

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
JULY 16, 2020

A Regular Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:30 p.m. by Darnell Brown.

President Brown opened the meeting by addressing the COVID-19 pandemic, and read the following statement:

Due to the COVID emergency, we are again conducting our Board meeting via live stream video conference using the Zoom Video Communications tool and pursuant to House Bill 197.

Members of the public may have access to the meeting using the Zoom login link found on the top of the District website, and those who wish to address the Board were able to make that request through the Zoom system prior to the start of the meeting.

I. Roll Call

PRESENT: Darnell Brown
Ronald Sulik
Samuel Alai
Terence Joyce
Jack Bacci
Timothy DeGeeter
Sharon Dumas

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

II. Approval of Minutes

MOTION -- Mayor Bacci moved, and Mr. Sulik seconded to approve the Minutes of the July 2, 2020, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

There were no items.

IV. Chief Executive Officer's Report

Kyle Dreyfuss-Wells, Chief Executive Officer, began her report by providing an update regarding the District's ongoing pandemic response. Ms. Dreyfuss-Wells informed the Board that the Human Resources Department is in contact with and monitoring District employees with confirmed diagnoses of COVID-19. To date, there have been 6 confirmed cases involving staff

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from Westerly, Southerly and GJM. All have either fully recovered, are teleworking, or remain on leave. The District wishes them a quick and complete recovery.

As previously discussed, the District followed its established protocols for evaluating contacts, disinfection, and leave. The protocols are available to employees for review on the Intranet.

The District continues to monitor Governor DeWine's ranking of COVID-19 risks for Cuyahoga County and discuss any planned additional steps, should the County go from Level 3 to Level 4.

Ms. Dreyfuss-Wells added that staff across the District continue their work managing stormwater and treating wastewater, with impressive resiliency and creativity.

Ms. Dreyfuss-Wells then provided an update regarding the Water Equity and Affordability program, which was established in partnership with the US Water Alliance and the Cleveland Water Equity Task Force. The group has transitioned to the Greater Cleveland Water Equity Partners, recognizing that the work spans all 62 communities within the District's service area, and that the US Water Alliance has moved on to other projects and the District wants to continue this work locally.

The first program that the Task Force developed is the Water Champions Program, which will be managed by the Cleveland Housing Network Partners. Funding for the two full-time Water Champions is provided by the District and the Cleveland Division of Water, and with support from the Community West Foundation and the Cleveland Foundation, as well as 250 hours of analytical technical support from the Water Now Alliance which will assist with the program design, outreach strategies, and indicators of success.

These Water Champions will work with ward clubs, block clubs, church groups, and community groups to engage residents on water infrastructure, water conservation, and our water and sewer affordability programs. The Task Force will devise a way to perform its work virtually, beginning in the Slavic Village, Clark-Fulton, and Buckeye-Shaker neighborhoods.

Ms. Dreyfuss-Wells invited Ken Duplay, Chief Financial Officer, to provide an update on the June financials.

Mr. Duplay indicated that although the Finance Department is still analyzing the details of June's activity, the numbers for June show a 6% decline in billed consumption. This is up from a 13% decline in May. The June consumption decline is in line with the year-to-date 6% consumption decline. It appears that the economy is slowly picking back up and this is reflected by the sewer revenue coming in at 48.2% versus the target of 50% of budget.

Stormwater billing continues as expected due the associated fixed fee charges. The District is still focused on long-term collection rates and their impact on both sewer and stormwater. Finance is working with the stormwater team to identify areas to save or defer expenditures for this year to ensure appropriate cash balances are maintained. Overall, the financial results for June were better

than May. While this is a positive sign, the District maintains conservative projections for the rest of the year and will continue to monitor the financials on a weekly basis during the pandemic.

Mr. Sulik asked for an update regarding receivables. Mr. Duplay advised that receivables are increasing due to a combination of factors. First, the District did not certify in March as it normally would have, which results in increased receivables balances. In addition, there is a decline in the collection rate for this year. These factors are causing receivables to go up and will affect year-end calculations of doubtful accounts and bad debt expense. While these issues are still of concern, the actual results have been better than the conservative projections.

Ms. Dumas asked what the District is using as declining revenues on an annual basis. Mr. Duplay explained that the District has used 3% in the past and used 4.5% for the 2019 CAFR purposes and is monitoring for this year.

Mr. Joyce asked for the total number of confirmed COVID-19 cases amongst District employees. Ms. Dreyfuss-Wells noted that the total number is six.

V. Action Items

Authorization to Advertise

Resolution No. 197-20 Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for the Doan Brook Culvert Debris Removal project with an anticipated expenditure of \$1,111,000.00.

Resolution No. 198-20 Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for the Burke Open Channel Improvements project with an anticipated expenditure of \$5,950,000.00.

MOTION – Mr. Joyce moved, and Mayor Bacci seconded to adopt Resolution Nos. 197-20 through 198-20. After the following discussion, without objection, the motion carried unanimously.

Regarding Resolution No. 197-20, President Brown commented that he recalls discussions regarding storms and resulting flooding in University Circle and the Board requested investigation of the Doan Brook Culvert and there was some blockage identified. Frank Greenland, Director of Watershed Programs, provided photographs of the area and explained that there is a significant amount of debris under Euclid Avenue, totaling 700 cubic yards. The District recently received the modeling results from the Master Plan and learned that the debris has restricted the flow to a two-year level of service. It is a severe blockage 1,500 feet from the safe access point, which is near the art museum. It will require creative approaches to remove the debris.

There are two other locations with smaller amounts of debris that will also be cleared. The District

will evaluate the potential for some type of access point or drop structure near the middle of the culvert, as future problems are predicted.

President Brown asked whether adding a drop structure means that the District will be performing periodic maintenance. Mr. Greenland answered affirmatively and explained that it would make debris removal an easier task in the future.

President Brown asked if the District knows where the debris is collecting in the area. Mr. Greenland indicated that the District has a good idea of where it is collecting. There would be safety concerns associated with attempting to access the blockage from the upstream area. It is necessary to gain access in a fairly straight stretch of pipe.

President Brown asked for an overview of how the project associated with Resolution No. 198-20 will be performed. Devona Marshall, Director of Engineering and Construction, explained that the project serves two specific purposes: the first is to reduce the potential for human exposure to CSO. There are two stretches of the brook that are open. Upstream and downstream of the open portions is culverted. Under this project, the District will replace the open portions with consolidation sewers for conveyance of the combined flow and a new open channel for the collection of stormwater runoff from I-77 along the stretch. The second purpose is to install regulator structures necessary to divert CSO in the future to the Southerly Tunnel once it is designed and constructed, to capture some of the CSO in the tunnel before it goes out into the environment.

Authorization to Enter into Agreement

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| Resolution No. 199-20 | Authorization to enter into a loan agreement with the Ohio EPA and the Ohio Water Development Authority to accept WPCLF funding for construction costs related to the W. 3rd Quigley/Westerly Miscellaneous CSO Control project for a total amount up to \$9,863,200.00. |
| Resolution No. 200-20 | Authorization to enter into a project agreement with the Village of Valley View to provide local match funding toward the Village's Federal Emergency Management Agency's (FEMA) Pre-Disaster Mitigation Grant Program, Fiscal Year 2018 project, for the acquisition, demolition, and elevation of residential properties located in the Village and within FEMA's designated 100-year floodplain, in an amount not-to-exceed \$257,593.75. |
| Resolution No. 201-20 | Authorization to enter into a professional services agreement with EHS Insight for the Environment, Health and Safety Program Management Software project in an amount not-to-exceed \$78,528.00. |

- Resolution No. 202-20 Authorization to enter into a professional services agreement with AST Software Technology, LLC for consulting services under the Computer Maintenance Management System (CMMS) - Oracle E-Business Suite (EBS) Interface Implementation project in an amount not-to-exceed \$180,840.00, and to purchase Dell Boomi software from Carahsoft for the project in an amount not-to-exceed \$27,176.48, for a total project amount not-to-exceed \$208,016.48.
- Resolution No. 203-20 Authorization to enter into a design-build agreement with Building Controls Integrators, LLC for the District-Wide HVAC Building Automation Systems Upgrades project in an amount not-to-exceed \$473,209.00.

MOTION – Mayor Alai moved, and Mayor Bacci seconded to adopt Resolution Nos. 199-20 through 203-20. Without objection, the motion carried unanimously.

Authorization to Enter Into Contract

- Resolution No. 204-20 Authorization to enter into a six-month requirement contract with DRS Enterprises, Inc. for the Jennings and Old Denison Combined Sewer Cleaning 2020 project in an amount not-to-exceed \$815,873.90.
- Resolution No. 205-20 Authorization to enter into a construction contract with The Great Lakes Construction Company for the Westerly Tunnel Dewatering Pump Station project in an amount not-to-exceed \$27,336,010.27.

MOTION – Mr. Sulik moved, and Mr. Joyce seconded to adopt Resolution Nos. 204-20 through 205-20. After the following discussion, without objection, the motion carried unanimously.

President Brown noted that Resolution No. 204-20 appears to have been rejected and rebid and requested additional information. Frank Foley, Director of Operation & Maintenance, explained that the project involves cleaning the sewers in the Jennings Road/Old Denison area and chambers in the pump station. The project was rejected and rebid twice.

The District first received authorization to advertise in June 2019. The bids ranged from approximately \$956,000 to approximately \$3.5 million and two of the three bidders omitted information, so the decision was made to reject and rebid the project.

The project was rebid in November, with bids ranging from approximately \$1.7 to approximately \$3.2 million. The contractors assumed that all materials to be removed from the sewer were hazardous, and the job was to be completed in a short time period. After speaking with the contractors, the District characterized the materials in the collection system and determined that it is not hazardous, and extended the duration of the contract, allowing more time for the project to be completed. The District is satisfied with the current bids.

President Brown asked for additional information regarding Resolution No. 205-20, as the proposed contract is lower than the other received bids and the District's estimates. Ms. Marshall explained that the current bidding market is very competitive, and four of the six bids received were under the engineer's estimate. The bidding period was extended because the District received 365 questions about the detailed design. Based on the review of the bid, the District is comfortable awarding the contract to the low bidder.

Authorization of Contract Modification

Resolution No. 206-20 Authorizing final adjusting change order for Contract No. 20001177 with Turn-Key Tunneling, Inc. for the Cuyahoga Valley Interceptor – Walton Hills Trunk Sewer Repair project by decreasing the contract amount by \$24,668.75, thereby bringing the total contract amount to \$170,421.25.

MOTION – Ms. Dumas moved, and Mayor Bacci seconded to adopt Resolution No. 206-20. Without objection, the motion carried unanimously.

Property Related Transaction

Resolution No. 207-20 Authorizing the District to acquire one permanent stormwater easement and one temporary easement on property known as part of PPN 871-32-033, located at 2860 Lander Road, in the City of Pepper Pike, owned by Karin Murray, necessary for the construction and maintenance of the Pepper Luce Creek Stabilization Near Lander Road project with total consideration of \$51,000.00.

Resolution No. 208-20 Authorizing the District to acquire one parcel in fee simple on property known as PPN 581-07-013, located at 2452 Wallings Road, in the City of Broadview Heights, owned by Cheri L. Mooney, necessary for the construction and maintenance of the Chippewa Creek Flood Reduction Project Near Echo Lane project, to enter into an Assignment and Assumption Agreement with the Western Reserve Land Conservancy, to enter into a lease agreement with Cheri L. Mooney, and to allow for the entirety of the payment plus closing costs to be disbursed to Ohio Real Title Agency, LLC with total consideration of \$225,000.00 plus closing costs.

Resolution No. 209-20 Authorizing the District to acquire three temporary easement extensions on property known as part of PPN 112-04-002, located at 13101 Coit Road, in the City of Cleveland, owned by Site HQ, LLC,

necessary for the construction of the E. 140th Street Consolidation and Relief Sewer project, and authorizing a holdover payment for such easements with total consideration of \$10,000.00.

MOTION – Mr. Sulik moved, and Ms. Dumas seconded to adopt Resolution Nos. 207-20 through 209-20. Without objection, the motion carried unanimously.

Sewer Use Code Matters

Resolution No. 210-20 Adopting the findings of the Hearing Officer with regard to the sewer charges on the account of Ms. Kathleen Kuznik, Sewer District Hearing No. 20-010, that the customer's request be denied.

MOTION – Mayor Alai moved, and Mr. Joyce seconded to adopt Resolution No. 210-20. Without objection, the motion carried unanimously.

Authorization for Escrow Investment Substitution

Resolution No. 211-20 Authorizing the sale of certain escrow securities originally purchased pursuant to escrow agreements relating to the refunding of the Series 2013 Bonds and the Series 2014 Bonds and the purchase of certain other escrow securities as substitutes; and authorizing such other actions as are necessary and appropriate to accomplish the transactions hereby authorized.

MOTION – Ms. Dumas moved, and Mayor Bacci seconded to adopt Resolution No. 211-20. Without objection, the motion carried unanimously.

Authorization to Retain Legal Counsel

Resolution No. 212-20 Providing for the retention of Squire Patton Boggs (US) LLP to provide certain legal services as bond counsel in connection with the substitution of certain escrow securities previously purchased in connection with the refunding of certain obligations of the District.

MOTION – Mr. Sulik moved, and Mr. Joyce seconded to adopt Resolution No. 212-20. Without objection, the motion carried unanimously.

VI. Information Items

President Brown asked for clarification regarding the certification of a delinquent account in Richmond Heights, identified in the Information Items. Mr. Duplay explained that there is a large commercial property with significant growing balances, that, according to multiple news reports,

could potentially sell soon. This is an instance where the District is attempting to protect its financial interests, should the publicized impending property transaction move forward. This is an example of a certification performed as deemed necessary, per the authorization recently granted by the Board.

Ms. Marshall began the construction update by informing the Board that there are ninety-five active contracts totaling \$1.04 billion, \$708 million of which is in construction contracts, \$292 million in design contracts and \$41 million in planning contracts. By location, \$742 million is relegated to collection systems improvements, \$162 million to WWTPs, and the remaining \$137 million is District-wide.

Regarding contract management for the first half of the year, the District issued two requests for proposals (RFP), four professional service awards totaling \$7.7 million, twelve construction awards totaling \$35.3 million, and six construction closeouts.

As for the second half of the year, the District is planning for two additional RFPs and four professional service awards with an anticipated total of \$12.9 million. Of note is the Westerly Sludge Pump Station and Force Main Project. The design contract for this project is estimated to be \$2.8 million. This project is the first step in the effort to decommission the multiple hearth incinerators at the Westerly Wastewater Treatment plant. Under this project, the District will design the process equipment and infrastructure necessary to pump the sludge from the Westerly plant to the Southerly plant for processing where it will be incinerated in the fluidized bed incinerators, similar to the sludge handling at the Easterly plant.

There are seven construction awards planned with an estimated total of \$55.4 million, as well as seven construction closeouts.

Ms. Marshall provided graphic charts demonstrating all twelve Key Performance Indicators (KPI) and explained that there are two KPIs falling short at mid-year, cashflow and closing construction contracts at or below 95% of the original contract amount.

As for cashflow, May and June closed at 76% of planned with \$14 million paid out in June and a year-to-date total of \$87.5 million.

The Westerly Storage Tunnel continues to be the main driver of being below the KPI of 85% because of the project temporarily being halted due to COVID-19 concerns. Additionally, the mining operation is not proceeding as quickly as originally planned and is currently at 30% completion. In the beginning of the year, it was anticipated that \$38.5 million would have been paid out on the project through the end of June, however, \$19.1 has been paid.

Regarding the KPI for the Business Opportunity Program, which addresses any construction contract that closes in a given year. At the midpoint of the year, there have been six construction projects that have closed. The final contract value came in at \$172.5 million, with \$54.7 million of that paid out to BOP firms for their efforts on those projects which gave the District a

participation percentage of 31.68%, which well exceeded the accumulative goal on those six projects which was just over 15%.

Regarding KPIs for work orders by change categories as a percent of construction, total work orders on those six construction projects that have been closed out year-to-date came in at just over 6 %, which equates to \$10.4 million of that \$172.5 million. The majority is in the category of claims at 3.13% specific to the Dugway Storage Tunnel project. Early in the construction activity there were issues with shaft excavation primarily related to ground water. The District settled that work order in the amount of \$5.4 million.

Differing or unforeseen site conditions account for 1.69%, primarily due to the Woodland Central Project, which has been reported on many times.

As for the value engineering KPI, the District set a goal of \$12 million in 2020 and with just the design of the Shoreline Storage Tunnel, the District has identified an estimated \$24 million in savings in future construction costs. This involved hydraulic updates and evaluation, whereby the updated and more targeted flow monitoring allowed for revision of the hydraulic models which were used to optimize the design and the flow control. That allowed for the elimination of two of the planned shafts, resulting in significant cost savings. Additionally, through alignment optimization and risk mitigation, the overall length was reduced by approximately 1500 linear feet. The team was also able to eliminate a shaft and connection tunnel and avoid some underground obstructions in the original alignment and eliminated the need to cross I-90.

Regarding Project Clean Lake, sixty-three projects are completed or active, with fourteen remaining. Of the twenty-five control measures identified in the Consent Decree, the District has achieved full operation on eight, not including the nine completed green infrastructure projects.

The District has spent or awarded \$1.47 billion to date, which equates to \$1.19 billion in 2009 dollars for purposes of comparison back to the \$3 billion estimate when the District entered the Consent Decree for completion of all the projects. Value engineering savings realized to date is \$424 million in 2009 dollars.

Since entering the Consent Decree, the District has achieved over one billion gallons of CSO control and will achieve an additional 660 million gallons over the next two and a half years. Most of this will be achieved via the Westerly Storage Tunnel and the Doan Valley Storage Tunnel, which are under construction.

In 2020, the District activated the East 140th Consolidation Relief Sewer Project. It is the biggest input into the Dugway Storage Tunnel and is responsible for 245 million gallons of annual CSO control. Additionally, the District closed three projects: the Dugway Regulators and Relief Sewer Project, the Dugway Storage Tunnel, and the Woodland Central Green Infrastructure Project. Design has been completed for six additional projects.

In the second half of the year, the District will commence the construction of the Westerly Tunnel Dewatering Pump Station. This station and the tunnel will be responsible for controlling 285 million gallons of annual CSO.

The District will reinitiate the design of the Westerly Chemically Enhanced High-Rate Treatment facility. The design has been postponed for two years pending an agreement with the EPA and the DOJ of the specific requirements of this Control Measure. Once complete, it will achieve 355 million gallons of CSO control through treatment.

The London Road Relief Sewer, the last project of Control Measure 6, will be activated, achieving an estimated 35 million gallons of CSO control.

The District is on schedule to complete the design for the Shoreline Storage Tunnel by the end of the year. This tunnel along with the consolidation sewer will provide an estimated 370 million gallons of annual CSO control.

The District is scheduled to issue the RFP for the design of the Southerly Tunnel System, with an estimated 750 million gallons of CSO control once complete.

President Brown commented that it appears that the District is doing well with project management and added that he is particularly interested in savings from value engineering.

President Brown asked for context of where the District will be once the 2020 projects are completed in comparison to the long-term goal of 4.5 billion gallons of CSO control. Ms. Marshall explained that from a volume standpoint, the District is finding that there is less volume than was originally thought, meaning that the 4.5-billion-gallon baseline has dropped. This has allowed the District to capture more CSO. When the District entered the Consent Decree, it was believed that there would be 500 million gallons in a typical year. That number has come down somewhat.

From a cost standpoint, Ms. Marshall indicated that she would have to evaluate what is projected through the remaining life of the Consent Decree and where the project is tracking in relation to the estimated \$3 billion total cost, and provide an answer at a later time. However, the realized value engineering savings to date is at \$424 million.

Open Session

There were no items.

VII. Public Session (any subject matter)

There were no items.

VIII. Executive Session

There were no items.

IX. Adjournment

MOTION – President Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved, and Mr. Sulik seconded the motion to adjourn at 1:23 p.m. Without objection, the motion carried unanimously.



Timothy J. DeGeeter, Secretary
Board of Trustees
Northeast Ohio Regional Sewer District



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