

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
SEPTEMBER 18, 2014

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:33 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 Mr. Sulik seconded to approve the minutes of the September 4, 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 Ohio Supreme Court hearing on the Stormwater Management Program (SMP) case took place on September 9. He thought it went extremely well. The District's attorney, Mark Wallach, presented the District's arguments and the Justices asked good questions which he answered all well. Now the District will wait for the Court's decision.

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Moving to the second item of the report, Executive Director Ciaccia advised that staff has been engaged with the Group Plan Commission, which has been established to redevelop Public Square. The redevelopment will feature a lot of hard surfaces replaced with green. Staff has identified stormwater management and combined sewer overflow (CSO) mitigation opportunities with this project. He anticipates a resolution request and presentation regarding the District's participation in the project during the next Board meeting because the goal is to complete it before the Republican National Convention is held in Cleveland in 2016.

Aside from stormwater management and CSO opportunities, Executive Director Ciaccia stated that it is a great programming opportunity for the District to have a signature project for the services it provides to the area.

Concluding his report, Executive Director Ciaccia referenced the financial report through 67% of the year. The District is operating slightly above budget for revenues at 68.2%, which is a positive factor as revenues were expected to decline since it has not been an especially dry summer.

Operating expenses are 61.2% and staying that far under budget is primarily attributable to the Renewable Energy Facility (REF) being operational – the District has not had to haul as much sludge as anticipated. Overall the District is in very good financial shape.

Mr. Brown presented a resolution of acknowledgement to retiring Deputy Executive Director, F. Michael Bucci. The resolution was in recognition of nearly 30 years of outstanding service and noteworthy contributions to the District.

“The Board of Trustees on behalf of the users and employees of the Northeast Ohio Regional Sewer District hereby acknowledge the contributions of F. Michael Bucci to the growth and development of the Northeast Ohio Regional Sewer District and herein expresses thanks and appreciation to F. Michael Bucci for his dedicated public service. And the board further expresses its wishes to F. Michael Bucci and his family and all they seek.”

MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt the resolution. Without objection, the motion carried unanimously.

Deputy Executive Director Bucci stated that he had a great career with the District and had the privilege of working with great Board members and staff; everyone has passion for the work they do. He stated that he especially had the privilege of working for two great leaders -- Erwin Odeal and Julius Ciaccia – both of whom had different styles but got the job done.

Mr. Brown and the Board wished Deputy Executive Director Bucci and his family all the best and thanked him for his service.

V. Action Items

Authorization to Advertise

- Resolution No. 208-14 Advertise for Construction for the Green Ambassador Urban Agriculture Project. Engineer's Opinion of Probable Construction Cost: \$6,300,000.00.
- Resolution No. 209-14 Advertise for a Utility Type Truck with a Utility Service Body for the Sewer System Maintenance and Operation Department. Anticipated Expenditure: \$55,000.00.

MOTION – Mr. O'Malley moved and Mayor DeGeeter seconded to adopt Resolution Nos. 208-14 through 209-14. After discussion and without objection, the motion carried unanimously.

Authorization to Issue Request for Proposals (RFPs)

- Resolution No. 210-14 RFPs for Specialty Tunnel Testing and Construction Inspection Services Project.
- Resolution No. 211-14 RFPs for Southerly Wastewater Treatment Plant First Stage Aeration Tank and Return Sludge Pump Station Improvements Project.

MOTION – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution Nos. 210-14 through 211-14. After discussion and without objection, the motion carried unanimously.

Authorization to Enter into Agreement

- Resolution No. 212-14 Dugway Storage Tunnel Water Pollution Control Loan Fund Loan Agreement.
- Resolution No. 213-14 One-Year Agreement with SRMGroup, LLC for Consultant Services to Continue to Implement Good Neighbor Ambassador Program. Cost: Not-to-Exceed \$45,000.00.

MOTION – Mr. Sulik moved and Mayor Stefanik seconded to adopt Resolution Nos. 212-14 through 213-14. After discussion and without objection, the motion carried unanimously.

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Ms. Dumas asked for an explanation regarding Resolution No. 212-14. Executive Director Ciaccia advised that it is State Revolving Loan Fund money that staff applied for and is a partial loan for the Dugway Storage Tunnel Project. The loan is paid for on a reimbursement basis. The interest rate is generally slightly less than the market rate.

A State-run program called the Water Resource Restoration Sponsor Program is attached to these funds. By accessing that money the interest the District pays may be returned to groups to for water resource projects with District sponsorship, which results in additional advantages with interest rates.

Executive Director Ciaccia stated that the Good Neighbor Ambassador Program has been operating for a year. Stanley Miller was hired to help get the program going and the resolution in question would continue his services. The program is going very well and he asked Deputy Executive Director Bucci to give a presentation.

Deputy Executive Director Bucci advised that he would explain the purpose, program development, community engagement, partnerships, success factors, funding and the next steps of the Good Neighbor Ambassador Program.

The Good Neighbor Ambassador program is a part of the larger Good Neighbor Program, which seeks community involvement in neighborhoods with major District construction activity. The Ambassador program provides a positive presence in those communities to gain trust and support the projects. The first area of focus was Glenville, where five tunnels being constructed will impact the community for over ten years.

An internal team was assembled to develop the program which included Deputy Executive Director Bucci; Constance Haqq, Director of Administration & External Affairs; Darnella Robertson, Manager of Government Affairs; Angela Jones, Government Affairs Specialist; and the outside assistance of Stanley Miller.

The program seeks unemployed or underemployed area residents to work 30 hours per week. Participants receive the same benefits as other District employees and extensive soft-skill training. The program was designed as a pre-apprenticeship program with the goal to get them ready for full-time employment in a 9- to 12-month period.

After the program was designed, the positions were posted, and the District received over 300 applicants. Following interviews one supervisor, seven ambassadors and one intern were hired.

Deputy Executive Director Bucci advised that the training was intense. In addition to new-employee orientation the hires made site visits to the District's facilities. Tri-C was hired to conduct a 48-hour workshop over 9 weeks that included fundamental skills for the workplace and career-advancement training. Safety and security training was conducted in-house with the

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Cleveland Police Department on things such as CPR, first aid and other safety-related issues.

The District hired OTCO -- the firm that teaches plant staff -- to prepare them for the wastewater license Class I license test and expose the ambassadors to waste treatment systems and the water environment technician certification program. They also attended workshops on contract documents and construction projects like the Dugway West Interceptor and the Euclid Creek Tunnel.

Deputy Executive Director Bucci explained that in terms of community engagement, the Ambassadors conducted surveys along job sites, distributed literature during both the preconstruction and construction phases and talked with residents and groups to hear their concerns. They also performed property cleanups and maintenance for over 90 lots.

Deputy Executive Director Bucci commended staff for assisting the Ambassadors with learning about the District. Although they did not begin work until May 12, they are in the community and are able to answer questions about the District's projects.

External partners for the program included Cuyahoga Community College; OTCO; Cleveland Police Department; Councilmen Conwell and Johnson; The Cleveland Foundation; Cleveland Metropolitan School District; Case Western Reserve; Building Laborers' Union 310 and Laborers' Local 860.

Success factors of the program are for the ambassadors to successfully represent the District in the community and to secure full-time employment and remain employed. Deputy Executive Director Bucci explained that the program goes with the Business Opportunity Program and that Executive Director Ciaccia wanted it to be the best program in the region.

Staff met with Cleveland Mayor Frank Jackson and Kellie Rotunno, Director of Engineering & Construction, her staff and some unions to get an idea of the level of workforce that will be needed on certain projects. After discussion, it appeared there would be about 40 workers on a job and 9 would be hired for the program.

The program will be over 10 years and they expect to have the ambassadors in full-time employment in 9 to 12 months. Over the life of the program it is 60 to 90 jobs -- that is where the program is different than others. The employment is sustainable and full-time.

Training was completed in the first four months and they are taking maintaining over 90 community properties. They have been active in over 10 community events and 5 of the 8 ambassadors have already secured employment.

Deputy Executive Director Bucci advised that staff applied for and expects to be awarded a couple grants with The Cleveland Foundation totaling \$60,000.

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Deputy Executive Director Bucci thanked the Board for supporting this program; it is a meaningful program for the District, community and these individuals who take part in it. They are getting training they would not have had access to otherwise that may lead to full-time employment. He advocated increasing the program budget in the future.

Staff is in the process of recruiting the next class and will expand partnerships. The new maintenance training program opened opportunities for the ambassadors. During the next phase of the contract they intend to find and develop partnerships with the building trades and unions. They want to build a base of companies to match the skills of the individual to a job.

Deputy Executive Director Bucci advised that the District also has a \$40,000 grant with The Cleveland Foundation to put together a signature project that would be known as the group's project in the community.

At that time, he introduced Anthony Body, the Good Neighbor Ambassador supervisor, and four other Ambassadors who were present: Donnell Green, Dareus Hiley, Brandon Hogan and Galen Adams.

Mr. Brown commended him on behalf of the Board for taking a creative approach to a significant community benefit. The District was an early cosigner of Mayor Jackson's community benefit agreement. The Good Neighbor Ambassador Program is exactly the type of program he was envisioning with a direct relationship between capital expenditure dollars in the community with a tangible benefit to those impacted. Ultimately there will be a better mix and it will continue to provide job opportunities for residents of the Glenville neighborhood.

Mr. Miller stated that he has worked for large public utilities for 31 years and he has not seen a program developed in a way so the organization is training people that ultimately may not be working for it -- which is a benefit to the community. He applauded the District's efforts.

Authorization to Enter Into Contract

Resolution No. 214-14

Professional Services Contract with Black & Veatch for the Southerly Maximum Achievable Technology Compliance and Operations Improvement Project. Contract Amount: \$3,500,000.00.

Resolution No. 196-14

One-Year Requirement Contract with PVS Technologies, Inc. for Ferric Chloride Solution for Use at All Wastewater Treatment Plants. Cost: \$287,300.00.

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MOTION – Ms. Dumas moved and Mayor Bacci seconded to adopt Resolution Nos. 214-14 and 196-14. After discussion and without objection, the motion carried unanimously.

Mr. Brown requested clarification regarding Resolution No. 214-14; there were two prices for the actual construction of the project. Ms. Rotunno advised that there would be the equivalent to \$37 million in Capital program savings attributable to admissions technology needed for the new incineration facility to meet new EPA requirements.

The initial technology was going to be very costly to implement, with a \$47 million line item. Subsequently, staff found a technology that is adaptable to the facility and will help achieve the emissions target by March 2016 at a significant savings of \$37 million.

Mr. Brown stated that they are designing to that new technology that will allow the benefit of projected savings. Ms. Rotunno affirmed.

Referencing Resolution No. 196-14, Executive Director Ciaccia advised that after the two bids were received the second-lowest bidder, Kemira Water Solutions, offered to provide five months of free ferric chloride if staff did not award the bid.

Executive Director Ciaccia explained that he took that offer very seriously because it is a couple hundred thousand dollars' worth of product for free. After consideration he decided to not accept the offer in the interest of continuing to foster competitive bidding. He felt strongly that if they accepted the offer post-bid it would disrupt the ability to get competitive bids in the future.

Sewer-Use Code Matters

Resolution No. 215-14

Adopting the Findings of the Hearing Examiner with Regard to the Sewer Account of Herb and Catalina Wagers, Sewer District Case No. 14-008.

Resolution No. 216-14

Authorization to Grant a Sewer Account Credit to ISG-Cleveland due to an Underground Leak.
Amount: \$260,085.74.

MOTION – Mr. O'Malley moved and Mayor Stefanik seconded to adopt Resolution Nos. 215-14 and 216-14. After discussion and without objection, the motion carried unanimously.

Regarding Resolution No. 216-14, Deputy Executive Director Bucci explained that there was a water leak on January 1 that lasted for three days. Water was running for through the discharge meter.

Authorization of Property-Related Transaction

Resolution No. 217-14

Authorize One Right of Entry Agreement
Necessary for Maintenance of the Olmsted Falls
Connection Sewer Project. Consideration: 0.00.

MOTION – Mayor DeGeeter moved and Mayor Bacci seconded to adopt Resolution No. 217-14. After discussion and without objection, the motion carried unanimously.

VI. Information Items

1. Renewable Energy Facility – Status Report

Ron Czerski, Deputy Director of Engineering & Construction, stated that he would discuss the REF has two primary purposes: burning sludge and generating electricity. The REF is currently burning 200 to 600 wet tons of sludge per day and is very close to generating electricity. Staff hopes to have the turbine running in a couple weeks.

Three things are needed to fulfill its purposes: well-designed and constructed equipment; implementation of operational readiness plans; and constructing and implementing maintenance readiness plans.

The REF has two processes: to process solids in order to make them burnable and burning them.

Sludge is put it into centrifuges and spun to get the water out. Polymer is added to the sludge in the centrifuge to get the water out. The water squeezed out of the sludge is referred to as centrate and is processed centrate. Sludge cake is produced and moved to the incinerator.

Mr. Czerski explained that the REF has three incinerators. If the incinerators are not operable trucking is part of the contingency plan. Staff feeds the incinerator natural gas and skimmings – a grease-like material skimmed off the top of some treatment. Autogenous burn occurs when the incinerator is running and does not need additional natural gas.

Flue gas and heat is produced from the incinerator and put that into a boiler. Staff adds treated water to the boiler. A byproduct of the incineration process is ash and that is sent to the ash lagoons. Another byproduct is air emission, including particulates. Part of the Maximum Achievable Control Technology (MACT) project is to get rid of the particulates. That project will put the District into compliance with the new air pollution regulations.

The main purpose of the boiler is to produce steam. Steam can be wasted, or preferably sent to a turbine/generator system. The steam spins the turbine, making the generator produce electricity.

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Mr. Czerski advised that staff must ensure that the equipment fulfills its intended purposes and meet regulatory requirements. The air emissions regulations have not yet been met and that is why another project coming up.

From an operational and maintenance perspective, pump removal systems need to be installed in a couple areas to help get some of the pumps out. Modifications to handrails, platforms, and lighting are recommended in order to make it easier to maintain the equipment. Operator screens must be made to be more user-friendly, valves and gauges must be more accessible, and the feed water chemical transfer system must be improved.

Mr. Czerski stated that to avoid hauling sludge the incinerators, boiler and feed water system need to work. The feed water chemical transfer system allows staff to retrieve the chemicals to treat to water.

Engineering is finalizing documentation. Reliable equipment that is robust, upset resistant, and in some cases, redundant is important. Improvements are needed in the process lines, valves and some pumps. From a building standpoint, the process and floor drainage need to be improved. The operator control room is sometimes subjected to odors and the odor removal is being addressed.

From a staffing standpoint, an analysis revealed the need for modifications to job descriptions and the table of organization; additional training outside of vendor training will also be required.

Contingency plans will be developed for specialty repairs, such as boilers and the turbine. The specialty contracts are about 25% complete.

Mr. Czerski stated that from a budget standpoint, they need to develop the maintenance budget and determine how much the contracts will cost. There is an asset database. The bill of materials must be finalized for the database. Note that there are approximately 1,200 electronic instruments and 1,200 mechanical instruments that must be maintained.

The warranty process is in place. Standard maintenance and lock-out/tag-out procedures must be developed.

To simplify some data collection, some of the information from the equipment will be automated.

The Renewable Energy Facility is the most complex piece of automation ever installed at the District.

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Mr. Czerski stated that there are many parts to maintain the REF. Engineering procures spare parts and staff must evaluate the lead time parts to make sure something is available when needed.

Mr. Czerski stated that URS Corp. was hired to identify staffing and training requirements, and to develop the maintenance contracts.

Contract SSA-1 will help fix operator concerns by making the screens more user-friendly, but it also is one of the contingencies for keeping the automation running until there are long-term contracts in place. He explained that this piece is critical because the facility is so highly automated.

The REF is projected to realize a total projected energy savings of \$3 million per year.

Mr. Brown stated that he was trying to reconcile the return on investment (ROI) as it relates to the useful life of the facility. Ms. Rotunno advised that the useful life in the facility is expected to be 20 to 50 years. In terms of ROI it is important to understand that burning sludge was part of the District's business model prior to the REF. The REF will generate electricity and burn sludge more efficiently without gas, and produce \$3 million per year in projected utility cost savings.

Executive Director Ciaccia explained that the multiple-hearth incinerators were beyond their useful life, were dangerous and had to be replaced. The new projects were not purely driven by ROI.

Mr. Brown questioned how staff will perform predictive maintenance on the large amount of instrumentation. Mr. Czerski advised that SSA will be available to respond to most immediate needs. Staff is looking to put together a maintenance contract to go out on an annual basis to calibrate the instruments.

Mr. Brown inquired regarding the timeline to develop annual lock-out/tag-out procedures, which are a critical component of maintaining a safe environment. Mr. Czerski explained that under the MACT, Black & Veatch will put together a team to create a program and go through the critical assets within about six months. The District currently follows its own policy on lock-out/tag-out procedures.

Mr. Brown stated that he has an interest in that topic and he would like Mr. O'Malley to take the lead on that issue until there is a resolution. Mr. O'Malley stated that the lock-out/tag-out should be in place right off the bat. Safety for the manpower in the plants and equipment is the first thing to take care of.

2. Program Management Status Report and Update – August 2014

Ms. Rotunno acknowledged the efforts of staff contributing towards the success of the REF.

The District currently has 116 projects in its Capital program; 47 are related to plants, 32 are related to the Combined Sewer Overflow program or Project Clean Lake and 37 miscellaneous projects. The award value is nearly \$20 million in planning phase projects, \$175 million in design and \$838 million in construction for a total of over \$1 billion in active projects.

The three phases of the Capital program are planning, design and construction.

The planning efforts are the 2015 Capital planning. The estimated budget is \$225 million. This is a large process that begins six months in advance with tremendous interdepartmental coordination.

Ms. Rotunno advised that the consent decree program performance compliance is in the planning stages as well. The planning group is managing the co-benefits analysis, which is targeted to be delivered by April 15, 2015, to the US EPA and they recently developed flow monitoring standards and updated the hydraulic models.

The advanced facilities planning project has completed an analysis of future tunnel systems and optimized the sizes and components to identify significant cost savings. Hundreds of millions of dollars are being identified through the project as potential cost savings on the CSO program.

Ms. Rotunno advised that a technical analysis is being performed on the integrated planning strategy. The technical components are to support the business case evaluation. Staff has to estimate the extent of non-CSO water quality issues in the region and estimate the cost to mitigate them.

Members of Ms. Rotunno's staff and Marlene Sundheimer, Director of Law, traveled to Columbus to get clarification on about alternative delivery methods under consideration to optimize design-build as a potential procurement vehicle.

The Dugway Storage Tunnel bids were opened on September 10. The project had a budget of \$179 million but the apparent low bid came in at \$153 million, although it is still being vetted. The RFP for the Doan Valley Tunnel was issued and the design process is beginning on the next tunnel system.

Ms. Rotunno advised that green infrastructure projects are going into the construction phase, including the one authorized today for the urban agriculture innovation zone. The East 140th relief sewer design project was a product of the Watershed Programs and Engineering & Construction departments working together to optimize the use of traditional infrastructure in

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conjunction with green infrastructure for cost savings. 10% to 15% of the cost may be saved on that project due to an optimization of gray infrastructure and adding sewer separation and green infrastructure.

Construction continues on the \$36 million aerated grit project. The building is taking shape and staff is verifying the water tightness. The Dugway West Interceptor Relief Sewer is the project that precipitated the Good Neighbor Ambassador Program because it is taking place throughout the east side. The first successful microtunneling run was conducted with 16 or 17 more to come.

In terms of finances, Ms. Rotunno advised that cash flow is at \$106 million for this month compared to the projected \$126.3 million. Cash flow has lagged projections since the cold winter prevented construction work proceeding as planned.

Moving to Key Performance Indicators (KPI), project designs are being delivered on time and \$37 million was identified in value engineering savings for the MACT. Estimates are averaging 1.5% below the engineer's estimates. Construction projects are being bid and completed on time. Two projects have closed out and met the KPI of less than 95% of the original contract amount. Business Opportunity Program cash flow has improved.

Mr. Brown stated that at an appropriate time he would like to better understand the microtunnel technology. The ground conditions suggest the geotechnical work is good. Ms. Rotunno stated that microtunneling is similar to traditional tunneling that was performed at Euclid Creek and is remote-controlled.

Mr. Brown stated that the integrated planning study considers recalibrating assumptions and hopefully having a positive effect on the cash outlay required to comply with the Long-Term Control Plan. He advised that the Board would like to know what is being learned as a result of the engagement when certain milestones are met.

Executive Director Ciaccia advised that the advanced facility planning is reestablishing some of the criteria that went into the Long-Term Control Plan. Integrated planning will be the opportunity to assess other Clean Water Act obligations and perhaps discuss the current structure of the consent decree with the federal government.

VII. Open Session

There were no matters for Open Session.

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 an employment appointment and real estate acquisition. Discussion of the matter in Executive Session are permitted as specific exemption to the public meeting act pursuant to Ohio Revised Code section 121.22(G)(1) and (2). I specifically designate matters discussed in executive session to be protected from public disclosure in accordance with Ohio law and the attorney-client.

A roll call vote was taken and by the motion passed unanimously. The Board met in Executive Session from 1:55 p.m. to 2:48 p.m.

X. Approval of Items from Executive Session

Resolution No. 218-14	Authorize the Appointment of Deputy Executive Director.
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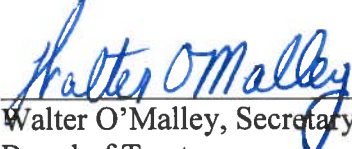
This resolution was **held**.

Resolution No. 219-14	Authorize Woodland Hills Green Infrastructure Settlement Agreement with Cherokee Demolition, LLC.
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MOTION – Mr. Sulik moved and Ms. Dumas seconded to adopt Resolution No. 219-14. 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. Mayor Bacci moved and Mr. O’Malley seconded the motion to adjourn at 2:49 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