the CSO NPDES permit which requires monitoring of 21 Combined Sewer Overflow (CSO) locations. This is being completed and managed within Engineering with the general engineering services group. The outside consultant is doing the physical labor in the field.

Mr. Bunsey advised that to date, staff has looked at 30% of the CSO locations, adjusted the equations and technical information according to the permit and by the end of the month will be completed with all locations and assessments.

Engineering is also supporting the Law Department in negotiations of the consent decree Appendix 1 modification request to the Environmental Protection Agency (EPA). The requests include cleaning up Appendix 1 in response to the information learned during the advanced facilities plan and value engineering. There are a lot of requirements that are in that appendix for



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which staff have identified better ways of solving the problem. Any changes that are accepted will not result in less control.

Moving to design updates, Mr. Bunsey explained that staff had authorization to advertise today for Easterly primary settling tanks 9 through 12. There are sludge collectors in the tanks that will make the system more robust so Easterly can treat the 400 MGD that will be required once the grit facility is completed. Staff completed that in-house on time on May 22 and has 0 days of variance on completing the design.

Moving to the SMACT project, Mr. Bunsey advised that it was on the street early and the engineer's estimate was within 1% of the actual average of bids. Staff already met with the contractor on June 12 to begin the submittal process. Good things are expected from this project and it must be completed by March 2016 by regulatory authority.

Moving to construction projects, Mr. Bunsey advised that the status of the tunnel dewatering pump station has not changed much from the poor progress of previous months. Staff estimates that while the contractor has not gained schedule, and they are \$7.3 million behind their late finish. Their current billing is slightly under \$1 million. They are at least six months late, and they have more to make up than just \$1 million a month. Mr. Bunsey advised that staff is consistently and conscientiously working with the contractor to get it back on track.

The Easterly Secondary Systems Improvements Project is estimated to be 36 days behind and has been for the last couple of months. Two of the six clarifiers will be installed and a hydrotest is being performed to check for leakage.

The Dugway West interceptor Relief Sewer Project is going very well and at the end of May work had been completed on 13 of the 17 microtunnels.

A sinkhole was discovered a week and a half ago following a large rainstorm directly in one of the microtunnel launch site. While it was difficult to ascertain whether or not it was caused by District activities, staff thinks it might have been caused by Cleveland Water Pollution Control or the CSO pipe, which was compromised over time.

Mr. Bunsey stated that the Dugway Storage Tunnel is mobilized at sites 2 and 7. Staff uncovered an abandoned gasoline storage tank at one of the locations, which was a differing site condition. Staff has been put on notice for delay but do not expect much to come of it because information indicates it was abandoned correctly.

The Southerly Primary Improvements Project is expected to conclude at the end of September. As that project winds down the Southerly First Stage Improvements Project will begin, which is one of the largest projects.

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Staff took the opportunity as the main entrance road was being constructed to perform a small addition to the security house. Staff planned doing that in the future but it made more sense to advance that into this project.

The EMSC energy conservation management project is performance guaranteed based on electricity and gas savings. The lab has high-sensitivity equipment and there is a lot of dust in the area. Staff is evaluating facility-wide LED replacement for energy and future maintenance reduction.

The Westerly Infrastructure Rehabilitation Project closed out at 120 days due to the harsh winter weather, which just met KPI.

The CSO Bundles Project No. 2 finished at 79% of the total contract amount, which met KPI. The reason for the 30% reduction was because staff did not exercise all of the unit prices or quantities. However, the Business Opportunity Program fared very well on the project -- the contract was awarded with a 6.6% goal and finished at 10.7%.

The Green Ambassador Slavic Village Demonstration Project final contract amount closed at \$165,000. This project was another unit-priced quantity contract that was not necessarily exercised completely. 75% of contract value met KPI. The Business Opportunity Program goal was 15%; the contractor submitted 31% and finished at 37.5%. The percent of construction was 7.5% change orders. The percentage of construction on smaller jobs is magnified.

John Houdeshell, Construction Supervisor at Easterly on the Aerated Grit Project, advised that the project primarily consists of constructing a new type of drip removal process to replace the inefficient detritor tanks. The new aerated grit tanks are designed for flows up to 400 million gallons per day. The cost of the project is approximately \$36 million.

The first milestone was just reached, which was the introduction of plant effluent into the new process. The process has performed reliably well even under the heavy grit loading from peak flow conditions during recent rain events.

Extensive collaboration between various District departments was necessary in order to achieve the successful startup and to integrate the new facilities into the Easterly treatment process.

Mr. Houdeshell stated that some of the project's challenges encompassed the operation of a 24/7 bypass pumping operation for two months in close proximity to some residents. The greatest challenge may be sequencing the work amongst the three major construction projects at Easterly. Real estate is at a premium for the contractors and personnel. The work being performed on the three projects is approximately \$1 million each week.

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Training for Operations & Maintenance personnel has been extensive. An Operations specialist from the design consultant is compiling information from the individual sessions into an easy-to-use reference resource for the operators.

Mr. Houdeshell advised that approximately \$30 million of the \$35.9 million project has been completed. Staff is removing grit from the Collinwood and Heights/Hilltop Interceptor flows with the Easterly flow scheduled to be connected by the end of the third quarter. The extensive planning and coordination efforts have helped to ensure a successful and seamless commissioning of the new facilities.

VIII. Open Session

Mayor Bacci stated that the District's 8<sup>th</sup> annual open house will be held on Saturday, September 19 from 9:00 a.m. to 4 p.m. at EMSC. The event is a great opportunity for the public to understand the District's work, its impact on the environment and how the ratepayers' monies are spent. He encouraged his colleagues to attend.

IX. Public Session (any subject matter)

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

X. Executive Session

Mayor Bacci moved and Ms. Dumas seconded to enter Executive Session to discuss a personnel matter. A roll call vote was taken and the motion passed unanimously.


The Board met in Executive Session from 1:22 p.m. to 1:46 p.m.

XI. Approval of Items from Executive Session

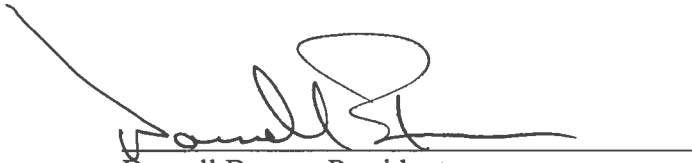
There were no items.

XII. Adjournment

**MOTION** – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mr. O'Malley moved and Mayor Bacci seconded the motion to adjourn at 1:46 p.m. Without objection, the motion carried unanimously.

  
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Walter O'Malley, Secretary  
Board of Trustees  
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A handwritten signature in black ink, appearing to read "Darnell Brown", is written over a horizontal line. The signature is stylized and cursive.

Darnell Brown, President  
Board of Trustees  
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