

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
NOVEMBER 5, 2015

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:30 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. Sulik moved and Mayor Bacci seconded to approve the minutes of the October 15, 2015, Board Meeting. Without objection, the motion carried unanimously.

MOTION – Mayor Bacci moved and Ms. Dumas seconded to approve the minutes of the October 15, 2015, Governance Committee 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 reported that staff continues to wait for the Ohio Supreme Court to issue their final ruling in the Stormwater Management Program (SMP) case in response to the opposition's

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request to reconsider the decision. He hopes that decision will be rendered during the next month.

Through the National Association of Clean Water Agencies (NACWA) the District continues to oppose a rider on an Environmental Protection Agency (EPA) appropriations bill that would mandate zero overflows into the Great Lakes, which would necessitate an additional \$16.5 billion investment on top of our current \$3 billion CSO program. So far it has not been removed and it is in the conference committee between the House of Representatives and the Senate.

CEO Ciaccia asked Constance Haqq, Director of Administration & External Affairs, to provide an update regarding outreach and the Sewer University initiative.

Ms. Haqq stated that “Sewer U” is an endeavor to help the public understand who the District is, what it does and will explain the history of sewers in Northeast Ohio and how wastewater is treated.

The program targets the public, communities and organizations such as nonprofits. One hundred twenty (120) people have signed up for the first event November 10th which will be followed by another on January 26th. The program will be conducted by Frank Greenland, Director of Watershed Programs, who does a very good job making complex material easy to understand. The program is another example of proactive community outreach explaining what the sewer system is about as another rate cycle approaches.

Mr. Brown was pleased and stated that the District cannot talk enough about what it does, why it does it and the ramifications and costs associated with such actions.

Returning discussion to the previously mentioned EPA rider, Mr. Brown stated that he does not consider it a small issue until it has been removed from the appropriations bills. The District struggles to implement the costs associated with a \$3 billion program and an additional \$16 billion would have major impacts to the region and economy.

Mr. Brown advised to not take the issue lightly and even though there seems to be a quiet campaign against it. The Board should get on the record as an organization about its concerns about what it would do to the economy and ratepayers in the region so they know they are standing up for their interests.

CEO Ciaccia recommended going on the record with a joint opinion piece to *The Plain Dealer*.

V. Action Items

Authorization to Issue Request for Proposals (RFPs)

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Resolution No. 267-15

RFPs for Services in Carrying Out a Study of the Renewable Energy Facility Administration, Planning, Operations, Maintenance and Capital Program.

MOTION – Mayor DeGeeter moved and Mayor Stefanik seconded to adopt Resolution No. 267-15. After discussion and without objection, the motion carried unanimously.

Mr. Brown stated that assessment of things such as size, energy, material and staffing seem after the fact. He asked why such an RFP is being issued now. CEO Ciaccia explained that when he joined the District in 2007, this facility was already designed. When Chief Operating Officer (COO) Rotunno joined the District as Director of Engineering & Construction, they contemplated whether the technology was appropriate. Ultimately it was determined to go forward with the finalization of the design of the incineration facility, but add the ability to generate energy from the process.

Since that time a lot has been learned. CEO Ciaccia stated that if he had it to do over again the project would have been on a design-build-operate basis because in retrospect the District was not completely in a position to effectively operate it.

COO Rotunno advised that this was the right technology to install and it is currently generating electricity and saving natural gas consumption. However, the facility is not fully optimized and not saving to its potential. Currently the District is saving about \$250,000 in natural gas annually and generating \$643,000 in electrical cost savings that otherwise would be purchased. The potential savings could be as much as \$2 million annually. The RFP is to pursue over \$1 million in annual operational savings and streamlining operations to get that return on investment.

Mr. Sulik inquired whether that was the net savings? COO Rotunno stated that is using the facility as currently operated. This is about improving the quality of the sludge and optimizing the incineration temperatures and sludge feed rates. The hope is streamlining would not necessarily result in additional costs because it would be paid for by realizing additional cost savings.

Authorization to Purchase

Resolution No. 268-15

Direct Purchase, On an As-Needed Basis, Moyno Pump Replacement Parts Used at All Wastewater Treatment Plants from Sole Source Vendor Moyno Industrial Products. Cost: Not-to-Exceed \$100,000.00.

Resolution No. 269-15

Direct Purchase, On an As-Needed Basis, Moyno

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Pipeliner Replacement Parts Used at All Wastewater Treatment Plants from Sole Source Vendor Schultz Handling Equipment. Anticipated Expenditure: \$100,000.00.

MOTION – Mr. O’Malley moved and Mayor Bacci seconded to adopt Resolution Nos. 268-15 through 269-15. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Agreement

Resolution No. 270-15

One-Year Agreement with the United States Geological Survey for the Operation and Maintenance of Stream Gages in the District’s Service Area. Cost: Not-to-Exceed \$197,500.00.

Resolution No. 271-15

Agreement with Kurtz Brothers, Inc. to Conduct a Sewage Sludge Incinerator Ash Pilot Project. Cost: No Cost to the District.

MOTION – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution Nos. 270-15 through 271-15. After discussion and without objection, the motion carried unanimously.

Mr. Brown inquired how the District reached this agreement with Kurtz Brothers. CEO Ciaccia explained that approximately one month ago individuals from Kurtz Brothers approached the District to discuss, in general, opportunities for a public-private partnership similar to others they have done in the state with wastewater utilities.

CEO Ciaccia advised that for some time the District has attempted to get Ohio EPA to classify its ash for reuse but so far has been unable to do so. Kurtz Brothers, on the other hand, has been able to get their ash received from other entities to be reutilized. The discussion revolved around how they might create an opportunity to partner with the District to reuse that ash, because currently it is landfilled at cost to the District.

COO Rotunno stated that the ash is handled multiple times, which causes carbon emissions. Eliminating such handling is part of an overall attempt to manage the District’s solids portfolio, reduce its carbon footprint and find better ways to manage waste products.

CEO Ciaccia advised that there is no cost to the District and there is no commitment at this time beyond giving them the ash.

Mr. Brown stated that it sounds like they do not want the product until it is ash so the handling

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will continue. He continued to inquire whether there is a term or duration for this agreement. Additionally, the District needs to determine whether giving ash away is advantageous. CEO Ciaccia stated that it is to be determined; the first thing is to evaluate the viability of repurposing the ash.

Mr. Brown asked for some term, after which the Board is given some indication as to what was learned.

Authorization to Enter Into Contract

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| Resolution No. 272-15 | Professional Services Contract with AECOM, HzW Environmental Consultants, LLC and Partners Environmental Consulting, Inc. for Environmental Consulting Services in Support of the District's Capital Improvement Program. Contract Amount: \$750,000.00 per Consultant for a Total Contract Price Not-to-Exceed 2,250,000.00. |
| Resolution No. 273-15 | Five-Year Contract with Case Western Reserve University for Amphibian Mitigation and Monitoring Services. Cost: Not-to-Exceed \$93,912.00. |
| Resolution No. 274-15 | Two-Year Professional Service Contract with HDR, Inc. for the SSA-2 Support Services for Automation Project. Cost: \$1,000,000.00. |
| Resolution No. 275-15 | Two-Year Requirement Contract with K.A. Steel Chemicals, Inc. for Sodium Hypochlorite Solution Used at All Wastewater Treatment Plants. Cost: \$871,770.00. |
| Resolution No. 276-15 | One-Year Requirement Contract with Polydyne, Inc. for Centrifuge Polymer Used at the Southerly Renewable Energy Facility. Cost: \$1,109,074.68. |
| Resolution No. 277-15 | One-Year Requirement Contract with PVS Technologies, Inc. for Ferric Chloride Solution Used at All Wastewater Treatment Plants. Cost: \$326,400.00. |

Resolution No. 278-15

Two-Year Requirement Contract with Robinson Pipe Services, Inc. for Industrial Cleaning Services at All Wastewater Treatment Plants and Jennings Junction Chambers. Cost: \$148,494.50.

MOTION – Mayor Stefanik moved and Mr. O’Malley seconded to adopt Resolution Nos. 272-15 through 278-15. After discussion and without objection, the motion carried unanimously.

Referencing Resolution No. 272-15, Mr. Sulik inquired whether the program has changed much since the last capital improvement study. James Bunsey, Director of Engineering & Construction, explained that the resolution would continue general environmental services for new projects beyond the environmental services currently utilized. A consultant is under contract now, and this would be a continuation under a new set of contracts.

CEO Ciaccia advised that these are support contracts to perform various environmental assessments associated with projects during design and construction. Such contracts were in place before and this is a continuance of the multiple environmental contracts to support the capital program.

Mr. Brown asked whether this is like a general services contract. Mr. Bunsey affirmed and explained that generally professional services contracts are time and materials, but they are task-oriented and every time they are needed for a scope of services it is negotiated and monitored as a task level.

Mr. Brown questioned whether the Board would have to authorize any expenditure over \$750,000 per consultant, which Mr. Bunsey confirmed.

Mr. Sulik inquired regarding the anticipated life of the contract. Mr. Bunsey anticipated all three contracts being three years each.

COO Rotunno clarified that these services were previously embedded in all capital projects as part of the design consultants’ scope of services. Due to a change in philosophy at the District, it was determined to pull the environmental aspects of those projects away from design to have tighter control and better quality over those services if they were managed by a regulatory compliance department.

Moving to Resolution No. 273-15, Mr. Brown inquired whether the habitat is being disturbed and whether another one will be created for them. Mr. Greenland explained that in and around the Nine Mile construction site were some wetlands which were disturbed by District construction activities. A requirement from the Ohio EPA and Army Corps of Engineers is to mitigate the impacts of the wetlands and reestablish the species of salamander at the site. Salamanders on the site are indicative of higher quality wetlands. We are in a 10-year monitoring

cycle under our permit. This is the second 5-year cycle of monitoring salamander habitat to see if we have restored the wetlands and demonstrated that this species of salamander has been reestablished.

Authorization of Contract Modification

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| Resolution No. 279-15 | Final Adjustment of Contract No. 12002018 with Shook Construction Company for the Southerly Wastewater Treatment Center Primary Treatment Improvements Project. Cost: A Decrease in the Amount of \$2,301,652.38 Bringing the Total Contract Price to \$40,168,977.12. |
| Resolution No. 280-15 | Final Adjustment of Contract No. 14000931 with HDR Engineering, Inc. for the Mary Street Pump Station Upgrade Project. Cost: An Increase in the Amount of \$493,770.00 Bringing the Total Contract Price to \$2,214,028.00. |
| Resolution No. 281-15 | Modify the Existing Support Service Contract with ERP Recruiting, LLC for the Professional Services of Brian Lezak, Oracle Financial Functional Consultant. Cost: An Increase in the Amount of \$150,020.00 Bringing the Total Contract Price Not-to-Exceed \$200,000.00. |
| Resolution No. 282-15 | Modify Contract No. 15002419 with Ernst & Young, LLP for Consulting Services Associated with the District's Oracle eBusiness and Work and Asset Management Integration Project. Cost: An Increase in the Amount of \$8,000.00 Bringing the Total Contract Amount to \$187,600.00. |

MOTION – Mr. O'Malley moved and Mayor DeGeeter seconded to adopt Resolution Nos. 279-15 through 282-15. After discussion and without objection, the motion carried unanimously.

Referencing Resolution No. 280-15, Mr. Brown questioned why rather than increasing pump capacity staff plans to use in-line storage and attenuation, which ultimately assumes more risk. Mr. Bunsey clarified that the resolution is a contract modification and not a final adjustment, as indicated on the agenda. The original understanding through preliminary modeling was that there would be an inflow of 10 million gallons per day. It turned out to be 18 million gallons per day. The differential would have been cost prohibitive to solely rely on additional storage and pump capacity at the location. Additional storage inside the surface area was utilized.

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Mr. Bunsey explained that originally staff only intended to rehabilitate the Mary Street Pump Station from the foundation up and replace the pumps. Since the capacity and inflow changed, staff went with a hybrid system allowing 60% of design. Part of the additional fee for services is because changing to a hybrid approach on pumping that saved over \$3 million on the overall construction.

Mr. Brown stated that the sanitary side may present challenges. From a planning perspective the District must make sure it has adequately sized the facility, whether done through in-line storage or a hybrid approach. Mr. Bunsey stated that he would form a small presentation to show the basis for staff's decision.

Ms. Dumas questioned the basis of the 10 million gallons estimate because it was off by a wide margin. Mr. Bunsey advised that the original capital improvement program number was closer to 6 million. There was no predesign or facility plan because it was a pump station assumed from the City of Cleveland. The planning number was very low and that was the basis for the original engineer's negotiated amount for design and construction.

Mr. Brown stated that as rainfall patterns change adding capacity should be discussed in the future. Doug Lopata, Manager of Design, advised that increasing the pumps to 18 MGD would not have worked downstream. Pumping to the top of the hill would have caused problems with overflows at the top if staff would have added it to the existing system.

Moving to the in-line storage question, he advised that staff is blocked in the system by the river elevation. There were tight flex valves in the system, which prevent the river from coming back into the system. We are utilizing the empty space behind the flex valves for storage and then pump that flow out as the storm attenuates in the existing SWO.

Mr. Brown stated the need to understand the long-term plan. He indicated that this is the same system that runs along Lakeside and across the old stadium. Mr. Bunsey indicated that staff would prepare something for the Board.

Mr. Sulik requested an explanation for Resolutions 281-15 and 282-15. COO Rotunno advised that the Oracle system as a whole is stable. This particular project is working to better integrate the business side (EBS) with the work order management system (WAM), which is used by Operations. There were challenges with the initial Oracle upgrade that resulted in disconnects between WAM and the Oracle EBS system. This project has rectified that problem.

When Oracle was upgraded a few years ago, there was some disconnect in that the information was not being translated. As a result of those problems, staff undertook the integration to make that connection tighter and more direct. This modification is to provide another week of testing to make sure the upgrade and integration between those two systems is working.

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Mr. Brown inquired whether the resolution was for a service or personnel. CEO Ciaccia noted that one is for a resource individual and the other is for a person.

Jackie Williams, Manager of Procurement Services, advised that the District hired Brian Lezak a couple months ago to assist with the Oracle system in terms of purchasing, iProcurement, iSupplier, the negotiations module, work order management and inventory. Mr. Lezak has worked out well for the District by helping configure things properly. Mr. Lezak's services are needed to assist with further Oracle projects.

Authorization to Pay Fees

Resolution No. 283-15 Authorize Expenditure to the Treasurer, State of Ohio for the Ohio Environmental Protection Agency Annual Discharge Fees for All Wastewater Treatment Plants. Cost: \$129,400.00.

MOTION – Mayor DeGeeter moved and Mayor Stefanik seconded to adopt Resolution No. 283-15. After discussion and without objection, the motion carried unanimously.

Property-Related Transaction

Resolution No. 284-15 Authorize Appropriation of One Permanent Sewer Easement Necessary for Construction of the Dugway West Interceptor Relief Sewer Project. Consideration: \$300.00.

Resolution No. 285-15 Authorize Acquisition of Five Parcels by Appropriation Necessary for Construction of the Union/Buckeye Green Infrastructure Project. Total Consideration: \$202,500.00.

Resolution No. 286-15 Authorize Acquisition of 14 Parcels by Appropriation Necessary for Construction of the East 140th Street Consolidation and Relief Sewer Project. Total Consideration: \$149,600.00.

Resolution No. 287-15 Authorize Easement Acquisitions Necessary for Construction of the Mary Street Pump Station Project. Total Consideration: \$2.00.

Resolution No. 288-15 Authorize One Fee Simple Acquisition Necessary for Construction of the East 140th Street

Consolidation and Relief Sewer Project. Total Consideration: \$9,900.00.

Resolution No. 289-15

Authorize Three Fee Simple Acquisitions, from the Cuyahoga County Land Reutilization Corporation, Necessary for Construction of the East 140th Street Consolidation and Relief Sewer Project. Total Consideration: \$3.00.

Resolution No. 290-15

Authorize Three Fee Simple Acquisitions Necessary for Construction of the Union/Buckeye Green Infrastructure Project. Total Consideration: \$121,500.00.

Resolution No. 291-15

Authorize Payment of Relocation Moving Benefit Associated with the District's Acquisition of Property Necessary for Construction of the Union/Buckeye Green Infrastructure Project. Consideration: \$2,104.00.

MOTION – Mr. Sulik moved and Ms. Dumas seconded to adopt Resolution Nos. 284-15 through 291-15. After discussion and without objection, the motion carried unanimously.

VI. Information Items

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

Ken Duplay, Controller, advised that District financials remain strong. Consumption and revenue are running ahead of budget. Expenses are within budget and are projected to be under budget by year-end. Financial metrics are being met and are expected to be fine with debt coverage and all other key metrics by year-end.

The District is spending through bond cash as expected. About \$260 million of the 2014 bond issue is currently invested and spent every month and should go into 2017 as planned. Investments are earning 0.71% return for the year.

VII. Open Session

There were no items.

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; a settlement agreement with the Illuminating Company and an update on the Riscatti litigation. After discussion and without objection, the motion carried unanimously.

The Board met in Executive Session from 1:22 p.m. to 1:51 p.m.

X. Approval of Items from Executive Session

Resolution No. 292-15

Authorizing Final Settlement of *Northeast Ohio Regional Sewer District vs. Illuminating Company, et al.*, Case No. CV-14-822545.

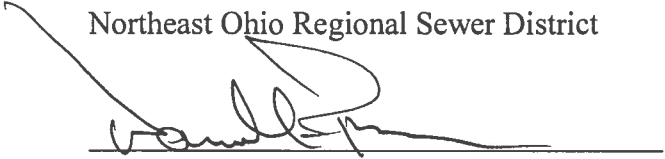
MOTION – Mayor Bacci moved and Mr. O'Malley seconded to adopt Resolution No. 292-15. After discussion and without objection, the motion carried unanimously.

IX. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved and Mr. Sulik seconded the motion to adjourn at 1:52 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