

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
NOVEMBER 20, 2014

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:33 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. Sulik seconded to approve the minutes of the November 6, 2014, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

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

IV. Chief Executive Officer's Report

CEO Ciaccia began his report by stating that finances through October are positive and are running at 88% and operating expenses are at 77%.

Staff is prepared for bond-rating presentations with Standard & Poor's and Moody's next Monday and Tuesday. They will concentrate on overall performance -- particularly Capital Improvement Plan delivery – sound finances and the Board's history dealing with rates over the last 20 to 30 years. The deal would bring \$375 million in new money and \$72.9 million in refunding. The

refunding should net about \$4.7 million in present-value savings. The District is the highest AA rating.

CEO Ciaccia advised that a Special Board Meeting is scheduled for the morning of December 18 for a presentation on integrated planning. The presentation will focus on the advanced facility plan, infrastructure, a potential community grants program and the finances and rate implications.

V. Action Items

Authorization to Enter Into Contract

- | | |
|-----------------------|---|
| Resolution No. 266-14 | Authorization to Enter Into the Second Year of a Three-Year Contract with St. Vincent Charity Medical Center for Occupational Health Services. Cost: Not-to-Exceed \$27,000.00 with a Total Not-to-Exceed Cost of \$130,000.00. |
| Resolution No. 267-14 | One-Year Contract; with Two, One-Year Renewal Options; with Access (Formerly Cintas) for Offsite Records Storage and Secure Document Shredding Services. Contract Amount: \$32,100 Each Year from 2014 Through 2016. |

MOTION – Mr. O’Malley moved and Mayor Stefanik seconded to adopt Resolution Nos. 266-14 through 267-14. After discussion and without objection, the motion carried unanimously.

Authorization of Property-Related Transaction

- | | |
|-----------------------|---|
| Resolution No. 268-14 | Authorize One Temporary Easement Acquisition from James M. Christensen Necessary for Construction of the Euclid Creek Tunnel Project. Consideration: \$2,500.00. |
| Resolution No. 269-14 | Authorize Two Permanent Easement Appropriations from B.M. Dickter Properties Limited Necessary for Construction of the Dugway Storage Tunnel Project. Consideration: \$16,225.00. |
| Resolution No. 270-14 | Authorize One Permanent and One Temporary Easement Acquisition in the City of Cleveland, |

and One Relocation Payment to Site HQ, LLC
Necessary for Construction of the Dugway Storage
Tunnel Project. Total Consideration: \$65,000.00.

Resolution No. 271-14

Authorize Two Relocation Payments to Donna
Hickman Associated with the District's Permanent
Acquisition of Property in the City of Cleveland
Necessary for Construction of the Dugway West
Interceptor Relief Sewer Project. Total
Consideration: \$9,250.00.

MOTION – Mayor Bacci moved and Ms. Dumas seconded to adopt Resolution Nos. 268-14 through 271-14. After discussion and without objection, the motion carried unanimously.

VI. Information Items

1. Program Management Status Report and Update – October 2014.

Kellie Rotunno, Director of Engineering & Construction, advised that the current Capital Program activity includes 47 active projects at the plants, 38 projects that are part of Project Clean Lake and 32 other projects.

The projects include \$20 million in planning, \$179 million in design contracts and \$838 million in construction contracts. In total, there is more than \$1 billion in active construction and professional services contracts.

Ms. Rotunno advised that 2015 Capital planning efforts are being crafted utilizing asset management principles and is currently estimated to be \$280 million. Projects are prioritized based on need and Project Clean Lake obligations.

Regarding the Consent Decree program, a co-benefits analysis is due to the US Environmental Protection Agency (EPA) in April 2015.

Mr. Brown inquired what the product is of that analysis. Ms. Rotunno advised that the product is to put a benefit to the Appendix 3 green infrastructure projects being done for combined sewer overflow (CSO) control. The co-benefits relate to quality of life factors, recreational benefits, an increase in property values and health improvements the projects are doing for the communities. There will be a formal presentation as that process is finalized.

CEO Ciaccia noted that the EPA wanted to partner with the District because the green infrastructure area in the context of CSO control is experimental and they want to see co-benefits in addition to environmental and CSO reduction. Philadelphia did a co-benefit project without a

consent decree. The District is taking a different approach and it has given the EPA and the District opportunities to investigate what benefits might accrue from these projects.

Ms. Rotunno explained that noteworthy consent decree efforts include Chemically Enhanced High Rate Treatment (CEHRT) facilities, which are wet-weather treatment facilities to be built at all three wastewater plants to enhance their ability to treat wastewater during wet weather flows and reduce CSO from the plants.

This was a point of contention during the negotiations because the EPA was advocating a costly technology called ballasted flocculation. District staff wanted an opportunity to investigate CEHRT technology to see if it could achieve the suspended solids and disinfection goals for E. coli more cost effectively.

A pilot test was performed and the results indicate that the technology works. Subsequently, Ms. Rotunno advised that the technology will be implemented at the plants, which will save in excess of \$100 million as a result of this technology proving to be effective in reducing solids and disinfecting the wastewater at a high rate.

Mr. Brown inquired when the implementation would occur. Ms. Rotunno stated that the schedule for the design and construction of each facility is well into the future.

Mr. Brown questioned the outcome and engagement of the presentation to the EPA. Ms. Rotunno explained that the EPA was in town last week and staff presented the results and took them to the plant. They got to see the pilot firsthand at Southerly. There are a number of Ohio communities advancing with the more expensive technology that are visiting the District's pilot facilities wanting to learn and engage the EPA about whether this technology could work for them.

Mr. Brown stated that if the technology is proven and accepted it is an opportunity to talk to the community about how they helped control the impacts of rates by doing due diligence with respect to the technology. Ms. Rotunno advised that staff is pleased with the pilot results and the optimizing for the CSO program as part of advanced facilities planning. Those results will be presented to the Board as part of the upcoming special session so you will be able to see the due diligence being performed to lower the costs of the CSO program.

Moving to advanced facilities planning, Ms. Rotunno advised that staff presented some of their findings to the EPA and will present that information as well during the Special Board Meeting. In terms of the integrated planning study, the technical team has completed estimating the extent of non-CSO related water quality issues of the region and has completed estimating the cost to mitigate them. They are advancing alternatives and formulating a plan for non-CSO water quality projects for the region and whether they might be more important to address in advance of CSO projects.

Ms. Rotunno recognized the efforts of the planning group and its manager, Devona Marshall.

Moving to design, the Dugway Storage Tunnel project was awarded during the previous Board Meeting for \$153 million. That project will advance to construction. Staff is currently negotiating with a professional services firm for the design of the Doan Valley Tunnel, which will follow the Dugway Storage Tunnel in the line of tunnels. The Green Ambassador projects are advertised for bid and staff is in the throes of designing two other green infrastructure projects.

Ms. Rotunno advised that the East 140th relief sewer project is 30% complete and regarding the Southerly Maximum Achievable Control Technology project (MACT), the designers have concurred with the less expensive mercury control option.

The Easterly Secondary Systems Improvement Project is a \$74 million project and in construction. Significant work is beginning on the final settling tanks on the west side; there is also work ongoing on the new guardhouse.

The aerated grit project is a nearly \$36 million project. The building is starting to take shape but it is a very active construction site. The Easterly Plant remains disrupted from an access perspective due to construction.

Work continues in the shafts of the Euclid Creek Tunnel project.

Construction activities continue near Beulah Park, where Shaft 3 is located. This is the final structure being excavated near ECT 3. The shaft site at Shaft 5 has a parking lot restored.

The Tunnel Dewatering Pump Station is a \$73 million project and the main pump station platform in the cavern is coming up to grade. Mechanical and electrical components are being installed. Staff has been working on the raw water conduit between the pump station and tunnels.

The Dugway West Interceptor Relief Sewer is a \$57.5 million project that runs through the Glenville neighborhood, primarily down East 109th Street. Five runs of microtunneling have been completed without major problems. Staff is preparing for a long microtunneling run that will take two weeks to complete and will involve work 24 hours per day. They have been in close communication with the City of Cleveland and the contractor is aware of restrictions to complete it in the time frame permitted.

Moving to the Southerly Renewable Energy Facility (REF), the EPA emissions testing has been completed with the new incinerators. Staff has also completed the power and substation wiring modification for the turbine generator controls and is burning sludge autogenously -- utilizing the volatiles in biosolids to fuel the incineration process instead of natural gas.

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Ms. Rotunno advised that burning sludge autogenously can save upwards of \$1 million per year in natural gas. Operations staff continues to tweak that operation to burn autogenously as much as possible to realize operational cost savings. Additionally, preventative maintenance procedures are nearly complete and the lock-out/tag-out procedure has been developed and is in the process of being deployed as well.

Addressing the control room HVAC issue, she explained that the design has been completed and the equipment is on order. Construction is scheduled to begin in November and completed by the end of the year.

Moving to the finances, Ms. Rotunno advised that cash flow for October is \$137.7 million compared to \$160 million projected, or 86%.

Staff is meeting its design key performance indicator (KPI). They are being completed timely and efficiently and \$37 million has been saved this year through value engineering. Estimates are within the 10% window of engineer's estimates.

Construction projects have also met their KPI by within the 180-day window and have been awarded within the 90-day window. The two construction projects that have closed so far in 2014 met the budget KPI by not using more than half of the general allowance.

Business Opportunity cash flow is lagging a bit behind the overall cash flow goal of 81% due to invoicing timing issues for this report. Those should be on track by the end of the year.

VII. Open Session

There were no matters for Open Session.

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 and a litigation matter. Discussion of the matter in Executive Session is permitted as specific exemption to the public meeting act pursuant to Ohio Revised Code section 121.22(G)(1). He specifically designated matters discussed in Executive Session to be protected from public disclosure in accordance with Ohio law and the attorney-client privilege.

A roll call vote was taken and by the motion passed unanimously. The Board met in Executive Session from 12:58 p.m. to 1:55 p.m.

X. Approval of Items from Executive Session


Resolution No. 271-14

Appointment of Chief Operating Officer.

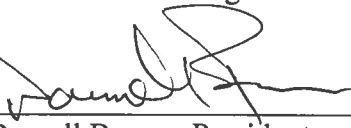
MOTION – Mr. O’Malley moved and Mayor Bacci seconded to adopt Resolution No. 271-14. After discussion and without objection, the motion carried unanimously.

IX. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mr. Sulik moved and Mayor Bacci seconded the motion to adjourn at 1:56 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