

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
SEPTEMBER 3, 2015

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:37 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. O'Malley moved and Mayor Bacci seconded to approve the minutes of the August 20, 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 last week staff began its rate study analysis for the years 2017 through 2021 which will continue for several months. More tangible information will be available around March in advance of potential Board authorization in the early second quarter of next year.

The study will be inclusive of what the District may be able to support in terms of the proposed community infrastructure grant program. CEO Ciaccia advised that staff recently met with

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Cleveland Mayor Frank Jackson, Mr. Brown and Valarie McCall, chief of government relations. During the meeting staff presented its intentions for the program and stressed that it is contingent upon the rate study analysis.

Additionally, Frank Greenland, Director of Watershed Programs, explained that during the Municipal Engineers' monthly meeting District staff discussed problems in the communities and outlined the proposed program, which would begin with sanitary sewer evaluation studies across the service area starting in the Heights Hilltop area. Discussion also included the community funding program, infrastructure grants, a competitive program and the potential for "leasehold options." The meeting was well attended by a host of community engineers.

Mr. Greenland advised that a copy of the community infrastructure program policy will be distributed soon for public comment, then presented to the Board and upon approval, go out to the community.

Moving to the next subject, CEO Ciaccia stated that the District through the National Association of Clean Water Agencies (NACWA) continues to oppose a rider in U.S. Senate Bill 1645, which is an appropriations bill for the Environmental Protection Agency (EPA). Section 428 contains a rider by Illinois Senator Mark Kirk called "The Prohibition of Sewage Dumping into the Great Lakes," which proposes a provision of zero combined sewer overflows (CSOs). The District's consent order allows more than zero.

CEO Ciaccia explained that the provision would in some ways attempt to supersede the agreement with the U.S. Government and put more stringent controls on the District. The cost to become compliant with the provision is estimated to be an additional \$16 billion of investments. The penalty of \$100,000 per CSO event would likely be cheaper than more infrastructure.

The District is working with NACWA and other Great Lakes communities to push back on that provision. He has been pleased with the response from Senator Sherrod Brown and Senator Rob Portman in terms of not embracing such an onerous rider. However, staff will not take for granted that the provision will die on its own.

Mr. Brown questioned whether the rider had no identified funding source, which CEO Ciaccia confirmed.

CEO Ciaccia advised that Humberto Sanchez, Director of Information Technology (IT) has submitted a letter of resignation. He thanked Mr. Sanchez for the 15 years he has given to the District, having served as IT Director since 2008.

Additionally, he announced the promotion of Andy Rossiter to Superintendent of the Westerly Wastewater Treatment Plant -- filling a vacancy upon Frank Foley's promotion to Deputy Director of Operations.

V. Action Items

Adoption to Advertise

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| Resolution No. 209-15 | Advertise for Self-Contained Breathing Apparatus Equipment. Anticipated Expenditure: \$100,000.00. |
| Resolution No. 210-15 | Advertise for Storage Area Network Fiber Channel Switch Equipment. Anticipated Expenditure: \$75,000.00. |
| Resolution No. 211-15 | Advertise for Construction for the Southerly Main Substation Replacement Project. Engineer's Opinion of Probable Construction Cost: \$ 11,000,000.00. |

MOTION – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution Nos. 209-15 through 211-15. After discussion and without objection, the motion carried unanimously.

Referencing Resolution No. 211-15, Mr. Brown inquired whether the \$3 million expenditure is for FirstEnergy's equipment. James Bunsey, Director of Engineering & Construction, explained that the resolution is for entering the two contracts -- one for \$8 million in construction and other \$3 million with FirstEnergy.

Since deregulation the owner pays for the transformers to provide for services although FirstEnergy still has authority over that equipment. After the District builds the \$8 million of infrastructure FirstEnergy will equip a partial part of the building with equipment.

Mr. Brown inquired since the District will own the equipment whether FirstEnergy will be the provider of the electric source. Mr. Bunsey affirmed and stated that there will be a delineation of what they maintained versus what the District will maintain.

Mr. Brown questioned whether that opens the door for a competition for power supply in the future. Mr. Bunsey indicated that when the contract expires they will go out for proposals for the power supply.

Authorization to Issue Request for Qualifications (RFQs)

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| Resolution No. 212-15 | RFQs for Professional Services for the Development of Lockout/Tagout Procedures for |
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All of the District's Facilities.

Resolution No. 213-15

RFQs for Professional Services for the Project
Clean Lake Operational Readiness Assessment
Project.

MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution Nos. 212-15 through 213-15. After discussion and without objection, the motion carried unanimously.

Mr. Brown requested an elaboration of the lock-out/tag-out process. Ryan Rillo, Health & Safety Manager, advised that the District has approximately 5,600 assets that require one of the procedures to ensure safety for staff performing maintenance on that equipment.

Mr. Rillo explained that 21% of those assets have a procedure developed and the remaining 79% do not have a procedure developed. Staff is endeavoring to develop procedures with a gap and update the current procedures to reflect changes that have taken place to the infrastructure and make all procedures similar in terms of quality and formatting so it alleviates the training burden of multiple versions.

Mr. Brown inquired regarding staff training associated with a protocol and how to facilitate the inspection and enforcement to comply with rules and regulations. Mr. Rillo stated that staff will revise the policy to reflect the way it will be enforced. There will also be revised health and safety training procedures.

Mr. Rillo explained that to ensure procedures are followed staff will implement a management and change process in which procedures are developed as things are taken offline or added online through new projects.

COO Rotunno explained that staff is considering innovative ways of attaching lock-out/tag-out procedures to assets in the work order management system so when a work order is issued on a particular piece of equipment the lock-out/tag-out procedures are part of standard operating procedures.

Ample assets have come online over the last seven years. Staff has not been able to keep pace with lock-out/tag-out development internally; therefore, for consistency and a sense of urgency, it is in the District's best interest to outsource it, standardize the procedures and make them part of the standing operating procedures.

Mr. Sulik asked why procedures were not developed every time an asset went online. COO Rotunno explained that standard operating procedures will be in place to make sure they are operationally prepared for assets before they go online, and they were not all new assets.

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Mr. Brown questioned how long will the process would take and whether the District would own this when it is finished or rely on consultants to maintain it. Mr. Rillo expected the project to take six to eight months but is not certain at this point whether consultants would be necessary in the future for maintenance purposes.

Mr. Brown inquired whether the District is properly staffed to maintain compliance with the number of new assets coming online. CEO Ciaccia advised that it will and the question leads into the next resolution regarding the Operational Readiness Assessment.

Relative to Resolution 213-15 COO Rotunno advised that Project Clean Lake is projected to continue through 2036. The District will need some help assessing whether Operations & Maintenance is prepared for the assets coming online and staffed appropriately to maintain compliance with procedures.

Ray Weeden, Director of Operations & Maintenance, explained that he would provide an update on the Operational Readiness Assessment. The District has had three eras in terms of construction and reconstruction. The first was from 1972 to 1995 after the District assumed control of assets from the City of Cleveland. Some projects were already under design and have undergone a major reconstruction and expansion effort.

At that time there were often staffing plans associated with new constructions and the District staffed accordingly. The District in 1995 decided to take an in-depth look at the appropriate staffing level for the Operations & Maintenance department.

The result of that analysis was the competitive initiative which included right-sizing Operations & Maintenance to reduce the 1995 staffing levels through automation and cross-training of operators.

Mr. Weeden stated that the District is now in the Project Clean Lake era which again requires an in-depth look at the appropriate staffing management structure. The purpose of the Operational Readiness Assessment is to make sure Operations & Maintenance is prepared to accept new assets as they come online and to develop an implementation plan. The information gained from the Assessment will be included in the upcoming rate study.

Staffing at the Easterly facility has been between 50 and 60 personnel since at least 2010. The number of assets are increasing and coming online as Project Clean Lake projects are completed. The Aerated Grit Facility is already online and the Easterly Secondary System Improvement project is expected to come online in 2016.

Westerly will also have additional assets coming online in the future but at Southerly the Renewable Energy Facility is already online.

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Twelve Months with No Change in the Contract Price.

MOTION – Mayor DeGeeter moved and Mr. O’Malley seconded to adopt Resolution Nos. 216-15 through 217-15. After discussion and without objection, the motion carried unanimously.

Referencing Resolution No. 216-15, Mr. Brown inquired what staff has learned from the previous three years of the contract. John Wasko, Internal Audit Manager, advised that the District entered into a three-year contract with the broker and third-party administrator to manage the insurance program and the administration of the program. Three years ultimately was a short time frame given the scope. Mr. Wasko indicated that staff would like to maintain continuity in the area with recent staff turnover in the claims area and repositioning how insurance claims are managed.

Mr. Brown stated that it would have been helpful to see an indication of what staff is learning and how it has helped the organization. Mr. Wasko explained that a broker is fundamental to the ability to place insurance; the District cannot contract with the marketplace. There were scope elements we wanted to pursue with them which included better enforcement of additional insured rights and better ability to capture the cost and efforts to manage risk.

After conversation, the Board and CEO Ciaccia agreed that there would be a more comprehensive presentation during the next Board Meeting that answers any concerns.

Authorization of Property-Related Transactions

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| Resolution No. 218-15 | Authorize One Fee Simple Acquisition, in the City of East Cleveland, from the Cuyahoga County Land Reutilization Corporation Necessary for Construction of the E. 140 th Street Consolidation and Relief Sewer Project. Consideration: \$1.00. |
| Resolution No. 219-15 | 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: \$12,000.00. |
| Resolution No. 220-15 | Authorize Relocation Payment Associated with the District’s Permanent Acquisition of Property in the City of Cleveland Necessary for Construction of the Union/Buckeye Green Infrastructure Project. Consideration: \$17,439.40. |

Resolution No. 221-15

Authorize Amendment to Easement Agreement with Forest City Land Development LLC for Purposes of Construction of the Heights Hilltop Interceptor. Cost: An Extension of the Term of the Easement into Perpetuity with No Additional Consideration Paid by the District.

MOTION – Mr. Sulik moved and Mayor Stefanik seconded to adopt Resolution Nos. 218-15 through 221-15. After discussion and without objection, the motion carried unanimously.

Authorization to Certify

Resolution No. 222-15

Semiannual Certification of Delinquent Sewer Accounts to the Cuyahoga County Fiscal Officer.

Resolution No. 223-15

Semiannual Certification of Direct Bill Delinquent Sewer Accounts to the Cuyahoga and Lorain County Fiscal Officers.

MOTION – Ms. Dumas moved and Mayor Bacci seconded to adopt Resolution Nos. 222-15 through 223-15. After discussion and without objection, the motion carried unanimously.

Before speaking about the resolution, CEO Ciaccia noted that Jennifer Demmerle, Chief Financial Officer (CFO), is a nominee for Crain’s Cleveland Business CFO of the Year.

CEO Ciaccia then noted that Cleveland had 532 certifications, East Cleveland had 117 and Cleveland Heights had 688. He inquired about what seemed to be disparate numbers. . CFO Demmerle explained that it is consistent with Cleveland Heights certification figures from last year and it is not growing.

Ms. Dumas noted that there is growing delinquency on water and sewer in the City of Cleveland Heights.

CFO Demmerle advised that the District certifies twice per year and Cleveland Heights is once per year. In the first half Cleveland's accounts were 932; theirs is more like 1,400 accounts annually.

VI. Information Items

There were no items.

VII. Open Session

Mayor Bacci stated that the District's public open house would be held Saturday, September 19 and he invited the Board members and senior staff. Constance Haqq, Director of Administration & External Affairs, thanked Mayor Bacci for serving as the grand master of the open house.

Furthermore, Ms. Haqq noted that the District is having a competition with Pittsburgh's wastewater organization, the Allegheny County Sanitary Authority, regarding the attendance of their open house.

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 a personnel matter. After discussion and without objection, the motion carried unanimously.

The Board met in Executive Session from 1:26 p.m. to 1:38 p.m.

X. Approval of Items from Executive Session


Resolution No. 224-15

Authorizing the Chief Legal Officer to enter into a Settlement and Mutual Release Agreement.

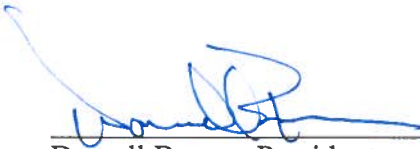
MOTION – Mr. O'Malley moved and Mr. Sulik seconded to adopt Resolution Nos. 224-15. After discussion and without objection, the motion carried unanimously.

IX. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mr. Sulik moved and Mayor Stefanik seconded the motion to adjourn at 1:38 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