

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES
NOVEMBER 15, 2007

The meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:30 P.M. on the above date by President Brown.

A. Roll Call

PRESENT: D. Brown
D. DePiero
S. Kelly
T. Longo
G. Starr
R. Sulik

ABSENT: A. Liberatore

The Secretary informed the President a quorum was in attendance. Executive Director Ciaccia stated that Mr. Liberatore had a previous business commitment and was unable to attend today's meeting.

B. Working Session

The Secretary reported that the Board met in Working Session on this date beginning at 12:32 P.M. See the Working Session Summary for the November 15, 2007 Board of Trustees meeting (Attachment "1"). The Working Session adjourned at 2:47 P.M.

C. Executive Session

Mayor Longo stated that he understood that matters discussed in Executive Session are protected from disclosure pursuant to the Ohio Public Records Act. However, he moved to specifically designate the discussion regarding the *KMM&K v. Northeast Ohio Regional Sewer District* litigation as confidential pursuant to Ohio Revised Code Section 102.03(B). The motion

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was seconded by Ms. Kelly. Without objection CARRIED UNANIMOUSLY.

Moved by Mayor Longo and seconded by Ms. Kelly that the Board meet in Executive Session to discuss three (3) personnel matters and one (1) litigation matter, *KMM&K Joint Venture v. Northeast Ohio Regional Sewer District*. Without objection CARRIED UNANIMOUSLY. Thereafter the Board met in Executive Session from 2:50 P.M. until 3:38 P.M.

D. Approval of Minutes

Item 1 – November 1, 2007

Moved by Ms. Kelly and seconded by Mr. Sulik that the Minutes of November 1, 2007, be approved as circulated. Without objection CARRIED UNANIMOUSLY.

E. Major Projects

1. Intercommunity Relief Sewer Improvement Program

Item a – Authorizing and approving Southerly/Westerly District Interceptor Hydraulic Improvement Control SWDIHIC Change Order No. 3, Northeast Ohio Regional Sewer District Contract No. 3284. Cost: A decrease in the total contract price in an amount of \$235,800.34.

Executive Director Ciaccia indicated Bid Item Nos. 2.1, 5.1, 6.1, 6.2, 7.3, 8.1, 8.2, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19 and Change Order No. 1 were either partially or totally non-performed, thereby entitling the District to a credit. Approval of this change order has been recommended by the District's staff and by Brown and Caldwell Ohio, LLC, the consulting engineer.

MOTION - Moved by Mayor Longo and seconded by Ms. Kelly that the resolution be

adopted. Without objection CARRIED UNANIMOUSLY. Resolution No. 254-07.

2. Easements

Executive Director Ciaccia suggested the next three (3) resolutions be considered together. Without objection SO ORDERED.

Item a - Authorizing the District to accept one (1) permanent easement (DEIRS-EA15P) and one (1) temporary easement (DEIRS-EA15T) from the City of East Cleveland, necessary for construction of the Dugway East Interceptor Relief Sewer. Consideration: \$1.00.

Executive Director Ciaccia stated in order to implement construction of the Dugway East Interceptor Relief Sewer it is necessary to obtain one permanent and one temporary easement from the City of East Cleveland.

Item b – Authorizing the District to accept one (1) permanent easement (DEIRS-EA13P) from Myra L. Weatherspoon, necessary for construction of the Dugway East Interceptor Relief Sewer. Consideration: \$1,200.00.

Executive Director Ciaccia noted in order to implement construction of the Dugway East Interceptor Relief Sewer it is necessary to obtain one permanent easement from Myra L. Weatherspoon.

Item c – Authorizing the District to accept one (1) permanent easement (WIBCR-1P) and two (2) temporary easements (WIBCR-1T & -3T) from Channel Park Marina, Inc., necessary for construction of the Westerly Interceptor Box Culvert Replacement. Consideration: \$48,500.00.

Executive Director Ciaccia explained in order to implement construction of the Westerly Interceptor Box Culvert Replacement it is necessary to obtain one permanent and two temporary

easements from Channel Park Marina, Inc.

MOTION – Moved by Mayor Longo and seconded by Mr. Sulik that the foregoing three (3) resolutions be adopted. Without objection CARRIED UNANIMOUSLY. Resolution Nos. 255-07 through 257-07, respectively.

F. Operations

Executive Director Ciaccia suggested the next seven (7) resolutions be considered together. Without objection SO ORDERED.

Item 1 – Authorizing an increase in the appropriation for Northeast Ohio Regional Sewer District Contract No. 3341 with Crane America Services for additional inspection, preventative maintenance and as-needed emergency services of the cranes located throughout the District. Cost: \$50,000.00.

Executive Director Ciaccia indicated it is necessary to increase the appropriation for the existing contract with Crane America Services in an amount of \$50,000.00 to provide additional inspection, preventative maintenance and as-needed emergency service of the cranes located throughout the District as the maintenance on cranes located at the Cuyahoga Valley Lift Station and Southerly Wastewater Treatment Plant Headworks is exhausting the original contract amount.

Item 2 – Authorizing the purchase of 30,000 gallons of nitric acid solution on the open market in order to meet the District's requirements for a one (1) year period for use with the Thermal Conditioning Unit at the Southerly Wastewater Treatment Plant. Cost: Not to exceed \$40,000.00.

Executive Director Ciaccia stated because of market conditions it has been determined that open market purchase is the best method of obtaining the District's requirement of nitric acid solution for use with the Thermal Conditioning Unit at the Southerly Wastewater Treatment Plant.

Item 3 – Authorizing the taking of bids for a one (1) year requirement contract for the purchase of 100,000 pounds of liquid polymer for use with the sludge dewatering centrifuges at the Westerly Wastewater Treatment Plant. Estimated cost: \$220,000.00.

Executive Director Ciaccia noted adoption of this resolution would authorize the taking of bids for a one year requirement contract for the purchase of 100,000 pounds of liquid polymer for use with the sludge dewatering centrifuges at the Westerly Wastewater Treatment Plant. Upon receipt of bids, a recommendation will be made to the Board for award to the lowest, responsive, responsible bidder.

Item 4 – Authorizing the taking of bids for a three (3) year lease of Predictive Maintenance equipment and associated services at the Southerly Wastewater Treatment Plant. Estimated cost: \$200,000.00.

Executive Director Ciaccia explained adoption of this resolution would authorize the taking of bids for a three year lease of Predictive Maintenance equipment and associated services at the Southerly Wastewater Treatment Plant. Upon receipt of bids, a recommendation will be made to the Board for award to the lowest, responsive, responsible bidder.

Item 5 – Emergency resolution ratifying and approving the emergency construction services in conjunction with the Westerly Low Level Interceptor Repair Project and authorizing

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the thirteenth and final payment for services expended in said emergency to Triad Engineering & Construction Company, 7575 Northfield Road, Walton Hills, Ohio 44146. Cost: \$491,551.05.

Executive Director Ciaccia indicated an emergency existed in that it was necessary to immediately provide for emergency construction services in conjunction with the Westerly Low Level Interceptor Repair Project. Triad Engineering & Construction Company has performed the necessary repairs at a total cost of \$491,551.05.

Item 6 – Emergency resolution ratifying and approving emergency construction services in conjunction with the Mill Creek Interceptor Emergency Repairs Project (MCI-ER) and authorizing a third partial payment for services expended in said emergency to Nerone & Sons, Inc., 19501 South Miles Road, Warrensville Heights, Ohio 44128. Cost: \$247,162.82.

Executive Director Ciaccia stated an emergency existed in that it was necessary to immediately provide for emergency construction services in conjunction with the Mill Creek Interceptor Emergency Repairs Project (MCI-ER). Nerone & Sons, Inc., has performed the necessary repairs at a total cost of \$247,162.82.

Item 7 – Emergency resolution ratifying and approving the emergency in-progress design, construction administration and resident engineering services in conjunction with the Mill Creek Interceptor Project (MCI) and authorizing a sixth partial payment for services expended in said emergency to Wade-Trim, Inc., 1100 Superior Avenue East, Suite 1410, Cleveland, Ohio 44114. Cost: \$14,850.09.

Executive Director Ciaccia explained an emergency existed in that it was necessary to immediately provide for emergency construction services in conjunction with the Mill Creek

Interceptor Project (MCI). Wade-Trim, Inc., has performed the necessary repairs at a total cost of \$14,850.09.

MOTION - Moved by Ms. Kelly and seconded by Mr. Sulik that the foregoing seven (7) resolutions be adopted. Without objection CARRIED UNANIMOUSLY. Resolution Nos. 258-07 through 264-07, respectively.

H. Administration

Item 1 – Adopting the recommendation of the Executive Director regarding the application for Billing Errors/Adjustments of Michael Jadach, 6624 Gertrude Avenue, Cleveland, Ohio 44105, Account Number 01-184-383-006. Adjustment: \$300.67.

Executive Director Ciaccia noted he has reviewed said application, has determined it meets the requirements of the Sewer Use Code and recommends its acceptance.

MOTION – Moved by Mayor Longo and seconded by Mr. Sulik that the resolution be adopted. Without objection CARRIED UNANIMOUSLY. Resolution No. 265-07.

Item 2 – Amending Resolution No. 185-07, adopted by the Board of Trustees on July 12, 2007, which authorized the engagement of Walter & Haverfield LLP to provide legal and professional services to the Northeast Ohio Regional Sewer District by increasing the appropriation therefor. Cost: \$10,000.00.

Executive Director Ciaccia indicated it is necessary to increase the appropriation for said resolution in an amount of \$10,000.00 to provide for additional funds pursuant to the scope of work.

MOTION – Moved by Mayor Longo and seconded by Mr. Sulik that the resolution be

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adopted. President Brown requested a roll call vote. Roll Call Vote: YEAS: Brown, DePiero, Kelly, Longo, Sulik. NAYS: Starr. ABSTENTIONS: None. RESOLUTION PASSED.

Resolution No. 266-07.

Item 3 – Amending Resolution No. 137-07, adopted by the Board of Trustees on May 23, 2007, as amended by Resolution No. 168-07 adopted June 21, 2007 and Resolution No. 238-07 adopted October 4, 2007 which authorized the engagement of Calfee, Halter & Griswold LLP to provide legal and professional services to the Northeast Ohio Regional Sewer District by increasing the appropriation therefor. Cost: \$395,763.38.

Executive Director Ciaccia stated it is necessary to ratify and increase the appropriation for said resolution in an amount of \$395,763.38 to cover services included in the ongoing scope and in the change of the scope of work.

MOTION – Moved by Mayor Longo and seconded by Mr. Sulik that the resolution be adopted. President Brown requested a roll call vote. Roll Call Vote: YEAS: Brown, DePiero, Kelly, Longo, Sulik. NAYS: Starr. ABSTENTIONS: None. RESOLUTION PASSED.

Resolution No. 267-07.

Executive Director Ciaccia suggested the next two (2) resolutions be considered together. Without objection SO ORDERED.

Item 4 – Authorizing the extension of Northeast Ohio Regional Sewer District Contract No. 2826 with Medical Mutual of Ohio for medical, dental, vision and hearing coverage for District employees for an additional one (1) year period, commencing January 1, 2008. Cost: Not to exceed \$5,400,000.00.

Executive Director Ciaccia explained it is necessary to continue to provide medical, dental, vision and hearing coverage for District employees for an additional one (1) year period and to increase the appropriation therefor in order to cover the time before the District enters into a new contract.

Item 5 – Authorizing the extension of Northeast Ohio Regional Sewer District Contract No. 2825 with Kaiser Permanente for medical coverage for District employees for an additional one (1) year period, commencing January 1, 2008. Cost: Not to exceed \$1,740,000.00.

Executive Director Ciaccia noted it is necessary to continue to provide medical coverage for District employees for an additional one (1) year period and to increase the appropriation therefor in order to cover the time before the District enters into a new contract.

MOTION – Moved by Mayor Longo and seconded by Mr. Sulik that the foregoing two (2) resolutions be adopted. Without objection CARRIED UNANIMOUSLY. Resolution Nos. 268-07 and 269-07, respectively.

Item 6 – Authorizing the Executive Director to enter into a contract with St. Vincent Charity Hospital Occupational Medicine Centers, 2351 East 22nd Street, Cleveland, Ohio 44115, to provide occupational health services for District employees for a one-year period commencing January 1, 2008 through December 31, 2008. Cost: Not to exceed \$45,000.00.

Executive Director Ciaccia indicated it is necessary to provide 24-hour occupational health services on a 7-day per week basis for District employees.

MOTION – Moved by Mayor Longo and seconded by Mr. Sulik that the resolution be adopted. President Brown requested a roll call vote. Roll Call Vote: YEAS: Brown, Kelly,

Longo, Starr, Sulik. NAYS: None. ABSTENTIONS: DePiero. RESOLUTION PASSED.

Resolution No. 270-07.

Executive Director Ciaccia suggested the next four (4) resolutions be considered together.

Without objection SO ORDERED.

Item 7 – Authorizing and approving the District’s participation in The Cleveland Clinic Foundation Executive Physical Program for certain upper management personnel for the year 2008. Cost: Not to exceed \$40,000.00.

Executive Director Ciaccia stated that the knowledge of and provision for the good health of upper management personnel will promote a continuity of management improving the overall efficiency of District operations.

Item 8 – Authorizing the Executive Director to enter into a contract with The Center for Families and Children, 1468 West Ninth Street, Suite 125, Cleveland, Ohio 44113, to provide an Employee Assistance Program for a one-year period commencing January 1, 2008 through December 31, 2008. Cost: Not to exceed \$35,000.00.

Executive Director Ciaccia explained it is necessary to provide an Employee Assistance Program which will provide assistance to District employees during personal crises resulting in greater efficiency in the performance of their work-related responsibilities.

Item 9 – Authorizing the Executive Director to enter into a contract with Fort Dearborn Life Insurance Company for short term disability insurance and life insurance coverage for District employees for a one (1) year period, commencing January 1, 2008. Cost: Not to exceed \$660,000.00 for short term disability premium and \$45,000.00 for life insurance coverage.

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Executive Director Ciaccia noted it is necessary to provide short term disability insurance and life insurance coverage for District employees for a one year period.

Item 10 – Authorizing the Executive Director to enter into a contract with Vantage Financial Group, 6200 Rockside Road, Cleveland, Ohio 44131, to manage the District's Flexible Spending Plan for calendar year 2008. Cost: Not to exceed \$9,000.00.

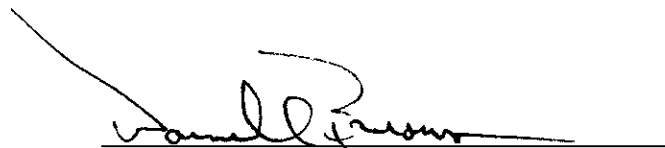
Executive Director Ciaccia indicated it is necessary to provide for management of the District's Flexible Spending Plan.

MOTION – Moved by Mayor Longo and seconded by Mr. Sulik that the foregoing four (4) resolutions be adopted. Without objection CARRIED UNANIMOUSLY. Resolution Nos. 271-07 through 274-07, respectively.

Stated business having been concluded, President Brown adjourned the Business Meeting at 3:51 P.M. The December 6 and December 20, 2007 Regular Meetings have been canceled. The next Regular Meeting is scheduled for December 13, 2007, with the Business Session beginning at 12:30 P.M.



Dean E. DePiero, Secretary
Board of Trustees
Northeast Ohio Regional Sewer District



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

ATTACHMENT "1"

**NEORS Board of Trustees Working Session Summary
November 15, 2007**

Item 1 – Public Participation

Mr. Brown asked if the District had been notified of anyone wishing to participate in the public participation section. Executive Director Ciaccia responded that no one had signed up to participate.

Item 2 – Change Orders

Executive Director Ciaccia indicated that item 2 is a deduct change order finalizing the District's Southerly/Westerly Interceptor Hydraulic Improvement contract. Executive Director Ciaccia elaborated that it is a \$235,800.34 deduct and that the staff recommended approval of the change order to close out the contract. Mayor Starr asked whether the contract was closed out, to which Executive Director Ciaccia responded this change order would complete the contract. Mayor Starr then inquired about specific language stating, "the following is a summary of non-performed work," and whether the language referred to money the District had paid out for work the contractor had not performed. Executive Director Ciaccia responded no; that there was an estimate of linear feet to be worked on (1,488) and ultimately the estimate was more than necessary. 852 linear feet were deducted from the total contract. The money was not paid out but remains on the contract. Mayor Starr then inquired how this was discovered; whether an internal audit was performed. Executive Director Ciaccia explained that the on-site construction supervisors track how many linear feet are worked on, which forms the basis for how much is paid. At the conclusion of the work the amount that has been done is compared against the estimate. Any amount remaining will be deducted from the contract for close-out purposes. Mayor Starr asked if Executive Director Ciaccia was referring to all nineteen items, to which Executive Director Ciaccia responded that he was. Mayor Starr asked if the amount was 31% over the original contract amount to which Executive Director Ciaccia responded that it was. There were no additional comments or questions from the Board.

Item 3 – Easement Item

Executive Director Ciaccia related that this easement relates to the Dugway East Interceptor Relief Sewer. Executive Director Ciaccia further explained that easements are needed to accommodate sewer construction. This easement is in East Cleveland and the consideration is One Dollar. There were no comments or questions from the Board.

Item 4 – Easement Item

Executive Director Ciaccia related that this easement also relates to the Dugway East Interceptor Relief Sewer. The property is located in East Cleveland and the owner is

Myra Weatherspoon. The assessed value is \$700 and the homeowner agreed to grant the easement for \$1,200. Executive Director Ciaccia requested Board approval for this amount to ensure that the project is kept moving. There were no comments or questions from the Board.

Item 5 – Easement Item

Executive Director Ciaccia related that this easement relates to the Westerly Box Culvert that will be constructed across the West Shoreway to the Westerly Wastewater Treatment Plant. There are three easements – one permanent and two temporary which have been assessed a value of \$48,500.00. The property owner, Channel Park Marina has agreed to that number. Mr. Sulik inquired whether the easements restrict the property owner from building on the property. Executive Director Ciaccia responded that the permanent easement will restrict the property owner from building. The temporary easements are for construction purposes only so when construction is concluded the easements will no longer exist. There were no comments or questions from the Board.

Item 6 – Proposed Increase in the Dollar Amount to Contract No. 3341 with Crane America Services

Executive Director Ciaccia related that the Board authorized this contract in the amount of \$54,000 at the beginning of this year. It is a two-year contract for services which were primarily intended to be inspection and preventative maintenance and to do emergency work as it might arise. Executive Director Ciaccia further related that there was significant emergency work completed with 79 District cranes. These are obviously very important pieces of equipment at our facilities. The entire \$54,000 was used to take care of the cranes. Executive Director Ciaccia requested the Board authorize adding \$50,000 to the contract to take it through next year, adding that staff does not anticipate any other major concerns. Staff anticipates the additional funds would be used for regular preventative maintenance and inspection as used in the past. Executive Director Ciaccia stated that staff requested the increase instead of going out for rebid because there would be a significant gap between the contracts if done that way and these services are critical. Executive Director Ciaccia then stated that Director of Operations Tim Tigie would elaborate. Mr. Tigie stated that in this instance the amount of repairs was not anticipated.

Mr. Brown followed with questions, the first confirming whether the amount of cranes the District has is 79. Mr. Tigie confirmed that there are 79 cranes. Mr. Brown then asked the ages of the cranes. Mr. Tigie responded that they go back to the date of the process building that they were built in. Some of the cranes could be as old as from 1978, therefore 25 to 30 years old. Mr. Tigie also stated that on the next item there would be a picture of one of the cranes, which is a 30-ton crane. Some of the cranes are in the pump stations and some may be fairly new because the process may have just been built. Ultimately there is a varying degree of age. Mr. Brown then inquired whether the use of the cranes is to take instrumentation and or parts of the pump apparatus in and out as they need to be operated or maintained. Mr. Tigie responded that was correct. They

are used for heavy equipment and that some are just monorails with electric hoists that are used to pull equipment up. Mr. Brown then asked if the 79 cranes are in good working order, to which Mr. Tigie responded that they are and that is why the allowance was used to keep them in working order. Mr. Brown then asked if the additional allowance was for general repair, to which Mr. Tigie responded yes. Mr. Brown then asked about inspections of the cranes, to which Mr. Tigie responded that there are annual and semi-annual inspections, depending on the equipment. Most are annual, but some of the larger equipment requires inspection twice a year. Mayor DePiero asked if this is a contract that comes up for bid every two years, to which Mr. Tigie responded that was correct and that we are ten months into a 24-month cycle. Mayor DePiero then asked whether an increase in expenses should be anticipated because of the age of the machines. Mr. Tigie responded that most of the concern is with the cranes that are outside, like at the Southerly Headworks, because of the concrete and the u-clamps that put the rails to the concrete beams. He elaborated that most of the cranes are inside and that they watch to make sure there is no rusting or problems with the shims or anything that supports the rails. There were no additional comments or questions from the Board.

Item 7 – Proposed Advertising for Bids on a Three-Year Requirement Contract to Lease All Required Equipment for Predictive Maintenance at the Southerly Wastewater Treatment Plant

Executive Director Ciaccia stated that this resolution will allow the District to lease on a three-year requirement basis certain predictive maintenance equipment. He further stated that this relates to asset management which the District will be exploring more in the future. This is a perfect example of the type of tools that will be used in carrying out more comprehensive asset management throughout the District. At Southerly they have been using this equipment on a pilot basis for a few years and it has worked out very well. Executive Director Ciaccia then stated that Director of Operations Tim Tigie would elaborate.

Mr. Tigie stated that Southerly has been a leader in the Operations and Maintenance group as the best example of using asset management at the plants. Certain pieces of equipment have been tested there to demonstrate thermography, vibration analysis and oil testing. Starting out small, on a system that had not been used previously, the leasing began in 2002 by putting more detailed sensors on critical assets. Mr. Tigie elaborated that a lot of preventative maintenance is performed but predictive maintenance is something that requires conditioned based assessment information; data that is constantly being reviewed and trended. He stated that staff would like to expend this practice to add more equipment and still lease for a set period of time, at this point three years to determine if it should be done District-wide, which would be the next big step. Mr. Tigie used the analogy of getting Southerly up to walking instead of crawling. The report shows that if problems with equipment are fixed early on it would save money than if we waited until the equipment failed and we had to wait for it to be rebuilt. Mr. Tigie referenced pictures of critical assets at Southerly, the first being an induced draft fan for the incineration process. He stated that the fans and the motor are not big but the process is important because it relates to multiple hearth incineration. The second picture

related to the Cuyahoga Valley Interceptor lift station pumps. Mr. Tigie stated that they are 800-horse power and very important because the lift station has to run to prevent overflow. There are five pumps on which sensors will be installed. Mr. Brown asked whether over time the pumps lose some of their capacity. Mr. Tigie responded that he did not think that the wear of the pump would be considered, but that they would be looking for vibration of the shaft of the pump. The sensors are for instrumentation and not physical wear of the actual impeller of the pump. The next picture was of the second stage lift station which contains very important pumps. Mr. Tigie stated that there are five of them and those are the ones that are being monitored now. He elaborated that they would like to keep them on and add more sensors. He then described several more pictures which included the first stage compressors. They are 1250-horse power motors with 25,000 CFM of air delivered, which makes them very important to the biological process at the first stage. Next were the second stage blowers. They are twice as large at 3,000-horse power and 50,000 CFM and are being trended right now in the data. Mr. Tigie summed up that these are critical assets, comprising about 23 actual physical pieces of equipment on which the motor and pump and bearings in between will be sensed for each.

Mr. Brown asked whether the structural element is being considered more so. Mr. Tigie asked George Schur, Southerly Assistant Superintendent, if that was a fair assessment. Mr. Schur responded that the sensors will pick up everything, including axial and radial movement of the shafts, and monitor motor currents at a high resolution. He elaborated that a lot of faults will be picked up before they cause damage and in fact a lot of money has been saved because potential problems have been caught before they happened. Mr. Brown asked about the goal in predictive maintenance, whether we are getting to a point where parts are replaced before they fail based on a useful life assessment of some sort. Mr. Schur responded that was correct and that they compare it to a trend, that historical data is associated with this practice. Ms. Kelly then asked what the process is for notifying staff if there is a failure or a problem. Mr. Tigie responded that notification is by e-mail. In response to Ms. Kelly's description of the notification being of a failure or a problem, Mr. Tigie stressed that generally the notification occurs prior to an actual failure because the sensors are detecting at a very high level. Mr. Brown then asked if any of this information is in a SCADA system somewhere. Mr. Tigie replied no, and that we are leasing the equipment. Mr. Brown replied that if we had a SCADA system then the alarms would go similarly, an e-mail, a cell phone or something. Mr. Tigie clarified that there are existing alarms on all of the pumps now, all of the equipment. They do get SCADA alarms all of the time, but that is too close to failure, too close to a major problem. He elaborated that the sensors will allow staff to use data to send to the vendors of the pumps to help in diagnosing a problem well in advance of a major shutdown. Mr. Brown agreed.

Mayor Longo asked how long staff has been using these methods. Mr. Tigie replied that Southerly has been using it since 2002. Mayor Longo then asked how staff plans on implementing additions to the system, whether it would be done wholesale or done in small increments. Mr. Tigie responded that the long-term view is to look at all three Plants, including Easterly, Westerly and the pump stations and determine what the critical

assets are. The big question now is whether the District should own or continue leasing. This consideration relates to capital, because right now there are no capital costs. Mayor Longo asked whether any thought had been given to how this would be implemented. Mr. Tigie responded that once the testing is done at Southerly, enough will be learned to do the whole plant and then the whole District. Mayor Longo declared it interesting. Mr. Tigie replied that was his suggestion. Executive Director Ciaccia stated that the key is that this all rolls into the asset management project that is being worked on. Mr. Tigie added that he wanted to thank Patricia Martinak, the Plant Engineer who has been working with George and the Southerly staff on this. There were no additional comments or questions.

Item 8 – Proposed Payment No. 13 to Triad Engineering and Contracting, Inc. for Emergency Construction Services relative to the Westerly Low Level Emergency Repairs Project

Executive Director Ciaccia stated that this item is progress payment number 13 for the Westerly Low Level Interceptor Emergency Repair Construction Services to Triad Construction. He elaborated that it is the final payment for the project. Executive Director Ciaccia stated that the Board might recall that there have been several presentations on the sloping hill at the riverbed and the need to protect this pipe. He then asked Rick Switalski to give a brief overview of the status of the project. Mr. Switalski asked for a graphic to be displayed for reference purposes. He then stated that the first failure was March 2006 and referenced the area. He described a localized slope failure which resulted in the road being split in half. It fell about one foot on one side and was level on the other side. District staff mobilized and inspected the damage, using a diver. Mr. Switalski stated that the Board had authorized the work which included three to four months to determine the condition. He elaborated that a bypass pumping system was installed to start the liner plates where the critical problems existed. Because of the uniqueness of the situation there was no standard lining to put in the pipe. Slip lining, putting a pipe inside, was not a feasible alternative, so they went to California to bring back a fairly new technique called a spiral wound pipe which is a pipe that winds around itself and reminds one of a slinky. Then you grout behind it to make the pipe. At that point it was August of 2006 and from September 2006 until March 2007 the pipe was installed. Since March, repairs on manholes and inserting stop logs have been completed. The project is now complete.

Mr. Switalski stated that staff came to the Board in Spring of 2006 with recommendations for short-term and long-term items to complete, including putting in an emergency pump station between the RTA Bridge and the Columbus Road Bridge. He elaborated that NTH has completed design plans for that. The pump station is in place in case there is a problem on the low level and there is another break because the hill continues to move and is moving pretty severely right now. Mr. Switalski stated that there has been a drop of twelve inches in the month of September due to rainfall, and the surface of the road, which translated into another inch of fall within the sewer itself. The pump station was going to be put in so that we can pump around the whole area. He elaborated that he thinks that they have come up with an even cheaper way of doing that

and utilize the pump station design when going out for RFPs on the long-term program. Mr. Switalski stated that analysis should be complete by next week or the following week as to what the best approach should be. He elaborated that staff had also had conversations with the Corps of Engineers regarding the major work. Staff met with them in September 2007 with the City of Cleveland and ODOT to discuss how to proceed, and how to repairs would be paid for because the cost could be anywhere from between 8 to 70 million dollars. There are a number of provisions available to the City of Cleveland and staff will send the list to them, which includes Section 594, 14 and 291 to secure monies for the project. The City has said they would be the major sponsor for the project and they have begun to initiate discussions with Congressmen and Senators to secure funds.

Mayor Starr asked whether this is a no-bid contract for 3.3 million on an emergency basis. Mr. Switalski responded that was correct. Mayor Starr then asked how labor and materials are paid. Mr. Switalski stated that staff has its own field representative on site that ensures that the work is being done similarly to our normal bid construction work, in accordance with GC30, which is the provision for extra work. He elaborated that the work is being paid for according to the way we pay for normal extra work and there is a person constantly monitoring what costs are and what is being charged. Mayor Starr asked whether the materials are all local and fair market value, whether this is also being monitored. Mr. Switalski responded that was correct and the only thing that was brought in was the expertise from California, putting the process together to line the pipe because that had not been done before. Mayor Longo asked when staff would come back with a permanent recommendation as to what needs to be done. Mr. Switalski stated that there are two issues being considered. The first is the District's interest of what we want to do with the Westerly Low Level Interceptor, the second being what the City of Cleveland and the general community is looking to do with the area. Cleveland would be looking at how much would be spent in the area to make it useable or whether it is best to turn it into a green area. There are safety considerations for the area as well because it is not stable right now. Mayor Longo reiterated his concern about when this would all come together. Mr. Switalski responded that the roadmap would be delivered to the City of Cleveland the next day which gives them the various alternatives. In the meanwhile District staff is reviewing what to do with the low level and what to do on a permanent basis. Mayor Longo agreed and then asked what the best interest of the District would be if the consideration is to go green considering the geology of the area and the way the river moves. Mr. Switalski responded that question would also be included in an RFP, whether to build a permanent pump station where they had originally considered or just pump around the area. Mayor Longo confirmed whether that would all be part of the final recommendation. Mr. Switalski said exactly. Mayor Longo then asked what happens in the interim, if the hill slips more. Mr. Switalski replied that it is still slipping. Mayor Longo asked whether another emergency contract could be necessary. Mr. Switalski replied that it could be and it would probably be less expensive than putting in a temporary pump station. They have already seen bulges in the line. Mayor Longo commented that it sounds like we are going to wind up pumping around the whole area. Mr. Switalski agreed that there is a good chance, because the roadway has already dropped twelve inches in September.

Mr. Brown stated that there are a number of stakeholders involved in this process including the U.S. Army Corps of Engineers who came to town and helped structure the conversation in terms of where the stakeholders might go for resources to affect a positive outcome. Mayor Longo asked whether if the hill keeps moving then someone will have to make a decision about filling in the channel that the shipping does up and down, which appears to be a whole other set of dynamics that aren't being considered as it relates to the interceptor. Mr. Switalski stated that he believes the Corps looks at that issue as the landowner's responsibility to protect the bank. Mr. Brown stated that the effective property owners are responsible for retaining those walls and that was interesting. There were no additional comments or questions from the Board.

Item 9 – Proposed Progress Payment No. 3 for Emergency Construction Services and Progress Payment No. 6 for Emergency Design Services relative to the Mill Creek Interceptor Emergency Repairs Project

Executive Director Ciaccia stated that item 9 is also an emergency job, related to the Mill Creek Interceptor emergency repairs and progress payment number three for construction and number six for design services. This is the project where the sewer was collapsing as part of the Chapek Parkway landfill. Nerone was hired as an emergency contractor and Wade Trim as the designer. Nerone continues to be on site working. They are providing bypass pumping services which costs the District about \$60,000 a month. Staff is considering whether we can accomplish this in-house going forward. Director of Operations Tim Tigue and his staff are pricing pumps and labor so that we can stop some of these services. Executive Director Ciaccia stated that this is being looked at from a legal perspective as well. Mr. Brown asked whether the information that will be provided in the future will include what the District's rights include with respect to easements and potential right of recovery based on disruption of service to our system. Executive Director Ciaccia stated that this was correct and added that the property owner has contacted the District and that we have reason to believe that litigation will be initiated. Mr. Brown asked whether Executive Director Ciaccia would be briefing the Board at the next meeting. Executive Director Ciaccia stated that he thought that at the next meeting staff would be prepared to share more details.

Mayor Starr asked whether Porter, Wright was hired to represent the District on this matter. Deputy Director of Law Lisa Hollander replied that was correct. They were retained initially to do the initial legal analysis of potential claims; the District's and also what claims could be brought against the District. The next phase of discussion will likely include litigation. Mayor Starr then asked will the lawyer representing the District be available to the Board for discussion. Ms. Hollander replied that they could be available to discuss the work already performed. Mayor Starr then asked whether the cost of repair, which includes questionable soil and dumping, could amount to five to ten million dollars of correction. Executive Director Ciaccia replied that was correct. He then asked Rick Switalski of the Engineering Department to detail the additional work that needs to be done as a result of this project.

Mr. Switalski stated that the emergency work took place along I-77, across from the Southerly Plant. As the work was being done, staff realized that repairs could not be made to the pipe because the pipe was buried so far under the manhole. There were at least two collapsed areas. Nerone put in a temporary pump station which pumps across shaft three and handles most dry weather flow and overflows into the creek on rainy days. Even though the area has collapsed, flow still passes through. If it did totally close flow would not be able to come through and there would be backup. Mr. Switalski elaborated that we can continue to handle the backups in this area and the rest of the interceptor, but can not take it through the Vista Branch because there is no place to relieve it. In March of 2006 staff asked that the Board consider the work as an emergency repair job because of the potential for it to break. Nerone was given the task of doing the work and Wade Trim designed it. Some borings and test pits were done. Then Nerone uncovered medical waste while doing test pits the first day out there which shut down the job. It was to be a relatively short job of approximately two hundred feet. The medical waste is on First Energy's property adjacent to a landfill of Allied Waste. On the other side is a waste hauler, T & T. Mr. Switalski stated that Assistant General Counsel Julie Blair spoke with Ohio EPA earlier that week and if they agree, the District could move the waste out of the way, cap it and put our sewer in place. The decision was made to take the project off emergency and bid the job. Mr. Switalski stated that he thought it would garner a better price that way. Bid documents will be prepared and advertised in January. The project is probably a six-month job at a cost of approximately \$2.2 million to put the pipe in place and is very difficult work. The other aspect of the job is the main branch connection which will be put in the Mill Creek Interceptor. It will drop flow into the Mill Creek Tunnel. Four months into that main branch project we can divert the dry weather flows and some of the wet weather flow into the tunnel while constructing the big drop structure to take the pipe down into the tunnel. That is why in this 18-month, \$8 million job the pump station can be taken off line and the flow line can be dropped.

Ms. Kelly asked about containing the medical waste. Mr. Switalski responded that the District will apply for a Section 13 permit from Ohio EPA to gather the waste and essentially cap it. Ms. Kelly asked what the potential liability of doing that. Mr. Switalski responded that there is little liability because the waste would be returned to where it was.

Mayor Starr asked how much area the medical waste comprised. Mr. Switalski responded that the area might be the size of the Public Meeting Room. Mayor Starr then asked if the material was legal or illegal material. Mr. Switalski responded that he was not qualified to answer the question. The District found it and now we have to go through the proper process of handling it. Mayor Starr then asked if a sewer had been placed over the medical waste. Mr. Switalski responded that no sewer was there presently. Executive Director Ciaccia clarified that the District is planning to build a sewer through that site.

Mr. Brown asked whether this medical waste had been part of a landfill operation. Mr. Switalski responded that it had been. Ms. Hollander elaborated that the waste was probably disposed of in the 1970s which makes it difficult to determine whether it was

legal or illegal at the time of disposal. It is legal to leave it in place under the Rule 13 procedure given that it was a historic waste site as long as a proper cap is provided. Mayor Starr asked how long First Energy has owned the land. Ms. Hollander responded that she did not know. Mayor Starr stated that it would be interesting to know who owned the property previously. He then inquired what type of medical waste was found. Mr. Switalski and Ms. Hollander stated that First Energy is analyzing the area and what was found. There were no additional comments or questions from the Board.

Item 10 – Sewer Use Code Matters

Executive Director Ciaccia stated that item 10 is a sewer use code matter, whereby a Parma Heights resident had an underground leak, received a fifty percent adjustment from the Cleveland Division of Water and is requesting the same from the District. Executive Director Ciaccia elaborated that staff is recommending that the resident receive the same benefit that they obtained from the Water Department, which amounts to approximately \$300.67. There were no questions from the Board.

Item 11 – Proposed Additional Funds Pursuant to the Scope of Work Authorized by Board Resolution No. 185-07

Executive Director Ciaccia stated that item 11 is a resolution to increase additional funds to the Walter & Haverfield contract of \$10,000, adding \$10,000. To date, fees have amounted to \$60,000 to handle a racial discrimination case for the District. There is a need for additional services for transitional needs. One of our insurance carriers has agreed to take over this matter and is going to be procuring their own legal services to handle this matter. Mr. Brown inquired for clarification purposes whether this is a matter covered by insurance, to which Executive Director Ciaccia replied that it is, that our insurance covers these types of claims. He elaborated that Walter & Haverfield would work with the firm that will be hired by the insurance company to transition the case. Mayor Starr asked for the cause of action to be repeated, to which Executive Director Ciaccia responded that it was a racial discrimination case regarding an employee who was discharged. Mayor Starr asked when this occurred. Deputy Director of Law Lisa Hollander replied that she believed it was in 2006. Mayor Starr then stated that this was in 2006 and the District will have spent \$70,000 with Walter & Haverfield. Executive Director Ciaccia replied yes. Mayor Starr asked who made the decision to hire a private outside firm when it appears that the District carries insurance which would secure representation. Executive Director Ciaccia responded that the decision was made under the previous general counsel. He elaborated that he thought it was at Mayor Starr's questioning that staff looked into whether the District's insurance covered this type of matter. Whether we can go back and claim any of the previous legal costs will also be considered. Mayor Starr asked whether the matter was in Common Pleas Court. Ms. Hollander responded that she believed so. There were no additional questions from the Board.

Item 12 – Proposed Additional Funds Pursuant to the Scope of Work Authorized by Board Resolution No. 137-07

Executive Director Ciaccia stated that he thought the Board made a wise decision to hire a law firm to perform an audit of the District's construction practices in light of everything that occurred at that time and to provide interim general counsel services. Thereafter, the federal government investigation was launched and an amendment to the resolution to add funds for interfacing with the federal government was done. Executive Director Ciaccia elaborated that Virginia Hearey of Calfee was present at the meeting and described the benefit of having her services related to the investigation. There are obviously benefits of the audit, but related to the investigation, 46 boxes of information, which represent approximately 88,000 pages have been turned over to the FBI already. The staff anticipates approximately 150,000 pages of documents will ultimately be turned over. All of these documents had to be reviewed. Mr. Brown asked what the benefit of reviewing each document before turning them over was. Executive Director Ciaccia responded that it allows the District to be anticipatory as to what might be coming in the future. Mr. Brown asked if this related to potential exposure or liability, to which Executive Director Ciaccia responded correct. He elaborated that it is good and preferable to find the information before it becomes necessary and damaging.

Executive Director Ciaccia stated that though the federal government did not require the District to hire counsel to assist in organizing the documents for presentation to them, it shows a certain level of cooperation with the ongoing investigation. He elaborated that staff was requesting what would total \$395,000 instead of the originally contemplated \$579,000. Deputy Director Bucci detailed the previously authorized resolutions, the associated services and the dollar amounts that totaled the request. He then informed the Board that Virginia Hearey was available to answer questions related to services performed related to the investigation.

Mr. Brown commented that he agreed that though the funding was being well spent, it was not an anticipated expense. He inquired whether any consideration had been made to trying to recover funds should principals be convicted of wrongdoing. Executive Director Ciaccia responded that an evaluation will have to be made at some point to determine to what extent the expenses incurred continue to add value. Mayor DePiero thanked the Calfee Halter law firm for their professionalism and good work. He then asked to be provided the periodic billing statements itemizing the work done by the attorneys. There was some discussion regarding whether that information had already been provided, however Deputy Director Bucci agreed to provide it to Mayor DePiero.

Mayor Starr asked for an opportunity to question Ms. Hearey. Mayor Starr commented on the technology of the FBI and that he believed it to be capable and current. Ms. Hearey disputed that it was likely the latest technology in the computer areas, adding that they are able to provide more current data, more readily searchable data in a format that the FBI can use. Mayor Starr then asked why the District needs Calfee if the FBI is the investigative agency trying to discover criminal misconduct. Ms. Hearey responded that the legal judgment provided by her firm provides a higher level of judgment and

experience than staff would normally have the resources and time to exhibit. Mayor Starr then inquired whether in other public scandals throughout Northeast Ohio public entities have used services like this (naming the City of Cleveland, RTA, NOACA). Ms. Hearey replied that she did not know but that this may be a unique circumstance because of the large scale document production in response to the subpoena. Mayor Starr responded that the District has a full-time staff and indicated that he did not see this practice as an example of transparency, accountability and reform.

Mayor Starr went on to ask whether the new legal counsel could take over any of these tasks. Executive Director Ciaccia responded that there is other work that the legal counsel has to do but she will be involved from a management perspective on this project. Mayor Starr finally stated that he thought the services were a duplication of effort and a waste of money.

Mayor Longo commented that he appreciated the process and that he thought the use of experts in this matter was valuable because of the uniqueness of the situation. Mr. Brown stated that he also thought the process being used was valuable. Ms. Kelly asked Ms. Hearey to elaborate about the savings that the document selection process had provided to the District. Ms. Hearey described the process used and the efforts being made to anticipate the federal government requests. Mayor Starr asked for a specific dollar value for the savings. Ms. Hearey responded that the costs could be enormous if documents had not been organized and searchable, but that the number was not easily quantifiable. Mayor Starr asked whether Ms. Hearey would be representing former employees, to which Ms. Hearey responded that she would not.

Mayor Starr asked Executive Director Ciaccia what the practice at the City of Cleveland was in handling matters like this. A discussion took place regarding costs and available resources at both agencies. Mayor Starr's last comment was that he found it shocking and disconcerting that the District has hired a criminal defense counsel and firm to work, in what seems to be a manner hand in hand with the FBI. He elaborated that he found the relationship shocking. Ms. Hearey responded that she did not want to correct him but that the practice group specifically relates to white collar investigations and defense. Her expertise particularly relates to directing and supervising investigations with law enforcement and that experience is being brought to this matter now. Executive Director Ciaccia confirmed that in the past matters with which he has been involved have involved some type of counsel and took a similar approach. There were no additional questions or comments from the Board.

Item 13 – Proposed Extension of Current Contract with Medical Mutual

Executive Director Ciaccia stated that the next seven items are related to health and wellness and health care programs. Executive Director Ciaccia asked Deputy Director Bucci to lead this discussion. Deputy Director Bucci stated that item 13 is a request to extend the District's contract with Medical Mutual for 2008. Medical Mutual has informed the District that there will be a seven percent increase. Deputy Director Bucci also stated that next year when we negotiate with the unions, part of the negotiation will

include possibly including options other than Kaiser and Medical Mutual for provision of health care coverage. Mr. Brown commented that he encourages the staff to follow the stated direction of going beyond the two health care providers. A number of other organizations would like an opportunity to discuss providing service to an organization of this size. Mr. Brown elaborated that to the extent that we can incorporate a number of services that facilitate wellness and other preventive types of activities that result in potential rate reductions that is something that should be done. The City of Cleveland did something very similar this year and reduced costs significantly for health care.

Item 14 – Proposed Extension of Current Contract with Kaiser Permanente

Deputy Director Bucci stated that item 14 is the increase for Kaiser. He stated that the union contracts named Medical Mutual and an HMO, which is Kaiser. The increase for Kaiser for 2008 is almost 16 percent due to a large claim in 2006. Mr. Brown registered the same comment as for the Medical Mutual increase. Deputy Director Bucci responded that he understood. There were no additional questions from the Board.

Item 15 – Proposed Agreement with St. Vincent Charity Hospital Occupational Medicine Centers to Provide Occupational Health Services to District Employees

Deputy Director Bucci stated that item 15 relates to occupational health care services. We currently use St. Vincent Charity Hospital and staff is requesting authorization for an amount not to exceed \$45,000 for provision of pre-employment physicals and back to work physicals at that location. There were no comments or questions from the Board.

Item 16 – Proposed District Participation in the Cleveland Clinic Foundation’s Executive Physical Program

Deputy Director Bucci stated that item 16 relates to authorization for the executive physicals at The Cleveland Clinic, in an amount not to exceed \$40,000 for 2008. Mr. Brown responded o.k. There were no questions from the Board.

Item 17 – Proposed Renewal of the Second Year of a Two-Year Contract with the Center for Families and Children

Deputy Director Bucci stated that item 17 relates to authorization of a contract renewal for an employee assistance service program in an amount not to exceed \$35,000. The base rate remains at \$27.15 per employee per year. That rate has been the same since 2004. Mr. Brown responded o.k. There were no questions from the Board.

Item 18 – Proposed One-Year Contract with Fort Dearborn Life Insurance Company

Deputy Director Bucci stated that item 18 relates to short-term disability and life insurance. The District currently uses Fort Dearborn Life Insurance Company. Short-term disability is based on a percentage of one’s salary and basic life insurance is based on a percentage of the amount of coverage that the District has. The staff is requesting

\$705,000, which is the same amount requested last year. Deputy Director Bucci elaborated that the request is the same because based on the salary numbers we are coming in under budget for 2007. This item will go out for competitive bid next year. Mr. Brown responded that was good. There were no additional comments or questions from the Board.

Item 19 – Proposed Renewal of Current Plan with Vantage Financial Group

Deputy Director Bucci stated that this item relates to the District's flexible spending program. Vantage Financial Group administers the program where we have medical flexible spending accounts and the dependent care flexible spending accounts. The limits are \$4,000 for medical and \$5,000 for dependent care. By way of this program, our employees have the benefit of using pretax dollars to pay for these types of issues. This is a great benefit and a number of employees take advantage of the program. Mayor Starr asked how many people take advantage of the program. Jan Gyevat from Human Resources responded that currently 148 employees participate in the flexible spending program. Deputy Director Bucci added that number is out of approximately 600 employees. Mayor Starr stated unless one is 100% healthy they immediately save by participating in this program. Deputy Director Bucci stated that every effort is made to inform the employees of this benefit. Just last week the employee benefit fairs were held at each location and the program was advertised. There were no additional comments or questions from the Board.

Item 20 – Report on Project Cost Reporting

Executive Director Ciaccia stated this item relates to audit finding number 11 in the Calfee Halter report prepared by Pete Comedeca. It was reported that the District should do a better job of reporting our costs. Executive Director Ciaccia stated that Finance Director Jennifer Demmerle put together a report in response to the audit. Executive Director Ciaccia elaborated that going forward it is his intention to include an Executive Director Report once a month on some of the significant things that staff has done or that have occurred in the previous month. Items such as project costs would be included in that monthly update to the Board. Executive Director Ciaccia then asked Ms. Demmerle to report.

Ms. Demmerle stated that in October the Board was given a packet of the District's responses and action plan relative to Calfee's audit. One of the findings was to utilize Oracle software to its fullest potential by integrating that system with the project cost management process. The staff response was to work out an implementation plan with the Engineering and Information Technology Departments to utilize the software. Staff also stated that sample project reports would be provided to the Board. Ms. Demmerle elaborated that at the end of her presentation she would be seeking any recommendations the Board had after reviewing the sample reports. Three reports were created. The first, a project summary report shows all of the projects that are open to date and details a summary of the costs associated with the project. The second report is an individual project summary which shows every contract that is assigned to a project and the costs

associated with it. The third report is a contract summary report which shows the details behind the contract as far as change orders and modifications to the contract.

Ms. Demmerle stated that for presentation purposes she picked one project to highlight how the summaries work. The original budget column will be the total project budget which would include such things as engineering, construction estimates and any budgets that may exist for labor, testing or anything else that would go against the project. Ms. Demmerle elaborated that the District does not currently utilize project budgets. Such use would be part of the implementation plan to develop a better understanding of the total budget for projects to compare total actual costs of a project to the total budget. The original award amount would be the amount for which the contract was awarded, the original amount, for all contracts associated with that project. The total is included in this report. The original award plus changes would be the original contract amount plus any change orders or modifications. The report would show all costs to date, including any cost that went against the project such as labor, testing and easements. Funds remaining would be anything left over in the project. That number would show the original contract plus change orders less what was spent to that date. That would show the balance remaining on the project. Ms. Demmerle then described a more detailed report that staff can provide which is more on a task level. She described a task as individual contracts that are assigned to the project, such as engineering, construction or solar testing. A project name would be provided, the task, the contract number assigned, and the vendor on the contract. Ms. Demmerle then went back to the first report, which is a total summary page for a particular project, and then a particular contract, highlighting the change orders, resolution numbers and approval dates. Ms. Demmerle stated that once the Board has given their approval staff will begin with an implementation plan on how to incorporate the project management process into the Oracle system. Staff will also provide a status report in February and then in May they anticipate providing the Board with the first comprehensive progress management report. Ms. Demmerle asked if the Board had questions. Mr. Brown thanked her for what he described as a significant step forward in terms of an ability to track and report in a number of areas about which the Board has been interested and concerned. Mr. Brown elaborated that he believes that the Board and staff collaboration in terms of the Board articulating what they would like to see and the staff responding by creating a tool that can be used to educate the Board and also be a management tool for accountability is a tool that has not existed previously. This is one of the benefits that came out of the investigation. Mr. Brown also stated that this tool will be a good resource to track individual change orders and cumulatively look at the impact of change orders on a project. It also means that the Board can hold a project manager or a consultant or an engineering firm or contractor responsible for the outcome of how the projects are getting done. Mr. Brown's final comment went to the issue of making sure that this initiative gets implemented and that the relevant parties buy-in. He added that he would like to track and monitor the level of MBE and FBE or if we go to a DBE or SBE program, not only what the goal was, but the level of participation at any given point in the project so that we are not just setting goals.

Ms. Demmerle responded that the Oracle system right now is a payment module type of system, which makes tracking MBE and WBE subcontractors a little more difficult. She

added that staff is trying to find other methods of tracking the information, because right now it is merely being tracked on an Excel spreadsheet. Mr. Sulik asked if the project percentage completion could be incorporated on the summary sheet, to which Mr. Brown agreed. Ms. Demmerle responded that staff will look into that. Executive Director Ciaccia stated that is another level of management that will have to be addressed, particularly as it relates to the Engineering Department. Mayor DePiero commended Ms. Demmerle and her staff for putting together the three formats to help the Board do a better job of tracking this. He added to Mr. Sulik's comments regarding project percentage completion whether it would be a good idea to also incorporate whether this is below or over the contract. Executive Director Ciaccia responded that he is probably referring to two percentages, a percentage of complete in dollar value, and a percentage complete in construction, construction time, which is something that will have to be reviewed closely because it is harder to estimate under current conditions. Mayor DePiero responded that he understood. Executive Director Ciaccia responded that it is workable. Mayor DePiero added that if possible he would like to see when a project is complete whether it was done over or under budget. Ms. Demmerle replied that it would show up in the funds remaining delineation, as a positive or a negative. Mayor DePiero asked if this could be reflected as a percentage. Ms. Demmerle responded that staff would look into whether that can be done. Ms. Kelly asked whether relative to change order coding it will be possible to see what the change order was for, whether it was a different site condition, or a change of specification. Ms. Demmerle responded that information will be included in the description.

Mayor Starr then inquired how long the District had Oracle. Ms. Demmerle said she believed since 2005, before her arrival. Mayor Starr then asked whether this technology and software model have been around for a long time. Deputy Director Bucci responded that the District had it but it was in our phase two implementation. Mayor Starr then asked whether the system had been in existence previously, to which Deputy Director Bucci responded since 2005. Mayor Starr asked whether the system had been on the market a long time. Deputy Director Bucci responded yes. Mayor Starr asked whether the District could have initiated utilizing the system five or ten years ago. Deputy Director Bucci responded that the District did not have an Oracle Financial System five years ago. Mayor Starr then stated that the District could have reported better before now. The original urging and request of this information did not come from Calfee, Halter, Griswold or Pete Comodeca. The original report and format came from Mr. Vasulka on a memorandum that he submitted to the Board on March 8, 2007. Ms. Demmerle apologized. Mayor Starr responded that what is being done is slight reformatting. With this initiative we have the ability of tracking contractors who have submitted poorly designed plans or contractors who have mismanaged projects and assessing the performance of contractors and consultants which we have not done for 35 years. Mayor Starr elaborated that this started back early this year. He also added that he agreed that there should be a percentage of the project completed on the summary. Percentage over the original contract amount is what he thought the District should be looking for. Mayor Starr also suggested that the projects should be more clearly identified because the letter and number designations do not clearly identify what type of project it is. Ms. Demmerle responded that the information is included under project

name. She elaborated that with regard to the report Mr. Vasulka had previously provided, it did not include budget dollar amounts, because that is something the District did not do before and staff is implementing this year. Ms. Demmerle also stated that she thought the report was solely for construction and engineering costs and that it did not include all of the District labor, and any type of easements or other costs associated with the project. Deputy Director Bucci stated that he thought the biggest advantage of the system was that when Mayor Starr asked Mr. Vasulka for a report, he had to go back and construct the report. With this project module, Ms. Demmerle can just hit a button and run the report when the data is in the system. Mr. Brown inquired whether Mr. Vasulka had a software system that he kept his information on. He stated that he was trying to make a distinction regarding a system that runs versus someone having to recreate information. Deputy Director Bucci agreed that there is a distinction. Executive Director Ciaccia cautioned the Board that as the reports are initially presented, the Board should not be terribly surprised at what they see. Mr. Brown responded that things will be fine over time. Mayor Longo stated in fact this is more than a new budgeting process, it is a change of culture of the entire operation that allows the Director, through the Trustees to hold everyone accountable for doing their jobs. People will now have to communicate with each other. As people communicate and as information is entered into the system, it becomes a very effective management tool. It also takes the goals and objectives and drives them so that everyone agrees. Ms. Demmerle thanked Mayor Longo. Mr. Brown thanked Ms. Demmerle for her leadership on this initiative.

Item 21 – Report on Write-Off of Direct Billing Accounts

Executive Director Ciaccia turned the discussion of this item regarding write-offs over to Finance Director Jennifer Demmerle. Ms. Demmerle stated that the District's auditor Ciuni & Panichi recommends that the District write off accounts deemed uncollectible. Typically, the write-offs are determined by the City of Cleveland, our billing agent. During 2003 staff began reviewing the District's direct-billed accounts to determine their collectability. The District directly bills some small industrial and commercial users as well as some municipalities, around 900 bills per year that total approximately \$12 million. With that, there are three direct bill accounts that were deemed uncollectible. The accounts were passed to the legal staff for review and concurrence. The total amount for the three is \$23,346, which is less than one percent of the total that we bill. These three accounts are relatively old accounts, two in 1997 and the other in 2001.

Mr. Sulik asked if Mid America Analytical was still in business. Ms. Demmerle responded that she thinks that they are, but they are out of state, in Missouri or Illinois. Mr. Sulik questioned whether it would be worthwhile to try to engage a collection attorney, possibly on a contingent basis to try to collect from them. Ms. Demmerle responded that she thought every effort had been made to collect from them and there had been no response. Executive Director Ciaccia stated that Mr. Sulik's point was well taken and that the matter should be discussed with Assistant Director of Law Larry English to see if that is a viable approach. There were no additional comments or questions from the Board.

Item 22 – Report on Write-Off of Inactive Accounts

Executive Director Ciaccia turned the discussion of this item regarding write-offs over to Finance Director Jennifer Demmerle. Ms. Demmerle stated that the District writes off accounts that are uncollectible and inactive after six years. The report provided a list of the accounts scheduled to be written off, from 2000. Also included in the report is data cleansing that is required because the City of Cleveland is upgrading their billing system. Part of this was sewer activity prior to 1999 which was not finalized on the City's system. These items basically relate to land bank sales, foreclosures, sheriff sales, meter off, meter on and accounts of that nature. There are 7,708 accounts for a total dollar amount of \$2,111,415. This amount is less than one percent of the total revenue that we collect. There were no additional comments or questions from the Board.

Item 23 – Open Session

Board President Brown indicated that the Board had received a memo regarding the City of East Cleveland going from being a master meter to a direct service community. Executive Director Ciaccia stated that East Cleveland is a master meter community both for the City of Cleveland Division of Water and for the District. The City of Cleveland Water Department has negotiated an arrangement with East Cleveland to switch from a master meter contract to a direct service contract like most communities have, which will also change their arrangement with the District. A Board resolution was not necessary in this regard, but East Cleveland will be holding public meetings regarding this development and staff thought it advisable to notify the Board. Executive Director Ciaccia asked Finance Director Jennifer Demmerle if she wanted to add anything.

Ms. Demmerle stated that East Cleveland will now be charged based on the Subdistrict 2 rate, which will mean a change in their rates. The District will also be responsible for any certifications of delinquent accounts. This will not take place until 2009 because the District generally does not certify anything unless it is more than four quarters and no activity. The residents will be able to participate in the District summer sprinkling program and the homestead program. In essence they will be treated like the other direct service suburbs. Mr. Sulik asked whether the District will bill the residents directly each month. Ms. Demmerle responded that Cleveland will continue to do the billing; they will just be billed at the Subdistrict 2 rate. Mr. Brown then inquired what the potential net effect to the District would be of the new arrangement. Ms. Demmerle responded that the District could potentially lose approximately \$900,000 in revenue from the City of East Cleveland. Currently the District collects approximately \$4 million. Mr. Brown then asked if the difference is attributable to the fact that a master we bill for all water consumed versus the direct when one is only charged for what goes through the meter. Ms. Demmerle responded yes and stated that with the master meter the District charges them a 20 percent discount, based on a registered meter, on the water line. Deputy Director Bucci added that if the Mayor of East Cleveland had not negotiated this agreement with the City of Cleveland, he was going to ask the District's Board for a change in that percentage because of lost water. So if that agreement did not go through he was going to ask for more of a reduction from the District. Mayor Starr asked what

this reduction would have been based on. Mr. Bucci responded that East Cleveland had loss in their water lines. The District takes the total water consumption as the master meters and then discounts it by 20 percent. Mayor Starr then asked for clarification about leaks in the water. Deputy Director Bucci responded that there is significant water loss in the East Cleveland waterlines, which is part of the reason they went to Cleveland Water to take over their system to correct the problem. The District was actually being billed for more mcf's than they were able to charge their customers because of the line loss. Mayor Starr then asked whether this development is an advantage or a disadvantage to the District. Deputy Director Bucci responded that East Cleveland will now be treated like all the other suburban, Subdistrict 2 customers. They were the last master meter community in Cuyahoga County though the District does have some in Summit County. Ms. Kelly asked whether the East Cleveland customer will now have a higher or lower bill, to which Ms. Demmerle responded that she believed the East Cleveland customers will be charged less. There were no additional comments or questions from the Board.

The Working Session of the Board of Trustees concluded at 2:47 p.m.