

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
SEPTEMBER 21, 2017

A Regular 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
T. DeGeeter
J. Bacci
J. Ciaccia
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 7, 2017, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

There were no items.

IV. Chief Executive Officer's Report

CEO Dreyfuss-Wells began her report by announcing that the District issued its wastewater improvement bond refunding on September 19.

Kenneth J. Duplay, Chief Financial Officer, advised that the District refunded nearly \$225 million of the 2013 bond issue and only a small portion of it is still outstanding. In terms of cash flow, the District saved \$26 million, or approximately \$1 million per year through 2043 in debt service through the refunding.

Constance Haqq, Director of Administration & External Affairs, noted that the District held its annual open house on September 16 at EMSC and Southerly. Roughly 1,000 people took a tour of Southerly. This year's open house included a Business Opportunity Program certification workshop for small minority-owned and women-owned businesses.

CEO Dreyfuss-Wells stated that the District continues to implement Operational Readiness staff additions to the leadership level.

James Bunsey, Chief Operating Officer, stated that the District has filled five key positions within Operations & Maintenance. The individuals selected enabled the retention of internal District knowledge and to gain external knowledge. Three of the positions were very specific to helping with the Operational Readiness Assessment and Improvement.

Mr. Bunsey explained that the person chosen for the Deputy Chief Operating Officer position has over 35 years' experience as a professional engineer and has advanced knowledge of wastewater treatment plants and consent decree understanding. This position will be responsible for driving the Operational Readiness Program and assisting Southerly staff to organize and implement that program. The Operations & Maintenance Department is about 50% of the District annual budget and Southerly is about half of Operations & Maintenance.

Frank Foley, Director of Operations & Maintenance, further announced that the District has named Tom Madej one of the two Deputy Director positions in Operations & Maintenance. Mr. Madej will be responsible for technical services, including maintenance services, process control and automation, asset management and health and safety. Mr. Madej has been with the District since 1999.

The second Deputy Director of Operations & Maintenance position has been filled by Tracey Phelps, who is an external hire and will be responsible for Southerly. Mr. Phelps had been employed with the City of Columbus in similar positions.

Mr. Foley advised that Kevin Zebrowski has been named Southerly Superintendent and Kathryn Crestani will be the Enterprise Biosolids and Residuals Superintendent and will be responsible for the Renewable Energy Facility.

Concluding the report, CEO Dreyfuss-Wells congratulated the Human Resources Department as the District received the 2017 North American Candidate Experience Award from the Talent Board. The District's job application experience was rated very highly among over 2,000 candidates.

V. Action Items

Authorization to Advertise

Resolution No. 278-17

Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for HVAC/R Maintenance Services at all District facilities with an anticipated expenditure of \$1,500,000.00.

MOTION – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution No. 278-

17. Without objection, the motion carried unanimously.

Authorization to Purchase

Resolution No. 279-17

Authorization to Purchase of desktops, laptops, and peripheral hardware from Dell Marketing, L.P. under the Ohio State Term contracting program in the amount of \$284,205.00.

MOTION – Mr. Sulik moved and Mayor DeGeeter seconded to adopt Resolution No. 279-17. After the following conversation and without objection, the motion carried unanimously.

Mr. Brown wanted to understand how this purchase fits into the modernization of tools and the portability that goes beyond laptops that are an integral part of making staff more efficient. Scott Horvath, Senior Manager of IT Infrastructure & Security, explained that this purchase is part of the annual refreshing of laptops and desktops and includes new models that provide better functionality. The District is moving towards enterprise Wireless and is conducting a pilot and staff expects to extend the pilot group in the next few months.

Authorization to Enter into Contract(s)

Resolution No. 280-17

Authorization to Enter Into Agreement with the Ohio EPA and the Ohio Water Development Authority to accept Water Pollution Control Loan Funds for the Doan Valley Storage Tunnel Project in the amount of \$142,320,000.00

Resolution No. 281-17

Authorization to Enter Into Contract with Quasar Energy Group for Skimmings Hauling and Disposal at all WWTPs in the amount of \$67,460.00.

Resolution No. 282-17

Authorization to Enter Into Contract with Chemtron Corporation for Confined Space Rescue Services in the amount of \$81,021.50.

MOTION – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution Nos.280-17 through 282-17. After the following discussion, the motion carried unanimously.

Addressing Resolution No. 280-17, Mr. Duplay advised that the loan specifically is for the Doan Valley Storage Tunnel for \$142 million and the District is getting an exceptional interest rate of 1.95%. The blended rate includes \$19 million that was 0% financed. The District will not get 1.95% financing on every loan but overall these loans will be lower than any bond funding and there is increased flexibility in terms of 30-year loans options.

Mr. Brown stated that is significant because it was part of the District's rate-making strategy and

it is important for the public to understand the fiduciary responsibility the Board and staff are exercising. The savings from this strategy affects rate structures now and in the future; the community should be apprised that the District is keeping its word in terms of financing to make sure the rate structure was managed in an affordable and efficient manner.

Moving discussion to Resolution No. 282-17, Mr. Ciaccia was interested in how the contract considers deployment because there are many confined space entries. He questioned whether this contractor will be on site for all combined space entries or on call. Mr. Foley explained that staff does not utilize a contractor for all confined space entries, but for certain types of entries that are higher risk, such as when the entrant has to be detached from the retrieval line at the bottom of a manhole. Staff plans these higher-risk entries in advance with the contractor.

Mr. Ciaccia noted that this is a risk-mitigation effort and should have a positive outcome with insurance. He inquired whether staff has had discussions with insurance providers on that topic. Mr. Foley indicated that he had not yet.

CEO Dreyfuss-Wells stated that Mr. Ciaccia raised a good point and staff will discuss it further.

Mr. Foley also noted that Carla DeSantis had been hired as the new Health and Safety Manager.

Authorization of Contract Modification

Resolution No. 283-17

Authorization to Modify Contract No. 15004372 with the Great Lakes Construction Company for the Mary Street Pump Station project to reallocate monies totaling \$150,844.94 from non-performed Bid Items to the General Allowance and to authorize a General Allowance in excess of 10% of the base contract price, excluding specific allowances.

Resolution No. 284-17

Authorization to Modify Contract No. 16005283 with Shook Construction Co. for the Westerly Wet Weather Facility Improvements project to add work scope that is necessary as a result of emergency work performed to repair a buried pipeline break.

MOTION – Mr. Sulik moved and Mayor Stefanik seconded to adopt Resolution Nos. 283-17 through 284-17. After the following discussion, the motion carried unanimously.

Referencing Resolution No. 283-17, Mr. Brown noted that the modification exceeds 10% general allowance. Devona Marshall, Director of Engineering & Construction, explained that this modification reallocates unused funds from specific bid items to the general allowance to be specifically used for unforeseen site conditions on the replacement of the sewer and authorizes the increase of the general allowance above 10%.

Mr. Brown noted that the Board asked for the addition of an item which deals with the education of the public on a range of water quality issues. In addition to combined sewer overflow impacting Lake Erie and the District's efforts to address these problems being transparent, it is also important to manage expectations in terms of what the District will do under the program and be clear about what does not get accomplished because there will still be pollution -- particularly stormwater-related.

2. Municipality Breakdown 2nd Half Final 2017 Certification and Certification of Direct Bill Delinquent Sewer Accounts to Cuyahoga & Lorain Counties

Mr. Sulik stated that Cleveland Heights has a very high number of delinquent accounts. Mr. Duplay affirmed and explained that Cleveland Heights' accounts and dollars are higher than normal because they transitioned to the City of Cleveland as a billing agent in January 2017. Customers were given time to pay their outstanding balances which were not converted to Cleveland and these are the outstanding balances that have not been paid since the beginning of the year.

Mr. Ciaccia stated that these were accounts that were going to be written off by Cleveland Heights and the District was not going to receive this money, and the District is certifying them now because they are direct customers. Mr. Duplay advised that this action is a final cleanup of the books of Cleveland Heights.

Ms. Dumas inquired whether Cleveland Heights separated overdue amounts from current amounts. Mr. Duplay affirmed that current amounts are billed through and collected by Cleveland on the District's behalf.

3. Program Management Status Report & Update – August 2017

Ms. Marshall stated that cash flow finished August at 87% of planned for the third consecutive month. Year-to-date cash flow is \$132 million and will likely end the year around 87%.

Moving to Key Performance Indicator (KPI) goals, in August staff resubmitted the Westerly Chemically-Enhanced High Rate Treatment Pilot Performance Report, which included a construction schedule for the final facilities and the construction of an additional tank for disinfection.

The District has now completed 7 of 8 consent decree milestones required in 2017 and is tracking to meet all 8.

Ms. Marshall advised that staff realized value-engineering savings on the Woodland Central Green Infrastructure Project and Kingsbury Run Culvert Repair Project. Design changes allowed staff to avoid hazardous material resulting in cost savings of \$1.5 million. The total of value engineering savings is far from the \$24 million goal for the year, but preliminary information indicates the final figure will be close.

The Easterly Secondary System Improvements Project reached substantial completion of within 90 days of planned and increased the plant capacity from 330 mgd to 400 mgd. The project is part of Control Measure-1 of the consent decree.

The District also closed out the Dugway West Interceptor Relief Sewer Project, which was one of the successful projects under Project Clean Lake -- closing under 95% of the total contract amount.

Ms. Marshall advised that the Dugway West Interceptor Relief Sewer Project also exceeded the Business Opportunity Program goals.

Moving to construction projects, Ms. Marshall advised that the First Stage Settling Improvements Project upgraded the ten existing settling tanks at the plant and constructed an additional settling tank to increase the First Stage capacity from 175 mgd to 215 mgd. Substantial completion is scheduled for November.

The Low-Voltage Replacement Project will replace outdated equipment related to the low-voltage electrical distribution system at Southerly. Final completion is scheduled by the end of the year.

The Dugway Storage Tunnel is progressing nicely and the notice to proceed was issued in July for the Doan Valley Storage Tunnel, which is the third tunnel under Project Clean Lake. The focus to date has been on preparing the main mining site at Ambler Park including relocation of buried electrical lines and establishing maintenance of traffic on Martin Luther King Drive.

Ms. Marshall stated that Martin Luther King Drive will be reduced from three to two lanes between North Park and Cedar and that will remain in place for the duration of this project, which will be four years. Additional lane closures will take place further north as the project progresses.

The two highlighted collection system projects will achieve the requirements of 5 control measures of the 25 overall in Appendix-1.

Ms. Marshall explained that the Superior Stones Canal CSO Improvement Project is underway. The District took ownership of two pump stations previously owned by the City of Cleveland because this was necessary to ensure control of the associated CSOs. There are major upgrades to the pump stations ongoing and the installation of a force main on Superior Avenue between West 9th and West 6th. Staff is preparing to start microtunnel operation on West Superior Road which should last a couple weeks. She acknowledged that this project is very inconvenient in terms of its impact on traffic but construction staff has worked very closely with the City of Cleveland to address traffic concerns.

Mr. Ciaccia inquired when the road will reopen regarding the Superior Stones Canal CSO Improvement Project. Ms. Marshall stated that the tunneling operation and associated work is expected to be six-weeks but she will get back to him if that also equates to reopening Superior.

Ms. Marshall explained that the District also took responsibility for the Mary Street Pump Station from the City of Cleveland, and that project will achieve full operation by the end of this year.

The Tunnel Dewatering Pump Station is not in operation as staff works through start-up and vibration issues at the facility. The contractor has not been paid since April for base work related to the pump station. Ms. Marshall advised that in August the pump manufacturer brought a third-party expert on site to perform evaluation. The findings of that evaluation did not have a clear path forward to resolve the issues. In response, District staff decided to take a more active role by engaging the design engineer with support of the contractor to take over trouble-shooting activities in a systematic approach to determine how to solve these problems and get the pump station running as soon as possible.

Troubleshooting continues with HVAC issues as well. A design issue was found in that regard but staff thinks it can be handled without major impacts. Final testing and start-up activities related to other items are ongoing.

Mr. Ciaccia noted that there are costs associated with troubleshooting and inquired whether the District's design consultants were involved. Ms. Marshall affirmed that staff engaged the design consultant.

Mr. Ciaccia questioned whether those costs related to the vibration issue would be passed on to the contractor. Ms. Marshall stated that it depends what the results of the findings.

Mr. Bunsey stated that staff has established a separate budget with the design engineer to consider these issues and make sure staff understands their costs so that amount can be applied to whoever the responsible party is at the end.

VII. Open Session

There were no items.

VIII. Public Session (any subject matter)

There were no items.

IX. Executive Session

There were no items.

X. Approval of Items Following Executive Session

Upon returning to open session, the Board considered three additional items:

XI. 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 1:24 p.m. Without objection, the motion carried unanimously.



Timothy J. DeGeeter, Secretary
Board of Trustees
Northeast Ohio Regional Sewer District



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