



Northeast Ohio Regional Sewer District officials have eliminated costly construction project overruns: video

Published: Thursday, July 28, 2011, 6:00 PM Updated: Friday, July 29, 2011, 2:52 AM



Dave Davis, The Plain Dealer
By

Southerly incinerators

One of the regional sewer district's larger projects is the \$170 million construction of three incinerators that will burn sludge and generate electricity. Dan Hancock, process manager at the Southerly Wastewater Treatment Plant, talks about the incinerators, now under construction and expected to be running in 2013. They are four stories tall with 100-foot stacks and will burn up to 100 tons of sludge a day.

CLEVELAND, Ohio -- Regional sewer district officials have eliminated costly construction project overruns that had been common for nearly 30 years and may have cost ratepayers millions.

A state audit released Thursday praised the Northeast Ohio Regional Sewer District for its "strong internal controls" and found "no significant issues" involving construction project change orders since 2008. That's a vast turnaround from earlier years when sewer district officials routinely approved change orders on most projects and found themselves caught up in 2007 in a federal corruption investigation centering on the issue.

Since then, the sewer district has hired an new executive director, Julius Ciaccia, former Cleveland public utilities director who with the seven-member board has overhauled the agency and its practices.

The audit released Thursday was requested by the sewer district and it scrutinized what auditors called a "relatively large sample," slightly more than half of the 104 construction contracts awarded since Ciaccia took the agency's helm late in 2007. Auditors also reviewed sewer district consulting contracts during the same time period.

A spokeswoman for Ohio Auditor Dave Yost declined to comment on the audit beyond what was in the 27-page document.

"You always have room for improvement," said Michael Bucci, the sewer district's deputy executive director. "But I think if you take where we were a few years ago and where we are today, we've shifted 180 degrees. It's unbelievable how far we've advanced."

SoutherlyIncinerators.jpg

The audit came out the day after former sewer district contractor Robert Kassouf was sentenced to nearly five years in prison for paying nearly \$700,000 in bribes from 2004 to 2007 to the sewer district's former lawyer, William Schatz.

Thomas Ondrey, The Plain Dealer

One of the larger construction projects at the regional sewer district is installing three massive incinerators that will burn sludge and generate electricity. The \$170 million project is expected to be completed in 2013.

The bribes were meant as incentives and rewards for Schatz, who is serving nearly six years in prison, to settle disputed claims on change orders related to work on the Mill Creek tunnel project, which sewer district officials now estimate they over-paid on by \$32 million.

Kellie C. Rotunno, director of engineering and construction since March 2008, said the large cost over-runs that once were common no longer take place.

She attributes that to a change in staff and the fact that the sewer district has adopted private-sector practices to its bidding, awarding and monitoring of construction projects. In private business, she added, the numbers have to be tightly controlled and on the mark because, "You're dealing with profit margins."

"We haven't had any construction cost over-runs that have had to go back to the board," Rotunno said. And the 30 construction projects completed in the last 18 months actually came in under budget by \$8.5 million. The budget for those projects was \$85 million.

Auditors made seven recommendations to the district for improvements, most of them seemingly minor.

State officials recommended that sewer district officials develop a rating system for consultants and begin formally evaluating contractors' performance at the end of projects so that they could use that information when considering them for later work.

And auditors dinged district staff and board members for discussing public business at private luncheons that are held before each twice-monthly board meeting. State officials said the sewer district should ensure that it is in compliance with the state Sunshine Law, which requires that deliberations of public boards such as the sewer district be conducted in public meetings.

"The media is not notified of these luncheons and they are not open to the public," auditors noted.

Deputy executive director Bucci said that board members would be reminded of the requirements of the Sunshine Law before each luncheon and are being offered state training on the issue.

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