

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
AUGUST 6, 2015

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:34 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 16, 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 a meeting was held this week with the City of Cleveland's Department of Public Utilities' new director, Robert Davis, and some of his staff.

The topic of the meeting was the billing system and items that needed attention. The main focus of the discussion was moving toward monthly billing. A previous schedule called for going toward monthly billing at the beginning of 2016 and completing it by the end of that year. CEO Ciaccia stated that is a very good schedule for the District because it will have new rates in 2017.

He advised that Mr. Davis intends to meet that schedule. The five-year billing agreement the District entered into with the City will expire at the end of 2016. That will change as well with the move to monthly billing.

CEO Ciaccia asked Scott Broski, Superintendent of Environmental Services, to discuss beach monitoring and algae.

Mr. Broski explained that for the past 15 years the District has been engaged in testing local beaches for water quality, supporting the Cleveland Metroparks, and has received an Ohio Department of Health grant to do that work.

Mr. Broski stated that beach testing is valuable only with timely data and staff has endeavored to find quick ways to determine bacteria risks at beaches. The current model utilizes environmental factors to obtain the most rapid determination of conditions. The data retrieved has been supplied daily to the Metroparks, which makes a determination whether to close a beach.

In terms of harmful algal blooms, Mr. Broski advised that they have been heating up, especially in the western basin of Lake Erie. Locally, the District has an Ohio Environmental Protection Agency (EPA) approved study plan for nutrients this year for which we have been collecting samples. Crews have observed insignificant levels of algae on the lake so far this year.

Mr. Broski explained that staff is looking at new testing methods that involves the genetic makeup of specific algae in the lake to determine whether genes are present for the production of toxic algae. Staff received a purchase order from the Cleveland Water Department (CWD) and Akron to support their emergency water quality testing if the need should arise.

Referring to beach monitoring, Mr. Brown noted that some beach closings are precipitated by debris and other things that can lead to physical harm rather than water quality issues, and he was concerned that that information is sometimes not communicated to the public. He requested the District work with the Metroparks to develop a clearer message regarding beach closing related to water quality in Lake Erie, as opposed to other reasons for beach closings.

Mr. Brown continued to state that there is a cost the District takes on to provide water sampling services for harmful algae and bacteria levels to the City, health department or Metroparks; it would be interesting to contextually talk about what it costs to provide this level of service and the value it adds to the public. The important issue is harmful algae because it will likely always be present. The District must collaborate with other entities to make sure the messaging is accurate.

CEO Ciaccia noted that next Tuesday a meeting will be held with the subcommittee of the Suburban Council of Governments headed by Broadview Heights Mayor Alai to discuss the proposed community investment program.

the District's Capital Improvement Plan.

MOTION – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution No. 172-15. After discussion and without objection, the motion carried unanimously.

Mr. Brown noted that there are no Business Opportunity Programs (BOP) goals associated with this resolution and questioned whether the work is specialized. James Bunsey, Director of Engineering & Construction, advised that the work is highly specialized. The opinion of the professional staff is that there are no real subcontracting BOP opportunities for this work. The contract entails laboratory analyses for pollutants rather than construction.

Mr. Brown stated that this is an area of concern that ought to be emphasized -- an area in which someone could gain the competencies and accreditation for that work.

Chief Operating Officer (COO) Rotunno explained that this is the second time such services have been procured. A small business enterprise won one of the previous contracts to provide environmental wetlands delineation services. The authorization is to enter into multiple contracts for boutique services.

Authorization to Purchase

Resolution No. 173-15	Purchase from Mythics, Inc., Through the State of Ohio Term Schedule, Oracle eBusiness Application Licenses. Cost: \$59,872.95.
Resolution No. 174-15	Purchase, from Bob Gillingham Ford, Two Transit Vehicles for the Communications and Community Relations and Fleet Services Departments. Cost: Not-to-Exceed \$53,325.00.
Resolution No. 175-15	Purchase, from Montrose Auto Group, Seven Ford F-150, Extended Cab 4x4 Trucks for Various District Departments. Cost: Not-to-Exceed \$220,138.82.
Resolution No. 176-15	Purchase, from Statewide Emergency Products, Four Ford Explorers for the District's Security Department. Cost: Not-to-Exceed \$131,506.00.

MOTION – Ms. Dumas moved and Mayor Bacci seconded to adopt Resolution Nos. 173-15 through 176-15. After discussion and without objection, the motion carried unanimously.

Mr. Brown inquired what staff does with vehicles that have exceeded their useful lives and how they are disposed. Ray Weeden, Director of Operations & Maintenance, advised that some vehicles that have exceeded their useful lives will be traded in while others will be used in other areas such as construction.

Authorization of Property-Related Transactions

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| Resolution No. 177-15 | Authorize One Permanent Easement Acquisition in the City of Cleveland Necessary for Construction of the Dugway West Interceptor Relief Sewer Project. Consideration: \$600.00. |
| Resolution No. 178-15 | Authorize Acquisition of Two Parcels by Appropriation Necessary for Construction of the Union/Buckeye Green Infrastructure Project. Total Consideration: \$19,650.00. |
| Resolution No. 179-15 | Authorize One Fee Simple Acquisition in the City of East Cleveland Necessary for Construction of East 140 th Consolidation and Relief Sewer Project. Consideration: \$1.00. |
| Resolution No. 180-15 | Authorize One Fee Simple Acquisition in the City of Cleveland Necessary for Construction of the Union/Buckeye Green Infrastructure Project. Consideration: \$36,000.00. |
| Resolution No. 181-15 | Authorize One Fee Simple Acquisition in the City of East Cleveland Necessary for Construction of the E. 140 th Street Consolidation and Relief Sewer Project. Consideration: \$19,750.00. |
| Resolution No. 182-15 | Authorize Two Fee Simple Acquisitions in the City of Cleveland Necessary for Construction of the Superior Pump Station Project. Total Consideration: \$2,212,000.00. |
| Resolution No. 183-15 | Authorization to Enter Into a Right of Entry Agreement and Transfer Two Parcels in the City of Cleveland to the St. Clair Superior Development Corporation. Total Consideration: \$2.00. |

BOARD OF TRUSTEES

Regular Meeting

August 6, 2015

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MOTION – Mayor Bacci moved and Mr. O’Malley seconded to adopt Resolution Nos. 177-15 through 183-15. After discussion and without objection, the motion carried unanimously.

Referencing Resolution No. 182-15, Mr. Brown questioned whether this is another pump station the District will take over from the City of Cleveland. CEO Ciaccia stated that the pump station will be expanded.

Julie Blair, Assistant General Counsel, advised that the acquisition in question is two parcels for the Superior Avenue Pump Station Project. The parcels are approximately one-half acre and are valuable because they are very close to the mouth of the river.

The site is uninhabited and has not been in use for many years. The parcels have been valued at \$90 per square foot and four comparable sales used in the appraisal ranged from \$89 per square foot to \$115 per square foot. The value is completely in the land; there is no value to the structure.

Mr. Brown questioned the District’s future plan for the site. Doug Lopata, Manager of Design, advised that to the pump station the District would add an electrical room and rebuild the superstructure. A 45-foot diameter shaft will store combined sewer overflows as well.

CEO Ciaccia stated that a timely aspect to the project is that this will be the site for the northern terminus of the towpath trail. There is a plan for enhancement of the Canal Basin Park on the site. The pump station project and the elimination of the existing structure enhances the park in terms of the view of the river and lake.

Authorization of Agreement Modification

Resolution No. 184-15

Agreement with the Village of Orange for the Inclusion of Additional Village Properties Into the Northeast Ohio Regional Sewer District Service Area.

MOTION – Mayor DeGeeter moved and Mayor Bacci seconded to adopt Resolution No. 184-15. After discussion and without objection, the motion carried unanimously.

Mr. Brown questioned the implications of this action. CEO Ciaccia advised that it would provide the District more customers.

Mr. Brown questioned whether the area to be added is sewered. Mr. Broski stated that sewers will be constructed to connect to the District system as new developments come in.

Staff is endeavoring to determine two things: what is the full functionality for Oracle e-Business on the HR side and if there is enough functionality, then we will decide whether there is a necessity to fill the application support function with a regular staff position rather than with a contractor.

CEO Ciaccia advised that this was originally an IT-driven project. The District did a similar assessment of functionality in the Purchasing Department. Now that it is functional within the Purchasing Department, the project will ultimately result in the hiring of staff but to what level is uncertain, necessitating outside services through HR.

Ms. Dumas questioned whether the contract for an assessment of capacity or the installation of modules. Mr. Dykes explained that it is for a person to assess and perform the responsibilities to move in that direction.

Humberto Sanchez, Director of IT, advised that one of the challenges managing Oracle is that in addition to technical support there is another level of support that requires a staff member who understands HR business processes and Oracle.

Referencing Resolution No. 187-15, Ms. Dumas questioned why there was one bidder. Mr. Bunsey advised that one way to complete the project was to use styrene-based epoxy on the liner for curing. The District has stricter handling and vapor requirements so there are no resident complaints about the odor. The structural requirements of thickness required styrene and most of the contractors were concerned about that specification. Staff will determine whether the marketplace is moving away from styrene curing and what might be used instead.

Mr. Brown inquired whether that requirement made the work specialized. Mr. Bunsey advised that a structural limitation required a particular thickness and styrene was a product able to achieve that. The contractor and manufacturer were comfortable utilizing styrene.

VI. Information Items

1. Financial Report and Investment Advisor Performance Report for the Six-Month Period Ended June 30, 2015

Jennifer Demmerle, Chief Financial Officer, advised that as of June 30 the District was in good financial position and meeting all financial metrics. Operating revenues have increased 11% compared to last year, which is in line with rate increases. The budget continues to be met for revenue.

Operating expenses, excluding depreciation, have increased 4.5% from previous years. The District is \$4 million under budget as of June 30.

CFO Demmerle advised that the District has \$537 million invested, which includes 34% in treasury notes and 66% of the portfolio in government agencies. \$280 million is from the bond issue from December 2014. The average yield to maturity is 1.26 years for the portfolio, earning 0.48%.

2. Operations & Maintenance Quarterly Status Report

Raymond Weeden, Director of Operations & Maintenance, stated that all three wastewater treatment plants received the National Association of Clean Water Agencies (NACWA) award for 2014 performance.

Southerly received a gold award; Easterly received a platinum plus-1 -- meaning it has operated for six years without plant permit exceedance; and Westerly received the platinum award for five years of operating without exceedance of permit parameters.

Mr. Weeden advised that all three plants are operating under budget but utility costs have increased slightly at Easterly and Westerly primarily because of variance in electrical costs. Electrical consumption has increased at Easterly, which is undergoing construction and startup of new processes.

Mr. Brown inquired how volume of treatment affects electric costs. The significant increase in rainfall may have an impact. Mr. Weeden advised that the impact depends on rainfall and the amount of flow coming into the plant, the more equipment that has to go into service.

The NACWA award primarily measures pollutants staff tries to reduce from getting into the environment and all three plants are exceeding the threshold. Southerly is removing 99.1% of all suspended solids that come into the plant. Easterly and Westerly are also functioning very well. The plants also exceed permits with the elimination of carbonaceous biochemical oxygen demand and phosphorus. All three plants are treating 88%, 83% and 77% removal.

Mr. Weeden advised that staff continues to be proactive in terms of planned facility maintenance.

The Renewable Energy Facility (REF) at Southerly has experienced decreased gas savings in the second quarter due to increased rainfall. Increased flow can lead to an increase in inorganic material that is not easily burned, which reduces the amount of volatile solids in the sludge. REF electricity costs are offset from the operation of the turbine. The turbine is operating more than 86% of the time when incinerators are burning.

Mr. Weeden explained that the collection systems are working very well because of planned maintenance. Dry weather overflow is rare, but when it does occur typically debris blocks the system.

Referencing the phosphorus removal rate, Mr. Brown questioned whether the lower rate of removal at Westerly was due to the process Westerly uses. Frank Foley, Deputy Director of Operations & Maintenance, stated that the reason that removal efficiency is a lower at Westerly is because of the trickling filter process which is different than the other two plants.

VII. Open Session

Mayor Bacci stated that the District's open house is scheduled for Saturday, September 19 at EMSC. He thanked all District staff who have volunteered.

VIII. Public Session (any subject matter)

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

IX. Executive Session

MOTION – Mayor Bacci moved to go into Executive Session to discuss two litigation matters: *NEORS D v. The Illuminating Company* and *Alessandra Riscatti, et al. v. Prime Property Limited Partnership, et al.* After discussion and without objection, the motion carried unanimously.

The Board met in Executive Session from 1:25 p.m. to 1:49 p.m.

X. Approval of Items from Executive Session


Resolution No. 190-15

Authorization to Retain Weston Hurd LLC as
Outside Counsel for Pending Litigation Matters
and for Settlement Authority.

MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution No. 190-15. After discussion and without objection, the motion carried with one abstention by Mayor DeGeeter.

IX. Adjournment

MOTION – Mr. 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 1:50 p.m. Without objection, the motion carried unanimously.



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



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