

MINUTES  
NORTHEAST OHIO REGIONAL SEWER DISTRICT  
BOARD OF TRUSTEES MEETING  
JULY 16, 2015

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:32 p.m. by Darnell Brown.

I. Roll Call

PRESENT: D. Brown  
R. Sulik  
W. O'Malley  
J. Bacci  
T. DeGeeter  
S. Dumas  
R. Stefanik

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

II. Approval of Minutes

**MOTION** – Mayor Bacci moved and Mayor DeGeeter seconded to approve the minutes of the July 2, 2015, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

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

IV. Chief Executive Officer's Report

CEO Ciaccia advised that halfway (50%) through the year the District is slightly ahead on revenues at 50.4% and under expenses at 46.3.

Secondly, some staff members recently attended the National Association of Clean Water Agencies (NACWA) meeting in Providence, Rhode Island. The NACWA Board, of which CEO Ciaccia is a member, passed a resolution opposing Section 428 of Senate Bill 1645 of the Senate

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Appropriations Committee proposed for the fiscal year 2016 appropriations package for the Department of Interior Environmental Protection Agency and related agencies.

The provision inserted by Illinois Senator Mark Kirk, if it enacted, would undermine the 1994 Combined Sewer Overflow Policy Congress enacted in 2001 by requiring communities with consent decrees or who are in compliance with the Policy to revamp long-term control plans and potentially spend billions of dollars to address an issue that is not causing a majority of water quality challenges in the Great Lakes.

The essence of the provision is to ban all overflows into the Great Lakes. The District's consent decree allows up to two overflows based on the 98% capture rate, and if this provision is enacted, would add \$16.5 billion to the already programed \$3 billion consent decree. He stated that the provision is outrageously unworkable and would also include a fine of \$150,000 per event, which would be another \$14 million annually even after completion of the program.

CEO Ciaccia advised that the District and other Great Lake states oppose the provision but are having difficulty getting the U.S. Senate leadership to scale back or retreat from the provision. The Senate majority wants to compromise but CEO Ciaccia does not know where to find compromise on an outrageous provision. His stance was that the only reasonable compromise could be an appropriation with federal funding to pay for it.

Mr. Brown stated that he would like an appropriation with the current level of removal to help fund or provide relief to the \$3 billion the District is already on the hook for. CEO Ciaccia stated that the consensus is the provision is not going anywhere but he does not want to take it lightly.

Moving to the next topic, CEO Ciaccia stated that a report aired on Channel 5 yesterday concerning the District's spending on public outreach. The reporter focused on the fact that the District is authorized to do three things: to collect, treat and dispose of wastewater. CEO Ciaccia stated that if one were to take that literally the District would not have customer service and he and staff think customer service and outreach is a valid aspect of reaching customers and running a utility in general. He accepts being questioned regarding the level of spending. All outreach is conducted with a purpose relative to the organization and what it does. The District does not advertise for competitive purposes and has no need to do so. The District's public outreach is for the sole purpose of educating and communicating often face-to-face with its customers.

CEO Ciaccia advised that the District did not fund a fireworks show, which was incorrectly stated in the report by Channel 5. Thousands of people attended the Unity Day Fair at Luke Easter Park. The event is held at a large area where attendees congregate and many entities, including the District, set up tents and tables. Most of the attendees are District customers and many are elderly and needy. The District saw the event as a great opportunity for outreach regarding its affordability program that assists customers in need with paying their sewer bills.

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CEO Ciaccia asked Constance Haqq, Director of Administration & External Affairs, who also interviewed with the reporter, to elaborate. Ms. Haqq explained that she and Jeannie Chapman, Manager of Community & Media Relations, were interviewed by Ron Regan. They provided him with volumes of data and information. She wanted to make sure the record reflects what the outreach and public information program really is.

Ten years ago the Board of Trustees decided to change the manner in which the District interacts with the community. The District had previously not taken a visible public role because rates were low and because federal funding was available for projects. That federal funding also masked the true cost of service and operations and has since become unavailable.

The Board wanted to become more active in the region and with customers because of the looming combined sewer overflow (CSO) issue and the loss of federal funding. The Board at that time wanted the public to know who the District was and how the ratepayers' money was being spent.

Ms. Haqq stated that public engagement is part of the regulatory responsibility mandated by the federal government and part of the consent decree.

The District's information and education outreach efforts include who the District is, what ratepayers' dollars are going towards, how rates are determined and what affordability options are available.

District staff wants the public to know the issues of water quality and what they can do to take responsibility for solutions to environmental issues. Additionally, the District wants the public to know how small local minority businesses can do business with the District. Last year \$44 million was spent with those companies in the region on District projects.

The 2012 customer service awareness survey conducted by Baldwin Wallace University gave a clear direction regarding how to get the messages out. The District partners with organizations that host events that its customers attend. Public open houses are held at the plants so customers can learn about operations and local media is utilized to reach a broad audience. Booths are set up at festivals, community events, and District staff visit nursing homes and conduct educational programs at schools.

Ms. Haqq advised that ten years ago the Board declined to hire a consulting firm to direct these efforts and subsequently staff developed the expertise in-house to create, design, write and produce most materials, which saved thousands of dollars. The entire 2015 department budget is less than \$3 million, or less than one half of 1% of the entire operating budget. A second department strategic plan was developed in 2013 and every expenditure decision in this area is aligned with the District's strategic plan, core values, mission and vision.

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Mr. Brown stated that while the District has been a well-run organization that provided quality service and a good product, it is important to understand the value of what ratepayers get for their dollars. Transparency – such as putting the word out and going into the community -- has led to more people understanding how the rates are established.

Projects are sometimes ongoing in communities for years and the residents who must live with the disruption are owed a level of engagement to complete the work in a way that meets requirements while maintaining stability and understanding of the impact on those communities.

Mr. Brown stated that the stormwater issue was elevated to a discussion about the benefit of regional planning and development of facilities to deal with it. Historically no one has stepped up to lead on understanding the water quality impacts of rainfall on the beach and that the District has taken the lead communicating that information.

Staff will formulate a recommended protocol and strategy in terms of outreach and the Board will weigh in as to the validity of that representation. Mr. Brown stated it was interesting to note the dollars other agencies allege they spend on marketing and outreach. While he respected the numbers they represented, in actuality it is not representative of what they do with respect to those levels of expenditures.

CEO Ciaccia advised that prior to the Channel 5 public records request District staff had been conducting a public purpose auditing process internally to define the public purpose for expenditures because they must be tied to the District's core mission.

V. Action Items

Adoption of Procurement Policy

Resolution No. 160-15

Authorize Adoption of Rules for Procurement  
Through Reverse Auction Processes.

**MOTION** – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution No. 160-15. After discussion and without objection, the motion carried unanimously.

Ms. Dumas requested an explanation regarding whether the reverse auction process matches the competitive bidding process and who is involved, because the next resolution on the agenda is associated with it. She further requested an explanation of the policy of evaluating bidders.

Marlene Sundheimer, Chief Legal Officer & General Counsel, advised that the policy is to authorize the District to access the reverse auction process, which is authorized by Ohio Revised Code Section 9.314. All political subdivisions of the state can utilize it in lieu of the regular competitive bidding process to procure services and supplies through competitive bidding laws.

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The Board or governing body must adopt a policy that authorizes the public entity to utilize it.

The policy goes through the basic steps of that process, which specifically utilizes the Internet for the reverse auction. The District would utilize a consultant to help establish and manage it. The next resolution is a request to authorize issuing Request for Proposals to procure the consultant to manage the process to procure gas services or supplies.

Ms. Dumas questioned whether external consultants evaluate the selected vendors. Jackie Williams, Manager of Procurement Services, advised that the consulting firm assists with identifying suppliers to participate in bid opportunities and trains them to bid through the reverse auction process. That is why staff wants them certified for review before bidding.

Ms. Sundheimer advised that the process contemplates a prequalification of bidders and only those that are prequalified will be able to participate in the auction. Internal staff will evaluate the qualifications and make determinations as to the lowest and best bidder, like any competitive bidding process. The external consultants are only to help put together the specifications and run the Internet auction platform.

Ms. Dumas inquired whether vendors can see the other bids, which Ms. Williams affirmed. However, they do not know who the competitors are.

CEO Ciaccia explained that the last bid process in terms of gas resulted in two bids and through the reverse auction process staff expects between seven and ten bids. The consultant receives one tenth of a penny per Dekatherm, which in this case would probably be about \$3,600, paid by the vendor to the consultant.

Mr. Brown questioned in which instances staff would utilize this process. Ms. Williams explained that the process would be utilized depending on the population of bidders for specific items or services such as electricity, computer parts, software or hardware. CEO Ciaccia stated that any reverse auction would go to the Board just like a standard RFP.

Mr. Brown asked if there is a cost benefit to utilizing the reverse auction. Ms. Williams advised that the process is open and transparent, with multiple opportunities to bid, and fosters competition.

Mr. Brown requested that staff track the history of such goods and commodities procured through the reverse auction versus historical competitive bidding to see whether there is a benefit.

Authorization to Issue Request for Proposals

Resolution No. 161-15

RFPs for Reverse Auction Management Services



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**MOTION** – Ms. Dumas moved and Mr. O’Malley seconded to adopt Resolution Nos. 163-15 through 166-15 and 168-15. After discussion and without objection, the motion carried unanimously.

Mr. Sulik requested an explanation of Resolution No. 168-15. CEO Ciaccia advised that AFSCME Local 2798 is the District’s largest union. Following a few months of negotiations the sides agreed to terms. The sticking point was wages and the District agreed to three-year wage increases of two percent. The significant aspect was that the sides agreed to terms without going to fact-finding.

Moving to Resolution No. 163-15, Mr. Brown inquired whether the next five-year period of rates might include examining cost of service and affordability. Jennifer Demmerle, Chief Financial Officer, affirmed. The rate period from 2017 through 2021 will take into account projections of the capital program, operating program, financing for the capital program and a full cost of service analysis.

The rate study will focus on the affordability analysis. Billing data will be geotracked with census data to find where low-income households are located in the service area so the District can better market its affordability programs.

Ms. Demmerle advised that staff will also examine the financial capability assessment through the U.S. Environmental Protection Agency (EPA). They have a 2% median household income threshold and staff will conduct research and analysis to determine whether that is an affordable percentage of median household income.

Mr. Brown requested further explanation of the cost of service. Ms. Demmerle advised that staff will examine the treatment and collection processes costs for plants and how it ties into residential, commercial and industrial customer classes and determine whether those classes are paying that cost of service.

### VI. Information Items

#### 1. Suburban Council of Governments Update

CEO Ciaccia advised that discussion regarding a community infrastructure funding program with a small group of suburban mayors has continued.

The District service area is 318 miles with District-owned sewers and three treatment plants. Cleveland and the communities the District serves contain 3,107 miles of pipe, excluding potential stormwater issues. The District has its \$3 billion CSO program and staff believes there is another \$3 billion in needs in the communities. The EPA is now entertaining the notion of

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integrated planning in which the priorities may be restructured to address local issues in communities.

District staff wished to engage the EPA on an integrated planning basis to restructure how some of the money towards the CSO program would be spent. CEO Ciaccia explained that the best case scenario for the negotiations is a time extension to implement the program so more money can be spent locally. Staff thinks there is merit to playing a role in the communities financially and operationally.

Kyle Dreyfuss-Wells, Deputy Director of Watershed Programs, advised that water quality issues are impacting human health and the environment outside the District's purview. The issues include sanitary sewer overflows, basement flooding, illicit discharges and inflow and infiltration. The issues impact communities, customers and the District. Currently there is no cohesive solution and staff would like to change that with the program under discussion.

Ms. Dreyfuss-Wells stated that in December staff updated the Board regarding integrated planning and Clean Water Act issues. Following receiving feedback the Suburban Council of Governments advisory committee was formed and has met twice. The committee developed a proposed community infrastructure funding program policy.

The process has been a District-wide event, encompassing input from the Government Affairs, Engineering, Watershed Programs and Law departments. The committee also provided suggestions that shaped the program.

The proposed program has two main components: a sewer system evaluation study to better understand problems and develop solutions and to provide funding assistance to communities to address issues through infrastructure grants and a lease agreement. The latter component would include money available to communities for certain projects in which the District can lease an asset and conduct the maintenance and construction and return that asset to the community.

CEO Ciaccia stated that the advantage is that allows the District to capitalize dollars in those arrangements.

Ms. Dreyfuss-Wells advised that the community infrastructure funding program may begin in two phases. During the first phase from 2016 to 2019 the majority of funding will be for the sewer system evaluation study. Beginning in 2017 grants will be made available to communities and with the lease option.

Communities requesting grants will be required to complete a detailed application which staff will review based on the design and construction. Communities will have a matching funding requirement and be responsible for ongoing maintenance.



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From 2020 to 2024, the sewer system evaluation studies will be complete and the funding available will increase to \$30 million per year to address these infrastructure issues.

The goal of the sewer system evaluation study is to evaluate the extent of the problems in the local system and identify cost-effective solutions with the approach that the District is positioned to address the source of problems. The key is to solve the problems instead of moving them, which has been chronic in the region.

Ms. Dreyfuss-Wells explained that the Heights/Hilltop Interceptor and the Cleveland Heights, Shaker Heights and East Cleveland communities with significant SSO problems are where the sewer system evaluation studies are proposed to begin.

The study will then move to the combined sewershed, which includes Cleveland and portions of ten interring communities. The study will conclude with the southwest interceptor area and end with the Cuyahoga Valley Interceptor and Mill Creek Interceptor sewersheds.

The next steps are to explain the details of the program to Cleveland Mayor Jackson. The committee will meet again on August 11 to finalize the policy and requests for proposals for the first SSES are expected to go out in the fourth quarter of 2015.

Mr. Brown inquired regarding the benefit of the District facilitating this in collaboration with member communities. Frank Greenland, Director of Watershed Programs, advised that 60% of the flow the District treats is unbilled inflow and infiltration and this study contemplates I&I removal.

Mr. Brown questioned whether there would be a direct cost-benefit in terms of operation. Mr. Greenland advised that there will likely be cost, resiliency and capacity benefits. Titles III and IV of the District's Code of Regulations requires this and SSOs and illicit discharges must be corrected. Doing so benefits the District by getting communities to comply with the code.

Mr. Greenland stated that even upon the conclusion of the CSO program water quality standards will not be met at all times at streams or beaches. There are other sources of water quality impairment that need to be addressed. Mr. Brown recommended that projects with mutual benefits to the District ought to be ranked higher.

### 2. Program Management Status Report and Update – June 2015

James Bunsey, Director of Engineering & Construction, stated that cash flow was at 89% of goal with two good months in a row. He expects to reach 90%, which the District has historically not been able to do.

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Project Clean Lake has 32 active construction contracts for \$590 million. Overall, all current District projects comprise \$1 billion under contract. 80% is in construction and 75% is outside of the plants in the collection systems. During the last quarter one contract was added in construction and six were closed. Three design contracts were awarded and two were closed.

Moving to Key Performance Indicators, Mr. Bunsey advised that the Business Opportunity Program goal is at 18% of contract value.

Value engineering savings during planning is still at 0%. The advanced facilities plan will bring about \$100 million of savings over the next three months.

The seven required compliance reporting performance milestones were at four but will increase to six by the end of the month and the seventh will be achieved within two months.

Designs are being completed within 70 days, besting the goal of 90 days.

Value engineering is at \$6.4 million. Four items are in the pipeline in the next couple of months.

Engineers' estimates have been 3% higher than the average of the three lowest bids.

Mr. Bunsey stated that construction contracts have been awarded 19 days prior to scheduled, which meets the KPI of within 90 days. Additionally, construction projects have closed within 65 days with the goal of 128 days. Construction contracts have closed within 92.4% of the contract amount, beating that KPI.

Change orders as a function of construction is at 5.6, which is within the industry standard for brownfield construction.

Moving to projects, Mr. Bunsey advised that the CSO advanced facilities plan will conclude in December and is 80% complete.

The Big Creek tunnel system and Southerly tunnel reports will result in \$100 million value engineering savings attributed to the facility's plan.

Mr. Bunsey advised that the bridge train is installed at the Euclid Creek Tunnel Dewatering Pump Station. The project has been significantly behind schedule. Staff met with senior leadership of Walsh Construction and they remain resolved that they will finish the project by the end of 2016. They claim that the sophisticated concrete installation construction slowed them but they expect to regain their schedule.

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The Easterly Secondary Systems Improvements Project is going very well. Staff is installing large diameter piping to the settling tanks. Although the project is 44 days behind schedule staff believes the contractor can make up that time to be completed at the end of 2016.

The Dugway West Interceptor Relief Sewer Project is proceeding smoothly. Mr. Bunsey advised that 15 of 17 microtunnel runs were completed in July. He alerted the Board that there is a likelihood the contractor will ask for the final two runs to be a 24/7 operation.

Excavation continues at shafts 7 and 8 at the Dugway Storage Tunnel. Staff was able to successfully remove and abandon a storage oil tank found on site.

Mr. Bunsey explained that the Southerly First Stage Improvements Project is progressing. Excavation of the new settling tank next to final settling tank one showed a large cavern underneath. Backfill was completed successfully.

The focus at the Euclid Creek Pump Station is turning internal. The Lakeshore resurfacing is completed and the project will not impact the community as much.

The Edgewater Park gate was substantially completed in early June.

Mr. Bunsey stated that the wastewater gravity thickening improvement at Southerly did not meet the 95% of contract value KPI by ending at 97% due to 7.5% due to work orders for design omissions. However, it did exceed KPI in terms of the Business Opportunity Program.

Kim Colich, Project Manager, provided an update of the Westerly Low Level Interceptor and the hillside along the Cuyahoga River.

Ms. Colich stated that the Irishtown Bend area is along the west bank of the Cuyahoga River, generally from the Columbus Road Bridge to the Detroit-Superior Bridge. That area has had a lot of slope movement during past decades and as early as the 1880s.

The District has the Westerly Low Level Interceptor that runs along the edge of the west side of the Cuyahoga River under Riverbend Street. The street is closed but the interceptor is still there. Damage has occurred to the interceptor in the past that necessitated repairs and lining projects. All of the damage is because of movement of the slope.

Ms. Colich advised that recently the Cleveland-Cuyahoga County Port Authority completed a contract with the consultant for preliminary engineering preliminary design for slope stabilization of the Irishtown Bend slope.

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The slope is monitored with inclinometers, which helps track horizontal and vertical movement and groundwater wells. The District is part of a multi-agency involvement to look at the steps forward on Irishtown Bend.

District staff inspects the interceptor every six months to see if there has been significant movement of the pipe. During the most recent inspection in the spring crews did not observe any significant change.

The District got involved to look at a potential groundwater surcharging condition identified by the Port's consultant as part of their preliminary engineering report on the slope stabilization at Irishtown Bend.

The consultant identified flooding in a pedestrian tunnel of the abandoned subway station at Detroit Road and West 25th Street and indicated it could be a potential surcharging groundwater condition contributing to additional slope instability to the Cuyahoga River.

The pedestrian tunnel underneath the tracks in the subway station is the area flooded. Staff wanted to determine where this water should be draining, what are normal groundwater elevations in the area and whether the groundwater needs to be lowered to stabilize the slope or increase the safety for the slope.

Ms. Colich advised that the District sampled the water in the pedestrian tunnel in drainage structures to determine the source. The sample had low fluoride levels, low chlorine levels and low E. coli levels, enabling staff to assume it is likely groundwater that flooded the subway tunnel.

Staff also conducted dye testing and CCTV investigations to determine the conductivity of the drainage system from the subway tunnel. The CCTV helped determine if there were collapses or blockages. There was a large root ball blocking the flow that was removed.

Ms. Colich advised that a 100% pipe sewer collapse was the reason the water was not draining from the subway station. The location is along the historic scarp line of the slope that continues to fail. When that scarp line dropped, it sheared off the drainage pipe that was draining the subway station.

Staff created a conductivity map showing where the drainage from the subway station is going, where it is blocked, where we fixed it so far, or removed the root ball.

SSMO crews removed sediment and debris from manholes on top of the slope, set up a siphon system and pumped water down the manhole to enable further investigations to the subway station, including putting dye in one of the manholes to make sure it is connected.

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Ms. Colich stated that as part of the investigation, a consultant put together groundwater contour map using the existing monitoring wells and a new monitoring well to determine the groundwater contours. Staff determined that the water in the tunnel is likely at a similar elevation as the surrounding groundwater and the waters held there because of the pipe collapse at the top of the hill and potentially because of clogged sewers coming out of the subway station.

The Ohio Department of Transportation has committed to repairing or replacing this collapsed sewer and allowing the water to drain to the Cuyahoga River, whether through repairs of the existing system or full replacement.

Ms. Colich advised that District staff intends to make sure the interceptor is protected and repairs or replacement to the damaged section will be done or potentially relocated because of the sheet piling installation. Staff recommends installing a structural sewer relining for the entire length of this Irishtown Bend area for added safety for the interceptor.

The multi-agency group continues to discuss the steps forward. Some things that have been discussed are conversion of the area to a park, removal of structures, traffic and taking the load off the hill that has been deemed unstable. The Port is going to champion the steps forward towards an overall slope selection. Staff intends to keep the sewer active.

District staff will also have a final review of the Port's preliminary design and meeting with them and their consultant in the near future to discuss comments and concerns.

Mr. Brown questioned whether it is anticipated that much of the water on the slope would disappear when the sewer is restored or repaired. Ms. Colich advised that staff was unsure. If we replace the sewer that collapsed it will enable the subway system to drain and removes that as a potential source. The pedestrian tunnel has cracks in the walls are allowing groundwater to enter into that space.

### VII. Open Session

There were no items.

### VIII. Public Session (any subject matter)

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

### IX. Executive Session

**MOTION** – Mayor Bacci moved and Mr. Sulik seconded to go into Executive Session to discuss two personnel matters. After discussion and without objection, the motion carried unanimously.

The Board met in Executive Session from 1:51 p.m. to 2:33 p.m.

X. Approval of Items from Executive Session

Resolution No. 167-15

Proposed 2015 General Increases Pay for Non-Union Employees.

**MOTION** – Mr. Sulik moved and Mayor Bacci seconded to adopt Resolution No. 167-15. After discussion and without objection, the motion carried unanimously.

IX. Adjournment

**MOTION** – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved and Mayor DeGeeter seconded the motion to adjourn at 2:34 p.m. Without objection, the motion carried unanimously.



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Walter O'Malley, Secretary  
Board of Trustees  
Northeast Ohio Regional Sewer District



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Darnell Brown, President  
Board of Trustees

Northeast Ohio Regional Sewer District