

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
NOVEMBER 19, 2015

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:30 p.m. by Darnell Brown.

I. Roll Call

PRESENT: D. Brown
R. Sulik
W. O'Malley
J. Bacci
T. DeGeeter
S. Dumas
R. Stefanik

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

II. Approval of Minutes

MOTION – Mayor Bacci moved and Mr. O'Malley seconded to approve the minutes of the November 5, 2015, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

Chief Executive Officer (CEO) Ciaccia advised that no one signed up to speak about a specific agenda topic.

IV. Chief Executive Officer's Report

CEO Ciaccia reported that the financial report through October continues to run ahead on revenues and behind on expenses. Both categories are trending in the right direction and staff is confident the year will conclude in good standing.

The rate study continues and a number of internal meetings have been held with the rate consultant and that is on pace to be finalized and brought to the Board from a discussion standpoint around March of next year.

CEO Ciaccia advised that staff has had community meetings relative to the SSES study and the proposed community infrastructure grant program and there has been positive feedback.

Moving to the next subject, he explained that it appears the District's and others' efforts to remove the rider that Illinois Senator Kirk proposed to include in the Environmental Protection Agency (EPA) appropriations bill was successful. The rider would have cost the District \$16.5 billion in addition to the \$3 billion under the consent decree. District staff, Andy Futey and the National Association of Clean Water Agencies (NACWA) staff have done a good job in that effort.

However, currently being proposed to replace that rider would be a requirement of notification of all overflows. The District has nearly 130 overflows and would have to monitor them to know exactly when they occur and to what extent. Passage of this rider would require additional equipment and operational costs, but significantly less than the previously proposed rider.

Mr. Brown inquired whether there would be a summary forthcoming, to which CEO Ciaccia replied that staff would provide more information perhaps during the next Board meeting.

Concluding his report, CEO Ciaccia stated that Channel 5 submitted a public records request from the District and the Cleveland Metroparks related to the Watershed Stewardship Center, located at the West Creek in Parma, questioning the investment in that facility.

The District and Metroparks entered into an agreement in 2007 to partner on that facility. The District contributed \$3 million towards the facility to design and construct the property. The Metroparks constructed it and the District shares in the programming.

District staff believes it is within the mission of the organization from a watershed stewardship basis to be involved in the project and that it is good government for two agencies to partner rather than duplicating efforts as it relates to education and watershed management. Channel 5 will conduct an interview with Kyle Dreyfuss-Wells, Deputy Director of Watershed Programs, and she is capable of explaining its benefits.

V. Action Items

Authorization to Advertise

Resolution No. 293-15

One-Year Requirement Contract for Sodium Bisulfite Solution for Use at All Wastewater Treatment Plants. Anticipated Expenditure: \$273,000.00.

MOTION – Mayor Stefanik moved and Mr. Sulik seconded to adopt Resolution No. 293-15.

After discussion and without objection, the motion carried unanimously.

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 294-15 RFPs for the Easterly/Westerly Power Quality Study.

Resolution No. 295-15 RFPs for the Westerly Combined Sewer Overflow Treatment Facility Piping Repair Project.

MOTION – Mr. O’Malley moved and Mayor Bacci seconded to adopt Resolution Nos. 294-15 through 295-15. After discussion and without objection, the motion carried unanimously.

Authorization to Enter Into Agreement

Resolution No. 296-15 Watershed Organization Service Agreements.
Cost: Not-to-Exceed \$280,000.00.

MOTION – Mr. Sulik moved and Mayor Stefanik seconded to adopt Resolution No. 296-15. After discussion and without objection, the motion carried with one abstention by Mr. Brown.

Authorization to Enter Into Contract

Resolution No. 297-15 Construction Contract with Independence Excavating, Inc. for the Chevrolet Boulevard Detention Basin Project. Contract Amount: \$1,702,405.00.

Resolution No. 298-15 Construction Contract with Shook Construction Company for the Westerly Ferric Chloride Tanks Project. Contract Amount: \$8,899,500.00.

Resolution No. 299-15 Three Two-Year Contracts with Smith & Nejedlik, Inc., Sherman-Andrezejczyk Group, Inc. and Charles P. Braman and Company, Inc. for Appraisal and Appraisal Review Services. Total Cost: Not-to Exceed \$300,000.00.

MOTION – Mayor Stefanik moved and Ms. Dumas seconded to adopt Resolution Nos. 297-15 through 299-15. After discussion and without objection, the motion carried unanimously.

Authorization of Contract Modification

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| Resolution No. 300-15 | Modify Contract No. 11001287 with Ozanne Construction Company, Inc. for the Nine Mile Construction Management Core Services Project. Cost: A Four Year Contract Extension with an Increase in the Amount of \$2,585,924.00 Bringing the Total Contract Price to \$6,217,610.00. |
| Resolution No. 301-15 | Modify Contract No. 11000422 with Andrew J. Futey and Associates for Federal Advocacy Services. Cost: A One Year Contract Extension with an Increase in the Amount of \$85,000 Bringing the Total Contract Price Not-to-Exceed \$500,290.00. |
| Resolution No. 302-15 | Modify Contract No. 11001993 with Vorys Advisors, LLC for State Advocacy Services. Cost: A One Year Contract Extension with an Increase in the Amount of \$72,000 Bringing the Total Contract Price Not-to-Exceed \$371,000.00. |

MOTION – Mr. O’Malley moved and Mayor Bacci seconded to adopt Resolution Nos. 300-15 through 302-15. After discussion and without objection, the motion carried unanimously.

Regarding Resolution No. 300-15, Mr. Brown questioned what was not anticipated in terms of the time completion of the project. James Bunsey, Director of Engineering & Construction, advised that the original Ozanne Construction contract was for five years and approximately \$3.6 million. Staff operates out of the Nine Mile site and oversees numerous projects.

At the time staff believed it would be doing the Euclid Creek Tunnel, which has recently closed, and use the Nine Mile site through the completion of that tunnel. However, staff decided to continue the Dugway West Interceptor Relief Sewer (DWIRS) Project and support future projects from the site. It has worked well geographically, and the Ozanne contract and the individuals they supplied have been beneficial to the team overall. It was determined to extend that contract to cover the additional projects being managed from the Nine Mile site in the best interest of the projects and that team on site.

Moving conversation to Resolutions 301-15 and 302-15, Mr. Brown inquired whether this would be the last contract extension request for the two advocacy contracts. CEO Ciaccia explained that being in the midst of big issues staff felt this was not the best time to change advocates. He anticipates this to be the last extension on these contracts. The District will issue RFQs/RFPs for

new contracts at the expiration of these contracts.

Ms. Dumas stated that in these three resolution requests she did not see the public purpose identified which was passed during the previous Board Meeting. CEO Ciaccia explained that these resolution requests were already written before that request and the public purpose will be identified in resolution requests going forward.

Authorization to Ratify Expenditure

Resolution No. 303-15	Ratify Expenditure for the Direct Purchase of Moyno Pump Parts for Use at All Wastewater Treatment Plants from Sole Source Vendor Moyno Industrial Products. Cost: \$30,391.31.
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MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution No. 303-15. After discussion and without objection, the motion carried unanimously.

Property-Related Transaction

Resolution No. 304-15	Authorize the Release of Six Easements Previously Acquired for the Construction and Maintenance of the Southwest Interceptor, and Acquire One Permanent Sewer Easement for the Southwest Interceptor from the City of Cleveland. Consideration: \$0.00.
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MOTION – Mayor Stefanik moved and Mr. Sulik seconded to adopt Resolution No. 304-15. After discussion and without objection, the motion carried unanimously.

Authorization of Compensation

Resolution No. 305-15	2016 Compensation Resolution.
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MOTION – Mayor Bacci moved and Ms. Dumas seconded to adopt Resolution No. 305-15. After discussion and without objection, the motion carried unanimously.

Ms. Dumas requested an explanation. Douglas Dykes, Director of Human Resources, stated that every year HR requests to move salary ranges to keep up with the competitive nature of the market. The only change in this resolution is shifting salary ranges 1.5% for all pay bands.

Authorization of General Increases and Performance Pay

Resolution No. 306-15

Proposed 2016 General Increases and 2015
Performance Pay for Non-Union Employees.

MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution No. 306-15. After discussion and without objection, the motion carried unanimously.

Mr. Brown requested an explanation. Mr. Dykes explained that every year HR requests a general pay increase percentage -- which this year is 2% -- and a pool of money to award non base salary adjustments to individuals based on the results of annual performance evaluations.¹

Mr. Brown asked which tool is used for that evaluation. Mr. Dykes advised that there is a performance management form and each non-union employee will receive a grade. A certain criteria indicates whether a particular grade or higher would be eligible for performance pay.

CEO Ciaccia stated that the process begins with his performance goals for the year and cascades down to each department director's goals and further to their employees. Goals are adjusted during a mid-year review before the official end-year review and grade. That information is then brought to HR where a normalization process occurs to assure uniformity among grading managers. Each department is allocated a certain amount of money for recommended performance pay which is brought to CEO Ciaccia and Mr. Dykes for the final allocation.

Mr. O'Malley inquired what percentage of employees receives a bonus. Mr. Dykes indicated that 65% of non-union employees received non base salary performance pay.

Mayor Bacci questioned what keeps the perception of subjectivity in the grading. Mr. Dykes explained that the checkpoints are the director or manager of the department and HR reviews all of the performance forms for outliers before the final recommendations to CEO Ciaccia.

CEO Ciaccia advised that the process is documented and he pointed out that the District went two years without performance pay to assure that everyone had experience with the evaluation system before pay was tied to it. Staff wants non-union employees on a performance-based system and has been moving in that direction for some time. The established goals are actionable goals with metrics that take much of the subjectivity out of it.

Mr. Brown inquired what happens with employees whose scores do not seem to measure up and

¹ Clarification: During the explanation of Resolution Request 306-15, the term "performance bonuses" was used by staff to describe the purpose of the request for the funds for 2015 performance pay for non-union employees. The performance pay employees receive through the performance evaluation process is not considered a bonus. The District gives lump sum, non-base-salary performance pay to individuals whose performance evaluation scores meet certain criteria for receiving performance pay. The text of the minutes reflect the correct terminology.

whether there is a performance improvement planning process. CEO Ciaccia explained that there are performance improvement plans tied to the performance review process.

Authorization to Adopt Policy

Resolution No. 307-15

Revised Tuition Assistance Program (TAP) Policy.

MOTION – Mayor Bacci moved and Ms. Dumas seconded to adopt Resolution No. 307-15. After discussion and without objection, the motion carried unanimously.

Mr. Brown inquired what was new and improved in the policy. Mr. Dykes explained that staff removed the procedural portion from the policy. There is more HR oversight to make sure the classes approved for the Tuition Assistance Program is in line with the public purpose policy and the employee's career track.

VI. Information Items

1. Human Resources Branding Initiatives and Northeast Ohio Regional Sewer District Notable Accomplishments Presentation

Mr. Dykes noted that during the October 15 Governance Committee Meeting regarding the public purpose policy, Mr. Brown commented that the student program should be a means for the District to attract, retain and recruit employees. He also commented about the internship program being a portal to allow ambassadors for the organization and industry.

Mr. Dykes asked Matthew Kelly, HR Business Analyst & Project Manager, to provide a high-level overview of what the internship program is about, what has been accomplished and general information on other programs to recruit and attract employees.

Mr. Kelly stated that the District over the last few years has made concerted efforts to support and contribute to various goals put in place by leadership for attracting and retaining top talent in Northeast Ohio. These efforts benefit the region and assist the District in executing its core mission.

As an organization, the District provides progressive sewage and stormwater management through its core functions and strategic areas of focus. The primary goal of HR is to have the right staff in place now and the future to provide a sustainable organization capable of carrying out the District's mission. HR focus es on community pa rtnerships and org anizational and employee effectiveness to accomplish its goals.

Staff has partnered with NEOVETS in the State of Ohio as a military-friendly employer to gain stronger connections with veteran job seekers. Staff is also working on a second chance in

reentry initiative to remove barriers for job seekers that have a criminal past, leveraging resources of Towards Employment that specializes in this type of work.

Mr. Kelly explained that for the student and internship programs the District has partnered with Tri-C, Lorain County Community College, Cleveland State University and other local colleges and high schools to tap into emerging talent. Furthermore, they are working with private utility organizations such as Dominion and FirstEnergy on related initiatives.

This year the District was awarded NorthCoast 99 status and named a Top Workplace by *The Plain Dealer*. Both awards recognize the District as a great workplace for top talent in Northeast Ohio and put it in the company of household names like The Cleveland Clinic, Sherwin-Williams, and Goodyear.

Individual contributors have been recognized, too, as Chief Financial Officer Jennifer Demmerle was awarded CFO of the Year in the government category by *Crain's*. HR Manager David Feinerman won the 2015 HR award for talent management. Mr. Kelly stated that recognition on the individual level displays the organization's commitment to excellence and will expand recognition in professional circles beyond the wastewater industry.

The Northeast Ohio Council on Higher Education awarded the District the EXPYS award for the best new internship program. This recently updated program provides students with professional opportunities throughout the organization. Additionally, it is designed to place student workers in positions specifically related to their academic fields or long-term career goals.

Mr. Kelly indicated that interns have a broad spectrum of majors from over 30 different schools and more than 30 interns have secured full-time professional work following the program. In fact, 19 interns found work at the District and 12 at other organizations related to their fields. The internship program emphasizes meaningful work and stresses a connection to full-time careers here or in related industries. The intern demographics represent a number of ethnic groups and the majority of students are between the age of 20 and 25, making up almost half of that population. Interns hail from 48 different cities, with 34% from Cleveland. Educating and engaging people throughout the community create ambassadors and advocates.

Other benefits of the program are that hiring an intern is the most effective way to evaluate potential as a full-time employee. The extra set of hands helps the full-time workforce be more productive. Emerging professionals can often bring perspectives, new perspectives, and drive innovation. Hiring interns helps the District and students get started and it enhances the local workforce as a whole.

Lastly, Mr. Kelly stated that the program is designed to collaborate with other employers, educational institutions and community organizations to build a ready workforce from Northeast Ohio.

A new initiative is Careers In Utilities, which is a public and private workforce collaborative in cooperation with Dominion, Lorain County Community College and the Ohio Governor's Office of Workforce Transformation and OhioMeansJobs. The intention is to elevate utilities as an overarching industry and increase awareness about career opportunities in the utility industry. Staff hopes it leads to training grants, education curriculum, workforce investments and job creation. This is critical for the state's economy, infrastructure and the District's future success.

Mr. Kelly stated that the internship program is succeeding and as a top workplace, the District is attracting and retaining top talent at all levels. Staff is focused on interns and emerging talent and leading efforts to raise awareness about the important industry of utilities.

Mr. Brown stated that the presentation does help connect with how the District carries out the mission of the District in a way that is beneficial to employees and the region; he was pleased to see the focus on outreach and community. At a time with challenges and rate-making, people need to understand the value-added proposition in terms of what the District does and how the community can become part of it.

2. Program Management Status Report and Update – October 2015

Mr. Bunsey advised that cash flow is very high at 95%, which is a 2% increase over last month due to favorable weather and the Tunnel Dewatering Pump Station progressing. The figure is at \$182 million and projected to the end of the year at \$220 million.

The green infrastructure co-benefits analysis report was delivered to the EPA a few months ago and they responded with conditional approval with comments. District staff again responded on October 7.

Mr. Bunsey expects by the end of the year to issue the notice to proceed for the Mary Street Pump Station.

The East 140th Street project gained \$5.8 million in projected value engineering (VE) savings due to hydraulic modeling offloading flow to the Heights/Hilltop Interceptor and proving it has no negative impacts to the system. The modeling reduced the diameter and length of the relief sewers and partial parts of the tunnel. The accrued VE savings this year is \$24.5 million, which exceeds KPI.

The Mary Street Pump Station project did not meet the KPI of the engineer's estimate; the average of the three bids was 10.8% greater than the estimate. The low estimate has been attributed to difficult site conditions, an uptick in the construction market and cost. It was also delivered ten days late, which falls within the KPI of delivering within 90 days.

Mr. Bunsey stated that the Westerly Storage Tunnel & Dewatering Pump Station was awarded \$4 million less than planned for consultant services. This project by consent decree needs to be operational by the end of 2024, but includes lengthy issues with the duration of the design, construction and acquisition of sites.

The primary settling tanks project is a very small project at Easterly that just began. This is a refurbishment of the existing equipment inside these primary settling tanks. The notice to proceed was issued October 5.

The Southerly First Stage Improvement Project is going well and the air emissions control for mercury and SO₂ is on schedule. The District must comply with an emissions mandate by March 2016. It is currently going through optimization with testing to be completed by the end of this month. He expects to meet the emission requirements.

Mr. Bunsey advised that the Dugway Storage Tunnel is the District's largest job currently. The vertical boring machine is excavating with very good results and the precast tunnel final lining is 30% completed. The continued refurbishment is about 40% complete.

However, the blowout issue in shaft 1 may present significant technical and commercial exposure to the District. The vendor submitted a methodology to move forward with construction and is implementing that over the next two weeks. That does not necessarily mean they will not have a significant claim at the end of the project.

Mr. Bunsey explained that the ECT-4 and 5 Site Restoration project is more than 25% complete. The concrete work is done at ECT-4 and almost completed at ECT-5. The actual site restoration landscaping will be completed in the spring.

The Easterly Secondary Systems Improvements Project is on schedule and there is a relatively small claim that was submitted and currently denied by the District for a differing site condition due to dewatering of one of the excavations. It has not necessarily impacted them from the District's perspective.

Mr. Bunsey explained that the Tunnel Dewatering Pump Station has turned around. Senior staff inspected the project on the 20th with the senior staff of the joint venture. Their cash flow was very high last month for the second months in a row. While it may not make schedule, it is much more positive than three months ago.

The CSO 49/50 Project met the KPI and substantially completed on time.

Concluding the report, Mr. Bunsey stated that the Westerly Centrifuge Replacement Project closed on October 5 on time.

Regarding the Dugway area projects, Mr. Brown asked Constance Haqq, Director Administration & External Affairs, to speak to the issue of dust, noise and disruption to the community in that regard. Ms. Haqq explained that staff, through a collaborative effort meets regularly regarding customer concerns and issues. The Good Neighbor Ambassador program develops a plan to engage the community.

District staff is in the Dugway community quarterly for a meeting in which the contractor, construction crew and staff addresses questions and concerns. A process was developed for claims and complaints. Claims are logged through the customer service system and tracked through the Legal department.

Ms. Haqq stated that engineering teams inspect complaints and concerns and stay closely engaged with the community councilmen. The ambassador program includes individuals from the community who hear customers' concerns, pass out literature and make sure people are aware of any changes.

Doug Lopata, Program Manager, stated that he would provide background on the Mary Street Pump Station, which is set to proceed December 1, one month ahead of the consent decree date.

Previous discussion referred to a new 18 MGD flow source coming to this pump station which was more than expected. The current pumping capacity of 4.5 million gallons is why there is an overflow issue. Staff developed a design that has a 12 MGD pumping capacity and some storage in the SWO stormwater outlet pipe.

Mr. Lopata noted that the Board previously questioned why the incoming flow went from 10 to 18. Staff went into the project with minimal planning information from the original long-term control plan. The original model predicted 290 acres of flow coming to the pump station. After field investigation and calibration it increased to 390 acres.

Although there is 18 MGD coming into the station, if it was pumped up the hill it would cause other issues at the regulators and CSO 81. Staff considered a bigger pump station but the additional cost and limited site space were restrictions.

Mr. Lopata advised that in designing the pump station, staff felt the pumping rate of 12 MGD was the appropriate rate. The area above that curve that comes in during the storm is what has to be stored. That component was 0.6 million gallon storage and was why SWO was utilized there.

Mr. Brown inquired whether that was storing the peak, which Mr. Lopata affirmed.

Mr. Lopata explained that staff noticed it could utilize the existing SWO as storage and modify the weir structure and insert a new diversion pipe that would take flow from the SWO to the

pump station. This would allow flow to go back and forth between the SWO and pump station. The pump station can keep up with more flow and will pull it from the SWO before an overflow.

Mr. Lopata explained that any flow that gets into this pipe will go through the tideflex valve when the river elevation is low enough to let it out. Staff added that connection that is lower and allows the flow to go from the SWO back to the line to the pump station. As it fills during a storm event the flow is captured behind the wall and will make it to the pump station and not to the environment.

The volume from the SWO is about 0.6 million gallons and this device or SWO will be utilized seven times in a typical year. Even in the storms that overflow, the captured flow behind the wall is allowed to be pumped to the top of the hill for full treatment.

Mr. Lopata stated that according to the hydraulic model, four storms will overflow in a typical year. We ran the five-year storm on the existing condition. The pre-calibrated model gave an elevation of 576. With this weir in place we are up less than a foot, which staff felt was manageable considering there is no connection in the area.

Mr. Brown stated that no local connections means there is no storage on people's property if there are backups. Should the pump station become inoperable there is still discharge to the environment but with no impact to the system. Mr. Lopata affirmed and explained that it would eventually go over the weir wall in that structure. However, there are backup generators and other redundancies built in to protect against a facility failure.

VII. Open Session

There were no items.

VIII. Public Session (any subject matter)

No members of the public registered to speak during Public Session.

IX. Executive Session

MOTION – Mayor Bacci moved to go into Executive Session to discuss personnel matters and imminent litigation. After discussion and without objection, the motion carried unanimously.

The Board met in Executive Session from 1:31 p.m. to 1:50 p.m.

X. Approval of Items from Executive Session

Resolution No. 308-15

Retain Outside Counsel for Imminent Court
Action.

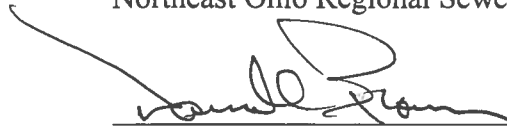
MOTION – Mr. Sulik moved and Mr. O’Malley seconded to adopt Resolution No. 308-15. After discussion and without objection, the motion carried unanimously.

IX. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved and Mayor DeGeeter seconded the motion to adjourn at 1:51 p.m. Without objection, the motion carried unanimously.



Walter O’Malley, Secretary
Board of Trustees
Northeast Ohio Regional Sewer District



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