

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
SEPTEMBER 5, 2013

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:35 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 – Mayor Bacci moved and Mayor DeGeeter seconded to approve the minutes of the August 15, 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 cash from receipts through August increased by 7%, which is good given the rate increase. He clarified that this was on the sewer side of the business. Overall cash including stormwater is up by 19% from last year. While that figure has been higher in previous years, there had been a lot of catch-up going on from the Cleveland Water Department's (hereinafter "CWD") new billing system.

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Additional progress has been made on accounts receivables. The accounts over 180 days are down a few hundred thousand dollars more but still represent 44% of total active accounts receivables, which is high. The accounts over 90 days represent 57% of total accounts receivables. Executive Director Ciaccia stated that figure is still high but they are making progress and it shows in the positive cash receipts. There is still a lot of work to do on active accounts receivables over 90 days and District staff is working with CWD and monitoring it closely.

Staff still has a fair amount of concern about billed revenue. An 8% increase in billed revenues was projected but 5% is being realized. That is 3% off the mark projected from both the budget, which was adjusted downward from the revenue side, and the rate study.

Executive Director Ciaccia advised that cash is positive because old accounts are being collected, but the revenue figures give staff pause going forward. The good news is the rate study and projections are significantly under projected expenses. Staff is not that concerned there will be a bust as it relates to the rate study, but it adds additional stress.

CWD provided consumption data, and staff found that CWD, through adjustments, canceled consumption. He stated that there will always be erroneous bills that are adjusted by cancelling the consumption and rebilling. However, canceled consumption increased by 57% based on the previous 6 months of last year.

Executive Director Ciaccia inquired why that would be and the Chief Financial Officer of the Department of Public Utilities gave their rationale. CWD provided actual numbers which showed canceled bill consumption was up 31% while their accounts were up 57%. Although CWD has more accounts, Executive Director Ciaccia found the disparity odd.

As CWD is doing automated meter reading change-outs, customers receiving estimated bills were high compared to the meter reading. CWD would then cancel out the consumption. The cause of the high estimates is unknown. Executive Director Ciaccia stated that from his past experiences at CWD, each customer's daily average consumption was estimated based on the readings. He assumed that data did not carry over to the new billing system because there had not been a critical analysis.

Executive Director Ciaccia advised that he has asked for a critical analysis but CWD said they are tied up with the bill separation project. He further advised he will repeat to CWD that he cannot think of anything more critical than revenue management; that should take precedence over any other project.

Since estimates seem to be the moving factor, he asked for CWD's total estimates for the first six months of 2013, and it is trending high. The information received did not lead him to believe the situation was going to mitigate going forward. An unstable outlook on billed revenue is

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problematic from a management standpoint. Executive Director Ciaccia felt compelled to raise the topic in this venue because it is important from a management standpoint and as it relates to enterprise risk management assessment.

CWD reported that they have installed one-third of the system with the automated meter reading devices, so that is one-third less meters they have to read. One would think the estimates would be lower.

Moving to the next topic of the report, Executive Director Ciaccia advised that the Audit Committee met today, chaired by Mayor Starr. The Committee reviewed several final audit reports, the 2014 audit plan, and had discussions about the enterprise risk management risks and tying those to the 2014 plan. The audit plan was not approved today; staff was tasked with assuring that the enterprise risk management plan is synced with the 2014 audit plan.

Mayor Starr stated that the following topics were discussed during the meeting: the internal audit report, audit plan, audit follow-ups, the internal audit, the Web site and content with John Wasko, the external auditor's update and the audit which will become public shortly. He also requested the administration to make available some documents to all members of the Board.

Concluding his report, Executive Director Ciaccia advised that staff continues to work on the Community Benefits Program and trying to craft internal programs that will assist both the District and the community.

Bids were recently received for the Dugway West Interceptor Relief Sewer Project and are currently being evaluated. Staff is endeavoring to position the organization to use that project to put forward programs beneficial to the community, especially in terms of employment. The program is known as "Good Neighbor NEORS D."

Staff continues to work with the gas company to partner since they are also a utility.

Executive Director Ciaccia indicated that he had a good discussion with Mr. Sulik prior to the Board Meeting regarding Laborers Local 860's efforts to reach out and get potential employees involved with their apprentice program. He thanked Laborers Local 860 for their involvement.

V. Action Items

Authorization to Advertise

Resolution No. 210-13

Advertise for CSO-063 Relief/Consolidation Sewer Project. Engineer's Opinion of Probable Construction Cost: \$3,200,000.00.

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MOTION – Mr. O’Malley moved and Mayor Starr seconded to adopt Resolution No. 210-13. After discussion and without objection, the motion carried unanimously.

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 211-13 RFPs for a Five-Year Contract for Investment Custodial Services.

Resolution No. 212-13 RFPs for a Five-Year Contract for Illicit Discharge Detection and Elimination, and Pollution Prevention/Good Housekeeping Services with Boards of Health Project.

MOTION – Ms. Kelly moved and Mayor DeGeeter seconded to adopt Resolution Nos. 211-13 and 212-13. After discussion and without objection, the motion carried unanimously.

Regarding Resolution No. 212-13, Mr. Brown requested examples of what would be done. Executive Director Ciaccia deferred to Scott Broski, Manager of WQIS, for an explanation.

Mr. Broski stated that he would discuss the continuation of the full implementation of the services of the Regional Stormwater Management Program (hereinafter “SMP”). The regional stormwater system service area has approximately 7,000 stormwater outfalls that discharge to the streams within it.

Section 5.0502 of the code calls for watershed support facilitation and regional collaboration where the District shall coordinate, integrate and maintain other SMP-related programs, services and initiatives.

As a part of these services the District shall provide support to member communities with the requirements of the Ohio Environmental Protection Agency's (hereinafter “EPA”) National Pollutant Discharge Elimination System general permit for municipal separate stormwater sewer systems through cooperative agreements with the applicable soil and water conservation districts and the local boards of health.

The general permits call for the communities to implement six minimum control measures: public education, public involvement, illicit discharge and elimination, sediment erosion control during construction, post-construction stormwater management, and pollution prevention and good housekeeping for municipal operation.

Currently Title 5 offers District support for four of those control measures: public education and public involvement, which are currently services offered by the soil and water conservation districts, illicit discharge detection and elimination, and pollution prevention and good

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housekeeping which are provided by the local boards of health.

Staff is seeking approval to issue RFPs to enter into agreements with the local boards of health for minimal control measures three and six.

The general permits issued by the Ohio EPA to member communities require that the communities inventory, monitor and sample all illicit discharge detection and elimination outfalls once per permit cycle. Member communities are contracting directly with the board of health or engineering firms to perform that work for them.

The District is proposing under the authority of Title 5 to take on that service work through contracts with the Board of Health and to reimburse them directly for that service, whereas communities pay for it now.

The boards of health will be tasked with providing the District with a survey and inventory of all outfalls and monitoring each outfall once during the permit cycle. Monitoring is essentially going in the field. They can propose to do source tracking, which would trace flow back through the stormwater collection system to determine the source of an illicit discharge and provide enforcement to eliminate it.

Another service staff seeks as an optional service from the boards of health is pollution prevention and good housekeeping at municipal operations, in which each member community is required to prevent pollution through their stormwater outfalls at their municipal facilities.

Staff is asking the boards of health to perform training to examine those municipal operations to make sure that communities are not creating an illicit discharge at their facilities.

Frank Greenland, Director of Watershed Programs, explained that the illicit discharge work is essentially looking for sources of bacteria by going to the waterways and dealing with them. District staff has long been involved in trying to source track and will continue to help source track problems. Examples of illicit discharge could be a broken pipe or a house connection which connects directly to the sanitary connection. The two permits require the communities to look for those situations and correct them.

Mayor Starr questioned if the District will continue to work with the Board of Health. Mr. Broski advised that staff is requesting to take proposals from the Board of Health to provide the District the cost for that activity; the District would then enter into agreements for the service and no longer require the communities to enter into agreements with the boards of health on an individual basis.

Mayor Starr inquired if the payment would be a lump sum, which Mr. Broski confirmed. He continued to state that the communities would no longer have to enter into agreements with the

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Board of Health to have them conduct that service; the District would enter into a single agreement with the Board of Health to provide that service for all the communities that wish to be included.

Mr. Broski advised that the boards of health have been very successful monitoring and sampling outfalls and finding the sources of pollution. They have not done extensive work source tracking pollution back through the system. Outside of the contract, the data they will collect during monitoring becomes very valuable to the Water Quality and Industrial Surveillance Department. That data will be used to determine the location of the sources of pollution, which will be source tracked where an illicit discharge has been identified.

Staff developed a process by which that will be done which includes prioritizing outfalls based on flow and the degree of pollution. Work orders will be created to track the investigations so time is allocated on a community basis and catalogs spending in terms of manpower and analytical work which can be included in their annual reports to the EPA.

Mr. Broski explained that District staff conducts the investigations and has been following up on historical investigations to determine what has been corrected and what still exists. The appropriate entities are notified when a source is identified.

Mr. Broski summarized by stating that District staff would go out through the system and pinpoint a source of pollution, report it to the community and then get input from the community regarding how much help they want to find the source.

Mayor Starr inquired whether the boards of health are willing to give up performing these services. Mr. Broski advised that they are not giving it up, but are changing where the funding comes from. Rather than receiving money from individual communities it will come from the District. A five-year contract is proposed, which parallels the general permit the EPA will issue.

Mayor Starr questioned why the District wants to take that over. Mr. Broski advised that it is a service defined in Title 5 that would be a benefit to the communities because staff wants to take a more aggressive approach to identify the sources of pollution and eliminate them. Mayor Starr was in agreement.

Mr. Brown inquired if the District would have access to that information, which would mean having an updated inventory. Mr. Broski explained that staff will receive updated inventories, monitoring reports from each inspection and data from the sampling. That information can be taken into the prioritization process and begin source-tracking investigations.

Mayor Starr questioned why the District must call the municipalities if violators are found. Mr. Broski advised that the District does not have enforcement power under Title 5; it falls to the local ordinances for illicit discharges to the municipal separate storm systems.

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Mr. Greenland explained that enforcement ultimately is the EPA. This is a Phase II National Pollutant Discharge Elimination System (hereinafter "NPDES") permit the communities hold. Illicit discharge detection elimination is in the permit. Staff wants to work with the communities to pinpoint and correct issues.

Mayor Starr inquired which entity would send out the notifications and that there are septic tanks that have not been functioning for 20 to 30 years discharging raw sewage into the storm sewers. Mr. Broski advised that septic tanks are regulated and will continue to be regulated by the boards of health. An illicit discharge connected to a septic discharge that would remain with the board of health.

Authorization to Enter Into Agreement

Resolution No. 213-13 Two-Year Agreement with the Cuyahoga Metropolitan Housing Authority for the Disposal of Hauled Storm Sewer Grit.

Resolution No. 214-13 Settlement Agreement with The MetroHealth System. Cost: \$147,995.50.

MOTION – Mr. O'Malley moved and Mr. Sulik seconded to adopt Resolution Nos. 213-13 and 214-13. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 215-13 One-Year Contract with IBM Corporation for the Performance of a Business Case Analysis for Sewer Service Billing and Collection. Cost: \$250,459.00.

Resolution No. 216-13 Contract with Arcadis US, Inc. for System Migration of Engineering and Construction's Project Management Office's SharePoint Application. Cost: Not-to-Exceed \$131,515.00.

Resolution No. 217-13 One-Year Requirement Contract with B.I.G. Enterprises, Inc. for the Purchase of a Prefabricated Guard House for Use at the Westerly Wastewater Treatment Plant. Cost: \$51,590.00.

Resolution No. 218-13 One-Year Requirement Contract with Polydyne, Inc. for Final Clarifier Polymer for Use at the

Southerly Wastewater Treatment Plant. Cost:
\$145,500.00.

Resolution No. 219-13

Two-Year Contract to Provide Natural Gas at All
District Facilities. (To be Provided - Bid Opening
Takes Place on September 3, 2013)

MOTION – Mr. Sulik moved and Mayor Bacci seconded to adopt Resolution Nos. 215-13 through 219-13. After discussion and without objection, the motion carried unanimously.

Regarding Resolution No. 219-13, Mr. Sulik inquired what was paid for the previous natural gas contract. Ray Weeden, Director of Operations & Maintenance, advised that the previous contract was a little higher than what is currently proposed, at about five cents per dekatherm. Staff would monitor the market and then lock in a rate.

Mr. Brown questioned the 0% code regarding Resolution No. 215-13. Jennifer Demmerle, Director of Finance, explained that at the time proposals were submitted there were no MBEs, WBEs or SBEs in the registry that could perform this type of work. However, IBM now has a certified consultant that will comprise about 4% of the contract price.

Authorization of Contract Modification

Resolution No. 220-13

Final Deduct Order for Contract No. 11002133 with Marous Brothers Construction, Inc. for the Easterly Screenings Conveyance/Storage Project. Cost: A Decrease in the Amount of \$374,502.84 Bringing the Total Contract Amount to \$5,098,537.16.

Resolution No. 221-13

Final Deduct Order for Contract No. 12001497 with Marra Services, Inc. for the Walworth Run Outfall Repair Project. Cost: A Decrease in the Amount of \$387,497.71 Bringing the Total Contract Amount to \$1,337,026.99.

Resolution No. 222-13

Final Deduct Order for Contract No. 12002127 with Apostolos Group, Inc. dba Thomarios for the Southerly Paint and Maintenance Repair Project. Cost: A Decrease in the Amount of \$69,854.70 Bringing the Total Contract Amount to \$477,250.30.

Resolution No. 223-13

Final Deduct Order for Contract No. 12002156 with Nerone and Sons, Inc. for the Chemically Enhanced High Rate Treatment Pilot and Demonstration Project. Cost: A Decrease in the Amount of \$204,609.17 Bringing the Total Contract Amount to \$2,846,390.83.

MOTION – Mayor Bacci moved and Mayor Ms. Kelly seconded to adopt Resolution Nos. 220-13 through 223-13. After discussion and without objection, the motion carried unanimously.

Authorization of Design Build Contract Modification

Resolution No. 224-13

Modify Contract No. 13000463 with Kokosing Construction Company for the Westerly Centrifuge Replacement Design-Build Project. Cost: An Increase in the Amount of \$4,957,400.00 Bringing the Total Contract Amount to \$5,426,000.00 and a Time Extension of Eleven Months.

MOTION – Mayor DeGeeter moved and Mr. O'Malley seconded to adopt Resolution No. 224-13. After discussion and without objection, the motion carried unanimously.

Executive Director Ciaccia asked Kellie Rotunno, Director of Engineering & Construction, to explain the process.

Ms. Rotunno stated that the project is a design-build and as such it has the moniker of authorization of a design-build modification. The design piece was advanced to the 60% stage under the project and came up with a roughly a \$5.4 million project necessary in order to replace the centrifuges at Westerly.

Staff is coming back with a negotiated Guaranteed Maximum Price which will not be exceeded to replace the centrifuges at Westerly.

Staff entered the negotiations at the time since it was a contract modification the MBE, WBE goals which were agreed to at the beginning of the contract applied to the design piece. We asked them to reconsider their goals for the construction and increase it which they did in good faith from 6% to 10%. So we're modifying it for money and time and we wanted to modify it for MBE, WBE participation.

Mr. Brown inquired if there was a probable engineering construction cost when it started. Ms. Rotunno affirmed and explained that it was \$4.7 million. The \$5.4 million includes the design.

Authorization of Property Related Transactions

Resolution No. 225-13 Authorize Right of Entry Agreement with Cleveland Public Theatre to Use District-Owned Property for the Purposes of Overflow Valet Parking on Saturday, September 7, 2013. Consideration: \$0.00.

Resolution No. 226-13 Authorize Four Easement Acquisitions in the City of Cleveland Necessary for Construction of the Dugway West Interceptor Relief Sewer Project. Total Consideration: \$12,375.00.

MOTION – Mayor Starr moved and Mr. O’Malley seconded to adopt Resolution Nos. 225-13 and 226-13. After discussion and without objection, the motion carried unanimously.

Sewer Use Code Matters

Resolution No. 227-13 Adopting the Findings of the Hearing Examiner with Regard to the Sewer Account of Parma Public Housing, Sewer District Case No. 13-023.

MOTION – Mayor Bacci moved and Mr. O’Malley seconded to adopt Resolution No. 227-13. After discussion and without objection, the motion carried with Mayor DeGeeter abstaining.

Authorization to Release Manual

Resolution No. 228-13 Release Revised Stormwater Fee Credit Policy Manual for Public Review and Comment.

MOTION – Mr. Sulik moved and Mayor Bacci seconded to adopt Resolution No. 228-13 and 226-13. After discussion and without objection, the motion carried unanimously.

Mr. Greenland advised that staff is adding clarity both in the policy manual and in the application forms. A slight modification is being made to the education credit to allow schools to use field trips – such as visits to the watershed stewardship center -- to qualify for the credit.

The biggest change is the addition of a new stormwater quality credit for qualifying agricultural properties. A few agricultural properties are doing conservation practices that reduce nutrient pollutant loads to area waterways. The District’s credit mechanisms are not structured to reward those actions, so we added a stormwater quality credit for agricultural practices.

At that point, he asked Dave Ritter, Stormwater Technician Specialist, to elaborate.

Mr. Ritter advised that the agricultural credit is building upon programs that already exist through the soil and water conservation districts and the USDA natural resource conservation service. They have voluntary programs for agricultural producers to look at nutrient and sediment runoff from agricultural properties. If they have an agricultural plan they will fit into the credit system. The credit will be provided on their impervious surfaces. Mr. Brown stated that is probably a good idea considering one of the biggest contributors to non-point source pollution.

Authorization to Certify Accounts

Resolution No. 229-13

Certification of Delinquent Sewer Accounts to the Cuyahoga County Fiscal Officer for 2013.

MOTION – Mayor Bacci moved and Ms. Kelly seconded to adopt Resolution No. 229-13 and 226-13. After discussion and without objection, the motion carried unanimously.

Authorization to Adopt Rules

Resolution No. 230-13

Authorization to Adopt Rules of Procedure for Administrative Determinations Under the Northeast Ohio Regional Sewer District *Code of Regulations*.

MOTION – Mayor DeGeeter moved and Mr. O'Malley seconded to adopt Resolution No. 230-13 and 226-13. After discussion and without objection, the motion carried unanimously.

VI. Information Items

There were no Information Items.

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 Ms. Kelly seconded the motion to adjourn at 1:15 p.m. Without objection, the motion carried unanimously.



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



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