

MINUTES  
NORTHEAST OHIO REGIONAL SEWER DISTRICT  
BOARD OF TRUSTEES MEETING  
AUGUST 1, 2013

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

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

II. Approval of Minutes

**MOTION** – Mr. O'Malley moved and Mr. Sulik seconded to approve the minutes of the July 18, 2013, 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 advised that during the previous Board Meeting, Dr. Paul Edmiston, who is a professor at the University of Wooster, spoke about different solutions to combined sewer overflow mitigation. Staff drafted a response which will be shared with the Board following the meeting.

Executive Director Ciaccia moved discussion to the False Claim Act assertion made against the District. Rodney Shoulders, a former partner of Mole Constructors, which was a joint venture

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partner of KMM&K, alleged that the District made false applications to the Ohio Water Development Authority as it relates to some loans for the Mill Creek Tunnel project. The federal government decided not to intervene in the matter and this week Mr. Shoulders decided not to pursue it further. That leaves only the crime policy litigation with Travelers on the table as relates to that project.

A meeting with the community will be held at 6:00 p.m. on August 1 at the Glenville Recreation Center to discuss the Dugway sewer project that is out to bid. Cleveland City Councilmen Conwell and Polensek plan to attend. Executive Director Ciaccia advised that the meetings are part of the Good Neighbor Program, which is an effort to reach out as much as possible before projects begin to obtain community input. Such efforts will be done on every project.

Additionally, Councilman Polensek has asked District staff to attend a meeting scheduled for August 13 regarding the recent storm to explain to residents how the system works and what might be done. Much of the east side, including the Collinwood area, Euclid and Lake County, experienced severe flooding. He stated that the Euclid Creek Tunnel, which is under construction, will help alleviate some flooding issues. An interceptor sewer on Lakeshore will also be constructed. Staff will also discuss stormwater issues related to Euclid Creek and the maintenance of some outlets that the District will assume by virtue of the Stormwater Management Program (hereinafter "SMP").

Mr. Brown stated that he may want to attend the meeting. The area is the lone remaining section of Cleveland with significant flooding issues, particularly along the named streets. The Lakeshore interceptor continues to be a problem which has enhanced the work being done at the relief sewer and Euclid Creek Tunnel. He stated that staff should also be prepared to talk about the status of the Euclid Creek Flood Control Project which was done in the early 1990s.

Mr. Brown stated that there has been a lot of back and forth with the City and the District about a partnership. It is critical for the City of Cleveland and the District to have similar messages. Executive Director Ciaccia agreed and advised that Frank Greenland, Director of Watershed Programs, is working very closely with the City on the Euclid Creek Flood Project. The biggest issue is the City entered into an agreement with the Army Corps of Engineers and at this point the District is not willing to accept a transfer of that agreement and its obligations and responsibilities from the City.

Executive Director Ciaccia advised that Euclid Creek is part of the regional stormwater network and the District will assume maintenance responsibility and perform relevant projects, but how the old agreement works between the two agencies is one of the points still under discussion. He stated that the recent storm was extraordinary and totally mitigating impacts is difficult, but it provides another level of protection.

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Pepper Pike was severely impacted by the storm and Ursuline College was damaged. He explained that they asked the District for assistance, realizing NEORSD is now in the stormwater management business. He explained that part of the challenge going forward is to foster relationships with all of the communities. The individual communities know where the stormwater impacts are located and they need to notify the District when such events occur. The event in Pepper Pike provided an opportunity to respond in these types of events.

He asked Ron Czerski, Deputy Director of Operations & Maintenance, to provide an update on what transpired.

Mr. Czerski advised the Board that a tornado struck Pepper Pike on July 20 that required a significant response from the local community and the District. The storm was large with peak intensity of over one inch of rain in 15 minutes. The total rainfall varied to about two and a half to three-quarters of an inch of rain. Ursuline College was damaged.

There was a big planned and coordinated effort between the District and Pepper Pike. The District's response on the affected stream was about one-third of a mile that required clearing of debris and some site restoration.

The District and Pepper Pike exchanged messages and they requested a meeting on that Monday. The District's contractor began removing debris the next day. Debris removal on Cedar Road was completed and then work began at Ursuline College.

Mr. Czerski advised that on July 25 staff inspected another section of Pepper Creek near Shaker Boulevard and found more damage. Debris removal at Ursuline College was completed on July 31. The restoration at Ursuline should be completed on August 1 and then debris removal will begin near Shaker Boulevard.

The damage was limited to seven locations in a section of Pepper Creek between Cedar Road and Shaker Boulevard, the biggest of which was a 400-foot stretch.

Mr. Czerski advised that 400 cubic yards of trees were removed and a 1,700-foot section of the stream was cleared. The debris removal cost and site restoration will be around \$200,000. He stated that this was the largest storm response the District has had to date for the SMP.

Mr. Czerski thanked the individuals involved in the process who worked very closely with the Watershed Programs Department for expeditious permit approval, the Law Department, which worked with the different residents and the community to make sure of rights of entries. The Purchasing Department had to make sure that work releases happened in a timely manner. The newly formed Stormwater Inspection & Maintenance group includes Tom Magej, George Remias, Mark Link, Kim Pause, Chris Deighton and Wilson Rivera.

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Mr. Czerski also acknowledged the contractor, OCI, which got rave reviews from Pepper Pike, and the Mayor, City Engineer and Service Director of the City of Pepper Pike.

Mayor Starr inquired if the District would have responded to this storm prior to the formation of the SMP. Mr. Czerski stated that the District would not have responded and debris removal would have fallen upon Pepper Pike. He further advised that Pepper Pike staff said such work would have taken months, and the District completed it in a matter of days.

Mayor Starr questioned how much, if any, of the \$200,000 Pepper Pike will pay. Executive Director Ciaccia explained that the funding comes from the SMP fee the District collects.

Mayor Starr stated that this is a good example of why the SMP was formed and inquired if this case was one of the first illustrations. Executive Director Ciaccia advised that this was the first illustrative example. The Mayor of Pepper Pike thanked the District and follow-up emails discussed how it would have taken them weeks to complete the work and find money in their budget whereas the District charges a fee and sets up an account for such purposes.

Executive Director Ciaccia explained that the community cost share is the 25% of what is collected from the fee that goes back to the communities. They can access the local cost share funds if there are local issues that are not on that creek, which is part of the regional network. It is important that the District develops relationships with all communities because they are the first to know when there is a problem. Mayor Starr stated that it was like insurance.

Mr. Brown stated that this case is an excellent example of why the SMP was important and ought to become part of the District's communications strategy. A number of communities have their own resources and make a significant effort every year to comply with the community discharge permit.

The City of Cleveland has a division with funding of about \$25 million to perform similar types of work. Although Cleveland might not have requested District assistance because they handled issues themselves, it is worth having a discussion because there is integration and overlap between the SMP and their mission. Other communities will probably have information about where, when and the volume of flooding that may have occurred. That information would be beneficial to the District.

Cleveland has nine watersheds and other communities likely know how many they have. Understanding the impacts to certain parts of the region is important because most storms are localized. Understanding the characteristics of these challenges would be worthwhile for the District and user committees.

Executive Director Ciaccia distinguished that the Cleveland situation as it relates to this storm was local sewer flooding as opposed to the Pepper Pike situation which was a creek. District

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staff needs be constantly engaged with communities and understand it is a partnership as it relates to these storms.

Executive Director Ciaccia stated that students were in the audience and he asked Rachit Bhyani to address the Board.

Mr. Bhyani stated that he was an international student from Western India near Maharashtra, Mumbai. He was working on his Master's Degree at Cleveland State University and his thesis which includes oxidation, which removes the collective mass from the wastewater with an efficiency of 89%.

Mr. Bhyani stated that the District has been fantastic for him and is "a dream company." The exposure has provided a broader sense for excellence and will help with his thesis. The experience combined practical knowledge and working with engineering software. He could not have imagined a better situation and has been a life-changing experience.

Mr. Bhyani stated that his future goals are to reuse every drop of base water and to provide clean and safe drinking water to every human on Earth.

After being a student co-op at NEORS D he was proud to say he was on the right track towards fulfilling his goals on a global level. He thanked everyone for the opportunity to be a part of the NEORS D team.

### V. Action Items

#### Authorization to Adopt Charter

Resolution No. 186-13

Approve and Adopt Northeast Ohio Regional Sewer District's Audit Committee Charter.

**MOTION** – Mr. Sulik moved and Mayor DeGeeter seconded to adopt Resolution No. 186-13. After discussion and without objection, the motion carried unanimously.

Mr. Brown stated that there was discussion on this item during the last Board Meeting and staff was asked to provide a document highlighting significant areas of concern, which was provided.

Mayor Starr stated that this is an important committee of the Board. He wanted to acknowledge Deputy Executive Director Mike Bucci for his involvement. Deputy Executive Director Bucci further thanked John Wasko, Internal Audit Manager, Executive Director Ciaccia, Marlene Sundheimer, Director of Law, Jennifer Demmerle, Finance Director, the Audit staff and the Committee members.

Mayor Starr stated that the charter will reassure the public that the Committee is a layer of extra oversight to ensure their monies are being spent properly, wisely and prudently.

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 187-13 RFPs for 2014 Occupational Health Care Services.  
Contract Term: One-Year with Three One-Year  
Options to Renew. Cost: Not-to-Exceed  
\$194,000.00 Over Four One-Year Option Terms.

**MOTION** – Ms. Kelly moved and Mayor Starr seconded to adopt Resolution No. 187-13. After discussion and without objection, the motion carried unanimously.

Authorization of Property Related Transactions

Resolution No. 188-13 Authorize Four Fee Simple Acquisitions from the  
City of Cleveland Land Bank Necessary for  
Construction of the Dugway Storage Tunnel  
Project. Consideration: \$60,400.00.

Resolution No. 189-13 Authorize Two Relocation Payments Necessary  
for Construction of the Dugway Storage Tunnel  
Project. Total Consideration: \$17,223.08.

Resolution No. 190-13 Authorize Eleven Easement Acquisitions and Nine  
Fee Acquisitions from the City of Cleveland Land  
Bank Necessary for Construction of the Dugway  
West Interceptor Relief Sewer Project. Total  
Consideration: \$43,925.00.

Resolution No. 191-13 Authorize Relocation Payment for Herman Tellis  
Necessary for Construction of the Dugway West  
Interceptor Relief Sewer Project. Consideration:  
\$300.00.

Resolution No. 191-13 was pulled.

**MOTION** – Mayor Bacci moved and Mr. O'Malley seconded to adopt Resolution Nos. 188-13 through 190-13. After discussion and without objection, the motion carried unanimously.

Sewer Use Code Matters

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Resolution No. 192-13

Adopting the Findings of the Hearing Examiner with Regard to the Sewer Account of University Tower Apartments, Sewer District Case No. 13-021.

**MOTION** – Mr. O’Malley moved and Mr. Sulik seconded to adopt Resolution No. 192-13. After discussion and without objection, the motion carried unanimously.

Authorization of Contract Modification

Resolution No. 193-13

Modify Contract No. 3600 with AECOM Technical Services, Inc. for Additional Analytical Testing Services. Cost: An Increase in the Amount of \$2,160.00 Bringing the Total Contract Amount to \$32,180.00.

**MOTION** – Ms. Kelly moved and Mayor DeGeeter seconded to adopt Resolution No. 193-13. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 194-13

Contract with HDR Engineering, Inc. for Professional Services for the Process Control and Automation Evaluation and Master Plan Project. Contract Amount: \$750,149.00.

Resolution No. 195-13

One-Year Contract with Q-Mation/Wonderware North for Wonderware Software Maintenance at Various District Facilities. Cost: \$108,958.00.

Resolution No. 196-13

One-Year Requirement Contract with Polydyne, Inc. for Gravity Belt Thickener Polymer for Use at the Southerly Wastewater Treatment Plant. Cost: \$274,950.00.

Resolution No. 197-13

Two-Year Requirement Contract with Janitorial Services, Inc. for Janitorial Services at the George J. McMonagle Building, the Environmental Maintenance Services Center and Fleet Services. Cost: \$343,080.00.

**MOTION** – Mr. O’Malley moved and Mayor Bacci seconded to adopt Resolution Nos. 195-13 through 197-13. After discussion and without objection, the motion carried unanimously.

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Mr. Brown asked for an explanation regarding Resolution No. 194-13. Kellie Rotunno, Director of Engineering & Construction, advised that it is a master plan, or the “footprint” for investing in upgrading automation across the District.

The master plan will be undertaken with the effort and support from Automation and Operations & Maintenance, with Engineering leading the study. The ultimate goal is to modernize the master plan by which staff executes subsequent automation projects.

Mr. Brown questioned if this is for all facilities in the field or instrumentation. Ms. Rotunno explained that it encompasses the District's process data acquisition and control, operations system, the existing process control automation and plant process automation.

Mr. Brown inquired if rain gauges and other instrumentation would be handled under another initiative. Ray Weeden, Director of Operations & Maintenance, advised that the study will also include all types of rain gauges and is a comprehensive examination of the automation process control pieces.

Mr. Brown stated that during the previous Board Meeting a start-up event was planned at the Renewable Energy Facility the following day. He inquired how that transpired. Ms. Rotunno advised that sludge was burned for a very short period of time due to start-up snags. It was a short-lived success upon which staff learned many lessons. Commissioning the system continues and the Board will be updated if it is their pleasure.

### VI. Information Items

#### 1. Financial Report and Investment Advisor Performance Report for the Six-Month Period Ending June 30, 2013

Jennifer Demmerle, Director of Finance, advised that staff considers various indicators in terms of financial performance. The indicators include how actuals come in versus projections in the 2011 sewer rate study, how figures compare to the budget and to the same time last year, the actual Capital expenditures versus the Capital plan, and how investments are performing.

Sewer revenues are slightly under the rate study projections but expenses are within the projections. Overall there is still a positive operating variance. She explained that the lag on revenue is related to consumption. The rate study projected a 3% decrease in consumption; the most recent data reports from the City of Cleveland showed an 8% decrease in consumption, which staff is researching.

Ms. Demmerle advised that budget to actuals are tracking slightly behind the benchmark of 50%, at 49%. The SMP is ahead of the budget, around 65%. She stated that sewer revenue has been



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running behind for the last couple of months and staff is monitoring it. Additionally, expenses are within the budget at 42% on both sewer and stormwater.

Operating revenue has increased 17% over the same time last year, primarily due to \$15 million in SMP billings. Sewer revenue is only around \$97 million, a 4% increase. Even though the rates increased by 12% there was a decrease in consumption.

Expenses are \$47 million compared to \$44 million last year. That increase is due to the increase in collection fees which went into effect in July 2012. The increase is also due to the SMP and hiring staff for it.

The Capital plan is \$237 million, which is running at about 72% as of June. Ms. Demmerle advised that staff projects ending the year at \$216 million, which would be 92% of the plan and above the Key Performance Indicator. Cash in the bank for the Capital program is going to end around \$230 million.

The spike in April was due to a bond issue of about \$250 million.

The District has \$453 million invested. There is not much change in interest rates so the majority of the money is in money markets to support the capital program. The year to date rate of return is 0.08%, which is above the benchmark of 0.04%.

The District is currently within or exceeding its targets on various other financial metrics. The two most important are senior debt service coverage and total debt service coverage.

Ms. Demmerle advised that as of the end of May slightly over \$7 million in cash had been collected with \$1.8 million allocated for the Community Cost Share Program. The only approved applicant was the City of Maple Heights, for about \$6,000.

Ms. Demmerle stated that the District is operating within its rate-study parameters, the expenses are well within the budget, capital payments are tracking as planned, investments are exceeding their benchmarks and all financial metrics are being met.

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

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

### VIII. Open Session

There were no matters for Open Session.

### IX. Executive Session

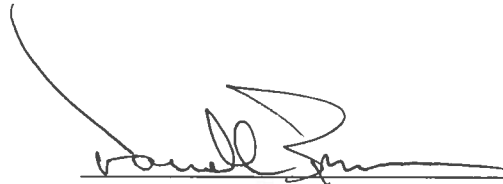
There were no matters for discussion during Executive Session.

X. 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 1:14 p.m. Without objection, the motion carried unanimously.



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



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