

MINUTES  
NORTHEAST OHIO REGIONAL SEWER DISTRICT  
BOARD OF TRUSTEES MEETING  
JUNE 20, 2013

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  
J. Bacci  
T. DeGeeter  
W. O'Malley  
S. Kelly  
G. Starr

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

II. Approval of Minutes

**MOTION** – Mayor Bacci and Mayor DeGeeter seconded that the minutes of the June 6, 2013 Board meeting be approved. Without objection, the motion carried unanimously.

III. Public Session

Executive Director Ciaccia informed the Board that no members from the public registered to speak at Public Session.

IV. Executive Director's Report

Executive Director Ciaccia informed the Board that many of the District's summer students were in attendance at today's meeting.

Executive Director Ciaccia moved to the next report item and he advised that the grand opening for the West Creek Watershed Stewardship Center will be held Friday, June 21, 2013. The ribbon cutting will take place at 10:30 a.m. Mayor DeGeeter will be making a speech. Executive Director Ciaccia invited everyone to attend and he stated that the facility is located on Ridgewood Drive in Parma.

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Executive Director Ciaccia moved to the next report item and he advised that an amendment was made to the State of Ohio budget which enables residents residing next to public properties for watershed or reservoirs purposes the right to encroach on those properties to cut the grass if they deem the property to be unsightly. Executive Director Ciaccia advised that this can be problematic for the District given its green infrastructure initiatives. He further explained that the District is required to grow certain species of plants and grasses in order to be in compliance with green infrastructure. The District as well as other utilities is working actively against the proposed State's amendment.

Executive Director Ciaccia noted that the amendment was precipitated by events in Columbus as there are apparently unsightly reservoirs in this area. State Representatives in the Columbus area included this amendment in the budget bill, and if passed, people would have the right to maintain public properties to their standards as opposed to the compliance standards to which the infrastructure was built. Executive Director Ciaccia noted that the District is actively opposing this amendment through its advocacy representatives and communities throughout the State are in opposition to this amendment as well.

Mr. Brown stated that often times stormwater facilities have environmental features such as high grass that catch debris and act as filtration systems. Mr. Brown stated that there must be some level of due diligence before making such a determination. Mr. Brown wanted to ensure that the Board would be kept apprised of the situation since this outcome directly impacts the District. Furthermore, it exposes the District to the risk of "community action" that could result in the destruction of projects the District has funded and implemented for the purpose of stormwater management.

Executive Director Ciaccia noted that it could be detrimental to some water systems if properties with open reservoirs are maintained with pesticides or fertilizer. The District is therefore opposed to this amendment.

Executive Director Ciaccia moved to the next report item and he advised that the Audit Committee (hereinafter "Committee") met to discuss the proposed Charter. The Committee had a meeting with the executive staff and separately met with the Senior Audit Manager. Executive Director Ciaccia anticipates the proposed Charter will be presented to the Board at its July 18<sup>th</sup> meeting.

Executive Director Ciaccia moved to the next report item and he advised that he attended a meeting at Cleveland City Hall to discuss the District's role as it pertains to the City's Community Benefits Memorandum of Understanding. Meeting attendees also included Mayor Jackson and Darnell Brown.

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Executive Director Ciaccia and Director of Administration and External Affairs, Constance Haqq, attended a meeting at the Greater Cleveland Partnership with Tony Panzica and Natoya Walker in order to reach clarification as to what their expectations are of the District.

Additionally, the District held two internal meetings. The first was to brainstorm with representatives from Local 860 as to how the District can assist with apprentice programs. The second was with Dominion East Ohio Gas to discuss partnership opportunities since both organizations operate underground utilities. Executive Director Ciaccia advised that the District will continue those discussions.

Mr. Brown requested that the Board be kept apprised of the outcomes and he inquired if the District plans implementing a policy. Executive Director Ciaccia affirmed and he advised that in order for this initiative to come to fruition additional partnerships with schools and other entities will be necessary.

Executive Director Ciaccia moved to the next report item regarding the District's finances and he advised that included in the Board packets were the District's finances through May. The District is ahead on its revenues and expenses. The District included a list of all communities and the amounts collected for stormwater as well as the 25% allocations for each community for the Community Cost Share Program (hereinafter "CCSP"). Executive Director Ciaccia noted that the District has collected nearly \$4.5 million for stormwater of which \$1.1 million has been set aside for the CCSP. As previously reported, the District has approved one application for the CCSP thus far and more are likely to be submitted by the communities for consideration. Executive Director Ciaccia stated that a substantial amount of money will be allocated to the communities for good work. This program will also build partnerships between the District and the communities.

Executive Director Ciaccia advised that the Stormwater Management Program (hereinafter "SMP") is going well. The District was prepared for a predicted major storm event a couple weeks ago that did not occur. The District is working with the communities to manage those events. Three communities have signed or are close to signing the community agreements.

Executive Director Ciaccia concluded his report by advising the Board that the District has not received a ruling from the Court of Appeals with respect to the SMP litigation.

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V. Action Items

Authorization to Advertise

Resolution No. 143-13  
**WITHDRAWN**

Easterly Secondary System Improvements project. Engineer's opinion of probable construction cost: \$82,500,000.00.

Resolution No. 144-13

One (1) year requirement contract for gravity belt thickener polymer for use at the Southerly Wastewater Treatment Plant. Anticipated expenditure: \$346,000.00.

Resolution No. 145-13

Requirement contract for the purchase of a prefabricated guard house for use at the Westerly Wastewater Treatment Plant. Anticipated expenditure: \$73,500.00.

**MOTION** – Mr. O'Malley moved and Mr. Sulik seconded to adopt Resolution Nos. 143-13 through 145-13. After discussion, Resolution No. 143-13 was withdrawn and an amended motion was made by Mr. Sulik and seconded by Mayor DeGeeter to adopt Resolution Nos. 144-13 and 145-13. Without objection, the amended motion carried unanimously.

Ms. Kelly requested an explanation on the combined Minority Business Enterprise (hereinafter "MBE"), Women's Business Enterprise (hereinafter "WBE") and Small Business Enterprise (hereinafter "SBE") participation goals on the Easterly Secondary System Improvements (hereinafter "ESSI") project. Ms. Kelly specifically wanted an explanation as to how the MBE, WBE and SBE percentages were calculated and if the District has opportunity to "show up in this opportunity program by adjusting those numbers." Ms. Kelly questioned as to what type of subcontracting is required under the ESSI project.

Executive Director Ciaccia indicated that in anticipation to this discussion, Director of Engineering and Construction, Kellie Rotunno, has prepared a presentation for the Board regarding the calculation of the MBE, WBE and SBE goals as well as the types of contracting under the ESSI project. Executive Director Ciaccia turned discussion over to Ms. Rotunno.

Ms. Rotunno provided the Board with an overview of the ESSI project. She referred to an aerial map of the Easterly plant and stated that the primary work components of this project are six new secondary clarifiers, which were denoted in green alongside the

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existing tanks. The project includes modification to the chlorine contact tanks in order to upgrade to 400 MGD, which is a requirement under the consent decree. Additionally, ancillary piping and conduit will be installed to support the project. The District must enhance its disinfection capabilities and secondary treatment capacity in order to comply with the consent decree. She noted that the ESSI is a consent decree project intended to increase the secondary treatment capacity up to 400 MGD.

Ms. Rotunno moved discussion to the SBE participation process. She referred to a slide and stated that the gray box represents the activities for the Office of Contract Compliance (hereinafter "OCC").

Ms. Rotunno stated that Engineering and Construction (hereinafter "E&C") reviews the project's components, identifies subcontracting opportunities and work components that can be broken down and values those components on a job-by-job basis. After those values are determined, E&C works with the OCC who assesses the availability of registered MBE and WBE firms. If there are more than three MBEs and WBEs in those categories deemed to have the capacity associated with the dollar value, then the OCC recommends a MBE/WBE project goal. If, however, there are less than three firms certified in an area, or, if the capacity of those firms certified is not deemed to be as large as the work components, then the OCC will add SBE goals in addition to the MBE/WBE goals. The OCC recommended a combined MBE, WBE and SBE goal for the ESSI project. Once goals are established, the District then brings its recommendation to the Board for consideration in the form of a resolution request to advertise.

Ms. Rotunno presented the Board an example by using the District's Southerly Gravity Thickener project. The engineer's opinion of probable construction cost was \$8 million and the subcontracting opportunities included concrete masonry, metals, plumbing, HVAC, electrical instrumentation, painting and demolition.

The first column represented the potential value estimated by E&C for that particular project. Those values were added to determine the subcontracting value, which was \$1.8 million. The potential participation was 22% and a goal of 20% was established for this project. There were more than three MBE, WBE and SBE firms for those categories. Ms. Rotunno advised that the MBE and WBE firms indicated they could handle the volume of work at \$1.8 million, which was how those goals were established.

Ms. Rotunno explained that the District has no control over the bidders' response as to what they will self-perform or contract out. When those bids were received, bidder one indicated they would subcontract the concrete masonry, electrical, painting and construction photos. Bidder one elected not use MBEs and WBEs for metals, plumbing, HVAC and demolition. They proposed a 20.5% participation goal. Ms. Rotunno noted that all three bidders chose to subcontract out the same four areas. Ms. Rotunno

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explained that the District cannot be prescriptive and force the contractors to subcontract out certain project components. Ms. Rotunno indicated that it is unlikely the District will receive a 100% mapping of its proposed subcontracting opportunities.

Ms. Rotunno moved discussion to the subcontracting goals for the ESSI project. The engineers' opinion of probable construction cost is \$82.5 million. The potential values and types of subcontracting opportunities is \$15.6 million, which is slightly above 20% of the contract value. Ms. Rotunno stated that it is a substantial amount of work for the local MBE and WBE firms to deliver. There were more than three registered MBE and WBE firms in all instances. According to the assessment made by the OCC, it was deemed that the volume of some of this work could not be handled by some of the MBE and WBE firms. Therefore, an SBE goal was added to supplement the MBE/WBE goal in this particular instance. This is how the District established its 15% MBE/WBE goal and a 5% SBE goal on the ESSI project.

Ms. Rotunno explained that \$15.6 million worth work could potentially be subcontracted out, however, the certified "MBE and WBE firms generally are not producing that volume of work or have sufficient work such that it would be difficult for them to be responsive and be able to deliver." The bidders ultimately choose what project components will be subcontracted out.

Ms. Kelly questioned as to "who is making the decision about capacity?" Is it a joint effort?

Executive Director Ciaccia replied that the District has limitation on qualifications to become a certified MBE with respect to income and therefore we are dealing with smaller firms because of that limitation.

Mr. Brown inquired if that same limitation applied to SBEs as well wherein Executive Director Ciaccia affirmed. He further explained that some SBEs are international and therefore do not qualify under the District's program.

Mr. Brown indicated that he was also concerned about the capacity issue and knowing that there are some companies but not enough to meet the demands for this project is somewhat unsettling given the District's inclusion initiatives.

Executive Director Ciaccia stated that the District wants to ensure that the firms can actually perform the work and that there are no pass-throughs or front companies used. The District also performed a disparity study a couple of years ago, which supported what was available at that time.

Discussion was turned over to Contract Compliance Manager, Tiffany Jordan, to

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elaborate on the capacity issue. Ms. Jordan advised that the District has many MBE, WBE and SBE firms in its database. In order to make the determination as to what a company can handle, the District conducts an analysis of their tax returns over a five year period. As it relates to construction, the District caps it at \$33.5 million over a five year period. There are firms ranging from \$50,000 to \$33 million. Ms. Jordan explained that those firms range as it relates to the type of work they can handle.

Executive Director Ciaccia added that capacity issues are not limited to MBE, WBE and SBE firms. For example, the District received only two bids for the sludge cake hauling contract. Some contractors indicated that they did not bid on this project because they were interested in other District work. Capacity issues impact all contractors.

Mr. Brown stated that the District's outreach efforts are good. He suggested that given the forthcoming projects, the District should be engaging in capacity building to help "ramp up to be able to meet what we are certainly seeing as what is available."

Ms. Jordan advised that the District is working with seven MBE firms in the "Empowered Program" through the Greater Cleveland Partnership. The objective is for the MBEs to build capacity to work on larger projects throughout the region.

Ms. Kelly inquired if the District is proactive in working with the contracting community. Ms. Jordan affirmed.

Ms. Kelly inquired as to what types of insurance these contractors have. Ms. Jordan stated that it depends on the type of project. The District has assisted MBEs, WBEs and SBEs in the past by waiving some of some of the unachievable insurance requirements.

Ms. Rotunno added that the contractor is required to bond the full job, and in terms of their requirement to have subcontractors bond to them, it is the responsibility of the contractor to determine requirements for their subcontractors. The District does not mandate subcontractors bond to the contractor nor to the District, as this would be considered double bonding. The District requires the general contractor be bonded to cover the full contract cost.

Ms. Rotunno explained that with respect to professional services, MBEs and WBEs are relatively small firms and that the District attorneys grant requests to waive insurance requirements on those contracts.

Ms. Kelly wanted to ensure that there are some plans and actions that will take place in order to assist the contractors to increase their capacity so bidding will be more competitive. Ms. Jordan affirmed.

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Ms. Kelly requested an explanation on the types of programs that were in place in order to achieve the District's initiative to operate a very strong, model program. An \$82.5 million contract is the type of project that could provide many opportunities to meet the District's program objectives. In this instance, however, it does not seem to be the case.

Ms. Jordan advised that with permission from Executive Director Ciaccia and the Board she would like to present the Board with the information in the District's database as it pertains to capacity. The presentation could include statistical data showing the number of certified firms as well as the amounts each firm generates per year.

Mr. Brown indicated that although this information would be purposeful, he was concerned about other opportunities to build the capacity of MBEs and WBEs through support and training. Otherwise, the perception will continue to be that this is "good enough" and after today's discussion, it is clearly not.

Executive Director Ciaccia agreed that there is much work to do in this area. Numeric goals are established and we oftentimes get hung up on that number. As it relates to model programs, the District's program and goal setting are honest. It is easy to reach a 20% or 25% goal by using pass-throughs and front companies. However, the District aggressively pursues those kinds of situations and bases its goals from the disparity study's findings.

Ms. Kelly requested that Resolution No. 143-13 be held until further information is provided to the Board.

Mr. Brown indicated that the Board and staff should entertain further discussion as to what specific information staff should be providing to the Board as well as the tools needed in order to advance its position. The District may have to consider non-traditional approaches in order to reach its goals. Mr. Brown stated that there are some areas that traditionally are not considered to be opportunities for minorities and women and whether there is capacity to build on is the question. Mr. Brown indicated that getting an answer or identifying the processes in order to get an answer to that issue would be helpful.

Executive Director Ciaccia advised that Resolution No. 143-13 will be held until the next Board meeting. However, the ESSI project is part of the consent decree and is therefore time sensitive. Executive Director Ciaccia indicated that he would like clarification from the Board as to what additional information they want staff to provide since he believed the District to be running a legitimate, model program.

Mr. Brown indicated that the District is "doing better than most people;" however, the goals established for the ESSI project were not the ceiling but rather the floor. The contractor proposed the minimum subcontracting opportunities and "they certainly could



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do more if they chose to.” Executive Director Ciaccia agreed.

Mr. Brown stated that given the terms of capacity, there are areas of concern where additional capacity either exists or can be built. The Board would like next steps as to how we can achieve that.

Executive Director Ciaccia turned discussion over to Director of Administration and External Affairs, Constance Haqq.

Ms. Haqq added that even though the District completed a disparity study, it has not rested on that information. Each year the District is out in the community recruiting additional firms to be on our registrar. Ms. Jordan and members of District staff constantly conduct outreach activities. Through our public relations and advertising, the District continues adding to the list of existing firms creating more opportunities.

Ms. Haqq stated that the District is very committed to identifying firms and building capacity within the community. The District’s role with the Community Benefits Program and partnership with Dominion will include those elements as well. Ms. Haqq stated that the District is committed and would be happy to take further direction from the Board for additional suggestions.

Ms. Kelly stated that the District must work on the public’s perception that “you’re just not going to get any business from the Sewer District.” The results will not change if the perception stays the same.

Executive Director Ciaccia shared in Ms. Kelly’s concern and he advised that he is proactive by personally attending community events and functions and meets with minority contractors directly. Executive Director Ciaccia indicated that he is confident that the perception in the community is good. However, the perception can change and therefore the District will remain proactive.

Resolution No. 143-13 was held. Mr. Sulik moved and Mayor DeGeeter seconded to amend the motion to approve Resolution Nos. 144-13 and 145-13. The amended motion carried unanimously.

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 146-13

RFPs for Asset Management  
Implementation Phase II.

Resolution No. 147-13 RFPs for Collection System Asset Renewal Project-1.

Resolution No. 148-13 RFPs for Oracle Application Supplemental Technical Support Services.

Resolution No. 149-13 RFPs for professional services for development and implementation of the Information Technology Governance Process.

**MOTION** – Mayor Starr moved and Mayor Bacci seconded to adopt Resolution Nos. 146-13 through 149-13. Without objection, the motion carried unanimously.

Authorization to Enter Into Agreements

Resolution No. 150-13 Agreement with the Ohio Department of Health to provide water quality sampling and analysis at Edgewater, Villa Angela and Euclid Beaches from 5/27/13 to 8/30/13. Cost: \$6,516.00.

Resolution No. 151-13 Agreements to implement Small-Scale Stormwater Demonstration projects. Cost: \$321,262.00.

**MOTION** – Mayor Bacci moved and Mr. O’Malley seconded to adopt Resolution Nos. 150-13 and 151-13. Without objection, the motion carried unanimously.

Sewer Use Code Matters

Resolution No. 152-13 Adopting the findings of the Hearing Examiner with regard to the Sewer Account of Kathy Jo Gutgsell, Sewer District Case No. 13-014.

Resolution No. 153-13 Adopting the findings of the Hearing Examiner with regard to the Sewer Account of Mt. Pleasant NOW Development Corporation, Sewer District Case No. 13-018.

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**MOTION** – Ms. Kelly moved and Mr. Sulik seconded to adopt Resolution Nos. 152-13 and 153-13. Without objection, the motion carried unanimously.

Authorization to Adopt Budget

Resolution No. 154-13

Adoption of the District Operating Budget for the year ending December 31, 2014.

**MOTION** – Mr. Sulik moved and Mayor DeGeeter seconded to adopt Resolution No. 154-13. After discussion and without objection, the motion carried unanimously.

Mr. Sulik requested Director of Finance, Jennifer Demmerle, to provide the Board with a brief overview.

Ms. Demmerle stated that since the District does not levy taxes, Cuyahoga County requires the District to file an operating budget each year. This is a preliminary budget and the District will proceed with its normal budgeting process towards the end of 2013.

There were no further questions for Ms. Demmerle.

Authorization of Property Related Transaction

Resolution No. 155-13

Acquire one (1) easement, located in the City of Cleveland, from Famicos Foundation necessary for construction of the Dugway West Interceptor Relief Sewer project. Consideration: \$300.00.

**MOTION** – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution No. 155-13. Without objection, the motion carried unanimously.

Authorization of Contract Modification

Resolution No. 156-13

Modify Contract No. 10000024 with Walsh Construction Company for the Southerly Wastewater Treatment Center Renewable Energy Facility project, Contract 28. Cost: no net increase to the total contract value, but rather a reallocation to the general allowance. Total reallocation: \$451,823.75.

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Resolution No. 157-13

Final adjustment deduct order for Contract No. 11001770 with Nerone & Sons, Inc. for the Combined Sewer Overflow Rehabilitation project. A cost decrease in the amount of \$1,437,051.48, bringing the total contract price to \$2,401,948.52.

Resolution No. 158-13

Extend Contract No. 11000422 for seven (7) months with Andrew J. Futey & Associates for federal advocacy services. A cost increase in the amount of \$46,900.00, bringing the total contract price to \$165,290.00.

Resolution No. 159-13

Extend Contract No. 11001993 for seven (7) months with Vorys Sater Seymour and Pease, LLP for state advocacy services. A cost increase in the amount of \$35,000.00, bringing the total contract price to \$155,000.00.

**MOTION** – Mr. O’Malley moved and Mayor Bacci seconded to adopt Resolution Nos. 156-13 through 159-13. After discussion and without objection, the motion carried unanimously.

Mr. Brown requested an explanation on the Resolution No. 156-13 for the Renewable Energy Facility (hereinafter “REF”).

Ms. Rotunno advised that there were several bid items non-performed or there were unit price items that were not needed for the REF. Page two of the resolution request refers to a surplus of topsoil and excavated material and the District proposes reallocating those surplus line item amounts to access them for the completion of the project under the work order provisions.

Mr. Brown stated that it has been awhile since the Board and staff had discussion on the REF timelines, completion schedule and project challenges. Given the scope of the REF project, Mr. Brown was certain that this type of project has been a tremendous learning experience for the District. Mr. Brown requested that a general overview of the project and expectations be presented to the Board.

Ms. Rotunno advised that discussion on the REF is included in her monthly reports to the Board and that she will provide the Board with an updated overview today. Staff would



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Authorization to Enter Into Negotiations

Resolution No. 164-13

**WITHDRAWN**

Negotiations for lease of office space, located at 4415 Euclid Avenue, for some of the District's Administrative staff. Cost not-to-exceed \$355,900.00.

**MOTION** – Ms. Kelly moved and Mr. O'Malley seconded to adopt Resolution No. 164-13. The motion did not carry. Resolution No. 164-13 was withdrawn.

Mr. Brown requested an explanation on Resolution No. 164-13.

Deputy Executive Director, F. Michael Bucci, advised that staff previously requested authorization from the Board to seek proposals for office space. At that time, it was for a short term solution and the Board had questions about a long term solution. The District is using its general engineering services contract with URS to conduct a long term solution study. URS will be meeting with each department to discuss staffing needs over the next 10 years.

Long term solutions include the re-utilization and possible expansion of space in the GJM Building. The District owns property across from EMSC which is currently leased to the Cleveland Metroparks and the District is considering building on that property. When the REF comes online, the incinerators will be decommissioned and the District is considering alternative use of the thermal conditioning building which houses those units.

Mr. Bucci stated that although the District has mapped out a plan for long term solutions; we need a short term solution. The District proposes moving approximately 25 employees to facility located at 4415 Euclid Avenue. Once long term staffing needs are identified, then the District will make recommendation to the Board for design approval. The short term solution will be a five year remedy.

Mr. Brown stated that this is a 63 month lease and he inquired if the improvements to the space will be part of the fee.

Mr. Bucci advised that the District looked into five facilities. The property at 4415 Euclid needs two walls to be erected and some finished painting. According to Mr. Bucci, it is almost in move-in condition.

Mr. Bucci addressed the 63 month lease term and he advised that the leasing agent offered the District three months free rent and the District was interested in a five year term.

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Mr. Bucci advised that the Resolution No. 165-13 is to furnish the office space through the furniture company through the State purchasing program. The District conducted fit tests to ensure that the space accommodated the proposed number of employees.

Mr. Brown commented that the District staff had more insight than the Board on this issue and that he would be more comfortable with more information.

Executive Director Ciaccia inquired if the Board members would be interested in a tour of the facility. Mr. Brown stated that he would also prefer having more information.

Mr. Bucci noted that the District leased two floors at 4415 Euclid Avenue in the past. The District proposes leasing a portion of one of those floors.

Executive Director Ciaccia suggested that Resolution No. 164-13 be held until the July 18<sup>th</sup> Board meeting. In the meantime, staff will make arrangements from the Board members to tour the proposed space at 4415 Euclid Avenue.

Ms. Kelly indicated that she understood the short term and long term plans. She inquired whether the District had a midterm solution and whether this property offered room for expansion.

Mr. Bucci replied that as part the lease negotiation, the District will be requesting a five year renewal option. The facility does have additional space.

Ms. Kelly questioned if the space the District is acquiring has room for expansion. Ms. Kelly was curious as to how long the District anticipated the space at GJM would be suitable before the District needed expansion.

Executive Director Ciaccia advised that when GJM was constructed the District did not anticipate stormwater management. The District is more aware of its staffing needs in order to manage the stormwater program. Executive Director Ciaccia anticipated that the space should be adequate for the District's needs over the next five years and he stated that Ms. Kelly's point is well taken with respect to whether there is enough room should the District need to expand during that time.

Mr. Bucci advised that the District will be freeing up space on the first floor of the GJM Building. Phase I after the move would be to reconfigure that work space.

Mr. Brown commented that it sounds like a good strategy and he requested that the staff provide the Board with more information as it pertains to the short term, midterm and long term goals.

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Executive Director Ciaccia suggested that each Board member contact Mr. Bucci to schedule a time, at their convenience, to tour the facility.

Mr. Brown suggested scheduling a group session and if any of the Board members were unavailable at that time, then he or she can schedule an individual tour.

Mr. Sulik inquired about the estimated costs for utilities and technology. Director of Information Technology, Humberto Sanchez, advised that those estimated costs are available and he will provide those to the Board.

Mayor Starr inquired if there were buildings in the surrounding area that can be acquired by the District for expansion purposes. Executive Director Ciaccia replied that the District is looking into nearby expansion options. The District plans to conduct a cost analysis to determine the most feasible option: reconfigure the space at GJM; perhaps build on property the District owns at EMSC; or purchase property.

Mayor Starr stated that it is a long range and he questioned if the short term arrangement was simply to buy time in order to conduct the analysis or is it a long range. Executive Director Ciaccia anticipates that the District will have a better idea of its long term plans by the end of this year.

Mayor Starr inquired if the District was satisfied with the space when it previously utilized this space. Mr. Bucci affirmed.

Mr. Brown requested that staff bring to the Board a more detailed overview of the project and that report should also include the estimated moving in costs.

For clarification, Mayor Bacci inquired if Resolution Nos. 164-13 and 165-13 were being held pending an overview of the entire project, present goals, midterm goals, long term goals, and moving costs including utilities and office supplies and technology. Mr. Brown affirmed.

Mayor DeGeeter inquired what the District previously used this space for wherein Mr. Bucci advised that the space was used for engineering, planning and operations administration. The District leased two floors before the GJM facility was built. The District proposes leasing a portion of one of the floors previously leased.

Ms. Kelly inquired if there was a time urgency wherein Executive Director Ciaccia indicated that we are okay on time.

There were no further questions from the Board.



Resolution No. 164-13 was held.

Authorization to Purchase

Resolution No. 165-13  
**WITHDRAWN**

Purchase and install from American Interiors, Inc., through the Ohio State Term Contract No. 800115, office furniture for the leased office space located at 4415 Euclid Avenue. Cost not-to-exceed \$65,000.00.

Resolution No. 165-13 was withdrawn. No motion made.

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 166-13

RFPs for a two (2) year contract for janitorial services at the George J. McMonagle Building and Environmental and Maintenance Services Center.

**MOTION** – Mr. Sulik moved and Ms. Kelly seconded to adopt Resolution No. 166-13. After discussion and without objection, the motion carried unanimously.

Ms. Kelly questioned how long it takes for the proposal to be issued after Board approval wherein Executive Director Ciaccia replied that it is in the development phase so probably within one month.

VI. Information Items

1. Director of Law Claims Report, January through May 2013

Director of Law, Marlene Sundheimer, included into the Board members' packets the bi-annual claims summary report for claims that have been settled, and easement and property rights that have been acquired between January and May 2013. The bi-annual report is in accordance with the Bylaws. Ms. Sundheimer indicated that she would not present a formal report but that she would be willing to entertain any questions from the Board. There were no questions from the Board at this time; however, Mr. Brown suggested that the Board members review the report. There will be time at the July 18<sup>th</sup> meeting to entertain any further discussion. Ms. Sundheimer suggested that she would be willing to discuss the report in more detail during an Executive Session.

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2. Program Management Status Report and Update – May 2013.

Ms. Rotunno advised that the production mining continues on the Euclid Creek Tunnel (hereinafter “ECT”) project. More than 12,000 linear feet of the 18,000 feet have been mined. Ms. Rotunno advised that maximum production is 165 feet of tunnel installed in one calendar day.

Shaft excavation continues at Easterly and at Shaft 3 at Beulah Park. Two successful blasts have occurred since June 11<sup>th</sup> and there was very little impact according to the residents.

Ms. Rotunno advised that the District continues to communicate with the residents in Beulah Park and the surrounding neighborhood. Unfortunately, no members from the public attended this week’s meeting. Ms. Rotunno noted that this is the second “no-show” meeting and she therefore suggested that the District move from monthly to quarterly meetings.

Ms. Rotunno moved discussion to the \$67.7 million Easterly Tunnel Dewatering Pump Station (hereinafter “ETDPS”) project. The District is in a holding pattern with respect to rock excavation to support the roof. Currently, high strength anchors are being installed to continue to stabilize the roof. Those anchors are 60 feet in length. The anchors initially installed were 20 feet. Ms. Rotunno advised that the installation of those high strength anchors is going well but excavation of the ETDPS cannot continue until those anchors are installed. The contractor completed the second layer of shotcrete and concrete work at the Easterly interceptor junction chamber continues.

Mr. Brown inquired about the Lakeshore Boulevard two-year infrastructure improvement project with the City of Cleveland. He questioned how that project is being handled.

Ms. Rotunno advised that the District and City continue to coordinate on the responsibilities of the paving of Lakeshore Boulevard. We are currently working through some issues raised regarding a cost escalation to the City allegedly resulting from the District’s construction. The District is working through those details. It has been a less than ideal situation. The District recommended to the City that their paving project be deferred until after the District construction was complete; however, the City decided to move forward. It has been messy because the District and City are working in the same area. There are two contracts addressing paving which requires constant coordination and has resulted in cost implications to both entities because the projects are being completed contemporaneously.

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The District received a request from the City this week. The District has not completed its analysis with regard to the cost escalation on the paving piece but will be meeting with the City very soon to reconcile the issue.

Mr. Brown inquired about the completion schedule. He stated that the area has presented a challenge for the community and he wanted an update on the progress or when improvement will be made.

Ms. Rotunno indicated that she did not have that information at this time, but she would be happy to provide the Board with the completion dates for the various sections of paving along Lakeshore after the meeting.

Ms. Rotunno moved discussion to the \$145 million REF project. The District was beginning its bake out/boil out (hereinafter "BOBO") on incinerator number 3. On June 11<sup>th</sup>, as incinerator number 3 was coming up to temperature, air diffuser units called Tuyeres located in the bottom of the incinerator failed and had to be cooled before they could be inspected to determine what components failed. This matter is under investigation and Ms. Rotunno will provide the Board with an update at the July 18<sup>th</sup> meeting.

Mr. Brown inquired if the District had a remedy for the situation.

Ms. Rotunno stated that "until we know the failure mode, we won't know whose side of the balance sheet it lies on." From the District's vantage point, it seems that it may be the contractor's responsibility. When the unit cools, we will inspect it and hopefully find evidence to lead us in the right direction.

Mr. Brown questioned if the inspection will clarify whether it was a design issue or a construction issue.

Ms. Rotunno stated that, at this point, we anticipate that something was blocking the air orifices that resulted in a pressure buildup which launched things inside the incinerator allowing for the fluidizing sand to drop down into the wind box. It was likely a blockage and whether it was due to a design error, installation error or manufacturing error, we will not be able to make that determination until the unit cools.

Ms. Rotunno moved discussion to the key performance indicators (hereinafter "KPIs"). The District delivered 70% of its planned cash flow and 10% of that lag is due to the ETPDS project. If excavation of the cavern resumed and the rock was being removed from the cavern, then the District would be tracking at 80% of its planned cash flow. The remaining 5% is related to invoicing issues on the REF and other projects. Some of those

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contractors are not getting their invoices in on a timely basis. Consequently, the District is lagging at 69% on its Business Opportunity Program.

Ms. Rotunno moved discussion to the KPI for project closeouts. The Rehabilitation of Automated Regulators (hereinafter "RAR-5) project closed out today. The RAR-5 missed its SBE goals for two reasons. There was an SBE who failed to perform the work to project specifications and therefore the contractor was not able to use an SBE to complete that work. The District de-scoped some of the project components which impacted the opportunity for an SBE to perform that work since it was removed from the contract based on that decision.

Ms. Rotunno moved discussion the KPI for the engineers' estimate of probable construction cost wherein she advised that the District remains 0.1% average variance below the engineers' estimate, which is good.

Ms. Rotunno moved to the KPI for designs in which she advised that none were completed in May. The District has been diligently identifying value engineering opportunities and she referred to a table showing an additional \$5 million in savings to add to the previous \$15 million reported.

The District saved \$1.3 million on the bid estimates for the ESSI project due to value engineering performed by the project team including Operations Manager, Bob Bonnett, Engineering Manager, Bill Donohue, and Design Manager, Gary Hoffman. The team worked hard to identify those savings as well as some equipment and air flow meters that were deemed unnecessary discovered by Engineering and Construction Engineer, Paul McGuire, which saved the District \$300,000.00.

Ms. Rotunno advised that the additional scope element to the ECT and nonperformance of the CIPP liner at one of the ECT structures resulted in \$3.7 million in savings.

Ms. Rotunno advised that \$20 million of savings has been identified and that is 15% of the cash flow to date. If that amount does not increase, then it would be 10% of the District's projected cash flow at the end of 2013. Ms. Rotunno advised that this is a new reporting element for the Board. Many staff members work very hard to identify cost saving opportunities to save the rate payers money and improved design and reliability without compromising the operations of the District.

Mr. Brown indicated that the Board appreciated staff's efforts and that this is a good metric. The message to public is that the District is making a concerted effort to engage in critical thinking as it relates to the original engineer's estimate. The District's ability to conduct value engineering in an effort to identify additional cost savings during the design process certainly "speaks to our level of diligence in making sure that we are

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spending the rate payers' money and investing wisely." Mr. Brown stated that it is common that government entities do not receive credit for having done that level of due diligence.

Mayor Starr inquired if the individuals who conducted the value engineering were all members of District staff. Ms. Rotunno stated that with respect to the Easterly improvements it was primarily District staff and also consulting staff. With respect to the ECT, the consultant brought cost savings opportunities since they were the designer on that project. Ms. Rotunno noted that the opportunity ultimately had to be captured by District staff and it was a team effort. Ms. Rotunno stated that there are "a lot of super bright folks working at the District who are pushing our consultants in ways that haven't been previously pushed in order to find opportunities like this."

Mayor Starr inquired as to why value engineering was not 'previously pushed.'

Ms. Rotunno stated that as a former consultant, certain clients push more than others and the amount of value you get from consulting services is a function of the leadership as well as the skills that lead them as an owner. According to Ms. Rotunno, the skill set at the District has been enhanced since the new administration came on board and new skills and tools have been added which has enabled the District to ask these types of questions.

Mayor Starr stated that "if you have been around long enough you've seen the way things used to be conducted and the way it is today...it is like night and day." The Board receives more information that is easily understood. Mayor Starr credited Executive Director Ciaccia and the new administration on the remarkable reform. Mayor Starr stated that "the money is being spent wisely." Mayor Starr inquired if the contracts are all within the 10% change order range wherein Ms. Rotunno affirmed.

Mayor Starr stated that "we are on time, usually under the budget and this has never occurred before." Mayor Starr indicated that it is good to recognize individuals' good work and that is valued through performance evaluation and merit increases.

Ms. Rotunno thanked Mayor Starr for his comments and she advised that she is fortunate to have monthly dialogue with the Board. The nature of the dialogue is the result of a team effort and there are a lot of good people that are working very hard. Those individuals receive recognition during E&C staff meetings where their performance is celebrated. Ms. Rotunno advised that there are additional plans through performance management to recognize individuals as well.

Mr. Brown echoed Mayor Starr's comments and he stated that "it is a function of good leadership at the executive level" that transfers down through the organization. When

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program management was initially proposed, the intent was not to become overly dependent on consultants and build an internal team. The consultants would be used on an as-needed-basis to supplement internal expertise. This places the District in a better position now and in the future. Mr. Brown commended staff on an excellent job of executing the plan and he indicated that the Board looks forward to continued success in this regard.

Ms. Rotunno thanked the Mr. Brown for his comments and she thanked her team as well.

Ms. Rotunno moved discussion to the KPI for on-time performance and she advised that no designs have been completed.

Ms. Rotunno moved discussion to the KPI for closing contracts within 93% of the contract limit. On average those jobs have a 10% contingency and the District is running about a 3% change order on its construction program to date which is impressive for a public or private agency.

Ms. Rotunno moved discussion to the KPI for timely performance of construction projects, which is a newer metric used to track whether projects are awarded no more than 90 days off variance. The Easterly WWTP Aerated Grit project was awarded within that KPI.

Ms. Rotunno reported the data of four projects that have closed out to date. Mill Creek Tunnel project closed out 589 days later than projected. Mill Creek Interceptor Rehabilitation Phase 2 closed out 239 days. The RAR-5 project closed out today at 226 days. The cumulative average is that construction contracts our closed out 284 days beyond the originally projected date. Ms. Rotunno advised that in most instances the delays are no-cost time extensions. These are 284 real days that the District has to continue to provide construction inspection, oversight, construction and administration, resident engineering on our consultant's side. The communities also continue to be disrupted during those 284 additional days of construction.

This metric needed to be established and the District will continue tracking this data throughout the year. A KPI metric will be established to improve this performance in next year's KPI. The District is desirous of understanding the construction delivery in an effort to improve the management of construction duration. Ms. Rotunno indicated that costs are being managed well, but management of the construction schedule needs improvement.

Mr. Brown agreed that this is a critical issue particularly for longer term projects. The ability for the District to reach its targets on project completion means that we are having

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less of an overall impact to the community. Mr. Brown agreed that this metric should be aggressively tracked.

Ms. Rotunno concluded her report with a quote by Thomas Edison, "I have not failed. I've just found 10,000 ways that won't work." So, as we fail just remember we're all learning as we progress.

VII. Public Session

No members from the public registered to speak at Public Session.

VIII. Open Session

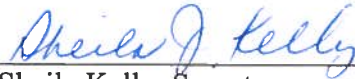
Executive Director Ciaccia advised that tonight he will be attending the Greater Cleveland Partnership Commission for Economic Inclusion Award Ceremony. He will be accepting an award on behalf of the District for management diversity.

Ms. Kelly invited any of the student assistants present at today's meeting to share their experience with the Board.

Richard Gibson reported to the podium to address the Board. Mr. Gibson advised that he is working at Southerly and he wanted to thank the Board for allowing the students this opportunity to attend today's meeting. From the students' position they only observe a small part of the District's operations and it was nice to obtain a complete overview. For some students, this may be only a summer position; however, others may consider working for the District permanently. Mr. Gibson concluded by stating that "it was nice to have an idea of what we possibly would be getting into. Thank you for the opportunity."

IX. Adjournment

**MOTION** – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved and Mr. Sulik seconded the motion to adjourn at 2:05 p.m. Without objection, the motion carried unanimously.



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Sheila Kelly, Secretary  
Board of Trustees  
Northeast Ohio Regional Sewer District



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Darnell Brown, President  
Board of Trustees  
Northeast Ohio Regional Sewer District