

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
NOVEMBER 18, 2010

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:31 p.m. by Darnell Brown.

I. Roll Call

PRESENT: D. Brown
R. Sulik
D. DePiero
J. Bacci
S. Kelly
G. Starr

Mr. O'Malley was absent.

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

II. Approval of Minutes

MOTION – Mayor DePiero moved and Mayor Bacci seconded that the minutes of the November 4, 2010 Board meeting be approved. Without objection, the motion carried unanimously.

III. Public Session

Executive Director Ciaccia informed the Board that Cleveland City Councilman Mike Polensek, Justin Glanville, Victoria Mills, Gary Stein, and Dave Lincheck registered to speak at Public Session.

Note: It was later brought to the attention of Executive Director Ciaccia that members from the public sitting in the overflow room desired to address the Board during Public Session including Dan Baka, Linda Ewing, Bob Greenbaum and Stefanie Spear.

Cleveland City Councilman Michael Polensek stated that he was present to speak about Resolution 184-10a regarding the Euclid Creek Tunnel (hereinafter "ECT") project. Mr. Polensek stated that he has been watching with great interest the discussion and comments about the expansion of the Stormwater Management Program (hereinafter

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“SMP”) of the District, and he urged the Board to pass the resolution. Mr. Polensek stated that he has represented the northeast side of Cleveland for ten (10) consecutive terms. In that time, Mr. Polensek has grappled with the ongoing pollution problems at Euclid Creek and Lake Erie. He further stated that in 2010, there are pollution problems in Euclid Creek and along the lakefront that rival the conditions of third-world nations. Mr. Polensek found it appalling that, during this summer, there were long periods of time that “no one using common sense” could utilize the lakefront. There are approximately two miles of lakefront in Mr. Polensek’s ward, and he finds that having these kinds of environmental issues on a daily basis during warm weather is “absolutely outrageous.”

There has been a great deal of discussion in delaying projects, and while Mr. Polensek recognizes the concerns of the District’s Board, such as paying for increases in sewer services, Mr. Polensek believes the District is not receiving the kinds of calls from people who have gotten sick from swimming in the lake that he does. Mr. Polensek has received calls from mothers whose children have respiratory infections and eye infections from swimming in the lake. Mr. Polensek has received calls from State Representative Kenny Yuko and from women who have developed vaginal infections from swimming in the lake. He believes it is outrageous that we have to confront these problems and that for too long communities have dumped raw sewage that went upstream and did not care where it went. Much of it wound up in his neighborhood, the Collinwood community. Mr. Polensek stated that we need to do everything we can to redevelop the community and we need a viable lake. We need a lakefront we can swim in. The concession stand at Euclid Beach State Park is no longer open because of the lack of people going to the lake. Other communities would be envious of our lakefront, yet we cannot use it because of pollution levels directly attributable to Euclid Creek.

Mr. Polensek advocated on behalf of his constituents, the children who do not have pools in their back yards or recreation centers, to pass the resolution. The Euclid Creek tunnel project is critical to the well being of the community and it has been put off for too long. Mr. Polensek urged the District to “get on with the projects that are before us.” He thanked Executive Director Ciaccia, all those who have supported these projects over the years, and the Board members for their time.

Executive Director Ciaccia stated that he did not realize there was an audience overflow room, and additional people in that room, Dan Baka and Linda Ewing, had signed up for public comment regarding “contracts.”

Mr. Brown asked the four individuals who wished to speak about the CSO LTCP, Justin Glanville, Victoria Mills, Gary Stein, and Dave Lincheck, to come forward.

Justin Glanville, on behalf of ParkWorks, stated that ParkWorks is working on a series of projects to increase access to waterways and the lakefront with the District. The

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company is beginning construction next year on a trail that will connect the Towpath Trail to Wendy Park on Lake Erie. The company is also working with a coalition of partners to identify vacant land reuse projects in the Kingsbury Run watershed. Green infrastructure components are an integral part of the work it is conducting.

Mr. Glanville stated that water is one of the region's greatest assets, and ParkWorks believes it is sad that many people in Northeast Ohio avoid the area's river streams and Great Lake because they have been dirty for so long.

He stated that ParkWorks has been able to help people in the region rediscover its water resources, and the CSO program the District is proposing is critical to that mission. "We can create all the parks and trails we want on the waterfront and lakefront, but if the water is dirty, they are going to have very limited appeal."

Mr. Glanville stated that he resides in the Detroit Shoreway area, and he appreciates the lake the longer he lives there. He believes that features such as Edgewater Park will keep young people in this region, as cities with active outdoor lifestyles such as Portland, Denver and Seattle appeal to them. He asserted that Northeast Ohio has an opportunity to have that kind of lifestyle with the regional park system, the river and lake.

Mr. Glanville stated that there is a huge CSO located down a trail he often walks on to the beach. This CSO is a "visible symbol of how we think of the lake" because it looks like a "weapon" and is pointed at the lake. He believes the environmental and psychological impacts would be substantial if it was removed, and Lake Erie is too precious to be treated as a dump. Mr. Glanville continued to state that Lake Erie is key to the region's revitalization and thanked the District for contemplating making this investment.

Victoria Mills stated that she lives in and works for the Doan Brook Watershed within the District. She stated that she is the director of the Doan Brook Watershed Partnership (hereinafter "Partnership"), which represents the cities of Cleveland Heights, Shaker Heights and Cleveland, as well as non-profits, including the Cleveland Botanical Garden, the Cleveland Museum of Natural History, University Circle Incorporated, the Cuyahoga River Community Planning Organization and the Nature Center at Shaker Lakes.

She stated that the Partnership works with scores of volunteers and citizens to help restore health to the Doan Brook Watershed and engages people through outreach events, including stream cleanups, fishing derbies and hikes.

Ms. Mills stated that two questions are consistently asked: When will the Doan Brook stop smelling so terrible and is the water clean enough for safe usage? She stated that the Doan Brook experiences over 75 CSOs per year and she is excited about the green

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infrastructure component of the proposed CSO program. She stated that “we need that CSO program” so that it will soon be safer for people to access one of the only local open spaces in the City of Cleveland and resident areas of Glenville and St. Clair and Superior. She stated that she would appreciate the Board considering supporting the program.

Gary Stein read a letter he submitted to the Board. A copy of the letter is attached hereto and incorporated herein as Exhibit “A.”

Dave Lincheck stated that he works with the West Creek Preservation Committee (hereinafter “Committee”), which is a conservation and stream protection group. He stated that he attended a public meeting regarding the CSO program last evening. It is understandable that people are concerned with big rate increases, and especially in today’s economy. He acknowledged that a number of important questions were asked during the meeting about cost and alternatives. Mr. Lincheck stated that he was impressed with the presentation from Frank Greenland, Director of Watershed Programs, and he answered a lot of the questions very well. However, certain things need to be addressed, including flexibility of the EPA. Mr. Lincheck stated that the CSO issue is one of public health, and not merely an environmental issue. He continued to state that “we are putting sewage into our streams and into our waterways. It’s creating bacteria. It’s creating health hazards.”

In working with the Committee, he is often asked about the water’s health. He stated that he must respond by saying there are still problems with the streams, and in particular, Big Creek, which flows through Parma into Cleveland. He stated that this stream is definitely impacted by CSOs, and that “if any of our toilets were to overflow, we would clean it up.” Mr. Lincheck stated that a broken sewer in the street would be cleaned up immediately because it is a health hazard. However, in the case of CSOs, just because we do not see it “does not take away our responsibility to handle the situation.”

Mr. Lincheck concluded by stating that the CSO issue is an important one and he understands the EPA mandating certain schedules and requirements. However, even if the EPA was not mandating this cleanup of CSOs and this project, he believes “we have a responsibility as a community to stop these discharges into our waterways and to protect our local public health.”

Executive Director Ciaccia stated that the two individuals who had signed up to speak about contracts had been located, however, there were a couple other individuals who had not yet been located in the overflow area.

Mr. Brown asked for the individuals signed up to speak regarding contracts come forward. Dan Baka approached the Board.

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Mr. Baka clarified that his topic related to the previous CSO LTCP consent decree negotiations. He inquired as to how the corruption charges and conviction regarding the District's former general counsel, William Schatz, and his involvement in the negotiations and planning of the consent decree affected the planning and current discussions. He stated that "many millions of dollars are being wasted through corruption and bribery" and he feels this should not be handed down to the consumers and ratepayers without full disclosure.

Mr. Brown thanked Mr. Baka for his comments and asked that Linda Ewing come forth. Executive Director Ciaccia informed the Board that Ms. Ewing was not going to speak. Bob Greenbaum was then called to speak.

Mr. Greenbaum stated that he came as a citizen with a bathroom, kitchen, and laundry room, and was concerned about the District's rate structure, but he is also concerned about the environment. He stated that he has concerns about the pre-treatment program of the electro platers and other industries in the area. He was concerned about biological wastes that would come into the lake and some of the industrial, chemical and possibly radioactive wastes. Mr. Greenbaum inquired whether the CSO program would help regarding pre-treatment or if the District had already engaged in work he was not aware of. In cities such as Akron, Cincinnati and Columbus, there has been considerable legal effort put forth by environmental groups pertaining to pre-treatment. He stated that it appears the District has done excellent work relating to the CSO issue and he is looking forward to seeing more of the details.

Mr. Greenbaum raised the question of what will happen if there is a leak from the sewer system, given that the City of Cleveland has asked for an exemption under the Voluntary Action Program from groundwater pollution, which he believes would state there will be no human use of groundwater within the boundaries of the city. He wanted to know if the District has been involved in that discussion and if it would relate to a break or overflow of contaminants from the sewer system. "Does this say that in the City of Cleveland there is no longer considered to be a legal or moral obligation ... to clean those up or to clean up any past spills?"

Mr. Greenbaum stated that he saw "a look of amazement" on people's faces and asked if the Board understood what he was asking. Mr. Brown replied by stating that he understood.

Mr. Greenbaum continued and stated that he hoped the District explains the program so "the common slob" can understand it.

Executive Director Ciaccia stated that the District will answer his questions afterwards in the event the presentation does not.

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Mr. Brown thanked Mr. Greenbaum for his comments, and Executive Director Ciaccia called Stefanie Spear to the podium.

Ms. Spear stated that she has been an environmental activist for more than 22 years and her work focuses on ways to create a healthy future for our region by supporting and promoting projects that embrace the three principals of sustainability: people, planet, and profits.

She stated that she supports the District's plan to comply with the Clean Water Act (hereinafter "CWA"). She believes this plan will not only clean our most precious natural resource of Lake Erie, but will protect human health, create green jobs and increase tourism revenues.

Ms. Spear stated that the CWA enacted policies that govern water pollution and established goals of eliminating releases of high amounts of toxic substances into water to improve local water quality in human health and increase recreational activities. She stated that Cleveland is not compliant with the CWA due to CSO issues and has worked for more than six years to deal with it.

Ms. Spear explained several reasons why she feels it is critical to adopt the CSO program. The District currently releases 4.5 billion gallons of raw sewage into streams, rivers and Lake Erie each year that seriously impacts the health of our region. Beach water causes a range of water-borne illnesses in swimmers. The results can be fatal for senior citizens, children and people with weak immune systems.

She stated that with good knowledge of CSOs, she does not allow her children to swim in Lake Erie, which she feels is unfortunate. Beaches such as Euclid and Villa Angela have an advisory 48% of the time on average each summer due to raw sewage and E. Coli counts in the water that exceed the safe health standards. Ms. Spear asserted that this fact decreases the value of our region and prevents Northeast Ohioans from enjoying its greatest asset.

Ms. Spear stated that 15 of the 60 beaches, or 25%, in the Great Lakes region that exceed safe health standards are located in Ohio, and nine are in Cuyahoga County. "The added nutrients in our waterways are taking a toll on our lake" and "we cannot afford to have another summer like 2010 and have even more harmful algae blooms."

Ms. Spear stated that according to Ohio Sea Grant, harmful algae blooms are creeping into the central basin in the Cleveland area, which means even more reduced days when people can enjoy the beaches. This will result in less tourism for our region and lost

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revenues. She stated that the upgrades necessary to correct CSO issues will provide good-paying jobs within the Cleveland area.

Ms. Spear stated that according to the Water Infrastructure Network, every \$1 billion invested in wastewater infrastructure creates more than 20,000 jobs. She fully supports the District's initiative to install green infrastructure projects as part of the CSO program, "which will ultimately reduce the total cost of this project, reduce the amount of water being funneled into the wastewater treatment plant, clean drinking water naturally, reduce flooding and provide recreational opportunities and aesthetic value to Cleveland."

Ms. Spear stated that federal studies found that using green infrastructure to deal with stormwater can cost 15% to 25% less than gray infrastructure and provides substantial savings to communities. She stated that she knows increased sewer rates will economically impact residents and businesses across the region, but asked what the cost is of doing nothing. Not complying with the CWA will result in continued fines and the CSO issue will eventually have to be dealt with, but with the risk of higher costs. She stated that "we can't be shortsighted and forget the externalized costs associated with our polluted water such as higher medical costs and reduction in tourism and job creation."

Ms. Spear stated that development of the Lake Erie shoreline will play an enormous role in exploring opportunities for economic growth in our region. "Between development of the Flats to promoting human-powered water sports such as kayaking, paddle boarding and rowing, having a cleaner river and lake will only increase the revenues generated by these activities and create jobs."

Ms. Spear hoped the Board would consider her comments and pass the plan. The Board thanked Ms. Spear for her comments.

IV. Executive Director's Report

Due to the Combined Sewer Overflow Long-Term Control Plan (hereinafter "CSO LTCP") presentation, Executive Director Ciaccia advised that he would not present the Board with an oral report and that the departmental reports were included in the Board packets for review.

V. Action Items

Authorization to Purchase

Resolution No. 325-10 Direct purchase from sole source manufacturer Contec Systems an upgrade of proprietary software required for the existing Continuing Emissions Monitoring System (CEMS) at all Wastewater Treatment Plants. Cost not to exceed \$90,849.00.

MOTION – Mayor DePiero moved and Mr. Sulik seconded to adopt Resolution No. 325-10. Without objection, the motion carried unanimously.

Authorization to Rebid

Resolution No. 326-10 Combined Sewer Overflow Rehabilitation Contract - 010 (CSORC-010). Engineer's opinion of probable construction cost: \$7,625,000.00.

Resolution No. 327-10 Southerly Wastewater Treatment Center Maintenance Building Exterior Wall Panel Restoration (WPR-1). Engineer's opinion of probable construction cost: \$2,793,853.00.

MOTION – After discussion, Ms. Kelly moved and Mr. Sulik seconded to adopt Resolution Nos. 326-10 and 327-10. Without objection, the motion carried unanimously.

Mr. Sulik asked why these two items are being rebid. Kellie Rotunno, Director of Engineering and Construction, stated that generally speaking, it is in the owner's discretion to rebid, and that she would be happy to answer a specific question on either item.

Ms. Rotunno stated that there were issues regarding the way the bid tab was structured; the contractors interpreted things differently, which resulted in imbalanced bids. She wishes to adjust the measurement of payment section and rebid the project in an effort to achieve a more equitable balance in the bids. Ms. Rotunno further stated that the bid documents did not very clearly stipulate the self-performance goal the District required

the contractor to achieve. For those reasons, adjustments will be made and the project rebid.

Mr. Sulik asked for comments of that nature to be included in the Board packet for future rebids, so the Board may know the reasons for the rebid. Ms. Rotunno stated that could be done in the future.

Authorization to Enter Into Contract

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| Resolution No. 328-10 | 2011 Contract with Cleveland Clinic Foundation for the Executive Physical Program for upper management personnel. Cost not to exceed \$90,000.00. |
| Resolution No. 329-10 | Three (3) year contract with Consumer Life Insurance Company for Short-Term Disability and Group Life/AD&D Insurance. Projected cost for 2011 is \$653,583.07. |
| Resolution No. 330-10 | 2011 contract renewal with Kaiser Permanente for medical insurance coverage. Projected cost is \$1,100,000.00. |
| Resolution No. 331-10 | 2011 contract renewal with Medical Mutual of Ohio for medical insurance coverage. Projected cost is \$7,113,950.00. |
| Resolution No. 332-10 | One (1) year contract with American Copy Equipment Imaging Solutions for a service/maintenance contract for the Ricoh Equipment at all District facilities. Cost: \$78,500.00. |

- Resolution No. 333-10 Two (2) year requirement contract with Inland Waters of Ohio for ash removal at the Westerly Wastewater Treatment Plant. Cost: \$247,156.00.
- Resolution No. 334-10 Contract with Brown & Caldwell for professional pre-design services for the Southwest Interceptor Inspection and Evaluation Contract (SIIEC). Contract Fee: \$2,282,171.00.
- Resolution No. 335-10 Contract with Solar Testing, PSI, H.C. Nutting, Resource International and W.R. Gray for Testing and Construction Inspection Services (TCIS). Contract fee: \$20,000,000.00.
- Resolution No. 336-10 Contract with URS Corporation for professional design services for the Walworth Run Outfall Repair (WROR) Project. Contract fee is \$605,984.87.

MOTION – After discussion, Mr. Sulik moved and Mayor Bacci seconded to adopt Resolution Nos. 328-10 through 336-10. Without objection, the motion carried unanimously.

Mr. Brown referred to Resolution No. 335-10 and he requested an explanation of the duration and the amount of infrastructure related to the services.

Ms. Rotunno stated that from 2006 to roughly 2010, the District had a Capital Improvement Program (hereinafter “CIP”) of about \$250 million. Testing and inspection services during that time frame were about \$5.5 million, which is about 2.2% of the construction value that was spent on testing and construction inspection.

Ms. Rotunno stated that the CIP for 2011 to 2016 will be nearly five times that size. The District currently projects \$1.2 billion in capital investment over the next five years.

Mr. Brown asked whether the District is awarding each contract based upon the skills and competencies of the different vendors.

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Ms. Rotunno affirmed and stated that this is the first time the District has used a qualification-based selection process in which the competition was open to any firm who wished to submit their qualifications. The District allowed firms to submit their qualifications for testing, inspection or testing and inspection services because these contracts are used for both. The testing services are typically associated with the construction testing, the materials testing during construction to assure the quality of the work being performed. The District also uses inspection services to augment the inspectors to allow for more supervision of contractors executing work in the field.

Ms. Rotunno continued by stating that contracts are used differently on different jobs, as there are different skill sets. A selection committee performs the evaluation of the vendors based on the qualifications the vendors submitted and based upon the anticipated needs over the next five years. The firms were ranked and the top firms were recommended for award.

Mr. Brown asked if the rates were based upon billable hours, to which Ms. Rotunno replied in the affirmative.

Mayor DePiero asked for clarification regarding Resolution No. 331-10 related to the Medical Mutual insurance renewal. He stated that the Resolution 331-10 is a flat rate increase, which indicates there will be a cost projection increases, elections, new hires and dependant-level changes. Mayor DePiero asked for further clarification on this item.

Director of Human Resources, Douglas Dykes replied that over 2010 the Board was asked for an adjustment as a result of employees increasing their dependants and additional employees signing up for Medical Mutual coverage, which increases the cost. Mr. Dykes stated that he anticipates additional employees will move from single to family and from employee plus one to family in 2011. He stated that the District incorporated those expectations into the renewal.

Mayor DePiero asked if those cost increases are related to the federal healthcare law regarding making healthcare available to dependants. Mr. Dykes replied by stating that the federal law will not significantly impact costs in 2011 and that the only thing applicable for next year is that the dependant age has increased. However, rates will be impacted in 2014.

Mayor DePiero asked if the plan has changed, and whether it will be an 80/20 plan. Mr. Dykes stated that the percentage is different for different groups of people. The union percentage is 90/10 and there are 80/20 and 78/22 plans as well.

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The Water Pollution Control Loan Fund (hereinafter "WPCLF") program is a 20-year program with equal principal and interest payments. Ms. Demmerle stated that the rate was higher at that time, at about 3.25%, when the bond market was at about 3.88%. Additionally, the District was able to defer some of the principal to have the least impact on the rates.

Mayor Starr stated that the rate increase four years ago was about 9% or 10%. He asked what percentage of that rate increase will go towards the ECT project. He questioned, "Approximately a fraction of 1% of some sort, under 1%, spread over 20 years?"

Executive Director Ciaccia stated that the bulk of the project is being financed through the bond issue. The debt from that bond issue will be financed by the future rates.

Mayor Starr asked how much the component will be. Executive Director Ciaccia stated that he estimated between 3% and 4% for CSO related projects and the Renewable Energy Facility at Southerly. He further stated that the District has been talking about an average 13% rate increase and he believed that, even if the District does not carry out the CSO projects, it would be around 9%. Executive Director Ciaccia explained that the rate study has not yet been completed so these are the best estimates, and that these projects push us into the double digits.

Mayor Starr inquired if the \$200 million ECT project will be the largest tunnel project in District history. Executive Director Ciaccia clarified that Mayor Starr was only asking about the Euclid Creek Tunnel Project, to which Mayor Starr confirmed. Executive Director Ciaccia stated that there is a tunnel dewatering pump station and that the entire project probably does comprise a couple percentage points of the rate increase.

Mayor Starr stated that he wants to know the cost of District's projects and to address "what the public needs to know about why their rates are increasing." Mayor Starr stated that the ECT project is a very important project. Executive Director Ciaccia agreed.

Mayor Starr inquired if the ECT project will be equal to the Mill Creek Tunnel (hereinafter "MCT"). Executive Director Ciaccia confirmed, but stated that this project will be larger.

Mayor Starr asked about the MCT project cost, to which Executive Director Ciaccia stated that it was constructed in three phases. The MCT project was bid at \$58 million and ending up costing close to \$90 million. Executive Director Ciaccia stated that the District is attempting recover some of the cost as over payments from the contractor through litigation.

Mayor Starr questioned, "What guarantees do we have that this project will be managed better?" Executive Director Ciaccia replied that the project will be managed better because of the controls that have been put in place since his administration took over and that "in the three years we have been here, we haven't brought any projects back for modification." Furthermore, projects have been consistently completed under the contract bid price and the Program Management that has been put in place helps to deliver that. However, there are always "absolute unforeseen conditions" that the District must be prepared for. Executive Director Ciaccia stated that new conditions were incorporated into the District's contracting documents relating to dispute resolution, including escrowing bid documents so "we know what their actual numbers were at the time of the bid." This process would allow the District to know what the actual pricing was when negotiating change orders.

Mayor Starr credited Executive Director Ciaccia with providing much discussion regarding the MCT and acknowledged that Executive Director Ciaccia and his leadership are pursuing through litigation, \$32 million in fraudulent billing. Mayor Starr congratulated Executive Director Ciaccia and his staff.

Executive Director Ciaccia thanked the Board for their continued support. Mayor Starr stated that any money recovered through litigation will be more available to spend on District projects.

Mayor Starr also thanked Councilman Polensek for speaking at the meeting and stated that he has always admired the Councilman's "integrity and outspokenness."

VI. Information Items

1. Program Management Status Report and Update – October 2010.

No verbal report given.

2. Authorization Request to Amend Resolution No. 55-05 and Execute Combined Sewer Overflow Long Term Control Plan Consent Decree.

Executive Director Ciaccia advised that since joining the District, they were involved with the CSO LTCP negotiations with the state and federal governments. Executive Director Ciaccia acknowledged the District's negotiating team which included David Burchmore, Esq. from Squire Sanders & Dempsey (hereinafter "SS&D"), Director of Law, Marlene Sundheimer, Deputy Director of Law, Lisa Hollander, Director of Engineering & Construction, Kellie Rotunno, Planning Manager, Devona Marshall, Senior Project Engineer, Andrea Remias, Tim O'Rourke from Wade-Trim, Director of Watershed Programs, Frank Greenland, Manager of Watershed Programs, Kyle Dreyfuss-

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Wells, Deputy Executive Director, F. Michael Bucci, Director of Finance, Jennifer Demmerle, and various consultants and economists who joined the negotiating table from time to time.

Executive Director Ciaccia advised that today the District will publicly present the results of many years of planning and tough negotiations with the United States Department of Justice (hereinafter "U.S. DOJ"), Region 5 of the United States Environmental Protection Agency (hereinafter "U.S. EPA"), State of Ohio Attorney General's Office (hereinafter "OAG") and the Ohio Environmental Protection Agency (hereinafter "OEPA").

Executive Director Ciaccia stated there should be no illusions that the CWA is a federal law and a rule promulgated under such law is to address CSOs. The CWA became effective in 1994. Executive Director Ciaccia reiterated "this is federal law and federal regulation and as public officials, we are duty-bound to follow the law. The previous District administration and prior boards appreciated this fact and set off on a course to do just that."

In 1995, the District entered into contracts with consulting firms to study, in a very comprehensive manner, the extent of the CSO problem and to develop facility plans for mitigating the overflows which cost over \$40 million. Those plans were completed in 2002 and the District submitted them to the regulatory agencies for review. The District had trouble getting the plans approved, and it was evident that protracted consent order negotiations were going to take place to avoid enforcement action.

In 2005, the District began engaging the federal and state agencies in negotiations. The District proposed that the 2005 Board adopt the CSO LTCP that emanated from the facilities planning studies, which was billed at a \$1.6 billion program to be carried out over 30 years ending in 2035. Executive Director Ciaccia noted that the cost was in 2002 dollars and the plan approved by the Board in 2005 was actually \$2.3 million. During the Board meeting wherein this plan was enacted, the meeting minutes clearly indicated the concerns of the ratepayers' ability to afford the cost of the program. Many news articles were published at that time. The 2005 Board did approve Resolution 55-05 which was the basis for negotiations going forward and according to Executive Director Ciaccia, the Board acted wisely by authorizing a technically sound and cost effective CSO LTCP.

The implications of not taking action were very clear as they are now. Litigation was and still is looming and would result in expensive legal costs and further settlement discussions with an uncertain outcome. Those discussions would not have advantages of what has currently been agreed upon through years of our out-of-court negotiations. Rather, we would be faced with the governments' worst-case offer as a starting point. No utility has successfully litigated to a conclusion and Executive Director Ciaccia explained that "it makes no sense given the law, the issue and the adversaries."

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The 2005 CSO LTCP was adopted and the former administration was directed to move forward with implementing the plan. Over the last three years the current team has negotiated in good-faith with the team of the governments. Executive Director Ciaccia reported the progress publicly and during seven Executive Sessions. This was also a prime discussion during each Suburban Council of Governments (hereinafter "SCOG") meeting that Executive Director Ciaccia was involved in.

While the discussions were ongoing, the administration and Board both collectively agreed to move forward with the Euclid Creek Tunnel (hereinafter "ECT") design and to ultimately bid the construction of this project. Executive Director Ciaccia advised that the \$198 million bid is currently on his desk. Additionally, we agreed to enter into a major design contract for the Tunnel Dewatering Pump Station (hereinafter "TDPS") and said project was part of the plan adopted in 2005. The bids for the electrical substation for both the ECT and TDPS projects came in last week. Finally, the District issued \$336 million in bonds following the Board's authorization to underwrite the plan at very attractive interest rates. Executive Director Ciaccia advised that this supports the District's initiative to continue moving forward with the CSO LTCP at the direction of the Board to stave off massive escalation costs while negotiating a settlement.

Executive Director Ciaccia advised that during these discussions and actions no person from the staff, the Board or the SCOG called for a different approach other than continuing with the negotiations. Furthermore, *The Plain Dealer* and other media covered this topic many times during the course of the negotiations. Executive Director Ciaccia stated that we all were aware that this was a tough issue that would eventually need affirmative action. There are now some individuals who believe that we should step away from moving forward and take some time off. Executive Director Ciaccia questioned, "Do these individuals believe that this is an illusion" or a dream that will somehow dissipate?

Executive Director Ciaccia advised that no person has yet called for the repeal of the CWA or even amend it to give us some relief. Executive Director Ciaccia has not yet witnessed any demonstrations at the federal building or the OEPA offices in Twinsburg. There have been no letter campaigns to big government agencies. Executive Director Ciaccia questioned, "Why is that?" He speculated that it may be because "they are aware of the futility of such action and by suggesting that we now at the 11th hour change our strategy attracts some form of agenda without regard to risk or consequence."

Executive Director Ciaccia advised that today we will publicly present the terms of the settlement. As reported by *The Plain Dealer* on Saturday, should the Board approve this deal it will certainly cost our ratepayers, but to a far lesser extent than otherwise achieved through any other strategy. Executive Director Ciaccia explained that we will avoid over

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\$700 million in additional costs that the government wanted to add to the overall cost of the plan and also continued escalation costs over \$100 million each year. By using the green for gray infrastructure approach will create an opportunity to reduce the costs further. The District was achieved a high-burdened designation, which limits any further CSO costs and will help in future regulatory discussions.

The District is the second system in the nation to receive over 20 years to carry out the CSO LTCP. Executive Director Ciaccia noted that the District achieved a 25-year program which will take us to year 2035. By continuing our construction program schedule during negotiations, we have achieved the 30-year plan that the Board adopted in 2005.

Most importantly, the District will dramatically reduce the amount of sewage being discharged into our environment. The problem belongs to all of us both and the court order which established the District. Executive Director Ciaccia explained that the maps that will be presented will show that the actual discharged sewage is experienced in the poorest neighborhoods in Cleveland and inner-ring suburbs. For all of us, it is about the environment, health of Lake Erie and the ability to redefine our image as a progressive region.

Executive Director Ciaccia stated that we know these are hard economic times and that it is not easy to defend these types of costs, but according to the results of the Cleveland State University (hereinafter "CSU") Economic Impact Study previously authorized by the Board, there will be over 31,000 jobs created for the period 2012 through 2016. The bids for the ECT project were received and by delaying this program this project would have to be delayed along with those jobs at a time when this region needs jobs most.

Executive Director Ciaccia indicated that there will be ratepayer challenges when considering the costs associated with the CWA mandate. Aside from negotiating these costs down as far as possible, we are aggressively pursuing programs that will aid ratepayers needing assistance. The first drafts of these programs will be brought to the Board before the end of 2010.

Executive Director Ciaccia advised that we continue our best to deliver palatable solutions considering that this situation is a matter of law that we must comply with. We believe that we essentially accomplished everything contemplated by the Board that was seeded in March 2005 in Resolution 55-05 wherein the Board adopted a 30-year CSO LTCP.

Executive Director Ciaccia turned discussion over the Mr. Greenland.

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Mr. Greenland thanked all those who attended the meeting today as well as the public meetings. This program will have difficult infrastructure and will have a huge impact on rates. We received good substantive comments today and at those public meetings to properly frame a tough issue. Mr. Greenland advised that he has discussed CSOs since joining the District in 1991 and he will present the history of those discussions including the regulatory requirements, processes needed to meet those requirements and negotiations summary. Ms. Rotunno will discuss in detail the negotiations and proposed settlement and issues related to the consent decree.

Mr. Greenland referred to a slide depicting the Mill Creek overflow and he explained that the water discharged from that pipe was CSO. This is not an acceptable situation. Through the MCT construction, the District was able to eliminate this overflow and this location is now the site of a Cleveland metro park.

Mr. Greenland referred to a slide depicting oil and grease at Kingsbury Run and he stated that this is not an acceptable situation.

Mr. Greenland referred to a slide depicting floatable debris from CSOs that are discharged into the environment. These floatables tend to wash up on area beaches.

Mayor Starr questioned, "How often does that happen?" Mr. Greenland replied that each time an overflow occurs there is a possibility of floatables being discharged into the water. It can happen during every wet-weather event. Mr. Greenland stated that at Kingsbury Run overflows on average 70 to 80 times each year.

Mayor Starr questioned if the District has a mechanism to catch or collect the debris or does it eventually land in Lake Erie? Mr. Greenland advised that at 10 locations the District has constructed floatable control netting facilities which are located at high public visible areas or large CSO volume locations.

Mayor Starr suggested that the public be informed of the District's proactive approach and the money we already spent on catching debris. Mr. Greenland advised that his presentation will address some of the steps the District has taken ahead of this settlement.

Mr. Greenland advised that there are many public health concerns related to the bacteria levels in the CSOs being discharged into the environment and there are 4.5 billion gallons of CSOs discharged annually. Huge quantities of bacteria are included in the CSOs and pose a public health threat particularly to the people at the beaches. The District monitors the beaches daily. The District works with the health departments to warn the public of the potential health risks, but bacteria violations still exist. During significant wet-weather events over a period of one to three day period, the public is advised to stay out of the water since bacteria levels are elevated due to CSOs.

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Mr. Greenland referred to a slide depicting recent headlines which included this region having the worst water quality at beaches on a national level and the public being warned to stay out of the water.

Mr. Greenland referred to the District's key responsibilities. CSO control is one. The agreement addresses three of the four responsibilities including projects being constructed to alleviate incomplete treatment of flows at the Wastewater Treatment Plants (hereinafter "WWTPs") called bypasses. We have 110 miles of combined sewers in our service area and our interceptors need relief and there is significant basement flooding.

Mr. Greenland stated that he appreciated Councilman Polensek's comments and that he bears the brunt of sewer flooding in his ward. There are projects under the consent order that will address this issue.

Mr. Greenland referred to a slide depicting the service area. Areas served by combined sewers were depicted in yellow. Mr. Greenland showed two images of combined sewers constructed of brick, which are over 100 years old. The green arrow is the dry weather flow path to the WWTPs. During wet-weather events runoff from the streets, rooftops and pavement raise the flows in the combined sewers and the red arrow shows the spill over. When CSOs exit the system it travels to a nearby stream or Lake Erie.

Mr. Greenland referred to the MCT outfall image and the 126 CSO outfall locations throughout the service area. Each urban stream in our combined system core service area has at least one discharge and many streams have multiple discharges. Mill Creek has over 20 discharges. Big Creek, Cuyahoga River, the lakefront, Doan Brook and other area streams have appreciable discharges. The CSO locations are well-distributed between the Rocky River basin, Euclid Creek and all tributaries between those two locations.

Mr. Greenland stated that District is not alone in this endeavor and he referred to a map depicting the locations of communities throughout the nation with CSO problems. The nation's first sewers were combined sewers which were built in the first urbanized areas such as the East coast communities of Boston and New York City, the Great Lakes' communities and communities in the upper northwest including Seattle and Portland. We are all under the same federal mandate.

Mr. Greenland stated that this is a national problem and he referred to a slide depicting CSOs in Lake Michigan near Milwaukee, Wisconsin, Gowanus Canals in Brooklyn, New York and Cranwood Creek in Cleveland, Ohio.

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Mr. Greenland moved discussion to CSO regulatory requirements. We have significant regulatory requirements on CSOs. Mr. Greenland commented that nutrient criteria is a new regulation that will be introduced to the District in the future and we will need to understand its impact to the customers and benefits to the environment.

The U.S. EPA adopted the CSO policy in 1994. The provisions of the CSO policy were inserted into the OEPA National Pollutant Discharge Elimination System (hereinafter "NPDES") permit for CSOs in 1997. We had the requirement to develop a CSO LTCP to reduce overflows and address floatable issues. By 2000, the CSO policy was codified into the CWA. Since 2000, CSOs have been a key federal enforcement initiative by the U.S. EPA.

The District is required to develop and implement a CSO LTCP and to identify solutions to eliminate bypasses.

In 1972, the District estimated that at least 9 billion gallons of CSOs were discharged into the environment each year. Through significant investments made by the District, that amount has been reduced to 4.5 billion gallons.

The District invested approximately \$900 million to reduce the amount of CSOs. In the early 1970s and in the 1980s automated regulators were installed in the system at 29 locations in large pipes having storage capacity for combined sewage. Inflatable dams or gates were used to hold overflow in the pipe preventing CSO discharges. In 1985, the Combined Sewer Overflow Treatment Facility (hereinafter "CSOTF") adjacent to the Westerly WWTP became operational.

Interceptors were built across the service area including the Northwest, Southwest and Heights/Hilltop interceptors. The Northwest interceptor, CSOTF and automated regulators reduced CSO discharges at the Edgewater outfall from 40 to 50 times per year to zero overflows in a typical year.

The Southwest interceptor was constructed to remove the southwestern communities' sanitary sewage from the combined sewage system and express it to the Southerly WWTP. Similarly, the Heights/Hilltop interceptor on the east side removes billions of gallons of wastewater from the combined sewer system which reduced the amount of CSOs.

The District installed 10 netting facilities to control floatables. Mr. Greenland referred to a slide depicting those facilities at Kingsbury Run and East 55th. The CSOs flow through the nets and floatables are captured. The nets are changed periodically. This has tremendously benefitted certain locations by removing tons of debris that have been removed from our waterways.

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Between 1995 and 2002, \$35 million was spent on facilities planning which Mr. Greenland described as engineer studies wherein we monitor flow, overflow, water quality in the streams, and the development of alternatives to minimize CSO discharges.

Mr. Greenland referred to a chart depicting the time frame of the facilities planning studies: Mill Creek (1995-1997), Westerly (1997-1999) Easterly (1998-2002) and Southerly (2000-2002). The results of each of the facility plan studies were presented to the Board during public meetings. The District was required to submit those results and recommendations to OEPA for approval.

Mr. Brown inquired if the facilities plans were related to the service districts. Mr. Greenland affirmed. We advanced planning of Mill Creek due to significant CSO issues. We have a plan to control CSOs in the Easterly, Southerly and Westerly districts. We combined those recommendations into our overall plan which was the subject of the negotiations with the federal government.

Since 2005, early-action projects were constructed in each district while the negotiations were underway. Those project costs were relatively low and in some instances significantly reduced CSOs, for example, the Big Creek interceptor reduced 250 million gallons of CSOs from discharging into the environment. The District moved forward with implementing projects that were involved in the 2002 plan.

Executive Director Ciaccia requested that Mr. Greenland further explain the legend on that slide. Mr. Greenland explained that the large dots depict CSO locations that needed projects for control. The tan areas represent low income and minority population centers of our service area and those areas are where the large CSOs are located particularly around Cuyahoga River, Doan Brook and the lakefront. Billions of gallons of CSOs are discharged on an annual basis.

As early-action projects were built, big circles became little circles because overflows were either significantly reduced or eliminated altogether. These projects were part of the 2002 plan sent to the OEPA.

Mill Creek was a significant project approved by the OEPA in 1997. The MCT was the District's first major effort to reduce CSOs. The MCT is not embodied in the consent decree because construction progressed before negotiations, but over 500 million gallons of CSOs per year will be reduced in Mill Creek when the entire system is operational. The MCT is a 20-foot diameter tunnel and some of the proposed tunnels in the CSO LTCP will be larger, for instance, the ECT will be 24-foot in diameter.

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Mr. Greenland summarized the CSO LTCP approval process. In 1997, the Mill Creek facilities plan was submitted to the OEPA, which was approved. The Westerly CSO facilities plan was submitted to the OEPA in 1999 and the director of the OEPA approved said plan. However, we continue having discussions on the adequacy of said plan with the federal government. In 2002, the Easterly and Southerly CSO facilities plans were submitted to the OEPA for review and approval.

In 2003, the U.S. EPA implemented the nine minimum controls inspection and toured many CSO locations within the District to examine the adequacy of our programs and determine if we satisfied the policy's nine minimum controls. The federal government first joined the District and OEPA discussions in early 2003. Mr. Greenland advised that those discussions included an overview of those plans that were submitted to the OEPA in 2002.

In 2004, the negotiating team met with the OEPA staff and the OAG's office in Columbus to attempt to negotiate an agreement with the OEPA and obtain approval of the consent decree negotiating process. Mr. Greenland advised that this was halted since the District was adamant about having a 30-year program and the OEPA would not agree to this timeframe.

Section 308 of the CWA allows the EPA to request reasonable amounts of data in order to provide for a review of the adequacy of plans. The District received §308 requests in 2004 for bacteria sampling results, CSO sampling and facilities planning reports and appendices.

In 2005, the OEPA requested that the District provide them with a schedule to implement an upgrade of our Westerly CSOTF. The District provided the OEPA with a schedule and implemented design. The District submitted the plans for a Permit to Install (hereinafter "PTI"), but this was denied by the OEPA, which led to litigation. This matter is not completely closed and has been the subject of ongoing discussions during negotiations. The District's negotiating team, U.S. EPA Region 5, U.S. EPA representatives in Washington, the U.S. DOJ, OAG office and OEPA staff met in 2005 to discuss approval of the proposed plan. The District continues receiving 308 requests and those have been satisfied. Furthermore, the Board approved the 30-year CSO LTCP in 2005.

The negotiations continued through 2006 and 2007. The District entered into litigation over the §308 requests. They were essentially requesting that the District spend millions of dollars annually to continue to sample overflows and streams in areas where we had spent millions of dollars during facilities plans. We fought this litigation hard and the case was settled near the end of 2007.

The negotiations continued through 2008, 2009 and 2010. Key areas of discussion included levels of CSO control, wastewater treatment bypasses during wet-weather events, financial capability issues, the economy, and schedule of the program.

Mr. Greenland then turned discussion over to Ms. Rotunno to discuss the details of the negotiated settlement and the consent decree.

Ms. Rotunno advised that during 2008 through 2010 there were many heated discussions including six proposals and counterproposals each requiring an engineering analysis and quick turnaround time. She acknowledged the engineering and finance teams for turning that information around quickly.

Ms. Rotunno moved discussion to the CSO LTCP proposed in 2002. This was initially a \$1.6 billion plan, which escalated to \$1.8 billion by the time the Board approved it in 2005. Through additional escalation and cost refinements, the original plan was adjusted to \$2.7 billion in 2009.

Ms. Rotunno referred to a graphic depicting the timeline of recent negotiation history. In 2008, the District approached the state and federal governments with an innovative proposal, which included the treatment of bypasses at the WWTPs during wet-weather events. That flow would receive primary treatment and not full secondary treatment. The governments dove into the financial capability analysis and brought their economist to the negotiating table, as did the District, and those negotiations took one year. The governments made a counterproposal they believed the District could afford.

Ms. Rotunno referred to the graphic and she advised that the green triangle represented when the District and governments reached technical alignment and the remaining time has been working hard at establishing the appropriate legal language for the consent decree.

Ms. Rotunno stated that the key technical issues include the level of CSO control, wet-weather treatment at the WWTPs, bypasses at the WTPs, green infrastructure, and affordability.

The original CSO LTCP proposal included four bypasses per year at Easterly, Westerly and Southerly and disinfection of the bypasses, which would be a dramatic improvement over our current operations, and 813 million gallons of CSO discharged annually.

Ms. Rotunno advised that what changed from the 2005 CSO LTCP, which was adopted by the Board, was the addition of the chemical disinfection and chemically enhanced primary treatment and disinfection of our plant bypasses.

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After the government's affordability assessment, they argued that the District could afford a \$3.7 billion CSO LTCP. This added \$1 billion to the cost of our program. The government proposed zero overflows per year at primary CSO locations in the Easterly district, the elimination of bypasses and a 400 million gallons per day (hereinafter "MGD") Actiflo facility with ultra-violet (hereinafter "UV") disinfection. At Southerly, the governments proposed three overflows per year at priority CSO locations and the treatment of plant bypasses by going to a parallel operation. In addition, the governments wanted a 70 MGD Actiflo facility with UV disinfection. At Westerly, the governments wanted zero overflows per year and a 450 MGD Actiflo facility with UV disinfection. This would result in the amount of 251 million gallons of CSOs in a typical year, but would cost the District \$1 billion more.

The District wanted to examine the overall environmental impact of the government's proposal from an environmental footprint perspective. When examining the greenhouse gas emissions, the District' carbon footprint would be four times more than the original plan due to the additional electricity, pumps and chemicals that would be used.

Ms. Rotunno stated that at that time the EPA was discussing cap and trade, and the District did not want to be responsible for additional carbon emissions and compliance regulatory requirements. The District's counterproposal would reduce the amount of greenhouse gases to less than half of the government's proposal. This gave the District leverage during negotiations and the government backed off of the expensive energy intensive treatment facilities proposed for the WWTPs.

The negotiated agreement resulted in two overflows per year at Easterly, which will be accomplished by upsizing some consolidation sewers, and the elimination of bypasses at Easterly which will result in the increase of secondary capacity to match primary capacity. Instead of the more expensive treatment technology of Actiflo and UV disinfection, the government agreed to a modest chemically enhanced high-rate treatment facility and chlorination disinfection. The District will be required to complete pilot studies to demonstrate if we can achieve the total suspended solids goal and the disinfection goals, which we are confident those goals can be reached.

The negotiated agreement resulted in three overflows per year at priority CSO locations at Southerly, which involves the upsizing of consolidation sewers. Rather than adding a 70 MGD Actiflo and UV disinfection facility at Southerly, the government agreed to go to a parallel operation with chemical addition and a settling tank to handle bypasses.

Mayor Starr questioned if we "are going to get down to zero CSOs?" Ms. Rotunno replied, "No we are not going to get down to zero." At the end of 25 years, the remaining CSO volume in a typical year will be 494 million gallons.

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Mayor Starr questioned, "How do we find that acceptable?" Ms. Rotunno stated that from a cost-benefit perspective, the CSO facilities planning efforts and studies show that it is fairly insignificant from a water quality perspective but extremely significant from an economic perspective. Ms. Rotunno indicated, "This is the balancing point and the point at which we thought was reasonable."

The negotiated agreement resulted in three overflows per year at Westerly at priority CSO locations. The District agreed to upgrade to 411 MGD at the CSOTF and to chemically enhance that treatment and add disinfection.

The negotiated agreement included the construction of green infrastructure which will be used to capture 44 million gallons of CSOs to achieve higher level of control instead of building larger tunnels.

Ms. Rotunno advised that the negotiated agreement will cost \$3 billion, which is \$.7 billion less than the government's proposal.

Ms. Rotunno moved discussion to the negotiation history since 2008. The District's plan started out at \$2.7 billion in 2008. The governments' counterproposal was a \$3.7 billion plan in July of 2009. The District came back with a \$2.9 billion plan in September 2009. The governments countered with a \$3.3 billion plan in December 2009. The District countered with a \$3 billion plan in January 2010 and this ultimately became the agreed upon amount.

Ms. Rotunno referred to a slide and she stated that each bar represented a tremendous amount of technical analysis and volleying between the teams. The District added \$331 million to the CSO LTCP, but reduced the governments' plan by \$700 million.

Ms. Rotunno explained that it will cost the District \$13 million to upsize the consolidation sewers at Easterly to reduce the amount of overflows to two per year. To eliminate wet-weather bypasses at Easterly and upgrade the secondary capacity to match the primary capacity will cost the District \$48 million. To add treatment to the CSO-001, the largest remaining overflow at Easterly, will cost the District \$123 million. Ms. Rotunno noted this includes the reduced technology that the District must pilot and demonstrate.

To upgrade the consolidation sewers to achieve a slightly higher level of control at Southerly will cost \$9 million. The additional parallel treatment operation during wet-weather events to address bypasses at Southerly will cost \$47 million.

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To reduce overflows to three at the priority CSO locations at Westerly will cost \$40 million which includes upsizing one tunnel. The additional chemically enhanced treatment and chlorination and expanding the CSOTF at Westerly will cost \$9 million.

The cost of green infrastructure to capture additional 44 million gallons of CSOs will cost \$42 million.

Ms. Rotunno advised that the additional projects will capture 319 million gallons of CSO in a typical year. In terms of affordability, it will cost approximately \$1 dollar per gallon of CSO.

Ms. Rotunno referred to a graphic depicting the locations of the projects and she summarized the projects for the Board. At Easterly, there will be a 400 MGD chemically enhanced high-rate treatment for CSO-001, upsizing the consolidation sewers and expanding the secondary capacity to eliminate the bypasses. At Westerly, the 411 MGD chemically enhanced treatment for CSOTF and the upsized Westerly tunnel. At Southerly, the upsized consolidation sewers and the expansion of the secondary capacity in using chemically enhanced high-rate treatment during wet-weather events.

Ms. Rotunno summarized the negotiation highlights regarding tunnels. The District will upsize the Westerly Storage Tunnel (hereinafter "WST") and that project will follow the construction of the ECT and Dugway Storage Tunnel (hereinafter "DST"). ECT and DST are both 24-foot diameter rock tunnels. Since the WST will be a rock tunnel, the District's strategy was to construct these tunnels back-to-back and therefore have the ability to use the same tunnel-boring machine, which will reduce the costs incurred by the District.

Ms. Rotunno moved discussion to green infrastructure, which in some instances was proposed in lieu of constructing bigger tunnels. The governments wanted higher levels of control than what was originally proposed by the District in 2005. The District agreed to 44 million gallons through green infrastructure rather than upsizing more tunnels which would be too costly. Ms. Rotunno advised that the District fought hard for green for gray infrastructure and that every gallon treated through green is more cost effective than gray infrastructure.

Ms. Rotunno highlighted the benefits of green infrastructure. It is cheaper than gray infrastructure. It will bring the ratepayers money and their aboveground investments will be visible. The District can combine its CSO problem with available real estate and create an amenity or even a neighborhood. Green infrastructure is visibly pleasing and can capture the same amount of CSOs for less money that would be spent on the construction of tunnels for the same volume of capture.

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Ms. Rotunno provided the Board with examples of green infrastructure. In Saylor Grove, Pennsylvania a triangular shaped piece of property was transformed into a recreational area that can be enjoyed by the people. This park captures stormwater runoff before it becomes a CSO. This District wants the opportunity to do something similar here in Cleveland and therefore has negotiated green for gray exchanges into the consent decree.

Ms. Rotunno referred to a green infrastructure example in an urban area in Portland, Oregon. The District desires a partnership with the City of Cleveland in an effort to implement something similar to Portland's green project in the City of Cleveland.

Ms. Rotunno moved to the CSO LTCP schedule. As mentioned earlier, the District proposed a 30-year schedule and the governments' counterproposal was 20 years. The District agreed to upsize the Westerly tunnel to 24-feet in diameter like the ECT and DST projects and therefore we could compress that into 25 years and the government agreed to this proposal.

Ms. Rotunno stated that when considering the early action projects constructed between 2005 and 2010, the District will actually achieve a 30-year schedule starting from 2005. The District spent \$100 million on CSO projects since 2005.

The 25-year consent decree schedule will address low income and minority population areas first, which the tan areas on the graphic represented. Ms. Rotunno explained that by 2013 after the MCT is complete those CSOs will be controlled. By the end of 2020, the ECT and DST projects will be complete which will take one billion gallons of CSOs out of Lake Erie and the CSOs in that region will be controlled. By the year 2024, the WST will be complete and those CSOs will be controlled. By 2027, the Doan Valley and shoreline tunnels will be complete. The Southerly Storage Tunnel (hereinafter "SST") will be completed by 2030. The Big Creek Tunnel (hereinafter "BCT") will be completed by 2035. The CSOs will be controlled to the proposed level of control agreed upon in the consent decree.

Ms. Rotunno moved discussion to the civil penalties for CWA violations. The governments originally proposed \$2.8 million in civil penalties. The amount agreed upon was \$2 million for water quality violations. \$1 million will go to the federal government and \$1 million will go to the state government. A portion will be paid in cash and a portion will be paid in projects. The District fought for projects since the money will be invested locally.

The state Supplemental Environmental Project (hereinafter "SEP") is for the operation and maintenance of the Cuyahoga River/Ohio Canal Pump Station, which will be built by the City of Akron as a SEP under their long-term control program. Our federal SEP is the proposed partnership with the Cuyahoga County Solid Waste District for a special

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waste convenience center which will double the volume of waste that is collected by this facility by allowing them to extend their hours of operation to residents of Cuyahoga County who currently do not have a good option of household hazardous waste disposal.

Ms. Rotunno moved discussion to affordability components. There is a 2% median household income threshold established in EPA guidelines as high-burden communities. In 2005, the District's initial Financial Capability Assessment (hereinafter "FCA") placed the District at 2.31%, well above the 2% threshold as set forth in government policy. In October 2006, the government thought the District was at 1% the District was in disagreement. The governments reexamined the data and additional items were accepted into the financial equation. By March 2008, the governments' number was 1.97%, but the District was still not in agreement. The District argued that our community was at 2.46% median household income to support this program and that we would not accept anything other than a high-burden classification, which we ultimately achieved.

Executive Director Ciaccia noted that the governments did not adjust their numbers. They agreed to give the District a high-burdened classification for the reason that the District team refused to present the consent decree to this Board unless given this status.

Ms. Rotunno referred to a graphic showing the governments' desire for the District to implement a \$3.7 billion CSO LTCP in a 15-year period. The blue bars represented the percentage of annual rate increases necessary in order to support this program. Those numbers were shown on the left-hand side of the graph. The red line represented the average monthly bill beginning in 2011 and ending in 2035. The green line represented the 2% threshold that the governments set through their policy. The same \$3.7 billion program over a 20-year period would not provide much relief. Rate increases will be exorbitantly high and the 2% threshold will be crossed quickly.

Ms. Rotunno referred to a graphic showing the negotiated agreement, which is a \$3 billion CSO LTCP over a 25-year period. The blue bars in the first five years were around 13%. Ms. Rotunno noted that there are no rate increases in this particular plan that exceeds 15%. If we do not prevail in getting this consent decree approved and we get sued, our customers could be facing over 20% rate increases. Ms. Rotunno noted that our monthly residential bill does not cross the 2% percent threshold number in this scenario, but this does not include the local sewer costs that the communities are charging the District's ratepayers.

With the 25-year CSO LTCP one half of each dollar will be applied to operation and maintenance and one half will go towards capital construction. About one quarter or 26% will be for the CSO LTCP and the other 24% will go towards the maintenance, renewal and rehabilitation of our existing facilities.

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Benefits of this program include clean beaches, protecting water quality and revitalizing some neighborhoods through green infrastructure.

Ms. Rotunno explained that based on the results of the CSU Economic Impact Analysis for the first five years of this program, 31,000 jobs will be created in the seven-county area. Labor income will be \$1.6 billion. Tax revenues of \$443 million will be generated. In Cuyahoga County, it is anticipated that 16,600 jobs will be provided and \$236 million in tax revenues will be generated. According to CSU's study, this region will get \$2.63 back on every \$1.00 spent.

Ms. Rotunno summarized the key elements of the consent decree which include achieving and maintaining full compliance with the NPDES permits; implementation of nine minimum controls; construction and implementation of CSO control measures; post-construction monitoring to ensure that we are achieving our goals; reporting requirements; approval of pilot projects; green infrastructure; and achievement of our performance criteria.

Ms. Rotunno advised that the end date of the consent decree is 2036. Appendix 1 covers the performance criteria, levels of control needed and compliance dates. Appendix 2 sets forth the post-construction monitoring needed to show District compliance. Appendices 3 & 4 cover green infrastructure. Appendices 5 & 6 outline the SEPs.

Ms. Rotunno explained the Modification Provision, Section XX, under the consent decree. The consent decree cannot be modified except by written agreement signed by all parties and approved by the court. This applies to material changes of the consent decree. Certain elements defined as non-material can be modified by the parties without formal modification of the consent decree in court.

Dispute Resolution, Section XIII. There is an informal and formal dispute resolution process. Since a judge will be handling this consent decree, the District can bring disputes before the court.

Next steps include presenting the consent decree to the Board for consideration at the December 2nd Board meeting. If the consent decree is adopted and signed, it will go to the federal court and the EPA will issue a 30-day public comment period.

Ms. Rotunno turned discussion over to the Board for questions.

Mayor Starr stated that "nobody in this room is against clean water and a clean lake...we are all for that goal," but he questioned, "How do you do it and who pays for it?" Mayor Starr commented that there were approximately 300 attendees at the "real first genuine public hearing yesterday in Parma" and many good questions were asked.

According to Mayor Starr, "we have failed" in communicating an understandable message to the public. Mayor Starr referred to comments made by *The Plain Dealer* reporter, Mike McIntyre, and Mr. Greenland during the "Sound of Ideas" WCPN radio program on October 5th. Mayor Starr stated that there are 127 trillion gallons of water in Lake Erie so that comes to one gallon of CSO for every 28,200 gallons as reported on Cleveland.com. Mayor Starr questioned, "Does that put it into perspective?"

Mr. Greenland replied that it does not appropriately put it into perspective since CSO discharges are concentrated in zones near shore areas. He went on to explain that during the 1970s and 1980s, the District recognized issues of contamination at Edgewater State Park and a lot of money was invested in the northwest interceptor including automated regulators and the CSOTF to control overflows in a typical year. The ECT is vitally necessary because CSOs discharge near the shore waters of Lake Erie. Depending on current patterns, the CSOs can either disperse or stay near the shore waters elevating bacteria levels for up to three days. Furthermore, CSOs are not diluted throughout the entire water body of Lake Erie, they are concentrated in zones and this becomes a problem when the zones are located near beaches.

Mayor Starr questioned if April 1, 2012 is the anticipated date for the rate increases to appear in the sewer bills. Executive Director Ciaccia stated that it will be January 1, 2012. Mr. Bucci stated that the first bills will go out January 1, 2012, but the bills are prorated so the full impact will be felt in April 1, 2012 during the second quarter. Mayor Starr commented that the great impact will occur around the same time as federal, state and local taxes.

Mayor Starr stated that the District cut the amount of CSOs in half and inquired as the time frame for reducing CSOs from 10 billion to 4.6 billion. Mr. Greenland stated that the District began making improvements in 1972 and estimated that it would be about 4.5 billion by 2010.

Mayor Starr questioned, "And we spent close to a billion dollars?" Mr. Greenland affirmed and he explained that some of those dollars were back in 1972, 1973, 1975 and 1978.

Mayor Starr indicated that his point was to show that the District has been working on CSOs. Mr. Greenland replied, "We have been working steadily on this."

Mayor Starr stated that the District has received 130 awards from the EPA. Mr. Greenland affirmed that the WWTPs win national awards. Mayor Starr commented that "we are doing something right" and it is confusing to receive awards and also threats from the EPA.

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Mayor Starr wanted to make a statement regarding affordability and the process. The District is proposing a \$3 billion tax, the most costly initiative ever in Northeast Ohio. He stated that people have contacted him regarding affordability and the process and he questioned, "How do you keep that \$3.6 billion in context?"

Mayor Starr went on to state that he served on the Boards for the original Gateway and a domed stadium corporation representing the suburbs. Those costs were estimated at \$1.6 billion and we are proposing \$3 billion, which is a lot of money. One million customers will have limited time to review the highly technical documents detailing the drastic increase in sewer rates from an annual average of \$360 per year to nearly \$1,000 in four years. Mayor Starr stated that the Board will vote on Thursday, December 2nd at 12:30 p.m.

Mayor Starr commented that the District opted for a more democratic and open process when they raised the \$57 per year stormwater fee. A total of 206 meetings with various cities, public and private agencies and churches were held over a two year time period. Conversely, two public hearings have been scheduled since the original attorney/client privilege document was released. Mayor Starr noted that the key document, which is a 47-page agreement, was made available on November 12th.

Mayor Starr referred to a quote printed in an article featured in *The Plain Dealer* which stated, "District officials are saying sewer bills will begin increasing an average of 18% a year beginning in 2012 and for the next 20 years or more. District officials assume families can afford higher rates because-- and also the EPA-- because of household incomes will increase roughly 4% per year."

Mayor Starr questioned, "What about those workers that are retired or pensions have been frozen?"

Mayor Starr commented that he has received numerous calls and letters from apartment dwellers who live on fixed incomes. This means higher rents for business owners and "job killing financial hardships."

Mayor Starr stated that on April 1st when we are filling out income tax, sewer rates will increase an average of 13% to 18%.

Mayor Starr stated that he was not questioning these lofty goals to further clean our rivers or lakes. Since the District's inception the amount of raw sewage discharged into the environment was reduced by half. However, any amount of pollution is unacceptable, but as stated earlier, by the end of this program, we will still be discharging a half a billion gallons of CSOs into the environment each year.

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Mayor Starr questioned if the price of this program is too high for a region reeling in poverty? He commented that our unemployment and foreclosures rates are some of the highest in the nation and that people and businesses are leaving this area.

Mayor Starr advised that he received a telephone call yesterday from a Cuyahoga County resident who indicated that she is "down to spending \$25 a week at Giant Eagle for food" and that she was concerned about the sewer rates increase. She indicated that she would not know what to do and may become homeless and have nowhere to go.

Mayor Starr indicated that there was much anger and frustration brought out during the public meeting held yesterday in Parma. There was also grief and pain. These people are suffering. A lot of people that are going to hurt.

Mayor Starr stated that the details of this 47-page agreement written over 8 years by the EPA and District lawyers was provided to the Board on November 12th. Mayor Starr questioned, "How much involvement did our former legal counsel have?" According to the minutes on pages 9 through 12, he was involved extensively.

Mayor Starr commented that "despite this clamor for more transparency and government, the lawyers, until Friday, November 12th, refused to share this agreement with Board members and the public until the vote. Mayor Starr claimed, "The tax was under the guise of attorney/client privilege." He indicated that it raised his curiosity when these public records were not made accessible to the public. He questioned, "What are the secrets?"

Mayor Starr was concerned that "District officials have secretly agreed in your name, the taxpayers, to a \$2 million fine...despite a \$1 billion investment in cleaner water and numerous performance awards even from the EPA since 1972."

Mayor Starr commented that Akron is citing affordability and fighting the EPA in court and he questioned, "Why are we so eager to surrender to the feds?"

Mayor Starr commented that the District's rate study is not yet complete and residents should be made aware of the cost benefit analysis "before shelling out billions of dollars." He questioned, "How much cleaner will it be \$3 billion later?"

Mayor Starr inquired whether Northeast Ohio was entitled to a larger share of federal funds. Are grants available? Will grants be restarted maybe with the new realities of Washington and Columbus? Will there be zero percent loans?

Mayor Starr questioned why this agreement could not be longer than 35 years?

Mayor Starr commented that water pollution is a nationwide crisis and the National Association of Clean Water Agencies (hereinafter "NACWA") has reported to the *The Plain Dealer* that hundreds of cities throughout the United States face these similar challenges. Mayor Starr questioned if the federal government should pay for a larger share rather than "coldly threatening a recession-racked region of Northeast Ohio with legal action?"

Mayor Starr stated that he opposed this "rush judgment on what amounts to a monstrous unvoted tax increase." Mayor Starr called for a one-year moratorium to allow "elected officials and their constituents time to weigh the proposed rate-hike against the possible crushing impact that it is going to have on our local ratepayers."

Mayor Starr indicated that he "broke the news" at a meeting with *The Plain Dealer* and Executive Director Ciaccia that the state of Florida was granted a 13-month delay from the U.S. EPA "from paying millions of dollars of unfunded mandates."

Mayor Starr read aloud from a press release cited by the U.S. EPA, "The State of Florida and the EPA have battled for years over water quality rules. The EPA says that in delaying these rules are in part because of a poor economy in Florida." Mayor Starr questioned, "Is there a poor economy here? Why can't we get the same treatment by our congressional delegation, or our U.S. Senators? Why aren't are lobbyists reading this material and going out and asking for the same moratorium?"

Mayor Starr continued to read aloud from EPA's press release, "it wants all parties to have time to fully understand the rules and how to implement them." Mayor Starr stated that "mayors and counsels are sure to be overwhelmed with protest especially when these bills are issued on April 1st."

Mayor Starr referred to the Cuyahoga County corruption scandal and he stated that it "tarnished the Sewer District and mid-term elections, which is going to have an effect on the future federal policy, should drive home the lesson that the public demands greater transparency and accountability."

Mayor Starr stated that the District "needs to demonstrate beyond a reasonable doubt that it understands the importance of the court of public opinion...as well as the court of law." According to Mayor Starr, the public wants to express their opinions on this issue and a good portion of people work during the day. Therefore, he recommended that the Board change the time of its December 2nd meeting from 12:30 p.m. to 7:00 p.m. to allow for the working people of Greater Cleveland to attend the night meeting.

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Mr. Brown reminded Mayor Starr that he is the Board president and that there is a process for requesting a change in a meeting schedule. The process is have two Board members submit in writing a request to the Board for the purposes of changing the meeting time, which would in affect be a special meeting for that particular item. Mr. Brown respectfully requested that the Board abide by the governance policy that requires that process to occur.

Mayor Starr inquired whether any Board members were in support of moving this meeting to 7:00 p.m. "so the public has a right to be heard." Mr. Brown again required that the Board follow its policies.

Mayor Starr distributed the information regarding Florida. Executive Director Ciaccia turned discussion over to Mr. Greenland to address Mayor Starr's concerns.

Mr. Greenland advised that there are differences of opinion between the regulatory group in Florida and the EPA. Any regulation has an environmental benefit associated with it. They have delayed implementation of a new standard applicable on nutrients to the State of Florida only. The State of Ohio will eventually move in the same direction as it pertains to nutrients. At that time, the District will be required to fully understand the proposed new regulations, environmental benefits and cost to our customers. We intend to make appropriate comments as that rule is drafted. Mr. Greenland could not predict exactly when nutrient criteria will become an Ohio regulation.

Mr. Greenland went on to explain that CSOs are a separate issue. The CWA has been the law since 1994. CSOs are not a new regulation that can be deferred. CSOs are the central focus of the U.S. EPA's enforcement action.

Executive Director referred to letter composed by the U.S. EPA and addressed to the Honorable Donald L. Plusquellic, Mayor City of Akron. Akron opted to go forward with a lawsuit, and the EPA's new position includes zero overflows from basins, zero overflows from the Ohio Canal Interceptor and two overflows from the north side tunnel receiving enhanced high-rate treatment. The second option is zero overflows from basins, two overflows from the Ohio Canal Interceptor receiving high-rate treatment. The third option is zero overflows from basins, zero overflows from the Ohio Canal Interceptor and zero overflows from the north side tunnel. Executive Director Ciaccia stated that the cost of zero overflows for us will be over \$5 billion.

Mr. Brown commented he joined the Board in 2002 and that he was the former Commissioner of Water Pollution Control in the City of Cleveland for over 16 years and therefore he is very familiar with the CWA and the impacts CSOs have on the environment particularly in poor urban communities.

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Mr. Brown stated that this is the law and not a new rule promulgated as in Florida's case. The District is currently in violation of the CWA. We began a \$40 million study in 1995, which was completed in 2002. Mr. Brown questioned as to how much money and time do we need to spend in order to understand what we must do? This is about environmental justice and people do not deserve to be exposed to raw sewage and disease. This is about the quality of life of our customers.

We also must be compliance with the law. There are two outcomes of non-compliance; an agreement is reached or enforcement action will be taken. The governments began threatening enforcement action back in 2004.

Members of the staff presented to the Board where they felt we should be in 2005 and they indicated that there was no restriction in the regulations that limits the District to a 20-year program. The Board cited the reasons as to why it was desirous of a 30-year program. Affordability issues were discussed as well as the District's belief that it was a high-burdened community. Mr. Brown distinctly remembers making a comment at a past Board meeting that "if this region cannot make a case for the issue of economic impact, nobody can."

The staff has been engaged with the Board through this entire process and has taken the issues of the term of the program and affordability seriously. Staff has also kept the Board abreast of the details of the negotiations.

Mr. Brown stated that "this boils down to rate increases that none of us want to see." He indicated that he has an 81-year old mother residing in Cleveland, a 95-year old great-grandfather and relatives who are unemployed, and they will all feel the effects of this rate increase.

Mr. Brown commented that people tend to distort or misstate things, and he indicated that he has received letters and phone calls from K&D Enterprises and many senior citizens. Mr. Brown understood their fear and anxiety "but when you tell people whose rent is based on their income, and their income has not changed, so there is no effect, no impact to their rent...that is a problem...that is just dishonest...that's a lie." Mr. Brown stated that "misleading and misrepresenting those are just things we cannot do."

The negotiations began with the federal government proposing a \$3.8 billion program, which was negotiated down to a \$3 billion or less program over 25 years. Mr. Brown stated that over 25 years the District will have achieved 98% capture of CSOs.

To the extent of the District receiving a return on its investment he inquired if the consent decree is structured in such a way that the term could be further negotiated at some point in the future. If the District reaches 98% capture in 20 years, is there a benefit of

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requiring us to continue the five years of additional projects and costs to the ratepayers? Mr. Brown desired having those questions answered before the Board votes on the CSO LTCP program.

Mr. Brown commented that we all have anxiety, but we must be honest with the public about where we are and the risks we are exposed to by not signing the consent decree, and that exposure is in the \$4 billion range including the \$3.7 billion plan plus the penalties. Each year we wait will add an additional \$100 million plus to our program in construction costs.

Mr. Brown requested that the Board take into consideration the concerns expressed here today and he reminded them that December 2nd is the earliest that the Board can vote on this program. Mr. Brown agreed that the issue of public engagement is important; however, he was uncertain whether public input can impact a negotiated consent decree based on science and the District's ability to pay over a period of time.

Mr. Brown stated that the key issue is making sure the public understands what will be required from the District and the outcomes and risks associated with non-compliance.

Mayor Starr commented that legal action has been discussed and that everybody keeps resorting back to the worst-case scenario. But our forefathers founded the three branches of government and the purpose of the court is to resolve conflicts. Mayor Starr questioned, "What happens if we win?"

Mayor Starr referred back to the Florida issue and he stated that the federal regulation will impact the pocketbooks of Florida residents and he described this as an unfunded mandate. The issues may differ but "a fee is a tax" and the primary consideration of the U.S. EPA was affordability in Florida, which is "the same situation, if not worse, here." Mayor Starr inquired whether we can mobilize our local officials and lobbyists to obtain the same type of moratorium on an unfunded mandate to provide more time to discuss and debate these issues.

Mr. Brown commented that we are comparing apples to oranges. He clarified that the issue in Florida is regarding a rule that is being promulgated and he read aloud from the same article Mayor Starr was referring to:

Though the criteria are now finalized, they won't go into effect for another 15 months. Contrary to early reports that this 15-month period was a delay, Department of Environmental Protection representatives say it is merely the interim period before the criteria are fully implemented.

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Mr. Brown stated that there is no discussion regarding this issue in Florida rather it is merely giving the people time to comply. This is a rule that is promulgated and is no different than what occurred with CSO regulations. They took time in order to figure how they were going to enforce the law.

Mayor DePiero thanked staff for the presentation and he stated that these are very tough issues for the Board, the public and elected officials. Mayor DePiero advised that although he has not yet decided how he intends to vote on this program, the staff under Executive Director Ciaccia's leadership has done an exceptional job of getting us to where we are today. He was not on the Board during the time of the past administration, but he witnessed many good reforms here at the District including the performance audits since the changeover in administration.

Mayor DePiero believed that good transparency has taken place over the past few years and yes things can always be done better, but staff has done a very good job in getting us this 25-year negotiated consent decree.

Mayor DePiero indicated that he does not anticipate the local economy improving over the next year and "the deal is what it is." Mayor DePiero suggested that we get out there and continue to publicize this information and that there may still be time to reach out to our delegation and get some reprieve on this.

The Board needs to decide whether to accept this plan by voting for it or choose to get into a fight with the federal government. Either way, we need to bring this to a head and move forward.

VII. Open Session

There were no items for discussion.

VIII. Public Session (any subject matter)

No members from the public registered to speak at Public Session.

IX. Executive Session

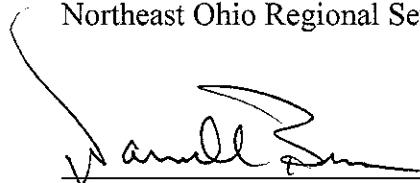
Mr. Brown stated that there were no matters for discussion during Executive Session.

X. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mr. Bacci moved and Mr. Sulik seconded the motion to adjourn at 3:08 p.m. Without objection, the motion carried unanimously.



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



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

November 18, 2010

Northeast Ohio Regional Sewer District
Board of Trustees Meeting
3900 Euclid Avenue
Cleveland OH

My name is Gary G. Stein, I am a resident of Middleburg Hts, my wife and I own a small business on the Westside of Cleveland. I have lived in Cuyahoga County my entire 55 years of life.

The business that my wife and I have owned for the past 6 years is a small coin-op laundry. We have 35 washers and 24 dryers that our customers use to wash and dry their families' clothes. We are, by far, not a large coin laundry business, but we have become a fixture in the neighborhood and the community for the residents who use our business for their laundry needs.

In the 6 years that we have owned the business, we have increased the price of washes only once, from \$1.75 to \$2.00 a wash. This may not seem like a large increase to the average person, but to our customer base, any increase is cause for concern, as it takes money away from other necessities when you are on a fixed and/or limited income.

Our business is located on the Westside of Cleveland on West 117th Street, south of Lorain Ave. The demographics of the area are comprised of a diverse mixture of people from families with children, young single parents, individuals and older persons. There are mostly single and two-family houses and small apartment buildings in the neighborhood of the laundry. Some are home owners, but most are renters with a large portion of Section-8 housing participants.

Exhibit "A"

Many of our customers are on fixed or limited incomes from unemployment, disability, government assistance, social security and just “hard-times”. But these are good people, good neighbors who take pride in their neighborhood, in their community, in their families and in themselves. As hard as it may seem to believe for those of us who have had opportunities in our life and take a lot of our daily needs for granted, a place to live, food to eat, and clean clothes is important to these people.

We did not purchase the laundry to become millionaires, ...which would be tough....one quarter at a time...but we had intentions of supplementing our income and maybe having something extra for retirement. My wife and I both have regular jobs and are just your typical “mom & pop” small business. But over the years that we have had the business, we have made friends with our customers and have listened to their stories and thoughts and concerns about the future, especially their economic future.....most of them are sad stories.

An increase in sewer rates, of the magnitude which I have been reading about, would most likely put our laundry out of business. I could not and would not be able to pass the increased cost along to my customers in good conscience. Most would probably not be able to afford to do their laundry on the regular basis that they are accustomed to. This, of course, would have the ripple effect on my business of fewer customers, less income, increased bills and finally....shut the doors. Who would even consider a business of this type which depends on water as a major utility?

The ripple effect would effect the suppliers that I buy my products from, the loss of income to me and my family, the loss of a service to our customers, the loss of jobs to my workers, ...I am sure you see where I am going with this.

Our first year in business, through 2005, our sewer bills amounted to 3.75% of our expenses or about \$2,800.00 on a \$74K GROSS.

In 2008 our sewer bill was 5.43% of our expenses or about \$5,805.00 on a \$107,000 GROSS.

To date in 2010, with a projected GROSS of \$94,000, our sewer bills will amount to 5.5% of our GROSS....yes, business is down and the rate continues to increase.

These are the hard fact of business. Facts I have to weigh as to whether to stay in business or seriously contemplate other directions.

NOW, project these figures out for the next 5 – 10 – 20 years at an average of 18% increase each year and one can see that there is no advantage for a small business to continue to loose money while expenses continue to increase. We all know and are not blind that the sewer rates will not be the only utility rates that will increase. What incentive does the small business owner have to continue?

Increased utility rates and increased rates across the board due to the obvious ripple effect will mean businesses closing their doors, which will mean these businesses do not buy products from supporting businesses, people will be out of work because of this effect and less income and sales taxes are collected and the economy, which is currently in dire straits, will continue to suffer.


We employ 3 workers, 1 who has been with us from the time we purchased the business. Last year this employee had a major stroke which affected his mobility and has been doing physical rehab just to be able to walk and speak. I have put him back to work and he is now back at the laundry working 1 day a week, with the help of his wife doing limited tasks, but needs the income. If I am forced to go out of business because of increased utilities, especially water/sewer rates which are my highest expense now, he will loose this small, but important source of income. The other employees I have will also be out of work and not have their incomes.

I will survive, I will continue to work and pay my bills, just like you and every other person out there, as best they can. But, what about the people who have been, are, and will struggle to make ends meet? The people of our neighborhoods, our communities, our cities, are the victims here. They have been asked for a long time to make more with less and to bear the burden of government mandates, mostly from the Federal Government, which puts the pressure on State and Local Governments by threatening to withhold funds or sue State and Local entities to conform to their rules, which may or may not be right or wrong, I do not have the intuition to understand if they are good for us, or are only being done to server some other purpose. I only know what I see is happening to our communities, our cities, or well being. You have the opportunity to make an impact on our communities, our cities and our well being, by asking the important questions here as to whether this expense is needed now, and if it is within the right of a Federal Government to mandate to Local Government how to best serve the people, and at what cost, especially at what cost in an economic state that we are in now. Governments have fought for "HOME RULE" in the past, I am not a politician or a lawyer, but is this a fight which may need to be fought?

I would like to thank you for the opportunity to speak here today, and to express my thoughts and feelings as a home owner and a business owner in Cuyahoga County.

I pray that you will consider the economic impact this increase will have on the home owner, renters, our senior citizens and the small business owner in our communities and our cities in the Northeast Ohio Regional Sewer District, especially in Cuyahoga County, and the hardship that will be place on them. I pray that you will consider these facts in your decisions and can find solutions that will be of benefit to the communities and the environment with the best interest of the people and their situations at this time.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary G. Stein". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

Gary G. Stein
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