

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
JUNE 19, 2014

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 – Mr. O'Malley moved and Mayor Bacci seconded to approve the minutes of the June 5, 2014, Board Meeting. Without objection, the motion carried unanimously.

III. Election of Officers

Mr. Brown asked Mayor Bacci, Chairman of the Nominating Committee, to report on the nominees for Board officers.

MOTION – Mayor Bacci moved and Mayor DeGeeter seconded to appoint Darnell Brown as President of the Board of Trustees; Ronald Sulik as the Vice President of the Board of Trustees; and Walter O'Malley as the Secretary of the Board of Trustees from July 2014 through June 2015. Without objection, the motion carried unanimously.

Mr. Brown thanked the Nominating Committee, the Board members for their support and congratulated his fellow officers. He advised that the oaths of office will be administered during the next Board meeting.

IV. Public Session

Marlene Sundheimer, Director of Law, informed the Board that no one signed up to speak about a specific agenda topic.

V. Executive Director's Report

Marlene Sundheimer, Director of Law, informed the Board that she would be filling in for Executive Director Ciaccia who was absent. Ms. Sundheimer introduced Finance Director, Jennifer Demmerle, to present the May financial report.

Ms. Demmerle advised that the District continues to operate within budget. Expenses are only 36% of the total budget. Revenue is tracking as projected at 42% and cash balances continue to be drawn down. Additionally, staff continues to draw down on the bond project account -- which is for the capital program -- and the District anticipates going back to the bond market at the beginning of 2015 to replenish that account.

VI. Action Items

Authorization to Advertise

Resolution No. 130-14	Advertise for Construction for the Edgewater Gate Rehabilitation Project. Engineer's Opinion of Probable Construction Cost: \$600,000.00.
Resolution No. 131-14	Advertise for Construction for the Southerly Wastewater Treatment Center First Stage Settling Improvements Project. Engineer's Opinion of Probable Construction Cost: \$45,000,000.00.

MOTION – Mr. Sulik moved and Mayor Stefanik seconded to adopt Resolution Nos. 130-14 and 131-14. After discussion and without objection, the motion carried unanimously.

Regarding Resolution No. 130-14, Mr. Brown asked for clarification regarding a problem with the mechanisms. Kellie Rotunno, Director of Engineering & Construction, advised that currently a dam is no longer functioning in the Edgewater gate. The inflatable balloon is no longer functioning and needs to be replaced.

Mr. Brown inquired whether what comes through the system ends up at the plant because the gate does not function. Ms. Rotunno confirmed. Staff is unable to utilize the storage provided in the interceptor. Installing a gate will help utilize nearly three-and-a-half million gallons of available storage in the interceptor that will detain flow and lead it back into the plant.

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Mr. Brown questioned if staff is confident that a gate is the best solution for this issue. Ms. Rotunno explained that it has been recommended by the engineers; dams are becoming obsolete and difficult to replace.

Mr. Brown stated that he always has a concern with gates and what happens if they are closed and need to be opened. Ms. Rotunno advised that Engineering will work with Operations & Maintenance staff to properly exercise the gate.

Mr. Brown requested an overview of Resolution No. 131-14. Ms. Rotunno explained that the project sets the stage for Project Clean Lake parallel operation during wet weather at Southerly. The project will replace and rehabilitate outdated equipment in the Southerly first stage final settling tanks, which is necessary to comply with a long-term goal of the consent decree with the federal government.

Ms. Rotunno asked Jeff Ifft, the project manager from Brown & Caldwell, to provide more details.

Mr. Brown stated that a major aspect of compliance with the long-term control program is about additional storage at the plant. Mr. Ifft explained that the project includes rehabilitation and replacement of 30-year-old equipment in ten settling tanks, which pertains to the biological treatment capacity. The portion attributable to the Project Clean Lake is the parallel treatment; currently Southerly provides 400 million gallons per day in secondary treatment capacity. This project constructs infrastructure necessary to increase that to 615 million gallons per day of treatment capacity.

Mr. Brown inquired how much money will have been expended for this first phase when this particular project is completed. Ms. Rotunno advised that it is a significant project in order to change the way Southerly operates currently which is in series to operating in parallel treatment during wet weather. The plant will increase wet weather treatment capacity. The project is expected to be completed over 960 days of construction. She indicated she would provide a list of the other Project Clean Lake projects at Southerly along with the timeline and total cost.

Mr. Brown stated that he was concerned about the percentage of subcontracting opportunities for the project. Ms. Rotunno advised that Business Opportunity Program goals are assessed on a project-by-project basis; Brown & Caldwell did a complete analysis. Staff reconciles the opportunities identified by the designer with the firms registered with the District that can deliver those services. Based upon the availability and the number of firms registered, a recommendation is made.

Ms. Rotunno stated that in this case the BOP opportunities were 12% for minority- and women-owned businesses, recognizing the desire for more local participation. An 8% small business enterprise goal was utilized to supplement it, bringing a total of 20% of a subcontracting

opportunity identified on this particular project.

Authorization to Rescind Resolution and Advertise

Resolution No. 132-14	Rescind Resolution 105-14 which Authorized a Six Month Extension of the Great Lakes Pipeline Services, Industrial Cleaning Services Agreement. In Addition, Authorization is Needed to Advertise for a Two-Year Requirement Contract for Industrial Cleaning Services at District Treatment Plants and Pump Stations. Anticipated Expenditure: \$300,000.00.
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MOTION – Mr. O’Malley moved and Mayor DeGeeter seconded to adopt Resolution No. 132-14. After discussion and without objection, the motion carried unanimously.

Mr. Sulik questioned why the existing vendor indicated they could no longer supply the service. Ray Weeden, Director of Operations & Maintenance, advised that the vendor agreed in writing that they would extend the contract, but after the Board had authorized the extension the vendor said they could not perform the duties as expected.

Mr. Brown inquired whether their performance in general was satisfactory. Mr. Weeden stated that in general the performance was satisfactory but they did have some challenges at Southerly. He further stated that challenges are not uncommon with this type of contract because there is typically a learning curve in terms of industrial cleaning. That was part of the reason staff wanted to extend the previous contract to allow that vendor an opportunity to fully utilize the approved dollars in the contract and recouping the investment.

Authorization to Purchase

Resolution No. 133-14	Purchase from Attachmate/Novell, Under the State Term Schedule, Network Software Support and Maintenance for a Three-Year Period. Cost: \$125,725.60.
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MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution No. 133-14. After discussion and without objection, the motion carried unanimously.

Authorization to Enter into Agreement

Resolution No. 134-14	Settlement Agreement with Kurtz Bros., Inc. Settlement Amount: \$56,000.00.
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MOTION – Mayor DeGeeter moved and Mayor Stefanik seconded to adopt Resolution Nos. 134-14. After discussion and without objection, the motion carried unanimously.

Mr. Sulik requested an explanation. Mr. Weeden stated that the agreement with Kurtz Brothers for sludge hauling at Southerly was challenging with the start-up of the Renewable Energy Facility (REF) incinerator project. The vendor had a difference of opinion as it related to their response to fulfill the contract.

Kurtz Brothers believed they were due additional compensation for having more trailers and drivers in response to calls for emergency type services. Some of the work was slightly out of contract. A settlement agreement was reached to compensate them for the additional responsibilities.

Mr. Brown inquired whether it was a requirement contract, which Mr. Weeden affirmed. Some items that did not have a unit price and this is reconciliation.

Authorization to Enter into Contracts

Resolution No. 135-14 Construction Contract with Nerone & Sons, Inc. for the Westerly Wastewater Treatment Center Infrastructure Rehabilitation Project. Contract Amount: \$648,030.40.

Resolution No. 136-14 Professional Services Contract with Centric Consulting for Customer Inquiry Tracking Application Software Phase I (Design). Cost: Not-to-Exceed \$95,469.00

MOTION – Mr. O’Malley moved and Ms. Dumas seconded to adopt Resolution Nos. 135-14 and 136-14. After discussion and without objection, the motion carried unanimously.

Authorization to Rescind Resolution and Enter Contract

Resolution No. 137-14 Rescind Resolution 108-14 which Authorized the Direct Purchase of Two New Ford Explorer Sports Utility Vehicles, for the Maintenance Services and Sewer System Maintenance and Operation Departments, with Statewide Ford; and Award this Purchase, from the State Term Schedule, to Lebanon Ford. Cost: \$57,128.00.

MOTION – Mr. Sulik moved and Mayor Stefanik seconded to adopt Resolution No. 137-14.

After discussion and without objection, the motion carried unanimously.

Authorization of Property-Related Transactions

Resolution No. 138-14 Authorize the District to Acquire One Temporary Easement in the City of Cleveland Necessary for Construction of the Dugway West Interceptor Relief Sewer Project. Total Consideration: \$1,000.00.

Resolution No. 139-14 Authorize the District to Pay One Relocation Benefit Associated with the District's Permanent Acquisition of Property in the City of Cleveland Necessary for Construction of the St. Clair Avenue Relief Sewer Portion of the Dugway West Interceptor Relief Sewer Project. Consideration: \$10,000.00.

MOTION – Mayor DeGeeter moved and Mayor Bacci seconded to adopt Resolution Nos. 138-14 through 139-14. After discussion and without objection, the motion carried unanimously.

Sewer-Use Code Matters

Resolution No. 140-14 Adopting the findings of the Hearing Examiner with Regard to the Sewer Account of Rose Tricomi, Sewer District Case No. 14-006.

MOTION – Mr. O'Malley moved and Mayor Bacci seconded to adopt Resolution No. 140-14. After discussion and without objection, the motion carried unanimously.

VII. Information Items

1. Director of Law Real Estate Transactions and Litigation/Claims Report -- January through June 2014

Ms. Sundheimer advised that this report is provided twice per year and lists the statuses of litigation, pending claims, settled claims and real estate transactions. The Law Director has the authority to settle certain items up to \$25,000; amounts higher than \$25,000 must be presented to the Board for authority for settlement.

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2. Program Management Status Report and Update – May 2014

Ms. Rotunno began the May 2014 monthly status report of the capital improvement program with updates at the Easterly Wastewater Plant, where there is much construction activity.

The secondary system improvements project is a \$74 million improvement to upgrade secondary capacity. Staff has been busy constructing a retaining wall necessary for the alternative construction entrance and putting in the sheet pile for the final settling tanks.

Ms. Rotunno advised that staff met a Key Performance Indicator (KPI) by awarding the new chemical storage and feed building, which is a \$7 million project, within 56 days of when it was planned.

Ms. Rotunno advised that she attended a dispute resolution board in the morning regarding the Euclid Creek Tunnel. The meeting may have been the final one on this particular project and is quickly wrapping up. Staff is carrying out the final lining at Shaft 1 and pouring concrete in the subsequent shaft. The final lining of Shafts 2 and 4 are 65% complete. The focus is no longer on the horizontal tunnel but the vertical connection pieces to grade the shafts and pick up the local sewers needed to drop into the storage tunnels.

Ms. Rotunno explained that the pump station that will dewater that tunnel is a \$73 million project underway at the Nine Mile site. The final lining for shaft 2 is ongoing and preparations are being made for structural concrete in the discharge chamber. The discharge headers from the pump station will discharge into a concrete structure tied into the pipe. That open pipe is the Easterly interceptor where the pump station will discharge combined sewer overflows to the Easterly Plant for full treatment.

Activity continues at the REF. The turbine was functionally tested and completed and some electricity was successfully generated at the plant. Zimpro is no longer in operation at Southerly, which was antiquated equipment that needed to be taken offline for safety reasons. The feed pumps are now centrifuge feed pumps.

Ms. Rotunno stated that problems were found in the sand mix of fluidized bed incinerator number 3. The manufacturer is removing and replacing it.

Moving to KIPs, Ms. Rotunno advised that the District is running at 74% of planned cash flow for the capital program, which is up from 71% during April. Some projects are not invoicing in a timely fashion. If they were, it would be closer to 78% cash flow. Staff continues to try to get contractors and consultants to submit timely invoices to track cash flow and stay on target.

Staff continues to meet KPIs in terms of the delivery of designs, the engineer's estimates for design and constructing projects on time.

Ms. Rotunno explained that the way Business Opportunity Program goals are reported was changed to a cash flow based KPI instead of a goal based KPI. Subcontractor cash flow is tracked as construction progresses as opposed to whether the goal was met at completion because contractors project how and when they use subcontractors. Currently that metric is tracking slightly behind as a result of the expectation that contractors can estimate their subcontractor cash flow, but it is still on target to meet the goals by the end of construction.

The metric is cash flow-based Business Opportunity instead of goal-based. She stated that she would report on both of those subjects at the end of the year.

VIII. Public Session (any subject matter)

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

IX. Open Session

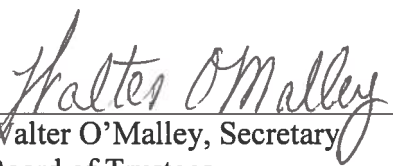
There were no matters for discussion.

X. Executive Session

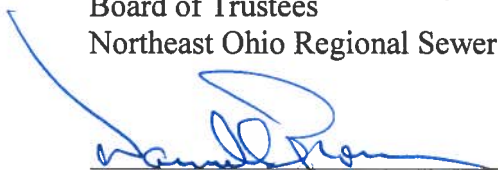
There were no matters for Executive Session.

XI. 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 1:05 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