

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
FEBRUARY 2, 2017

A Regular 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
J. Bacci
T. DeGeeter
S. Dumas
R. Stefanik

ABSNET: W. O'Malley

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

II. Approval of Minutes

MOTION – Mayor Bacci moved and Mayor DeGeeter seconded to approve the minutes of the January 19, 2017, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

There were no items.

IV. Chief Executive Officer's Report

CEO Ciaccia began his report by advising that Project Clean Lake was recently identified as number 10 on a list of 50 national projects compiled by President Trump's transition team for inclusion in an infrastructure funding bill. He noted that there is no bill at this time.

The National Association of Clean Water Agencies (NACWA) has been advocating trying to define the term "affordability" on a national level. CEO Ciaccia explained that he has maintained that the term is used too broadly and is self-defeating in the way it is used because all utilities need to invest in infrastructure – it will not all come from the federal government. He stated that the industry needs to focus on customers who truly cannot afford it as rates increase. District staff previously worked with Rep. Fudge's office last year to introduce a bill to begin the discussion to advocate the need for a water ratepayer assistance program on the federal level.

Resolution of Acknowledgement

Resolution No. 67-17

Resolution of Acknowledgement presented to Julius Ciaccia in recognition of his nine (9) years of outstanding services and noteworthy contributions to the Northeast Ohio Regional Sewer District.

MOTION – Mayor Bacci moved and Ms. Dumas seconded to adopt Resolution No. 67-17. After discussion and without objection, the motion carried unanimously.

Mayor DeGeeter presented CEO Ciaccia with a certificate from the City of Parma, which the City of North Royalton and City of Cuyahoga Heights join in presenting to him.

Ms. Dumas additionally presented CEO Ciaccia with a proclamation from the Office of Cleveland Mayor Jackson which addresses his achievements and congratulates him on his retirement.

CEO Ciaccia was also given a Resolution of Congratulations from Cleveland City Council and from the Cuyahoga Metropolitan Housing Authority.

CEO Ciaccia thanked everyone and stated that over his 40-year career Mayor Jackson was the most honest elected official he has ever met and he is happy he is running for reelection.

CEO Ciaccia stated that when he came to the District he wanted to come into a well-run organization and found the talent was impressive. He thinks his biggest accomplishment at the District was managing the talent and bringing in additional talent complete the things they needed to do. He also thanked his predecessor, Erwin Odeal acknowledged his hard work.

CEO Ciaccia advised that increasing rates will continue to be a big problem. However, the elected officials and governmental boards have had a lot of courage to invest in utilities and work on the affordability issue. He continued to state that there are many commercial opportunities in the organization as it relates to solids and ash that could bring in additional revenues.

Concluding his comments, CEO Ciaccia thanked the Board of Trustees past and present for their support.

V. Action Items

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 54-17

Authorization to issue RFPs, in accordance with Ohio Revised Code Chapter 153, for design-build of the Southerly Primary Settling Tank 11-18 Support Column Repair project.

MOTION – Mayor Stefanik moved and Mayor Bacci seconded to adopt Resolution No. 54-17. After discussion and without objection, the motion carried unanimously.

Authorization to Purchase

Resolution No. 55-17	Authorization to direct purchase on an as-needed basis, from sole source vendor Polychem Systems, replacement tank parts for use at the Easterly and Southerly wastewater treatment plants with an anticipated expenditure of \$200,000.00.
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MOTION – Mr. Sulik moved and Ms. Dumas seconded to adopt Resolution No. 55-17. After discussion and without objection, the motion carried unanimously.

Authorization to Enter into Contract

Resolution No. 56-17	Authorization to enter into a professional services contract with CH2M Hill Engineers, Inc. for the Cuyahoga River North Stormwater Master Plan Study project in the amount of \$8,019,758.00.
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Resolution No. 57-17	Authorization to enter into a three-year requirement contract with Airgas USA, LLC to supply industrial gases for use at all wastewater treatment plants and Analytical Services in the amount of \$162,183.75.
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Resolution No. 58-17	Authorization to enter into a one-year contract with Brenntag Northeast, Inc. to supply sodium hydroxide solution for use at all wastewater treatment plants in the amount of \$77,298.89.
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Resolution No. 59-17	Authorization to enter into a three-month contract with Marous Brothers Construction, Inc. for the Odor Control Facility Media Replacement project in the amount of \$487,000.00.
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MOTION – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution Nos. 56-17 through 59-17. After the following discussion and without objection, the motion carried unanimously.

Referring to Resolution No. 56-17, Mr. Brown questioned why only four proposals were received. Frank Greenland, Director of Watershed Programs, advised that staff was glad to receive four proposals because they have experienced trouble engaging the consulting community on the stormwater program. The program is new to some of them but interested is beginning to grow in

Resolution No. 64-17

Authorization to acquire one parcel, located in the city of Cleveland, necessary for construction of the Woodland Central Green Infrastructure Project with a consideration of \$1,800.00.

Resolution No. 65-17

Determination that two parcels, located in the city of Cleveland, are no longer necessary or needed for the operation or purposes of the District and authorization to sell said parcels to Angela Jimson with a total consideration of \$1,000.00.

MOTION – Mayor Stefanik moved and Mr. Sulik seconded to adopt Resolution Nos. 62-17 through 65-17. After discussion and without objection, the motion carried unanimously.

Sewer Use Code Matters

Resolution No. 66-17

Authorization to adopt the findings of the Hearing Examiner that the customer's request be denied in regard to the sewer account of Edward Revay, Sewer District Case No. 16-011.

MOTION – Mayor Bacci moved and Ms. Dumas seconded to adopt Resolution No. 66-17. After discussion and without objection, the motion carried unanimously.

VI. Information Items

1. Operations & Maintenance Quarterly Board Update

Frank Foley, Deputy Director of Operations & Maintenance, advised that the plants and SSMO were under budget through the end of 2016. Utilities and chemical costs decreased last year due to lower flows. Total suspended solids and phosphorus are being removed from all plants more than required by permits.

Renewable Energy Facility (REF) gas savings for the year is approximately \$293,000 and the electricity cost offset was approximately \$530,000.

There were 16 dry weather overflows for the year. The primary causes of the dry weather overflows are debris and downstream blockages. Wet weather performance was 100%, meaning that automated equipment was always working.

CEO Ciaccia wanted to clarify that there are important management structure changes needed to within Operations given the REF and opportunities from a commercial standpoint.

Jenita Warner, Sustainability Program Manager, advised she was focusing on the District's energy use, consumption and the cost of energy.

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In May 2016 the District signed up for the Better Buildings U.S. Department of Energy Wastewater Innovation Accelerator, which is a four-part program over the next three years and begins with an energy baseline for wastewater treatment plants. The District's base year is 2014 because that is when the REF was constructed and in 2015 it became operational.

The District is spending about \$12.5 million per year on energy at all three plants. The wastewater treatment plants represent more than 80% of the total electricity and natural gas usage for the district.

During 2015 the District used 3,278 kilowatt hours per million gallons treated at a cost of \$161 per million gallons treated across all three plants. The Easterly, Southerly and Westerly plants are within line of how similar large wastewater treatment plants are performing.

After optimization there is 7% reduction in energy use at Southerly. Cost increased by 11% primarily because the cost of utilities has increased and rising costs underscore the need to reduce energy use.

Staff will review whether there is a software solution to help manage energy use and a benefit of the Bette Buildings Wastewater Innovation Accelerators is that the Department of Energy offers free energy audits between spring and summer 2017.

VII. Open Session

Mr. Sulik stated that the Audit Committee includes two independent non-board members from the public sector in addition to one Board member. On December 9, 2016, the Committee reaffirmed its charter which was adopted on July 18, 2013. The purpose of the Committee is to assist the Board of Trustees as consultants in fulfilling the Board's oversight responsibilities with respect to the following:

The integrity of the District's financial statements, the District's compliance with legal and regulatory requirements, the independent auditor's qualifications and independence, the performance of the independent auditors and the District's internal audit function and to provide an annual reporting of the committee's activities whether verbal or written to the Board of Trustees. Pursuant to the charter the Committee is to report to the Board at least once a year. The Committee conducted and reviewed the 2015 comprehensive financial report. Discussions with the issuing public accounting firm did not disclose any internal control weaknesses.

A significant change in the financial statements is foreseen for 2016 for the district will begin to recognize its pension liabilities under OPERS on its financial statements. While the change in accounting is significant, the financial impact on the district is not anticipated to be material. The committee heads noted improvement in agreement between management and internal audit in the issues presented and the remediation activities taken. The Committee continues to stress the importance of management internal audit being aligned as it pertains to risks.

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To this end, the Committee is strongly encouraging management to adopt a committee of sponsoring organizations of the Treadway Commission. COSO. Control framework. COSO has established a common internal control model against which companies and organizations may assess their control systems. COSO is supported by five independent organizations including the Institute of Management Accountants, the American Accounting Association, the American Institute of Certified Public Accountants, the Institute of Internal Auditors, and the Financial Executives International in its recognized standard for evaluation of internal controls.

COSO is more than a financial control model as it addresses risks throughout the organization. Management has agreed to start a gap assessment and begin implementation of COSO as part of a multi-year program. The Committee would like to remind the Board that Committee minutes are available for their review at any time.

VIII. Public Session (any subject matter)

There were no items.

IX. Executive Session

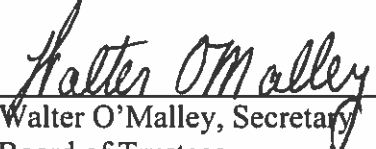
There were no items.

X. Approval of Items from Executive Session

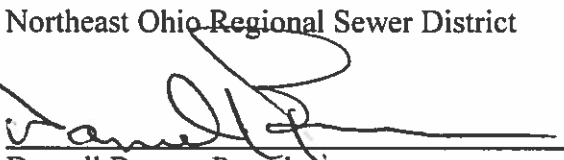
There were no items.

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 1:26 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