

MINUTES  
NORTHEAST OHIO REGIONAL SEWER DISTRICT  
BOARD OF TRUSTEES MEETING  
JULY 17, 2014

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

I. Roll Call

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

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

II. Approval of Minutes

**MOTION** – Mr. Sulik moved and Mayor DeGeeter seconded to approve the minutes of the July 3, 2014, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

Executive Director Ciaccia informed the Board that no one signed up to speak about a specific agenda topic.

IV. Executive Director's Report

Executive Director Ciaccia began his report by stating that the District's Reply Brief regarding the Regional Stormwater Management Program (SMP) litigation is ready to be filed on Monday, July 21, 2014.

Secondly, the first meeting of the Green Infrastructure Advisory Committee was held today. The committee was reconstituted with a group of stakeholders chaired by Juanita McGowan. There had been some discussion about that committee during the series of articles written by *The Plain*

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*Dealer.* Executive Director Ciaccia reported that he addressed the committee along with Frank Greenland, Director of Watershed Programs, and Doug Lopata, Manager of Design. The meeting was productive and the committee will be very helpful going forward.

Executive Director Ciaccia advised that as the District pursues its Combined Sewer Overflow (CSO) Long-Term Control Plan and consent order with the federal government, staff intends to assess the region's Clean Water Act obligations and develop an integrative approach to address them through renegotiations with the US Environmental Protection Agency (EPA) in the future. Advanced facility planning is being conducted and part of that task is to develop a strategy to address issues with community systems as well as the District's.

Furthering that task, Executive Director Ciaccia advised that he sent a detailed letter to Independence Mayor Kurtz, who is the current president of the Cuyahoga County Mayors & Managers Association to advise him of what the District is doing and that their support is needed to adopt an integrative approach. He was hopeful that the letter would elicit discussion with the Association as well as other mayors regarding how to make the program more affordable.

Executive Director Ciaccia stated that he thinks the District is on the right path. Staff is considering other opportunities especially since there are still environmental issues, after the District's \$300 million in vestment in the Mill Creek Tunnel, due to community collection systems contributing negatively to the environmental impact on streams. District staff is examining how it can play a role in addressing or incentivizing the communities to address the issues, possibly through some sort of grants program.

Moving to the next subject, Executive Director Ciaccia advised the Board that he traveled to Portland last week as the former president of the National Association of Clean Water Agencies and had the opportunity to speak with representatives of regional systems similar to the District. He was surprised to find that many of them have grant programs for their communities. The Massachusetts Water Resources Authority in particular has a program its communities find favorable which is separate from the SMP and community cost-sharing programs. Executive Director Ciaccia stated that staff needs to examine revenue the District currently brings in from sanitary sewage fees and how it might be allocated from a capital expenditure standpoint and perhaps put money back into the communities to mitigate adverse effects. Such effects are wiping out District investments to mitigate CSOs.

Mr. Brown stated as options become available in terms of things to support the work of the communities that benefit the District that is something we should take a look at. We might want to talk about whether there is an opportunity to do some type of demonstration or pilot programs to be in a position to understand the proof of the benefits certain investments provide to communities.

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Mr. Brown stated that at some point the District must step up enforcement because there are community discharge permits, compliance issues and the District has its own rules and regulations which speak to elicit discharges. A number of communities have their own sewer-use codes and compliance requirements. Millions of dollars per year are spent supporting internal municipal programs and should not be elective. He advocated having one inclusive conversation regarding a uniform strategy because Cuyahoga County provides a lot of this service for a fee to a number of communities.

Executive Director Ciaccia agreed with Mr. Brown's comments and explained that staff is stepping up enforcement to bring such issues to light; they exist and are materially impacting the investments made with money from the ratepayers. Staff is engaging Cuyahoga County in terms of an integrated planning approach; they are included in meetings. He plans to meet with the candidates for Cuyahoga County Executive to advise them of what the District doing and allow them to provide input.

Executive Director Ciaccia stated that a pilot program should be done during the next two years because the current rates are set. Such a program would enable staff to see how a grants program would work and get results needed to bring the EPA to the table regarding repurposing the consent order. He continued to state that more time is needed to carry out the programs; the CSO and community issues cannot be resolved during the same time period. The communities must come to the table because hard data is needed. Otherwise there is no sense talking now or at rate time because unless you want to participate, do not criticize us.

Bratenahl Mayor Licastro was in the audience, as noted by Executive Director Ciaccia, and is the chairman of the District-1 Public Works Integrating Committee. The District could be a solution to the funding problem regarding more sewer jobs coming but it will take cooperation.

The Hampton Roads (Virginia) Sanitation District is a fairly large system with 17 suburban communities. Executive Director Ciaccia noted that they have a program that is viewed favorably, but it was difficult establishing because certain communities resisted. He noted the comparison to the local resistance by some communities to the SMP. However, the program is not a new fee – it would be within the current rates.

Moving to Finances, Executive Director Ciaccia explained that revenues are up by 51.1% and expenses are 44.7%. Spending on sludge-hauling has been less than budgeted because the Renewable Energy Facility (REF) is operational. Cash is up 10% and in terms of collections, the Cleveland Department of Public Utilities is around 92% for the year, or a rolling basis of 94% -- which is an acceptable level but still lower than they would like.

Executive Director Ciaccia advised that the figures for aging accounts receivables are stagnate. He addressed the issue in an e-mail to their Chief Financial Officer because the Director was out of the country; he has not yet gotten a reply and will follow up.

V. Action Items

Authorization to Advertise

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|-----------------------|--|
| Resolution No. 151-14 | Advertise for a Three-Year Requirement Contract for Maintenance and Repair Services for the Heating, Ventilation, Air Conditioning and Refrigeration Systems at All District Locations. Anticipated Expenditure: \$800,000.00. |
| Resolution No. 152-14 | Advertise for Construction for the Dugway Storage Tunnel Project. Engineer's Opinion of Probable Construction Cost: \$179,000,000.00.  |
| Resolution No. 153-14 | Advertise for a One-Year Requirement Contract for Ferric Chloride Solution for Use at All Wastewater Treatment Plants. Anticipated Expenditure: \$320,000.00.  |

**MOTION** – Mr. O'Malley moved and Mayor Bacci seconded to adopt Resolution Nos. 151-14 through 153-14. After discussion and without objection, the motion carried unanimously.

Mr. Sulik requested an explanation regarding Resolution No. 152-14.

Doug Lopata, Manager of Design, stated that he would provide an update on overall construction activity around Easterly.

The Dugway East interceptor relief sewer was the first project in 2012; the Lakeshore Boulevard Relief Sewer and Euclid Creek Pump Station upgrade are under construction now. The main barrel to the Euclid Creek Tunnel is mined and crews are connecting flows into it – completion is expected in early 2015.

Progress is being made on the Easterly Tunnel Dewatering Pump Station as staff looks to a 2016 completion which will enable the turning on of the Euclid Creek Tunnel and Lakeshore Boulevard portions.

Construction has been ongoing for six months on the Dugway West Interceptor Relief Sewer (DWIRS) and will be completed in 2017. The Dugway Storage Tunnel (DST) is scheduled to be completed in 2019 and will be advertised for \$179 million. Many of these projects interact with

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the DST – it is the spine of the system where consolidation sewers tie in and drop flow to the DST.

Mr. Lopata advised that the next to be designed is the Dugway South Relief Sewer. The next tunnel going out for design will be the Doan Valley Tunnel in August. The Doan Valley Relief Sewer will be part of the Doan Valley Tunnel system and eventually the Easterly system will be complete with the Shoreline Storage Tunnel. There is a lot of interaction around Dugway Storage Tunnel which is why it is critical to get underway and connected.

A lot of work is ongoing at the Easterly Treatment Plant to accommodate the flows being collected. The Dugway Storage Tunnel project launches from the Nine Mile site where the Euclid Creek Tunnel was and winds its way down through six different drop shafts. It also has eight total flow pickups from other consolidation sewers. When the project is complete it will capture 376 million gallons per year.

When going out for bid staff examines Business Opportunity Program opportunities. The DST estimate is \$179 million with a recommended goal of 10% for MBEs and WBEs and a 5% SBE goal. The total equates to \$17.9 million for MBEs/WBEs and \$27 million total, including SBEs.

So in comparison to the Euclid Creek Tunnel which went out with a 14% SBE only goal, which was the program at the time, that was 14% and about \$27 million. To track costs to date of paid MBEs, WBEs and SBEs the percentages are near 15% and about \$30 million.

Mr. Lopata advised that a spreadsheet is used on each project at the time of bidding. The first step is look at what contractor services are available and the types of work that could be subcontracted by the general contractor. The next step is to establish dollar values from the engineer's opinion of probable costs to those work elements. Staff looks at the District's Business Opportunity Program for three or more registered firms or contractors available to do that work. They also check that the contractors have the capacity and availability to perform the work based on current ongoing work and establish the MBE/WBE goal. A SBE supplemental goal may be necessary. The MBE-WBE firms could also be used to fill the SBE goal.

Mayor Bacci requested a copy of Mr. Lopata's PowerPoint presentation.

Executive Director Ciaccia stated that when he joined the District there had been a lot of discussion about this property and the \$1.5 million the District paid versus its appraised value. He stated that the money was well spent and ultimately saved the District a lot of money.

Mr. Brown stated that his concerns were to the west and south in terms what is left behind. Despite a series of community meetings many people will be surprised when construction activities begin. The District will be a presence actively in these neighborhoods for up to ten years; he encouraged continued significant outreach and engagement. The ability to get basic

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city services and emergency services are a challenge. As construction continues he asked staff to keep this in mind because it will be an impact for a long period of time. To the extent staff can mitigate and be transparent will be important.

Kellie Rotunno, Director of Engineering & Construction, stated that Mr. Brown made excellent points and gave credit to Constance Haqq, Director of Administration & External Affairs, and her team for communicating with the neighborhoods about construction activity. A meeting held Tuesday at the Glenville Recreation Center elevated the view of communicating with the public from project-centric to neighborhood-centric. The neighborhood already has a lot of activity and it is advantageous to meet with the community as a whole to discuss all of the District's activities.

This project only has six drop shaft locations and is not quite the magnitude of the Dugway West project, but Ms. Haqq and her team are active and creative about making sure the community is apprised every step of the way during construction.

Mr. Brown stated that the Good Neighbor Ambassador Program is going well; he was walking home from a meeting and an Ambassador was riding his bike and introduced himself. He was glad to see an Ambassador out in the community and plugged into what is happening. Executive Director Ciaccia stated that the program is going great and staff expects it to be a model for other communities because on projects such as these representatives need to be out there physically every day.

Authorization to Enter into Contract

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|-----------------------|--|
| Resolution No. 154-14 | Professional Services Contract with AECOM for the Dugway South Relief and Consolidation Sewer Project. Contract Amount: \$4,893,593.00.  |
| Resolution No. 155-14 | Professional Services Contract with MWH Americas, Inc. for the Superior-Stones-Canal CSO Improvements Project. Contract Amount: \$3,022,000.00.  |
| Resolution No. 156-14 | One-Year Requirement Contract with Towlift, Inc. for Three Towmotors for Use at the Southerly Wastewater Treatment Plant and Sewer System Maintenance and Operations Department. Cost: \$74,550.00. And a One-Year Requirement Contract with Ohio Materials Handling for One Genie Lift for Use at the Easterly Wastewater Treatment Plant. Cost: \$44,553.66. |

Resolution No. 157-14 Two-Year Contract with HDR Engineering for Support Services for Automation, SSA-1 Contract, for All District Facilities. Cost: Not-to-Exceed \$1,050,000.00.

Resolution No. 158-14 One-Year Contract, with Two One-Year Options to Renew, with Cintas Document Management, L.L.C., Through the State of Ohio Cooperative Purchasing Program, for Offsite Records Storage and Secure Document Shredding Services. Cost: Not-to-Exceed \$32,100.00 for Each Calendar Year.

**MOTION** – Mr. O’Malley moved and Ms. Dumas seconded to adopt Resolution No. 154-14 through 158-14. After discussion and without objection, the motion carried unanimously.

Authorization of Property-Related Transaction

Resolution No. 159-14 Authorize Four Right of Entry Agreements Necessary for Maintenance of the Olmsted Falls Connector Sewer Maintenance Project. Total Consideration: \$0.00.

Resolution No. 160-14 Authorize One Fee Simple Acquisition in the City of Cleveland Necessary for Construction of the Dugway West Interceptor Relief Sewer Project. Total Consideration: \$1.00.

**MOTION** – Mr. Sulik moved and Mayor DeGeeter seconded to adopt Resolution Nos. 159-14 and 160-14. After discussion and without objection, the motion carried unanimously.

Authorization to Reject and Rebid

Resolution No. 161-14 Reject All Bids and Rebid the Southerly Low Voltage Equipment Replacement Project. Engineer’s Opinion of Probable Construction Cost: \$12,500,000.00.

**MOTION** – Mr. Sulik moved and Mayor Stefanik seconded to adopt Resolution No. 161-14. After discussion and without objection, the motion carried unanimously.

Ms. Dumas inquired why the bids were rejected if they came in lower than the engineer's estimate. She further questioned whether it was because the performance bonds would be in the

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engineer's estimate. Executive Director Ciaccia explained that a specification relative to performance bonds and insurance set certain limits allowed for that line item and the low bid contractor maximized the limit, which exposed a problem from a front-end loading of the bid. Staff wanted to correct that situation. He advised that four closely competitive bids were received and he feels comfortable that they will be very competitive again.

### VI. Information Items

#### 1. Program Management Status Report – June 2014

Ms. Rotunno reported that the REF generated the targeted 2.5 megawatts of electricity through the turbine with two functioning waste-heat boilers -- optimal operational condition.

Staff still must demonstrate that all three waste-heat boilers are in optimal condition in different combinations. However, two are burning sludge and generating electricity. She thanked the operations staff at Southerly for their support during this protracted commissioning phase of the facility. They have been initiated under fire and trouble-shooting system problems as they occur so when we do take over the system and the contractor leaves we will have capable folks running the system.

Mr. Brown stated that he was glad that hurdle was cleared. While the issues between the design and construction of the facilities were reconciled, the issue remains over who is responsible for time and cost delays. Executive Director Ciaccia advised that staff is actively exchanging numbers with the companies involved and hope to reach a settlement. The District did not have to haul as much sludge as expected which helps mitigate the exposure on cost, but there are costs between the contractors, equipment supplier and construction contractor. The Board will be apprised accordingly of any developments.

Moving discussion to Easterly, Ms. Rotunno advised that construction continues on the Easterly Secondary Systems Improvement Project by installing sheet piling at the western-most clarifier tank. Curbs and fencing work is ongoing for a high-level surface, temporary Northeast Yacht Club Road. Executive Director Ciaccia clarified that the road will not be permanent.

Ms. Rotunno stated that work on the east construction entrance road is ongoing and is separate entrance in Cleveland from the construction entrance in Bratenahl. When construction of the entrance road is completed there will be two active construction gates at Easterly. Both entrances will be manned full-time by an inspector who will inspect trucks as they exit to insure that loaded trucks are tarped and they will make certain that the full-time street sweeper is busy on Lakeshore Boulevard.

Ms. Rotunno stated that mass excavation of the west final settling tanks is a different project but is not as big of a hole in the ground as concrete is in the process of being poured. The tunneling



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portion of the Euclid Creek Tunnel is finished and staff is still excavating at ECT-1. They are trying to reach the design subgrade elevation while preparing for the future final lining installation.

At Shaft 2 crews continue to form the concrete in the drop shaft as it is closer to grade. The tunnel between Shaft 4 and Shaft 41-A will eventually connect the Euclid Creek Tunnel with the Lakeshore Boulevard Relief Sewer that will be constructed.

Ms. Rotunno stated that the project is scheduled to be completed in 2015. The Dewatering Pump Station will go online in 2016 -- about one year after completion of the Euclid Creek Tunnel. Work is going well and the Operations & Maintenance staff is doing a fantastic job taking stewardship of the Euclid Creek Tunnel during the one-year period it will not be accepting flows.

Ms. Rotunno explained that she attended an internal workshop which outlined the activities staff must perform at the structures and near-surface structures being built as part of Euclid Creek Tunnel. The Operations & Maintenance staff walked through their plan and it was the most helpful understanding of how the system works. She stated that they will be ready to take stewardship of it when construction is complete in 2015 and keep it until the Dewatering Pump Station goes online.

Ms. Rotunno stated that the connection between the pump station and Euclid Creek Tunnel will eventually bring water to the pump station for extraction. Staff is working on final lining at Shaft 1 of the pump station and Shaft 2. Discharge Chamber No. 2 and cast piling for the generator chiller pads are taking place on the Nine Mile site in Bratenahl.

Mr. Brown inquired how warranties work for instrumentation that will not be used for a year before staff knows how it operates. Ms. Rotunno advised that staff will check the individual components of the tunnel before the construction contract is let out in terms of startup mode; it was not clear how the warranties were set up.

Ms. Rotunno explained that staff will vet out the system to make sure everything works before the contractor at Euclid Creek leaves. The Dugway Storage Tunnel contractor will be charged with commissioning the Euclid Creek Tunnel and Dewatering Pump Stations to make sure everything is ready to go after the completion of Dugway Storage Tunnel.

Ms. Rotunno stated that the Dugway Storage Tunnel project met its Key Performance Indicator (KPI) for advertising for design; it is a \$179 million project bid within the planned schedule.

Staff is preparing for emissions testing on the REF Incinerator Bed No. 2. This action is crucial because the IDI equipment provider cannot close the contract until it is approved by the EPA.

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Ms. Rotunno advised that the economizer section of the waste-heat boiler tubing was subsequently repaired but the equipment provider was kind enough to extend the extended warranty provisions from not only the waste heat boilers but to the economizer sections as well.

Moving to finances, Ms. Rotunno advised that at the beginning of 2014 staff targeted \$95.2 million in cash flow by this time but is at \$72.8 million. Partial explanations include the budgets established at the beginning of the year brought down through value engineering; contractors' bids beat the engineer's estimates; and a rough winter resulted in some lost production time.

Ms. Rotunno stated that in terms of design staff is delivering on time and meeting the value engineering KPI; the average is 2.1% below the engineer's estimate. Projects are being awarded and completed within 180 days -- and currently closed in 68. Projects are also being constructed on budget.

### 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

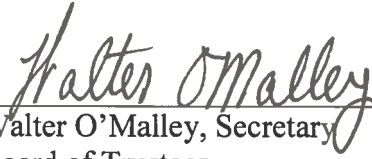
Mr. Brown stated that there was a matter for discussion in Executive Session.

**MOTION** – Mayor Bacci moved to enter into Executive Session to discuss potential litigation issues with the Village of Bratenahl. Discussions of these matters in executive session are permitted as specific exemptions to the Public Meetings Act pursuant to Ohio Revised Code Section 121.22(G)(3). He specifically designated matters discussed in Executive Session be protected from public disclosure in accordance with Ohio law and the attorney-client privilege. A roll call vote was taken and the motion carried unanimously to adjourn into Executive Session.

The Board met in Executive Session from 1:18 p.m. to 1:53 p.m.

### X. Adjournment

**MOTION** – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mr. O'Malley moved and Ms. Dumas seconded the motion to adjourn at 1:54 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