

MINUTES  
NORTHEAST OHIO REGIONAL SEWER DISTRICT  
BOARD OF TRUSTEES MEETING  
JULY 2, 2009

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:30 p.m. by Mayor Starr.

I. Roll Call

PRESENT: T. Longo  
D. DePiero  
S. Kelly  
W. O'Malley  
G. Starr  
R. Sulik

*Mr. Brown was absent.*

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

II. Approval of Minutes

**MOTION** – Mayor DePiero moved and Ms. Kelly seconded that the minutes of the June 18, 2009 Board meeting be approved. Without objection, the motion carried unanimously.

III. Public Session

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

IV. Executive Director's Report

Executive Director Ciaccia thanked all individuals in attendance at the District's celebration honoring the 40<sup>th</sup> year anniversary since the burning of the Cuyahoga River. This successful event was well-warranted and well-received to recognize the 40 years of progress made to improve the ecological condition of the Cuyahoga River as well as acknowledge the District's role in those improvements. Executive Director Ciaccia

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advised that the District's outreach reached national levels as an article was published in *The New York Times* regarding the event.

Executive Director Ciaccia moved to the next report to inform the Board that the Cuyahoga River did not get delisted by the United State Environmental Protection Agency (hereinafter "USEPA"). This is not a significant problem, but the District and others will continue to strive for this status going forward. Executive Director Ciaccia turned discussion over to Frank Foley, Superintendent of Environmental Services, to provide the Board with an explanation as to the to the impacts of being delisted.

Mr. Foley stated that in 1985 the International Joint Commission (hereinafter "IJC") designated the Cuyahoga River as one of 43 areas of concern on the Great Lakes. Those areas are situated within the United States and Canada and contribute the Great Lakes' pollution. The IJC identified 14 beneficial uses of the water bodies, and for the Cuyahoga River 9 of those beneficial uses were identified as being impaired.

In Spring 2009, the State of Ohio Environmental Protection Agency (hereinafter "OEPA") and the Cuyahoga River RAP Coordinating Committee (hereinafter "CRRCC") submitted a request to the USEPA to delist certain segments of the Cuyahoga River for beneficial use impairments including degradation of fish populations, benthos (macro-invertebrates that live at the bottom of streams), fish habitat and fish tumors. The CRRCC and OEPA also requested that the Cuyahoga River status be changed from "unknown" to "not impaired" for three other beneficial uses.

Mr. Foley referred to a map which represented the Cuyahoga River. Areas of concern were depicted as the white areas on the map. The areas of the Cuyahoga River and its tributaries were shown, and the green areas were considered to be not impaired and the red areas are still impaired. Mr. Foley indicated that the areas impaired for fish include the upper regions of Tinkers Creek and some of the Cuyahoga River flowing between Route 82 and 7 miles upstream. Benthos areas included "the same section of the main stream of the Route 82 dam plus a couple of the tributaries in the upper reaches." Habitat was within the same general vicinity including upstream from the Route 82 dam and some of the tributaries.

Mr. Foley advised that the USEPA agreed these segments were no longer impaired but did not agree to delist those segments. The USEPA did approve to change the status from "unknown" to "not impaired" for obtaining efficient wildlife flavor, degradation of fish and wildlife populations, and bird and animal or other deformities.

Mr. Foley advised that the USEPA is willing to delist these beneficial use impairments only if the entire area of concern is no longer impaired, and are not willing to delist specific segments.

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Mayor DePiero inquired whether there was a timeframe as to when this issue may be revisited, and whether this can be addressed on an annual or biannual basis. Mayor DePiero commented that much progress has been made, and that he was proud to participate in the 40<sup>th</sup> anniversary celebration. Many of the media outlets covered the successes of the Cuyahoga River.

Mr. Foley advised that the USEPA considers delisting only if they receive a formal request. Therefore, it is at the discretion of the District and all other parties involved with the health of the Cuyahoga River to submit a delisting request to the USEPA. Mr. Foley added that the Route 82 dam is a contributing factor and the removal of this dam may improve the area.

Mayor Longo inquired as to the prognosis of the Route 82 dam because it is critical for the diverting of water between the Ohio and Erie Canal, which constantly flushes that area. Frank Greenland, Director of Watershed Programs, replied that the OEPA is desirous of removing the Route 82 dam, which will most likely occur. There are issues with the canal that have to be considered, and if water is going to be replenished into the canal, this may necessitate a pumping system. A revenue source or long-term funding is necessary to cover the operation and maintenance expense of the pumping system.

Mayor Longo inquired if the Route 82 dam were to be removed, will this dramatically improve the water quality through the surrounding area. Mr. Greenland replied that based on the evidence shown on other streams, the water quality would improve, providing for increased fish passage and insect species, and that a dam within a stream prevents the natural movement.

Mayor Longo stated that the polluted area, according to the map, was from Route 82 and continuing south. Mayor Longo questioned if there are pollution contributors, or is the pollution a consequence from the lack of river flow. Mr. Foley stated that although there are pollutants being discharged into the Cuyahoga River, the dam itself changes the habitat for the aquatic organisms. Fish cannot bypass the dam and travel upstream. Mr. Greenland added that by removing a barrier such as the dam, the fish will return.

Executive Director Ciaccia requested Mr. Foley to clarify the impacts of the shipping channel.

Mr. Foley stated that there are different biological standards for the shipping channel. There are no biological criteria established by the OEPA for the shipping channel. The OEPA's Beneficial Use Evaluation and Delisting document referred to draft guidance on bio-monitoring in freshwater estuaries between the lake and the river where it is difficult distinguishing between the flow. The OEPA will refer to the bio-monitoring estuary

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standards as indicated on the delisting document. Essentially, Mr. Foley was unsure as to how the shipping channel will be evaluated for delisting.

Mayor Longo commented that prior to being dredged, the Cuyahoga River was a three to four feet deep swamp teeming with wildlife, fish, birds and ducks. Now there is not enough oxygen in the channel to provide for fish migration. There was discussion about creating aerating side channels. Mayor Longo inquired whether the District will become involved in this costly process.

Frank Greenland, Director of Watershed Programs, replied that this area will need to be revisited in the future, and that not much discussion has been held with the EPA regarding the oxygen and dissolved oxygen issues in the near term. Mr. Greenland stated that during certain times of the year, the oxygen levels do not prohibit steel head trout from moving upstream. During the summer this area becomes stagnate, which creates issues. The delisting will indicate whether this is an area of impairment that needs to be resolved. Addressing Combined Sewer Overflow (hereinafter "CSO") issues may remedy the situation. But this is an issue that will need to be addressed in the future and will presumably require the District's involvement.

Executive Director Ciaccia moved to the next report item regarding the recent cooking oil spill that took place on the Cuyahoga River, which is alleged to have killed an estimated 500 gulls. The District became immediately involved with the assessment of the damage caused by the cooking oil spill for the reason that in addition to wastewater and stormwater management, the District is a water quality agency. Executive Director Ciaccia stressed the importance for the Board and public to understand the District's involvement with this situation.

Executive Director Ciaccia appreciated the partnership between the District and the OEPA, but there have been conflicting viewpoints as to the assessment of this situation. The District sent a letter of support on behalf of the OEPA to the State's House and Senate Committee reviewing the budget in an effort to maintain funding for the OEPA. The OEPA certainly does not have the resources to operate at its maximum capacity, nor does the District, but the District intends to assess the cooking oil spill to the best of its capability. Moreover, the District intends to work toward preventing similar situations from occurring in the future.

Executive Director Ciaccia turned discussion over to Ronald Czerski, Superintendent of Maintenance Services, to provide the Board with his findings on the impacts of the cooking oil spill in the Cuyahoga River.

Mr. Czerski advised that many agencies are pointing to Kingsbury Run as the source where the cooking oil spill allegedly came from. The total drainage area of Kingsbury

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Run is approximately 7.8 square miles in the Cleveland area. Including its tributaries, Kingsbury Run is approximately 9 miles long and primarily a culverted section. There are 24 CSO regulators that discharge into Kingsbury Run, and it receives flow from Cleveland and Shaker Heights. There are approximately 50 industrial users identified in the District's database.

Mr. Czerski referred to a map depicting the drainage area for Kingsbury Run, outlined in yellow. The industrial users were indicated with green "Xs". Kingsbury Run's system is complex, including many tributaries and the Kingsbury Run Relief Sewer (hereinafter "KRRS").

Mr. Czerski referred to a map showing the Kingsbury netting facility. At the point at which Kingsbury Run runs into the Cuyahoga River, the District installed a netting facility, similar to giant fishing nets. The nets capture CSO and debris to prevent it from traveling into the Cuyahoga River. There are two layers of floatable booms that also capture CSO and debris. Executive Director Ciaccia added that the boom and netting facilities are permanent existing structures that are maintained by the District, and that they were in place prior to the spill.

Mr. Czerski stated that a substantial amount of the gulls located and rescued by the Coast Guard were discovered at the turning basin upstream from Kingsbury Run. The flow moves north and Kingsbury is downstream from the location where a majority of the gulls were found. No dead gulls were found in the Kingsbury Run lagoon area, but the flow could have potentially moved backwards from Kingsbury Run. Mr. Czerski referred to a map depicting the turning basin and Kingsbury Run.

On Wednesday, June 24<sup>th</sup>, an inspector was dispatched to Kingsbury Run to examine the netting facility due to the heavy rains received the prior week. Grease-like clumps were observed at the Kingsbury Run location. This observation was determined to be abnormal since it was a dry day. Water Quality Industrial Surveillance (hereinafter "WQIS") conducted an investigation starting upstream to determine the origin of the problem. A temporary boom was installed downstream to contain the grease-like clumps. None of the grease-like clumps were observed passing through the containment booms. A clean-up was conducted on June 24<sup>th</sup> and June 25<sup>th</sup>.

On Thursday, June 25<sup>th</sup>, Jean Chapman, Public Information Specialist, was contacted by *The Plain Dealer* regarding dead gulls found in the Cuyahoga River. In the evening, this area experienced heavy rains.

On Friday, June 26<sup>th</sup>, the District conducted an investigation due to inquiries received from other agencies including the OEPA. Dead gulls were observed. Mr. Foley referred to an image downstream from Kingsbury Run depicting the netting facility located to the

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right of the flow, which is the actual third layer of booms. Mr. Foley pointed out the grease-like debris located on the Cuyahoga River. Much of the tree debris is washed upstream from the Cuyahoga River and does not come out of Kingsbury Run. During the cleanup of this area, the District removed a significant amount of the grease-like substance. Mr. Czerski emphasized that this is located on the downstream side of the boom. Executive Director Ciaccia clarified that if the grease-like substance originated from Kingsbury Run and flowed upstream, it would eventually have to flow back downstream to the Kingsbury Run outlet, which is located on the opposite side of the booms making this a conceivable but unlikely scenario.

Mr. Czerski advised that multiple agencies responded to the gull situation including the Ohio Department of Natural Resources (hereinafter "ODNR"), ArcelorMittal Steel and OEPA.

On Saturday, June 27<sup>th</sup>, the downstream cleanup was finished. Mr. Czerski showed the Board an image of the area post-cleanup, then turned discussion over to Mr. Foley to discuss the actual investigation of the cooking oil spill.

Mr. Foley stated that on Thursday, June 24<sup>th</sup>, grease-like clumps were observed at the Kingsbury netting facility and a sample was retrieved to be analyzed. The analysis determined that the grease-like substance was not much different than what is typically found in a wastewater treatment plant (hereinafter "WWTP"), with the exception of some heavy metals. Mr. Foley stated that Kingsbury Run to some extent is an industrial tributary area, and that the oil and grease substance was higher than expected in this type of area, but was not as high as expected if they were actual grease clumps samples. Although these appear to be grease clumps, we are no longer certain that is the case. A couple of organic chemicals were found and trace levels were typical of what is found in WWTPs.

On Friday, June 25<sup>th</sup>, ODNR reported dead gulls to the OEPA and Ms. Chapman was contacted by *The Plain Dealer* inquiring whether the District was aware of this situation.

Mr. Foley stated that there were several confounding factors contributing to the difficulty of this investigation. Distressed gulls were noticed as early as Monday, June 22<sup>nd</sup> during the District's 40<sup>th</sup> Anniversary Celebration of the Cuyahoga River Goodtime III boat ride. A gentleman from the OEPA noticed the struggling gulls, and this was attributed to the amount of gulls during this time of year.

During the District's investigation, a reporter from WKSU (Kent State University) pointed out that "people had seen gulls much earlier." A coach from the Western Reserve Rowing Association confirmed that struggling gulls were observed as early as Monday June 15<sup>th</sup>. It does not seem logical that the gulls would be observed with

problems two weeks prior to the discovery of the grease-like substance in the Kingsbury Run.

Executive Director Ciaccia added that the District crews inspected the Kingsbury outlet on June 17<sup>th</sup> and the grease-like clumps were not present at that time. Mr. Foley indicated that this investigation took place on June 18<sup>th</sup>, and he affirmed that grease was not visible at Kingsbury at that time, and the gulls were observed struggling prior to this investigation.

Mr. Foley stated that Kingsbury Run is located a half mile downstream from the turning basin, and the river flow slows at this point due to its width and the dredging. Flow at this time was higher than typically expected during this time of the year. The likelihood for debris to have blown upstream is not unfathomable, but is unlikely.

On June 26<sup>th</sup>, the District responded to the location with the Coast Guard. Gulls were scooped from the Cuyahoga River and no visible product was observed on the river at that time.

Mr. Foley stated that the District is uncertain as to the exact date the gulls were observed to be struggling; the source or type of material found at the Kingsbury netting facility on June 24<sup>th</sup>; or the source of materials that affected the gulls. It is the assumption that the debris found at the Kingsbury site is what affected the gulls; however, there is no strong evidence.

The District intends to continue its investigation and analysis of the retrieved samples. A feather sample from a bird scooped from the Cuyahoga River a couple of days after the incident, as well as the grease-like materials discovered at Kingsbury Run, will undergo a fingerprint analysis to determine whether the material on the gull is the same material found at Kingsbury.

Mr. Foley stated that there is an increased gull population and one of the methods used to control bird population is spraying oil on the eggs. According to Mr. Foley, ODNR indicated that this procedure did not occur this year. The looming issue is whether someone sprayed the eggs in an attempt to control bird population and whether this substance may have gotten into the river.

Mayor Starr inquired as to how long this investigation will take. Mr. Foley replied that it will take approximately one week to receive sample results which will then be evaluated in order to determine whether enough supporting evidence and information was obtained to derive a conclusion.

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Executive Director Ciaccia commented that as reported in *The Plain Dealer*, the OEPA is waiting for somebody to turn themselves in, and this could eventually turn into a cold case file, but District feels a higher responsibility to investigate this situation. This is a good opportunity for the District to get out there and take responsibility for these types of situations. Material was discovered at Kingsbury Run, and the District must reach an understanding as to how these types of situations occur.

Mayor Starr moved discussion to Resolution No. 121-09, passed unanimously by the Board at its June 4<sup>th</sup> meeting, which awarded a contract to the lowest and best bidder, Kurtz Brothers, Inc., for the disposal of biosolids. Mayor Starr referred to a memorandum which indicated that “as a result of restructuring the contract and not taking the option year, there is anticipated cost savings of \$292,135.80.” Mayor Starr indicated that based on his discussion with Ms. Sundheimer, said memorandum is a public record.

Mayor Starr inquired as to how one contractor received a bid for a 20-year period of time. The purpose of public bidding is to ensure that the public and ratepayers receive the lowest and best bid. Mayor Starr requested clarification as to what restructuring the bid documents entails. Out of 21 bids sent out, five bid responses were received. In the past, the District received two bids and sometimes no other bidders for biosolids handling. It was also indicated that the option years may not have been advantageous to the taxpayers because they were not competitively bid which is a substantial amount of money if prorated over a 10, 15, or 20-year period. Mayor Starr requested an explanation as to the steps taken by the District in order to address these concerns and whether this would require the engagement of an outside audit firm, or whether this would be reviewed by the District’s Internal Audit Department. Mayor Starr made reference to the Audit Committee which is comprised of Board members Mayor Starr, Mayor DePiero and Mr. O’Malley.

In response to Mayor Starr’s inquiries, Executive Director Ciaccia explained that this was an estimate of cost savings based on the expected tonnage of biosolids to be hauled this year. The estimated cost savings amount is \$290,000; however the actual savings will be determined by how much tonnage is actually hauled. The bids certainly appeared to be better than the renewal option.

Executive Director Ciaccia affirmed that in the past, two bids were submitted for biosolids hauling. One of those bids was a no-bid and the other bid was submitted by Ohio Bulk Transfer (hereinafter “OBT”). Five bids were received this year for biosolids hauling, and Executive Director Ciaccia speculated that this type of response resulted from the bid specifications being modified. The capital outlay and required personnel daily commitment was lessened providing for a more competitive bidding contract for hauling companies.



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Executive Director Ciaccia explained that the option years on this particular contract may not have served the District well, and there was internal discussion as to whether exercising the option year was in the best interest of the public. It was determined that awarding contracts on the base year and having no competition in option years is not a good public policy. Executive Director Ciaccia explained that another bidder's renewal option in a previous bid was better than OBT's when comparing the two contracts. Executive Director Ciaccia explained that these types of problems arise when agencies exercise renewal options, and this development is not unique to this particular contract or procurement. This situation can occur with all contracts with option renewals.

The District chose to bid the biosolids hauling contract as a single year contract for the reason that the District is considering purchasing its own trailers in an effort to do much of this work internally.

In reference to Mayor Starr's inquiry regarding whether this matter should be audited, Executive Director Ciaccia advised that an internal audit is being conducted on many contracts of this nature and OBT is included in this audit. This is primarily an operational efficiency audit. Management has not yet responded to Internal Audit's preliminary audit, therefore, the audit has not yet been finalized.

F. Michael Bucci, Deputy Executive Director, added that the District has been looking at the financial side of a diverse selection of its requirement contracts including industrial gases, elevator repair maintenance, hauling for skimming ash and sludge hauling to ensure that there is adequate documentation supporting the contract terms. The primary focus of the audit was operational in order to evaluate and determine whether the District has the capacity to conduct its own hauling, and this was taken into consideration when designing the specifications for the most recent biosolids hauling contract. The District is considering alternative hauling methods in the future. Management has to respond to all of these audits, and at the Board's discretion, the District can broaden its scope of the audits already conducted.

Mayor Starr stated that he was not sure as to the Board's desire, but it would certainly be his recommendation to go back as far as we can to look at the financial books and identify the accounts payables and invoices, to determine whether the work was performed and if the District paid the market rates.

Mayor Starr inquired if we can speculate as to who was responsible for designing the bid specifications for the hauling contract. Mr. Bucci could not speculate.

Mr. Bucci stated that the current audit is for a two-year period from January 1, 2007 to December 31, 2009, and we can expand that time period. Furthermore, a Request for

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Proposals (hereinafter "RFP") was issued and proposals are being evaluated for the engagement of external auditors to assist with the auditing plan for the Audit Committee.

Mayor Starr inquired if the intent is to bring a proposal back to the Board regarding the internal and external audits of the OBT contract. Executive Director Ciaccia clarified that staff will bring this proposal as well as other contracts to Audit Committee at its next meeting.

Mayor Longo commented that the incinerators at the Southerly WWTP were not always as efficient, and 20 years prior there were concerns as to the potential EPA violations regarding the sludge process. Mayor Longo was unsure as to the outcome of this issue and he indicated that this should be taken into consideration.

Mayor Longo referred to the Calfee Halter & Griswold (hereinafter "Calfee") report wherein it was recommended that the District revise its procedures and this received Board authorization. Mayor Longo speculated that the OBT contract was a more recent contract and had to undergo the new protocol which resulted in the changes to the bid specifications.

Executive Director Ciaccia indicated that the Calfee report certainly shed light on a number of practices related to construction; however, the OBT contract is a requirement contract for service. Moreover, the District will extend the same type of review as used on construction contracts for its service contracts. Mr. Bucci added that although the Calfee audit was strictly based on construction contracts, Executive Director Ciaccia implemented new policies and procedures as it relates to all District contracts.

Mayor Longo commented that this ties into the ongoing small business study which is anticipated to increase competition on District contracts. This is the kind of trend the Board wanted to see transpire and is part of an ongoing process, therefore, the Board should expect to see more changes. Mr. Bucci stated that the District is considering more efficient alternatives on all of its procurements.

Ms. Kelly inquired when the Audit Committee will come to a conclusion and the date of the next scheduled Audit Committee meeting. Mr. Bucci advised that the next Audit Committee meeting is scheduled for July 16<sup>th</sup>. Ms. Kelly inquired if there will be a recommendation at that time. Mr. Bucci replied that current audits are pending due to management response and this should take no longer than one week to complete.

Ms. Kelly questioned if this issue will eventually be brought to the entire Board for recommendation. Mayor Starr affirmed and indicated that this matter will be brought to the Board as a resolution to determine whether the District should proceed with an

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internal and/or external audit and to identify the steps needed in order to correct this situation.

Executive Director Ciaccia clarified that the staff will bring its proposal to the Audit Committee, but the Board authorized the issuance of RFPs to outside audit firms, therefore, a resolution to issue RFPs for those services is unnecessary.

Mayor Starr inquired if David McNeeley, Director of Operations and Maintenance, had any additional comments since he authored the memorandum indicating his recommendation to change the bid specifications. Mr. McNeeley stated that this is an ongoing effort and the District will continue examining all requirement contracts to ensure that they provide the best price for the services or commodities being purchased.

Executive Director Ciaccia informed the Board that the District is extensively reviewing its construction contract general conditions. General conditions are in all contracts and are generally not the project specific conditions set out by design. The District is modernizing its general conditions to make them more District-friendly and to incorporate standard industry language to bring clarity to the bids for the contractors. The Law Department and Engineering and Construction Department are working extensively on this development which may require revisiting the Board's Bylaws. Executive Director Ciaccia wanted to inform the Governance Committee as well as the entire Board of this issue.

Executive Director Ciaccia moved to the next report item and informed the Board that the Suburban Council of Governments (hereinafter "SCOG") held its meeting on June 25<sup>th</sup> to discuss recommendations made by the SCOG's Bylaws Committee and to elect the SCOG officers. The SCOG's elected officers include Mayor Longo as President, Mayor Leiken as Vice President, and Mayor Welo as Secretary.

Bylaws revisions that were acted upon at the meeting included the appointment of one SCOG representative to the Board from the member communities situated to the east of the Cuyahoga River and one SCOG representative from the member communities situated to the west of the Cuyahoga River. This amendment supersedes the initial small community and large community criteria.

The recommendation to impose term limits on SCOG-appointed Board members was held in abeyance for the reason that it would create inconsistency on the Board because the Cuyahoga County Commissioners and City of Cleveland appointees do not have term limits. The SCOG decided to table this issue until such time that the Board considers changing this parameter within the Court Order.

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Discussion was held as to the protocol used if a mayor or Board member leaves their office prior to their Board term expiring. The SCOG's Bylaws Committee made recommendation to act upon the appointment filling the remainder of said term at the next scheduled SCOG meeting.

Executive Director Ciaccia advised that voting by proxy is no longer legal under state law and this revision was incorporated into the SCOG's Bylaws.

The SCOG unanimously agreed to waive Executive Director Ciaccia's oral annual report, but he will provide a written report to all member communities to ensure that the District is compliance with the District's reporting requirements.

Mayor Longo thanked Executive Director Ciaccia and District staff for attending the SCOG meeting, and he corroborated Executive Director Ciaccia's comments regarding the term limits. Mayor Longo advised that he would apprise the Board of the SCOG's recommendation to impose term limits, and that he was desirous of receiving feedback from the Board as it pertains to this issue.

Mayor DePiero commented that the presence of Executive Director Ciaccia and staff members at the SCOG meeting is beneficial to the SCOG. He suggested that District staff attend the Cuyahoga County Mayors and City Managers meetings on a bi-monthly basis. Given the forthcoming stormwater issues and rate increases, Mayor DePiero felt it important that Executive Director Ciaccia and District staff be present at the Mayors and City Managers meetings to open up the dialogue and address the mayors' questions and concerns.

Mayor DePiero indicated that good and thoughtful discussion was held amongst the SCOG members regarding the Bylaws Committee's recommendation to impose term limits on SCOG-appointed Board members. He recommended that the proposed term limits be referred to the Governance Committee for deliberation and for the Governance Committee to bring its recommendation back to the Board because there are good ideas presented on both sides.

Without objection, Mayor Starr referred the proposed term limits issue to the Governance Committee to review this matter and to solicit opinions from the Board.

Mayor Starr inquired as to the effective date of the adopted SCOG Bylaws and if the standing SCOG-appointed Board members were grandfathered-in. Ms. Sundheimer advised that according to the Bylaws as written and presented to the SCOG, they became effective upon the date of adoption, which was June 25<sup>th</sup>. That being said, there are certain provisions within the SCOG Bylaws that have an effective date of 2010.

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Mayor Starr inquired whether the amended SCOG Bylaws affect any of the standing SCOG-appointed Board members. Ms. Sundheimer stated that the Bylaws' amendments "do not impact anyone that is in their current position, and it will only impact those Board members who are appointed in the future."

Mayor Longo inquired if the SCOG Bylaws amendments only affect three out of the seven Board members. Ms. Sundheimer affirmed and stated that they only impact the SCOG-appointed Board members.

Executive Director Ciaccia moved to the next report item and thanked the Board members for signing the letter to the State Auditor, and he indicated that the District has not yet received its audit.

Executive Director Ciaccia moved to the next report item regarding District grants. Executive Director Ciaccia referred to a projected image depicting the District's history of awarded grants totaling \$668,657,466.00. From the time period between 1972 and 1994, \$555 million in grant funds was received. In 1995, the District received \$60 million in grant funding attributable to Congressman Stokes' initiative in securing grant funds for the reconstruction of the Westerly WWTP. The District received \$10 million in 1998 and \$13 million in 1999 for the Doan Brook Easterly projects. The District will receive \$16 million including Federal stimulus funding for 2009. Executive Director Ciaccia wanted to inform the Board of the District's grant funding activity to demonstrate that "things have certainly fallen way off."

Executive Director Ciaccia advised the Board that the National Association of Clean Water Agencies (hereinafter "NACWA") has been pushing Congress for many years to establish a trust fund, and Congressman Earl Blumenauer is planning to introduce a bill establishing an annual \$10 billion trust fund primarily targeted for clean water and drinking water agencies in line with the clean water State Revolving Fund (hereinafter "SRF"). The \$10 billion trust fund will be distributed by the means of grants.

Executive Director Ciaccia stated that Congressman Earl Blumenauer (Oregon), Congressman James Oberstar (Minnesota) and Congresswoman Eddie Bernice Johnson (Texas) passed a law requiring the General Accounting Office (hereinafter "GAO") to study the funding sources for this particular trust fund. The GAO issued their report which Executive Director Ciaccia received on July 1<sup>st</sup> and Congressman Blumenauer immediately began drafting the trust fund bill.

According to an email Executive Director Ciaccia received from NACWA representatives, Congressman Blumenauer is desirous of obtaining Republican support on the trust fund bill and NACWA recommended that the District approach Congressman Steven LaTourette. Executive Director Ciaccia advised that prior to approaching

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Congressman LaTourette, he wanted to review the draft bill. Executive Director Ciaccia shared in the Board's concerns regarding the need to secure alternative funding sources rather than only going back to the customers. Furthermore, on behalf of the American Water Works Association (hereinafter "AWWA"), Executive Director Ciaccia attended the Water Resources and Environment Subcommittee on Transportation Infrastructure in the U.S. House of Representatives on June 8, 2005 to express concerns about potential ramifications resulting from the formation of a trust fund. At that hearing, Executive Director Ciaccia specifically expressed concern that the funding for the trust fund could potentially be morphed into a water tax that will ultimately fall back onto the taxpayers.

The GAO report identified several funding sources, but it did also mention that a water tax could be considered. The draft bill at this point proposes \$.03/container tax on water-based beverages for containers of 5 gallons or less which will raise approximately \$6 billion per year. Such draft bill also proposes a water disposal fee of 3% of the wholesale price of toilet paper, soaps, detergents, water softeners and cooking oils, which will raise \$2.2 billion per year, and \$.05 per pound sold on pesticides will raise \$100 million per year. A tax of \$.01 per pound on fertilizers sold, (biosolids are exempted), will result in \$500 million per year. One half of one percent (.5%) of the wholesale price on pharmaceuticals will raise \$780 million per year. The draft bill also incorporates a corporate environmental income tax of .15% over \$4 million annual income, which will raise \$1.7 billion per year.

Executive Director Ciaccia was concerned about the District joining what could be the path of least resistance which he expects will result in a water tax. Executive Director Ciaccia expressed his unwillingness to lobby Congressman LaTourette on the District's behalf until he received feedback from the Board on this issue.

Mayor Starr inquired as to how many co-sponsors were on the bill. Executive Director Ciaccia indicated that he was only aware of Congressmen Blumenauer and Oberstar and Congresswoman Johnson.

Mayor Starr requested a copy of the table summarizing the District's grants that was displayed on the screen.

Mayor DePiero stated that "the devil is always in the details and it would be prudent to see the outline of the bill." If the District lobbies support, then a provision should be established indicating that if some type of water tax were added, that support would cease. Placing limits on that support would be a prudent decision.

Mayor Longo commented "from what I know of Steve LaTourette, we should immediately get in contact with him, be straightforward and get his input." Mayor Longo further commented that Congressman LaTourette will be upfront as to what he will and

will not support and stressed the importance of contacting Congressman LaTourette immediately.

Executive Director Ciaccia advised that NACWA requested the District to be an active participant on this issue, and he wanted to inform the Board of the new taxes and efforts as well as obtain the Board's perspective on the water tax issue.

Mayor Longo stated that there are going to be opposing viewpoints from the various congressmen and senators. The City of Cleveland's population is expected to decrease to its 1910 level. The State of Ohio will be expected to lose two (2) congressional seats, one in the north and one in the south, which will impact how the gerrymandering will take place to influence support of this bill.

Ms. Kelly inquired if it is too late to go back to the sponsors of the bill to express concern over the potential water tax. Ms. Kelly indicated when she and Mayor Starr met with Congresswoman Eddie Bernice Johnson while in Washington D.C. last year, and Congresswoman Johnson expressed her support of the District's efforts.

Executive Director Ciaccia advised that there is still time to express concerns to the bill's sponsors. Our delegation is aware of the standpoint shared by the District and other water and wastewater agencies on this issue, which is the reasoning behind the current bill not incorporating any type of water tax.

Executive Director Ciaccia suggested that if the District is an active participant on this issue, then we will need to "continue the fight to keep a water tax out of the equation." Executive Director Ciaccia stressed that it does not make sense sending a dollar to Washington only to have a portion come directly back to our customers. This defeats the purpose.

Executive Director Ciaccia's intent was to inform the Board of the debates on this issue and to obtain their feedback. These developments directly affect Executive Director Ciaccia's position with the District as well as his role on the NACWA Board. Executive Director Ciaccia indicated that he was not desirous of pursuing this issue in a vacuum.

Ms. Kelly inquired if the District's advocate could be an instrumental participant on behalf of the District. Executive Director Ciaccia affirmed.

Mr. Sulik reiterated that "no water tax should be part of this bill," and that "consumers are going to be paying anyway, but I just do not want it going back as a water tax."

V. Consent Agenda

There were no Consent Agenda items.

VI. Action Items

**Resolution No. 142-09**

**Advertising for the purchase of nine (9) Masonelian angle control valve bodies with associated equipment for the Southerly Wastewater Treatment Plant. Anticipated expenditure is \$67,000.00.**

Ms. Kelly requested staff to describe Masonelian angle control valve bodies to the Board. Mr. McNeeley stated that those are pressure control valves for a thermal conditioning unit at the Southerly WWTP, which he described to be similar to a pressure cooker. Wet sludge is sent through this unit rupturing cells through the sludge, providing easier release of the fluids.

Mr. McNeeley suggested that the valves be purchased since they are being discontinued by the manufacturer. By not purchasing those valves, the stainless steel piping will need to be reconfigured, which would be at greater cost to the District. Additionally, the thermal conditioning unit will eventually be phased out under the Renewable Energy Facility (hereinafter "REF").

Ms. Kelly inquired about the maintenance. Mr. McNeeley stated that the valve bodies are a wear feature and its function is to pinch flow, which increases the velocity and eventually wears the valve out. There are 10 valves, and it estimated that the District needs to purchase nine of the valve bodies.

**MOTION** – Mayor DePiero moved and Mr. Sulik seconded to adopt Resolution No. 142-09. Without objection, the motion carried unanimously.

Authorization to Purchase

No discussion ensued on Resolution No. 143-09 and 144-09.

**Resolution No. 143-09**

**Direct purchase of eight (8) electric Cushman vehicles for all Wastewater Treatment Plants and Fleet Services from sole source vendor Baker Vehicle Systems. Cost not to exceed \$91,464.00.**



**Resolution No. 144-09**

**Purchase Novell software licensing and maintenance contract renewal from Novell. Cost not to exceed \$49,886.85.**

**MOTION** – Mayor Longo moved and Mr. O’Malley seconded to adopt Resolution Nos. 143-09 and 144-09. Without objection, the motion carried unanimously.

Authorization to enter into Agreement

**Resolution No. 145-09**

**Enter into an American Reinvestment and Recovery Act (ARRA) Agreement with the Ohio Environmental Protection Agency and Ohio Water Development Authority for the ARRA funding of the Cuyahoga Valley Interceptor Lift Station Improvements (CVI LS-3) project and stipulating that the non-ARRA funded portion of the CVI LS-3 project be paid for by District capital funds.**

**Resolution No. 146-09**

**Entering into an American Reinvestment and Recovery Act (ARRA) Agreement with the Ohio Environmental Protection Agency and Ohio Water Development Authority for the ARRA funding of the Train Avenue Relief Sewer Project (TARS) and stipulating that the non-ARRA funded portion of the TARS project be paid for by District capital funds.**

Executive Director Ciaccia advised that Resolution Nos. 145-09 and 146-09 are to accept stimulus funding for two District projects, the Cuyahoga Valley Interceptor Lift Station (hereinafter “CVI-LS-3”) and the Train Avenue Relief Sewer (hereinafter “TARS”).

Mayor Starr inquired if this stimulus funding is from President Obama’s administration. Executive Director Ciaccia affirmed.

Mayor Starr inquired as to the amount of stimulus funding the District is expected to receive and whether this resulted from the District’s lobbying efforts. Executive Director Ciaccia responded that the District anticipates receiving \$6 million in stimulus funding,

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and he credited Darnella Robertson, James Tubero, Spain James, and the Engineering staff for completing the application and bringing this to fruition.

**MOTION** – Mr. Sulik moved and Ms. Kelly seconded to adopt Resolution Nos. 145-09 and 146-09. Without objection, the motion carried unanimously.

Authorization to enter into a Memorandum of Understanding

**Resolution No. 147-09**

**Enter into a Memorandum of Understanding with the City of Cleveland for the Doan Brook Stream Enhancement Project. Cost not to exceed \$1,000,000.00.**

Mayor Starr stated that Doan Brook is near the Martin Luther King Boulevard Cultural Gardens, and several years ago there was controversy regarding this project which has since been scaled back. Executive Director Ciaccia affirmed and indicated that the original Doan Brook Stream Enhancement (hereinafter “Doan”) project was to receive \$5 million in funding from the state government. The City of Cleveland was to designate funds for the Doan project resulting from Abram Creek being culverted in order to accommodate the City’s airport project, and said funding was scaled back from \$5 million to \$2.5 million.

The District will supply planning and design professional services associated with repair work involving the Doan project. Construction for this project is a separate issue and the Memorandum of Understanding is between the District and the City of Cleveland. Executive Director Ciaccia was unsure whether the City or District would be responsible for bidding out the Doan project.

**MOTION** – Mayor Longo moved and Ms. Kelly seconded to adopt Resolution No. 147-09. Without objection, the motion carried unanimously.

Authorization to enter into Contract

**Resolution No. 133-09**

**Contract with Mark Haynes Construction to perform the West Creek Watershed Restoration. Cost not to exceed \$1,847,868.45.**

**Resolution No. 148-09**

**Contract with Doan Pyramid, LLC for construction of the Southerly Electrical Repair Project – Contract SERP. Cost not to exceed \$507,970.00.**

**Resolution No. 149-09**

**One (1) year contract with Alcalde & Fay for federal advocacy services. Cost not to exceed \$60,000.00.**

**Resolution No. 150-09**

**One (1) year contract with Tucker, Ellis & West, LLP for state advocacy services. Cost not to exceed \$57,000.00.**

Mr. Sulik inquired if Minority Business Enterprise (hereinafter "MBE") participation goals were set for the West Creek Watershed Restoration (hereinafter "WCWR") project, Resolution No. 133-09. Executive Director Ciaccia advised that there was a discrepancy at the June 18<sup>th</sup> Board meeting regarding the subcontracting participation goals on the WCWR project, and he turned discussion over to Ms. Rotunno. Ms. Rotunno stated that the subcontracting goals were identified on the bottom of page two of the resolution request. The WCWR was bid under the District's MBE/WBE program, and goals were listed as 6% MBE and 3% WBE. No Small Business Enterprise (hereinafter "SBE") goals were listed because the WCWR project was bid prior to implementation of the SBE program. The typographical error was the omission of a zero under the SBE dollar participation for Granger Trucking, but the percentage calculation was correct.

Mr. Sulik requested information on Alcalde & Fay (hereinafter "Alcalde") and Tucker, Ellis & West, LLP (hereinafter "Tucker"), the two companies listed to provide advocacy services on behalf of the District. Executive Director Ciaccia stated that the District issued RFPs for federal and state advocacy services and received 14 proposals. An evaluation committee comprised of Mr. Bucci, Ms. Rotunno, Darnella Robertson, Government Affairs Specialist and Constance Haqq, Director of Administration and External Affairs, and others conducted interviews with several companies and ranked them accordingly. The aforementioned firms ranked first in the services to be provided. Executive Director Ciaccia turned discussion over to Ms. Haqq.

Ms. Haqq indicated that four (4) firms competed to provide state advocacy services and four (4) firms competed to provide federal advocacy services. The evaluation committee selected Tucker, a local firm, to provide the District with state advocacy services. Ms. Haqq introduced Matt Cox from Tucker who will be the key representative working with the District.

The evaluation committee selected Alcalde to provide the District's federal advocacy needs. Alcalde is located in Washington D.C., and the District is slated to be its first Ohio client. According to Ms. Haqq, Alcalde has extensive wastewater and government experience, and their measurement of success is contingent upon the amount of money they are able to attain for their clients. Furthermore, Alcalde desires getting the District

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acquainted with non-Ohio legislators who are interested in the services the District provides to the community.

Ms. Haqq expressed District staff's excitement about working with the aforementioned firms and she advised the Board that those are one (1) year contracts and the firms will be evaluated going forward.

Mr. Sulik requested that staff provide the Board with a synopsis of the background on both of those advocacy firms. Ms. Haqq indicated that this information will be provided to the Board. An orientation will be held to provide both firms the opportunity to get better acquainted with the Board and to learn more about District operations.

Executive Director Ciaccia commented that these are key hires for the District. According to the grant summary, the District has not received a substantial share of available funding, and the primary goal for the federal advocacy services is to pursue those funding options. The District's goal as it relates to state advocacy services is to address various state laws governing the District. Given the anticipated rate increase, the District wants to ensure its customers that it exercised all options to obtain federal funding.

Mayor Starr inquired if criteria were established to determine whether Tucker and Alcalde are delivering and meeting the District's expectations. Ms. Haqq affirmed and stated that staff expects to update the Board as to the status of those contracts prior to the contract renewal. Executive Director Ciaccia clarified that staff will make a recommendation to the Board for the issuance of RFPs prior to any contract renewal. The firms will need to deliver in order to remain competitive in this process. Mayor Starr commented that more competition is welcome and that there is a different policy and change of approach being used by the District. Executive Director Ciaccia advised that the District may consider a longer term for its advocacy services contract in the future.

Mayor Starr inquired if advocacy services will be needed for local stormwater and CSOs. Ms. Haqq stated that staff internally discussed strategy on continuing to work with local agencies and municipalities and will bring a request to issue RFPs to the Board for consideration for those services.

Executive Director Ciaccia added that building internal staff is crucial for the Stormwater Management Program (hereinafter "SMP") and that selling the SMP to the member communities and educating the public on the SMP will be a substantial achievement. Over the next couple of years, the District will need to increase its public outreach to the elected officials of the member communities, and this will require the need for additional services during that time. Executive Director Ciaccia anticipated that the need for local advocacy services will taper off after the initial push.

**MOTION** – Mayor Longo moved and Ms. Kelly seconded to adopt Resolution Nos. 133-09, 148-09 through 150-09. Without objection, the motion carried with one abstention from Mr. O’Malley on Resolution No. 148-09.

Authorization of Contract Modification

**Resolution No. 151-09**

**Contract No. 3532, Fluidized Bed Incinerator Equipment Procurement (28B), Renewable Energy Facility (REF), Infilco Degremont, Inc. Cost decrease in the amount of \$847,000.00, bringing the total contract price to \$49,753,000.00.**

Ms. Rotunno stated that the vendor proposed to use Alloy 20 instead of Inconel 625 for the heat tube, resulting in a substantial cost savings to the District without compromising the engineering performance.

Mayor Starr inquired if this material is for the Southerly WWTP, and whether there are four (4) existing incinerators at this location. Ms. Rotunno stated that the material will be used in the construction of the fluidized bed incinerators being installed under Contract 28, which is currently under procurement, and that there will be three (3) incinerators.

**MOTION** – Ms. Kelly moved and Mr. Sulik seconded to adopt Resolution No. 151-09. Without objection, the motion carried unanimously.

Authorization to Adopt Budget

**Resolution No. 152-09**

**Adopting a District Operating Budget for the year ending December 31, 2010.**

Jennifer Demmerle, Director of Finance, explained that the District is required to pass an operating budget, as opposed to a tax budget, by July 15<sup>th</sup> since it does not levy taxes. This budget also incorporates the first quarter of 2010 while the District undergoes its budget review process.

**MOTION** – Mr. Sulik moved and Mr. O’Malley seconded to adopt Resolution No. 152-09. Without objection, the motion carried unanimously.

Authorization to Adopt Reserve Policy

**Resolution No. 153-09**

**Adopting a District Reserve Policy that  
has been reviewed by the District's Bond  
Counsel.**

Executive Director Ciaccia advised that there are numerous financial reserves, and that the District is proposing a newly established reserve fund, namely, a Rate Stabilization Account (hereinafter "RSA").

Mr. Sulik stated that the Reserve Policy was presented to the Finance Committee at its June 18<sup>th</sup> meeting, and that the Finance Committee recommends Board authorization and passage of said policy to help the District with funding and leveling out future rate increases. Discussion was turned over to Ms. Demmerle.

Ms. Demmerle advised that the District has a reserve fund but no policy is in place formalizing the intent or purpose of those reserves. Rating agencies view reserves as a critical component of strong fiscal management. Adopting a Reserve Policy is a key metric to meeting two of the District's Strategic Plan goals.

The objectives of adopting a Reserve Policy is to provide an emergency fund, a funding mechanism for replacement of capital assets, reduce or smooth future rate impacts, and provide a means for funding future debt service requirements.

There are currently four (4) reserves, including an Operating or Working Capital Reserve, Debt Service Reserve, Equipment Repair & Replacement Reserve, and Insurance Reserve. The District desires establishing a RSA.

The Operating Reserve is used to meet general or specific operating needs for any unforeseen fluctuated expenses due to the economy or any other specific events. The typical range for an Operating Reserve is three (3) to six (6) months, and the District's target for this reserve is 90 days of the annual operating budget expenses. The District cannot exceed 25% of prior year operating expenses per the District's Bond Trust Agreement, which equates to approximately \$23 million.

The Debt Service Reserve is held by the District's trustee and is required by the Bond Trust Agreement. The Debt Service Reserve has approximately one year's worth of principal interest on bond payments and is only used if there are insufficient revenues to make bond payments. Currently, \$19 million is deposited with the trustee for the Debt Service Reserve account. The required deposits in this account are made quarterly and are incorporated into the annual budget. The balance will remain around \$19 million and will fluctuate as new bonds are received or old bonds are retired.

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Mayor Starr inquired if those are revenue or general obligation bonds. Ms. Demmerle indicated that those are revenue bonds.

The Equipment Replacement and Repair Reserve, which is used for the replacement needs of the District's aging infrastructure, will be identified during the District's Asset Management Program. The Equipment Replacement and Repair Reserve is incorporated into the Capital Account to meet cash financing needs on smaller District projects. The balance is currently at \$53 million and is annually funded at \$1 million per year. Asset Management will help determine the level at which the Equipment Replacement and Repair Reserve should be maintained as well as the annual contributions.

The Insurance Reserve is used to pay unforeseen claims. The District decided to self-insure some of its assets rather than purchase insurance for all assets. The Insurance Reserve will be used for emergencies typically budgeted in the operating and capital budgets. The balance in the Insurance Reserve is \$21 million and no annual contribution is made into this reserve as it simply accumulates interest on the balance. The Insurance Reserve will be analyzed by the District's insurance broker who will help determine the appropriate level of contribution to be made into this reserve. The insurance broker will also determine whether it is more prudent to pay the higher premium and insure all District assets rather than self-insuring its assets.

Mayor Starr inquired if the District pays cash on its insurance claims. Ms. Demmerle affirmed. Mayor Starr inquired if we have an umbrella on the general insurance if it exceeds the District's balances. Ms. Sundheimer replied that the purpose for engaging an insurance broker consultant is to advise on these types of issues. At this point, the District does not have an umbrella insurance policy for all assets and the District will evaluate the benefits of umbrella coverage. Currently, the policy is to pay for catastrophic claims from the Insurance Reserve.

Mr. Bucci referred to the water main break at Public Square. The District had to pay \$250,000 to clean the sewer at this location, which was paid from the District's operating budget. In the future, these types of liabilities will be paid from the District's insurance reserve, which is beneficial.

Ms. Demmerle moved discussion to explain the RSA. The District is facing double-digit rate increases and therefore must be proactive in determining ways in which to reduce or smooth out the rate impacts to its customers. The rate stabilization will accumulate from any excess of revenues over expenses in any given year after payment of operating expenses and debt service are made. The funds will be used during the years the District foresees a revenue shortfall.

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In addition to reducing and smoothing out rate increases, these funds will be used to ensure the District meets its debt service coverage, which is a key financial metric that the District is required to meet.

In the past, any excess of revenues over expenses were transferred to the District's capital account. Those monies were used within that year to help finance some projects and offset future borrowing. The District is proposing to set that money aside to be used in later years.

Ms. Demmerle referred to a slide depicting the flow of funds for budgeted amounts in 2009. If the District spends \$100 million or the budgeted amount for operation and maintenance and receives the projected revenue of \$172 million, then after operation and maintenance expenses and debt payments are made, \$6 million will be transferred into the RSA. The cap on rate stabilization is up to 5% of actual revenues.

Ms. Demmerle referred to a slide depicting the District's debt service coverage. Funds on deposit in the RSA are treated as operating costs for the year they are deposited into this account. Because those deposits are treated as operating costs, they would count towards debt service coverage, and the District must meet its debt service coverage.

Ms. Demmerle stated that if the District's operation and maintenance expenses were \$100 million and \$6 million was transferred into the RSA, which counts towards operating expenses, then total operating expenses would be \$106 million which is compared to the total revenue of \$172 million. The net revenue of \$65 million has to be more than 5% of the debt service payments, and the District must ensure it meets the goal of \$105 million.

If the District is not meeting its debt service coverage for any given year and requires funds from the RSA, then transfers from the RSA are treated as revenue in the year they are used. For instance, if the District's total revenue for 2010 is \$175 million and operating expenses were \$114 million, the net revenue is less than the debt service payments and the District would hypothetically not meet its debt service coverage. The District would transfer money from its RSA to the operating account, which is counted towards total revenue.

Ms. Demmerle summarized the RSA as an account used to set aside monies resulting from excess revenues. This money can then be applied to meet debt service coverage or to reduce or smooth rate increases for the customers.

Based on the District's financial position, the District will be able to fund the reserves in 2009 and will be incorporated into the 2010 budget process thereafter. The Finance Committee will see the reserves and activities made and the amounts transferred into the



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funds for any given year. Furthermore, reserve balances, funding levels, and account activities will be reported by Executive Director Ciaccia in his monthly Board report.

Mayor Starr referred to a letter dated February 25, 2009 from Squire Sanders & Dempsey L.L.P. (hereinafter "Squire Sanders"), and he inquired if Squire Sanders facilitated with the development of the District's proposed Reserve Policy. Ms. Demmerle advised that when the Reserve Policy was created, Squire Sanders reviewed the policy to ensure that the District was in compliance with its Bond Trust Agreement. Executive Director Ciaccia added that Squire Sanders is the appropriate party to provide an opinion on this issue since they are the District's bond counsel.

Mayor Starr inquired if the District will be setting aside minimum balances on all of these accounts and whether this will drain from any particular source since these are transferred funds. Ms. Demmerle stated "no" for the reason that the District never used those particular funds. The insurance reserves were used years ago following a catastrophic event that occurred at the Southerly WWTP.

The District never put in place or used the Equipment Repair and Replacement Reserve. The District has a desired target of 25% on its capital program for its cash financing of projects. That reserve will help the District meet its desired target. The District does not want to continue borrowing money and having large bond issues every year.

Ms. Demmerle explained that the purpose is to replenish amounts within the account; therefore, the reserve funds are never depleted.

Mr. Bucci added that the District previously transferred excess revenue over expenses into its capital projects account. In subsequent years, the District did not receive credit for that \$6 million, as provided in Ms. Demmerle's example, and the District would be back to square one on its coverage test. Mr. Bucci reiterated that the District can use its excess revenues from 2009 to smooth out rate increases, which is a significant benefit to its customers.

**MOTION** – Mayor DePiero moved and Mayor Longo seconded to adopt Resolution No. 153-09. Without objection, the motion carried unanimously.

Appropriation of Easement

No discussion ensued on Resolution No. 154-09.

**Resolution No. 154-09**

**Appropriation of one (1) permanent easement (LRRS-1P) and one (1) temporary easement (LRRS-1T), owned by Colombo Enterprises, Inc., necessary for construction of the Lee Road Relief Sewer (LRRS) project. Cost increase of \$4,870.00 to be deposited with the Cuyahoga County Probate Court, bringing the total Settlement Agreement to \$21,800.00.**

**MOTION** – Mayor Longo moved and Mr. O’Malley seconded to adopt Resolution No. 154-09. Without objection, the motion carried unanimously.

VII. Information Items

There were no information items.

VIII. Open Session

Executive Director Ciaccia thanked Ms. Robertson on her efforts in obtaining stimulus funding.

IX. Public Session (any subject matter)

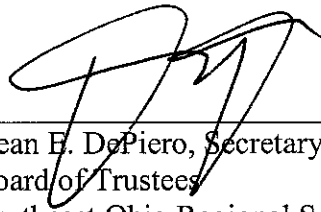
No members from the public registered to speak at Public Session.

X. Executive Session

Mayor Starr stated that there were no matters for discussion in Executive Session.

XI. Adjournment

**MOTION** – Mayor Starr stated business having been concluded, he would entertain a motion to adjourn. Ms. Kelly moved and Mayor Longo seconded the motion to adjourn at 2:17 p.m. Without objection, the motion carried unanimously.



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Dean E. DePiero, Secretary  
Board of Trustees  
Northeast Ohio Regional Sewer District



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