

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
NOVEMBER 16, 2017

A Regular 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
T. DeGeeter
J. Bacci
J. Ciaccia
R. Stefanik

ABSENT: S. Dumas

The Secretary informed the President that a quorum was in attendance.

II. Approval of Minutes

MOTION – Mayor Bacci moved and Mr. Sulik seconded to approve the minutes of the November 2, 2017, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

There were no items.

IV. Chief Executive Officer's Report

CEO Dreyfuss-Wells began her report by announcing that the District held its biannual Watershed Advisory Committee meetings across the service area from October 17 through October 25. These are established in Title V for the District to provide feedback to member communities and to discuss the Regional Stormwater Management Program (RSMP). Staff provided an update on the construction plan, implementation and project prioritization for the next year including the master plans and schedules. The discussion also emphasized use of the Community Cost-Share funding.

CEO Dreyfuss-Wells noted that during the previous Board Meeting the Board requested an update on the Member Community Infrastructure Program (MCIP) in terms of the impact on septic tank removals and the potential for new customers and revenue.

Frank Greenland, Director of Watershed Programs, explained that during 2017 the District had two large projects that resulted in 725 septic removals, meaning they are new District customers.

He further explained that during 2018 the District is expected to add 402 new customers once the projects are completed. The projects in Parma will add 17 customers and 60 from Mayfield. 325 new customers will be added in Richfield by abandoning a package plant that is inefficient and contributing to water quality issues.

Mr. Ciaccia questioned whether the Richfield package plant is city-owned or privately owned. Mr. Greenland advised that it is a privately-owned plant that the City desired to take offline and they are taking responsibility to execute the project.

Mr. Ciaccia stated that it would be wise to track the dollars so staff can put some return on the investment toward the MCIP.

Mr. Greenland stated that in 2019 the projects will be completed and the District is expected to realize \$900,000 per year in new revenue. That figure should increase in 2020 and 2021. Some of the grant awards will pay for themselves in short order.

Moving to the final topic of her report, CEO Dreyfuss-Wells referenced the monthly financial summary and noted that as 2017 ends revenue has recovered slightly, now tracking about 3% below projections. Staff maintains that decline is related to an approximately 5% drop in consumption.

Stormwater revenue is on track and expenses have picked up with many of the policy decisions made in 2017.

Kenneth J, Duplay, Chief Financial Officer, informed the Board that effective yesterday the District completed the final piece of its debt management plan for this year.

Staff terminated the debt service reserve forward delivery agreement and redeemed the final remaining 2007 bonds. Staff called those bonds, paid off the principle with funds previously deposited into the debt service reserve and will get \$300,000 in excess from escrow back and avoid \$6.8 million in interest payments between now and 2037. That is savings on top of what was achieved through refinancing earlier this year.

Mr. Ciaccia inquired what that would do to the District's annual debt service payments. Mr. Duplay advised that this transaction is about \$330,000 per year over that timeframe, and combined with the refinancing saved about \$1.5 million off debt service.

V. Action Items

Authorization to Issue Request for Proposal (RFP)

Resolution No. 325-17

Authorization to issue RFP, in accordance with Ohio Revised Code Chapter 153, for Unconditional Release Surveys at the District's Southerly WWTC and Easterly WWTP.

MOTION –Mayor Stefanik moved and Mr. Ciaccia seconded to adopt Resolution No. 325-17. After the following discussion and without objection, the motion carried unanimously.

Mr. Brown questioned what staff is looking for through the release surveys. Mr. Greenland explained that the District has a license with Ohio Department of Health that requires Easterly and Southerly to undergo strict and rigorous activities whenever staff digs or performs other various maintenance activities. The District has not found Cobalt-60 and an unconditional release survey would provide that data to be released from this burdensome requirement.

Authorization to Purchase

Resolution No. 326-17	Authorize the purchase of office furniture from American Interiors under the Ohio Department of Administrative Services, State of Ohio Procurement Program for the EMSC Building Interior Renovation Project in an amount not-to-exceed \$136,514.31.
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MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution No. 326-17. Without objection, the motion carried unanimously.

Authorization to Enter into Contract

Resolution No. 327-17	Authorization to enter into a one-year contract with PVS Chemical Solutions Inc. for Sodium Bisulfite Solution at all District WWTPs in the amount of \$243,100.00.
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Resolution No. 328-17	Authorization to enter into a Design-Build contract with Kokosing Construction for the Westerly Fire Safety and Code Upgrades Project in the amount of \$3,198,610.00.
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Resolution No. 329-17	Authorization to enter into a professional services contract with Ernst & Young, LLP for the District's Customer Billing and Revenue Data Warehouse Project in the amount of \$447,050.00.
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Resolution No. 330-17	Authorization to enter into contracts with Biohabitats, Inc.; CH2M Hill Engineers Inc.; Environmental Design Group, LLC.; Evans, Mechwart, Hambleton & Tilton, Inc.; GPD Group; and Stantec Consulting Service, Inc. for the Stormwater General Engineering Services 2 project
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in the total amount, for all contracts, of \$8,000,000.00.

Resolution No. 331-17

Authorization to enter into a contract with Zenith System for the Westerly WWTC Fiber Replacement project in the Amount of \$524,217.00.

MOTION – Mayor Stefanik moved and Mr. Sulik seconded to adopt Resolution Nos. 327-17 through 331-17. After the following discussion, the motion carried with abstentions by Mr. Ciaccia on Resolution Nos. 328-17 and 330-17.

Mr. Brown referenced that Resolution No. 328-17 received only one proposal and sought to understand how staff determined the pricing was good. Devona Marshall, Director of Engineering & Construction, explained that this project includes various safety and code improvements at Westerly and much of it is specialty work. The initial proposal from the Design-Build contractor was around \$3.4 million but negotiations which included adding scope resulted in a final contract price just under \$3.2 million. District staff is comfortable with the vendor and specialty consultants they brought on to deliver the work.

Moving to Resolution No. 329-17, Mr. Brown asked for an explanation in terms of the product and how that helps the District be in the position to track revenue, payment and collection in real time. Chandra Yadati, Director of Information Technology (IT), advised that the project will allow staff to utilize all the data received from the Cleveland Water Department (CWD) and other sources including internal billing, and allows IT to absorb work currently being performed by the Finance Department in terms of aggregating and loading files and analysis of that information.

Mr. Duplay indicated that by having this data in one source, Finance staff will spend less time compiling data received from billing agents and will allow them to focus on analyzing accounts receivable. He hopes to use this data to help identify potential affordability program customers. Additionally, a single source of all accounts receivable data that does not require manual manipulation will help with forecasting, budgeting and monthly and quarterly reporting.

Continuing to Resolution No. 330-17, Mr. Brown questioned whether the consultants have different levels of competencies in terms of stormwater-related projects. Mr. Greenland explained that staff wanted to have a stable of consultants with different areas of expertise. Some of the higher risk, more complex jobs will go to a couple firms. Other firms specialize in stream stabilization or restoration for mid-scale projects. The smaller jobs are more municipal culvert issues and smaller stream stabilizations.

A consultant will be tapped for the design. The larger jobs that eventually go to construction will still have a Request for Proposal (RFP) for construction assistance.

Mr. Ciaccia stated that the Board will have purview because it always gets the request for an RFP to be issued. CEO Dreyfuss-Wells stated that it is important to keep in mind this approach is the same as other general engineering services; the difference is the range of expertise.

Mr. Greenland further elaborated that staff will contract at the dollar amounts listed in the resolution request to the individual firms based on the risk, project size, and will task order them until the money runs out.

Mr. Ciaccia summarized the action by stating that the Board will act today and staff will manage how the tasks are allocated. The larger jobs will come to the Board as they have traditionally and there could be design/build projects as well.

Moving to Resolution No. 331-17, Mr. Brown stated that the amount awarded is significantly less than the engineer's probable cost. Ms. Marshall advised that the three bids were significantly under the engineer's estimate. During the technical review staff engaged a third party to provide an independent estimate which came back more in line with the bids received. The big difference was in the bond monies set aside, escalation, and some minor decreases in the quantities. Based on the third-party estimate and past work with Zenith the recommendation was to award for construction.

Authorization of Contract Modification

Resolution No. 332-17	Authorize the final adjustment modification for Contract No. 16005965 with Fabrizi Trucking & Paving Company for the Shaw Brook Culvert Rehabilitation Project by decreasing the contract amount by \$1,630.98 bringing the total contract price to \$943,569.02.
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MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution No. 332-17. Without objection, the motion carried unanimously.

Property-Related Transactions

Resolution No. 333-17	Authorize acquisition of one parcel from Donald and Annie Nelson at 9863 Kingsbury Blvd. in the City of Cleveland, necessary for the construction of the Kingsbury Run Preliminary Engineering Project, with total consideration of \$115,000.00.
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Resolution No. 334-17	Authorize acquisition of one parcel from Donald and Annie Nelson at 9863 Kingsbury Blvd. in the City of Cleveland, necessary for the construction of the Kingsbury Run Preliminary Engineering Project, with total consideration of \$115,000.00.
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Resolution No. 335-17	Authorize acquisition of one parcel from Donald and Annie Nelson at 9863 Kingsbury Blvd. in the City of Cleveland, necessary for the construction of
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the Kingsbury Run Preliminary Engineering Project, with total consideration of \$115,000.00.

Resolution No. 336-17

Authorize acquisition of one parcel from Donald and Annie Nelson at 9863 Kingsbury Blvd. in the City of Cleveland, necessary for the construction of the Kingsbury Run Preliminary Engineering Project, with total consideration of \$115,000.00.

MOTION – Mr. Ciaccia moved and Mayor Bacci seconded to adopt Resolution Nos. 333-17 through 336-17. After the following discussion, without objection, the motion carried unanimously.

Mr. Brown requested an explanation regarding Resolution No. 334-17 since it involved the District acquiring a house. Mr. Greenland explained that the house is in the middle of a 100-year floodplain near Pepper Creek in Pepper Pike. The project will recreate and recapture the floodplain and arrest erosion by re-meandering the stream. This action will also result in a gain of floodplain access, dissipation of energy and reduced erosion.

Mr. Brown stated that over time realigned streams tends to go back to its original alignment. Mr. Greenland stated that is what it is doing now.

CEO Dreyfuss-Wells advised that realigned streams do try to go back to their original alignment if floodplain storage is not built in for them to spread, slow down and sink in. This project will reclaim the floodplain area.

Mr. Brown stated that as the District moves forward with its role in stormwater management in the region there ought to be conversation with communities and city planners about policy related to floodplains and construction to avoid these situations.

Authorization to Grant Credit

Resolution No. 337-17

Authorize a sewer credit adjustment in the amount of \$52,780.39 to be approved against outstanding sewer charges on NEORS Account #2924750001 for GMS Management at 14233 Van Aken Blvd., Cleveland, Ohio 44120 for a like and consistent credit adjustment already granted by the Cleveland Division of Water on the customer's water charges.

MOTION – Mayor Stefanik moved and Mr. Ciaccia seconded to adopt Resolution No. 337-17. Without objection, the motion carried unanimously.

Authorization to Amend Policy

Resolution No. 338-17

Authorization to amend the Minority and Women Owned Business Enterprise (MBE/WBE) and Small Business Enterprise (SBE) Program Policies as presented.

MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution No. 338-17. Without objection, the motion carried unanimously.

VI. Information Items

1. Program Management Status Report and Update – October 2017

Ms. Marshall stated that cash flow ended October at 90% or \$19.2 million. The year-to-date total is \$175.6 million and projected end-of-year total would be \$212 million.

The Westerly Incinerator Improvements Project is a \$2.7 million contract that will repair and replace the aging and inefficient equipment and is required to meet air permit and safety requirements. The multiple hearth incinerators have been in service 23 years and are the same incineration technology that was employed at Southerly prior to the fluidized bed incinerators. The rehabilitation will be performed under a design/build contract.

Ms. Marshall stated that the Westerly Wet Weather Improvement Project is estimated at \$3.5 million and is to replace some of the aging equipment associated with the CSO wet weather treatment facility. This facility provides another 300 million gallons per day of flow treatment in addition to the 100 mgd sent through the plant. Other improvements to the plant will maximize that capacity.

The East 140th Consolidation and Relief Sewer Project is for \$69.5 million and is part of Control Measure 6. This project will be tributary directly to the Dugway Storage Tunnel, which will control 380 million gallons in a typical year. This project includes both green and gray infrastructure. The green infrastructure basins are complete but will not achieve full operation until summer of next year when the required vegetation is established. 90% of the tributary storm sewers have been constructed and the associated paving of the roads has been completed. The remaining inlet sewers will not be done until the basins are operational. This overall project is scheduled to achieve substantial completion in May 2020, but may be sooner.

Ms. Marshall advised that the Dugway South Relief Sewer and Consolidation Sewer Project is valued at \$26 million in and is also part of Control Measure 6 and tied to Control Measure 8 -- the Doan Valley Tunnel System. This relief sewer will take flow from the future Doan Valley Tunnel to the completed Dugway West Interceptor and future Dugway Storage Tunnel.

Additionally, a consolidation sewer runs along Phillips Avenue to pick up overflow volume. That portion of the project has been fully mined and is currently being lined. The road at Phillips

Avenue at Lake Avenue should be reopened in early January and all roads should be open by late spring/early summer of 2018 considering the 110-day delay in the overall schedule due to required utility relocation at project onset.

Ms. Marshall advised that the Dugway Storage Tunnel Project, valued at \$153 million, is progressing nicely. The Doan Valley Storage Tunnel is the second active large tunnel and valued at \$142.3 million. The focus has been at Ambler Park which is the main mining location for the large tunnel. The contractor has also mobilized at Woodhill and Buckeye which will be the shaft location for a smaller tunnel that will run from that location to Ambler Park.

Mr. Brown stated that managing community expectations will be important because the District will not achieve the maximum level of protection until all assets come online. Ms. Marshall agreed that staff must get information out to the community and stated that improvements to the District's website with better project information for communities and residents are in progress.

Constance Haqq, Director of Administration & External Affairs, advised that staff holds a series of public meetings in the communities to keep the public informed, stays in touch with elected officials, and responds to concerns and complaints through customer service on a regular basis.

CEO Dreyfuss-Wells indicated that District staff would discuss this further as well.

2. Information Technology Progress Update

Chandra Yadati, Director of Information Technology, stated that he would discuss highlights of what has transpired in IT during his tenure of almost two years and noted that the department has met or is making progress on its Key Performance Indicators for the Strategic and Operational Action Plan.

Mr. Yadati advised that IT has performed major upgrades to servers, databases and applications. The District also modernized its website earlier this year, updated its recruitment portal and has mentored students through its Helpdesk.

Mr. Yadati stated that IT strives for maximum efficiency in terms of spending. The inquiry tracking system was improved and staff wants to give customers the ability to access work flows. The supplier contract compliance portal was upgraded to support the Business Opportunity Program more effectively.

Mr. Yadati explained that during a strategic assessment last year staff found areas that did not have repeatable or defined processes, and that a lot of information was contained with certain individuals. As a result, he and the IT leadership team set goals to rectify those issues and have been working towards establishing the target maturity level.

IT aligns its architecture using an industry template that supports wastewater utilities and maps business applications and systems in alignment with the District's mission.

The department has several projects underway regarding security, accessibility and efficiency -- including the building and revenue data warehouse project. Plans will soon be brought to the Board regarding the integrated HR payroll system and an upgrade to the work asset management system.

IT continues to support the District's ability to treat wastewater, manage stormwater and build on Project Clean Lake projects.

VII. Open Session

There were no items.

VIII. Public Session (any subject matter)

There were no items.

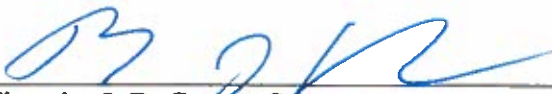
IX. Executive Session

MOTION – Mayor Bacci moved to go into Executive Session pursuant to Ohio Revised Code Section 121.22B (1) and (3) to discuss the appointment and employment of a public employee and to confer with District's legal counsel concerning imminent court action. Roll call vote and the motion carried unanimously.

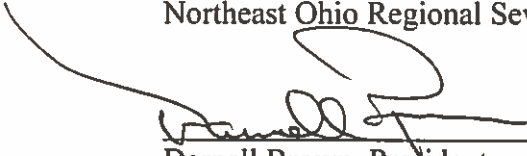
The Board met in Executive Session from 1:25 p.m. to 2:23 p.m.

XI. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mr. Sulik moved and Mayor Bacci seconded the motion to adjourn at 2:23 p.m. Without objection, the motion carried unanimously.



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



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