

MINUTES  
NORTHEAST OHIO REGIONAL SEWER DISTRICT  
BOARD OF TRUSTEES MEETING  
DECEMBER 7, 2017

A Regular Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:35 p.m. by Darnell Brown.

I. Roll Call

PRESENT: D. Brown  
R. Sulik  
T. DeGeeter  
J. Bacci  
J. Ciaccia  
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 16, 2017, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

There were no items.

IV. Chief Executive Officer's Report

CEO Dreyfuss-Wells began her report by announcing that on November 28<sup>th</sup> a workshop was held for member communities and other interested parties regarding Community Cost-Share Program funding. This workshop is part of ongoing efforts to help communities use these monies quickly and efficiently. The workshop was attended by 46 member communities and some watershed organizations, counties and community development corporations.

Staff discussed the Regional Stormwater Management Program, the Community Cost-Share policy and highlighted examples of projects in Parma, Walton Hills, Macedonia, Maple Heights and Oakwood.

CEO Dreyfuss-Wells and staff visited Hudson Mayor Basil and members of his staff on November 30<sup>th</sup>. The City of Hudson is very pleased with the Regional Stormwater Management Program and the services they are receiving. In fact, Hudson has added money to the Cuyahoga River South Stormwater Master Plan project for local stormwater planning in Hudson.

Moving to the next topic, CEO Dreyfuss-Wells noted that the U.S. Congress has moved tax legislation to conference committee this week and it impacts the District, as an issuer of tax-exempt debt, on its ability to advance refund.

In September, the District advance-refunded its 2013 bonds and achieved \$18 million in net present-value savings. The legislation advanced in the House and Senate would remove that ability to advance refund, although there is talk of a one-year moratorium. Staff is working very closely with the National Association of Clean Water Agencies (NACWA) to advocate for the one-year moratorium and partnered with the Cleveland Clinic on a joint letter to local representatives because the Clinic, as a nonprofit, is significantly impacted by those changes.

Mr. Ciaccia questioned what is the advantage to the federal government to eliminate advanced refunding. Kenneth J. Duplay, Chief Financial Officer, explained that when debt is advance refunded it does not eliminate the original outstanding debt. The District has been cleared of any obligation to it through the funds in escrow. A second tax-exempt debt issuance multiplies the amount of tax-exempt debt in the market. He speculated that the aim is less tax-exempt debt in the market in general that would be replaced with taxable debt.

CEO Dreyfuss-Wells indicated that Andy Futey – the District’s federal advocate -- has been very active on this front and was part of the joint letter to Senator Portman with the Cleveland Clinic. She further stated that Senator Portman replied in an e-mail to her and Cleveland Clinic CEO Cosgrove to highlight that this is a very complicated issue and involves private activity bonds, which have also been impacted by these changes.

Ms. Dumas stated that sometimes one must guess who benefits from the changes and a tax-exempt refunding costs municipalities and nonprofits money. There is a shift of economic benefit to the private sector.

Closing the report, CEO Dreyfuss-Wells advised that the Finance Department received two awards from the Government Finance Officers Association. A certificate of achievement for excellence in financial reporting for the 2016 comprehensive annual financial report and a distinguished budget presentation award for the 2017 budget book.

Kathryn Hall, Manager of Diversity and Inclusion, received a 2017 Stephanie Tubbs Jones Community Service Award from the Women of Color Foundation for her work championing causes for women and dedication to community service in Northeast Ohio.

## V. Action Items

### Authorization to Advertise

Resolution No. 339-17

Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Chapter 6119, for the Stand-By Generator Maintenance and

Repair Services Project with an anticipated expenditure of \$180,000.00.

**MOTION** – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution No. 339-17. Without objection, the motion carried unanimously.

Authorization to Issue Request for Proposals (RFPs)

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| Resolution No. 340-17 | Authorization to issue RFP, in accordance with Ohio Revised Code Chapter 153, for design and construction administration support services for the West Creek Bank Stabilization in Brooklyn Heights Project. |
| Resolution No. 341-17 | Authorization to issue design-build RFP, in accordance with Ohio Revised Code Chapter 153, for the Easterly Bar Rake Reconditioning Project.   |
| Resolution No. 342-17 | Authorization to issue design-build RFP, in accordance with Ohio Revised Code Chapter 153, for the District Wide Uninterruptible Power Supply Replacement Project.   |

**MOTION** – Mayor Bacci moved and Mr. Ciaccia seconded to adopt Resolution Nos. 340-17 through 342-17. After the following discussion, without objection, the motion carried unanimously.

Mr. Brown questioned what the benefit of design-build rather than conventional means. Devona Marshall, Director of Engineering and Construction, advised that Resolution No. 341-17 would serve as an in-kind replacement by bringing in a contractor to evaluate the buried part of the bar rakes and replace the bar rake components in need of replacement.

Regarding Resolution No. 342-17, this is the second of three construction contracts under the Automation Program Management (APM) Project Phase 1 and will replace 41 obsolete UPSs associated with the programmable logical control systems at the plants. A remote monitoring capability will also be set up for these new UPSs and the remaining existing UPSs. The UPS's serve as back-up to the PLCs when they go down. The PLC replacement project will be the third construction contract under Phase 1 of the APM contract.

Authorization to Purchase

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| Resolution No. 343-17 | Authorization to Purchase storage area network hardware from Cambridge Computer Services, Inc. in the amount of \$202,000.00. |
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**MOTION** – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution No. 343-17. Without objection, the motion carried unanimously.

Authorization to Enter into Agreement

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| Resolution No. 344-17 | Authorization to Enter into Agreement with Cuyahoga Soil and Water Conservation District to provide District funding for the East Branch Rocky River Restoration at Royalton Farms Project in the City of North Royalton in an amount not to exceed \$132,732.08.             |
| Resolution No. 345-17 | Authorization to Enter into Agreement with Cuyahoga Soil and Water Conservation District to provide District funding for the East Branch Euclid Creek Restoration at the School of Innovation Project in the City of Willoughby Hills in an amount not to exceed \$50,000.00. |
| Resolution No. 346-17 | Authorization to Enter into Agreement with the U.S. Geological Survey (USGS) for the USGS operation and maintenance of twenty-one existing stream gauges in the District's Regional Stormwater Service Area for a one year period for the amount of \$284,500.00.             |
| Resolution No. 347-17 | Authorization to Enter into a three-year contract with Kurtz Bros, Inc. for the Biosolids Incinerator Ash Management Program Project in the total amount of \$3,816,061.00, and including the option of an additional two-year term.  |

**MOTION** – Mayor Stefanik moved and Mr. Sulik seconded to adopt Resolution Nos. 344-17 through 347-17. After the following discussion, without objection, the motion carried unanimously.

Regarding Resolution No. 346-17, Mr. Brown inquired what staff has learned and how does that affect how projects are designed or prioritized in the future. Janet Popielski, Stormwater Design and Construction Program Manager, explained that this resolution pertains to 21 of the 26 gauges the District has to operate and maintain under an agreement with the United States Geological Survey (USGS). The other five gauges were authorized for installation in March 2017. The first of these gauges have been in operation since the mid-1990s.

Staff uses the gauges to calibrate and validate models for master plans. Additionally, the

Stormwater Inspection and Maintenance group monitors storms and prioritizes the response based, in part, on the gauges' data.

Moving to Resolution No. 347-17, Robin Halperin, Manager of Regulatory Compliance, stated that the contract with Kurtz Bros. will implement long-term management of District ash, reduce costs, meet operational needs and reduce its environmental footprint.

This contract will manage ash from the Southerly lagoons and all ash produced at Westerly into a beneficial reuse product rather than a landfill. The primary goal is to meet the operational needs of District facilities with a secondary goal to achieve beneficial reuse and reduce costs.

Kurtz Bros. obtained the first Ohio Environmental Protection Agency (EPA) permit for the beneficial reuse of biosolids incinerator ash. That permit allows the reuse for soil blending, structural fill, flowable fill and pipe bedding. Kurtz intends to predominantly make a topsoil blend in which 60% to 75% of the ash the District produces would be made into topsoil.

The proposal achieves all operational goals, allows for up to a 100% beneficial reuse of material, provides a 32% cost savings over the first three years and the opportunity for revenue sharing. Staff intends to negotiate with Kurtz on the revenue-sharing aspect.

Mr. Ciaccia noted that language stated that the project may also result in a potential revenue-sharing agreement and requested an explanation. Eric Luckage, Chief Legal Officer and General Counsel, advised that revenue sharing is expected in this agreement and that the resolution authorizes the District to negotiate and enter into an agreement following negotiations. If mutually agreeable terms cannot be negotiated then the District will not enter into the agreement.

Mr. Ciaccia expressed hope that a proper revenue-sharing plan can be negotiated because this is a very good opportunity for a public-private partnership the District could market from product and public relation standpoints.

Mr. Brown requested a report to the Board when the negotiations have concluded. He agreed that it would be advantageous to come to an agreement on this predictable, continuous supply resource the District would provide.

#### Authorization of Contract Modification

Resolution No. 348-17

Authorize the final adjustment modification for Contract No. 13003727 with Shook/Walbridge JV for the Easterly Secondary Systems Improvement Project by decreasing the contract amount by \$4,296,457.34 bringing the total contract amount to \$70,040,115.16.

**MOTION** – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution No. 348-17. After the following discussion, without objection, the motion carried unanimously.

Ms. Marshall stated that the Operations and Maintenance Department handled the disposal of grit from the existing channels internally, resulting in a savings of \$1.3 million from the overall contract amount. This was in addition to unused funds under the General Allowance and Specific Allowances.

Property-Related Transactions

Resolution No. 349-17 Authorize a relocation payment of \$12,850.00 to Moving Solutions Inc. with relation to the District’s acquisition of property from Archie P. Stewart, Jr. at 1619 Hayden Ave. in the City of East Cleveland necessary for the construction of the East 140<sup>th</sup> Street Consolidation and Relief Sewer Project.

Resolution No. 350-17 Authorize the District to acquire from the City of Brecksville one stormwater easement at 6947 Stadium Dr. in Brecksville and to enter into a bill of sale with the City to convey to the District ownership of a structure on said property, all as necessary for the District’s Chippewa Creek Floodplain Control Project with a total consideration of \$ 1.00.

**MOTION** – Mr. Sulik moved and Mayor Bacci seconded to adopt Resolution Nos. 349-17 through 350-17. Without objection, the motion carried unanimously.

Authorization of Employee Benefits

Resolution No. 352-17 Authorize the awarding of contracts to Consumers Life, Medical Mutual of Ohio, LLC, Medical Mutual Services, LLC, Lifestyle Employee Assistance Program and Basic NEO, as presented, for employee benefits for all benefits-eligible employees in 2018 with a budget amount total for all said contracts not-to-exceed \$14,369,281.00.

**MOTION** – Mayor Bacci moved and Mayor DeGeeter seconded to adopt Resolution No. 352-17. After the following discussion, without objection, the motion carried unanimously.

Fran Mackovjak, Senior Human Resources Manager, stated that the 10.9% increase for medical claims came as a result of more lives covered, paid claims are trending higher over the prior year, and healthcare costs and prescription drug trends are increasing. The cost per employee per year have increased from \$12,893 to \$14,113.

Claims administration stop-loss coverage will increase by 13.9%. The District had a total of eight

claims in excess of \$150,000, which is where stop-loss coverage kicks in. Two of those claims exceeded \$200,000. The claims in the \$150,000 to \$200,000 range increased 100% over the prior year. The cost associated with these claims increased about 86%.

Ms. Mackovjak informed the Board that during the renewal process Medical Mutual learned of a \$500,000 claim on that plan that is anticipated to continue for five to seven years. Each year, therefore, the District will incur automatically \$150,000 of that claim.

Mr. Brown inquired whether claims were trending up in any particular discipline or across the board. Ms. Mackovjak explained that it was across the board.

Ms. Dumas inquired whether that meant the group is increasingly unhealthy. Ms. Mackovjak explained that is not necessarily the case. The District has a robust Wellness Program and part of the program is raising awareness through wellness fairs and biometric screenings. Employees may discover a health issue that increases short-term costs, but may have prevented a more serious long-term health issue.

Mr. Brown stated that the District has a comprehensive Wellness Program and usually costs trend in the other direction in terms of cost impact. Ms. Mackovjak stated that last year the District had a flat rate for claims.

CEO Dreyfuss-Wells noted that all employees have access to the Wellness Program, many dependents on these plans are not affected by it.

## VI. Information Items

### 1. Business Opportunity Program Update

Tiffany Jordan, Contract Compliance Manager, stated that the Business Opportunity Program has a goal of 20% participation. During 2017 the District closed 14 construction projects and 12 met or exceeded the BOP goals, with a cumulative participation of 24.2%, which is a total of \$41 million for construction projects that closed during the year.

Staff will be tracking and monitoring goals that are set on the stormwater projects. We closed out in 2017 five projects with business opportunity goals. Three met or exceeded BOP goals, with a cumulative participation of 22.7%. A dollar value would be \$2.1 million for the total program in 2017.

Now, with those two projects, construction, as well as stormwater combined, we still exceed that goal of 20%. We're exceeding that goal at 24% for the business opportunity program, with a grand total of \$43 million for closed out construction and stormwater projects in 2017.

Minority-owned businesses (MBEs) accounted for \$10 million or 24%; small-business entities (SBEs) accounted for \$14 million or 34%; and woman-owned business entities (WBEs) accounted for \$18 million or 42% on closed construction and stormwater projects.

Ms. Jordan explained that staff saw opportunities to improve the BOP in terms of inconsistencies related to bid submittals and changes were made to bid documents and policy. Additionally, staff elected to include an area in which a business can identify whether it is veteran-owned.

Most BOP firms are located within Cuyahoga County but the District has a 12-county reach in which to actively seek new firms for projects.

Ms. Jordan stated that outreach events were held for the Doan Valley Tunnel Project and the Westerly Storage Tunnel Project – the latter of which was due to its large size and \$155 million contract value. Roughly 100 people attended including prime contractors, subcontractors and District personnel.

The District also conducts major outreach events throughout the year in terms of green infrastructure, project outreach and inviting certified firms to discuss the BOP for potential improvements.

Ms. Jordan referenced a comment Mr. Sulik made during a previous Board Meeting regarding Emerald City and the BOP. She explained that Emerald City designed a program called E-Contractor Academy in 2017, which took place from October 5 through November 17. 24 firms attended and 19 received a certificate of completion. The focus was green infrastructure and procurement in bidding but other topics covered included bonding, labor compliance, community agreement and public work projects.

## 2. Chief Legal Officer & General Counsel Claims Report

Mr. Brown noted that the Board received the claims report and to consult Mr. Luckage if there are any questions.

## VII. Open Session

There were no items.

## VIII. Public Session (any subject matter)

There were no items.

## IX. Executive Session

**MOTION** – Mayor Bacci moved to go into Executive Session pursuant to Ohio Revised Code Section 121.22(g)(1) and (2) to consider purchase of property for District purposes and to consider the appointment of a public employee. After discussion and without objection, the motion carried unanimously by roll call vote.

The Board met in Executive Session from 1:20 p.m. to 1:47 p.m.



XI. 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 1:47 p.m. Without objection, the motion carried unanimously.



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



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